



UTTARAKAHD WORK INTERNAL  
AUDIT MANUAL-2021  
FINANCE DEPARTMENT  
GOVERNMENT OF UTTARAKHAND

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## Preface

This Works Internal Audit Manual has been prepared to provide a guideline to audit staff of Directorate of Audit (DoA), Finance Department and appointed external agencies for conducting internal audit of works of the Public Works Department (PWD), Rural Works Department (RWD), Irrigation, Minor Irrigation and Pradhan Mantri Gram Sadak Yojana (PMGSY) in the State. The purpose of development of this Work Internal Audit Manual is to provide reasonable professional and technical guidelines to internal auditors for conducting works internal audit of different types of works carried out by above-mentioned departments. All the audit staff of DoA and appointed external agencies shall thoroughly understand process and guidelines provided in this manual in order to equip themselves which is necessary for carrying out the internal audit of works. This Manual should be read in conjunction with the Internal Audit Manual, 2021 (Volume I & Volume II).

This manual intends to familiarise the internal auditors with the provisions of public works account & rules and various process/areas of the work life cycle. The manual has been developed based on the modern auditing techniques and tools i.e. Risk-Based Audit (RBA) approach to assist internal auditors in focusing and auditing high risk areas/processes of the works life cycle.

The manual has been prepared based on the information compiled from various documents and guidelines which include Financial Handbook Volume V, Part – 1, Financial Handbook Volume VI, Budget Manual, Standard Bidding Document 2014, The Uttarakhand Procurement Rules 2017 and various Government Orders/ Notifications issued from time to time by the Finance Department/ respective departments.

I would also like to express our gratitude to Manisha Panwar (Additional Chief Secretary, Finance), Ms. Sowjanya-IAS (Former Secretary, Finance & Project Director), Shri S. Murugesan-IAS (Former Director, Audit), Shri Surendra Narayan Pande-IAS (Director, Audit & Secretary Incharge, Finance), Dr. V. Shanmugam-IAS (Former Director, Audit), Dr. Ahmed Iqbal-IAS (Deputy Project Director), Shri J. C. Joshi (Director CTRFA), Shri Khajan Chandra Pandey (Joint Secretary Finance Audit Cell), Shri Vipin Bihari Lal (Deputy Director Audit), Shri Sobhan Singh Nagnyal (Deputy Director, Audit), Shi Ramesh Mishra (Senior Audit Officer, Directorate of Audit), Shri Rajat Mehra (Audit Officer, Audit Cell), consultants and all other Officers of the Directorate of Audit who contributed extensively in the

development of this Internal Audit manual. The comments and suggestions provided by the World Bank Team have been pivotal in improving the quality and practicality of this Works Internal Audit Manual.

I would be appreciative of suggestions to bring about further improvements, if any, and also to bring to our notice any error, inaccuracy, or omission to be incorporated in the next edition.

Date: 06 December 2021

Place: Dehradun

Amit Singh Negi  
Secretary, Finance  
Government of Uttarakhand

**Administrative approval:** For every work (excluding petty works and repairs), it is necessary to obtain in the first instance the concurrence of the competent authority of the administrative department requiring a work. Formal acceptance of the proposal by that authority is termed “Administrative approval” of the work and it is the duty of local officers of the department requiring work to obtain the requisite approval to it.

**Advance Payment:** Means a payment made on a running account to a contractor for work done by him but not measured.

**Appropriation:** An appropriation or re-appropriation represents the allotment of a sum of money to meet expenditure on a specific object. It can be authorized within the grants of the year at any time before, but not after the expiry of the year through an Appropriation Bill, presented in the legislative assembly of Uttarakhand.

**Competent Authority:** The term “Competent Authority” means the Government or any other authority to whom the relevant power may be delegated by the Government.

**Contingencies (works):** When used in respect of the accounts of works, the term contingencies indicate the incidental expenses of miscellaneous nature which cannot appropriately be classified under any distinct sub-head or sub-work yet pertain to the work as a whole.

**Contract:** The term contract, as used in volume VI of FHB, means any kind of undertaking written or verbal, expressed or implied, by a person, not being a government servant, or by a syndicate, or firm, for the construction, maintenance or repairs of one or more works; for the supply of materials or the performance of any service in connection with the execution of works or the supply of materials.

**Contractor:** The term contractor means a person, syndicate or firm that has made such an undertaking, but often its use is restricted to contractors for the execution of works or services in connection therewith.

**Deposit Work:** The term is applied to the works of construction or repairs, the cost of which is not met out of government funds but out of funds from non-government sources, which may either be deposited in cash or otherwise placed at the disposal of the divisional officer.

**Divisional Officer:** This term is used for an executive officer of the department who is in charge of the division and is usually of the rank of executive engineer.

**Engineer-in-Charge:** The Officer or his representative entering into the agreement with the contractor

**Expenditure sanction:** Expenditure sanction means the concurrence of the government to the expenditure proposed, wherever applicable

**Final payment:** Means the last payment on a running account made to a contractor on the completion or determination of his contract and in full settlement of the account.

**Issue rate:** This term denotes the cost per unit fixed in respect of an article borne on the stocks of the department at a valuation, for the purpose of calculating the amount creditable to the stocks account by charge to the account or service concerned, when any quantity of that article is issued from stock.

**Measurement Book:** Payments to contractors and suppliers for all works (susceptible for measurements) and all supplies are made on the basis of measurements recorded in the predefined format which is referred as measurement books.

**Running account:** this is a term applied to the account with a contractor when payment for work or supplies is made to him at convenient intervals, subject to the final settlement of the account on the completion or determination of his contract.

**Secured Advance:** This is a term applied specifically to an advance made, on the security of materials brought to the site of work, to a contractor whose contract is for the completed item of work.

**Sub- Divisional Officer:** This designation is applied primarily to the official, whether a gazetted government officer or not, who holds the charge of a recognized sub-division in subordination to a divisional officer.

**Suspense Account:** This term is applied primarily to certain heads of account, falling under the minor head "Suspense" of a major head of expenditure, which is reserved for the temporary passage of such transactions as must at once be taken to the account of the sanction or grant concerned, but cannot be cleared finally either because the relevant payment, recovery, or adjustment is awaited, or because it is necessary to keep an effective watch over the values of any stock materials, until their final disposal

**Technical Sanction:** Order of Competent Authority sanctioning a properly detailed estimate of the cost of work of construction or repair proposed to be carried out based on the basis of detailed design and estimates.

**Works:** The term Works, when by itself, is used in a comprehensive sense and applies not only to works of construction or repair but also to other individual objects of expenditure connected with the supply, repair, and carriage of tools and plant, the supply or manufacture of other stores, or the operations of the workshop.

**Works expenditure and works outlay:** These terms are used to indicate respectively the expenditure, and the capital charges, on the special services connected with the construction, repair, and maintenance of works. The charges falling under these categories may be met when, under rule mentioned in Volume VI of Financial Handbook, any receipts are taken in reduction of the charges, but they do not include the cost of the general services, tools and plant and establishment or any charges not taken to final heads of account but kept under one of the suspense accounts.

**Year** is the financial year beginning on the 1st of April and ending on the 31st of March of the following year



## Abbreviations

<b>AA</b>	Administrative Approval	<b>LD</b>	Liquidated Damages
<b>AAO</b>	Assistant Audit Officer	<b>LMV</b>	Light Motor Vehicle
<b>AC</b>	Asbestos cement	<b>MB</b>	Measurement Book
<b>ADB</b>	Asian Development Bank	<b>MGD</b>	Millions of Gallons per day
<b>AE</b>	Assistant Engineer	<b>MLD</b>	Millions of litres per day
<b>AHR</b>	Abnormally High Rate	<b>MORTH</b>	Ministry of Road Transport and Highways (India)
<b>AIBP</b>	Accelerated Irrigation Benefits Program	<b>MOU</b>	Memorandum of Understanding
<b>BG</b>	Bank Guarantee	<b>MS</b>	Microsoft Office
<b>CAAT</b>	Computer Aided Auditing Tool	<b>MS</b>	Mild Steel
<b>CAG</b>	Comptroller and Auditor General of India	<b>MSA</b>	Million Standard Axle
<b>CBR</b>	California Bearing Ratio	<b>NABARD</b>	National Bank for Agriculture & Rural Development
<b>CCEA</b>	Cabinet Committee on Economic Affairs	<b>NH</b>	National Highway
<b>CE</b>	Chief Engineer	<b>NIT</b>	Notice inviting Tender
<b>CGI</b>	Corrugated galvanised iron	<b>NGO</b>	Non-Government Organizations
<b>CI</b>	Cast Iron	<b>OAMS</b>	Online Audit Management System
<b>CPHEEO</b>	Central Public Health and Environmental Engineering Organisation	<b>OM</b>	Officer Memorandum
<b>CTR</b>	Consolidated Treasury Receipt	<b>PAN</b>	Permanent Account Number
<b>CVPD</b>	Commercial vehicles per day	<b>PAR</b>	Plinth Area Rates
<b>DA</b>	Divisional Accountant	<b>PCC</b>	Plain cement concrete
<b>DD</b>	Deputy Director	<b>PE</b>	Preliminary Estimates
<b>DOA</b>	Directorate of Audit	<b>PG</b>	Performance Guarantee
<b>DSR</b>	Delhi Schedule Rates	<b>PMGSY</b>	Pradhan Mantri Gram Sadak Yojana
<b>DPR</b>	Detailed Project Report	<b>PPR</b>	Preliminary Project Report

<b>EDPM</b>	Ethylene Propylene Diene Monomer	<b>PRI</b>	Panchayati Raj Institutions
<b>EE</b>	Executive Engineer	<b>PSL</b>	Price Store Ledger
<b>EMD</b>	Earnest Money Deposit	<b>PV</b>	Physical Verification
<b>EPC</b>	Engineering Procurement Construction	<b>PVC</b>	Poly Vinyl Chloride
<b>ERM</b>	Environmental and Resource Management	<b>PW</b>	Public Works
<b>ES</b>	Expenditure Sanction	<b>PWA</b>	Public Works Account
<b>FAR</b>	Fixed Assets Register	<b>PWD</b>	Public Works Department
<b>FHB</b>	Financial Handbook	<b>RA</b>	Running Account
<b>FIR</b>	First Information Report	<b>RBA</b>	Risk Based Audit
<b>FOR</b>	Free on Road	<b>RCC</b>	Reinforced Cement Concrete
<b>GI</b>	Galvanized Iron	<b>RWD</b>	Rural Works Department
<b>GO</b>	Government Order	<b>SD</b>	Security Deposit
<b>GST</b>	Goods and Service Tax	<b>SE</b>	Superintending Engineer
<b>GPW</b>	General Condition of Contracts	<b>SEA</b>	State Engineer Academy
<b>HQ</b>	Head Quarter	<b>SOE</b>	Standard Object Expenditure
<b>IFMS</b>	Integrated Financial Management System	<b>SOR</b>	Schedule of Rates
<b>INR</b>	Indian Rupees	<b>SPV</b>	Special Purpose Vehicle
<b>IRC</b>	Indian Road Congress	<b>STP</b>	Sewage Treatment Plant
<b>IRI</b>	Irrigation Research Institute	<b>SW</b>	Stone Ware
<b>IS</b>	Indian Standards	<b>T&amp;P</b>	Tools & Plants
<b>ISI</b>	Indian Standards Institute	<b>TCS</b>	Tax deducted at source
<b>IT</b>	Information Technology	<b>TDS</b>	Tax collected at source
<b>JE</b>	Junior Engineer	<b>URRDA</b>	Uttarakhand Rural Roads Development Agency
<b>KM</b>	Kilometre		

## Structure of the Manual

Chapter No.	Heading	Brief Description
<b>Chapter – 1</b>	Introduction to Works Audit manual	This chapter explains about the manual, objective of works internal audit manual, governing rules & documents and applicability of this manual.
<b>Chapter – 2</b>	About the Works Department and Works	This chapter explains structure of works departments, roles and duties of various officers, key works related functions, overview of works, process life cycle of works, illustrative risk associated at various steps of works and overview of stores maintained for works.
<b>Chapter – 3</b>	Auditee of Works Department	This chapter explains types of units to be audited in works department and their involvement/role at different stages of process life cycle of works and store.
<b>Chapter – 4</b>	Audit Process	<p>This chapter explains activities to be performed at each stage of audit life cycle for works audit i.e. Audit Planning, Audit Execution including technical audit, Audit Reporting and Audit Follow-up and compliance.</p> <p><b>This chapter also includes the process for risk assessment (Tier I, Tier II, Tier III and Tier IV)</b></p> <p>This chapter is supplementary to the audit process provided in Internal Audit Manual (Volume I - Part I) and shall be read in conjunction with provisions mentioned in Internal Audit Manual.</p>
<b>Chapter - 5</b>	Audit Program: Stores	This chapter includes comprehensive but not exhaustive checklist to assist to internal auditor for verifying various areas/transactions related to Store.
<b>Chapter – 6</b>	Audit Program: Works/Contracts	This chapter includes comprehensive but not exhaustive checklist to assist to internal auditor for verifying various areas/transactions related to each stage of life cycle of works.
<b>Chapter – 7</b>	Annexures	This is the forming part of the chapters and expand upon the guidance provided in this manual.

## Chapter 1: Introduction to Works Internal Audit Manual

### 1.1 About the Manual

- 1.1.1 The Government of Uttarakhand (GoUK) has passed separate legislation, namely 'The Uttarakhand Audit Act, 2012' which provides provisions and regulations for internal audit of all Government Departments, Public Corporations, Government Companies, Institutions, Statutory Authorities etc. in the State. Upon enactment of the Uttarakhand Audit Act, 2012, the Directorate of Audit (DoA) is responsible for carrying out internal audit function in the State and as an internal auditor, the Directorate of Audit also conducts internal audit of public works carried out by various Government Departments which involves huge outlay of expenditure in each year.
- 1.1.2 This manual explains the entire life cycle of public works along with the description of key control measures and activities to be undertaken at various stages of the public works life cycle. This manual aims to familiarize the internal auditor with key concepts and functions involved in public works internal audit.
- 1.1.3 The manual outlines procedure for auditing of various processes/areas related to public works life cycle and maintenance of stores. It includes necessary technical information that an internal auditor needs to understand for conducting an internal audit of public works executed by various departments such as the Public Works Department (PWD), Irrigation Department, Minor Irrigation Department, Rural Works Department and Pradhan Mantri Gram Sadak Yojana (PMGSY).
- 1.1.4 This manual aims to bring a uniform and systematic risk-based approach in conducting an internal audit of public works through a clearly defined audit process.

## 1.2 Objective of Works Internal Audit Manual

1.2.1 The main objective of the manual is to familiarize & strengthen the understanding of the internal auditors with respect to various processes/areas involved in a public works life cycle starting from approval to the completion of the works along with the governing rules and regulations. This Works Audit manual has been prepared to achieve the following objectives:

- a) Promote professionalism and competence of the internal auditors in carrying out works internal audit;
- b) Sensitizing to the internal auditors about the key process, activities and functions involved in works.
- c) Assist internal auditors in identifying risk areas/processes in works department and provide strengthening solutions along with highlighting deviation in the implementation of applicable rules (if any);
- d) Ensure consistency for internal audit approaches and achieving high quality in works internal audit;
- e) Set out a basic framework within which professional judgement may be exercised on analysing transactions and/or key processes/areas related to a works.
- f) Examine the accuracy of works accounts to suggest ways to improve in the representation of the data.
- g) Detection and prevention of frauds (misappropriation of cash or goods)
- h) Assist internal auditor to check:
  - i. whether laid down procedures are strictly complied with by the department with respect to the works and if not, the reasons for non-compliance;
  - ii. whether reasonable skills and care have been exercised by the department in carrying out their duties (e.g. no over-certification or under-certification of payments, prompt issuance of site instructions etc.)



Figure 1: Objective of Works Internal Audit

## 1.3 Governing Rules and Documents

1.3.1 This manual is governed by various rules, guidelines and notifications issued by Government of Uttarakhand from time to time with respect to various functions under the works and concerned departments to which the internal auditor must be familiarised. Below is the list of rules and guidelines governing the matters related to Works.

- a) Financial Handbook Volume V, Part - 1.
- b) Financial Handbook Volume VI.
- c) Budget Manual, Govt. of Uttarakhand.
- d) Standard Bidding Document 2014
- e) GPW-9
- f) The Uttarakhand Procurement Rules 2017
- g) Pradhan Mantri Gram Sadak Yojana (PMGSY) Govt. of India Guidelines
- h) Irrigation Manual of Orders, Irrigation Department, GoUK
- i) Central Public Health and Environmental Engineering Organisation (CPHEEO) Manual for Sewage & Water Supply
- j) Orders issued from time to time by the Government /Department

## 1.4 Applicability of the Manual

1.4.1 The user of this manual will be Audit Functionaries or any external agency appointed by the DoA in pursuance of the provisions of the Uttarakhand Audit Act, 2012. This manual is applicable for conducting the Works internal audit of the following departments.

- a) Public Works Department
- b) Irrigation Department
- c) Minor Irrigation Department
- d) Rural Works Department
- e) Pradhan Mantri Gram Sadak Yojana (PMGSY)

1.4.2 The content of this manual may be referred to, *mutatis mutandis*, for conducting works internal audit of other departments/ ULBs/ RLBs/Autonomous Bodies/ Corporations etc., wherever applicable.

## **1.5 Update of the Manual**

The Works Internal Audit Manual is designed to be flexible and unrestrictive which shall be updated by the Finance Department at least once in every three years.

## Chapter 2: About Works Department and Works

2.0 Works may be carried out by any department based on their internal requirement, approvals, delegation of powers and budget. However, in Uttarakhand, the major departments involved in carrying out Works include Public Works Department, Irrigation Department, Minor Irrigation Department, Rural Works Department and PMGSY. Before the start of the Works internal audit, the internal auditor needs to familiarise with their organizational structure and key functions. Accordingly, the institutional structure for these departments has been explained below. The institutional structure of these departments is updated from time to time and therefore, the internal auditor needs to refer to the latest structure of the department to be audited.

- ▶ Public Works Department
- ▶ Irrigation Department
- ▶ Minor Irrigation Department
- ▶ Rural Works Department
- ▶ PMGSY

### 2.1 Structure of the Works Departments

#### 2.1.1 Public Works Department (PWD)

**2.1.1.1** Public Works Department is the Engineering Department in the State, responsible for planning, designing, construction and maintenance of government buildings (Hospitals, Schools, Colleges, Technical Institutes, Police Buildings, Prisons, Offices, Courts etc.) and infrastructure assets such as roads, flyovers, Footpaths, Subways etc. PWD also carries out assets' creation activities on the basis of the needs and requirements decided by the government and other departments.



The organization structure of the PWD is provided below<sup>1</sup>:

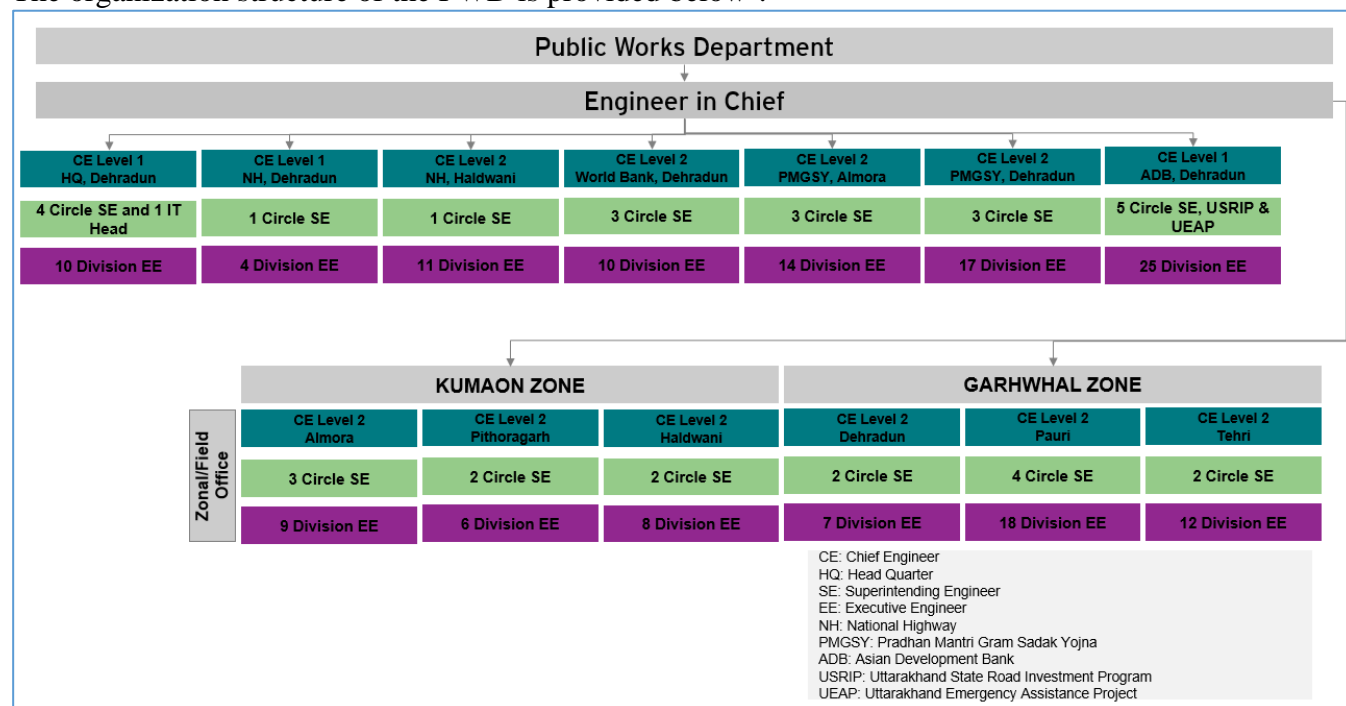


Figure 2: Organization structure of PWD

## 2.1.2 Irrigation Department

**2.1.2.1** Irrigation Department is responsible for planning, designing of water resources and construction of Hydropower Projects along with planning, construction and maintenance of ancillary roads and bridges. The major functions of the Irrigation Department are to deal with matters relating to:

- Utilization of the water resources of the State, including irrigation through canals, tube wells and other sources;
- Planning, constructions and maintenance of all irrigation works, including dams; drainage, embankments, tube wells, river training works and pumping schemes;
- The investigation, planning and construction of Hydro Development Projects;
- Fabrication of Hydromechanical Equipment;
- Famine relief & flood control and
- Assessment of irrigation revenue.

<sup>1</sup> Source: [http://pwd.uk.gov.in/files/PWD\\_Org\\_Str.pdf](http://pwd.uk.gov.in/files/PWD_Org_Str.pdf) (Visited on November 1, 2019)

The organization structure of Irrigation department is provided below<sup>2</sup> :

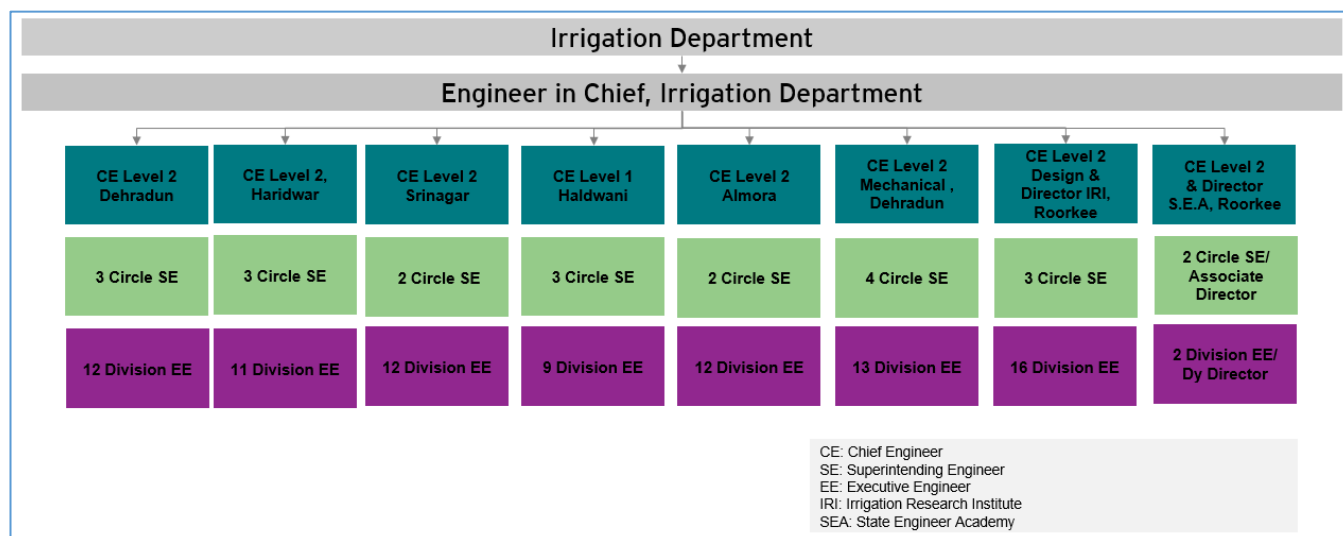


Figure 3: Organization Structure of Irrigation Department

## 2.1.3 Minor Irrigation Department

**2.1.3.1** The main objective of the Minor Irrigation Department is to provide adequate irrigation facilities to the small and marginal farmers in the State by strengthening the available water sources in a proper/planned manner. The main function of the Minor Irrigation Department includes:

- Planning, analysis, evaluation and implementation for the construction of all minor irrigation schemes
- Providing water for irrigation to farmers by creating schemes on small sources, rivers, donors / drains to increase the productivity of the land
- Conservation, development and planned management of natural water sources of the State
- Development of irrigation systems in a scientific manner consistent with limited water resources

<sup>2</sup> Source: <http://uttarakhandirrigation.com/ornogram-officers> (Visited on November 1, 2019)

The organization structure of Minor Irrigation Department is provided below<sup>3</sup>:

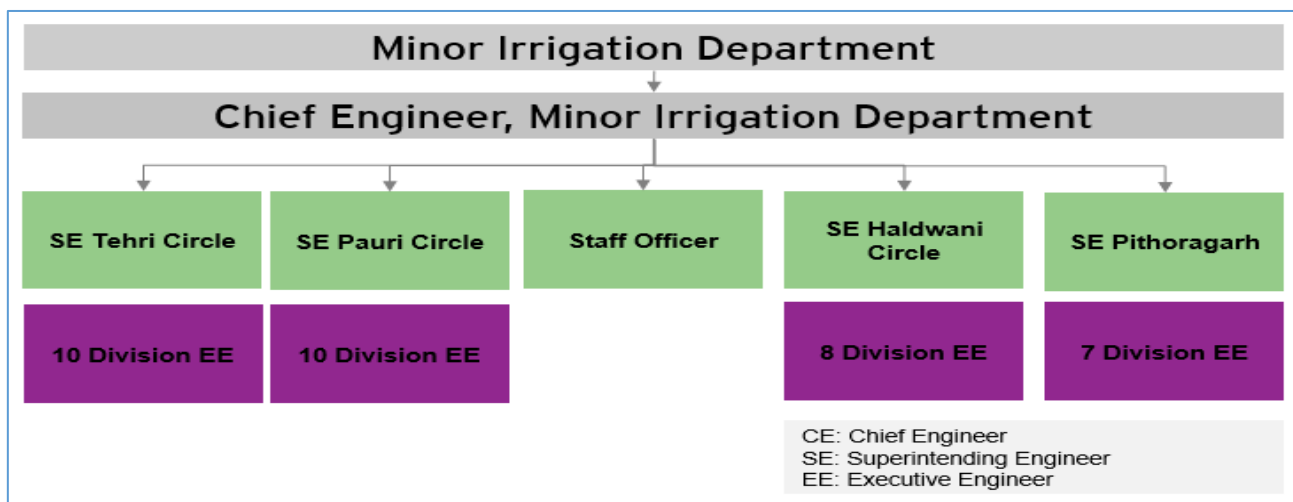


Figure 4: Organization Structure of Minor Irrigation Department

## 2.1.4 Rural Works Department (RWD)

**2.1.4.1** The Rural Works Department was created in the year 1972 by former State Uttar Pradesh to strengthen the rural infrastructure. Initially, it was under the administrative control of Ministry of Rural Development and later on a separate ministry Rural Works Department (RWD) was formed in order to strengthen the working of the department. The department has its ministry in Uttarakhand as well. Its main functions are to carry out construction works of different nature such as the construction of village roads, small bridges, residential and non-residential buildings in the rural areas of the state.

RWD carries out construction works on a deposit basis for various government departments such as Medical and Health, Revenue, Rural Development, Police, Forest, Primary and Secondary Education, Tourism, Fisheries, Women Empowerment, Border Area Development Programme etc. and provides technical guidance to block level administrative officers.

<sup>3</sup> Source: <http://minorirrigation.uk.gov.in/pages/display/3-department-structure> (Visited on November 1, 2019)

The organization structure of Rural Works Development is provided below<sup>4</sup>:

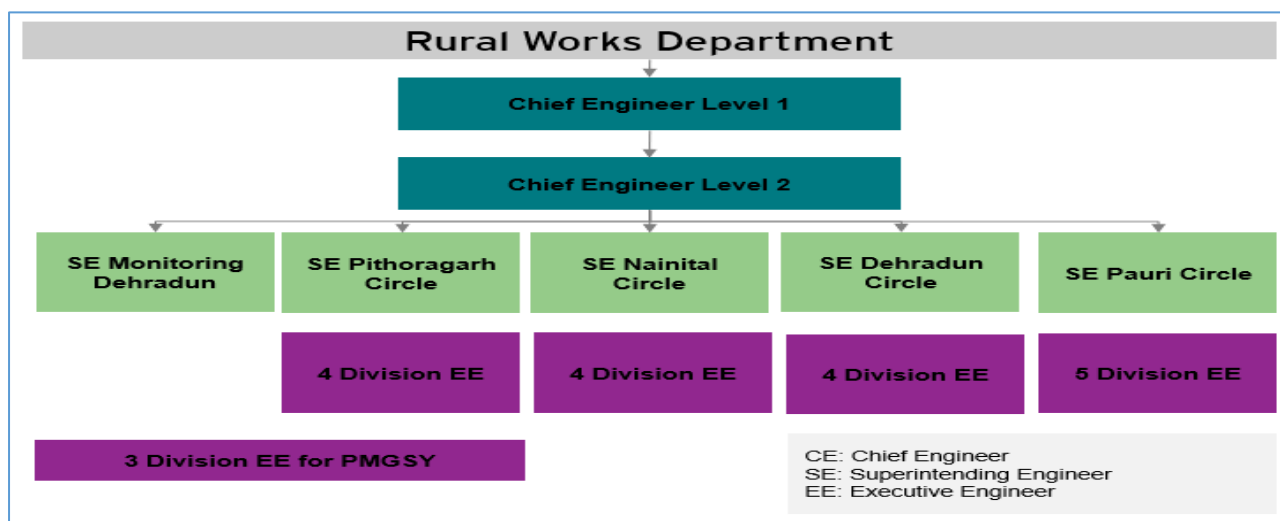
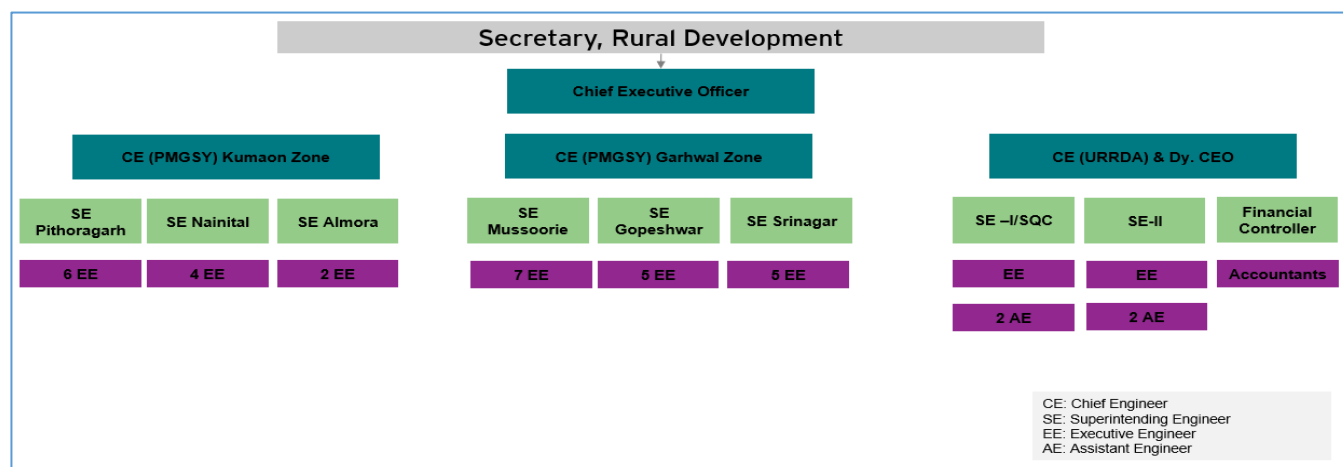


Figure 5: Organization Structure of RWD

## 2.1.5 Pradhan Mantri Gram Sadak Yojana (PMGSY)

The PMGSY is a scheme of the Government of India (GoI) is implemented by Uttarakhand Rural Roads Development Agency (URRDA) formed by GoUK in Rural Development Department. The key objectives of PMGSY are to provide all-weather road access to all villages/habitations of a population greater than 500 people [250 in case of hill areas]. The organizational structure of PMGSY under the Rural Development Department is provided below<sup>5</sup>. The internal audit of the Scheme is conducted as per the Scheme guidelines prescribed by GoI. The DoA also has the power to conduct the internal audit of PMGSY scheme and provisions of this manual can be referred to while conducting the internal audit of works.



