



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

ITA MANUAL



INDIAN AUDIT & ACCOUNTS DEPARTMENT

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT
(INFRASTRUCTURE)**

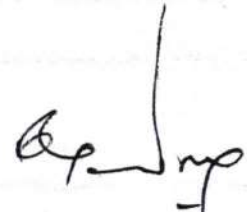
NEW DELHI

Preface

The Internal Test Audit Section has been functioning since August 2015 in the erstwhile office of the Principal Director of Commercial Audit, Ex-officio Member Audit Board -I. However, it is now that a manual of the Section in accordance with the provisions of the Para 54 of Comptroller & Auditor General's Manual of Standing Orders (Admn.) Volume-I 1991 has been compiled. The manual contains instructions & orders relating to the working of the Section issued since the creation of the Section. The manual is intended to provide guidelines to the staff working in the Section in discharging their duties and responsibilities, to evaluate and examine its activities within the organization.

The sections in the organization have been divided into two groups for the purpose of Internal Test Audit viz Administration Sections and Audit Group/Ancillary sections. Checklists included in the manual for different sections are only illustrative in nature and not exhaustive.

This Internal Audit Manual has been compiled on the basis of the Model Internal Audit Manual provided by the O/o the Comptroller & Auditor General of India, the instructions contained in the Comptroller & Auditor General's Manual of Standing Orders (Audit), observations & instructions of the Director General (Inspection). Any further suggestions for improvement of this manual shall receive careful consideration.



Rajiv Kumar Pandey
Director General

Place: New Delhi
Date: 11.03.2024

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Chapter 1

CONSTITUTION, DUTIES AND FUNCTIONS OF INTERNAL TEST AUDIT SECTION

1.1 Introduction

Pursuant to Headquarters' decision to create Internal Audit Wings in the separated audit offices, Internal Test Audit (ITA) Section started functioning from August 2015, in the erstwhile office of the Principal Director of Commercial Audit, Ex-officio Member Audit Board-I, New Delhi (Infrastructure), New Delhi. Post restructuring of 2020, the office was renamed as O/o Principal Director of Audit (Infrastructure), New Delhi. The ITA Section, which is under the direct charge of the Director General of Audit (Infra)/Principal Director of Audit (Infra) (henceforth HoD), assists in the effective monitoring of the work done in the different sections of the office.

This manual takes Model Internal Audit Manual of CAG, C&AG MSO (Audit) - 2nd edition and Manual of Audit Department as its guiding beacon. The sections follow the Manuals, Codes, Rules and instructions, as prevalent at that time.

The main function of ITA Section is to test check the working of other sections of the office with a view to seeing how they are following the rules and regulations of the office and whether various processes of audit are being followed.

According to the current view, internal audit is no longer considered as routine checking and review of the records. The following definition given by the Institute of Internal Auditors, USA (IIA) reflects the current view. *'Internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.'*

According to this definition, an internal auditor has to go beyond the books of account and records and appraise the various functions of the organization. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control & Governance process.

The ITA Section is not intended to do original work and it should not be saddled with such work. The functions of the ITA are analogous and supplementary to those of the Director General (Inspection). ITA also serves as a liaison between the Director General (Inspection) and the Principal Director of Audit (Infrastructure), New Delhi, by pursuing the objections raised by him till their settlement and also by issuing instructions to make sure that the irregularities pointed out by the Director General (Inspection) do not recur in future.

ITA Section should not only detect defects and irregularities but also suggest ways of improvement in the procedure.

After implementation of One IAAD One System (OIOS), and the full operationalization of the OIOS workflow system in the audit offices effective from 01 April 2023, the role of Internal Test Audit has widely changed in the present scenario. OIOS is an enterprise-wide end-to-end IT application. OIOS is a web enabled solution with support for multiple languages with offline functionality and a mobile app. The OIOS roll out process involved work relating to master data, audit design, audit execution, legacy data migration, knowledge management system, quality assurance, quality control, audit products, communication, and follow-up.

[Authority: Para 3.24.1 & Para 3.24.2 of Comptroller & Auditor General's MSO (Audit), Headquarters' D.O. letter no.1041-Inspn./24-87, dated 03.01.1990, Paras 1.2 & 1.3 of Model Internal Audit Manual issued by the O/o the Comptroller & Auditor General of India and P/243 of MSO (Audit) and P/1 of Model IA Manual]

1.2 Items Assigned to ITA Section

The list of items of work assigned to ITA Section is as per para 3.24.5 of the Comptroller & Auditor General's M.S.O (Audit) -2nd edition. The list of work is given in Annexure-I to this Manual. The HoD may allot any other special item of work to the ITA section.

[Authority: P/244 of MSO (Audit)]

1.3 Constitution and staffing of ITA Section

Chapter 18 of MSO (A&E) Vol. I and Chapter 24 of Section III of MSO (Audit - 2nd edition) deal with Internal Audit. According to these Chapters, it is a matter of great importance to verify whether the various processes of accounting/audit are being correctly followed by different sections of the Office. This responsibility is ordinarily entrusted to an independent Internal Audit (IA) Section (hereinafter referred to as Internal Test Audit (ITA) Section / Wing).

As the ITA Section is entrusted with the responsibility of reviewing the work of other sections of this office and also suggesting the measures required for improvement of the working procedure of the office, the section should consist of staff members experienced enough to carry out these important items of work. Hence, the section should consist of handpicked staff members, who are highly experienced about the working of the various wings and branches of this office, who can scrutinize the work done in different sections, detect the defects and irregularities and also suggest improvements in the procedure.

The ITA Section shall consist of carefully handpicked personnel who, by their knowledge and experience, will be competent to scrutinize intelligently the work done in various sections of the office and can detect not only defects and irregularities but also suggest improvements in procedure. The size of the ITA Section shall be decided as per prescribed norms. The Section should be under the direct charge of

the Head of Department (HoD). While the ITA Section will test check of the work of other sections, special problems may be referred to the Section by the Head of the Department, if he considers this necessary.

The ITA Section shall be headed by a Senior Audit Officer hereafter referred to as 'Internal Audit Officer' (IAO). The personnel of ITA Section would be from within the sanctioned strength of the Office in accordance with the instructions of Headquarters Office. In terms of Headquarters' instructions, the staff of ITA Section comprises of one Assistant Audit Officer / Supervisor and Sr. Auditors/Auditors, deployed from within the sanctioned strength of the office.

The responsibilities of the Internal Audit Section's Assistant Audit Officer(s) (AAOs)/Supervisor(s) and the Internal Audit Officer should be divided in such a manner that each of them may share the original work instead of the Internal Audit Officer merely acting as the supervisory officer over the Assistant Audit Officer(s) (AAOs) / Supervisor(s). The more important items of work may be taken direct by the Internal Audit Officer, while the routine and less important work may be taken by the Assistant Audit Officer(s) (AAOs) / Supervisor(s)/Auditor(s).

[Authority: Para 3.24.3 of C&AG's MSO (Audit), Headquarters' letter no. 1041-Inspn./24-87 dated 03.01.1990, Paras 3.6 & 3.7 of Model Internal Audit Manual issued by the O/o the C&AG of India and P/243 of MSO (Audit), & P/5 -6 of Model Manual.]

1.4 Organizational Independence

ITA is primarily a service to and should report directly to the HoD i.e. Principal Director of Audit/Director General of Audit. The ITA's activities should be free from interference in determining the scope of internal auditing, performing work, and

communicating results.

Chapter 2

INTERNAL TEST CHECK OF SECTIONS AND MONTHLY APPRAISAL REPORT

2.1 Objective of Internal check

Internal test check of the various sections of this office is one of the most important functions of the ITA Section. It is the responsibility of the ITA Section to test check the work of various wings / sections of this office to see how far the procedural rules & regulations are being followed, audit registers are being maintained, the prescribed returns are being submitted on due date and in general how efficiently the various constituent units of the office are functioning. It is the responsibility of ITA Section not only to detect the flaws in the functioning of the constituent units but also to suggest measures for improvement of the procedures. ITA must assess & review the internal control system, quality assurance procedure & risk management procedure in the office. In view of the grading / ranking system introduced for measuring the performances of the individual field offices, it should be the responsibility of the ITA Section to assist the HoD, in ensuring that the points given to the office for various functions are reviewed and remedial action to be taken for improvement.

The purpose of the Internal Auditing can be broadly classified into the following two sections: -

- (a) to ensure timely drawing up and dispatch of Inspection Reports with a view to improving their qualitative aspects.
- (b) to ensure proper maintenance of records of administrative and other sections and to ensure that all supporting audit related registers/records are maintained

in a proper format within proper time.

[Authority: Para 3.24.1 of C&AG's MSO (Audit), Para 16.1 of Model Internal Audit Manual issued by the O/o the C&AG of India and P/243 of MSO (Audit), & P/198 of Model Manual.]

2.2 Periodicity of Internal Audit

The test check of all sections/wings including the branch office and the Resident Audit Offices (RAOs) should be completed annually. The test check of a section should normally be completed within 10 working days, when the party comprises of 01 AAO / Supervisor and 02 Sr. Auditors/Auditors & within 20 working days, when the party comprises of 01 AAO/Supervisor and 01 Sr. Auditor / Auditor.

