

Session 6

Session Title

Audit of works executed through GP



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Session Title: Audit of works executed by Gram Panchayat (GP)		Session Guide
Instructor’s Guide	Reference	Participants’ Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Inform: By the end of this session, we will acquire the basic concept of the procedure of works to be executed by Gram Panchayat and relevant registers as well as probable audit points in this regard which will help us to draw audit conclusions in a practical job scenario.		
Basic Concepts		
Explain: <ul style="list-style-type: none"> • The procedure of works to be executed by GP • Maintenance of Advance Register • Adjustment of Advance • Issue, Opening and acceptance of Tenders • Related registers and forms. Distribute copy of Works Register, Allotment Register and Project Register to make participants familiar with the format Discuss the formats	Slide : Session 6- GP Works	
Audit of Works executed by GP		
Urge the participants to explore the probable audit points to be looked into regarding works executed by GP. Advise them to jot down their points. Suggest the probable audit points to be looked into the audit of works executed by GP.	Slide: Session 6 Audit Points GP works	
Application:		
Issue instruction for Exercise 1 , including time allowed for individual effort and for discussion on answers. Distribute Exercise 1 Distribute suggested solution Discuss the answers. Distribute Participants’ Note	Session 6 Exercise 1 Session 6 Solution 1 Participants’ Note	
Summarise:		
Delineate During the session, we discussed the methods and procedures of works undertaken by the GP along with various allied issues viz. tenders and contracts, payments of advance and adjustments and postings of items in the different books of accounts and the probable audit points to be looked into regarding works executed by GP. Thank the participants and bring the session to a close.		

List of Forms required in Session 6: 1. Works Register 2. Allotment Register
3. Project Register

Procedure of works in GP

Slide 1

**PROCEDURE OF WORKS
IN GRAM PANCHAYAT**



Slide 2

Procedure of works
to be executed by Gram Panchayat (GP)

- > When GP decides to take up any work for execution, a suitable person shall be selected for day to day supervision of the scheme on payment of remuneration to be fixed at a meeting of GP.
- > The person so entrusted shall execute an indemnity bond on a Non-Judicial Stamp in Form No.26.

(This slide to be adapted to state specific scenario) 

Slide 3

Procedure of works
to be executed by GP contd.

- > An advance payment, not exceeding 25% of the total estimated expenditure of the scheme may be made to such person at a time.
- > Before making any subsequent 'on account payment' the Custodian shall realise all vouchers of the previous advance payment and satisfy himself that the work has actually progressed sufficiently to cover the previous advance.
- > The recipient of advance payment shall account for the money by submitting vouchers, muster rolls etc. within 3 months from the date of taking such advance failing which he shall be liable to be prosecuted under Indian Penal Code.

(This slide to be adapted to state specific scenario) 

Slide 4

Maintenance of Advance Register

- > GP shall maintain an Advance Register in Form No.16 for payment of advance to any member of the GP or any contractor.
- > A separate page shall be allotted for every recipient and the recipient shall sign under the appropriate column of the Advance Register.
- > He shall also grant a receipt of the advance on plain paper which shall be countersigned by Pradhan and shall be treated as voucher.
- > Payment of advance shall be entered in the payment side of Cash Book(CB) under a heading 'Advance' along with the date of payment.

(This portion to be adapted to state specific scenario) 

Slide 5

Adjustment of Advance

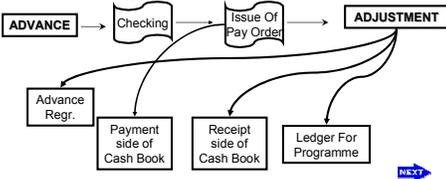
- > An advance shall be adjusted by submission of detailed Work Bill and unspent cash balance, if any.
- > After the work bill is checked technically and certified by Job Asstt., Pradhan shall pass "Pay Order" on the bill.
- > Thereafter Work Bill may be treated as payment voucher.
- > Payment Voucher or refunded cash shall be entered in the column 'Advance recovered' in the Adv. Regr. and in the receipt side of the Cash Book.
- > Posting shall also be made in the ledger for the programme concerned.

(This slide to be adapted to state specific scenario) 

Slide 6

Adjustment of Advance contd.

- > Pay Order passed by the Pradhan on the Bill shall also be simultaneously noted in the payment side of the CB.