<sup>4</sup> Source: <http://res.uk.gov.in/pages/display/3-organisation> (Visited on November 1, 2019)

<sup>5</sup> Source: [http://urda.uk.gov.in/files/3.Organizational\\_Structure\\_of\\_PMGSY.pdf](http://urda.uk.gov.in/files/3.Organizational_Structure_of_PMGSY.pdf) (Visited on November 1, 2019)

The duties and power of the officers and subordinates with respect to Works and related process is provided in **Annexure I**.

## 2.2 Key Functions Related to Works

Following are the two major functions with respect to the works department:

- Management of entire life cycle of a Works (Original Works and Repair or Maintenance)
- Maintenance of Stores (Majorly for Repair or Maintenance)

The subsequent sections of this manual provide an overview of the key processes and activities involved in the above two functions. The internal audit program incorporated in this manual has also been segregated based on the above two major functions.

Works department also includes expenditures for other general Standard Object Expenditure (SOE) codes such as establishment expenses, office expenses, others etc. The audit program for such SOE codes shall be referred from the Volume -II of Internal Audit Manual.

## 2.3 Overview of Works

**2.3.1** Works consist of all classes/ types of job i.e. Civil works (civil buildings and communication), Roads, Bridges, Irrigation works, Navigation works, Embankment works, Drainage works, Hydroelectric works, electrical jobs etc. The works are carried out either by the consuming department or is entrusted to Works department such as PWD, Irrigation, RWD etc. which also executes works on behalf of other government departments.

**2.3.2** The below figure provides an overview of the Works as per the provisions of Volume VI of FHB and Uttarakhand Procurement rules 2017:

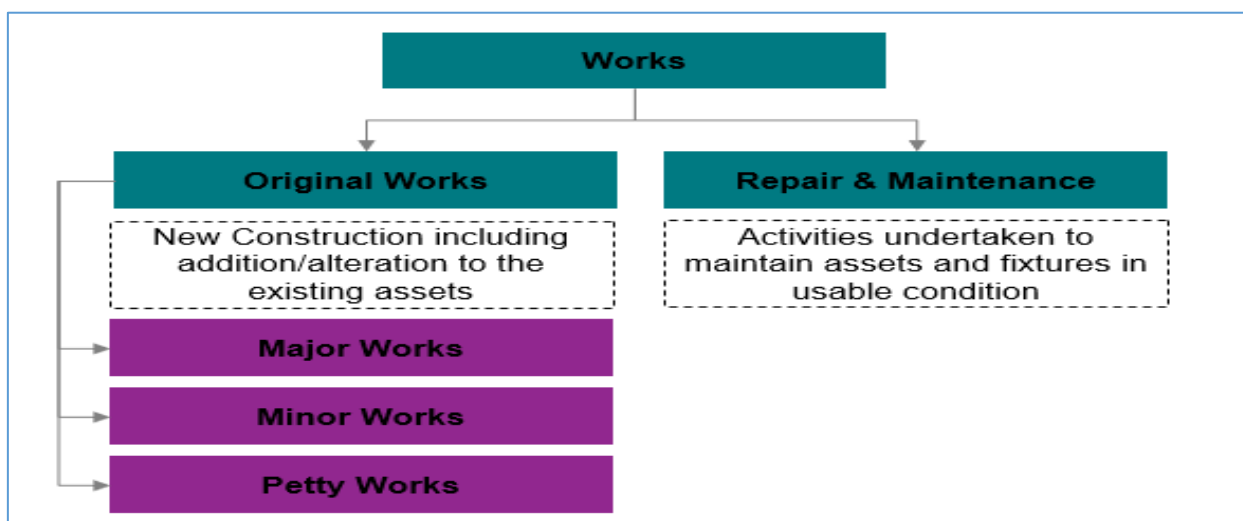


Figure 7: Overview of Works

**2.3.3** The works carried out by the department is divided into following categories:

- a) **Original Works:** The term “Original Works” indicates new construction, either of entirely new works or additions and alterations to existing works and special repairs to newly purchased or previously abandoned buildings or structures, including re-modelling or replacement.

Works are further divided into three classes, viz:

- Petty Works (Works Costing Up to INR. Five Lakhs)
- Minor Works (Works costing more than INR Five Lakhs but less than INR Ten Lakhs)
- Major Works (Works Costing more than INR Ten Lakhs)

- b) **Repair or Maintenance:** The term “Repair” primarily includes operation undertaken to maintain assets and fixtures in proper condition for ordinary use. However, in exceptional circumstances repairs also include new works as indicated in sub clause (3) and exception to sub clause (4) of clause no. 29 of explanatory note of Appendix I to volume VI of Financial Handbook (Page 307 & 308 of Appendix I).

## 2.4 Process Life Cycle of Works

### 2.4.1 For Original Works (Major and Minor):

The process involved in a lifecycle of an original major and minor works is depicted in the figure below:

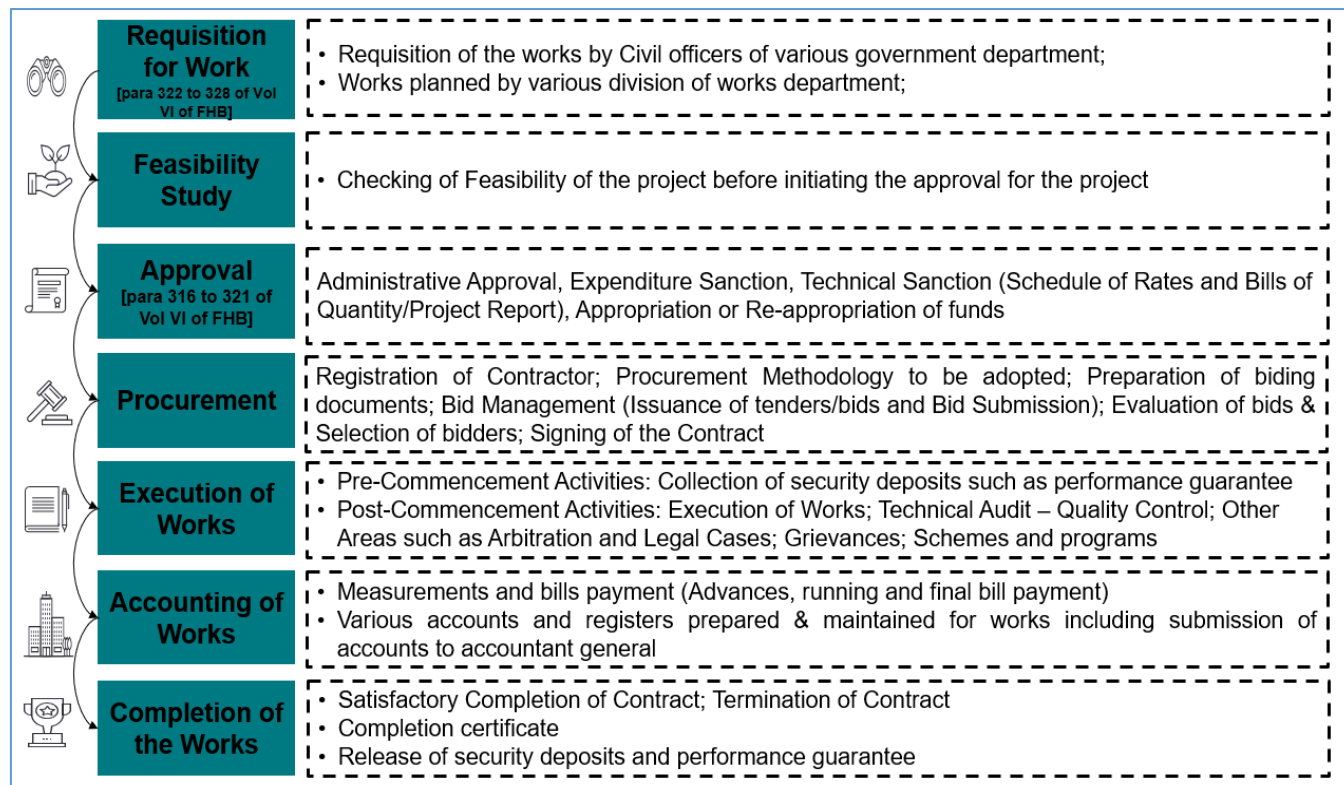


Figure 8: Process Lifecycle of Works

#### 2.4.1.1 Requisition for the Works:

The requisition for a works can be generated from various sources which majorly includes requisition from civil officers of the various government department, study and investigation conducted by the works department in the interest of general public, complaints received from public etc. The divisions of a work department prepare details of the planned works in their divisions and includes the same in the annual budget proposal which is submitted for approval. Further, civil officer of the other government department may also request for execution of a particular works from works department by providing necessary requisition. [Refer para 322 to 328 of volume VI of FHB for more details]

#### 2.4.1.2 Feasibility Study:

Once a requisition for a works is generated, the feasibility study for the same shall be carried out by the concerned department before processing the requisition for approval. As per Office Memorandum (OM) No. 571 / xxvii (1) / 2010, Dehradun, dated 19<sup>th</sup> October 2010, for every green field/new works, the concerned department shall Prepare Preliminary Estimates (PPR) indicating soil testing reports, geological reports and forest land issues.

Once the principle approval from the Finance Department on the PPR is obtained, a Detailed Project Report (DPR) shall be prepared by the concerned department. The works for which land is already available and requirement for forest clearance is not required, the preparation of PPR may be waived. In that case directory Detailed Project Report (DPR) shall be prepared. The DPR shall be presented to administrative department for providing administrative and expenditure approval with concurrence from Finance Department. The main objective of the DPR is to check the technical and commercial feasibility of the project to ensure public money and resources shall be utilized efficiently and effectively. Further, where no complexity in project is involved a detailed estimate/project report shall be prepared directly by the concerned department.

## 2.4.1.3 Approval Process:

The approval process for a works includes four major steps:

Approval	Recommended BY	Approved By
Administrative Approval	Concerned officer of the department including DE, SE, CE and Engineer in Chief	Competent Authority including Government, SE, CE and Engineer in Chief as per delegation of power
Expenditure Sanction (Where applicable)	Engineer in Chief	Administrative Department with the concurrence of Finance Department as per delegation of power
Technical Sanction	Concerned officer	Competent Authority of the department as per delegation of power
Appropriations or Re-Appropriations of fund/ Budget	-	Finance Department.



Approval	Recommended BY	Approved By
		Post appropriation of budget by Finance Department, the Finance Controller of the respective departments allots the budget to the respective divisions.

Table 1: Matrix for Sanctions

- a. **Administrative Approval:** All works except petty works and repair works; it is necessary to obtain in the first instance the concurrence of the competent authority of the Administrative Department requiring work. Formal acceptance of the proposal by that authority is termed as Administrative Approval of the work. It is the duty of the local officers of the department requiring work to obtain the requisite approval to it. An approximate estimate and such preliminary plans as are necessary to elucidate the proposal should be prepared. The

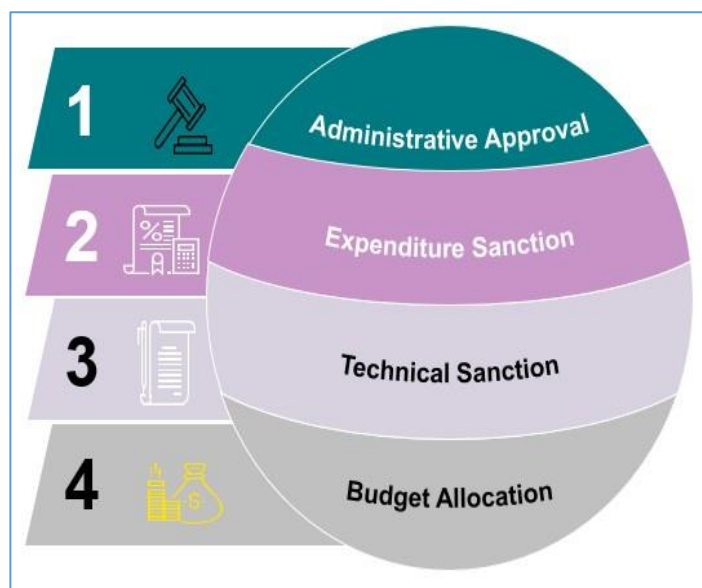


Figure 9: Types of Approval/Sanctions

administrative approval shall be provided by competent authority as per the delegation of powers.  
**[Refer Para 316 - Volume VI, FHB for details]**

- b. **Expenditure Sanction:** Expenditure sanction means the concurrence from the Finance Department to the expenditure proposed in certain cases. In all other cases, acts of appropriation and re-appropriations of funds will be deemed as a sanction to expenditure.

The sanction of the Finance Department is necessary in the following cases:

- 1) Expenditure on original major works for which funds have not been expressly appropriated through provision in a grant.
- 2) Expenditure on a residential building in excess of limit of the administrative powers.

**[Refer Para 317 - Volume VI, FHB for details]**

- c. **Technical Sanction:** All works except for petty works and petty repairs which are proposed to be carried out and for which lump sum provision has already been sanctioned, a detailed estimate must be

prepared for sanctioned by the competent authority as per delegation of power. This sanction is known as a technical sanction to the estimate, and it must be obtained before commencement of the works. **[Refer Para 318 - Volume VI, FHB for details].**

Before issuance of the technical sanction, a detailed estimate shall be prepared which shall form the basis of the technical sanction. The detailed estimate shall include specifications and detailed statement of measurements, quantities and rates, with an abstract showing the total estimated cost of each item. The estimate shall be prepared in accordance with the latest Schedule of Rates (SOR) as per the process provided in para 42 of Uttarakhand Procurement Rule, 2017.

## **Schedule of Rates**

To facilitate the preparation of estimates, a schedule of rates for each kind of work (including material, labour, transporting material prevalent in each locality for varying distances on metalled, unmetalled road and cart truck of waterways etc.) commonly executed is maintained in the working division and kept up to date. It also serves as a guide in connection with contract agreements. It shall be prepared based on rates prevailing in each locality and necessary analysis of rates for each description of work. The rates shall be revised from time to time and shall be approved by Chief Engineer. **[Refer para 264, 523 of volume VI of FHB for details]**

- d. **Appropriations or Re-Appropriations of fund/ Budget:** According to Article 112 of the Indian Constitution, the State Budget is also referred to as the annual financial statements consisting of the estimated receipts and expenditures of the various department of the Government for that particular financial year and is presented in the legislative assembly of Uttarakhand State. Every Department is required to submit the information regarding estimated receipts and expenditure in prescribed format to the government. This information also contains the details of planned works with estimated cost proposed in the next year.

As required by the provisions of the Constitution, an Appropriation Bill relating to authorization of expenditure including that related to works and repairs & maintenance is required to be submitted to the Legislative Assembly. After the Appropriation bill is passed, the administrative department of the government with the concurrence of finance department allots the annual budget to respective departments. The Finance controller of the department in turn allows the budget to respective divisions. Currently, the entire procedure for the budget allotment is carried out through an online mechanism.

Note: The power of the government and of subordinate authorities to sanction the expenditure on works has been provided in the book of financial powers, Volume I of FHB.

## 2.4.1.4 Procurement:

The key steps involved in the procurement process are registration of contractors, selection of procurement method, preparation of bid documents, bid management including issuance and submission of bids, evaluations of the bid submitted & selection of vendor/contractor, award and execution of the contract. Each step of the procurement is governed by the provisions mentioned in the Uttarakhand procurement rules, 2017. **The detailed activities to be carried out**

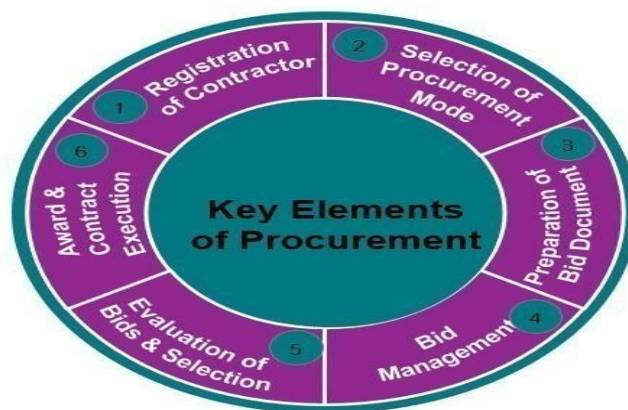


Figure 10: Key Element of Procurement

**under each procurement process and its related rules have been explained in the Procurement Audit Manual.** The internal auditor needs to refer to the procurement audit manual for gaining the an understanding of the procurement process.

## 2.4.1.5 Execution of Works

### 2.4.1.5.1 Pre-Commencement Activities:

The commencement of the works shall be done only after award of contract and execution of agreement. Further, before the execution of the contract, the concerned office of the department shall obtain the required performance security to ensure performance under the contract. The amount and validity period of the performance security is mentioned in the bidding documents and contract agreement. The performance security shall be submitted by the contractor within the stipulated period of time mentioned in the contract award letter, otherwise penalty shall be imposed on the contractor as per the provision of contract agreement. The mode of remittance of performance security is also mentioned in the contract agreement which is generally in the form of account payee demand draft, fixed deposit receipt, bank guarantee from public sector banks etc. performance security shall be obtained from every successful bidder irrespective of their registration status.

## 2.4.1.5.2 Post Commencement Activities:

### 1) Commencement of Works:

- a) It is a fundamental rule that no works shall be commenced unless a design and estimates have been sanctioned (technical sanction), allotment of funds have been made and order for its commencement has been issued by the competent authority. Approval of budget estimates by the competent authority shall not be treated as authority for the commencement of works. **[Refer para 375 to 378 of volume VI of FHB for details]**
- b) The approval or sanction to an estimate for any public works other than annual repairs shall, unless such works have been commenced, cease to operate after five years from the date on which it was accorded **[Refer para 379 to 380 of volume VI of FHB for details]**
- c) An engineer in charge shall be nominated by the competent authority for operating a particular contract and the details of him/her should be provided in works order/contract documents. the engineer in charge shall be responsible for the following:
  - Supervision and administration of the contract;
  - Certify the payment due to the contractor;
  - Assess any variations in the contract if any;
  - Grant of extension;
  - Identify and value amount compensation and events if any.
- d) Bar chart shall be prepared for work milestone completion, sequencing & tracking and same shall be used for making payment against completed work.
- e) Any Variation in the value or quantities of the contract shall be approved by competent authority as per the provisions of the contract agreement and delegation of power.
- f) Following controls shall be in place for the extension of time of the contract:
  - In case of any delay in the completion of work, the contractor shall give prior notice in writing to the engineer in charge, for seeking an extension of time.
  - Such applications must state the grounds which hindered the contractor in the execution of work within the stipulated time.
  - Extension of contract period must be approved as per the delegation of power and as per provisions mentioned in the contract agreement.
  - Before any extension, the engineer in charge must be of the opinion that the grounds shown for the extension by the contractor are reasonable
- g) No material alteration in sanctioned design shall be made by a divisional officer in carrying out the work without the approval of the competent authority as per the delegation power. If there is any

alteration of importance, involving additional expenses, which is considered necessary, a revised or supplementary estimate shall be sanctioned **[Refer para 381 to 388 of volume VI of FHB for details]**

- h) All the drawings, designs, samples and makes shall be approved by the competent authority in line with the provision of the contract agreement.

## 2) **Monitoring of Quality of Works:**

- a) Identifying Defects: The Engineer in charge shall inspect/check the contractor's work and notify the defects to the contractor. The Engineer in charge may instruct the contractor to search for a defect and to test any work that the engineer considers may have a defect.
- b) Tests: If the Engineer in charge instructs the contractor to carry out a test not specified in the specification, to verify whether any work has a defect and in case the test shows that it does, the contractor shall pay for such test and any samples used. However, in case, there is no defect, the test shall be considered as a compensation event and cost shall be borne by the concerned department.
- c) Correction of Defects:
  - The engineer in charge shall give notice to the contractor about any defects before the end of the defect liability period, which begins at completion, and is defined in the contract. The defect liability period shall be extended for as long as defects remain to be corrected.
  - Every time notice of a defect is given; the contractor shall correct the notified defect within the time period specified in the notice.
- d) Uncorrected Defects: If the contractor has not corrected defect within the time specified in the notice, the engineer in charge shall assess the cost of having the defect corrected and recover the same from the contractor.
- e) Test Certificates & Lab Reports: The engineer in charge shall obtain necessary test certificates or laboratory reports for all the material used or supplied by the contractor.
- f) Engineer in charge shall conduct the necessary inspection of the works and check the quality of the material supplied. Any deviations in the material from the approved sample, specification, designs or drawings shall be immediately informed to the contractor and shall be replaced immediately.
- g) As per the circular of no. 1163 dated December 30, 2019 issued by Engineer in Chief, PWD Dehradun, the following measures shall be implemented for quality control in construction work:

- Payment for any work beyond 50% of total contract value shall not be made unless the inspection is carried out by the contract signing officer to check the quality of works. An inspection report shall be prepared stating the issues observed during the inspection.
- Release of payment beyond 90% of the contract value shall not be made unless the issues raised in above mentioned inspection report have been resolved.
- Officer responsible for providing technical sanction should invariably make inspection after completion of 90% of the physical work and shall submit a report in this regard.
- Responsibility for quality of the particular works is of junior engineer/ assistant engineer/ executive engineer/ superintendent engineer and zonal chief engineer. Hence, the inspection shall also be carried out by SE and zonal chief engineer.
- While carrying out the inspection of the works, following areas shall be specifically checked:
  - Quality of material used
  - Density and Crust thickness

In case of any discrepancy observed in the above areas, the same shall be highlighted in the inspection report and necessary action shall be taken by Engineer in charge for correcting such defects. Any work shall be finalized post removal of all the defects.

h) As per para 51 of the Uttarakhand Procurement Rules 2017, for quality control of works following steps shall be undertaken:

- **Inspection:** Inspection of works shall be carried out by the engineer, supervising the works to ensure that the works are executed as per specifications laid down in the contract agreement.
- **Quality Assurance:** A Quality Assurance Cell shall be formed by the Government in every district, comprising of experienced technical personnel/engineers to ensure the compliance of quality standards both of material and works under execution and within three months of completion. This Quality Assurance Cell will be headed by a senior officer, who will report directly to the concerned Head of Department and Government at least once in three months in the normal course and as and when required in specific circumstances. The Cell will ensure quality standards for works above INR 1,00,00,000 whereas for works less than INR 1,00,00,000, the departmental officer will ensure timely and quality-based completion. For works costing more than INR 5,00,00,000, the Head of Department will ensure the appointment of a Third-Party Inspection Authority, which may be an outside Consultant or

a Professional of requisite experience. In case the department does not have the resources for this Third-Party inspection, the Technical Audit Cell of the State will make on the spot checks of the works costing more than INR 5,00,000,00 once a year and at least twice during the continuity of work.

- **Project Monitoring System:** A system of project monitoring for each work procurement shall be prepared before start of the work and same shall be available at site of work. The work shall be monitored on a quarterly/monthly basis by the Quality Assurance Cell and a status report should be submitted to the Secretary and Head of Department in charge of the concerned Department.

#### **Technical Audit of Works:**

The internal auditor may request for conducting a technical audit of a works or specific part of works, as deemed fit and appropriate by him. The internal auditor shall submit a written request for such technical audit of any Works to Supervising Officer in DoA along with the reason for conducting such technical audit. The Supervising Officer may, on case-to-case basis, appoint/ hire an engineer or third-party vendor for conducting the technical audit in accordance with the policy of DoA with necessary approvals. The audit program/scope for a technical audit of a contract shall be based on the reasons for which such technical audit has been requested. The audit program/scope shall be clearly mandated part of the engagement letter issued to the appointed engineers or third-party by DoA.

### **3) Defect Liability Period:**

- a) The contractors are responsible for the quality of works executed till the expiry of the defect liability period, which is prescribed in the contract agreement.
- b) The contractor's performance guarantees for the execution of works as per agreed terms and conditions and shall be released post completion of the project as per the provision of the contract agreement.
- c) Apart from the performance guarantee, the bills paid to the contractor are subject to deduction of security deposit/retention money as per the provisions mentioned in the contract agreement. Such Security Deposit/ Retention Money deducted shall be released post completion of defect liability period as per the provision of the contract agreement.



- d) During the defect liability period, any defect noticed with respect to works by an engineer in charge shall be notified to the contractor as per the provisions mentioned in the contract agreement.
- e) The contractor shall rectify the defects within the timeline mentioned in the notice issued by the engineer. In case of failure in the rectification of the defects by the contractor, the performance guarantee/ security deposit/retention money for the concerned work shall be liquidated in accordance with provisions mentioned in the contract agreement.

## 2.4.1.6 Accounting of Works:

**2.4.1.6.1** The accounts and registers related to the works carried out by various government departments is maintained as per the provision mentioned in Volume -V, Part II and Volume VI of the Financial Handbook.

**2.4.1.6.2** The transactions related to such works shall be suitably recorded and accounted for in accordance with the rule mentioned in volume VI of the Financial Handbook. **[Refer para 80 to 91 of volume VI of FHB for details]**

**2.4.1.6.3** The transactions of a works are grouped in following heads:

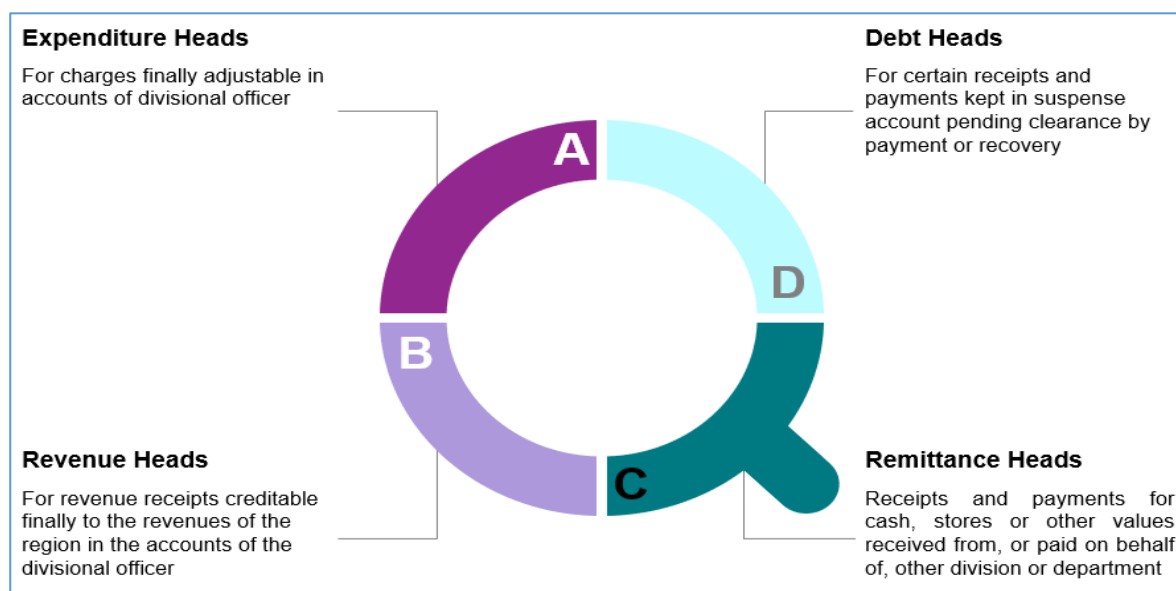


Figure 11: Heads for Accounting of Works

**2.4.1.6.4** The main features of the system of public work accounts is explained in **para 92 and 93 of volume VI of FHB** whereas all the principles for work accounts are explained in **para 422 to**



**553 of volume VI of FHB.** An internal auditor should refer the same for better understanding of the accounting systems followed for works.