[Authority: Para 16.4 (i) of Model Internal Audit Manual]

2.3 Programme of test-check and selection of sections

The Annual Internal Audit Plan will be drawn up by the ITA section and will be approved by Principal Director of Audit/ Director General of Audit. A register for selection of sections for test check by ITA Section showing the names of the sections under different Groups will be maintained by the ITA Section. The sections to be test checked in a quarter will be selected by the HoD and for this purpose the Register for Selection of Sections for Test Check would be submitted to HoD. Immediately after selection is made by HoD intimations of audit as well as prescribed formats of information, to be reviewed during internal audit, shall be forwarded to the concerned to the Branch Officers/wings/Groups of the Sections concerned under the signature of the SAO (ITA) and requisitions for the relevant records (to be kept ready and made available at the time of test check) should be sent by the AAO / Supervisor of the ITA Section to the Branch Officers/ Wings/Groups of the sections concerned.

All sections in a functional Group should be taken up for test check in one spell. In

case of large Groups / sub-Groups, test check of 50% of the Sections may be arranged in one spell and the rest may be test audited in another spell. The number of Sections taken for test audit in various quarters may, as far as possible, be evenly distributed. Similarly, within each quarter, the work should be spread as evenly as possible. The number of Sections to be test checked in a month or quarter may vary according to the prevailing circumstances but normally the number of Sections test checked in a month should not exceed 03 and number of Sections test checked in a quarter should not exceed 08.

A progress register (Inspection Report watch register) shall be maintained by the Internal Test Audit Section, through which, the HoD may watch the issue, return and submission of the Internal Audit Reports (IARs). The final closing of the IAR should also be watched through this register.

[Authority: Para 2.3 of ITA Manual, Paras 7.34, 7.35, 7.36, 7.37 & 7.42 of Model Internal Audit Manual issued by the O/o the C&AG of India and P/55 to P/57 of Model Manual.]

2.4 Points to be seen during the test check of Sections

The test-check should be done in such a way that the various aspects of work done in the different sections are critically examined with reference to the provision (i) MSO (Audit), (ii) MSO (Admn.), (iii) Manual of Instructions for Audit of Autonomous Bodies, (iv) Office Orders/Circulars issued from time to time and (vii) C&AG's Memoranda of Secret Instructions according to their applicability.

It is neither practicable nor necessary to list out in detail how the test-check of sections should be conducted. However, an illustrative list of items of work/records generally examined during test-check is given in **Annexure-II (A)** to this Manual. Similarly, an illustrative list of points to be seen during the test check of a section is given in **Annexure-II (B)** to this Manual. But these lists should not be taken as exhaustive. Any additional records or points, as and when necessary, may be looked into, while test-checking the records of a section.

2.5 Process of Test-check and objective of reporting

The Internal Test Audit (ITA) may use comprehensive checklist/ questionnaires for eliciting information and planning the audit. In many cases non-compliance with an item in the check list does not automatically warrant an audit comment.

Records required by the ITA Section should be kept ready by the Section being test checked at the time of starting of the Internal Audit. The Branch Officer/Section In charge of the section concerned should ensure timely submission of records in a complete manner once the test check is taken up.

The omissions, defects, deficiencies, irregularities etc. noticed by the Internal Audit team should be noted and intimated to the section concerned through Internal Audit Memo(s). In case, some control is missing, ITA wing shall suggest necessary measures to be taken up. Besides, each item needs to be evaluated based on overall circumstances in which deviation occurred. The ITA Report should indicate specific irregularity(ies) followed by recommendation(s) and not merely narration of facts.

[Authority: Para16.1& 16.4 of Model Manual]

2.6 Preparation, Issue and follow-up of Test Audit Reports

Internal Audit Requisitions should be issued during inspection, whenever necessary and these should be issued in piecemeal instead of issuing it on the last working day. A period of 07 days, from the date of issue, should be allowed for furnishing replies to these Audit Requisitions. This period is allowed for verification of facts and figures. If the replies are not received within the specified period, Internal Audit Section will issue a reminder to the concerned wings for replies/comments. The Internal Audit Report should be processed without further waiting to receive replies to the Internal Audit Requisitions. An Internal Audit Report (IAR) on the test check of the working of the concerned section is to be finalized and submitted to the HoD for approval. The IAR should be prepared in two parts, viz. Part 'A' and Part 'B' along

with an introductory para, which would contain *inter-alia*, information about organization/wing/section, period of test checks, Manpower (SS and MIP) etc. Part 'A' (major observations) would contain more important and serious defects and irregularities while Part 'B' (Minor observation) would contain less important and routine remarks. The unsettled paras of the previous report should be updated with remarks that no action/partial action was taken since the last verification. Such paras should also be clubbed into one part of the report.

After implementation of OIOS, the Internal Audit will be conducted through OIOS and all the observations will be issued through OIOS. The Draft Internal Audit Report will be submitted to the HoD for approval and on obtaining the same, the Internal Audit Report (IAR) will be issued through OIOS.

After the receipt of the replies from the sections duly approved by the Group Officer concerned, the correctness of the replies should be test checked by the ITA against the observations in the Internal Audit Report with further remarks of ITA. The comments of ITA against the responses should be submitted to the HoD within 10 working days after receipt of the replies in the Section. After settlement of all the observations, the Report should be closed by the orders of the HoD after due scrutiny and suitable note of closure of the Report, at the time of submission of synopsis of the Report to the HoD.

ITA Section will watch the receipt of the replies to the IAR from the section concerned and issue reminders, including *Demi Official* reminders to the Group Officer, to be issued under the signature of Senior Audit Officer (ITA), where replies are not forthcoming. The disposal of the IARs should be watched through IR watch register of ITA wing.

The Sr. AO (ITA) will bring monthly position of outstanding IARs and paras thereon in a consolidated form to the notice of HoD indicating the Groups, which have not furnished the replies and the period since when the Reports are outstanding.

The progress of outstanding and clearance of IARs and paras thereof at the end of each month should be shown in the monthly work report submitted to the HoD.

2.7 Time Schedule

Completion of Internal Test Audit, issue of reports, closing of the reports etc. may be regulated as per the following time schedule or such schedule as may be prescribed by the Head of Department:

(i) Completion of internal audit	<ul style="list-style-type: none">• Within 10 working days (01 AAO, 02 Senior Auditors / Auditors)• Within 20 working days (01 AAO, 01 Senior Auditor / Auditor)
(ii) Issue of Test Internal Audit Requisitions	The Test Requisitions should be issued during the course of inspection, wherever necessary. The memos should be issued in piecemeal instead of issuing it on the last working day.
(iii) Return of Internal Audit Requisitions	<ul style="list-style-type: none">• Within 3-7 days of receipt of Test Audit Memos in the Section.• The period of 07 days allowed for furnishing replies to Internal Audit Requisition is only to give the section internal audited an opportunity to verify the facts, etc. If, however, the replies to Internal Audit Requisitions are not received within the period prescribed, the Internal Audit Reports should be finalized and issued without waiting for the replies to the same.
(iv) Issue of Report	Within 30 days of completion of internal audit after getting approval orders of HoD on the Internal

	Audit Report.
(v) Furnishing of replies to the Internal Audit Reports by the Section.	<ul style="list-style-type: none"> • Within one month of receipt in section. • If any difficulty is anticipated in adhering to the stipulated date, the matter should be brought to the notice of the Group Officer who after satisfying himself would recommend suitable extension of time and take the order of HoD in this regard.
(vi) Submission of the Report to the Principal Director with further remarks of ITA for orders for final settlement/further pursuance.	Within 10 working days on receipt of the Report in the section.

2.8 Monthly Appraisal Report

A Monthly Appraisal Report is required to be sent to the Headquarters Office detailing the common defects noticed during Internal Test Audit and action taken thereon and also an appraisal as to whether procedures and systems prescribed have been followed and if not, what corrective action has been taken so that such failures do not occur in the future.

[Authority: Para 16.3 & 18.6 of the Model Internal Audit Manual]

The Monthly Appraisal Report should be accompanied by a statement in the prescribed format given below indicating the progress of test audit, number of sections to be test audited in a particular functional group, details of sections actually test audited during the period under report, the number of sections for which internal audit reports had not been issued within the time schedule, and those for which reports had not been issued at all till the end of period under report.

Proforma for monthly report of Internal Audit to DG (Inspection) at Headquarters

Name of the Office:

Report of ITA for the month of

**Part A: Principal/Common defects/areas of weakness noticed
and action taken**

Sl No .	Name of the Section selecte d for intern al audit in a wing of the office	Perio d cover ed by ITA's test- chec k	Actual date of carryi ng of Intern al Test Audit	Principal / Common defects / areas of weakness noticed during the internal test audit	Actio n take n to set right the defec ts	Apprais al by Head of the Office as to whether or not the system has been followe d	Corrective measure taken to avoid recurrenc e of such defects
1	2	3	4	5	6	7	8

Signature:

Name:

Designation:

Name of the Office: Month:

Part B: Progress of Test Check by ITA Wing

	Annual Cycle: Name of Sections(*)					Once in 2 years Cycle: Name of Sections(*)					Once in 4 years Cycle: Names of Sections(*)				
1) Total No. of Sections (Group-wise) in the Office															
2) No. of Sections (Group-wise) test-checked during this cycle till the end of previous month															
3) No. of Sections (Group-wise) selected for test-check during the current half year															
4) No. of Sections (Group-wise) actually test-checked															
5) No. of Sections for which test audit reports have not been issued within stipulated period (with reasons for delay)															

(*) Indicate names of Sections like Administration, Entitlement, ITRA etc.