(This slide to be adapted to state specific scenario) 

Slide 7

Execution of a Project
– Issue of Tender

- > Sealed tenders shall be invited by issuing a tender notice of not less than seven days for all works to be executed by contractors.
- > Earnest money @ 2% of the estimated cost of the project shall be deposited in cash along with the tender by the intending tenderer to the Pradhan.

(This slide to be adapted to state specific scenario)



Slide 10

Registers & Forms
to be maintained by Gram Panchayat
in connection with execution of Works

1. Allotment Register: Records all transactions in Form No.17 for the allotment of fund, in cash or kind, received from Govt. / ZP / PS for the execution of an assigned programme or a scheme. Separate page shall be used for each programme.
2. Project Register: A register of all projects under each programme. It is maintained in Form No.18 and separate page shall be used for each project.

(This slide to be adapted to state specific scenario)



Slide 8

Execution of a Project
– Opening & Scrutiny of Tender

- > Tenders shall be opened by the Pradhan in presence of the tenderers at the appointed date, time and place.
- > Pradhan shall be assisted by the Secretary and Job Asstt. in scrutinising the tenders.

(This slide to be adapted to state specific scenario)



Slide 11

Registers & Forms contd.

3. Works Register: It is a register in Form No. 19 of all development works undertaken by GP itself through its own resources.
4. Measurement Book: It records measurement of completed works. It is maintained in the Form prescribed by PWD of State Government.

(This slide to be adapted to state specific scenario)



Slide 9

Execution of a Project
– Acceptance of Tender

- > Pradhan shall ordinarily accept the lowest tender but, for reasons to be recorded in writing, Pradhan may accept a tender other than the lowest tender

Provided Pradhan shall not accept the lowest tender which exceeds the estimated cost of the project as approved by the Gram Panchayat.



Slide 12

Registers & Forms contd.

5. Muster Roll: All payments made either in cash or in kind or in both at the site of work shall be made through this. It is maintained in Form No. 20. Each Muster Roll shall be maintained chronologically indicating the year of its user.
6. Appropriation Register: It records all grants and loans received from Government. It is maintained in Form No. 8. The register should be signed by the Secretary as well as by the Pradhan

(This slide to be adapted to state specific scenario)



Slide 13

Registers & Forms contd.

Store Account Register: Whenever GP acquires or receives any materials for execution of any programme or scheme, such materials shall be kept under the charge and custody of the Pradhan. This register records every receipt and issue of such materials date-wise and is maintained in Form No. 27.

A separate account shall be kept for each programme. Yearly programme-wise balance of stores shall be physically verified.



Slide 2

Audit points regarding procedure for works

1. Was any person selected for day to day supervision of the execution of the scheme-based work taken up by the GP?
2. Was such selection and the remuneration thereof fixed at a meeting of the GP? The resolution/minutes *ibid* should be forthcoming.
3. Did the person execute an indemnity bond on a non-judicial stamp of Rs. 2/- in Form No. 26?

(This slide to be adapted to state specific scenario)

Slide 14

Audit Points

Home

Slide 3

Audit points regarding procedure for works contd.

4. In case of advance payment made to the said person, was the amount thus paid in excess of 25% of the total wage component of the total estimated expenditure of the scheme?
5. In case of any subsequent 'on account payment', did the Custodian realise all vouchers of the previous advance payment and satisfy himself in all aspects?



(This slide to be adapted to state specific scenario)

Audit points regarding of works in GP

Slide 1

Audit Points To Be Looked In To Execution Of Works

Slide 4

Audit points regarding procedure for works contd.

6. Did the said person account for the money by submitting vouchers, muster rolls and other necessary documents within three months of taking such advance?
7. In case of non-fulfilment of provisions under Sl. No. (vii) above, was any prosecution initiated? If so, what was the result?

(This slide to be adapted to state specific scenario)

Slide 5

Audit points regarding
Maintenance of Advance Register.

1. Was an Advance Register in Form No.16 maintained for recording payment of advances for execution of works?
2. Was the Register signed by the recipient of advance, Pradhan and Secretary under appropriate columns?
3. Was a separate page allotted for each recipient of advance?

(This slide to be adapted to state specific scenario)

Slide 8

Audit points regarding
Maintenance of Advance Register. Contd.