**2.4.1.6.5** The major terms related to works accounts are explained below:

S.No.	Heading	Description	Reference
<b>Payment Related Terms</b>			
1.	Measurement books	<p>Payments to contracts and suppliers for all works (susceptible for measurements) and for all supplies are made on the basis of measurements recorded in the measurement books (Form no.23). The measurement book is an important record. All the measurement books belonging to a division should be serially numbered and a register of them should be maintained in form no. 92 in the divisional office showing the serial number of each book, the names of the sub-division to which issued, the date of issue and the date of its return, so that its eventual return to the divisional office can be supervised properly.</p> <p>The measurement books should be maintained by junior engineers or any other authorized person who shall be responsible for completing it in the prescribed time and preparing the bills on prescribed format. Such measurement book and bills should be examined by the Assistant Engineer or other Competent Authority and further checked by the accounting authority before release of the payment</p>	<p><b>Para 434 to 439 of volume VI of FHB</b></p> <p><b>Para 52 of Uttarakhand procurement rules, 2017</b></p>
2.	Running Bills	Running Bills shall be paid as per the conditions of the contract and keeping in view up to date quantities of work done or supplies made. The forms used for running bills is mentioned in Volume VI of Financial Handbook	<b>Para 153 to 156, 440 to 455 of volume VI of FHB for details</b>

S.No.	Heading	Description	Reference
3.	Final Bill	<p>Final Payment for the Contract to be processed only after receiving a certificate from the Engineer in Charge/Officer in charge (as nominated by competent authority for the work) detailing the fact that he is satisfied that the work has been executed as per the contractual specifications.</p> <p>The security deposit and liquidated damages shall be deducted from the running and final bills in accordance to the terms and conditions mentioned in the executed contract agreement. The extension of period for execution of the contract shall be in accordance to the contract agreement</p>	[refer para 452 of volume VI of FHB for details]
4.	Advance to Contractors	<p>Generally, any advances to contractors are prohibited and payment should be made only against the work performed . However, exceptions may be permitted in a few predefined cases only with the sanction of the Government or by the Competent Authority on the basis of established rules and procedure. Some of these instances may include:</p> <ul style="list-style-type: none"> <li>▶ mobilization advance</li> <li>▶ advance against machinery equipment</li> <li>▶ advance for accelerating progress of works</li> </ul> <p>The advances shall be subject to payment of interest, till the amount is deducted or adjusted. A bank guarantee or adjustment of advance should be taken to secure the repayment or adjustment of advance. In case bank guarantee is taken, its authenticity and validity period should be checked before acceptance.</p>	Para 53 of Uttarakhand procurement rules, 2017
5.	Muster Rolls (If applicable)	For work done by labour, the subordinate in charge of the work shall prepare a muster roll which shall show the work done by labours and the amount payable on this	Para 429 to 433 of volume VI of FHB for details

S.No.	Heading	Description	Reference
		account. All people engaged by department for execution of the works are considered as daily labours and their wages shall be drawn on muster rolls, form no. 21 and are charged to the estimates of the works on which they have been employed. Muster Roll shall never be prepared in duplicate. Daily attendance and absence of labourers and fines inflicted on them shall be recorded on daily basis in the Muster Roll	
<b>Other Works Accounts Related terms</b>			
1.	Imprest Account	An Imprest account is a standing advance of fixed sum of money given to an individual to enable him to make certain classes of expenditure which may be entrusted to his charges by the divisional officer or the sub-divisional officer. The amount of an imprest should be kept as low as possible to the amount actually required for current expenses and must not exceed the amount fixed by the competent authority. The Imprest account shall be recouped at regular intervals.	<b>Para 166 to 171 of Financial Handbook Vol. VI</b>
2.	Miscellaneous Public Works Advances	It relates to the value of the stock sold on credit, expenditure incurred on deposit work in excess of deposit received and advance dues awaiting recovery from government servants, contractors, etc.	<b>NA</b>
3.	Cash Settlement Suspense Account (if applicable)	In this mode of funding, the funds are made available after carrying out the work. The expenditure is first booked in suspense account and then the bill is raised on the client against which payments are made by the client and the suspense account is cleared.	<b>NA</b>
4.	Work Abstract	An account of all the transactions related to a works during a month, whether in respect of funds, stock or other charges, shall be prepared by divisional or sub-divisional officer in one of the works abstract forms. A	<b>Para 485 to 496, 509 &amp; 510 of volume VI of FHB for details</b>

S.No.	Heading	Description	Reference
		consolidated account of all expenditure details against the allotment of the division to be prepared in the prescribed form by sub-divisional or divisional officer.	
5.	Suspense Account (If applicable)	<p>Certain intermediary/adjusting heads of account known as suspense heads are operated in government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account, due to lack of information as to their nature or for other reasons. In public works accounts system, the expenditure incurred on works only is charged to final heads of accounts. The expenditure which is not allocable to the proper heads of accounts is charged to suspense heads which are opened temporarily to watch the adjustment or recovery, as the case maybe; and the amount under the suspense heads is cleared as soon as the adjustment of recovery is affected</p> <p>A few suspense accounts are opened in works abstracts to records transactions of temporary nature which are either not adjustable in the accounts of the work concerned or the correct classification of the same cannot be determined immediately. These accounts are:</p> <ul style="list-style-type: none"> <li>▶ Materials: for record of the cost of materials issued directly to works;</li> <li>▶ Contractors-Advance Payments: for the record of advance payments and its recoveries</li> <li>▶ Contractors-Secured Advances: for the record of secured advances and its recoveries</li> <li>▶ Contractors-Other transactions: for the record of all other debits and credits to contractors awaiting settlement and</li> </ul>	<b>Para 497 to 508 of volume VI of FHB for details</b>

S.No.	Heading	Description	Reference
		► Labourers: for the record of unpaid wages to labourers and their subsequent payments	
6.	Register of Works	A permanent and collective record of expenditure incurred in the division during a year for each works is called as register for works. This register is being maintained in the divisional office and it is posted monthly from the 'Works Abstracts'. Before the submission of monthly accounts to the Accountant General, the posting in register of works shall be completed and shall be presented to divisional officer for review	Para 511 to 512 of volume VI of FHB for details
7.	Registers of Revenue	All revenue receipts of the division are classified and abstracted in a register of revenue (in the prescribed form) maintained in the divisional office	Para 304 to 310 of volume VI of FHB for details
8.	Contract Ledger	The accounts relating to contractors is being kept in the Contractors Ledger, form no. 43, a separate folio or set of folios being reserved for all the transactions with each contractor for which a personal account is maintained.	Para 524 to 532 of volume VI of FHB for details
9.	Contract Amendments and Variations including Time and Cost overruns and price variation	The provision related to technical and/or commercial variation in the contract shall be governed by the contract agreement.	Refer Contract Agreement
10.	Deposit Works	► 'Deposit Works' is applied to works of construction or repairs and maintenance, the cost of which is not met out of government funds but from non-government sources which may either be deposited in cash or otherwise placed at the disposal of division	Para 629 of volume VI of FHB for details

S.No.	Heading	Description	Reference
		<ul style="list-style-type: none"> <li>▶ The department for which such deposit works has been carried out is referred as client department</li> <li>▶ The Pre-construction activities in the case of deposit works are similar to activities under normal works with the following important provisions:                             <ul style="list-style-type: none"> <li>○ Officers of PWD, Irrigation, Minor Irrigation &amp; the Departments authorized by the government have been delegated powers to undertake deposit works.</li> <li>○ Before acceptance of any deposit, Engineer-in-Charge shall send the preliminary estimate to the client Department.</li> <li>○ The norms regarding plinth areas and specifications adopted will be as approved by the client department.</li> <li>○ The scope of work shall not be altered either during preparation of detailed estimate or execution without written permission of the client</li> <li>○ MOU shall be drawn with the client before taking up the work.</li> <li>○ For multiple small works under one client, a combined MOU can be signed as per requirement.</li> <li>○ Estimates of fees of private architect/ consultant are to be added in the estimate only</li> </ul> </li> </ul>	
11.	Closure of accounts on completion of works	It is imperative to close the works account as soon as the construction is completed. If there is any delay in closure of the works account, it should be seen that further charges are not incurred without the permission of divisional officer.	<b>Para 514 to 522 of volume VI of FHB for details</b>

S.No.	Heading	Description	Reference
12.	Compilation of accounts	<p>In the compilation of the accounts following shall be adhered with:</p> <p>► <b>Monthly Accounts &amp; Submission to Accountant General</b></p> <p>The monthly accounts including Schedule of revenue, works expenditure, stock account, works advances, suspense, etc. shall be sent to the Accountant General's office between 7<sup>th</sup> &amp; 10<sup>th</sup> of the month following the month to which it relates (In case of March, it is to be sent by 15<sup>th</sup> April)</p> <p>► <b>Submission of Schedule of Settlement with Treasuries - Form 51</b></p> <p>The Schedule of settlement of Treasuries, Form – 51, along with supporting consolidated treasury receipt (CTR) shall be downloaded regularly from the computerized accounts of the treasury through Internet.</p> <div style="border: 1px solid black; padding: 5px;"> <p>Note: As per GO No. 129,130,131 / XXVII (6)430/One/2008/2019 Dated 29th March 2019 preparation of monthly accounts for submission to A.G. office at the level of Remittance / Works Department has been dispensed with. Further, as per the GO concerned treasury shall prepare monthly accounts erstwhile prepared by Remittance / Works Department through IFMS. However, monthly accounts are being prepared at both the levels, i.e., IFMS Portal and concerned Works Department (traditional method) for the initial six months which is now extended up to March 31, 2020.</p> <p>Post complete implementation and integration of IFMS, all the works transactions would be routed</p> </div>	

S.No.	Heading	Description	Reference
		through IFMS including preparation of the accounts. Therefore, the internal auditor shall understand the report generated through IFMS and shall modify their audit program and methodology accordingly.	

Table 2: Major Terms related to Works

#### 2.4.1.7 Completion of Works:

Post final bill, the engineer-in-charge shall issue the completion certificate and release the performance guarantee as per the terms mentioned in the contract agreement. The security deposit/retention money shall be refunded as per the terms of the contract post completion of defect liability period.

There may be instances where contractor has not completed his obligations as per the terms and condition mentioned in the contract even after intimation and notices served in accordance with the provision of the contract, due to which contract agreement has been terminated. In case where contract agreement has been termination, the final payment shall be made to the contractor for the measurements accepted by engineer in charge in accordance to the provisions mentioned in the contract agreement. However, performance guarantee/security deposit/ retention money of the contractor shall be liquidated and deposited in the respective treasury head immediately.

#### 2.4.2 For Petty Works

**2.4.2.1 General:** All petty works are ordinarily initiated by the Head of a Department concerned. However, no petty works involving additions and alterations to building of architectural importance or buildings such as courts, colleges, schools kotwalis, etc. shall be initiated by the Head of Department without the previous approval of the chief engineer, Public Works Department to whom such proposals should be submitted before final sanction is accorded. [Refer para 292 of volume V of FHB for details]

**2.4.2.2 Estimation:** All estimates for petty works shall be sanctioned by the Head of the Department unless he exercises the option permitted in paragraph 293 of volume V of FHB. In the latter case the estimates shall be sanctioned by the local officer himself. The sanctioning authority



shall send one copy of his sanction to the accountant general and, if the sanctioning authority is the head of the department, one copy to the local officer. The estimates for petty works relating to residential buildings should be submitted for the sanction of authority in the administrative department concerned. **[Refer para 292 of volume V of FHB for details]**

**2.4.2.3 Allotment of Funds:** Funds for the execution of petty works are provided in the civil budget estimates in the nature of a reserve placed at the disposal of the Head of each Department. Head of Department shall at his discretion, allot lump-sums to the local officers/DDOs with the provision that the latter should not ordinarily undertake any work which he is not likely to complete within the financial year. In special cases, the local officer/DDOs is permitted to obtain the approval of the head of his department for the work being carried over into a next financial year, for which approval involves the responsibility of sourcing funds for the same. **[Refer para 293 to 296 of volume V of FHB for details]**

**2.4.2.4 Contracts:** The system of lump-sum contracts based on competitive tendering shall be adopted as far as possible for the execution of all repairs and petty works. **[refer para 307 of volume V of FHB for details]**

**2.4.2.5 Accounts:** Expenditure on petty works, or maintenance and repairs, as the case may be, shall be separately charged and under the following detailed heads:

- 1) Petty works.
- 2) Maintenance and repairs
  - (a) Annual repairs;
  - (b) Quadrennial repairs;
  - (c) Special repairs.

**[Refer para 308 of volume V of FHB for details]**

## 2.4.3 For Repairs and Maintenance:

The process related to Repair and Maintenance is similar to an Original Works with consideration for the following points:

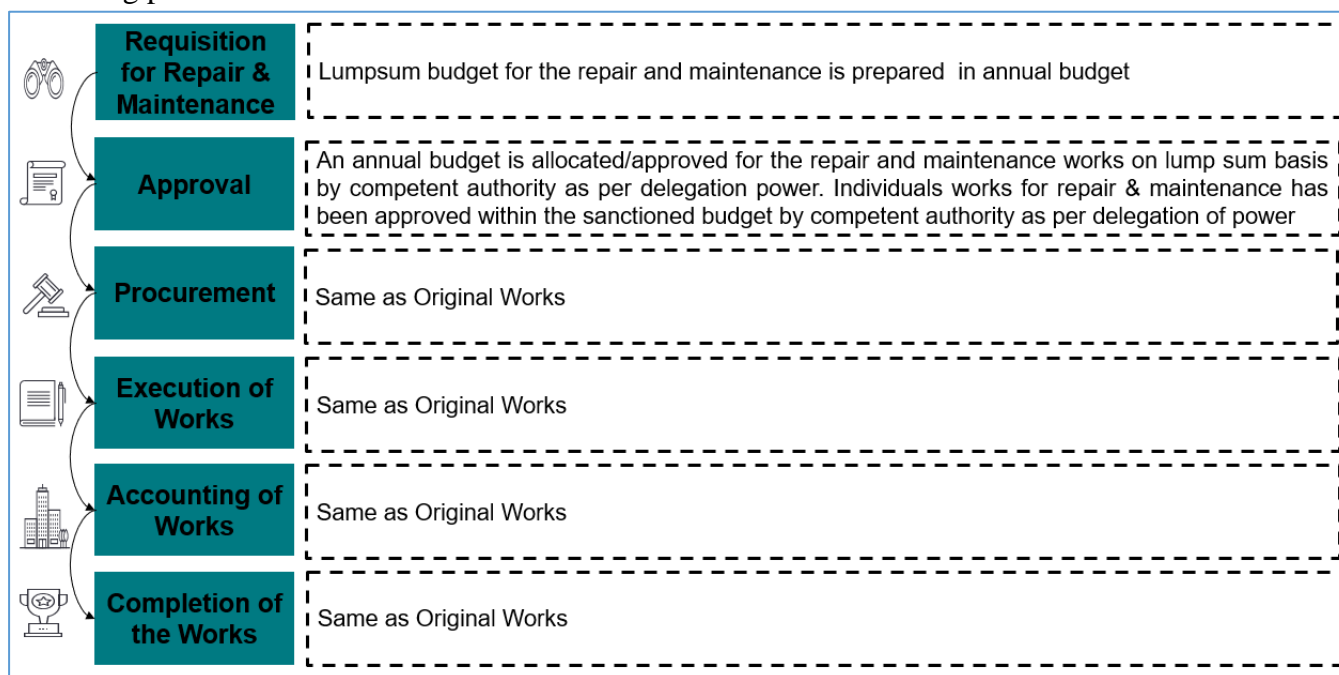


Figure 12: Overview of Life Cycle of Repair and Maintenance

**2.4.3.1 General/Requisition of Repair & Maintenance:** The responsibility for repairs and maintenance of all departmental buildings inclusive of residential buildings with electric, sanitary and water-supply installations devolves on the local officer of the department concerned subject to control of the head of the department. The civil departments are provided with the copies of the SOR/ Delhi Schedule Rates (DSR) by the PWD along with list of registered contractors or designing agencies. The Public Works Department, when required, assist the other departments by advising them regarding contracts, works accounts, record plans, register of buildings, etc. The Public Works Department is also responsible for repairs and maintenance of official residences of the members and staff of the Government. **[Refer para 264 to 269 of volume V of FHB for details]**

**2.4.3.2 Classification of Repairs:** Repairs to residential buildings are classified under three heads:

- Annual repairs, comprising items of work which are carried out every year, such as white washing or distempering wall surfaces and repairing leaks in roofs.

- b) Quadrennial repairs comprising items of works which need only to be carried out once in four years, such as painting or varnishing doors and windows or repairing roads.
- c) Special repairs or repairs which do not recur at regular intervals, being chief renewals of structure.

Repairs to non-residential and rent-free buildings are classified under two heads:

- a) Annual repairs comprising the items of work referred to at (a) above.
- b) Special repairs comprising the items referred to at (b) and (c) above.

**[Refer para 270 to 271 of volume V of FHB for details]**

**2.4.3.3 Provision of Funds:** Grants for all classes of repairs is entered in the civil budget as reserves in lump sum placed at the disposal of heads of departments who allots funds to local officers/DDOs in the manner laid down in paragraphs **272-A to 272-C of Volume V of FHB**

**2.4.3.4 Preparation and Sanctioning of Estimates:**

- a) No estimate is prepared for annual repairs. The system of lump sum contracts based on competitive tendering shall be adopted, as far as possible, but repairs may be executed by departmental agency when suitable contractors are not obtainable.
- b) No estimates shall be prepared for quadrennial repairs to residential buildings or special repairs to non-residential buildings. The work shall be done on lump sum contract basis through competitive tendering/bidding.
- c) Detailed estimates are required for special repairs to a residential building and for works involving structural alterations or additions to any building where plans or drawings are required. **[refer para 273 to 277 of volume V of FHB for details]**

**2.4.3.5 Other Process:** Procedure and steps for other process for repair and maintenance works such as procurement, execution, accounting and completion is similar to an original work

## 2.5 Overview of Stores Maintained for Works Contracts

**2.5.1 Stores Department:**

**2.5.1.1** The general administration of all the stores of a division is vested in the divisional officer whose primary responsibilities shall be in accordance with rules of Volume VI of FHB for acquisition, custody, distribution and disposal of stores. Divisional officer has to make proper arrangements

for the custody of stores and for their protection from deterioration and fire. Currently, the stores are mainly used in respect to maintenance and repairs works. The stores of the department are divided into following classes:

- Stock or General Stores
- Tools & Plant
- Road metal
- Materials charged directly to works **[Refer para 176 to 266 of volume VI of FHB for details]**

**2.5.1.2** Some of key functions related to stores are defined below:

Sr	Heading	Description	Reference
1.	Appointment of Storekeeper	A storekeeper shall be appointed with the sanction of competent authority. His duties would include custody, preservation, and issue of the stores under his charge	<b>refer para 194 of volume VI of FHB for details</b>
2.	Purchase of Stores	Purchase of Stores (other than tools and plants) should be made in accordance with Uttarakhand Procurement Rules 2017. Tools & Plant are purchased or manufactured keeping in view the sanctioned estimates from the competent authority.	<b>refer para 179 to 182 of volume VI of FHB for details</b>
3.	Sale of Stores	Stores may be sold to public or other department after adding prescribed (as per FHB) percentage of margin in the cost to cover charges on account of supervision, storage and consultancies.	<b>refer para 187 of volume VI of FHB for details</b>
4.	Receipt of Stores	There shall be proper authority for receipt of the stores by storekeeper in writing from divisional officer and if authorized by sub-divisional officer	<b>[refer para 202 and 203 of volume VI of FHB for details]</b>
5.	Issue of Material	The issue of any material shall be done only post receipt of the indent signed by the divisional or sub-divisional engineer except in case as provided in para 204 of volume VI of FHB	<b>refer para 204 to 208 of volume VI of FHB for details</b>

Sr	Heading	Description	Reference
6.	Account of Stock	All the transaction related to receipts and issues of the stock shall be recorded in accordance to the rules mentioned in volume VI of FHB.	refer para 195 to 199 of volume VI of FHB for details
7.	Stock taking	Divisional officer shall conduct physical verification/ stock taking throughout their division at least once a year.	refer para 230 to 237 of volume VI of FHB for details
8.	Reserve of Stock	To avoid delay in procuring various materials, stores may be collected and kept in reserve on specific sanction of Divisional Officer who decides the limit of reserve	refer para 183 to 184 of volume VI of FHB for details
9.	Disposal of Stores	All losses of stock should be immediately investigated, and steps should be taken to obtain the sanction of competent authority for their write-off. An immediate report of the loss of stores must also be made to the police authorities	refer para 185 to 186 of volume VI of FHB
10.	Surplus & Unserviceable Stores	When stores of any kind become unserviceable a report thereof should be made in prescribed form	Refer para 188 to 191 of volume VI of FHB
11.	Half Yearly register of stock	An account is maintained in the divisional office to record, month by month, separately for each sub-division, the transactions relating to each item of stock. This account should in Form no. 12 or 12 A and is referred as half yearly register of stocks and consist of three parts: <ul style="list-style-type: none"> <li>▶ Part – 1: The register</li> <li>▶ Part – 2: The Summary</li> <li>▶ Part – 3: The Review</li> </ul>	-

Table 3: Major Terms related to Stores

# WORKS INTERNAL AUDIT MANUAL

## Chapter 3: Auditees in a Works Department

In the previous section, the various stage of process life cycle of works and key functions in maintenance of stores have been explained. The auditable units of the works department comprise of Head of Department (Chief Engineer), Head of Office (Superintendent Engineer/ Circle Officer) and Drawing and Disbursing Officer (Divisional Engineer or Sub Divisional Engineer). Below table provides roles and involvement of the above Auditees at various stages of the life cycle of works and maintenance of stores. This would enable to the internal auditor to have a broad overview about the works department and its process life cycle which would assist to the internal auditor to customize their audit program based on the type of units selected for works internal audit.

	Chief Engineer	Superintendent Engineer/ Circle Officer	Divisional Engineer or Sub Divisional Engineer	Audit program Reference
Unit Type	Head of Department (HoD)	Head of Office (HOO)	Drawing & Disbursing Officer (DDO)	
<b>1. Process Life Cycle of Works</b>				
<b>1.1 Original Works (Major and Minor)</b>				
<b>Requisition of Works</b>	Review and Approval of Requisitions and Preliminary Report as per the delegation of powers	Review and Approval of Requisitions & Preliminary Report as per the delegation of powers	Preparation, review and approval of Requisitions & Preliminary Report as per the delegation of powers	Chapter 6.1
<b>Feasibility Study</b>	• Review and Approval of Feasibility Reports/ Detailed	Review and Approval of Feasibility Reports/ Detailed	Preparation, Review and Approval of Feasibility Reports/	Chapter 6.2

# WORKS INTERNAL AUDIT MANUAL

	Project Reports as per the delegation of powers	Project Reports as per the delegation of powers	Detailed Project Reports as per the delegation of powers	
	<ul style="list-style-type: none"> <li>Estimate Approval for conducting Feasibility Study</li> </ul>			
<b>Approvals</b>	<ul style="list-style-type: none"> <li>Administrative Approval and Technical Sanction as per the delegation of power</li> <li>Budget Allocation</li> <li>Review and finalization of Schedule of Rates</li> <li>Approval of Variation in contract values as per delegation of powers</li> </ul>	<ul style="list-style-type: none"> <li>Administrative Approval and Technical Sanction as per the delegation of Power.</li> <li>Approval of Variation in contract values as per delegation of powers</li> </ul>	<ul style="list-style-type: none"> <li>Preparation and Submission of proposal for Administrative Approval and Technical Sanction</li> <li>Administrative Approval and Technical Sanction as per the delegation of Power</li> <li>Approval of Variation in contract values as per delegation of powers</li> </ul>	Chapter 6.3  Chapter 6.5.2 (variations)
<b>Procurement</b>	Entire procurement process based on the value of the contracts as per the delegation of powers	Entire procurement process based on the value of the contracts as per the delegation of powers	Entire procurement process based on the value of the contracts as per the delegation of powers	Procurement Audit manual
<b>Execution of the Works</b>	<ul style="list-style-type: none"> <li>Review and Inspection of works</li> </ul>	<ul style="list-style-type: none"> <li>Review and Inspection of works</li> </ul>	Complete execution of works including inspection and quality control.	Chapter 6.5

## WORKS INTERNAL AUDIT MANUAL

	<ul style="list-style-type: none"> <li>Approval of variation in commercial and technical terms &amp; conditions as per the delegation of powers</li> </ul>	<ul style="list-style-type: none"> <li>Approval of variation in commercial and technical terms &amp; conditions as per the delegation of powers</li> </ul>		
<b>Contract Variation and Amendments including time and cost overruns</b>	<ul style="list-style-type: none"> <li>Approval of variation in commercial and technical terms &amp; conditions as per the delegation of powers</li> </ul>	<ul style="list-style-type: none"> <li>Proposal and Approval of variation in commercial and technical terms &amp; conditions as per the delegation of powers</li> </ul>	Proposal and Approval of variation in commercial and technical terms & conditions as per the delegation of powers	Chapter 6.5
<b>Accounting of the Works</b>	Review and ensure compliance by the Divisional Engineer & Superintendent Engineer	Review and ensure compliance by the Divisional Engineer	Complete recording, accounting and complying of accounts including submission of Account to AG and Treasury	Chapter 6.6
<b>Completion of Works</b>	Review and inspections	Review and inspections	<ul style="list-style-type: none"> <li>Issuance of completion certificates</li> <li>Release of Securities</li> </ul>	Chapter 6.7
<b>1.2 Petty works and Repair &amp; Maintenance</b>				
<b>For Petty works, Repair</b>	<ul style="list-style-type: none"> <li>Submission of Budget Proposal to Government</li> <li>Budget Allocation</li> </ul>	<ul style="list-style-type: none"> <li>Review and inspections</li> </ul>	<ul style="list-style-type: none"> <li>Complete Process from budget preparation to completion of works.</li> </ul>	Same as for Original Works



<b>and Maintenance</b>	<ul style="list-style-type: none"> <li>Review and inspections</li> </ul>			Specific Program for approvals is provided at Chapter 6.3
<b>2. Stores maintained for Works (Mainly for Repair &amp; Maintenance)</b>				
<b>Management of Stores</b>	Review and Inspections	Review and Inspections	Entire maintenance of stores	Chapter 5

Table 4: Types of Auditees

## Chapter 4: Audit process

This section provides an overview of the audit life cycle for conducting the works internal audit. The detailed internal audit processes are provided in a separate audit manual called “Internal Audit Manual” (Volume I - Part I). This Works Internal Audit Manual shall be read in conjunction with the Internal Audit Manual (Volume I & Volume II).

The major steps involved in an audit life cycle of works has been explained in the below flowchart:

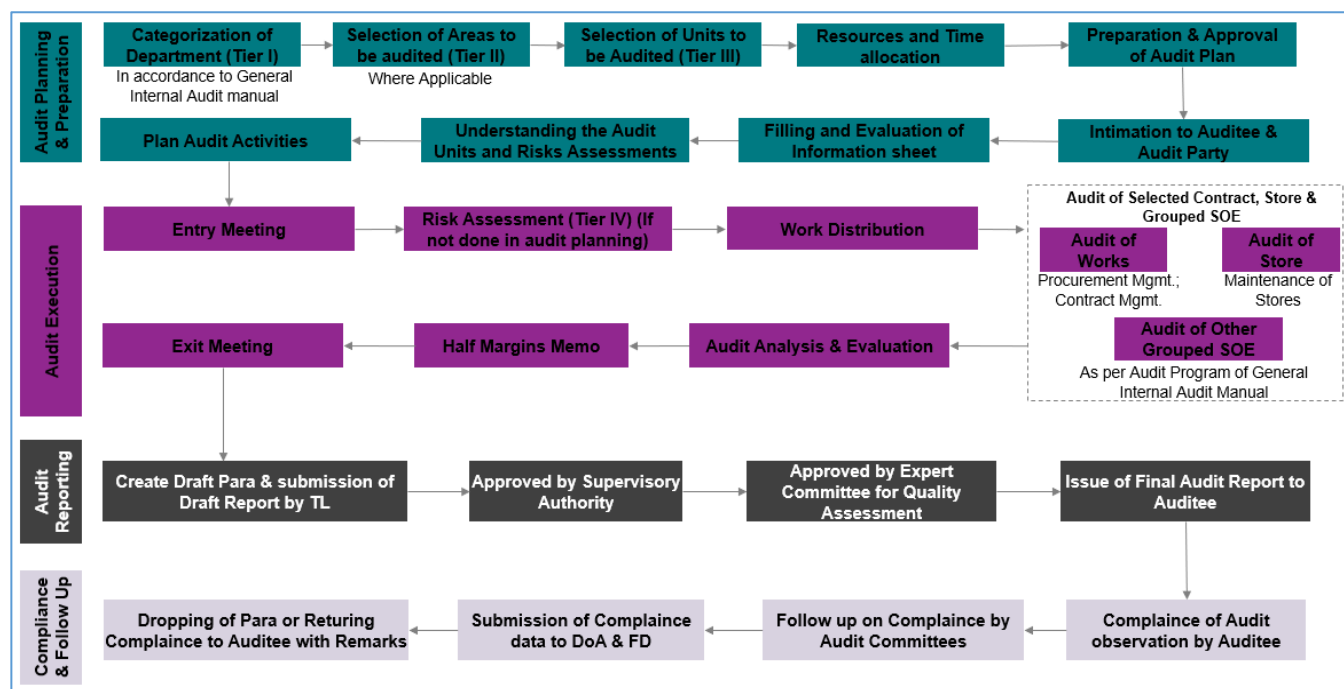


Figure 13: Overview of Audit Life Cycle for Works Internal Audit

The activities to be carried out at each stage of audit life cycle has been explained in the below section:

### 4.1 Audit Planning

#### 4.1.1 Audit Planning Activities

4.1.1.1 The process of internal audit is initiated with the preparation of an annual audit plan which includes assessment of risk, selection of departments, selection of areas to be audited, selection of Auditees, allocation of resources and allocation of timeline for conducting the internal audit etc. The preparation of the internal audit plan and assigning of an internal audit to an audit team shall be done in accordance with the provisions and procedures mentioned in Internal Audit Manual (Volume I - Part I). All activities of the internal audit i.e. audit planning, audit execution including compliance, monitoring and follow up will be done on through Online Audit Management System (OAMS). The risk assessment process for the preparation of annual audit plan has been provided

in Internal Audit Manual (Volume I - Part I) [Refer to chapter 8 of the Internal Audit Manual (Volume I - Part I)] while specific considerations related to audit planning for Works departments is provided below:

Risk process	Responsibility	Objective and Activities to be conducted																	
<b>Tier – I: Selection of Department to be Audited</b>	Directorate of Audit	This step will categorize all departments as high, medium and low based on the risk profiling described in the <b>Internal Audit Manual (Volume I - Part I)</b> .																	
<b>Tier – II: Selection of Key Auditable Areas</b>	Directorate of Audit	<p>This step will identify the Key Auditable Areas and the Auditable Sub-Areas for audit which will be subject to risk assessment.</p> <p>The process for risk assessment of the Key Auditable Areas and Auditable Sub Areas has been provided in Internal Audit Manual. [Refer Section 8.2.2.2 of Internal Audit Manual (Volume I - Part I)]:</p> <p><b>Step 1: Determination of Auditable Sub Areas under each Key Auditable Area:</b></p> <p>The Key Auditable Areas and Auditable Sub Areas specific for the Works department shall be referred from the table below:</p> <table> <tr> <th>Sr</th><th>Key Auditable Area</th><th>Illustrative Auditable Sub-Areas</th></tr> <tr> <td rowspan="4">A</td><td rowspan="4">Procurement Management</td><td>A1 Requisition of Works</td></tr> <tr> <td>A2 Feasibility Study</td></tr> <tr> <td>A3 Approvals</td></tr> <tr> <td>A4 Procurement</td></tr> <tr> <td rowspan="6">B</td><td rowspan="6">Contract Management</td><td>B1 Execution of the Contract (Including Monitoring)</td></tr> <tr> <td>- Pre-Commencement Activities</td></tr> <tr> <td>- Post Commencement Activities</td></tr> <tr> <td>B2 Accounting of Works</td></tr> <tr> <td>B3 Payment to Contractors</td></tr> <tr> <td>B4 Completion of Works</td></tr> </table>	Sr	Key Auditable Area	Illustrative Auditable Sub-Areas	A	Procurement Management	A1 Requisition of Works	A2 Feasibility Study	A3 Approvals	A4 Procurement	B	Contract Management	B1 Execution of the Contract (Including Monitoring)	- Pre-Commencement Activities	- Post Commencement Activities	B2 Accounting of Works	B3 Payment to Contractors	B4 Completion of Works
Sr	Key Auditable Area	Illustrative Auditable Sub-Areas																	
A	Procurement Management	A1 Requisition of Works																	
		A2 Feasibility Study																	
		A3 Approvals																	
		A4 Procurement																	
B	Contract Management	B1 Execution of the Contract (Including Monitoring)																	
		- Pre-Commencement Activities																	
		- Post Commencement Activities																	
		B2 Accounting of Works																	
		B3 Payment to Contractors																	
		B4 Completion of Works																	

Risk process	Responsibility	Objective and Activities to be conducted		
		C	Management of Stores	C1 Purchase of Stores
				C2 Disposal of Stores
				C3 Accounting of Stores
				C4 Inspection of Stock (Stock Taking)
				C5 Reserve Stock
		D	Payroll and Establishment	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		E	Training Expenses	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		F	Retirement benefits	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		G	Office Expenses	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		H	Plantation (Where Applicable)	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		I	Subsidy (Where Applicable)	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)</b> ]
		J	Investment and Loans	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure</b>

Risk process	Responsibility	Objective and Activities to be conducted		
			(Where Applicable)	<b>8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)]</b>
		K	Revenue	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)]</b>
		L	Budget	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)]</b>
		M	Others (As Applicable)	As per Internal Audit Manual, Volume I - Part I [ <b>Refer Annexure 8 &amp; 9 of the Internal Audit Manual (Volume I - Part II)]</b>
Table 5: List of Key Auditable Areas				
The list of above Key Auditable Areas and Auditable Sub Areas shall be reviewed and updated periodically by DoA based on the findings of last years audits.				
<b>Step 2 Risk Assessment of Auditable Sub Areas:</b>				
The DoA shall carry out the risk assessment of all the Auditable Sub Areas under each Key Auditable Area through situational analysis of the risks underlying such Auditable Sub Areas. The risk listing/identification (situational analysis) for each Auditable Sub Area would be done from various sources such as review of the internal control environment, past audit reports, best practices, review of the control environment, past experience, discussion with management, media reports and professional judgement of officials of DoA while conducting the risk assessment.				