Signature :

Name :

Designation:

Chapter 3

Miscellaneous Check and Review

3.1 Scrutiny of correct application of standards

According to the Comptroller and Auditor General's secret instructions, the statistics in support of Budget Estimates forwarded to the O/o the C&AG every year are to be checked by ITA Section. The scrutiny should be restricted to the correct application of standards on which the staff is claimed. The ad-hoc requirements are to be scrutinized with reference to the actual volume of work involved. The results of such check should be submitted directly to the HoD.

[Authority: Para 7.25 of the Model Manual]

3.2 Check of Rosters maintained for giving effect to the reservations for Scheduled Castes/Tribes in service.

ITA has been entrusted by the Headquarters Office with checking rosters maintained for reservation of Scheduled Castes / Tribes in Service. The rosters are maintained by the Administration section of this office and immediately after the rosters for recruitment / promotions are closed after 31st December, ITA should undertake its inspection. In course of inspection, ITA should inter-alia, see that: -

- i) the points at which recruitments/promotions have been started during the year are correct with reference to the points at which they ended during the previous year;
- ii) the instructions in the brochure regarding efforts to be made to attract Schedule Caste / Tribe candidates are complied with and

- iii) orders for de-reservation have been obtained from the Department of Personnel before treating reserved vacancies as de-reserved and filing them by general candidates.

The Proforma for Inspection Report prescribed by the Headquarters Office under their letter no. 1102-NGE-II/58-70-II, dated 14.05.71 is given in **Annexure-III** to this Manual.

3.3 Half-Yearly review of Cash Book

ITA is required to conduct a half-yearly test check of the cash account of this office in order to ensure that an effective system of control over the drawal, custody, disbursement and accounting of cash exists.

In course of test-check, ITA would see whether instructions contained in Para 1.17.4 of MSO (A), Volume-I (3rd Edition) and Central Government Account (Receipts and Payments) Rules 1983 and those issued by the Headquarters Office from time to time regarding drawal, disbursement and custody of cash and maintenance of Cash Book and other relevant records and registers are being followed strictly. A list of important points to be seen by ITA is given in **Annexure-IV** to this Manual. These points, however, may not be deemed exhaustive.

The review would be conducted in July and January each year. After completion of the review, a review report showing the defects /deficiencies noticed will be prepared and submitted to the HoD for approval. After approval, the Report will be issued to the Group Officer concerned with a copy endorsed to the cash section. The removal of the defects/deficiencies will be watched by ITA.

3.4 Check of the Service Book and Leave Accounts of the staff of this office.

ITA is required to check the Service Books and Leave Accounts of the members of staff of this office. This check is required to be completed within a cycle of four years. Accordingly, about 25% of the total number of Service Books including Leave Accounts is to be checked by ITA every year. A register showing the names of the various categories of staff of the office is to be maintained by ITA and the register would be updated with reference to subsequent gradation lists when published.

The check would be conducted in batches monthly so that the required number of Service Books can be completed within a year. The Service Books required to be checked in a month alongwith the personal files would be called for from Administration/Entitlement section under the signature of AAO/Supervisor at the beginning of the month. On receipt of the documents, ITA would undertake the checking of the Service Books and Leave Accounts with reference to the personal files of the officials concerned and complete the work within that month. A note of the check conducted by ITA is to be recorded in the Service Books under the signature of the AAO/Supervisor indicating the month up to which the check has been completed.

A list of the important points to be seen during the check is given in **Annexure-V** to this Manual. However, the check would not be confined to those points only. The defects and deficiencies noticed on the basis of such check would be noted in a separate register to be maintained by ITA Section and communicated to the Branch Officer of the Administration / Entitlement section in the form of a memo, to be issued under the signature of SAO (ITA). The ITA Section would pursue the memos issued from time to time till the defects / deficiencies are rectified.

At the end of each year of the four-year cycle, ITA would prepare a report and submit the same to the HoD. The report should show the following:

- (a) number of Service Books due for checking during the year
- (b) number of Service Books actually checked and

(c) important defects and deficiencies noticed

3.5 Horizontal Check

Horizontal Check is the check of certain processes done in various sections. While the Internal audit is in respect of a section selected, (and therefore it covers all the items of work done in that section), horizontal check is carried out in respect of an item common to many sections of a branch, or branches. Horizontal Check of an item in respect of group of sections of a branch gives a comparative picture of each section in respect of that item. Horizontal Check is useful and supplementary to test audit of section. It is left to the discretion of the HoD to arrange for the horizontal check whenever he/she considers it to be useful and necessary. An illustrative list of items which may be covered by horizontal review is given in Annexure- VI.

[Authority: Para 7.16 to 7.19 of Model Manual]

3.6 Review of Complaint Cases

Internal Test Audit Section will send to Comptroller and Auditor General a quarterly report in respect of the cases of complaints received in CAG's Office and referred to the Office for a report thereon. The report is to reach CAG's Office by 2nd of May, August, November and February at the end of every quarter. The ITA Section should ensure that the report is sent to Headquarters in the prescribed form with relevant Annexures, within the prescribed due date.

A watch Register should be maintained in accordance with Headquarters instructions, for watching complaints pending for over two months and such complaints should be reviewed by HoD.

To enable ITA Section to send this report, group controlling sections in the office dealing with the complaints after processing the complaint cases and furnishing reports to CAG's

Office will communicate to ITA by 25th of April, July, October and January at the end of every quarter the required information. ITA Section will enter all the complaint cases referred by Comptroller and Auditor General in a separate register and note in it the progress reported by the sections.

ITA Section should conduct a *cent percent* review of all complaint cases received from Headquarters Office and which were not settled for six months from the date the complaint was first lodged. ITA Section should also carry a test check of 5 to 10 per cent of complaint cases received in the office and addressed by name to the HoD/Group Officers and those received direct by sections through ordinary dak.

[Authority: Para 7.26 to 7.32 of the Model Internal Audit Manual]

Chapter 4

Quality Assurance Audit

4.1 Introduction

The Head of Department of the field office should develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity and continuously monitors its effectiveness. This programme includes periodic internal quality assessments and ongoing internal monitoring. Each part of the programme should be designed to help the internal auditing activity add value and improve the operations of the office and to provide assurance that the internal audit activity is in conformity with the prescribed framework, standards and instructions.

The internal audit activity should adopt a process to monitor and assess the overall effectiveness of the quality programme. The process should include both internal and external assessments. **[Authority: Para 17.1 & 17.2 of the Model Internal Audit Manual]**

4.2 Quality Programme Assessment

The HoD shall be the authority for implementing the processes that are designed to provide reasonable assurance to the various stakeholders of the internal audit activity that it:

- Performs in accordance with prescribed framework, standard and instructions.
- operates in an effective manner, and
- is perceived by those stakeholders as adding value and improving the organization's operations.
- These processes should include appropriate supervision, periodic internal assessment and ongoing monitoring of quality assurance, and periodic external

assessments.

- Monitoring should include ongoing measurements and analyses of performance metrics, e.g. cycle time and recommendations accepted.
- Assessments should evaluate and conclude on the quality of the Internal Test Audit activity and lead to recommendations for appropriate improvements. Assessments of quality programme should include evaluation of:
 1. Compliance with the prescribed framework, standards and instructions.
 2. Adequacy of the internal audit activity's scope, goals, objectives, policies and procedures.
 3. contribution to the risk management, governance, and control processes of the office.
 4. Effectiveness of continuous improvement activities. and adoption of best practices; and
 5. whether the auditing activity adds value and improves the operations of the office.
 6. For continuous improvement, all quality improvement efforts should include a communication process designed to facilitate appropriate modification of resources, technology, processes, and procedures as indicated by monitoring and assessment activities.

4.3 Internal Assessments

Internal assessments should include:

- ongoing reviews of the performance of the Internal Test Audit activity; and
- periodic reviews performed through self-assessment or by other persons within the organization, with knowledge of internal auditing practices and prescribed framework, standards and instructions.

Ongoing assessments may be conducted through:

- Supervision during internal audit assignments

- Checklists and other means to provide assurance that processes adopted by the audit activity (e.g. in the Internal Audit Manual of the field office prepared as required under the provisions of the present Model Internal Audit Manual) are being followed.
- feedback from Group Officers and Branch Officers
- observations of Inspection Parties from Headquarters Office
- observations of Peer Review Groups carrying peer review of the office
- analysis of performance metrics (e.g. cycle time and recommendations accepted), and
- adherence to time frame or time budgets, audit plan completion, compliance to internal audit observations, recoveries effected etc. Conclusions should be developed as to the quality of ongoing performance, and follow-up action should be taken to ensure that appropriate improvements are implemented. Periodic assessment should be designed to assess compliance with the activity's prescribed framework, standards and instructions and the efficiency and effectiveness of the activity in meeting the needs of its various stakeholders.