8. Was the cash refunded by the member / contractor recorded both in the Advance Register in the appropriate column under the heading "Advance Recovered" along with suitable notes, and in the receipt side of the Cash Book (CB)?
9. Was the amount passed for payment posted in the payment side of the CB?
10. Were all transactions noted in the concerned ledger of the programme / project on the date/s of their taking place?

(This slide to be adapted to state specific scenario)

Slide 6

Audit points regarding
Maintenance of Advance Register. Contd.

4. Was there a separate acknowledgment by the recipient in plain paper duly countersigned by the Pradhan for every such advance which could be treated as a proper voucher?
5. Was each payment recorded in the payment side of the Cash Book under the heading "Advance" (along with a suitable note) on the date of such payment ?

(This slide to be adapted to state specific scenario)

Slide 9

Audit points regarding
Execution of Works

11. Was any member of the GP selected for day to day supervision of a scheme? If so, it was irregular.

Slide 7

Audit points regarding
Maintenance of Advance Register. Contd.

6. Was the advance sanctioned to the authorised person adjusted by submission of detailed work bill and unspent cash balance, if any?
7. Was the work bill above technically checked and certified by the Job Assistant and passed by Pradhan as "pay order" to become a payment voucher?

(This slide to be adapted to state specific scenario)

Slide 10

Audit points regarding
Issue of Tender

12. Were sealed tenders invited through issue of a tender notice of not less than seven days for supply of materials or carriage of materials to the worksite in all cases other than those entrusted to the authorized Co-operative Societies?

(This slide to be adapted to state specific scenario)



Slide 11

Audit points regarding
Issue of Tender

13. Was Earnest money at the rate of 2% of the estimated cost of the project deposited in cash by the tenderer to the Pradhan and taken into account in all the relevant books of accounts?
14. Were there proper records to show that the tenders were opened by the Pradhan in the presence of the tenderers at the appointed date, time and place?

(This slide to be adapted to state specific scenario)

Slide 14

Audit points regarding
Store Account Register contd.

4. Was a programme-wise physical verification of balance in hand of store made by Pradhan in respect of each category at the end of every financial year?
5. Was there daily balancing of receipt and issue of stores?



(This slide to be adapted to state specific scenario)

Slide 12

Audit points regarding
Issue of Tender

15. Were any tenders other than the lowest tender accepted? If so, were proper reasons thereof recorded in writing?
16. Was there any case of acceptance of tender, the cost of which exceeded the estimated cost of the project as approved by the GP? If so, it was irregular.

Slide 13

Audit points regarding
Store Account Register

1. Was the register maintained in Form No. 27?
2. Were there date-wise postings of each and every receipt and issue of materials?
3. Was a separate account kept in the register for each programme?

(This slide to be adapted to state specific scenario)



Exercise

Time: 15 mins.

Mark ✓ the correct answer:

1. The recipient of an advance shall account for the money within 3 months from the date of taking such advance. **True / False**
2. Amount of advance shall not exceed 25% of the estimated expenditure. **True / False**
3. If the recipient of the advance does not account for the money within stipulated period,
 - Pradhan will discuss the issue in Gram Sabha
 - Pradhan may allow 30 days more time
 - The person shall be liable to be prosecuted under Indian Penal Code
 - Pradhan may allow 30 days more time
4. Separate page must be allotted for each recipient of the advance. **True / False**
5. A member of the Panchayat has to be selected for day to day supervision of the work taken up by the Gram Panchayat. **True / False**

(This questions to be adapted to state specific scenario)

Solution

1. False
2. True
3. The person shall be liable to be prosecuted under Indian Penal Code
4. True
5. False

(This solutions to be adapted to state specific scenario)

Session Title

Audit of Works Executed by Gram Panchayat (GP)

Session Overview

We are now in the module on topics, wherein audit of works executed by GP and relevant records could be carried out as an end in itself.

In the previous sessions, the evolution of PRIs, the audit of constitution of GP, GP Fund, GP Accounts and GP Budget were discussed.

In this session we will discuss audit of works executed by GP and relevant registers to the extent that the audit conclusion indicates:

- Whether the procedure of execution of works by GP is as per rules; and
- Audit point is supported by evidence.