Risk process	Responsibility	Objective and Activities to be conducted																										
		<p>Based on the situational analysis, DoA shall classify each Auditable Sub Areas as High, Medium or Low. The format for the risk evaluation matrix is provided below:</p> <table><tr><th>Sr</th><th>Auditable Sub Areas</th><th>Risk Listing/Identification</th><th>Situational Analysis</th><th>Risk Assessment (High/Medium/Low)</th><th>Score</th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> <p>Table 6: Template of risk register</p> <p>An illustrative general risk evaluation matrix for all the currently identified Key Auditable Areas and its Auditable Sub Areas is provided at <b>Annexure II</b>. The DoA shall build upon this Matrix based on the actual risks identified during each audit cycle.</p> <p>Based on the categorization, a score shall be provided to each Auditable Sub Area as per the table provided below:</p> <table><tr><th>Categorization of Auditable Sub Area of each Key Auditable Area</th><th>Score</th></tr><tr><td>High</td><td>7-10</td></tr><tr><td>Medium</td><td>4-6</td></tr><tr><td>Low</td><td>1-3</td></tr></table> <p>Table 7: Scoring of Auditable Sub Areas</p> <p><b>Step 3: Selection of Key Auditable Area to be audited based on the assessment of each Auditable Sub Areas:</b></p> <p>A score shall be calculated for all the Key Auditable area based on the score provided to each of its Auditable Sub Area as per the above steps. The score for the Key Auditable Areas shall be a simple average of scores provided to each</p>	Sr	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score													Categorization of Auditable Sub Area of each Key Auditable Area	Score	High	7-10	Medium	4-6	Low	1-3
Sr	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score																							
Categorization of Auditable Sub Area of each Key Auditable Area	Score																											
High	7-10																											
Medium	4-6																											
Low	1-3																											

Risk process	Responsibility	Objective and Activities to be conducted								
		<p>of its Auditable Sub Areas. Post generation of the score for each key Auditable area, it shall be categorized as per the following matrix:</p> <table><tr><th>Score Range</th><th>Categorization</th></tr><tr><td>Key Auditable Area with score greater than 7</td><td>High</td></tr><tr><td>Key Auditable Area with score greater than 4 but less than or equal to 7</td><td>Medium</td></tr><tr><td>Key Auditable Area with score less than or equal to 4</td><td>Low</td></tr></table> <p>Table 8: Categorization of Key Auditable Area</p> <p>Post the above categorization of Key Auditable Areas/Auditable Sub Areas. The DoA shall select high risk Key Auditable areas/Auditable Sub Areas or combination of high and medium risk auditable areas for audit in each year based on their professional judgement and experience.</p>	Score Range	Categorization	Key Auditable Area with score greater than 7	High	Key Auditable Area with score greater than 4 but less than or equal to 7	Medium	Key Auditable Area with score less than or equal to 4	Low
Score Range	Categorization									
Key Auditable Area with score greater than 7	High									
Key Auditable Area with score greater than 4 but less than or equal to 7	Medium									
Key Auditable Area with score less than or equal to 4	Low									
<b>Tier – III: Selection of Auditees in Works Department</b>	Directorate of Audit	<p>The process to be followed for the selection of units to be audited in a works department shall be in accordance with the Internal Audit Manual (Volume I - Part I). Under a Works department, the unit comprises of Head of Department (Chief Engineer), Head of Office (Superintendent Engineer/ Circle Officer) and Drawing and Disbursing Officer (Divisional Engineer or Sub Divisional Engineer).</p> <p>Risk Profiling of the Units of the selected department shall be done based on financial, non-financial parameters and special parameters. An illustrative list of parameters along with their score, range and weightages are provided below:</p>								

Risk process	Responsibility	Objective and Activities to be conducted						
		S r. N o.	Parame ter Name	Descript ion of Parame ters	Scoring			Weigh tage
					Variabl e	Ra nge	Sco re	
		Financial and Non-Financial Parameters						
		1	Actual Expendit ure	Actual expendit ure for the precedin g financial year needs to be consider ed e.g. For internal audit to be conducte d during the financial year 2020- 2021 then the Actual expendit ure for	Actual expendit ure of the unit to the Total Actual expendit ure of the departm ent (%)	0- 2.5 %	3	15%
						2.5- 5%	6	
						>5 %	10	



Risk process	Responsibility	Objective and Activities to be conducted						
				the financial year 2019-2020 needs to be considered				
		2	Value of Pending Internal audit Serious Paras	Value of Internal audit serious paras pending for compliance at end of the immediately preceding financial year needs to be considered	Value of internal audit serious paras pending for compliance for the respective Auditee	0 0-20L >20L-50L >50L	0 3 6 10	15%
		3				0	0	10%

Risk process	Responsibility	Objective and Activities to be conducted						
			Value of serious audit Para pending for compliance in AG report	Value of serious Audit Paras (AG audit) pending for compliance at end of the immediately preceding financial year needs to be considered.	Value of serious AG para pending for compliance for the unit (AG Audit)	0-0.50 Cr.	3	
						0.5 to 1.5 Cr.	6	
						>1.5 Cr	10	
		4	Past Internal Audit Conducted	Number of Years since last Internal Audit conducted for the units	Years Pending for Internal Audit	0	0	10%
						1	3	
						2	6	
						3 or more	10	
		Special Parameters						

Risk process	Responsibility	Objective and Activities to be conducted						
		5	Works (Contract Mgmt.)	Value of Contract under Execution of Major Works as on the end of immediately preceding financial year	Value of Contract under Execution for the Unit	< INR 5 Cr.	3	15%
						INR 5- 25 Cr.	6	
						>25 Cr.	10	
		6	Works (Procurement Mgmt.)	Total Value of new contracts awarded in the immediately preceding financial year	Total Value of new contracts awarded for the Unit	< INR 1 Cr.	3	15%
						INR 1-5 Cr.	6	
						>5 Cr.	10	
		7	Stores	Total Value of Stores as on the	Value of Stores as on the end of	0	0	10%
						<IN R 1 L	3	

Risk process	Responsibility	Objective and Activities to be conducted							
				end of immediately preceding financial year	immediately preceding financial year	1L to 5L	6		
						>5L	10		
		8	Other Key Auditabl e Area – e.g. Payroll & Establis hment expense	Establis hment expenses as % of total Expense s for the immedia tely precedin g financial year	Establis hment expenses as % of total Expense s of the unit	0-30 %	3	10%	
						30-50 %	6		
				>50 %	10				
Table 9: Risk assessment matrix for Auditees									
The above parameters and their score ranges are illustrative in nature, the DoA may add/delete/modify the same based on past experience.									
Tier – IV: Selection of Contract/Transaction to be audited	Audit Party	The Tier-IV risk assessment process will be carried out at the Auditee level to identify the contracts/transactions to be audited.  The steps involved in the Tier IV risk assessment process is provided in <b>section 4.2.3</b> of this manual							

Table 10: Matrix for Risk Assessment Process

**Note – Way Forward:**

During the initial years from the adoption of this manual, works internal audit will be done at the level of Key Auditable Area as per the process mentioned above. However, over the year the DoA shall continuously update the risk evaluation matrix for the Auditable Sub Areas under each Key Auditable Areas.

In the long term, DoA shall carry out the risk assessment of Auditable Sub Areas only and the Works Internal Audit would be conducted for high risk Auditable Sub Areas or a mix of high and medium risk Auditable Sub Areas, as decided by the DoA. **Refer to section 8.2.2.2 of the Internal Audit Manual (Volume I -Part I).**

4.1.1.2 The categorization of the department (Tier I), selection of key auditable areas and sub-areas to be audited (Tier II) and selection of units for audit (Tier III) shall be done by the Directorate of Audit on annual basis and the outcome shall be mentioned in the annual internal audit plan which shall be issued in accordance with the provision of Internal Audit Manual (Volume I).

4.1.1.3 Post selection of units to be audited, other steps such as allocation of resources, finalization of timelines etc. shall be done as per the provision mentioned in the Internal Audit Manual (Volume I - Part I). **[Refer to Chapter 8 of Internal Audit Manual (Volume I - Part I) for details]**

### 4.1.2 Audit Preparation

4.1.2.1 Before proceeding for works internal audit, the internal auditor needs to ensure that below mentioned activities are undertaken:

#### **Activities to be carried out for all the units in a department at the global level**

**Activity 1:** Understand the Department and its operation (Refer Section 8.3 of the Internal Audit Manual (Volume I - Part I))

**Activity 2:** Understand the legal and regulatory framework (Refer Section 8.3 of the Internal Audit Manual (Volume I - Part I))

**Activity 3:** Preparation of Planning Memorandum: (Refer Section 8.3 of the Internal Audit Manual (Volume I - Part I))

**Activity 4:** Understand about the works (Refer Chapter 2 of this manual)

#### **Activities to be carried out at Individual Auditee**

## Activity 1: Risk Assessment (Tier- IV)

Post receipt of all the required information, the internal auditor shall carry out the steps for risk assessment (Tier- IV). The risk assessment process shall be completed in the audit planning & preparation stage post receipt of all the required information as mentioned in the below section. However, in case of non-receipt of such information, the Tier IV risk assessment process shall be carried after the entry meeting on receipt of relevant data points.

4.1.2.2 To perform the above activities for audit preparation, an internal auditor requires information from the Auditee. Therefore, such information shall be gathered through an information sheet on OAMS which contains data such as organizational structure, functions, the status of projects undertaken, details of the personnel, budget, details of past audits etc. of the Auditee.

4.1.2.3 The additional information to be obtained in the information sheet through OAMS for conducting the works internal audit are provided below:

- a) Details of pending Drafts/Cheques, if any, available in the Divisional/Sub-Divisional office which had been received from contractors/private persons but could not be deposited in the treasury.
- b) Outstanding advances with details of Date from which it is outstanding, Name of Party, amount and account code.
- c) List of complaints received about any works along with their status.
- d) List of works under arbitration/ legal issues along with their status.
- e) Monthly progress reports.
- f) Status of the works under execution or completed in immediately preceding financial year in the following template:

Name of Work	Name of Contractor	Type or Work (Petty, Minor, Major or repair)	Original Value of Work	Revised Value of Work, if any	Start Date	Completion Date/ Latest approved date of completion	Original Completion date	Financial Progress (%)	Physical Progress (%)

Table 11: Illustrative Template for Information Gathering for Tier IV risk assessment

- g) Details of bank guarantees/ fixed deposits submitted as PG, EMD or retention money for the work carried out by the units in the below format:

Name of Contractor	Name of Work	Purpose (PG/EMD/SD)	BG No.	Issuing Bank	Amount of BG	Expiry Date	Issue date

Table 12: Illustrative Template for Information Gathering for Bank Guarantees

## 4.2 Audit Execution

In this stage audit plans are executed through audit engagements and observations are noted through the systematic application of audit procedures. Following are the steps that to be followed under this stage.

Sr No	Activity
1.	Entry Meeting
2.	Update/Revision of Audit Planning Memorandum
3.	Tier IV Risk assessment (if not carried during the audit preparation stage of Audit Planning)
4.	Work Distribution among team member
5.	Audit of the contracts/works and stores, as applicable
6.	Audit Analysis and Evaluation
7.	Issuance of Audit Memo (Half Margin Memo)
8.	Exit Meeting

Table 13: Activities in Audit Execution

Section 6 of the Uttarakhand Audit Act, 2012, provides the authority and power to the internal auditor to obtain all necessary information and records, as the internal auditors may they think fit, required for the purpose of completing audit engagement. Section 7 of the Uttarakhand Audit Act, 2012, provides the provision for imposing a penalty on the auditee for disobeying or not meeting the requirement provided by the internal auditor under section 6 of the Uttarakhand Audit Act, 2012.

The detailed steps to be undertaken in audit execution shall be referred from Internal Audit Manual (Volume I - Part I). In this section, the specific considerations related to audit execution for a works internal department is elaborated:

### 4.2.1 Entry Meeting

Refer Chapter 9.1 of the Internal Audit Manual (Volume I - Part I).

## 4.2.2 Update/Revision of Audit Planning Memorandum

Refer Chapter 9.2 of the Internal Audit Manual (Volume I - Part I)

## 4.2.3 Risk Assessment -Tier IV

Tier-IV risk assessment process is carried out by audit party to identify the contracts/transactions for which the selected process/areas shall be audited at the Auditee level. The risk assessment process (Tier IV) shall be completed in the audit planning & preparation stage post receipt of all required information from Auditee. However, in case of non-receipt of the desired information, the Tier - IV risk assessment process shall be carried out after the entry meeting and availability of all the relevant data points.

The methodology for Tier IV risk assessment to be conducted in this stage is defined in below table:

Key Auditable Area	Extent of Check								
A) Procurement Management	<b>For selected Key Auditable Areas under Tier II Risk Assessment -To be checked for contracts as per following table:</b>								
B) Contract Management									
	<table><tr><th>Contract Category</th><th>% Contract to be checked/audited</th></tr><tr><td>A Category</td><td>100% of the Contract shall be audited</td></tr><tr><td>B Category</td><td>50% of the Contract shall be audited</td></tr><tr><td>C Category</td><td>20% of the Contract shall be audited</td></tr></table>	Contract Category	% Contract to be checked/audited	A Category	100% of the Contract shall be audited	B Category	50% of the Contract shall be audited	C Category	20% of the Contract shall be audited
Contract Category	% Contract to be checked/audited								
A Category	100% of the Contract shall be audited								
B Category	50% of the Contract shall be audited								
C Category	20% of the Contract shall be audited								
	<i>The details about the procedure to be adopted for categorization &amp; selection of contracts is mentioned in <b>section 4.2.3.1</b> of this manual.</i>								
	<b>Note: The above extent of check is indicative, and an internal auditor may modify the same based on their professional judgment and findings during the audit.</b>								
C) Management of Stores	<b>If selected as area for audit under Tier II risk assessment:</b>  Detailed audit shall be carried out as per the audit program mentioned in <b>Chapter 5</b> of this manual. The process of risk assessment for store is provided in <b>section 4.2.3.2</b> of this manual.  <b>If not selected as area for audit under Tier II risk assessment:</b>								



	<p>The decision regarding the audit of this Key auditable area and the extent of check shall be decided by the internal auditor based on their professional judgment and findings during the audit. However, the audit team leader shall obtain necessary approval from Supervising Officer, DoA and update the audit planning memorandum as explained at section 9.2 Internal Audit Manual (Volume I - Part I) of before increasing the scope of audit.</p>
<p>D) Payroll &amp; Establishment</p> <p>E) Training Expenses</p> <p>F) Retirement benefits</p> <p>G) Office Expenses</p> <p>H) Plantation (Where Applicable)</p> <p>I) Subsidy (Where Applicable)</p> <p>J) Investment and Loans (Where Applicable)</p> <p>K) Revenue</p> <p>L) Budget</p> <p>M) Others (As Applicable)</p>	<p><b>For Key Auditable Areas Selected for Audit as per Tier – II risk assessment:</b></p> <p>At least 60% of transactions (<i>in terms of value</i>) or at least 60%% of number of transactions as may be defined by the DoA in the annual internal audit plan for selected Key Auditable Area or Sub Auditable Area. The above extent of check would be indicative, and an internal auditor may increase the same based on their professional judgment and findings during the audit.</p> <p><b>For Remaining Key Auditable Areas:</b> The decision regarding the audit of the other remaining key auditable areas and the extent of check shall be decided by the internal auditor based on their professional judgment and findings during the audit. The internal auditor may take guidance from <b>Annexure 15</b> of the Internal Audit Manual (Volume I - Part II) for the selection of transaction and extent of checking. However, the audit team leader shall obtain necessary approval from Supervising Officer, DoA and update the audit planning memorandum as explained at <b>section 9.2</b> Internal Audit Manual (Volume I - Part I) of before increasing the scope of audit.</p> <p>The audit program for these key auditable areas shall be referred from Internal Audit Manual, (Volume II).</p>

Table 14: Tier IV Risk Assessment Process

**Note:** The extent of check mentioned in above process is suggestive. It shall be kept dynamic wherein internal auditor should apply their professional judgment while selecting transactions for audit.

## 4.2.3.1 Risk Assessment – Works

The internal auditor shall carry out a risk assessment of various works/contracts of an Auditee to categorise and select the works/contract for audit. The step wise risk-based process for shortlisting and selecting contract/work to be audited has been explained below:

## A. Scoring for a Works/Contracts

**A.1** The internal auditor has to evaluate and rank each of the works/contracts, which were under execution or completed or terminated in immediately preceding financial year. *For example, if as per the quarterly audit calendar, an audit is to be conducted in October 2019, then the works/contracts which are under execution or completed in the financial year 2018-2019 ending on 31<sup>st</sup> March 2019, shall be considered for risk assessment.*

The parameters and the scoring matrix for assessment of works/contract is defined below:

- ▶ The Contracts with value (as per the original contract) greater than INR 1.50 Crores shall be considered as A category contract.
- ▶ For the contract with value less than INR 1.50 Crores the following matrix shall be adopted for categorization:

Sr	Parameter	Description	Scores	Weights
1.	Value of Work	Value of contract as per initial contract accepted/ approved.	<p>Contracts of value in the following range:</p> <p>Less than or Equal to INR 25 Lakhs: 3 Points</p> <p>Greater than INR 25 Lakhs but less than or equal to INR 75 Lakhs: 5 Points</p> <p>Greater than INR 75 Lakhs but less than or equal to INR 1.50 Cr.: 10 Points</p>	40%
2.	Complaints	To checks any complaint for the works as per the complaint register maintained by department	<p>Yes: 10 Points</p> <p>No: 0 Points</p>	5%

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Sr	Parameter	Description	Scores	Weights
3.	Legal Cases/ Arbitration	To check for any legal case/arbitration for the works as per the register maintained by department	Yes: 10 Points No: 0 Points	5%
4.	Percentage increase in time period of the contract	<p>Calculate the percentage increase in the time period as per the latest extension letter over the original period.</p> <p><i>For example: In case an original completion period for a contract was 8 Months which is extended by 2 months from the original completion date as per the latest extension letter i.e. total of 10 months. Then, the percentage increase shall be 25% i.e. <math>\frac{2}{8}</math> months</i></p>	<p>No Extension: 0</p> <p>Less than or equal to 10%: 3 Points</p> <p>Greater than 10% but less than or equal to 25%: 5 Points</p> <p>Greater than 25%: 10 Points</p>	10%
5.	Financial Progress Vs. Time Elapsed	<p>Measure the difference between the Financial Progress and Time Elapsed (in percentages)</p> <p>Financial Progress shall be calculated as per following formulae:  <math display="block">\frac{\text{Amount of Work Checked and Certified as per MB or Running Bills (till the end of last financial year)}}{\text{Total Value of the contract (Revised where the value of the contract has been revised)}}</math> </p> <p>% Time Elapsed shall be calculated as: (Actual nos. of months elapsed from the date of award to last day of</p>	<p>If Financial Progress % is greater than % Time Elapsed: 5 points.</p> <p>For other cases, if difference in Financial progress &amp; Time elapsed is:</p> <p>Less than or equal to 10%: 3</p> <p>Greater than 10% but less than or equal to 30%: 5 Points</p> <p>Greater than 30%: 10 Points</p>	10%

Sr	Parameter	Description	Scores	Weights
		<p>Immediately preceding financial year) divided by total project duration (in no. of months) including the approved extension of time. The case study for calculation of time elapsed is provided below:</p> <p>Audit Date: Feb 2020</p> <p>Date of Letter of Award: April 16, 2018</p> <p>Completion period as per original contract: 10 Months from date of award</p> <p>Revised time for the contract: 15 Months from the date of Award</p> <p>Actual no Time Elapsed: 11.6 months (March 31, 2019 – April 16, 2018)/30</p> <p>Total Duration of project: 15 Months</p> <p>% Time Elapsed = <math>11.6/15 = 78\%</math></p>		
6.	Financial Progress Vs Physical Progress of Work	<p>Measure the difference between the Financial Progress and physical progress (in percentages)</p> <p>Financial Progress shall be calculated as defined in <b>parameter 5 above</b>.</p> <p>Physical progress shall be provided by department based on the actual work done</p> <p>Note: For cases where financial progress is greater than physical progress the same shall be captured in negative figures</p>	<p>Financial Progress greater than physical progress: 10 Points</p> <p>For other cases, if difference in Financial progress &amp; Physical is:</p> <p>Less than or equal to 10%: 3 points</p> <p>Greater 10% but less than or equal to 30%: 5 points</p> <p>Greater than 30%: 10 points</p>	10%

Sr	Parameter	Description	Scores	Weights
7.	Variation in contract value	Calculate the % change in the contract value as against the original value, either decreased or increased.	No change: 0 Points Change of less than or equal to 10%: 3 Points Change greater than 10% but less than or equal to 25%: 5 Points Greater than 25%: 10 Points	10%

Table 15: Parameter for Selection of Contracts

**A.2** The Scores shall be calculated for each of the parameter for all the contracts which shall be multiplied by the respective weights of the parameter. The sum product of the scores and weights for all parameters of a contract shall constitute the score for that contract. The formulae for the same is provided below:

$$S_{C1} = \frac{(P_1 \times W_1) + (P_2 \times W_2) + \dots + (P_n \times W_n)}{(W_1 + W_2 + \dots + W_n)}$$

Where

**S** is Score of the Contract

**P<sub>n</sub>** is score for the contract under respective parameter

**W<sub>n</sub>** is the weight of the respective parameter

**A.3** It is recommended that in the first two year (from the year of adopting of this manual), the selection of the contract for works internal audit shall be carried out based on Parameter no. 1, 2 & 3 only, if data for Parameter 4 to 7 are not available. However, simultaneously the data shall be recorded for all the parameters to ensure that selection of contracts can be carried out using all the above parameters from year 3 onwards.

**A.4** The internal auditor shall follow a dynamic approach while using the above matrix for a different unit or different period by changing the combination of parameters used and/or changing the weightage for parameters. However, the internal auditor shall not change the scoring method provided in the above matrix. The internal auditor shall clearly define the parameters and their weightage used for scoring the contracts along with rationale in the audit report.

**A.5** Based on the scores generated, each contract/works shall be segregated into categories A, B and C based on the scores.

**A.6** To assist the internal auditors in conducting above process a CAAT tool, a suggestive MS-excel based template has been prepared which the internal auditors may adopt to fetch information against each parameter for all the works and calculate the score and segregate the works/ contracts in different categories.

## **B. Selection of Works/Contracts**

**B.1** Based on the scores generated for each works/contract, following categorization would be done for the purpose of selecting the works/contracts for audit:

Score Range	Category	% of the Works/Contracts to be selected	
		Selected Key Auditable Area	Other Key Auditable Area (Not selected)
Works/Contracts with Score Greater than 7 and Works contract with contract value greater than INR 1.5 Cr. (as per original agreement)	A	100%	Based on Professional Judgement of Internal Auditor
Works/Contracts with Score Greater than 3 but less than or equal to 7	B	50%	
Works/Contracts with Score less than or equal to 3	C	20%	

Table 16: Scoring Matrix for Contracts

**B.2** The above categorization may also be done using the CAAT tool a suggestive MS-excel based template. For category 'B' & 'C' where works/contracts to be selected is less than 100% of the total works/contracts, an internal auditor can either use random sampling or select works/contracts with higher scores as calculated at step A.2 above, ensuring selection of required percentage of total works/contracts in the respective category.

**Note:** While selecting works/contracts as per the above formula any integer shall be rounded off to nearest whole number.

### 4.2.3.2 Risk Assessment - Stores

For conducting a risk assessment of Stores, the internal auditor shall examine and pursue the following issues in the stock register of store in a division or sub-division:

- ▶ Inventory level as fixed by the divisional officer.
- ▶ Level of unserviceable & obsolete items;
- ▶ Frequency of physical verifications by Supervising Officers & their comments.

The detailed audit of the following items may be conducted:

- High inventory levels with the value of all such store items greater than 10% of total value of all the items in that store as on date of audit.
- Items that are not used/issued for more than a year as on date of audit.
- The items for which defalcation/losses above INR10,000 are observed during the physical verification for the immediately preceding financial year.

**Note:** The methodology suggested for Tier IV risk assessment in **section 4.2.3** of this manual would assist the internal auditors in selecting the contracts/transactions to be audited through a risk-based approach. However, an internal auditor may also select any contract/transaction randomly for auditing randomly, based on their professional judgement and experience.

Also, the extent of check mentioned in **section 4.2.3** is indicative and the internal auditor may modify the same based on his professional judgement and findings during the audit.

### 4.2.4 Work distribution among audit team members

After completing the risk assessment process, the audit team leader shall divide the audit work among the team members. Based on the same the audit team members shall carry out the works internal audit of the Auditee. The work distribution can be done either on a contract basis or process/area basis and shall be decided by the team leader. However, the team leader should take up more significant items for auditing along with supervising the work of the team members. The work distribution should be recorded through OAMS and kept with the working papers. The format of work distribution is provided in the **Internal Audit Manual (Volume I - Part II)**.

### 4.2.5 Audit of the selected Contracts/Works and Store

4.2.5.1 The audit team will carry out the audit of the selected contracts/works and stores, as applicable, which involves an examination of supporting documents and occurrence of transactions. The audit program for conducting the audit of stores and works/contracts is provided in **Chapters 5 and 6 respectively**. This audit program provides a comprehensive checklist for auditing of various processes/areas of works and activities to be conducted for stores. The checklist prepared is comprehensive but not exhaustive and the internal auditors shall apply their own professional experience and unbiased judgment during the verification of any process or transaction related to the audit of works/contracts and stores. Further, the internal auditor shall refer to **Annexure III** which contains an illustrative list of irregularities that an internal auditor may encounter during the audit of works. An illustrative list of documents which shall be made available to the internal auditors for the purpose of carrying out works internal audit is enclosed as **Annexure IV**.

4.2.5.2 The internal auditor shall refer to the applicable audit program based on the type of works unit to be audited i.e. HoD, HOO or DDO as per their roles and involvement in various process life cycles of works and management of stores. The same has been provided in **Chapter 3** of this manual.

4.2.5.3 **Technical Audit of Works:** The internal auditor may request for conducting a technical audit of a works or specific part of works, as deemed fit and appropriate by him. The internal auditor shall submit a written request for such technical audit of any Works to Supervising Officer along with the reason for conducting such technical audit. The Supervising Officer may, on case-to-case basis, appoint/ hire an engineer or third-party vendor for conducting technical audit in accordance with the policy of DoA with necessary approvals. The audit program/scope for a technical audit of a contract shall be based on the reasons for which such technical audit has been requested by the internal auditor. The audit program/scope shall be clearly mandated as part of the engagement letter issued to the appointed engineers or third-party by DoA. However, an audit program for technical of various types of works such as roads, bridges, buildings etc. has been provided at **section 6.5.2.2** of this manual.

### 4.2.6 Audit Analysis and Evaluation

Refer section 9.6 of the Internal Audit Manual (Volume I - Part I).

### 4.2.7 Issue of Audit Memo/Half Margin Memo



Refer section 9.7 of the Internal Audit Manual (Volume I - Part I)

## 4.2.8 Exit Meeting

Refer section 9.8 of the Internal Audit Manual (Volume I - Part I)

## 4.3 Audit Reporting and Documentation

This Chapter describes the steps that is to be followed for reporting and documenting a works internal audit engagement.

### 4.3.1 Audit Reporting

4.3.1.1 An audit report is a written document, which formally communicates the results of the audit to the Auditee. The audit team would consolidate all unresolved HMM issued and discussed the same with the auditee during the exit meeting before converting this into audit para.

4.3.1.2 The process, guideline, format, timeline and methodology for preparing, approving and issuing the audit report shall be in accordance to the provisions mentioned in the Internal Audit Manual (Volume I - Part I). The preparation, approval and issuance of the audit report shall be done through OAMS. [Refer to Chapter 10 of Internal Audit Manual (Volume I - Part I) for details].

4.3.1.3 There shall be two levels of audit reports to be submitted:

- a. **Internal Audit Reports to be Issued to Auditees:** An internal audit report shall be issued to the individual audited units as per the provision mentioned in **Chapter 10** of the Internal Audit Manual (Volume I - Part I) and the categorization of audit para shall be done in accordance with the provisions provided of Internal Audit Manual (Volume I - Part I). However, the audit para related to the works internal audit will be sub-categorized based on the areas audited as per Tier II risk assessment process (**refer to section 4.1.1.1 of this manual**) on OAMS for further analysis of key areas audited. Therefore, the audit para related to works internal audit shall be sub categorized into the following heads:

- ▶ Works Procurement Management: Requisition of Works, Feasibility Study, Approvals, Procurement

- ▶ Works Contract Management: Execution of Works, Accounting of Works, Completion of Works
- ▶ Maintenance of Stores
- ▶ Others Grouped SOE

In cases where a technical audit of works of Auditee has been requested/approved, the internal audit report shall include:

- a) The key findings and observations of the technical audit, if the technical audit is conducted and report is submitted by the appointed engineer or third-party vendor before issuance of internal audit report, **or**
- b) The necessary details or reference of technical audit in cases where such technical audit report is not available before the issuance of the Internal Audit Report to the auditee. In this case, the technical audit report submitted by appointed engineer or third-party vendor shall be issued separately to Auditee.