Periodic assessments may:

- include more in-depth interviews and surveys of stakeholders group (for example, Group Officers and Branch Officers)
- be performed by members of the internal audit activity (self- assessment),
- be performed by other competent audit professionals, currently assigned elsewhere in the office,
- encompass a combination of self-assessment and preparation of materials subsequently reviewed by other competent audit professionals, from elsewhere in the office; and
- include benchmarking of the internal audit activity's practices and performance metrics against relevant best practices of other field offices.

Conclusions should be drawn as to the quality of performance and appropriate action initiated to achieve improvements and conformity to prescribed framework, standards

and instructions, as necessary.

The HoD must establish a structure for reporting results of periodic reviews that maintains appropriate credibility and objectivity. Generally, those assigned responsibility for conducting ongoing and periodic reviews should report to the HoD while performing the reviews and should communicate their results directly to the HoD.

The HoD must share the results of internal assessments and necessary action plans with appropriate persons outside the activity, such as Group Officers, Director General (Inspection) at Headquarters Office and Team Leaders of Peer Review Groups carrying out peer review of the office.

4.4 External Assessments

External assessments, such as quality assurance reviews, should be conducted at least once every five years by a qualified, independent reviewer or review team from another field office or Headquarters. Such assessment(s) / review(s) of an internal audit activity should appraise and express an opinion as to the internal audit activity's compliance with the prescribed framework, standards and instructions and should include recommendations for improvement. These reviews can have considerable value to the HoD, Internal Audit Officer and other members of the internal audit activity. Only properly qualified person(s) should perform such reviews.

External reviewers, including those who validate self-assessment (as explained in Para 4.5 below), should be independent of the field office and of the internal audit activity. The review team should consist of individuals who are competent in the professional practice of internal auditing in field offices of the Indian Audit and Accounts Department.

The office that is performing the external assessment, the members of the review team, and any other individuals who participate in the assessment should be free from any obligation to, or interest in, the office that is the subject of the review or its personnel. Individuals who are in another section/branch/wing of that office, although

organizationally separate from the internal audit activity, are not considered independent for purposes of conducting an external assessment.

Reciprocal Peer Reviews between two field offices should not be performed. The external assessments should consist of a broad scope of coverage that includes the following elements of the internal audit activity:

- compliance with prescribed framework, standards and instructions, plans, policies, procedures, and practices,
- the expectations from the internal audit activity expressed by the Principal Director of Audit (Infrastructure), New Delhi or the Group Officers,
- the integration of the internal audit activity into the organization's governance process, including the attendant relationships between and among the key groups involved in that process,
- the tool and techniques employed by the internal audit activity the mix of knowledge, experience, and disciplines within the staff, including staff focus on process improvement and
- the determination whether the audit activity adds value and improves the operations of the office.

4.5 Self-Assessment with Independent Valuation

An alternative process is for the HoD to arrange a self- assessment with independent external validation with the following features:

- a comprehensive and fully documented self-assessment process,
- an independent on-site validation by a qualified reviewer (as explained above); and
- economical time and resource requirements.

4.6 Some best practices in Internal Auditing Activity

The following are considered as some of the best practices in internal auditing activity:

- obtaining an understanding of auditees (the functional wings of the office under internal audit), to satisfy their needs,
- applying quality principles and developing performance measures,
- auditing operations as well as controls to improve entity performance,
- serving as an agent for change in the organization,
- communicating regularly within the internal audit activity and with auditees and other stakeholders,
- integrating information technology and auditing and
- emphasizing the professional satisfaction of the internal auditors.

The HoD should share the results of external quality assessments with the various stakeholders of the activity like the Group Officers and the Director General of Inspection at Headquarters as well as the Team Leaders of Peer Review Groups, carrying out peer review of the field office.

[Authority: Chapter 17 of Model Internal Audit Manual]

CHAPTER 5

DOCUMENTATION

5.1 Introduction

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

[Authority: Chapter 15 of Model Internal Audit Manual]

5.2 Importance of adequate documentation

Adequate documentation is important for several reasons. It will:

- Confirm and support the auditor's opinions and reports;
- Increase the efficiency and effectiveness of the audit;
- Serve as a source of information for preparing reports or answering any enquiries;
- Serve as evidence of the auditor's compliance with Auditing Standards;
- Facilitate planning and supervision;
- Help the auditor's professional development;
- Help to ensure that delegated work has been satisfactorily performed and
- Provide evidence of work done for future reference.

[Authority: Chapter 15 of Model Internal Audit Manual]

5.3 Document files

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

The internal audit report must be based on competent, relevant and reasonable evidence. The audit should be planned to achieve this. The evidence is gathered by the audit party and conclusions are drawn from the tests carried out. The review of the audit by senior officers has to assess the adequacy of the evidence and the reasonableness of the conclusions reached.

Every matter relevant to the audit should be recorded in a clear and concise way. The referencing of documents is especially important to show the way through the papers. The aim should be to make it easy for anybody not previously involved with the audit, and for senior officers reviewing the documentation, to see exactly what has been done and the conclusions reached.

A standard method of filing documents is essential. The filing method should recognize that documents fall into two categories:

- those relevant to the audit of the section/group under audit generally
- those relevant only to the audit of the section/group under audit for a particular period.
- The documents to which the auditor needs to refer each year should be placed on a Standing File. This file should contain current information about the section / group itself, such as:
 - organizational chart and key personnel
 - manuals
 - systems evaluations

- relevant job descriptions and authority limits
- list of locations and of main books of record or account
- specimen copies of formats of registers (like SY 328, GAR 9, GAR10, etc.)
- formulae for reference in items of work like calculation of audit fees, staff proposals, calculation of man-days for internal and external arrears
- time targeted / prescribed for various items of work like finalization of pension cases, GPF final payments, issue of Inspection Reports etc.
- previous internal audit reports; and
- previous reports of Director General of Inspection.
- The documents relevant to the audit for a particular period should be filed in a manner which brings together related working papers in a series of folders (or in separate sections within the folders). The working paper folders should include documentation which shows:
 - the dates when the audit work was done by the respective audit personnel.
 - the sources of the information / evidence obtained.
 - the nature and purpose of the audit tests carried out and the results obtained; and
 - follow up records and correspondences.

It is very important that each audit conclusion reached should be recorded clearly.

[Authority: Chapter 15 of Model Internal Audit Manual]

CHAPTER 6

MISCELLANEOUS

6.1 Relation with Director General (Inspection)

The Internal Test Audit Section can usefully supplement the work of the Director General (Inspection) and has been entrusted with the liaison work between the Director General (Inspection) and the sections during the former's inspection of this office. Immediately, on receipt of intimation from the Headquarters Office about the inspection, ITA will circulate the dates of inspection among the sections and advise the sections regarding procedures to be followed in receiving the requisitions, submitting the requisitioned files, records, etc. promptly to the Director General (Inspection) and furnishing the replies expeditiously to the Inspection Memos issued by him.

The ITA is required to pursue the objections raised by the Director General (Inspection) in his reports with the respective sections till their final settlement and issue instructions to see that the irregularities pointed out by the Director General (Inspection) do not recur. While it is necessary to bring the important lapses in the management of O/o the Principal Director of Audit (Infrastructure), New Delhi) to the notice of the O/o Comptroller & Auditor General of India by the Director General (Inspection), routine and procedural lapses can be left to be dealt with finally by the HoD through the ITA Section. As the ITA is required to pursue the objections raised by the Director General (Inspection), ITA should maintain a watch register for this purpose, in the form given in **Annexure-VII** to this Manual. The periodical consolidated reports, showing compliance to the paras of the Director General (Inspection)'s reports, should be prepared by the ITA Section on the basis of the replies furnished by the sections and send them to the Headquarters Office on stipulated dates. This may watch through Monthly Progress Report and the same should be submitted to the SAO (ITA) each month.

The ITA Wing will be responsible for generating monthly report, indicating clearly, the areas of concern to Headquarters and submission to Director General (Inspection) by 10th of the following month, or such other date as may be prescribed format indicated at Annexure 'A'.

Format of monthly report of Internal Audit to DG (Inspection) at Headquarters

Name of the Office:

Report of IA for the month of.....

Part A: Common defects / areas of weakness noticed and action taken

Sl. No.	the Sections selected audit in a wing of the office	Period covered by IA's test-check	Actual internal audit	Common defects/areas of weakness noticed during the internal test audit	Action taken to set right the defects	Appraisal by Head of the Office as to whether or not the system has been followed	Corrective measure taken to avoid recurrence of such defects

Signature:

Name:

Designation:

Part B: Progress of Test Check by IA Wing

	Annual Cycle: Names of Sections (*)							Once in 2 years Cycle: Names of Sections(*)							Once in 4 years Cycle: Names of Sections(*)						
(5) No. of Sections for which test audit reports have not been issued within stipulated period (with reasons for delay)																					

(*) Indicate names of Sections like Administration, Cash, PAO, TM, etc.