Procedure of works to be executed by GP

***Rule 16 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990**

1. Whenever any GP decides at a meeting to take up any particular work to

be executed by the GP, it shall select a suitable person preferably from the locality of the scheme, for day-to-day supervision of the scheme on payment of a suitable remuneration to be fixed at a meeting of the GP. But no member of a GP shall be selected for such day to day supervision of a scheme. The person so entrusted shall execute an indemnity bond on a non-judicial stamp of Rs. 2 in Form No.26.

2. However, the local member of the GP with the help of the Job Assistant shall supervise the work.

3. An advance payment, not exceeding 25% of the total wage components of the estimated expenditure of the scheme, may be made at a time.

4. Before making any subsequent "on account payment" (not exceeding 25% of the total expenditure) the Custodian shall realise all vouchers of the previous advance payment and satisfy himself that the work has actually progressed sufficiently to cover the previous advance.

5. The recipient of an advance-payment shall account for the money by submitting vouchers, muster rolls and other documents, if any, within 3 months

*This portion to be adapted to state specific scenario.

from the date of taking such advance failing which he shall be liable to be prosecuted under Indian Penal Code.

Audit points regarding procedure for execution of works in GP

1. Was any person selected for day to day supervision of the execution of the scheme-based work taken up by the GP? Was he a member of GP?
2. Was such selection and the remuneration thereof fixed at a meeting of the GP? The resolution/minutes *ibid* should be forthcoming.
3. Did the said person execute an indemnity bond on a non-judicial stamp of Rs.2/- in Form no. 26?
4. Did any local member of the GP generally supervise the work with the help of Job Assistant?
5. In case of advance payment made to the said person, was the amount, thus paid, in excess of 25% of the total wage component of the total estimated expenditure of the scheme?
6. In case of any subsequent 'on account payment', did the Custodian realize all vouchers of the previous advance payment and satisfy himself that the work had actually progressed sufficiently to

cover the advance? Relevant documentation in that respect should be forthcoming.

7. Did the said person account for the money by submitting vouchers, muster rolls and other necessary documents within three months of taking such advance?
8. In case of non-fulfillment of provisions under Serial No. (7) above, was any prosecution initiated? If so, what was the result?

Maintenance of Advance Register in GP

***Rule 17 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990**

The GP shall maintain an Advance Register in Form No.16 for payment of advance. A separate page shall be allotted for every recipient of the advance and the person receiving such advance shall sign under appropriate column of the Advance Register. He shall also grant a receipt of the advance on plain paper which shall be countersigned by the Pradhan and shall be treated as voucher. This payment of advance shall be entered in the payment side of the CB under a heading "Advance" along with a note of the date on which the advance is actually made.

*This portion to be adapted to state specific scenario.

***Audit points regarding maintenance of Advance Register**

1. Was an Advance Register in Form No. 16 maintained for recording payment of advances for execution of works?
2. Were all the columns of the said Register duly filled in?
3. Was the Register signed by the recipient of advance, Pradhan and Secretary under appropriate columns?
4. Was a separate page allotted for each recipient of advance?
5. Was there a separate acknowledgment by the recipient in plain paper duly countersigned by the Pradhan for every such advance which could be treated as a proper voucher?
6. Was each payment recorded in the payment side of the CB under the heading "Advance" (along with a suitable note) on the date of such payment?