The format of individual works Internal Audit Report shall be the same as provided in the Internal Audit Manual (Volume I - Part II) which is enclosed as **Annexure V**

**b. Annual Integrated Internal Audit Report on Works for Department (Refer section 10.3.2 of Internal Audit Manual (Volume I - Part I):**

The main objective of the works internal audit is to strengthen various areas and processes involved in a works life cycle. Therefore, an annual integrated report shall be prepared for the works department, based on individual works Internal Audit Reports containing key systemic issues, findings and observations related to the areas/processes audited. The annual integrated Internal Audit Report would aim to highlight key systemic issues and challenges including issues not resolved at the unit level and may need intervention from the top management of the department i.e. Concerned Secretary or Head of Department such as contradiction in the provisions of various applicable rules, weak internal controls, ambiguity in the application & implementation of rules, outdated process, delays in approvals etc. The annual integrated Internal Audit Report would provide a macro-level view to the top management of the department about the various activities being conducted and key challenges being faced by various units, which in turn would support in decision-making process such as changes in policy, strategic long-term planning etc.

The process, guideline, format, timeline and methodology for preparing, approving and issuing the annual integrated Internal Audit Report shall be in accordance with the provisions mentioned in the Internal Audit Manual (Volume I - Part I). The preparation, approval and issuance of the audit report shall be done through OAMS. **[Refer to Chapter 10 of Internal Audit Manual (Volume I - Part I) for details]**. The format of annual integrated works Internal Audit Report shall be same as provided in the Internal Audit Manual (Volume I - Part II) which is enclosed as **Annexure VI**.

### 4.3.2 Audit Documentation

**Refer Chapter 11 of Internal Audit Manual (Volume I - Part I)**

### 4.4 Audit Follow-up and Compliance

The detailed methodology for follow-up and compliance on the audit para related to works internal audit shall be done in accordance to the provision of Internal Audit Manual (Volume I - Part I). **[Refer Chapter 12 of Internal Audit Manual (Volume I - Part I)]**

## Chapter 5: Audit Program – Checklist for Audit of Stores

This section of the manual includes a comprehensive but not exhaustive audit checklist to provide internal auditor with a systematic process for verifying various transactions related to a store.

### 5.1 Audit of Stores

**Audit Objective:** To verify that the inventory maintained in a store is adequately purchased, managed, issued, disposed off, recorded and accounted for as per the provision of Financial Handbook and Procurement Rule 2017 and also to check whether the inventory at stores is within the prescribed approved limit.

**Control:** The controls related to custody, distribution, disposal, recording and accounting of stores has been mentioned at para 176 to 266 of the Volume VI of FHB. The key control related to the purchase of a store is mentioned in Uttarakhand Procurement Rules, 2017. The key controls/process have been mentioned at **Section 2.6 of this manual.**

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	<ul style="list-style-type: none"> <li>▶ PWA (Public Works Accounts) Form No.: 7 Stores Indent</li> <li>▶ PWA Form No.: 7A Register of Indent</li> <li>▶ PWA Form No.: 8 Bin Card</li> <li>▶ PWA Form No.: 8A Goods receipt Sheet</li> <li>▶ PWA Form No.: Summary of Stock Receipts</li> <li>▶ PWA Form No. 10: Summary of Indents</li> <li>▶ PWA Form No. 12: Prices store ledger</li> <li>▶ PWA Form No. 12 A Register of Goods Receipt Sheet</li> <li>▶ PWA Form No. 13 Tools and Plant received sheet</li> <li>▶ PWA Form No. 14 Tools and Plant Indent</li> <li>▶ PWA Form No. 15 Tools and Plant Ledger</li> <li>▶ PWA Form No: 16 Statement of receipts, issues and balances of road material</li> <li>▶ PWA Form No. 18: Survey Report of Stores</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ <b>PWA Form No. 19: Sale Accounts</b></li> <li>▶ <b>PWA Form No. 72: Schedule of Stock – Debit &amp; Credit</b></li> <li>▶ <b>PWA Form No. 73: Store receipts in the moth</b></li> <li>▶ <b>Half Yearly Register</b></li> </ul>					
Purchase of Stores	<ul style="list-style-type: none"> <li>▶ Verify whether all purchases of stores are sanctioned by the competent authority and are within the powers as per the delegation of power</li> <li>▶ Check that there are no cases of splitting of stores purchases in order to avoid a higher level of approval</li> <li>▶ Verify whether the rates charged in the purchase bills are in conformity with the rates agreed in the contract</li> <li>▶ Verify whether the necessary inspection certificates have been furnished along with the bills</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether liquidated damages have been imposed in case of delay in deliveries</li> <li>▶ Verify whether discrepancies in receipts of stores are considered at the time of releasing final payments</li> <li>▶ Verify that the purchase of stores is made as per the original requisitions (to avoid unnecessary purchases in excess of requirement for a reasonable period of time leading locking of funds)</li> </ul>					
Tools and Plants	<ul style="list-style-type: none"> <li>▶ Verify book balance and ground balance and check if it can be reconciled</li> <li>▶ Verify the tools and plant purchased in the month of march and report any fictitious booking</li> </ul>					
Reserve of Stocks	<ul style="list-style-type: none"> <li>▶ Verify the basis of deciding the quantity of reserve stock to be maintained and highlight deviation</li> <li>▶ Verify whether the specific sanctions are available for procuring of reserve stock</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether reserve stock is procured only up to the monetary limit prescribed by the Government</li> <li>▶ Verify that value of stores in stock account does not exceed the reserve stock limit fixed by component authority</li> </ul>					
Disposal of Store	<p>1. <u>Loss of Stores</u></p> <ul style="list-style-type: none"> <li>▶ Verify whether a periodic reconciliation of stores is carried out to arrive at quantity of loss of stores (Loss = Opening stock + Purchases- Issues- closing stock)</li> <li>▶ Verify whether an immediate report of the loss of stores is made to the police</li> <li>▶ Verify whether the reasons for all losses of stores are investigated immediately</li> <li>▶ Verify for any stock loss due to improper storage</li> <li>▶ Verify whether the sanction of a competent authority is available to write-off such losses</li> </ul>					



Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>2. <u>Sale of Stores</u></p> <ul style="list-style-type: none"> <li>► Verify whether an additional percentage of 10% (As per para 187 of Volume VI of FHB) is added to the cost of the stock at the time of its sale to the public or other departments, to cover charges on account of supervision, storage and contingencies</li> <li>► Verify that where the stock seems to be of un-saleable, an additional percentage may not be added to the cost of stock at the time of its sale, however approval of the competent authority should be available on record for the waiver</li> <li>► Verify that, in case any stores are found to be in surplus or unserviceable, a report containing the details of surplus and/or unserviceable stores is sent by the divisional officer to the stores purchase officer</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify that in case of sale of stores by auction, a responsible officer or subordinate has attended the auction and recorded the details of final bids</li> <li>▶ Compare the sale accounts rendered by the auctioneer with the bid records prepared by the responsible officer</li> </ul> <p>3. <u>Surplus &amp; Unserviceable Stores</u></p> <ul style="list-style-type: none"> <li>▶ Verify where stores of any kind which become unserviceable or surplus, a report thereof is being made in prescribed form to divisional officer</li> </ul> <p>4. <u>Receive of Stores:</u></p> <ul style="list-style-type: none"> <li>▶ Verify written authority have been received by the storekeeper for receipt of material from divisional or if authorized by sub-divisional engineer/officer</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>5. <u>Issue of Stores</u></p> <ul style="list-style-type: none"> <li>▶ Verify that all the material issued from stores have proper indents and approval from competent authority</li> <li>▶ Verify adequate requisition have been obtained from the receiving official on issue of stores</li> </ul> <p>6. <u>Return/Disposal of Surplus Material</u></p> <ul style="list-style-type: none"> <li>▶ Verify book balance and physical balance on sample basis and check the control mechanism to see if it is being reconciled from time to time.</li> <li>▶ Verify whether a list of all surplus material is maintained in the site office and divisional office, if any</li> <li>▶ Verify whether all surplus material at site has been brought back to stores account</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether the value of surplus material is credited to the works to which it was originally issued and debited to the works to which it is transferred</li> </ul>					
Accounts of Store	<ul style="list-style-type: none"> <li>▶ Obtain the bills for supply of stores</li> <li>▶ Verify whether the Storekeeper keeps all records/ returns related to issue of stores under his charge</li> <li>▶ Verify that all transactions of receipts and issues are recorded in the order of occurrence</li> <li>▶ Check that till the time it is not known that to which works the reserve stores are to be debited, they are accounted for in a suspense account of stock</li> <li>▶ Verify whether all road material is charged at once to the minor head—repairs and when the road material is acquired specially for use in the construction of a road or other work, its cost is debited to the estimate for such construction</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether all purchases made specifically for a works are charged to that works</li> <li>▶ Verify that any over-writings, interpolations, alterations and corrections are adequately attested</li> <li>▶ Verify that no pages are torn or removed from register</li> </ul> <p><b>[Refer Para 195 to 198 of Volume VI of FHB]</b></p>					
Half Yearly Register	<ul style="list-style-type: none"> <li>▶ Verify whether an account is maintained in the divisional office to record, month by month, separately for each sub-division, the transactions relating to each item of stock, in three parts:                             <ul style="list-style-type: none"> <li>○ Part – 1 - The register</li> <li>○ Part – 2 - The Summary</li> <li>○ Part – 3 - The Review</li> </ul> </li> <li>▶ Verify whether Part 1 is posted monthly from the sub-divisional abstracts and is balanced half yearly</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether this register is laid before the divisional officer for review within a week after the submission of the monthly account to the Accountant General</li> <li>▶ Verify whether at the end of half year, the closing balances of quantities are reconciled with those shown in the half yearly balance returns received from sub-divisional officers</li> <li>▶ Verify that any over-writings, interpolations, alterations and corrections are adequately attested</li> <li>▶ Verify that no pages are torn or removed from register</li> <li>▶ Verify whether the register is closed after observing the following instructions <ul style="list-style-type: none"> <li>○ Market rates (column 24) – This column should be filled up, in respect of each item, under the orders of the divisional officer by a</li> </ul> </li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>person other than a ministerial subordinate. It should be written up at or about the close of the half year, but before any entries are made in the column for future issue rates</p> <ul style="list-style-type: none"> <li>○ Current Issue rates (column 20) – This column should have been filled up at the commencement of the half year in respect of items brought forward from the previous half year and subsequently from time to time, in respect of new items and items the rates of which are revised during the half year</li> <li>○ Value at current issue rates (column 21) – This column should be written up at the close of the half year and should represent the value of the closing balance at the issue rates current during the last month of the half year</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Future issue rates (column 22) – This column should show the rates for issues during the following half year which should be fixed, separately for each item, when opening the register for the following half year.</li> </ul>					
Stock Taking	<ul style="list-style-type: none"> <li>▶ Verify whether the divisional officers have carried out a Physical stock take of the stores at least once in a year</li> <li>▶ Verify whether the discrepancy noted during the Physical stock take, is corrected in the book balance, by treating surplus as a receipt and deficit as an issue, with a suitable remark.</li> <li>▶ Verify whether the discrepancies found on Physical stock verification are properly investigated and reconciled</li> <li>▶ Verify whether adequate storage facilities are available and precautionary measures have been</li> </ul>					



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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment (i.e. Remark to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>taken to protect stores from damage, undue deterioration, theft, pilferage etc.</p> <ul style="list-style-type: none"> <li>▶ Verify whether all article of stock, not issued during the following twelve months, are reported to the divisional officer as slow-moving material</li> <li>▶ Verify whether the divisional officer has sought the approval of the Superintendent Engineer for the disposal of such slow-moving material.</li> </ul> <p><b>[Refer Para 230 to 237 of Volume VI, FHB]</b></p>					
Fictitious Audit Adjustment	<ul style="list-style-type: none"> <li>▶ Verify that following types of fictitious stock adjustments should not have been made:                             <ul style="list-style-type: none"> <li>○ Debiting to works, the cost of materials not approved or in excess of actual requirement</li> <li>○ Debiting to works, for which funds are available, value of material intended to be utilized on another work, for which no appropriation has been sanctioned</li> </ul> </li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Obser vation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>Writing back the value of material used on a work to avoid excess outlay over budget allocation</li> </ul> <p><b>[Refer Para 196 of Volume VI, FHB]</b></p>					

## Chapter 6: Audit Program – Checklist for Audit of Works/Contracts

This section of the manual includes a comprehensive but not exhaustive audit checklist to provide internal auditor with a systematic process for verifying various transaction related to each stage of life cycle process of a works. The mapping of each process to the areas for Tier II risk assessment process is provided below:

Area	Sub Process
Procurement Management	<ul style="list-style-type: none"><li>▶ Requisitions</li><li>▶ Feasibility Study</li><li>▶ Approval</li><li>▶ Procurement</li></ul>
Contract Management	<ul style="list-style-type: none"><li>▶ Execution of Works Including Quality control &amp; Technical Audit</li><li>▶ Accounting of works including Payment</li><li>▶ Completion of works</li></ul>

### 6.1 Audit of Requisitions

**Audit Objective:** To verify that requisition of the works has been made by civil officer of the department or the details of the works has been included in the budget proposal submitted by the concerned division.

**Control:** The controls related to the requisitions by civil officers has been mentioned at para 322 to 328 of the Volume VI of FHB. The key controls/process have been mentioned at **Section 2.4.1.1 of this Manual**

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Documents to be Verified</b>	<b>Concerned Works File</b>					
Requisition of Works	<ul style="list-style-type: none"> <li>► Verify whether the works has been included in the budget proposal (for the respective year) submitted by the division of the concerned works department</li> <li>► Verify whether necessary requisition/proposal has been made by civil officer of a various department for executing works on their behalf.</li> </ul>					

## 6.2 Audit of Feasibility Study

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**Audit Objective:** To verify that feasibility of a greenfield/new works has been checked before preparation of detailed estimates and submission of works for necessary approvals.

**Control:** As per Office order No. 571 / xxvii (1) / 2010, Dehradun, dated 19th October 2010, for every works the concern department shall prepare preliminary estimates (PPR) indicating soil testing reports, geological reports and forest land issues. The key controls/process have been mentioned at **Section 2.4.1.2 of this Manual.**

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	Concerned Works File					
Feasibility Study	► Verify whether Preliminary Project Report (PPR) was prepared, if required (Required for green field project/new works)					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether a feasibility study was conducted by the concerned official before starting the designated project and the results of the feasibility study were timely submitted to the designated authority for review</li> <li>▶ Verify whether the Site Preparation, soil study and assessment of feasibility of services such as water supply, electricity, drainage and sewerage etc. were done and duly approved by competent authority (as mentioned in OM no. No. 571 / xxvii (1) / 2010, Dehradun, dated 19th October 2010)</li> <li>▶ Verify whether approvals are available for the Feasibility study as per the approved Delegation of powers, if any</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether the revisions (if any) suggested by the reviewing team were incorporated</li> <li>▶ Verify, in case land is to be procured for the works, the same was in possession of the Constructing Department along with required forest clearance. If applicable, before commencement of execution of works</li> </ul>					

### 6.3 Audit of Approvals

**Audit Objective:** To verify that necessary written approvals and sanctions (budgets/appropriation of fund) have been obtained from competent authorities before commencement /execution of a works in accordance to the provision of Financial Handbook VI

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**Control:** The controls related to the types of approvals to be obtained for carrying out a works and their process including appropriation/budgeting of the funds mentioned at para 315 to 345 of the Volume VI of FHB read along with the Schedule of Powers. The key controls/process have been mentioned at **Chapter 2.4.1.3 of this Manual.**

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	<ul style="list-style-type: none"> <li>▶ Concerned Works File or Concerned DPR File</li> <li>▶ Register of Detailed estimates and technical sanction in which order no. of sanction is entered</li> <li>▶ Schedule of Rates - State</li> <li>▶ Delhi Schedule of Rates</li> <li>▶ Government order mentioning Budget Allotment</li> </ul>					
Administrative approvals	<ul style="list-style-type: none"> <li>▶ Verify for works, other than petty works or repairs, there exists an administrative approval of the competent authority as per delegation of powers.</li> <li>▶ Verify where the expenditure of works exceeds or is likely to exceeds, the administratively approved amount, a fresh approval is obtained as per delegation of powers.</li> </ul>					



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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify where there were major deviations from the original proposal, although cost remaining the same, a fresh approval is obtained as per delegation of powers.</li> </ul>					
Expenditure Sanction/ Budget Allotment	<ul style="list-style-type: none"> <li>▶ Verify whether an expenditure sanction has been obtained for the works as per delegation of power</li> <li>▶ Verify that when amount incurred is in excess of expenditure sanction, revised expenditure sanction is obtained as per provisions mentioned in delegation of powers</li> <li>▶ Verify that all the concerned officers are using their powers as per delegation of powers and are not exceeding their limits.</li> <li>▶ Verify whether the budget allotment is done on the proposal of concerned finance controller reviewing demand / justification.</li> <li>▶ Verify whether the procedure regarding allotment of budget is effective.</li> </ul>					
Technical Sanction	<ul style="list-style-type: none"> <li>▶ Verify whether the expenditure sanction has been obtained before the technical sanction</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify the project report and the estimates submitted for technical sanction</li> <li>▶ Verify that project estimates are prepared on the basis of prescribed schedule of rates (SOR) and in case not prepared on the basis of SOR, deviation shall be reported along with justification in the estimate.</li> <li>▶ Verify that the preparation of Bill of quantity is based on the project reports and drawings, if any.</li> <li>▶ Verify whether a technical sanction has been obtained for the works as per the delegation of power</li> <li>▶ Verify that the technical sanction has been obtained before commencement of the works except in emergent situation like floods, earthquakes etc.</li> <li>▶ Verify in case of any material change from original proposal, revised sanction is obtained from original approving authority irrespective of any change in expenditure amount</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>► Verify whether the estimates contain the following important details/Check points</p> <ul style="list-style-type: none"> <li>○ Scope of Work</li> <li>○ Design and Drawing</li> <li>○ Specifications</li> <li>○ Quantities and Measurement</li> <li>○ Rates and total estimated cost of each item</li> <li>○ Compensation for cost of land</li> <li>○ Cost of establishment, tools and plants</li> <li>○ Cost of surveys</li> <li>○ Provision of transporting constructions material from nearest point/place.</li> <li>○ Correct provision of cement steel, Bricks, concrete etc.</li> <li>○ Correct provision of contingency</li> <li>○ Proper provision of consultancy</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether a register of sanctioned estimates, approving authority for sanction, is maintained and is up to date</li> <li>▶ Verify and report the cases where a substantial revision in cost is made at later stage due to inadequate estimates prepared during original technical sanction</li> </ul> <p><b>Special Points for Roads:</b></p> <ul style="list-style-type: none"> <li>▶ Verify whether an estimate for construction of roads contains the following important details:                             <ul style="list-style-type: none"> <li>○ A brief description of the project</li> <li>○ Copy of standard roadmap of the state with the position of the new road construction activity clearly marked thereon</li> <li>○ A document containing the views of the Railway/Forest or other legal department administration</li> </ul> </li> <li>▶ Conduct test-check of estimates, if the department has made excess provision of crust thickness, crust design without traffic census,</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>etc., in contravention of IRC specifications and/or departmental orders as this may result in excess or avoidable expenditure.</p> <ul style="list-style-type: none"> <li>▶ Verify whether department is having proper records to monitor the status of existing roads</li> <li>▶ Verify whether the department has conducted required soil tests to prepare road design and cost estimates.</li> <li>▶ Verify whether the department has done required tests needed for designing the crust of the road</li> <li>▶ Verify whether fresh surveys were/are made or not regarding condition / status of road for periodic maintenance of roads</li> <li>▶ Verify that state highways are being widened/strengthened as per laid down criteria.</li> <li>▶ Verify if while preparing the estimate of road, details of mandatory item wise test and their numbers are indicated</li> <li>▶ Verify whether the calculation of MSA was carried out while preparing the estimate: An important factor on which crust design</li> </ul>					

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>is dependent is the Million Standard Axle (MSA) which is an indicator of traffic load on the road.</p> <p>As the value of MSA depends, among other things, on number of commercial vehicles per day (CVPD), higher is the MSA (traffic load) of a road, greater will be the thickness of the crust required. In absence of a proper traffic census, the computation of MSA factor based on unreliable traffic data may adversely impact the designing of the road crust</p> <p>► Verify whether the assessing of CBR value of soil is carried out or not</p> <p>California Bearing Ratio (CBR) is a measure of load bearing strength of the soil and also is an important factor in determining the crust design of the road. IRC-37: 2001 prescribes that at least three samples should be taken from</p>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>each site for each type of soil at the same density and moisture content and tested for CBR value. As per pavement thickness design of IRC 37: 2001, increase and decrease in CBR values impacts directly on the assessment of required crust thickness e.g. if, value of CBR varies from 4 to 5 or 5 to 4, the required crust thickness also varies from 660 mm to 700 mm and vice versa which increases or decreases the cost of work as crust thickness is major component of expenditure.</p> <p>► Verify whether the department while preparing estimates for construction works, public works department has included applicable provision for cost of work on account of plantation work.</p> <p><b>Special Points for Bridges:</b> <u>Circular no. 44 dated 17.11.1989</u></p>					

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	<p>► Check that for selection of site of bridges in hilly areas, a selection committee was constituted as per detail below:</p> <ul style="list-style-type: none"> <li>○ Construction of Bridge for on foot use <ul style="list-style-type: none"> <li>▪ Concerned Section Engineer</li> <li>▪ Concerned Executive Engineer</li> </ul> <p>If needed a geologist may be opted</p> </li> <li>○ Construction of Motor Bridge for up to 30-meter length <ul style="list-style-type: none"> <li>▪ Concerned Section Engineer</li> <li>▪ Concerned Executive Engineer</li> </ul> <p>If needed a geologist may be opted</p> </li> <li>○ Construction of Motor Bridge above 30-meter length <ul style="list-style-type: none"> <li>▪ Concerned Section Engineer</li> <li>▪ Nearby Section Engineer</li> <li>▪ Geologist of PWD</li> </ul> </li> </ul> <p><b>Special Points for Electrical Works:</b></p>					



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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>► Check that estimates prepared for electricals works consist of dimensioned plans, circuit diagram and a report with the following details:</p> <ul style="list-style-type: none"> <li>○ Location of building.</li> <li>○ Purpose of the building and nature of work conducted in the building</li> <li>○ Details of light points, fan points, light fittings, fan fittings and plug points etc.</li> <li>○ Specification of working accessories and fittings.</li> <li>○ Details of major appliances fixed and portable.</li> <li>○ Cost of existing installation and fittings (in case of old buildings)</li> <li>○ Details of repairs and replacements of electrical installation last effected and approximate cost (in case of old buildings)</li> <li>○ Proximity to electric supply lines and feasibility of service connection</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Check that the number of lights, fans and other fixtures are as per the norms specified in Part 8 of the NBC 2005</li> <li>▶ Check that for any additional points, fixtures, etc. specific sanction of the competent authority is obtained</li> </ul>					
Schedule of Rates	<ul style="list-style-type: none"> <li>▶ Check that SoR rate is revised from time to time where applicable</li> <li>▶ Check that proper justification is available for increase in the rates of various items.</li> <li>▶ Verify that a single SoR rate is followed for estimation of all the type of similar works</li> <li>▶ Verify that latest DSR/SOR has been adopted for estimation</li> <li>▶ Verify and analyze the SOR for skilled and unskilled labour</li> </ul>					
For Repair Works	<ul style="list-style-type: none"> <li>▶ Verify that estimates of all repairs and maintenance works have been approved in the budget allotment</li> <li>▶ Verify whether the Maintenance and repair estimate contains the following important details:</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Whole expenditure which is anticipated to be incurred during the financial year</li> <li>○ Cost of removing rubbish, renewal/paintings</li> <li>○ Cost of filling unsightly pits etc.</li> <li>○ Cost of all watchmen sanctioned by competent authority for the care of vacant buildings etc.</li> </ul> <p>► Verify whether the approval of the competent authority has been sought on the estimates for maintenance and repair as per delegation of power</p>					
For Petty Works	<p>► Verify whether all petty works have been initiated by the Head of the Department concerned</p> <p>► Check that all estimates for petty works should be sanctioned by the Head of the Department</p> <p>► Check that no petty works involving additions and alterations to building of architectural importance or buildings such as courts, colleges, schools kotwalis, etc. should be sanctioned by the Head</p>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>of a Department without the previous approval of the Chief Engineer, PWD</p> <p>► Check that preparation of designs or execution of petty works is not undertaken by a Divisional Engineer without the permission of the Chief Engineer</p>					

### 6.4 Audit of Procurement Process

**Audit Objective:** To verify that the entire procurement process i.e. requisitions, procurement methodology finalization, registration of contractor, bid preparation, bid invitation & submission, bid evaluation, selection of bidder and signing of contract are followed as per the provisions and guidelines mentioned in the Uttarakhand Procurement Rules 2017.

**Control:** The controls related to the procurement of works have been mentioned in Uttarakhand Procurement Rules 2017. The detailed process of procurement shall be referred from the procurement audit manual.

The audit program for Procurement of Works shall be referred from Procurement Audit Manual.

## 6.5 Audit of Execution of Works

### 6.5.1 Audit of Pre – Commencement Activities

**Audit Objective:** To verify whether the all documents and securities (Performance Guarantee (PG), Advance Payment Guarantee etc.) to be submitted within a defined timeline from the signing of the contract have been submitted in time.

**Control:** The controls related to value, validity and timeline by which the necessary security deposits/ PG is to be obtained as stipulated in the contract agreement, and Uttarakhand Procurement Rules 2017 (see para 17 of Uttarakhand Procurement Rules, 2017).

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	<ul style="list-style-type: none"> <li>► Tender File for particular works</li> <li>► Interest Bearing Security Register and Bank Guarantee Register indicating details of BG such as validity, amount, name of bank, name of work etc.</li> </ul>					
Security Instruments	<ul style="list-style-type: none"> <li>► Verify whether the security deposit / guarantees have been furnished by the vendor, are of required amount, validity,</li> </ul>					

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such as Bank Guarantee	<p>prescribed format and within the stipulated time as per the requirements of y the contractual terms and conditions</p> <ul style="list-style-type: none"> <li>▶ Verify whether in case of delay in submission of Security deposit/Performance Guarantee, penalty has been levied and collected as per the terms and conditions of the contract.</li> <li>▶ Verify that the PG instruments such as bank guarantee, fixed deposits including the renewed bank guarantee, fixed deposits documents are verified from the issuing banks for authenticity and validity</li> <li>▶ Verify that the PG instruments such as bank guarantee, fixed deposits etc. has been duly entered in the BG register/Interest Bearing Security Register and properly stored</li> <li>▶ Verify that necessary control mechanism has been implemented to ensure renewal of PG instruments such as bank guarantee, fixed deposits before its expiry</li> <li>▶ Verify the BG register and identify the list of expired BGs and report the reason for its non-renewal.</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>► Verify the Interest-Bearing Security Register and identify the list of expired fixed deposits and report the reason for its non-renewal.</li> <li>► Report the amount of loss incurred due to non-renewal of BG</li> </ul>					

### 6.5.2 Audit of Post- Commencement Activities

#### 6.5.2.1 Audit of Compliance of Commercial Terms

**Audit Objective:** To verify that the commercial terms such as time period, variations in quantity, amount etc. mentioned in signed contract agreement have been complied and the deviations, if any, have been duly approved by the competent authority.

**Control:** The commercial terms and condition related to execution of the works related to value, validity, variations, timeline etc. is defined in the contract agreement and bidding documents. The key controls/process have been mentioned at **section 2.4.1.5 of this Manual.**

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Documents to be Verified</b>	<ul style="list-style-type: none"> <li>▶ <b>Concerned Works File</b></li> <li>▶ <b>Contract Bonds Register indicating all details such as contractor rates, quantities, condition etc.</b></li> </ul>					
Commencement of Works	<ul style="list-style-type: none"> <li>▶ Check that no works is started until a formal contract has been previously approved by the competent authority as per the approved Delegation of Powers</li> <li>▶ Check that no works commences unless a properly detailed design and estimate (technical sanction) has been sanctioned by the competent authority</li> <li>▶ Check that, if on grounds of urgency, an officer is required to carry out a works for which no estimates have been sanctioned, the orders of the officer authorizing should be available in writing</li> <li>▶ Check that the officer required to carry out the works in urgency without sanctioned estimates had immediately intimated this fact to the Accountant General and also</li> </ul>					



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	<p>provided an approximate amount of liability which he would incur in compliance with the written orders received</p> <ul style="list-style-type: none"> <li>▶ Check that an engineer in charge is nominated by the competent authority for operating a particular contract and the same is indicated in the works order/contract</li> <li>▶ Verify that works progress–bar chart is prepared for works milestone completion tracking and same is used for making payment against completed work</li> <li>▶ Verify that proper sequencing of different items of works is done in the bar chart prepared by the contractor (In the absence of correct sequencing it may be so happen that some items of works get delayed due to other dependent work, specifically in case of different contractor)</li> <li>▶ Check whether separate register/file has been prepared for all the contracts</li> <li>▶ Verify whether the Engineer in charge is responsible for the following:</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Supervising and administering the contract</li> <li>○ Certifying payment due to the contractor</li> <li>○ Valuing variations to the contract</li> <li>○ Awarding extension of time</li> <li>○ Valuing compensation events</li> </ul>					
Variation in Quantities and Value	<ul style="list-style-type: none"> <li>▶ Verify that any variation in works from the approved contract agreement are reviewed and approved by competent authority as per approval matrix provided in contract agreement/bidding document and delegation of powers</li> <li>▶ Verify that in case of variation, where applicable, amendment in administrative approval, expenditure sanction and technical sanction have been obtained as per the delegation of powers</li> <li>▶ Verify that the approved variation has been accepted by the contractor</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Verify whether prior consent of the competent authority has been obtained for the variation in the contract value</li> <li>▶ Verify whether the deviations from contractual terms are approved by competent authority</li> <li>▶ Check if there is any discrepancy between award of contract (Letter of Award) and conditions mentioned in contract agreement specially in regard to amendments, modification having financial implication such as:                             <ul style="list-style-type: none"> <li>○ The payment terms are amended favorable to the supplier e.g. Advance payment are authorized even when there is no provision in the contracts for making advance payments, the pre-dispatch inspection though was incorporated in the contracts but, the same was subsequently waived without any reason, etc.</li> <li>○ The submission of performance bank guarantee waived</li> </ul> </li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Even though the contracts were placed on FOR destination, the locations were changed nearer to the suppliers 'premises without considering the benefit of freight charges.</li> <li>▶ Verify whether the annual rate contracts are timely renewed and approved by Competent Authority, if any</li> <li>▶ Verify that no undue benefits are provided to contractor by increasing items with high quoted rates (in comparison to SOR/estimates) and/or decreasing items with low quoted rates</li> <li>▶ Verify that no extra item is created to provide undue benefit to contractor which may be already available under any other item of the accepted contract</li> </ul>					
Extension of Time	<ul style="list-style-type: none"> <li>▶ Verify whether the following controls are in place in case of amendment of project duration for an existing contract:                             <ul style="list-style-type: none"> <li>○ In case of any delay in the completion of works the contractor have given prior notice in writing (written</li> </ul> </li> </ul>					

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	<p>application) to the engineer in charge, for seeking extension of time</p> <ul style="list-style-type: none"> <li>○ Such applications must state the grounds and reasons justifying the grounds which hindered the contractor in the execution of works</li> <li>○ Extension of time period has been approved as per the delegation of power and/or provisions mentioned in the contract agreement</li> <li>○ Before any extension, the engineer in charge must be of the opinion that the grounds shown for the extension by the contractor are reasonable</li> </ul> <p>► Verify that in cases where the extension of time has not been approved, applicable liquidated damages have been levied and collected from the contractor</p> <p>► Verify the amount of liquidated damages calculated and levied is in accordance to the terms and conditions stated in contract agreement</p>					

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	<ul style="list-style-type: none"> <li>▶ Report the cases where delay was due to fault of department in such as handing over of the site of construction, approval of designs, inspection of material etc.</li> </ul>					
Defect Liability Period (Performance Guarantee/ Security Deposit/ retention Money)	<ul style="list-style-type: none"> <li>▶ Verify that the security deposit/retention money is released post completion of defect liability period (as mentioned in the contract agreement) and acceptance of works by the engineer in charge</li> <li>▶ List the notice issued by engineer to the contractor for any defects identified during the defect liability period and report the cases where necessary action has not been taken by the contractor (based on the documents available in the file)</li> <li>▶ Check in cases where rectification of defects has not been made by the contractor, security deposit/retention money has not released.</li> </ul>					

**Audit Objective:** To verify that the work has been executed as per approved drawings, designs and quality standards. Also, to check that required quality control mechanism has been followed by the engineer in charge in work execution and the deviations, if any, have been duly approved by the competent authority. The internal auditor may conduct physical verification on sample basis to verify the quality of the works completed.