Signature:

Name:

Designation:

Name of the Office:
Part C: Progress of Triennial Review of PF Ledger Cards
Period of Cycle:

Month:

(1)	Total No. of PF ledger cards	
(2)	No. of cards due for review during the current month	
(3)	Total no. of cards to be reviewed {(2)+(3)}	
(4)	No. of cards actually reviewed.	
(5)	Balance {(4) + (5)}	
(6)	Reasons for arrears as indicated in column (6)	
(7)	Total no. of cards in respect of which triennial Review was in arrears at the close of the previous month	

Signature: Name: Designation:

Apart from the liaison work with the Director General (Inspection) during his inspection of this office and subsequently pursuing the objections raised by him, the ITA may also be entrusted with the work of coordinating the peer-review work in this office as well.

The replies to the reports of the DG(Inspection) should be vetted by the ITA wing and submitted to DG (inspection).

[Authority: Chapter 18 of the Model Internal Audit Manual]

6.2 Calender of Returns

The specimen of Calendar of Returns of the Internal Test Audit Section is given at **Annexure-VIII** to this Manual.

6.3 Preservation of records of ITA Section

Preservation of Records is required to be made as indicated below: -

Sl. No.	Particulars of the Record(s)	Period of Preservation
1	Internal Audit Reports	02 years after closure of the report and settlement of all paras.
2	Watch Register of Internal Audit Reports	02 years after the closure of all the Test Audit Reports of the particular cycle or till the Inspection of the DG(I) is completed and the observations of DG(I) thereon are settled, whichever is later.
3	Correspondence relating to DG(I)	01 year after the closure of the report of DGI and settlement of all paras in the Inspection Report.
4	Monthly statements of complaint cases to CAG	01 year, provided all outstanding cases are included in the monthly statement.

[Authority: Para 7.44 of Model Internal Audit Manual]

ANNEXURE - I

(Referred to in para 1.2)

(ITEMS ASSIGNED TO ITA SECTION)

The items of work assigned to ITA Section of this office are as follows:-

- (i) Test check of Sections, Resident Audit Offices & Branch Offices.
- (ii) Checking of maintenance of Portfolio files.
- (iii) Test check of records of receipt, approval, issue and pursuance of Inspection Reports to check whether there was any laxity at any stage in the matter.
- (iv) Watching implementation of important office orders.
- (v) Review of Calendar of Returns.
- (vi) Checking of Audit Fees worked out by different sections/wings for audit of accounts of certain authorities or bodies under section 20 of CAG's (DPC) Act, 1971.
- (vii) Half yearly review of Cashbook.
- (viii) Test check of the Service Books of the officials of the office.
- (ix) Independent re-checks of the details in support of the budget proposals. Review of complaint cases addressed to the CAG of India.
- (x) Liaison work between the Director General (Inspection) and the section during the former's inspection.
- (xi) Investigation of procedural omissions and irregularities and audit lapses brought to notice by the Director General (Inspection).
- (xii) Submission of monthly appraisal reports of the work done by the ITA to the Director General (Inspection).
- (xiii) Checking the quality of audit conducted and commenting specifically on this aspect in its reports so that suitable measures may be initiated to improve the quality of work where necessary.

ANNEXURE- II (A)

(Referred to in Para. 2.4)

I. List of items of work/records common to all sections

1. Calendar of Returns.
2. Inward Diary Register.
3. Outward Diary Register.
4. Monthly Reports with reference to relevant records.
5. Attendance Register, Casual Leave Account,
6. Leave Register etc.
7. Order files
8. Sectional Duty List.
9. Guard files maintained by the wings.
10. Returns of the sections sent to Hqrs. Office
11. Monthly absentee statements file
12. File movement register.

II. List of items of work/records relating to Administration Group

1. Pay Bill Register.
2. RTI Cases files.
3. Files/Register relating to sanctioned strength and men-in-position.
4. T.A. Bills Audit Register.
5. Control Registers of L.T.C. claims.
6. Control Register of H.B. Advance/M.C. Advance and other advances.
7. Control Registers for nomination, Family Pension & GPF.
8. Control Registers for nomination of CGEIS.
9. Register of Service Books.
10. A.C. Bill Register.
11. Contingency Register.
12. Advances register (i.e. computer, house building, vehicles, festival etc.)
13. Control Register of claims for Medical Reimbursements.

14. Log Book of Staff Car.
15. Register of repairs and replacement
16. Accounts of CAG's Memoranda of Secret Instructions.
17. G.P. Fund Account of Group 'D' Staff.
18. Verification of Services in terms of Rule 32 of CCS (Pension) Rules, 1972.
19. Imprest Account.
20. Increment Registers.

Note: Review of Cash Book with connected Registers, checking of Service Books, checking of Rosters for Reservations of SC/ST in Service and checking of Gradation List are conducted separately.

III. List of items of work/records relating to Record Group

1. Dead Stock Register (IT and Non-IT).
2. Register of Valuables.
3. Account of Amounts drawn by A.C. Bills.
4. IT assets Register.
5. Physical Verification of Dead Stock.
6. Physical verification of IT Assets.
7. Physical verification of Store.
8. Store Account.
9. Stock Register of Library Books along with all connected records.
10. Disposal of old newspapers/periodicals.
11. Review, maintenance and disposal of old records.
12. Records/Registers relating to telephones (local, STD etc.).
13. Records relating to labour engaged on daily wages.

IV. List of items of work/records relating to Audit Control Sections

1. Annual Audit Plan.
2. Audit Cycle Register.
3. Quarterly Audit Programme.

4. Audit Fees Register (for Audit of Autonomous Bodies).
5. Registers to watch (i) the receipt and issue of Inspection Reports and (ii) the progress in the settlement of Inspection Reports.
6. Objection Book and Adjustment Register.
7. Potential Draft Para and Draft Para Registers.
8. Supervision of Field Parties by the Group Officers.
9. Formation and activation of Audit Committees.

ANNEXURE-II (B)

(Referred to in Para. 2.4)

The illustrative checks to be exercised and points to be seen during internal audit of various functions of Administration Group are indicated below:

CHECKLIST FOR ADMINISTRATION WING

Sr. No.	Check	Remarks
1.	Whether all the mandatory quarterly, half yearly and yearly returns were sent to HQs office within due dates prescribed as per HQs circular no. 17-staff (J.C.M.)/2020 dated 27.5.2020?	
2.	Whether 56-J reviews are done on time as prescribed in DoPT OM No. 25013/03/2019-Estt.A-IV of 28 th August 2020?	
3.	Whether offer of appointment for the new dossiers for appointments to Gr B & C was issued within 5 calendar days of receipt of the dossier?	
4.	Whether dossiers, where the candidates refused to join or did not join within due date (including extension given by HQ office) were promptly returned within a week of deadline being over?	
5.	Whether confirmation/termination/ Extension of probationer was done in a timely manner.	
6.	Whether the intra office transfer and posting criteria are pre-decided/formulated by the office?	
7.	Whether the Intra Office Transfer and Posting Board (IOTPB) is formed in the office? <i>(For cadre controlling office, Inter Office Transfer and Posting Board should also be formed to satisfy this criteria)</i>	
8.	Whether the IOTPB met as per pre- decided criteria or as per requirement in absence of criteria?	
9.	Whether DPC and MACP proceedings for Gr B & C Staff are conducted before the due date so that promotions are done on time?	
10.	Whether Meeting of Departmental Screening Committee (DSC) was held twice or more to consider the applications for appointment on compassionate grounds and the office gave compassionate appointment to the number of	

	deserving applicants equal to the vacancies available therein?	
11.	Whether the field office has forwarded the remaining applications to Headquarter office if they are otherwise found FIT by DSC and those are willing for consideration against the vacancies available in the other field offices? (Circular no.14 (letter no.52/Staff Hakdari Niyam/AR/02-2021 dated 20.04.2021) and OM F.No.43019/9/2019-Estt. (D) dated 23 rd August 2021)	
12.	Whether sexual harassment committee has been constituted in the office?	
13.	Whether no sexual harassment complaint is pending for more than 3 months from the date of receipt?	
14.	Whether information about the committee is put in prominent place in the office premises as well as office website?	
15.	Whether committee regularly met every quarter as per mandate?	
16.	Whether all the relevant papers (title, lease document, blueprint map) for the estate are in possession of the Estate Officer? (Para 2.1, 2.2 & 2.3 of MSO (Estate) 2021)	
17.	Whether Estate Management Committee (EMC) was constituted at the station and meetings were being conducted on time? Whether the 'Annual Estate Plan' has been considered and approved by the Estate Management Committee before submission to the Estate Manager? Whether the priority list of works was sent to HQ in time? Whether progress reports are being sent to HQ on time? (Para 1.2 & 1.3 of MSO (Estate) 2021)	
18.	Whether Allotment of residential quarters are being done as per Allotment of Govt. Residences (IA&AD) Rules, 2021?	
19.	Whether the disaster management committee is constituted and meets as per mandate? Whether the evacuation plan for all the buildings for all officials including Divyang is in place and displayed at the proper prominent places? Whether regular drills are carried out to educate the staff.	

	<i>(Chapter 3 of MSO(Estate) 2021</i>	
20.	Whether sorting and weeding out of records is being done regularly by all sections? <i>(Para 12.4 & 12.5 of MSO (Administrative) Vol.1)</i>	
21.	Whether e-Office is being implemented effectively?	
22.	What is the extent of availability of modular furniture (MF) in the office including for records?	
23.	Whether office has started/completed the digitization of the Admin records?	
24.	Whether Review of expenditure report for every month is being uploaded in iBEMS on or before 2 nd of the following month after due reconciliation with the Pay and Accounts office? <i>(Hqrs. Office letter no. 111/FMD/Res-Bes/123-2021 dated 20th April 2022)</i>	
25.	Timeliness of submission of DCC Bills-Is there is pendency of AC-DCC bills? <i>DCC bills are to be submitted within 15 days of drawal of the AC bill (Rule 323 (2) of GFR 2017)</i>	
26.	Whether any substantial amount of saving was surrendered after the due date prescribed by the budget section? (generally after 28 th of February)	
27.	Whether office has projected requirement on realistic basis in flash figures ?	
28.	Whether monitoring of REs and BEs of Loans and Advances to Government Servants and the actual expenditure happening against these figures is done every month? <i>(114-Budget/Loans & Advances/26-2018 dt:25.03.2019)</i>	
29.	Whether annual report of "Updation and Maintenance of Service Books" up to last date of April for previous financial year are being sent to HQ? <i>(HQ letter No. 436/41- 11/INSP/ACT-14/2020 Dated 20/10/2020)</i>	
30.	Whether Medical advance is granted to the concerned CGHS beneficiary within stipulated period of 10 days?	
31.	Whether court cases, including contempt cases, are dealt with promptly?	
32.	Whether the procurement of Goods and Services is being done through GeM? If yes, the quantum of procurement in terms of percentage of procurement through GeM <i>(Rule 149 of GFR 2017 as amended vide OM No. F.1/26/2018-PPD, of Gol, MoF dated 02.04.2019)</i>	
33.	Whether GeM availability Report and past	

	transaction summary (GeMAR&PTS) is generated on GeM for procurement outside GeM? (Rule 149 of GFR 2017 as amended vide OM No. F.6/14/2020-PPD, of GoI, MoF dated 27.08.2020)	
34.	Whether facilities: i. Recreational Club ii. Gym iii. Creche iv. Medical kit/ room are functional in office? (CCS RSA Rules 1993)(Women and child development ministry OM CRE - 23/1/2018 - Creche - p - 2 dt. 02-11-2018 for establishment and operation of Creche vide National Minimum Guidelines Under Maternity Benefit Act-2017)	
35.	Whether verification of forms (pension papers) received from retiree are done before 04 months of retirement and being sent to PAO through "Bhavishya Portal".	
Common framework for assessment of redressal of public grievances (Administrative and Technical)		
1.	Whether complaints made to the CAG are addressed promptly?	

CHECKLIST FOR AUDIT WING

Sr. No.	Audit objections	Remarks
1.	Whether the annual audit plan is approved by Audit Planning Group?	
2.	Whether audit plan is prepared keeping in view instructions issued by Hqrs. office regarding standard for number of man hours per person per annum for computation of staff strength in Receipt Audit Wing (Income Tax, Central Excise and Customs) and OAD Wings?	
3.	Check the comprehensiveness of Audit Plan (including IT Audit Plan) vis-à-vis availability of staff, priority for inspection and periodicity adopted for local audit of units / formations.	
4.	In case of constraints in TA Budget, check whether there has been prioritisation of TA demands in the TA	

	Budget by reference to priority of material for audit report.	
5.	Whether ABC analysis of auditee units is conducted?	
6.	Whether the Audit Planning Group meets from time to time to review implementation of the Annual Plan?	
7.	Whether master data base of auditee units is maintained?	
8.	Whether list of auditable units/cycle index register is updated annually? What is the mechanism applied for its timely updation annually?	
9.	Whether Audit Cycle Register or database showing periodicity of audit is maintained?	
10.	Whether frequency/periodicity of Audit was reviewed? If so, when?	
11.	Whether any specific criteria was spelt out for deciding the periodicity	
12.	Whether analysis of man days available and man days utilized for audit was done; if so, details for last three years may be obtained.	
13.	Whether any deviations from the Audit Plan have taken place and if so, for what reasons / justification?	
14.	Whether instructions issued by Headquarters from time to time regarding audit of autonomous bodies are being followed?	
15.	Whether all the units auditable under section 14 (1) and (2) of CAG's DPC Act are being audited as per periodicity of audit prescribed?	
16.	Review the composition of party vs. manpower available.	
17.	Whether Annual Audit Programme was drawn up with ABC analysis of units and all auditable units due during the year; if not, ascertain reasons and whether shortfall was provided for in succeeding year.	
18.	Whether arrears in audit were shown in the arrear reports sent to Headquarters. iv) Whether quarterly programmes are framed in time and issued to the parties?	
19.	Whether auditee institutions are informed suitably in advance? vi) Whether questionnaire/list of records to be kept ready for audit party is also enclosed?	
20.	Whether any change in the duration is made?	
21.	Whether such programmes are approved by AG/ Group Officer?	
22.	Whether there is a system of rotation of party personnel?	

23.	Whether there is a system of rotation of auditee units? Whether names of audit party members are noted in the register of auditable units along with the dates of audit	
24.	Whether Good Practices Guides for each of the major audits are issued to Audit Parties.	
25.	Whether any specific audit manuals were compiled? If so, when?	
26.	Whether party personnel were provided with a copy of manuals?	
27.	Whether guard file of Memorandum of Association/Articles of Association, important circulars/instructions, etc. is maintained by Headquarters controlling section and important orders circulated to OAD Parties for information and verifying their implementation.	
28.	Whether individual Audit Note Books are maintained and updated?	
29.	Whether there is a system of cross referencing in respect of points noted during audit of accounts with transactions audit and vice-versa and points noted during central audit with local audit and vice versa?	
30.	Whether the audit parties are briefed before commencement of audit programme.	
31.	Whether there is a system of centralized scrutiny of agenda and minutes of Board meetings, sanctions, purchase cases, important vouchers, etc., and communication of results of such scrutiny to the audit parties for detailed examination?	
32.	Whether list of all Acts and Rules and Journals, etc. applicable to each Auditee Unit has been kept and relevant books are available readily?	
33.	Whether press cuttings /news items pertaining to each auditee unit are submitted to the Head of office and results of examination watched?	
34.	Whether minutes of periodical meetings held by Group Officer with Sr. AOs/ AAOs are kept and circulated for compliance of decisions taken in the meeting?	
35.	Whether any system is in vogue to keep a watch on the amendments in the Acts, rules etc. affecting the Auditee organization?	
36.	Whether concurrent audit is done for major contracts and agreements?	
37.	Whether the Registers of important points to be seen for each Auditee unit are maintained?	

38.	Whether Auditee profile / database is updated after each visit / audit?	
39.	What is the extent of supervision by SAOs/AOs of field parties?	
40.	How many units remained unsupervised during last three years?	
41.	What is the extent of supervision by group officer(s)?	
42.	Whether any record of original work done by supervising Sr.AO/AO and Group Officers is kept in audit files.	
43.	Whether list of objections issued by each member of the audit party as well as supervising Sr AO / AO / Group Officer as a result of original work done is kept in the audit files to record contribution of each official.	
44.	What is the impact on quality of audit due to supervision by Group officer?	
45.	Whether tour notes are regularly submitted every month by Group Officers to DG/AG/PDs bringing out the work done?	
46.	Whether A.G. conducted any supervision of field offices/parties? If so, details for last 3 years may be collected and follow-up action taken on AG's instructions checked.	
47.	What are the basis for allocating party days for the audit of various Auditees? Whether any study has been conducted in this regard?	
48.	Whether and on what basis that work has been distributed amongst members of Audit party?	
49.	What is the extent of original work done by the SAO/AO and whether it was adequately mentioned in the title sheet.	
50.	Whether details of work done by each party member are available? (iv) Whether these have been reviewed at appropriate level?	
51.	Whether all entries in Title Sheet been made and reviewed?	
52.	Whether there is sufficient indication as to availability of Key Documents (KDs) in the file?	
53.	Whether Inspection Reports are drafted by AO/SAO?	
54.	Whether IRs have been submitted to Hqrs in time and in cases of delay, whether reminders are issued and reasons for delay recorded for further action. Model Internal Audit Manual 163	
55.	Whether IRs have been properly numbered, referenced and approved?	

56.	Whether the IRs were being issued within one month as per Headquarters instructions? Tabulate instances of delay for last 2 years.	
57	Whether IRs have been suitably pursued & followed-up and suitable entries made in IR Register? Status of IRs settled during last 12 quarters and pending for above six months (age wise) may be obtained in tabular format.	
58	Whether IRs are submitted to PAG /AG /DGA/PDA for marking/review? If so, quantum of IRs reviewed may be collected.	
59	Whether periodical / suo motu review of old IRs been made and results recorded?	
60	Whether IR files are called for by the PAG /AG /DGA/PDA for scrutiny and proper follow up action taken on the directives recorded by AG, etc. and proper record of IR files called for and directives issued is being maintained?	
61	Whether summary of outstanding IR paras is submitted to AG, etc. periodically?	
62	Whether replies to IR paras are put up to group officer with vetting remarks?	
63	Whether instances wherein Central Government funds have been misutilised or unutilized by the State Government were brought to the notice of FAs in the ministries.	
64	Whether details of any records not made available /not examined due to paucity of time are reported.	
	Potential Draft Para (PDP)/Draft Para (DP) Register	
1.	Whether there is a system of marking PDPs at the time of approval of IRs? Model Internal Audit Manual 164.	
2.	Whether instructions exist to collect copies of supporting documents in respect of each fact and figure for the IR cases proposed to be considered as a potential draft para case and cross linked?	
3.	Whether such PDPs marked are identified, segregated and action taken immediately to process the same as DP.	
4.	Whether proper pursuance of such PDPs like collection of wanting KDs, obtaining timely response from Auditee/Government, obtaining required clarifications/information, etc. is done?	
5.	Whether system of periodical review of PDP register exists?	