Also, the internal auditor may request for technical audit of any works as per **section 4.2.4 of this manual**

**Control:** The drawings, designs, technical specification, makes of source material is mentioned in the contract agreement. The key controls/process have been mentioned at **section 2.4.1.5 of this Manual**.

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	<ul style="list-style-type: none"> <li>► Concerned Works File</li> <li>► Lab Reports</li> <li>► Inspection Reports of JE/AE/EE/SE/CE</li> </ul>					
Quality Control –	► Check that periodic inspection of division have been done by SE and CE every year as per the provision mentioned in Financial Handbook					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
General Point	<ul style="list-style-type: none"> <li>▶ Check that the required drawings, designs, samples item makes etc. are approved by the engineer in charge or per delegation mentioned in the contract agreement</li> <li>▶ Check that the required drawings, designs, samples item makes etc. matches the requirement as per the contract agreement</li> <li>▶ Check in case of any deviation in the drawings, designs, samples, makes etc., necessary approval has been obtained from the competent authority as per delegation or power or as per the provisions of the contract agreement</li> <li>▶ Verify that the approved samples, designs, drawings etc. are properly recorded and stored.</li> <li>▶ Verify that inspection/test reports have been obtained for all the material supplied by the contractor</li> <li>▶ Verify that for works greater than INR 1 Cr. (but less than INR 5 Cr.) necessary inspections is carried by quality assurance cell as per</li> </ul>					



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	<p>provision mentioned in Uttarakhand Procurement rules 2017 (<b>refer para 51 of Uttarakhand Procurement rules 2017</b>)</p> <ul style="list-style-type: none"> <li>▶ Verify that for works greater than INR 5 Cr. necessary inspections is carried by third party inspection authority appointed by HOD or the Technical Audit Cell of the state as per provision mentioned in Uttarakhand Procurement rules 2017 (<b>refer para 51 of Uttarakhand Procurement rules 2017</b>)</li> <li>▶ Check whether the periodic inspection of the works have been done by engineer in charge to ensure works is carried out as per the contract specifications and inspection report shall be recorded in the works file</li> <li>▶ Check that in case any defects or sub-standard quality of material is found during the inspection, then notice have been issued to contractor for correcting such defect or replacing the sub-standard materials</li> <li>▶ Verify in case where the contractor has not corrected the defects or replaced the sub-standard material, applicable penalty is imposed based on the provisions mentioned in the contract agreement</li> </ul>					

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	<p>Checkpoints for PWD Departments: <i>Circular of no. 1163 dated December 30, 2019 issued by Engineer in Chief, PWD Dehradun</i></p> <ul style="list-style-type: none"> <li>▶ Check that no payment for any work beyond 50% of total contract value is made unless the inspection is carried out by the contract signing officer and an inspection report has been submitted</li> <li>▶ Check that no payment beyond 90% of the contract value shall be made unless the issues raised in above mentioned inspection report have been settled.</li> <li>▶ Check that officer responsible for providing technical sanction have inspected the work after completion of 90% of the physical work and shall submit a report in this regard</li> <li>▶ Check that periodic inspection is carried out by SE and zonal chief engineer to check the quality of work.</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Check that an inspection report has been submitted highlighting the defects, if any, observed during the inspection</li> <li>▶ Verify the action undertaken by EE/AE/JE for correcting the defects observed in the above reports</li> <li>▶ Verify that the work is not finalized/completed before correction of all the defects.</li> </ul>					
Quality Control/ Technical Audit – Roads	<ul style="list-style-type: none"> <li>▶ Check if the quality controls are as per the Ministry of Roads Transport and Highways (India) (MORTH) specifications.</li> <li>▶ Verify the control of alignment, level and surface regularity: All works performed shall conform to the lines, grades, cross sections and dimensions shown on the drawings.</li> <li>▶ Check the surface regularity of pavement courses: The longitudinal profile be checked with a 3-metre-long straight edge/moving straight-edge.</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Check that the road safety items of works such as road signage, road marking and raised reflective pavement markers etc. have been included in works as per IRC norms</li> <li>▶ Check that necessary demarcation and protection sheets have been installed along the execution site</li> <li>▶ Check if concerned divisions are sending roads samples for research development and quality promotion to different laboratories (e.g. Roorkee University or Central Building Research Institute)</li> <li>▶ Check the reports from the laboratory has been obtained and submitted to chief engineer from time to time</li> <li>▶ Check that if as per the contract agreement, contractor is required to establish field laboratories, the same has been established and periodic reports is submitted to the Engineer in charge and circle offices</li> <li>▶ Verify that adequate drainage measures to prevent accumulation of moisture in the pavement structure is being taken</li> </ul>					

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	<p>► Verify the process for ascertaining quality for imported materials: The Contractor to furnish a list of materials/finished products manufactured, produced or fabricated outside India and the material confirm to the specifications.</p> <p>► Please obtain the data in following table for /sis purpose</p> <table><tr><th colspan="3">Name of Financial Year Schème</th></tr><tr><th></th><th><u>Target</u></th><th><u>Achèvements</u></th></tr><tr><td>Lanning</td><td></td><td></td></tr><tr><td>Strengthening</td><td></td><td></td></tr><tr><td>Widening</td><td></td><td></td></tr><tr><td>By-passing</td><td></td><td></td></tr><tr><td>Renewal Coat</td><td></td><td></td></tr></table>	Name of Financial Year Schème				<u>Target</u>	<u>Achèvements</u>	Lanning			Strengthening			Widening			By-passing			Renewal Coat						
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	<ul style="list-style-type: none"> <li>► Analysis on the above-mentioned information to be done by the internal auditor and may be added in the key analysis section of the audit report</li> </ul>					
Quality Control/ Technical Audit – Building	<ul style="list-style-type: none"> <li>► Check the details of buildings which are lying unutilized since their completion due to non-availability of an approach road.</li> <li>► Check whether as per National Building Code 2005 in construction of building projects, provisions for rainwater harvesting, water supply, power supply to fire-fighting equipment, lightning arrester, and barrier-free access to benefit physically challenged persons have been ensured.</li> <li>► Check that designing for green building, using energy, water and other resources efficiently reducing waste, pollution and environmental degradation and using plants and trees through green roofs, is also insisted upon.</li> <li>► Check that unit of Cement Concrete Pavement work is being measured in cubic meter for all purposes.</li> </ul>					

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	<div>▶ Check whether ISI specification is followed or not in usage of cement</div> <div>▶ Check whether crushed stone sand have been utilized in necessary proportion in building works</div> <div>▶ Please obtain the details of expenditure incurred on maintenance of buildings during the financial Year in the below template</div> <table><tr><th>Name of the Division</th><th>Office Building /Residential Building</th><th>Inspection Bungalow/ Guest House/VIP Residence</th><th>Percentage of Expenditure on Inspection Bungalow /Guest House / VIP Residence</th></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	Name of the Division	Office Building /Residential Building	Inspection Bungalow/ Guest House/VIP Residence	Percentage of Expenditure on Inspection Bungalow /Guest House / VIP Residence																				
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	<p>► Analysis on the above-mentioned information to be done by the internal auditors and shall be added in the analysis section of the audit report</p> <p><i>An illustrative Irregularities in the execution of the building works is provided at Annexure VII which may be checked during technical Audit</i></p>					
Quality Control/ Technical Audit – Bridges	<p>► Check that no mining and excavation was done below permissible marked bed level (GO no. 150, dated April 7, 2018)</p> <p>► Check that necessary permission from competent authority has been obtained for mining in upstream and downstream side of multi span bridges</p> <p>► Check that for single span bridges having their foundation on bed level, the mining is prohibited up to upstream and downstream side</p> <p>► Check that necessary demarcation and protection sheets have been installed along the execution site</p>					



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Quality Control/ Technical Audit – Electricals Works	<ul style="list-style-type: none"> <li>▶ Check that the make and brands of electrical items such as wiring materials, fans, fluorescent, lamps, fittings etc. used in execution of the works is as per the approved list (as mentioned in contract agreement)</li> <li>▶ Check that in case of any material is approved of make different from the makes mentioned in the contract agreement, requisite approval is obtained from competent authority</li> <li>▶ Check that all the equipment, fittings, accessories, wires/cables used in the installations are of adequate rating and quality to meet the load requirements</li> <li>▶ Check that for all external electrical works (cables, HT switch gear, transformers, LT switch gear), the prescribed tests are satisfactorily carried out and report is kept in the respective contract file</li> <li>▶ Check that details of various electrical installations such as earthing, main panels, MCBs, cable route marking, identification labels, head room and side clearances, ventilation, drainage, safety devices,</li> </ul>					

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	<p>protective circuits, compatibility of components/systems etc. are being recorded in relevant registers</p> <ul style="list-style-type: none"> <li>▶ Check that supplier's test and warranty/guarantee certificates have been obtained for all the items</li> <li>▶ Check that the general workmanship of the electrical works with regard to layout, finish, neatness and compliance with drawings</li> <li>▶ Check that electrical installations in Government buildings are being periodically inspected and report submitted to concerned authority</li> <li>▶ Check that: <ul style="list-style-type: none"> <li>▶ Drilling holes etc. for the purpose of wiring does not compromise the structural safety of the buildings</li> <li>▶ Electrification works is considered as complete only after rectification, plastering, and painting of walls</li> <li>▶ Open wiring is resorted to in unavoidable circumstances only</li> </ul> </li> <li>▶ Check that:</li> </ul>					

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	<ul style="list-style-type: none"> <li>○ On completion of the electrical wiring the Assistant Engineer (Electrical) gives to the concerned authority, a test report and completion report for availing service connection.</li> <li>○ The inventory of Electrical Installations be handed over to the concerned department and an inventory register of these installations is being maintained at the Divisional Level</li> </ul>					
Quality Control/ Technical Audit – Irrigation Works	<p><b>General Points</b></p> <ul style="list-style-type: none"> <li>▶ Verify that testing of levelling work by survey Instruments is being done by JE and AE both.</li> <li>▶ Check if the canal work is being done under one plan only, instead of various heads e.g., district plans, NABARD, Finance Commission</li> </ul> <p><b>Flood Management</b></p> <ul style="list-style-type: none"> <li>▶ There should be a master plan for flood/ drought control and management for each flood/ drought prone region</li> <li>○ Verify whether plan is approved by the competent authority</li> </ul>					

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Verify schemes are prepared for managing drought and floods</li> <li>▶ Verify that in planning water resource development projects, the needs of drought-prone areas have been given priority</li> <li>▶ Verify whether an extensive network exist for drought/ flood forecasting for timely warning</li> </ul> <p><b>Maintenance of dams, wells, tube wells, and canals</b></p> <ul style="list-style-type: none"> <li>▶ Verify whether irrigation department has assigned responsibilities for maintenance of dams, wells, tube wells and canals</li> <li>▶ Verify whether there is a facility wise schedule for maintenance of all facilities</li> </ul> <p><b>Database Management</b></p> <ul style="list-style-type: none"> <li>▶ Verify whether irrigation department is maintaining a comprehensive database for irrigation data (like state/district wise no. of canals, wells, tube wells, ground water levels, assets, etc.)</li> </ul>					

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether such database is updated on periodical basis</li> <li>▶ Verify whether changes in database are done only after approval from the competent authority</li> <li>▶ Verify whether proper back-up is maintained for the database</li> </ul> <p><b>Water allocation priorities</b></p> <ul style="list-style-type: none"> <li>▶ Verify plan for allocation of available water resources</li> <li>▶ Verify whether water is allocated in accordance with the pre-approved plan by the competent authority</li> <li>▶ In the planning and operation of systems, water allocation priorities should be broadly as follows:                             <ul style="list-style-type: none"> <li>○ Drinking water</li> <li>○ Irrigation</li> <li>○ Hydropower</li> <li>○ Navigation</li> <li>○ Industrial and other uses</li> </ul> </li> </ul>					

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p><i>However, these priorities might be modified if necessary, in particular regions with reference to area specific considerations</i></p> <p>► Verify whether water allocated is within the pre-defined limits</p> <p><b>Water schedule and run time</b></p> <p>► Obtain water schedule from irrigation department for the audit period</p> <p>► Verify whether the schedule is approved by the competent authority</p> <p>► Verify whether water schedule is developed after considering weather conditions of the region (e.g. more water will be required in region where there is no river and less rainfall and vice versa)</p> <p>► Calculate total run times, station by station or zone by zone</p> <p>► Compare actual run time vis-à-vis budgeted run time</p> <p>► Obtain reasons for deviations and report it as an observation</p> <p><b>Interstate distribution of water</b></p> <p>► Obtain plan/ scheme for water distribution between neighboring states</p>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify system to monitor distribution of water</li> <li>▶ Verify whether water is distributed in accordance with pre-approved plan for distribution</li> <li>▶ Verify status of cases pending with judiciary system for disputes between states over water distribution</li> </ul>					
Quality Control/ Technical Audit – Others	<p><b><u>WATER SUPPLY PROJECT</u></b></p> <p>Internal auditor shall check following points in Water Supply Projects:</p> <ul style="list-style-type: none"> <li>▶ Whether while selecting the source of water it has been ensured that there has been no dispute, there is a continuous flow of water and there is no possibility of pollution in the source.</li> <li>▶ Whether the source of water has been selected by an officer not below the rank of executive engineer.</li> <li>▶ Whether selecting officer has provided certificates on following points                             <ul style="list-style-type: none"> <li>○ Quantity analysis of source, e.g., spring source, rivulet source, river source.</li> </ul> </li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Tapping arrangement</li> <li>○ Treatment Plant</li> <li>▶ Whether the design of the plant has been prepared as per provisions given in the Central Public Health and Environmental Engineering Organization (CPHEEO) Manual.</li> <li>▶ Whether the plant has been designed for raw water quality only.</li> <li>▶ If the estimates for water supply projects have been prepared as per CPHEEO Manual on Water Supply Para 2.2, 2.1, 2.32, Chapter 3 &amp; 5.</li> <li>▶ Whether quality and grain size of the filtered sand, under drain and backwash system are properly designed as per CPHEEO guidelines.</li> <li>▶ Rising Main: Check that economical size has been designed as per CPHEEO Manual.</li> <li>▶ Gravity Main: Check that the same is as per detailed service longitudinal section (L section has been fixed)</li> </ul>					



## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>► Distribution system: Check that before declaring a pipeline unserviceable, pipes carrying capacity and design pressure is tested in a laboratory.</li> <li>► That overflow pipe is provided in the water bodies so that water is not wasted unnecessarily.</li> <li>► Disinfection: Check that the chemical treatment is being done as per provisions of the CPHEEO Manual (Chapter 7).</li> <li>► Source Recharge: Check that efforts are being made to consider all the options like rainwater, impounding reservoir etc.</li> <li>► Details of water supply projects which are non-functional for want of raw water.</li> <li>► Whether examination of source of water, (e.g., it's potential and quality) is being carried out on periodical basis.</li> </ul> <p><u>Survey, population and source work</u></p>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify that the estimates are supported by survey of India contour map showing latitude, longitude and elevation</li> <li>▶ Verify that L-section of the estimate should be in compatibility with survey of India contour map to verify the level of source, gravity main and reservoir.</li> <li>▶ Check whether the Department is including Uttaranchal Koop methodology while preparing the estimates.</li> </ul> <p><u>Provision for reuse of existing assets</u></p> <p>Check if the following points are being considered in the estimate.</p> <ul style="list-style-type: none"> <li>▶ Existing map of existing water supply schemes</li> <li>▶ Reuse of old/existing pipeline (more than 20 mm dia)</li> <li>▶ All existing stand posts are being used</li> <li>▶ Existing water bodies are being redeveloped</li> </ul> <p><u>Design, Quality and cost of pipeline</u></p>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>► Gravity scheme:</p> <p>Check if following points are being considered while designing the gravity scheme.</p> <ul style="list-style-type: none"> <li>○ Water balance study in important large projects is being done.</li> <li>○ Tanks are being set near the source.</li> <li>○ Self-cleansing velocity of more than 1 m/sec in pipeline is being maintained.</li> <li>○ All the designs and type designs should be approved by the competent technical officers.</li> </ul> <p>Check the following points:</p> <ul style="list-style-type: none"> <li>○ All protection works not to exceed 5 % of the cost of the estimate.</li> <li>○ Provision for anchoring and protecting the rising main is being done after the laying and commissioning of rising main.</li> <li>○ Provision for construction of LMV road to cart the generator for welding of rising main be avoided unless required.</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)							
	<div><div>○ If some research and development works is being done regarding Chlorination arrangements</div><div><b><u>SEWAGE WORKS</u></b><div><div>► Details of sewerage schemes which remained incomplete even after incurring substantial amount of budget sanction. A substantial part of the budget/full budget paid to the agency without actual execution of works at site.</div><div>► Check if there is any lack of synchronization in laying of sewer lines and construction of Sewage Treatment Plant STPs).</div><div>► Please obtain town wise details of sewage data for sampled towns for further analysis and reporting</div></div><table><tr><th>Name of Town</th><th>Sewage Generation (MLD)</th><th>Sewage Treatment (MLD)</th><th>Untreated Sewage (MLD) %</th></tr><tr><td></td><td></td><td></td><td></td></tr></table></div></div>	Name of Town	Sewage Generation (MLD)	Sewage Treatment (MLD)	Untreated Sewage (MLD) %								
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## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)																								
	<p>► Check where STPs were constructed, connections are provided to agencies responsible for connecting the establishments and households to the sewage network</p> <p>► Verify for a case of improper disposal of sludge.</p> <p>► Verify that treated water or effluent is being utilized adequately.</p> <p>► Please obtain Status of Utilization of STPs Location, Capacity &amp; Actual Utilization of Checked STPs in below template for analysis and reporting:</p> <table><tr><th>Sr. No.</th><th>Location</th><th>No. of STP</th><th>Installed Capacity (MGD)</th><th>Sewage actually treated (MGD)</th><th>Capacity Utilisation (per cent)</th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Sr. No.	Location	No. of STP	Installed Capacity (MGD)	Sewage actually treated (MGD)	Capacity Utilisation (per cent)																							
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## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Audit of Physical and Financial Progress report	<ul style="list-style-type: none"> <li>▶ Check whether the monthly progress report containing physical and financial progress has been prepared at the division level</li> <li>▶ Select few progress reports on sample basis and check the following: <ul style="list-style-type: none"> <li>▪ Verify that the reports are prepared and issued in the prescribed timelines</li> <li>▪ Verify that the reports are prepared as per the approved/standard format</li> <li>▪ Verify that the reports are prepared by the authorized person and approved by competent authority</li> <li>▪ Verify the accuracy of the data in the reports, on sample basis, by checking the source documents</li> <li>▪ Check the arithmetical calculations in the reports on sample basis</li> </ul> </li> </ul>					

### 6.5.2.3 Audit of Specific Schemes/Programs

## WORKS INTERNAL AUDIT MANUAL

**Audit Objective:** To verify adequate controls mechanism have been implemented for achievement of the goals and objectives of specific schemes/programs. The audit program in this section would be applicable to specific schemes/programs only

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Documents to be Verified</b>	► <b>Concerned registers, files and MIS reports submitted to Government of India for getting reimbursement claims as prescribed</b>					
<b>National Rural Drinking Water Quality Monitoring &amp; Surveillance Program</b>	► Verify whether Sanitary inspection of drinking water sources has been done at least once in a year ► Verify the ratio between total number of water sources and number of water sources which have been tested ► Verify whether training has been imparted to the following: <ul style="list-style-type: none"> <li>○ District, block and Gram Panchayat level functionaries</li> <li>○ Members of Panchayati Raj Institutions (PRIs)/Standing Committee of PRI on water quality monitoring issues and sanitation &amp; hygiene,</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>Non-Government Organization (NGOs) district level officers and state level functionaries on social mobilization, water quality monitoring and surveillance and sanitation &amp; hygiene and</li> <li>School teachers Health workers, Anganwadi workers at village, block and district level for promotion of water quality monitoring and surveillance</li> </ul>					
<b>Accelerated Irrigation Benefits Program</b>	<p>► Verify whether the following objectives of the Accelerated Irrigation Benefits Program have been achieved:</p> <ul style="list-style-type: none"> <li>Completion of ongoing Major &amp; Medium Irrigation Projects</li> <li>Completion of the Minor irrigation schemes such as                             <ul style="list-style-type: none"> <li>Surface water</li> <li>Ground water - To enhance utilization of completed projects such as:                                     <ul style="list-style-type: none"> <li>ERM of major and medium projects</li> </ul> </li> </ul> </li> </ul>					



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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>• Repair, renovation and restoration of water bodies/ERM of minor irrigation schemes</li> <li>○ To restore and augment the storage capacities of water bodies</li> <li>○ To recover and extend the lost irrigation potential of the water bodies</li> <li>○ Ground Water Development such as: <ul style="list-style-type: none"> <li>▪ To take urgent steps to increase the recharge and conservation of Ground water</li> <li>▪ Ground water development in area with unutilized ground water potential (for benefit of small &amp; marginal farmers and Tribal &amp; Dalits)</li> </ul> </li> <li>○ Evaluate the status of irrigation projects which are incomplete and mention delay in years along with calculation of time overruns and cost overruns in the audit report</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>PMGSY</b>	<p>The objective of Prime Minister Gram Sadak Yojna (PMGSY) is to provide connectivity by way of an all-weather road to the eligible unconnected habitants in the rural areas with a population of 500 persons and above (census 2001) in plain areas. In respect of the hilly areas the objective is to connect eligible unconnected habitants with a population of 250 persons and above and the habitants to be located at least 1.5 kms path distance from the connected route.</p> <p>The rural roads constructed under the PMGSY shall be in accordance with the provisions of the Indian Roads Congress as given in the Rural Roads Manual / Hills Roads Manual. Therefore, with regard to PMGSY road plans following points to be examined in the sampled districts:</p> <p>► Inclusion of road proposal for ineligible habitations.</p>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)																					
	<table><tr><th>Sr. No.</th><th>District</th><th>Block</th><th>Name of habitants where population is less than 250</th></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table> <p>► Proposal of inadmissible road projects where path distance is less than 1.5 kms.</p> <table><tr><th>Sr. No.</th><th>Name of Proposed Road</th><th>Road Length</th></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table> <p>► Non-Preparation of Core Network, Comprehensive New Connectivity Priority List (CNCPL) &amp; Comprehensive Up gradation Priority List (CUPL) which is the basis for selection of works under PMGSY.</p>	Sr. No.	District	Block	Name of habitants where population is less than 250									Sr. No.	Name of Proposed Road	Road Length											
Sr. No.	District	Block	Name of habitants where population is less than 250																								
Sr. No.	Name of Proposed Road	Road Length																									

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Preparation of CUPL without the survey and verification.</li> <li>▶ Preparation of roads beyond the last targeted habitations.</li> <li>▶ Roads having excessive / avoidable use of material.</li> <li>▶ Details of release of government of India funds.</li> </ul>					

### 6.5.2.4 Audit of Other General Areas

**Audit Objective:** To verify whether the adequate control mechanism is being followed for compliance of rules and regulations, provisions pertaining to Government Building – Purchase, Sale and Rental, Sale and Acquisition of Land, Executing Work through external agencies, Arbitration and Legal Cases, Grievances. The audit program in this section would be applicable to specific areas stated.

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Documents to be Verified</b>	<ul style="list-style-type: none"> <li>▶ <b>Register of Buildings</b></li> <li>▶ <b>Register of Rents</b></li> <li>▶ <b>Complaint file/register</b></li> <li>▶ <b>Register with details of legal cases/arbitration</b></li> </ul>					
<b>Government Building</b>	<u>Purchase and sale of buildings</u> <ul style="list-style-type: none"> <li>▶ Obtain a list of Government Buildings purchased during the audit period</li> <li>▶ Check that buildings are purchased, if any with the orders of the government</li> <li>▶ Verify whether a survey and valuation report prepared by the divisional officer, approved by the superintending engineer is submitted in all cases</li> <li>▶ Obtain a list of all Government buildings sold/ dismantled during the Audit period</li> <li>▶ Verify whether the order of the government is available for sale/ dismantle of the permanent government buildings</li> </ul>					

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<p>► Verify that if any temporary building erected during construction work is sold or dismantled after the completion of the work or when the purpose of erecting them has been served, previous sanction of the superintending engineer should be available on record [Refer Para 279 and 280 of Volume VI of Financial Handbook]</p> <p><u>Renting of buildings</u></p> <p>► Verify that no government building is occupied as private residence without the consent of superior officials or of the government</p> <p>► Verify that no building devoted to religious use, is used as a dwelling house or for any other purpose, without the consent of the principal civil or political authority on the spot [Refer Para 282 and 283 of Volume VI of Financial Handbook]</p> <p><u>Register of buildings</u></p>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether each Superintendent Engineer keeps a register of all buildings within his circle</li> <li>▶ Verify whether each divisional officer keeps a register of all buildings within his division</li> <li>▶ Verify that the value of the land comprised in the property is shown separately from the value of the building in the register. Verify that the value of each separate structure is shown separately</li> </ul> <p><b>[Refer Para 288 of Volume VI of Financial Handbook]</b></p> <p><u>Register of rents</u></p> <ul style="list-style-type: none"> <li>▶ Verify whether a register (in the prescribed form) is maintained in the divisional office to show the monthly assessments, realizations and balances of rents, of all residential buildings</li> <li>▶ Verify whether the following totals for each month are abstracted at the foot of the register: <ul style="list-style-type: none"> <li>○ Cash realized in the division</li> </ul> </li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Recoveries by other disbursing officers adjusted in the divisional accounts</li> <li>○ Recoveries by Treasury Officers of the state adjustable in the account office for both rents of buildings and rents of lands</li> <li>▶ Verify whether the rent of special services such as furniture etc. if provided with the building is shown separately from the rent of the building</li> </ul> <p><b>[Refer Para 308 to 310 of Volume VI of Financial Handbook]</b></p>					
<b>Sale and Acquisition of Land</b>	<ul style="list-style-type: none"> <li>▶ Verify that all government land and immovable property have been purchased and sold through revenue department</li> <li>▶ Verify that for any land requirement department has consulted chief revenue officer of the district and obtained information like probable cost of the land, value of buildings, details of displaced persons whom compensation is to be paid and based on the same an estimate is prepared by the executive division of public works.</li> </ul>					



## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Check that all proposals for the occupation of land within cantonment limits is submitted to competent authority of defense ministry.</li> <li>▶ Check that no work is executed, or liability incurred without acquisition of land or payment of compensation to displaced persons, as it may result in abandonment of projects.</li> </ul>					
<b>Executing Works Through External Construction Agency</b>	<p>In Uttarakhand various construction works are being executed through external construction agencies without inviting tenders. Before starting such works, department has to enter into prescribed Memorandum of Understanding (MOU) with the external agency, and payments to the agency are made as per the progress schedule mentioned in the MOU.  <b>[Refer GO Number 475 dated 15.12.2008]</b></p> <p>In such contracts the internal auditor shall:</p> <ul style="list-style-type: none"> <li>▶ Check whether department has selected the external construction agency as per orders of the Government of. Uttarakhand.</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Check that department has entered into prescribed Memorandum of Understanding with the agency before start of the construction work by agency</li> <li>▶ Check whether the payments to the agency are being done as per schedule provided in the Memorandum of Understanding.</li> <li>▶ Check that construction agency has ensured required earthquake resistant techniques, designs and structures, rainwater harvesting in the contract.</li> <li>▶ Whether in delayed contracts penalty is being charged as per the Memorandum of Understanding.</li> </ul>					
<b>Arbitration and Legal Cases</b>	<ul style="list-style-type: none"> <li>▶ Check that all the arbitration / court cases are being pursued as per required procedure</li> <li>▶ List the cases where award of the arbitration/court went in favor of contractors</li> <li>▶ Verify in detail the pleas and counter pleas for above cases to find key shortcomings and consequent avoidable payments to contractors</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Report the cumulative amount of works which are under arbitration/courts</li> <li>▶ Check and report the total claims made by all the contractors under the arbitration and legal cases</li> <li>▶ Check that all the notices received from arbitrator/ court have been properly recorded and addressed/replied</li> <li>▶ Verify that adequate register has been prepared for all the legal/arbitration cases containing the details of the cases, contract, their status, responsibility etc.</li> <li>▶ Verify whether representative (including advocate) have been appointed to represent the department with approval from the competent authority</li> </ul>					
<b>Grievances</b>	<ul style="list-style-type: none"> <li>▶ Check whether the complaint register is maintained by the division/local office</li> <li>▶ Check the steps initiated by the engineer in charge after receiving the complaint</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docum ent Verifie d	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	► Check the number of complaints lodged and resolved over the last one year.					

### 6.6 Audit of Work Accounts

#### 6.6.1 Audit of Contract Payments

**Audit Objective:** To verify that payments are made in accordance with contractual provisions after due verification, approval, recording and obtaining appropriate documents.