6.	What is the mortality rate of marked PDPs? Whether reasons for high mortality rates are analysed?	
7.	Whether any system of reviewing other paras (including Part IIC or Part III), and minor irregularities exist with a view to identifying PDPs and incorporating them in the reviews?	
8.	Whether Audit Reports of other States are studied to identify the cases to get examined by field audit parties to check similar nature of irregularities for possible comments through Audit Report. If so, whether cases identified are noted in the register to watch results of examination?	
	DPs and material for Audit Reports	
1.	Whether timely action i.e., within 6 months of issue of IRs, been taken for issue of identified DPs to the management?	
2.	Whether DPs are processed & issued on a regular basis or bunched?	
3.	Whether timely action is initiated for obtaining reply, additional information, etc.?	
4.	Whether arrangements for timely verification of reply and collection of KDs/ information made?	
5.	Whether Audit Committee meetings are organized regularly to settle/pursue the paras?	
	Autonomous Bodies	
1.	Whether instructions issued by Headquarters office to improve quality of audit and contents of SARs of Autonomous Bodies are being scrupulously followed?	
2.	Whether claims for Audit Fee were raised / initiated on completion of audit and pursued effectively for early realization? Status of Audit Fee outstanding (age wise) may be obtained.	
3.	Whether all reports and returns as directed by Autonomous Bodies Wing of Headquarters through various circulars are being rendered regularly and monitored through Calendar of Returns?	
4.	Whether records of autonomous bodies, programme book, detailed instructions and data sheet on autonomous bodies as required in the Manual of Instructions for Audit of Autonomous Bodies are being maintained?	
5.	Whether audits of branch units are being conducted, watched and consolidated inspection reports are being prepared as per instructions contained in the Manual of Instructions for Audit of Autonomous	

	bodies read with other instructions issued by Headquarters from time to time? Model Internal Audit Manual 170	
6.	Whether, for the audit of autonomous bodies and issue of separate audit reports, time-schedule/instructions prescribed by Headquarters from time to time are being followed?	
7.	Whether various circular letters/instructions are made available to audit parties before proceeding for audit and audit parties are briefed for compliance with Headquarters requirements?	
8.	Whether procedures have been streamlined with a view to ensuring that audit of autonomous institutions is not omitted to be taken up through inadvertence as per instructions issued by Headquarters from time to time.	
	General Points to be Checked / Seen	
1.	Maintenance & updating of Registers including Calendar of Returns.	
2.	Closing & submission of registers to officers.	
3.	Maintenance of Title Sheet Registers, IR Register, etc.	
4.	Submission of various returns to Headquarters office.	
5.	List of files, index Register of files, etc.	
6.	Weeding of old records.	
7.	Whether correspondence to Headquarters have AG's approval or not? If not, instances may be examined.	
8.	Effectiveness and efficiency of the in-house training programmes, utilization of slots, coverage and the extent to which they are related to the audit needs of the office.	
9.	Whether attempts have been made towards investigative audit? If yes, important points noticed in this regard.	
	Quality of audit output - Points to be Seen	
1.	Status of total number of Inspection Reports issued during last 4 years	
2.	Number of IRs issued with Major objections	
3.	Number of Major objections approved as Potential Draft Para cases / DPs issued and featured in the Audit Report	
4.	PDP to DP conversion ratio over last 4 years.	
5.	Whether all records and audit drill as prescribed in Kuppuswami committee report are being applied/implemented to ensure effective audit	

	scrutiny keeping in view the up-to-date accounting standards and auditing and assurance standards issued by the Institute of Chartered Accountants of India and the auditing standards issued by Headquarters Office.	
6.	Whether the instructions issued by the State Commercial Wing of Headquarters office are being complied with.	
7.	Whether guard file of important orders/circulars is being properly maintained.	
8.	Whether there is a system of rotation of party personnel?	
9.	Whether there is a system of cross referencing in respect of points noted during audit of accounts with transactions audit and vice-versa?	
10.	Whether newspaper clips/press cuttings pertaining to each of the PSU are examined and results noted?	
11.	Whether any system is in vogue to keep a watch on the amendments in the Acts, Rules, etc. affecting the PSUs? Whether at least 50% original work has been done by Sr.AO/AO and details of work done by each member of the party is kept in audit file? Five Year Action Plan : Whether 5 year Action Plan approved by CAG office is being adhered to? Whether any deviation took place; if so, the justification thereof.	
12.	Whether the points to be examined, risk areas to be concentrated and guidelines thereon were received from Headquarters Section / Group Officer before taking up audit?	
13.	Whether the audit observations are discussed with the management on the last day of audit and their views considered while finalizing IRs? Model Internal Audit Manual 178	
14.	Whether the business profile of the auditee organization is updated at the end of each audit?	
15.	Whether the details of addition / deletion to number of units of an organization are prepared and updated every time? Whether it requires any change in the time allotted?	
16.	Whether pending paragraphs in respect of earlier IRs are pursued during each audit? (xiv) Whether Audit Committee meetings are arranged periodically to settle pending audit objections?	
17.	Whether persistent irregularities are taken up with the auditee organizations at higher level for	

	permanent remedy?	
18.	Whether relevant data is furnished to CAG's office for maintaining Information System in respect of IRs issued?	
19.	Before start of accounts audit, whether the office had interaction with the management and statutory auditors to draw up a time bound plan to complete the audit of accounts so that the company can hold the AGM in time.	
20.	The time schedule of finalisation of accounts audit is fixed in such a way that the audit is completed and approved comments are issued within 6 weeks of the receipt of certified accounts from the management (including 7 days for examination at Headquarters).	
21.	Whether the Directions/Sub-directions under section 619(3)(a) of the Companies Act, 1956 are issued to the statutory auditors immediately on receipt of appointment.	
22.	Whether any meetings were held with the management and statutory auditors to draw up a time schedule for finalization and submission of accounts.	
23.	Whether there is a proper system of follow up of the receipt of supplementary report from the statutory auditors and timely reminders are issued.	
24.	Whether SFR data is sent to MAB Chennai (or such other designated MAB) immediately after finalisation of comments under section 619(4) of the Companies Act, 1956 after proper checking as per instructions from Headquarters given from time to time.	
25.	Whether a copy of accounts along with the Board Resolution adopting it were sent to CAG's Office immediately on receipt? Model Internal Audit Manual 179	
26.	Whether a list of IR paras having bearing on accounts is prepared and examined during accounts audit?	
27.	Whether any management letters are issued to auditee units immediately after completion of accounts audit in respect of assurances given?	
28.	Whether the ATNs received from Headquarters are vetted and submitted timely.	
29.	Whether Head of the Department is holding periodical meetings with Sr.AOs/AOs/ AAOs? If so, files containing minutes thereof may be seen and follow-up action taken checked.	
30.	Whether the work of preparation of	

	reviews/appraisal is going as per the plan.	
31.	Whether timely reminders are issued to management/ministry for sending their replies.	
	Programme Implementation	
1.	Whether every deviation in the approved programme approved by DGA/PDAs.	
2.	Whether dates of actual audit as shown in the quarterly progress report are linked with the half yearly programme to check that approval of each of the changes/ deviation was sought and to ensure that no change in programme exists without approval of the DGA/PDA.	
3.	Whether man days available for local audit are fully utilized for that purpose only.	
4.	Whether local audit programme for each half year ending was intimated to field parties on receipt of approval of DGA/PDA?	
5.	Whether audit intimation are being issued well in advance?	
6.	Whether all outstanding LTARs and special enquiries were got examined and discussed by supervising Group Officer and results of examinations in respect of Model Internal Audit Manual 181 special enquires and minutes of meeting clearly bringing out recommendation for settlement or otherwise sent to main office for further action?	
7.	Whether monthly supervision programme was forwarded to DGADS / PDA(AFN)/ PDA(OF) for prior approval and communicated to field audit parties.	
8.	If the supervision of any auditee unit was provided in two or more spells, whether it was ensured that the supervision was provided by the same officer.	
9.	Whether discussion by supervising Group Officer with Executives on the points raised during local audit was held in time i.e. during currency of local audit? If not, reasons for the delay had been recorded in each case and Command Officers' approval obtained and also indicated in the quarterly progress report for information of DGA/PDAs?	
10.	Whether Group Officer/ Command Officer supervised the field parties for a minimum period of seven days in a month.	
11.	Whether there was any shortfall in supervision and, if so, reasons for the same.	
12.	Whether any record of original work done by Supervising Sr.AO/AO/Group Officer was kept in	

	audit file to know their audit contribution.	
13.	Whether group officer/command officers are submitting/sending a monthly tour note bringing out the achievement as a result of work done by them during supervision of field audit parties.	

ANNEXURE – III (RESERVATION OF SC/STs)

(Referred to in Para 3.2)

Proforma of the Report on Inspection of the rosters maintained for giving effect to the reservation for Scheduled Castes/Tribes in service.

Name of the office: O/o The Principal Director of Audit (Infrastructure), New Delhi

Date of Last Inspection:

Name of Posts/ Group of Posts:

Date of current Inspection:

1. Whether separate rosters are being maintained for each grade or group of posts and within such grade/group, separately for (i) direct recruitment and (ii) for posts filled by promotion (when reservation is applicable in such posts filled by promotion) and whether all the appointments made during the period covered by the instructions are shown in the rosters.
2. Whether the appropriate model roster viz. the one prescribed for (i) direct recruitment within cadre control upto Supervisor level by open competition (ii) direct recruitment within cadre control upto Supervisor level by other than open competition (iii) direct recruitment on a local or regional basis or (iv) promotion, as the case may be, is being followed.
3. Whether rosters are being maintained separately for (i) permanent appointments and temporary appointments likely to become permanent or to continue indefinitely (ii) purely temporary appointment of 45 days or more duration.
4. Whether the rosters are being maintained in the form prescribed viz. Appendix 4 to the Brochure.
5. Whether the points have been earmarked in the roster for Scheduled Castes / Tribes/physically challenged category etc. correctly according to the prescribed model roster for the particular type of recruitment.

6. Whether immediately after an appointment has been made, the particulars of the person appointed are entered in the register in the appropriate columns and the entry signed by the appointing authority or by the officer authorized to do so.
7. Whether any gap is left in the roster.
8. Whether the roster is maintained in the form of a running account from year to year.
9. Whether before appointing a general candidate against reserved vacancy: (i) Prior approval of the Deptt. of Personnel for de reservation was obtained in the case of vacancies included in the roster for permanent appointments and temporary or to continue indefinitely and (ii) Whether the steps prescribed in para 26 of the Brochure to secure Scheduled Castes / Tribes candidates were taken in the case of vacancies included in the roster for purely temporary appointments.
10. Whether reservation in confirmation posts filled by direct recruitment has been correctly determined in accordance with the orders in Ministry of Home Affairs' O. M. no. 31/10/63-SCT (I), dated 27.03.63 and 02.05.63.
11. Whether an abstract is given after the last entry in a recruitment year, showing the number of reservations carried forward to the following year separately for Scheduled Castes / Tribes. Whether these reservations have been shown as brought forward at the beginning of the roster for the following year.
12. Whether reservations have been carried forward to three subsequent years and exchange of reservations made between Scheduled Castes and Scheduled Tribes as provided in Ministry of Home Affairs' OM No.27/25/68-Estt. (SCST), dt.29.03.70 before treating them as lapsed.
13. Any other remarks.

Summing up

14. Brief recapitulation of defects & shortcomings noticed in the maintenance of rosters and any other suggestions which the Inspecting Officer has to make, with particular reference to the remarks given during the last inspection.

Signature of Inspecting Officer.....

Designation.....

Date.....

ANNEXURE-IV

(Referred to in para 3.3)

Points to be seen during half-yearly review of Cash Book:

1. Whether the register of undisbursed pay and allowances is maintained in the prescribed form and properly reviewed.
2. Whether the date of the bill, net amount of the bill and date of encashment of the bill are noted in the register.
3. Whether abstract of undisbursed pay & allowances is prepared quarterly.
4. Whether undisbursed pay & allowances are refunded after the period of three (3) months without utilizing the same for temporary advances.
5. Whether surprise verification of cash by a group officer is conducted once in a month.
6. Whether bill-wise analysis of payments made on the pay-day is done.
7. Whether drawal of advance on Abstract Contingent Bill (A.C. Bill) is being regulated in terms of Headquarters Office letter no. 482-AC. I /16-86 dated 09.07.1990.
8. Whether the bill register is maintained in proper form and reviewed monthly by a gazetted officer.
9. Whether cheque number, date and token number are recorded.
10. Whether all the columns of bill register are being filled in.
11. Whether monthly closing of outstanding bills are being done regularly.
12. Whether dated initial of the Gazetted Officer, signing the bill, is recorded in the bill register.
13. Whether the bill transit register is maintained in proper form and reviewed bi-weekly by a Gazetted Officer.
14. Whether entries in the register are attested by the DDO and whether the receiving clerk of PAO has indicated the token number for each bill.

ANNEXURE-V

(Referred to in para 3.4)

Important points to be seen in the course of checking of the Service

Books and Leave Accounts:

1. Whether the records with reference to which the date of birth has been verified is noted against the entry in the Service Book.
2. Whether particulars regarding appointment, promotion, punishment, etc. have been correctly recorded with reference to the orders kept in the personal files.
3. Whether signature of Govt. servant is taken every year in token of having verified the correctness of the entries.
4. Whether the entries made in the Service Book are re-attested every five year.
5. Whether the services are verified with reference to pay bills/ acquittance rolls etc. every year and certificates to this effect are recorded in the Service Books.
6. Whether the date of increment has been correctly worked out with reference to the date of last increment recorded in the Service Book.
7. Whether the leave account is correctly maintained and entries of leave taken, balance at credit etc. are correct with reference to the leave records.
8. Whether the particulars of Foreign Service and the note regarding recovery of Foreign Service contribution are recorded in respect of officials lent to Foreign Service.
9. Whether option exercised by the govt. servant regarding revision of pay, fixation of pay in the higher scale on promotion etc. is pasted in the Service Book.

10. Whether the notes regarding receipt of nominations for Death-cum-Retirement Gratuity, Central Govt. Employees Group Insurance Scheme, and General Provident Fund are kept in the Service Book.
11. Whether details of family members are kept recorded in the Service Book.
12. Whether records of declaration of Hometown and LTC availed etc. are recorded.
13. Whether GPF account number of the govt. servant is noted in the Service Book.
14. Whether photo of the govt. servant, duly attested is pasted the Service Book.
15. Whether Vol-II of the Service Book is maintained for keeping important documents like nomination for GPF, DCRG, CGEGIS etc. and the said volume is kept in the safe custody of the Group Officer.
16. Whether the information of verified service in respect of a govt. servant who has completed 30 years of service or 55 years of age, whichever is earlier has been communicated to him in Form 24 under the provisions of CCS (Pension) Rules, 1972.
17. Whether all entries are duly made and properly attested and the book contains any erasure, overwriting or unattested corrections.

ANNEXURE - VI

(Referred to in para 3.7)

Illustrative list of items which may be covered by Horizontal Review:

1. Calendar of Returns.
2. Auditors Notebook.
3. Objection Book & Adjustment Register.
4. Inward Diary Register.
5. Outward Diary Register.
6. Reminder Register.
7. Pending Register.
8. Monthly progress Report.
9. Register to watch the receipt and issue of Inspection Reports.
10. Register to watch the progress in the settlement of Inspection Reports.
11. Register of recovery at the instance of audit.

ANNEXURE-VII

(Referred to para-6.1)

Watch Register of Paras of Director General (Inspection)'s Report for the year

Para no	Brief Subject	No. & Date of ITA's reference to sections	Particulars of Sectional reply	No.& Date of reference regarding submission of compliance report to Headquarters Office	Further observations of Headquarters Office	No. & Date of ITA's further communications to the sections.	Remarks showing the number & date of Headquarters office letter communicating closure / settlement of the paras.
1	2	3	4	5	6	7	8

Annexure -VIII

(Refer to para no. 6.2)
Calendar of Return of ITA wing

Monthly Return				
Sl.No.	Particulars	To whom due	When Due	Authority
1.	Monthly Progress Report	C&AG HQ	5 th of every month	272/CA-IV/19-2011 dated 26.07.2016.
2.	Monthly IR Status register	Principal Director	5 th of every month	पैरा 225, वाणिज्यिक लेखापरीक्षा प्रक्रिया/ 156/एम.ए.बी
3.	Absentee Statement	Principal Director	5 th of every month	का.आ. स. 292, प्रशा. 1-18, दिनांक 19.11.73
4.	Calendar of Return	Principal Director	10 th of every month	का.आ. स. 253, प्रशा. 1-18, दिनांक 19.11.73
5.	E-office	CAG office	1 st of every month	Admn./552/e-office/2017/KW-1
6.	Review of IR Register	Principal Director	5 th of every month	DG Inspection Hqrs.
7.	Watch register of paras of DG (Inspection) Report	Principal Director	15 th of every month	Para 4.1 of ITA Manual
Quarterly Returns				
1.	Quarterly Compliance Report	C&AG HQ	1 st week of every quarter	DG Inspection
Half yearly Returns				
1.	Half yearly return on common defects/Areas of weakness noticed and action taken	C&AG HQ	April and October of every year	DG Inspection
Annual Returns				
1.	Macro Profile	Admn.	Last week of April	MAB-I/Admn-III/Macro Profile/2023