**Control:** The control related to processing of payment as mentioned in Financial Handbook VI and contract agreement. The key controls/process are mentioned at **Chapter Section 2.4.1.6 of this Manual.**

## WORKS INTERNAL AUDIT MANUAL

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance , etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Docu ment Verifi ed	Observati on noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Documents to be Verified	<ul style="list-style-type: none"> <li>▶ Concerned Works File</li> <li>▶ PWA Form No. 23: Measurement Book</li> <li>▶ PWA Form No. 25 A: Running Bill without Secured Advances</li> <li>▶ PWA Form No. 26 A: Running Bill with Secured Advances</li> <li>▶ PWA Form No. 27 A Running Account Bill</li> <li>▶ PWA Form No. 27 B: Final Bill</li> <li>▶ PWA Form No. 21: Muster Roll</li> <li>▶ PWA Form no 24: First and Final Bill</li> <li>▶ PWA Form no. 92: Register for Measurement Book</li> </ul>					
Measureme nt Books – Control Specific	<ul style="list-style-type: none"> <li>▶ Verify whether all measurement books (MB) belonging to a division are serially (machine) numbered</li> <li>▶ Verify whether the date of measurement is invariably recorded</li> <li>▶ Verify whether the measurements are crossed off as soon as bills are passed for payment, voucher numbers noted and pay order signed by the disbursing officer soon after the payment</li> </ul>					

## WORKS INTERNAL AUDIT MANUAL

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	<ul style="list-style-type: none"> <li>▶ Verify whether the entries are recorded continuously in the measurement book and no blank pages are left or torn out</li> <li>▶ Check that in case, any pages are left blank inadvertently, such pages are cancelled by diagonal lines and such cancellations are attested and dated by the competent authority</li> <li>▶ Verify whether in case of cancelled measurements, reasons for cancellation are recorded under the initials of the officer</li> <li>▶ Verify whether any corrections in the measurement book are properly attested</li> <li>▶ Check that the entries in the measurement book should be made with indelible ink</li> <li>▶ Verify whether each measurement book contains an index which is kept up to date</li> <li>▶ Verify whether a register is maintained in Divisional office containing the following details of Measurement books: <ul style="list-style-type: none"> <li>○ Serial Number of each book</li> </ul> </li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Names of the sub-divisions (Camp office) to which they are issued</li> <li>○ Date of issue</li> <li>○ Date of return (so that its eventual date of return to the divisional office may be checked)</li> <li>▶ Verify that in case any measurement book is missing, what action has been taken by the sub-divisional office.</li> <li>▶ Verify whether the write-off of the Measurement book has been sanctioned by the competent authority</li> <li>▶ Verify whether each measurement book in use in the subdivision (camp office) is sent at least once in a year to the Divisional Office, for the divisional accountants' scrutiny and completed measurement books are promptly sent to the Divisional office for record</li> <li>▶ Verify whether FIR lodged in case measurement book has been lost or stolen</li> </ul>					

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Measureme nt Books – Payment Related Measures	<ul style="list-style-type: none"> <li>▶ Verify whether all the measurements have been correctly and accurately recorded</li> <li>▶ Verify that the measurement books have been signed by authorized representative of contractor with providing of acceptance.</li> <li>▶ Verify that the date of measurement of works is mentioned in the MB and is within the contractual period</li> <li>▶ Verify that measurement book has been signed by authorized representatives (JE/AE/EE)</li> <li>▶ Verify that JE/AE/EE have recorded on MB that they have test checked certain percentage of work (as applicable) on sample basis and found the same in compliance to the terms and condition of the contract</li> <li>▶ Verify whether the period of claim and date of measurement is being recorded in the measurement books</li> <li>▶ Verify that in case the measurements are taken in connection with a running contract account, on which work has previously been</li> </ul>					



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	<p>measured, reference of the last set of measurements has been recorded</p> <ul style="list-style-type: none"> <li>▶ Check that each set of measurement should commence with <ul style="list-style-type: none"> <li>○ Full name of works as given in the works order</li> <li>○ Location of work</li> <li>○ Name of contractor</li> <li>○ Number and date of agreement/works order</li> <li>○ Date of commencement of works as per contract</li> <li>○ Period of claim</li> <li>○ date of measurement</li> <li>○ Name and designation of the person recording the measurement</li> </ul> </li> <li>▶ Verify that payment has been made after measurement and entry in the measurement book</li> <li>▶ Check that necessary deduction with regard to statutory dues such as sales tax, GST, income tax, labour cess etc. has been done</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Verify that all the applicable deduction such as security deposits, penalty (LD) etc. have been deducted in accordance to the provision of the contract agreement</li> <li>▶ Verify the rates and quantities recorded in the MB are in accordance to the approved contract agreement</li> <li>▶ Verify whether any extra expenditure was incurred by department owing to delay in providing drawings, designs etc. available to the contractor</li> <li>▶ Verify any evidence of large payments in March due to the failure in timely recording of measurements or in payment for work in previous months</li> <li>▶ Verify that is any large amount of work actually done has been left unrecorded in a measurement book for excessive period at any time and record the reason thereof.</li> </ul>					
Running Bill	▶ Check the payment related measures for Measurement book as provided above					

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	<ul style="list-style-type: none"> <li>▶ Verify whether the Contract Agreement Number and date, Work Order number and date, date of commencement of work and date of completion of work as per agreement, extension of completion time granted by the competent authority, if any, has been correctly indicated in the bill</li> <li>▶ Compare the running account bills with the previous bill to check its correctness</li> <li>▶ Verify the rates and quantities recorded in the MB are in accordance to the approved contract agreement</li> <li>▶ Verify that price escalation payment, if any, has been paid as per the provision mentioned in the contract agreement.</li> <li>▶ Verify whether the bills are signed by the contractor or the authorized representative with date and acceptance of the measurement</li> <li>▶ Verify on the random basis the arithmetical calculation such as totaling of bill, calculation of amount etc.</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Verify that deduction with regard to applicable retention money, mobilization advance (if any), penalty (if any), income tax., labour cess etc. has been done from the running bills in accordance to the contract agreement</li> <li>▶ Verify that in cases where the extension of time has not been approved, applicable liquidated damages have been levied and collected from the contractor</li> <li>▶ Verify the amount of liquidated damages levied is in accordance to the contract agreement</li> <li>▶ Verify whether all recoveries such as supply of rent, water and electricity charges and hire charges of plant and equipment etc. have been made properly</li> <li>▶ Verify that all cheques/payments should be signed and approved by two authorized people out of which one person should be from finance department like divisional accountant.</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Verify that bills have been signed and approved by authorized official</li> </ul>					
Final Payment	<ul style="list-style-type: none"> <li>▶ Follow the process mentioned for running bill</li> <li>▶ Verify whether the Final Payment for the contract has been processed only after receiving a certificate from the Engineer/ Officer-in-Charge detailing the fact that he is satisfied that the work has been executed as per the contractual specifications</li> <li>▶ Verify that the contractor has accepted and signed on the final bill and declared that there are no dues pending from the department to the contractor</li> <li>▶ Verify that all advances are adjusted</li> <li>▶ Verify that all recoveries, LD and penalties are deducted from the bill</li> <li>▶ Verify that required security deposit has been deducted as per the provision of the contract agreement for defect liability period</li> </ul>					

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Advances to Contractors	<ul style="list-style-type: none"> <li>▶ Check that advance has been provided as per the terms and conditions mentioned in the contract agreement</li> <li>▶ Check that advance bank guarantee, if required as per contract, has been obtained for required value and validity before releasing of advance</li> <li>▶ Verify that advance bank guarantee has been verified withy issuing banks directly for its validity and authentication</li> <li>▶ Verify that the applicable (As per contract) interest is recovered from contractor</li> <li>▶ Check that another advance should not be drawn unless the first has been adjusted as per terms of bond/ agreement/ contract document</li> <li>▶ Check that advances are adjusted against the bills submitted within a period not exceedingly as defined in agreement/ bond document from the date of drawl</li> </ul>					

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Muster Rolls (if applicable):	<ul style="list-style-type: none"> <li>▶ Verify that one or more Muster Rolls are being kept for each works</li> <li>▶ Verify that muster roll is not prepared in duplicate</li> <li>▶ Verify that daily attendance and absence of laborer and fines inflicted on them is recorded properly in the Muster Roll</li> <li>▶ Verify whether details of the work and the dates are clearly mentioned at the top of muster rolls</li> <li>▶ Verify that the cost of labour is not more than prevailing rates applicable as per SOR</li> <li>▶ Verify is there any delay in payment of labour</li> </ul>					
Statutory Liability	<ul style="list-style-type: none"> <li>▶ Check that TDS for income tax and GST been deducted from contractor payment at the prevailing rate</li> <li>▶ Check that TDS certificate for Income tax and GST has been issued as per the provision of applicable acts</li> <li>▶ Check the statement of tax deduction (TDS/TCS) for Income tax and GST has been filed online before the due date</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Check that TDS for Income tax and GST has been deposited to respective authority within in the prescribed timelines</li> <li>▶ Check that labour cess, if applicable, have been deducted from contractor payment at the prevailing rate</li> </ul>					

### 6.6.2 Work Accounts

**Audit Objective:** To verify that all the transactions have been recorded in the respective account and compilation of the accounts is submitted to Accountant General on periodic basis.

**Control:** The control related to processing of payment as mentioned in FHB VI. The key controls/process are mentioned at **Section 2.4.1.6 of this manual**



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Document to be Verified	<ul style="list-style-type: none"> <li>▶ PWA Form No. 70: Miscellaneous Public Works Advance</li> <li>▶ PWA Form No: 34: Work Abstract</li> <li>▶ PWA Form No: 46: Register of Revenue</li> <li>▶ Register of Works</li> <li>▶ PWA Form No. 43: Contract Ledger</li> <li>▶ PWA Form No. 64: Schedule of Works Expenditure</li> <li>▶ PWA Form No. 65: Schedule of Deposits Works</li> <li>▶ PWA Form No. 77: Public Works Cheques – Remittance Debit</li> <li>▶ PWA Form No. 77: Public Works Cheques – Credit</li> <li>▶ PWA Form No. 51: Schedule of Settlement with Treasury to be submitted to AG</li> </ul>					
General Point	<ul style="list-style-type: none"> <li>▶ Verify that any over-writings, interpolations, alterations and corrections are adequately attested</li> <li>▶ Verify that no pages are torn or removed from register</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Verify that all the blank pages, if any, are crossed and record the reason for leaving such blank pages</li> <li>▶ Verify on the random basis the arithmetical calculation such as totaling, calculation of amount etc.</li> <li>▶ Verify the carry over balances taken from subsidiary register to main registers</li> </ul>					
Imprest Account	<ul style="list-style-type: none"> <li>▶ Verify the following in case of Imprest Account:                             <ul style="list-style-type: none"> <li>○ How often are the imprest accounts closed and are they promptly recouped by the sub-divisional/ officer?</li> <li>○ Examine the imprest accounts from the date of last inspection and compare the entries for a month in every quarter with those in the accounts submitted to divisional office</li> <li>○ Whether new imprest account is opened within the limit of prescribed imprest amount</li> </ul> </li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Amounts of imprest are spent for the purposes for which they are granted and that they are not in excess of the actual requirements in any case</li> <li>○ Is proper sanction obtained to grant increase or decrease of an imprest?</li> <li>○ Check that whether the imprest account is surrendered at the end of financial year</li> </ul>					
Miscellaneous Public Works Advances	<ul style="list-style-type: none"> <li>► Scrutinize the balance under the Sub Head Suspense — Miscellaneous Public Works Advances, which relates to the value of the stock sold on credit, expenditure incurred on Deposit work in excess of Deposit received and advance dues awaiting recovery from Government servants, contractors, etc.</li> <li>► Verify whether all items under this head are cleared either by actual recovery or by adjustment with some other Heads of Accounts.</li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ Report the cases of non-adjustment/ non-recovery of these balances at the end of the financial year, resulting in works accounts remaining under charged</li> </ul>					
Cash Settlement Suspense Accounts (if applicable)	<ul style="list-style-type: none"> <li>▶ Verify whether any balances are lying unadjusted for Inter Divisional transfer of materials/ stores under the Stock / Tools and Plants (T &amp; P)</li> <li>▶ Verify whether there is any document to authenticate that suitable instructions are issued to all Divisional Officers to clear the outstanding balances under miscellaneous advance and stock</li> <li>▶ Verify that there should be no undue delay in clearance of suspense</li> </ul>					
Work Abstracts	<ul style="list-style-type: none"> <li>▶ Verify whether a consolidated account of all expenditure (cash, stock or other charges) details against the allotment of the division has been prepared in the prescribed form by sub-divisional officer.</li> </ul>					

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	<ul style="list-style-type: none"> <li>► Check whether the divisional officer is regularly examining the above abstracts and signing (initials) the same with date</li> </ul>					
Suspense Accounts) if applicable)	<ul style="list-style-type: none"> <li>► Check if the account of minor head “Suspense”, subdivided into heads named below as may be required in each division under a single major head of the expenditure:                             <ul style="list-style-type: none"> <li>○ Stock</li> <li>○ Miscellaneous P.W. Advances</li> </ul> </li> <li>► Check the following points for compliance to G.O. No.: A-2 - 1240 (Ten - 95 - 17(6)/83) Dated 23rd May 1995:                             <ul style="list-style-type: none"> <li>○ Divisions who are receiving stores and materials has submitted indent through authorized representative.</li> <li>○ Authorized representative of the Division concerned has entered the measurements of stores and materials (received) in their measurement books.</li> <li>○ After preparation of the debit invoice, authorized representative has sent measurement book to receiving Division.</li> </ul> </li> </ul>					

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	<ul style="list-style-type: none"> <li>▶ If a debit invoice from authorized representatives has been received and the stores and materials have been issued after receipt of the amount.</li> <li>▶ Verify that there should be no undue delay in clearance of suspense</li> </ul>					
Register of Works & revenue	<ul style="list-style-type: none"> <li>▶ Check whether a permanent and collective record of expenditure for each work has been maintained in form of a register. <i>(This register is being maintained in the divisional office and it is posted on a monthly basis from the 'Works Abstracts')</i></li> <li>▶ Check if on completion of works, a note is being made in this register against that particular works.</li> <li>▶ Verify whether works registers are maintained for major, and minor works separately in prescribed formats</li> <li>▶ Verify whether works registers are reviewed and approved by an authorized person on periodic basis as per the provision of FHB</li> </ul>					

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	<p>► Verify that expenditure on petty works, or maintenance and repairs, is separately charged and under the following detailed heads:</p> <ul style="list-style-type: none"> <li>○ Petty works.</li> <li>○ Maintenance and repairs <ul style="list-style-type: none"> <li>(a) Annual repairs;</li> <li>(b) Quadrennial repairs;</li> <li>(c) Special repairs.</li> </ul> </li> </ul> <p>► Verify whether all revenue receipts of the division are classified and abstracted in a register of revenue (in the prescribed form) maintained in the divisional office</p> <p>► Verify whether the fees have been collected and recorded adequately for use of roads and bridges on National Highways</p> <p>► Verify whether the receipts relating to each contract for which a separate account is kept are registered separately</p>					

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	<ul style="list-style-type: none"> <li>▶ Verify whether all receipts relating to the transactions of the Central Government are recorded separately</li> <li>▶ Verify that the monthly posting is correctly made and agreed with relevant voucher</li> <li>▶ Verify In case no expenditure was incurred on any work for few months, the reason should be investigated and reported</li> <li>▶ In cases any work is left incomplete by contractors, the reasons for the same should be checked in detail</li> <li>▶ Verify that necessary penal action against the above identified contractor has been taken as per provision of contract agreement</li> </ul>					
Contract Ledger	<ul style="list-style-type: none"> <li>▶ Obtain the contractor ledger for a sample period.</li> <li>▶ Verify whether the Contractor accounts are clear and prepared satisfactory as per the necessary format.</li> <li>▶ Verify on sample basis some of the transaction in Contractor ledger with cashbook</li> </ul>					



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	<ul style="list-style-type: none"> <li>▶ Verify whether the Contractor ledger contains any long outstanding amount without any satisfactory reason attributed to them.</li> <li>▶ Check that there are no cases of unauthorized or irregular issue of stocks to the contractors.</li> <li>▶ Check that the value of work done, or supplies made by a contractor has not been credited to his account until his bill has been passed and payment made thereon.</li> <li>▶ Check that all the debit entries in the ledger has been made only on the basis of transaction recorded in the accounts from the supporting cash, stock or adjustment vouchers and liabilities not yet cleared has been excluded</li> <li>▶ Verify that payments made under the particular works is charged to the approved head only</li> <li>▶ Check that ledger account has been closed monthly containing the amount outstanding under each of the three suspense accounts</li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Advance Payment;</li> <li>○ Secured Advance and</li> <li>○ Other transactions</li> </ul> <p>► The internal auditor shall also verify the following:</p> <ul style="list-style-type: none"> <li>○ Acceptable reasons exist for delay in adjusting Secured Advance outstanding over six months.</li> <li>○ Value of stock supplied matches with the entries in the monthly abstract of stock issues.</li> <li>○ Advance, cost of materials issued, penalties imposed, or other recoveries ordered etc. have been debited to contractor's ledger to watch their recovery.</li> </ul>					
Deposit Works	<p>► Examine following points in Public Works Deposits:</p> <ul style="list-style-type: none"> <li>○ Deposit accounts of a works division is maintained under 8443 head of account.</li> <li>○ Unclaimed deposits of more than three years from due date of refund has been credited to revenue</li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Unspent deposit amount in part-III has been returned to concern department after completion of work</li> <li>▶ Verify that all negative balances of deposit register have been transferred to Misc. Public works Advances Register for recovery</li> <li>▶ Verify that transactions in deposit accounts are entered in Form 79 of monthly account</li> <li>▶ Verify that the transactions for part-III are shown separately for each work relating to total receipt, expenditure during the month and the balance amount have been shown in Form 65.</li> <li>▶ Verify that without any special orders of competent authority, no security deposit should be repaid or retransferred to the depositor, or otherwise disposed of, except in accordance with the terms of his agreement or bond</li> <li>▶ Verify that deposits credited to revenues of the state or the central government due to reasons of lapsed deposit or confiscated under the provisions of an agreement or bond,</li> </ul>					

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	<p>cannot be repaid without pre-audit by the Accountant-General who shall authorize, payment on ascertaining</p> <p>(1) that the item was really received</p> <p>(2) that it was credited to the revenue of the state or the central government as lapsed or confiscated, and</p> <p>(3) that the claimant's identity and title to the money are certified by divisional officer.</p>					
Duties of Divisional Accountant	<p>► Verify whether the Division Accountant is complying to following:</p> <ul style="list-style-type: none"> <li>○ Carries out a reconciliation of figures (receipts/ expenditure) given in the accounts of the Division with those appearing in the books of the Accountant General.</li> <li>○ Submits a quarterly reconciliation statement to the office of Accountant General</li> <li>○ Records every payment and obtains a receipt for it, so as to ensure that a second claim against Government on the same account is impossible</li> </ul>					

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	<ul style="list-style-type: none"> <li>○ Allotments made by the Divisional Officer for individual works out of the lump sum provision made available to him have not exceeded and expenditure against such individual allotments is adequately monitored</li> <li>○ Works expenditure is checked with reference to the estimates to ensure that the charges have been incurred only in pursuance of the objects intended in the estimates</li> <li>○ The expenditure on each sub-head with the estimated quantity or work, the sanctioned rate and the total sanctioned cost is checked</li> <li>○ The authorized gross expenditure on works has not exceeded without the approval of the competent authority and any surplus recoveries of expenditure are not utilized towards such additional expenditure</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
Closure of Accounts	<ul style="list-style-type: none"> <li>▶ Verify that the account is closed as soon as the construction is completed.</li> <li>▶ Check if there is any delay in closure of the account no further charges has been incurred without the permission of divisional officer</li> </ul>					
Submission of Accounts to Accountant General	<ul style="list-style-type: none"> <li>▶ Verify whether the monthly accounts are sent to the Accountant General 's office between 7th &amp; 10th of the month following that to which it relates (In case of March, it is to be sent by 15th Apr)</li> <li>▶ Verify whether the monthly accounts sent to the Accountant General 's office are supported by the following documents in the prescribed forms: <ul style="list-style-type: none"> <li>○ Schedule of revenue realized/ refunds of revenue/ receipts and recoveries on Capital Account</li> <li>○ Classified abstracts of expenditure</li> <li>○ Schedule of works expenditure</li> <li>○ Stock Account, with sales account</li> </ul> </li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Schedule of debts to stock</li> <li>○ Abstract account of credits, debits and balances of the Purchase Account, supported by a list of credits to the suspense head — Purchases, during the month showing reference to the transfer entry orders, if any purchase is in place</li> <li>○ Schedule of Miscellaneous PW advances</li> <li>○ Schedule Workshop suspense</li> <li>○ Extracts from registers of receipts and recoveries on capital account</li> <li>○ Schedule dockets, with necessary vouchers, transfer entry orders, survey reports and sales accounts</li> <li>○ Schedule of credits and debits to miscellaneous heads of account</li> </ul> <p>► Ensure that the following are complied with while, submitting the monthly accounts to the Accountant General</p>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ Details of unadjusted Temporary advances at appropriate column in Form – 80 are mentioned</li> <li>○ Nature of various expenditure whether charged/voted, plan or non-plan has been shown clearly</li> <li>○ Receipt side of Form – 80 arithmetically matches with the Disbursement side</li> <li>○ Closing Cash balance matches with the Opening Cash Balance of the following month</li> <li>○ Form 46 – Revenue realized matches with the figures of receipt shown in Form –80</li> <li>○ The column related to estimated cost and budget allotment is appropriately filled in Form – 64 (Schedule of Expenditure)</li> <li>○ Form – 79 are attached with accounts</li> </ul> <p>► Column of up to date deposits is filled in Form – 65 (Schedule of Deposit Works)</p>					



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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Submission of Schedule of Settlement with Treasuries - Form 51</b>	<p>► Verify whether the Schedule of settlement of Treasuries, Form – 51, along with supporting consolidated Treasury Receipt (CTR) is downloaded regularly from the Computerized Accounts of the Treasury through Internet</p> <p>► Verify whether there is any documentation in place to authenticate that the DA's/ DAO's posted in each division personally visited the treasury on the 18th of every month to reconcile receipts and payments in Form– 51</p> <p>Preparation of Monthly Account</p> <p>► Verify whether monthly accounts have been prepared in the prescribed form for submission to the Divisional Officer/Office</p> <p>► Verify whether the monthly accounts contain the following important details:</p> <ul style="list-style-type: none"> <li>○ Requisite enclosures such as proper schedules and vouchers as a part of the monthly accounts</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ An abstract of the entire receipts and disbursements of the month as detailed in the various schedules and registers and shows also the opening and closing cash balances</li> <li>○ A Memorandum of Miscellaneous cash receipts paid into the treasury</li> <li>○ A certificate in respect of the closing cash balances of subordinate disbursing officers</li> </ul> <p>► Verify whether the entries in the accounts are divided into three groups:</p> <ul style="list-style-type: none"> <li>○ <u>Revenue entries</u>, which are total of receipts under several major heads as taken from register of revenue realized</li> <li>○ <u>Expenditure entries</u>, which are the totals for the several divisions of major heads and are posted from the classified abstract of expenditure</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>○ <u>Other Heads</u>, entries in which representing both receipts and disbursements are posted from the schedules of deposits, remittances and miscellaneous heads of account</li> <li>► Verify whether the divisional accountant has ensured that all those transactions are cancelled/ counterbalanced by each other, which are recorded in the initial cash and stock account and involve no operation on revenue, expenditure or any other prescribed head of accounts classification, if any</li> <li>► Report the cases of chronic and perpetual defaulters, who have been observed to be submitting the monthly accounts with a delay.</li> </ul>					

### 6.7 Audit of Completion of Works

**Audit Objective:** To verify that necessary inspection and test run was conducted before taking over the completed works. Also, to verify that completion certificate has been issued to the contractor and the performance guarantee/retention money is released with necessary approval from competent authority

**Control:** The control related to processing of payment as mentioned in Financial Handbook VI at para 399 to 404 and in contract agreement.

Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
<b>Documents to be Verified</b>	<ul style="list-style-type: none"> <li>► <b>Concern Works File</b></li> <li>► <b>Monthly Progress Reports/MIS</b></li> </ul>					
Termination of the Contract	<ul style="list-style-type: none"> <li>► Verify that necessary intimation and notices have been served to contractor before termination of the contract as per the provision of contract agreement</li> <li>► Verify that all necessary actions were taken to get the work completed from the contractor</li> <li>► Verify that the reason for termination of the contract is clearly specified in the file</li> <li>► Verify the termination of the contract is approved by the competent authority</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify in detail the reason for termination of the contract which are terminated after financial progress of more than 80%</li> <li>▶ Verify that the final payment of terminated contract has been made as per the provision of contract agreement</li> <li>▶ Verify that retention money, performance guarantee, security deposited etc. submitted by the contractor for terminated contract has been liquidated and deposited in applicable treasury head</li> <li>▶ Verify that the reason for black-listing or de-barring the contractor for future is recorded in the file</li> </ul>					
Completion Certificate	<ul style="list-style-type: none"> <li>▶ Verify whether after satisfactory completion of the testing phase and getting all the relevant clearances for the contract is adequately commissioned</li> </ul>					

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Area	Audit Questions	Reference (Act / Rules/ Policy Guidance, etc.)	Auditors Assessment / Remark (i.e. response to the Question)	Document Verified	Observation noted (Y/N)	HMM No. (in case answer to the previous column in Yes)
	<ul style="list-style-type: none"> <li>▶ Verify whether a consolidated completion certificate in form 45, 45B, 45D etc. has been prepared in accordance to para 399 and 400 of Volume VI of FHB</li> <li>▶ Verify whether the completion certificate has been signed by the authorized signatory only</li> <li>▶ Verify whether the records of drawing which shows completion of works has been prepared or not</li> <li>▶ Verify whether the completion report or statement to be prepared under the rules of FHB has been circulated to Accountant General</li> </ul>					
<b>Test Run/ Inspection report</b>	<ul style="list-style-type: none"> <li>▶ Verify whether a test run is conducted for all the contracts to ensure their working condition is in line with expectations</li> <li>▶ Verify whether there is adequate documentation in place to authenticate that the test runs were conducted in the presence of officials from the project team, quality assurance team, contractor, etc.</li> </ul>					

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## Chapter 7: Appendix/Annexures

### Annexure I: Duties and Powers of Officers

The duties and power of officers and subordinates with respect to Works and related matter is provided below:

#### Chief Engineer

##### a) General:

The Chief Engineer is the head of the department and in that capacity, he is in the administrative charge of all works in the department. He is the professional adviser of Government in all matters relating to the department and is responsible for its efficient working and for initiating schemes of development. [PWD (B) GO No. 153 B / XXIII dated April 21, 1910]

##### b) Inspections:

The Chief Engineer shall frequently visit important works and make a detailed inspection of a few selected works each year. At each inspection he shall satisfy himself that the orders passed by him in his previous inspection note have been carried out.

##### c) Accounts:

The Chief Engineer shall exercise a concurrent control with the Accountant General over the duties of the officers of the department in maintaining accounts and shall give legitimate support to the Accountant General in enforcing strict compliance with the rules concerning the disbursement of money, the custody of stores and submission of accounts. He can request Accountant General for assistance and advice in matters relating to accounts and finance. He is also bound to arrange that the Accountant General is kept fully cognizant of all proceedings and proposals to enable the latter to fulfil his functions. [Para. 66, Financial Handbook Vol. VI]

##### d) Budget Expenditure & Revenue:

The Chief Engineer shall prepare annually the portion of the budget estimates relating to the works under his control. It shall be his duty to administer the budget and with this object to keep a close watch over the progress for the expenditure against it, with a view to seeing that no excess is permitted to occur, and that, if additional appropriation is required application for the same is made. The general supervision and

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control of the assessment of revenue from irrigation and navigation works within the limits of his charge will also rest with the Chief Engineer, who shall frame the necessary estimates and watch carefully the progress of the realizations during the course of the financial year. **[Para. 67, Financial Handbook Vol. VI]**

The Chief Engineer shall see that the grant of the year is fully expended, in so far as it is consistent with general economy and the prevention of large expenditure in the closing months of the year for the sole purpose of avoiding lapses and be responsible for ensuring that any money which is not likely to be needed during the financial year is promptly surrendered, so as to allow of its appropriation for other purposes by the proper authority. **[Para. 68, Financial Handbook Vol. VI]**

### **Superintending Engineer**

#### **a) General:**

The Administrative unit of the department is the circle in-charge/superintending engineer, who is responsible to the Chief Engineer for the administration and general professional control of public works with the officers of the department within his circle.

#### **b) Inspection:**

The Superintending Engineer shall inspect the state of various works within his circle and satisfy himself that the system of management prevailing is efficient and economical, that different items in stock are duly verified according to the rules laid down and that there is no accumulation of stock in any division beyond its requirements. **[Para. 70, Financial Handbook Vol. VI]**

He shall also inspect the divisional offices under him at least once in a year and shall forward reports of his inspections in the prescribed form to chief engineer, detailing therein the results of his examination of initial accounts, accounts of stock, tools and plant and stock manufacture, register of works, and other divisional accounts and papers, mode of preparation of estimates contracts, agreements, contracts, agreements, contractors accounts, revenue registers and office work. Superintending Engineers are expected to make their inspections through. As the accountant general's inspection of divisional offices does not absolve the superintending engineers from the responsibility for the maintenance of the authorized system of accounts, the superintending engineers in their inspection should carefully examine that the accounts are maintained properly throughout their circles. **[Para. 71, Financial Handbook Vol. VI]**



He shall further see that the authorized system of accounts is maintained throughout his circle, examine the books of divisional offices and sub-divisional offices, see that matters relating to the primary accounts are attended to personally by the divisional and sub divisional officers, and that the accounts fairly represent the progress of each works. He shall examine the register of works so as to keep a vigilant watch over the rates for contract, and when he considers it necessary, he may require divisional officer to report to him monthly or at longer intervals.

### **Divisional Officer/ Executive Engineer**

#### **a) General:**

The Executive unit of the department is the division in charge of an Executive Engineer, who is responsible to the Superintending Engineer for the execution and management of all works within his division.

#### **b) Execution of Works**

He is fully responsible for the soundness of the engineering features of designs and the rates in estimates prepared by him. A divisional officer is responsible and to ensure that proper measures are taken to preserve all buildings and works in his division and to prevent encroachment on government land in his charge. He should take care that all buildings and works in his division are within the boundaries and see that they are inspected on periodical basis.

A divisional officer should insist on periodical inspections of all vacant lands in his charge (i.e. lands which were acquired or set apart for particular objects and which are still unoccupied as the particular objects have not been fulfilled and lands appertaining to government buildings which are not enclosed by compound walls or fences) being made by his subordinates in proper time with a view to prevent encroachment thereon. All lands should be demarcated, wherever it has not been done, and this work should be carried out by the subordinates of the department in consultation with the officers of the revenue department.

The Executive Engineer/Divisional Officer is responsible to the superintending Engineer for the execution and maintenance in good order of all works within his division. He is strictly prohibited from commencing the construction of any work or incurring any expenditure without the sanction of the competent authority; also, from making or permitting any, except trifling, deviation from sanctioned design during execution except under specific authority or in case of emergency when the change should be forthwith reported to the Superintending Engineer. Immediately on a work being completed it will be the duty of the Executive

Engineer to close the accounts and prepare the completion report, if required by the rules in paragraph 399 Financial Handbook, volume VI. **[Para. 75, Financial Handbook Vol. VI]**

c) Accounts

The Executive Engineer will take necessary steps for obtaining funds for the works under his control, keep his accounts and submit them in prescribed time to the accountant general, under the rules for the time being in force, and exercise a thorough and efficient control and check over his divisional accounts. Before submitting the monthly accounts, he will also carefully examine the books, returns and papers from which they are compiled. **[Para. 76, Financial Handbook Vol. VI]**

The Executive Engineer is responsible for the correctness in all respects, of the original records of cash and stores, receipts and expenditure, and for seeing that complete vouchers are obtained. He is also responsible to see that his accounts are regularly posted on day to day basis and that the accountant carries out his duties regularly and diligently. The relative position of a divisional accountant to the Executive Engineer in respect of accounts is analogous to that of an Assistant Engineer to an Executive Engineer in respect of work, and the responsibilities of the latter for the work of the divisional accountant are similar to those which attach to him in respect of the execution of works in the charge of other subordinates. **[Para. 77, Financial Handbook Vol. VI]**

The Executive Engineer is responsible that the accounts of his division are not allowed to be delayed but if delayed or confusion arises in the accounts which in his opinion cannot be cleared without the assistance of the accountant general, he should immediately request Accountant General for assistance. **[Para. 96, Financial Handbook Vol. VI]**

The Executive Engineer has a right to seek the advice of the Accountant Generals in all matters connected with the accounts of his division or the application of financial rules and orders concerning which there may be any doubt

The Executive Engineer is responsible for the purchase (subject to the provisions of the stores rules. Appendix XVIII to Financial Handbook Volume V) manufacture, care and disposal of all stores in, or required for the division. **[Para. 96, Financial Handbook Vol. VI]**

The Executive Engineer is held primarily responsible for affording information in cases of probability of excess of actual over estimated cost of work and is expected not to allow any delay to occur in reporting to the superintending engineer of any such probability. Immediately on it becoming apparent that whether

from excess of certain rates or from departure from design or due to any other cause, the estimated cost of work is likely to be exceeded, the Executive Engineer is bound to report the fact forthwith to the Superintending Engineer describing the nature and cause of the probable excess. The report should be made on works slip form no. 39. The Executive Engineer must also submit the works slip with such explanation as will enable the superintendent engineer to pass orders on the case on the occurrence or the probability of the occurrence, of any irregularity in the rate or cost of a sub head. All-important liabilities not brought to account should be noted on the works slip. **[Para 79, Financial Handbook Vol. VI]**

### d) Inspection

The Executive Engineer will inspect the sub-divisional offices under him at least once in a year. The previous reports should be referred to by him and if it is found that any irregularities therein noticed have not been corrected, the same should be prominently highlighted. The report should also state the steps to be taken to remove all defects previously noticed.

During his tours of inspection, the Executive Engineer will give, when necessary, complete and detailed instructions to Assistant Engineers in regard to the construction and maintenance of works in their charge. The Executive Engineer in addition to his other duties, will be ex officio professional adviser to all departments of the administration within the territorial limits of his charge. He will see that no undue formalities can interfere with the performance of these duties in an emergency.

### **Assistant Engineer (Sub Divisional Officer)**

#### a) General:

The division is divided into sub-divisions, each in charge of sub-divisional officer (Assistant Engineer), who is responsible to the divisional officer for the management of his sub-division.

#### b) Management and execution for works:

He is responsible for the correctness of all-important works carried out in his sub-division. He should make sufficient personal checks of for the works carried out in his division. He is entirely responsible for the correctness of the measurements of the works executed in his sub-division, and for the correctness of the calculations in respect of such measurements. He must also satisfy himself that bills are correct before making payment.

He is responsible for the proper maintenance of all Government property in his charge, including surveying and mathematical instruments.

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## Annexure II: General Illustrative Risk Evaluation Matrix

The risk listing being done in annexure for each Auditable Sub Area is done based on study of past audit reports of Accountant General, case studies and discussion with concerned official. The list below is dynamic, and risks can be added/removed based on results from actual audits conducted and other sources.

### Key Auditable Area: A. Procurement Management

Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
A1	Requisitions of Works	<ul style="list-style-type: none"><li>• Execution of unnecessary works resulting in loss of resources</li><li>• Unauthorized requisitions of works</li></ul>			
A2	Feasibility Study	<ul style="list-style-type: none"><li>• Approval granted for works without feasibility study resulting in approval of unviable project</li><li>• Inadequate Feasibility study which lacks key components to be carried out for the work</li><li>• Wastage of resources if the project is not viable.</li></ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
A3	Approvals	<ul style="list-style-type: none"> <li>Unauthorized approvals and Misuse of the powers</li> <li>Intentionally splitting of works to approve the same using the powers available to subordinates</li> <li>Unauthorized variation in the Quantity, rates or scope of work</li> <li>Adoption of arbitrary rates in technical sanction</li> <li>Same component maybe repeated more than once in the estimate preparation</li> <li>No check on the estimate prepared by consultants.</li> <li>Commencement of works without necessary approvals</li> <li>Insufficient funding or change in funding priorities</li> <li>Delay in approvals leading to cost overrun</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
A4	Procurement	<ul style="list-style-type: none"> <li>• Vague and ambiguous provisions in the tender documents resulting in disputes</li> <li>• Improper mode of calling the bids such as through quotations instead of open tender</li> <li>• Adequate time not provided for submission of bids</li> <li>• Tender given to ineligible applicants</li> <li>• Awarding of works to contractor other than who have bided the lowest (L1)</li> <li>• Works awarded without proper verification of papers furnished by a contractor.</li> <li>• Justification statement prepared wrongly to justify higher rates.</li> <li>• Non-finalization of tender within validity period.</li> <li>• Procurement beyond the defined budgetary limit</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
		<ul style="list-style-type: none"> <li>• Tender invited without the availability of site, or approval of local body.</li> <li>• Award of work at higher rates resulting in undue benefit to contractor</li> <li>• Improper selection of the contractor</li> <li>• Award of work to unregistered contractor</li> <li>• Considering the bids without security/ earnest money deposit as mentioned in the tender documents</li> <li>• Favoritism to a particular brand of products as stipulated in tenders</li> <li>• Accepting bids after bid submission date and time</li> <li>• Violation/misinterpretation of laws, regulations, and agreements (e.g. changes in bid process etc.)</li> <li>• Full manual processes or partly manual and computerized; Parallel systems</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
		<ul style="list-style-type: none"> <li>Undue benefit to specific contractor</li> </ul>			

### Key Auditable Area: B. Contract Management

Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
B1	Execution of the Contract (Including Monitoring)	<ul style="list-style-type: none"> <li><b>Pre-Commencement Activities</b></li> <li>Non-submission or delay in submission of Performance guarantee as per the provision of the contract</li> <li>Non-renewal of Bank guarantees within the available timeline</li> <li>Non recovery of penalties for delay in submission of PG</li> <li><b>Post Commencement Activities</b></li> <li>Commencement of works without technical sanction</li> </ul>			



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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
		<ul style="list-style-type: none"> <li>• Non appointment of the engineer of charge for supervising the execution of works</li> <li>• Undue and unauthorized variation in quantity, rates, times and scope of works for benefitting the contractor</li> <li>• Inadequate quality and control mechanism such as inspections etc. leading to execution of substandard quality of works</li> <li>• Deviation from the approved drawings, makes, specification etc. during the execution of works</li> <li>• Approval of substandard makes of material to be supplied under the contract</li> <li>• Non implementation of safety measures at site leading to avoidable damage to public property and resources</li> <li>• Non implementation of comments mentioned in the inspection reports of CEE/SE/EE</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
		<ul style="list-style-type: none"> <li>• Infertuous Expenditure incurred due to improper estimates which are followed by major corrections, abandonment or change of the site of the works</li> <li>• Cost overrun due to delay in handing over work site, drawings, designs etc.</li> </ul>			
B2	Accounting of Works	<ul style="list-style-type: none"> <li>• Non preparation of all the accounts and records</li> <li>• Continuous Delay in submission of accounts to AG</li> <li>• Errors in the record keeping leading to submission of incorrect data</li> <li>• Non-compliance to Statutory Deductions from payment to vendors</li> <li>• Delay or non-deposition of statutory dues with concerned government department leading to imposition of penalties</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
B3	Payment to Contractors	<ul style="list-style-type: none"> <li>• Unauthorized payments and advances.</li> <li>• Mobilization advance without interest.</li> <li>• Non deduction of penalty, security deposits, statutory deductions etc.</li> <li>• Payment made at higher rates and excess quantity as against the terms stipulated in the contract</li> <li>• Payment without execution of works</li> <li>• Excessive deviations allowed without the approval of the competent authority.</li> <li>• Inadmissible extra items paid.</li> <li>• Payment made to the contractors as interest due to delay in payment for works done</li> <li>• Measurements not recorded in MB's</li> </ul>			
B4	Completion of Works	<ul style="list-style-type: none"> <li>• Release of final payment before completion of the works</li> <li>• Release of security deposit/retention money before due date</li> </ul>			

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Sr. No.	Auditable Sub Areas	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
		<ul style="list-style-type: none"> <li>Non recovery of dues during the defect liability period for the faults observed</li> <li>Excess payment under terminated contracts</li> </ul>			

### Key Auditable Area: C. Management of Stores

Sr. No.	Auditable Sub Area	Risk Listing/Identification	Situational Analysis	Risk Assessment (High/Medium/Low)	Score (High =7-10. Medium, 4-6 and Low:1-3)
C1	Purchase of Stores	<ul style="list-style-type: none"> <li>Procurement beyond the defined budgetary limit</li> <li>Purchase of excess stores leading to blockage of funds</li> <li>Unauthorized purchases</li> <li>Purchases without proper intent</li> <li>Purchase of stores at high rated by procuring from the contractor other than who have bided the lowest (L1)</li> </ul>			

		<ul style="list-style-type: none"> <li>• Procurement of substandard goods without adequate inspections</li> <li>• Procurement of non-complied goods with the approved make, specifications and drawings</li> <li>• Excess payment to the vendors</li> </ul>			
C2	Disposal of Stores	<ul style="list-style-type: none"> <li>• Unauthorized issue or sale of stores</li> <li>• Sale of stores at lower rates</li> <li>• Non entering of records of sales or issue of stores in the books</li> </ul>			
C3	Accounting of Stores	<ul style="list-style-type: none"> <li>• Unauthorized write-off</li> <li>• Non preparation of all the accounts and records</li> <li>• Continuous Delay in submission of accounts to competent authority</li> <li>• Errors in the recording keeping leading to submission of incorrect data</li> <li>• Non reporting of shortage or loss of stores</li> </ul>			
C4	Inspection of Stock (Stock Taking)	<ul style="list-style-type: none"> <li>• In case of inadequate inspection, the following risk may arise: <ul style="list-style-type: none"> <li>• Non determination of excess or shortage of stores</li> </ul> </li> </ul>			

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		<ul style="list-style-type: none"> <li>• Lack of control on cases of loss or theft of stores</li> <li>• Inadequate stock planning</li> <li>• Maintaining the stores even after their shelf life</li> <li>• Pilferage of stores</li> </ul>			
C5	Reserve Stock	<ul style="list-style-type: none"> <li>• Keeping excess quantity of stores as against the reserve quantity specified by the competent authority</li> <li>• Blockage of funds</li> <li>• Non maintenance of reserve stock for essential items</li> </ul>			

**For the following Key Auditable Area, refer annexure 8 & 9 of the Internal Audit Manual, Volume I - Part II:**

Sr	Key Auditable Area
D	Payroll and Establishment
E	Training Expenses
F	Retirement benefits
G	Office Expenses

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Sr	Key Auditable Area
H	Plantation (Where Applicable)
I	Subsidy (Where Applicable)
J	Investment and Loans (Where Applicable)
K	Revenue
L	Budget
M	Others (As Applicable)

### **Annexure III: Illustrative observation which might be encountered during works internal audit**

An illustrative list of observation which might be encountered during works internal audit is given below for guidance:

#### **Approvals**

- Irregular technical sanction by EE/SE exceeding their delegated powers.
- Executive officer has not carried out works in accordance with technical specifications and stipulations of the contract.
- Material deviation made from sanctioned design/ specifications (Examples: Inflated provisions in the PE, Major changes made during execution: Number of spans in a bridge are increased, flooring of an office building substituted with the costly polished granite flooring etc.)
- Detailed estimate not prepared but tenders are invited, and contractors are asked to execute the work.
- Schedule of rates are not followed and analysis for non-schedule items not conducted
- No check on the estimate prepared by the consultants

#### **Bidding**

- Financial Bids are opened before issue of Technical Sanction
  - Conflicting and vague provisions in the tender documents
  - NIT not given proper coverage and notice period was inadequate
  - Payment of mobilisation advance without interest
  - Tender documents prepared by splitting bigger works deliberately to fall within the competency of subordinate officers
  - Tenders issued to ineligible applicants.
  - Mentioning of limited or particular brand or make of a good
  - Tender invited without availability of site and necessary clearances such as forest clearance, land acquisition issues etc.
  - Non-finalisation of tenders within validity period.
  - Awarding of tender to other than L1 bidder without proper justification
  - Market rate justification not prepared to assess the reasonability of quoted rates before acceptance
  - Tenders accepted on higher rates during second call
  - Price escalation paid though without being stipulated in contract
  - Bank Guarantee not verified through issuing bank.
-



### Execution of Works and Payment

- Works is not completed within stipulated timeline and extension has been provided without levying of liquidated damages and valid justifications
- Erasures, over-writings, interpolations, alterations and un-attested corrections in figures, pass orders etc. in cash books and registers, bills presented at treasuries, invoices, sales bills, receipts etc.
- Removal of pages from cash books / account books and registers.
- Tampering in totals and carry forward of totals, especially in cash books and stock books.
- Errors in totalling in bills.
- Errors in carry over figures from subsidiary registers to main registers.
- Payments made on duplicate invoices, absence of proper reference in invoices to entry in stock books.
- Issue in stock accounts not supported by proper indents and acknowledgement issued on free transfer bills not acknowledged by the recipients.
- Extra items paid at mutually settled rates higher than those stipulated in S.O.R
- Persistent failure to conduct physical verification of stores or to act on the verification reports.
- Recording of inflated measurements
- Contractors do not complete works in stipulated period, and they are being paid for value of work executed though contracts not in force.
- Non-levy of various penalties and statutory dues
- Items not provided in the Bill of Quantity (BOQ), but payment made
- Faulty agreements and non-enforcement of contractual conditions
- Loss due to lapse of Bank Guarantee (BG) not being renewed/encashed
- Overcharging by quantity: The financial damage characterized by measuring quantities greater than those actually used / provided;
- Overcharging by quality: The financial damage characterized by a deficiency in the execution of engineering works and services resulting in decreased quality, life cycle or safety.
- Retention money released before due date

## Annexure IV: Illustrative list of documents which shall be reviewed by the internal auditors

Sr	Description of the Documents
1.	Contract Bond
2.	Sanctioned Drawing
3.	Quality Control Test Reports
4.	Measurement Books
5.	Extract of Tender Notice in newspapers
6.	Register of technical sanction
7.	Register of works
8.	Register of rent and building
9.	Register misc. PW advances and all advances
10.	Register of Valuables
11.	Register of Deposit Works
12.	Works Abstract
13.	Contractors' Ledger
14.	Schedule of Rates
15.	Register of unlisted contractors
16.	Register of Bank Guarantees
17.	Cash/Bank books maintained
18.	Bills register/Day book/Control Accounts
19.	Register of contracts/agreements
20.	Monthly activity reports, status of inputs, status of equipment, vehicles, inventories etc.
21.	Report of disposal of surplus stocks, equipment etc.
22.	Inventory statement with Price Stores Ledger (PSL)
23.	Cases of losses, thefts, embezzlement, etc.
24.	Respective Tender/ Contract file having documents and communication related to work such as extension of time, variations in contract, release of security, complaint, inspection reports etc.

**Annexure V: Format for Internal Audit Report on Works of \_\_\_\_\_ Division,  
\_\_\_\_\_ Department**

**GOVERNMENT OF THE UTTARAKHAND STATE (GoUK)**

**WORKS INTERNAL AUDIT REPORT**

**OF**

***{Insert title of Auditee}***

**Issue Date: *{insert date: dd month yyyy}***

<p><b>CONFIDENTIAL</b></p>
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### Covering letter:

To

Date:

Name of Concerned official of Audited Unit  
Designation of the concerned official  
Name & Address of Auditee

Sub: Internal Audit Report for the audit conducted during {insert period of audit} of {insert name of Auditee}

Dear Sir/Madam

An internal audit was conducted by Directorate of Audit for {insert name of Auditee} on {insert period of audit}.

The audit covered following areas, operations, activities as per the audit plan:

- 

We would like to bring to your notice the following limitations during the audit and the impact is explained below

- 

**Key Analysis, issues & Recommendation:**

*{Give a few important details about key observation and findings including financial implications, then present the recommendation, if any, if the recommendation is long or has multiple aspects, concisely present the gist.}.  
(Refer to audit objective # {insert number} on page {insert page number})*

The detailed internal audit report is enclosed for your kind perusal and necessary action. The response to the audit findings should be submitted to xxxxxx within xxxx days from the date of receipt of the audit report by the audit.

For Directorate of Audit

## TABLE OF CONTENT

Section I: General Information

Section II: Audit Scope

Section III: Audit Observations

Section IV: Recommendation

Section V: Previous Audit Compliance

Section V: Follow - up

Section VI: Limitation of the Internal Audit

### Section I: General Information

Part I: General Information		
<b>Auditee Profile</b>		
<b>1</b>	Name of the Auditee	
<b>2</b>	Address & telephone no. of Auditee	
<b>3</b>	Name of head of Auditee, designation, period	
<b>4</b>	Name and designation of Senior Accounts person (Not mandatory)	
<b>5</b>	Name and designation of DDO (Gazetted)	
<b>6</b>	Name and designation of DDO (Non- Gazetted)	
<b>7</b>	List of officials met: Name & designation	
<b>Internal Auditor's Profile</b>		
<b>1</b>	Name of audit team members	
<b>2</b>	Contact no. of audit team members	
<b>3</b>	E-Mail ID of audit team members	
<b>4</b>	Name of audit team leader	
<b>5</b>	Contact no. of audit team leader	
<b>6</b>	E-Mail ID of audit team leader	
<b>Audit Profile</b>		
<b>1</b>	Audit period (F.Y.)	
<b>2</b>	Start date	
<b>3</b>	End date	
<b>4</b>	Last Internal Audit conducted year	

<b>5</b>	Number of man- days (assigned/ proposed)	
<b>6</b>	Number of man- days (actual)	

## Section II: Audit Scope

<NOTE: SHOULD NOT EXCEED ONE PAGE.>

The internal audit of {insert name of auditable entity} was included in the Annual Audit Plan for {insert fiscal year} {if this was an unplanned audit explain reason for audit, e.g. was requested by the Permanent Secretary, was in response to identified internal control weaknesses, etc.} The internal audit was conducted in {month year}.

The last internal audit of {insert name of auditable unit} was conducted in {insert year} by <DoA or AG as applicable> {if this is the first audit say 'This is the first time that (auditable unit) was audited'}

### Internal Audit purpose

The purpose of the internal audit was to assess the {insert purpose of audit as per the Annual Plan such as:

- Reliability and integrity of financial, managerial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with legislative mandates, regulations and rules, policies and procedures.}

The internal audit also aimed at assisting the management of the {insert name of auditable entity} in continuously improving governance, risk management, and control processes.

### Scope

The audit covered all programme, operations, and other relevant activities {if the audit did not cover all of the activities remove the word 'all' and specify what areas were covered as per Tier II risk assessment, if applicable and what transactions were covered as per Tier IV risk assessment} of {insert name of auditable unit} during the period from {beginning of scope period} to {last day of scope period}. The audit did not cover {insert description of areas that would seem to be part of the activities described above but which were not included in the audit plan. Provide rationale for not including them in the scope}.

### Internal Audit Objectives

The specific objectives of this internal audit were to:

1. {list of key audit areas selected for audit}
- 2.

### Risk Assessment Process (Tier II and Tier IV) followed for Auditable Areas/ Transactions selected:

{insert brief about the process followed and parameters used for risk assessment as per the Tier II and Tier IV of Risk Based Internal Audit (Refer Chapter 7)) process stated in the manual}.

### List of the risk assessed for the sub auditable areas:

1. {description of risk area}
2. ....

## Section III: Audit Observation

Type of Observation	Serious or Non-Serious
Categorization of Observation	Based on the Key Auditable Area for which audit is conducted

Categorization of Observation	Systematic Issues/ Internal Control Weakness/ Compliance issues/ Operational issues
Sub Categorization of observation	Based on the Auditable Sub Area of the grouped SOE
HMM No.	
HMM Type	
Para No.	
Document Reference (if any)	
Financial Amount (if Any)	
<b>Brief of the Observation:</b>	
<b>Documents Referred:</b>	
<b>Description mentioned in HMM:</b>	
<b>Response from the Auditee on HMM:</b>	
<b>Description of the Para:</b>	



## Conclusion and Recommendation:

### Section IV: Recommendation

This section shall include key analysis and recommendation that an internal auditor may include on the observations made on the overall performance of the Auditee.

### Section V: Previous Audit Compliance

This section shall include Previous audit Compliance of AG/Internal Audit Paras

AG Pending Paras					
Sr. No.	Report NO. and Year	Para Number	Description of Para	Status	Amount
DoA Pending Paras					
Sr. No.	Report No. and Year	Para Number	Description of Para	Status	Amount

### Section VI: Follow Up

This section shall include Status Report of the follow up actions taken by the department to the Previous Internal Audit Report/AG Report.

### Section VII: Limitation of the Internal Audit

The internal auditor shall provide the limitation faced by them during carrying out the works internal audit.

Annexure VI: Format for Internal Audit Report on Works for \_\_\_\_\_ Department

GOVERNMENT OF THE UTTARAKHAND STATE (GoUK)

WORKS INTERNAL AUDIT

OF

*{Insert title of Department}*

Issue Date: *{insert date: dd month yyyy}*

CONFIDENTIAL

## Covering letter/ Executive Summary

{NOTE: SHOULD NOT EXCEED TWO PAGES}

To

Secretary (Name of Department)

In {insert month & year} Directorate of Audit (DoA) Department of the Government of Uttarakhand conducted an internal audit of the number of Auditees. {insert name of Auditees audited for the Department with period}.

The audit covered following areas, operations, activities as per the audit plan:

- 

We would like to bring to your notice the following limitations during the audit and the impact is explained below

### Good practices noted

{Highlight good practices observed here}

### Key Analysis, issues and recommendations

The Directorate of Audit has issued individual reports to the units selected for audit and it is expected that the units will provide their compliances/responses to the audit findings within xxx days. Based on these reports, internal audit raised {insert number} objections of which {insert percent or number} were categorized serious, (If the % of Serious Objections is substantial e.g. 60% then comment on the consequences of the same).

Among the high priority issues and risks noted in this report, the most significant ones are presented below: {NOTE: Be selective. Only the most significant among the high priority issues must be highlighted in the Executive Summary. Limit the number of issues to be highlighted to a maximum of 5.

{Issues should be summarized and not presented verbatim from the main report. To the extent possible use only one paragraph per issue. Present each issue after an underlined heading as below}

<Insert issue heading underlined>

{Give a few important details, then present the Objections. if the Objections is long or has multiple aspects, concisely present the gist.}.

This consolidated audit report presents the recurring audit findings and those that are systemic in nature which needs to be addressed at the Departmental level. Kindly share with us the actions taken/proposed by the Department to address these issues/risks. While we appreciate that this is a continuous process, we would request your response preferably within xxx days from the receipt of this report, followed up by periodic updates from the Department.

Additional Chief Secretary/  
Principal Secretary / Secretary  
Finance

## Table of Content:

Section I: Audit Scope

Section II: Auditees - (A) Risk Assessment Process and Selection (B) Numbers and details of units covered in the internal audit

Section III Auditable Areas - Risk Assessment process and Audit

Section IV: Consolidated view of audit observations of all the units of the department

Section VI: Key analysis, Recommendation and Challenges raised by Auditees

Section VI: Status of Previous Audit Compliance

Section VII: Limitation

## Section I: Scope of the Audit

*<NOTE: SHOULD NOT EXCEED ONE PAGE.>*

The Internal Audit of {n – mention the numbers of unit to be audited for the department} numbers of units were audited was included in the Annual Audit Plan for {insert fiscal year} {if this was an unplanned audit explain reason for audit, e.g. was requested by the Permanent Secretary, was in response to identified internal control weaknesses, etc.} The audit was conducted in {year}.

### Audit purpose

The purpose of the internal audit was to assess the {insert purpose of audit as per the Annual Plan such as:

- Reliability and integrity of financial, managerial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with legislative mandates, regulations and rules, policies and procedures.}

The Internal audit also aimed at assisting the management of the {insert name of department} in continuously improving governance, risk management, and control processes.

### Scope of Audit

Mention the scope of audit based on the annual internal audit plan and planning memorandum

### Internal Audit Objectives

The specific objectives of this Internal audit were to:

1. {list audit objectives from audit plan here}
- 2.

## Section II: Auditees

### (A) Risk Assessment Process and Selection

{insert brief about the process followed and parameters used for risk assessment as per Tier III Risk Based Internal Audit (Refer Chapter 7 para 7.2)) and selection of Units for Audits stated in the manual}.

## **(B)Number and details of Units Covered in the Internal Audit**

This section shall include details of Internal Audit done for Number of Auditees in the following format

Head of Department	Head of Office	DDO
Nos.	Nos.	Nos

## **Section III Auditable Areas – Risk Assessment Process (Applicable for High Risk Department)**

*{insert brief about the process used for risk assessment of Auditable Areas as per Tier II Risk Based Internal Audit (Refer Chapter 7 para 7.2 and Annexure 8)) stated in the internal audit manual }, Selection of Auditable Area and Consolidated view on the basis of Audit Observation on Auditable Areas selected for Audit as below:*

Sr. No.	Key Auditable Area	Auditable Sub Area	Risk Identification	Key Audit Observation
1	Payroll and Establishment	Attendance and Leave	(Brief of the Risk Identified)	(Brief of the Key Audit Observation from various units. This shall include a consolidated overview of the key findings from audit observations in all units which may needs to be highlighted for review of the management of the department)
2	Grants in Aid	Application Processing	(Brief of the Risk Identified)	
3	Procurement of Goods	Vendor Payment	(Brief of the Risk Identified)	
	.....and so, on			

## Section IV: Key analysis, Recommendation and Challenges raised by Auditees

This section shall include the key analysis, finding, recommendation and challenges that should be highlighted to the management of the department based on the findings during the audit of individual units and risk identified & audited for Key auditable areas selected for high risk department.

## Section V: Status of Previous Audit Compliance

This section shall include Status of previous audit compliance with data related to pending serious and non-serious para with numbers and amount. This section shall also include the ageing of the para so that necessary actions can be initiated by top management of the department.

## Section VI: Limitation of the Audit

This section shall include the key and common challenges and limitation faced by various internal auditor during the audit of units of the department.

## Section VII: Consolidated Summary of Internal Audit Observations Unit wise

This section shall include details of Internal Audit Observations Categorisation into Serious and Non-Serious Auditee wise in the following format.

Sr. No.	Name and Address of Auditee	Category of Auditee	Total Number of Audit Objections		Amount of Audit Observations	
			Serious	Non-Serious	Serious	Non-Serious
		Head of Department/Head of Office/DDO				

### Annexure VII: Illustrative Irregularities in the execution of the work (Technical Audit Verification)

#### Earth Work

- Excavation of foundation less than specified in drawing.
- Lead chart for disposal of surplus earth not maintained.
- Less sand filling done under floors.

#### Concrete Work

- Oversize/ disintegrated/soft aggregate used.
- Less thickness of PCC under floors.
- Timber form work used through contract provides for steel form work.
- Lesser diameter binding wire used.
- Cover to reinforcement not as per drawing.

#### Brick Work

- Hollow vertical and stretcher course joints.
- Poor quality of mortar and inadequate curing
- Sub-standard quality bricks used
- Brick layers not laid in proper level

#### Stonework

- Bond stones in required numbers not provided.
- Poor quality cement mortar.
- Thickness of stone less than specified.

#### Woodwork / Aluminium work

- Species of wood other than specified provided.
- Cracked wood/Wood with knots used
- Kiln seasoning not done where specified
- Less size of styles and rails
- Coal tar/wood preservative not used for timber in contact with masonry

- Glass panes of less thickness provided
- Non-ISI approved fitting provided
- Glue not used in joints of woodwork.
- Non-ISI flush doors provided at site
- Less size and number of hinges provided
- Doors/windows not fabricated in approved factory
- Lighter weight Aluminium sections provided
- Proper sealing between frame and opening not done
- PVC strip /EDPM lining not provided in Aluminium doors/windows.
- Less thickness of anodizing/powder coating
- Wire gauge not turned at right angle in rebate
- Inferior grade ply

### Steel Work

- Non-standard steel sections used
- Priming coat either not done or poor-quality priming coat done on steel works
- Tack welding done instead of continuous welding
- Extra slag of welding not removed
- Thickness of sheets in rolling shutter found less
- Metal beading and glazing clips not provided in windows though specified.
- Inferior quality hinges and fittings provided
- Steel hinges in M.S. frames not fixed by cutting slots.
- M.S. striking plates fixed in steel windows instead of brass/aluminium
- Flash butt welding not done in steel windows
- Top and bottom fixing of windows

### Flooring

- Lesser width and lesser thick glass strips used in flooring
- Smaller size chips used in terrazzo flooring
- Thickness of flooring found less
- Second quality marble stone provided against specified first quality white marble
- Floors sounding hollow



- Stones of smaller than specified size provided
- Large panel size of Terrazzo flooring than specified
- Joints of tile/stone flooring found thick and crude
- Grinding stone marks visible on final polished flooring

### Roofing

- Non-ISI and lesser thickness of CGI/AC sheets provided
- Side and end laps of sheets found less
- Rusted G.I. hook of lesser dia used
- Brick coba treatment found with cracks, local undulations, sounding hollow with inadequate slope and less thickness
- Joints of brick tiles laid over roofs not grouted
- PVC sheet thickness found less than specified
- Gola not provided by cutting chase in parapet wall
- Non-ISI marked rainwater pipes provided

### Finishing

- Ceiling plaster found 10 to 20mm thick against the requirement of 6 mm thick.
- Finished surface of plaster found not smooth and uniform and not true to lines/levels.
- Poor quality mortar used in plastering
- Smaller size grit used in external grit plaster
- Poor quality primer, distemper, paint etc. used.
- Surface not prepared before painting/distempering
- Distemper/whitewash/ snowcem etc. coming to hands on rubbing
- Brush marks visible on painted/distempered surface

### Water supply, sanitary installations and drainage

- Non-ISI marked SCI/GI pipes provided
- Less weight SCI/GI pipes used
- Clamping of GI pipes either not done or done at inadequate spacing
- Less size of MS flat used in MS holder bat clamps and MS flat was not galvanized
- MS holder bat clamps not fixed in CC blocks

- Less quantity lead used in SCI/CI pipe joints
- Traps with insufficient seal used.
- Lesser weight bib taps/pillar taps/stop cocks etc provided
- Underweight PVC storage tanks provided
- Less size and weight of gully gratings and manhole covers.
- Inferior quality SW/RCC pipes
- Earth not properly compacted during refilling of trenches.

### Horticulture works

- Estimate not prepared as per landscape plan
- Landscape plans do not indicate the location of plant and species
- Species not selected as per environmental conditions
- Details of plants e.g. species, heights etc. not mentioned in the nomenclature of items
- Mode of measurement of earth/manure supply is not indicated.
- Deduction of voids not done.
- Excavation/trenching not done up to required depth at the time of development of new garden or regressing of lawn etc.
- Fresh/semi-decayed cow dung manure/farmyard manure accepted in place of well decayed cow dung manure/farmyard manure
- Grass not dibbled at specified distance during development/regressing of lawn
- Pit size for different types of plant not mentioned in nomenclature of items
- Composition of refill mixture of earth and manure etc. not mentioned as per the requirement of particular species
- P.H. value of earth not checked before taking its supply to suit the type of plantation
- Manure mixed with earth, stone and other extraneous matters used.

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