***Adjustment of advance**

Rule 18 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990

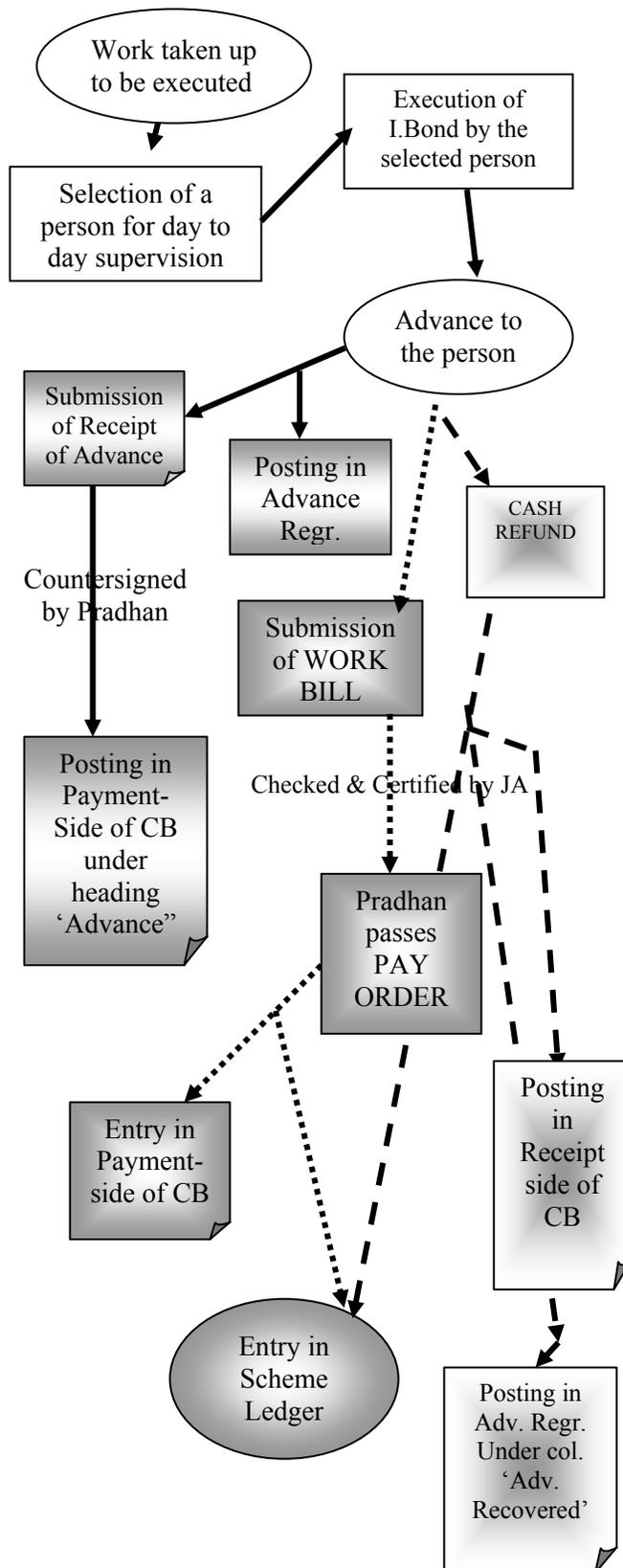
1. An advance sanctioned shall be adjusted by submission of detailed work bill and unspent cash balance, if any.
2. No work bill shall be accepted as adjustment unless the same is technically

*This portion to be adapted to state specific scenario.

checked and certified by the Job Assistant of the GP. After the work bill is checked and certified by the Job Assistant, the Pradhan of the GP shall pass "pay order" on the bill. Thereafter, the work bill may be treated as payment voucher.

3. The voucher(s) shall be treated as cash, and voucher(s) and cash refunded by the concerned person to whom advance was sanctioned shall be entered in the appropriate column under the heading "Advance Recovered" of the advance register and the receipt side of the CB. The amount passed for payment against the work bill shall be entered with appropriate note in respect of the purpose for which the expenditure has been incurred. Similar posting shall also be made in the ledger for the programme or the project concerned. Pay order passed by the Pradhan on the Bill shall also be noted in the payment side of the CB.

An illustration of the various steps for adjustment of advances is given in next page:



*This portion to be adapted to state specific scenario.

*Audit points regarding adjustment of advance

1. Was the advance sanctioned to the authorized person adjusted by submission of detailed work bill and unspent cash balance, if any?
2. Was the work bill above technically checked and certified by the Job Assistant and passed by Pradhan as "pay order" to become a payment voucher?
3. Was the cash refunded by the member/contractor recorded both in the Advance Register in the appropriate column under the heading "Advance Recovered" along with suitable notes, and in the receipt side of the CB?
4. Was the amount passed for payment posted in the payment side of the CB?
5. Were all transactions noted in the concerned ledger of the programme/project on the date/s of their taking place?

*Execution of a project

Rule 19 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990

No member of a GP shall be selected for day to day supervision of a scheme.



*Procedure of entrusting works to a contractor

Rule 20 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990

1. Sealed tenders shall be invited by issuing a tender notice of not less than seven days for supply of materials or carriage of materials to the work site by the contractor.
2. Earnest money at the rate of 2% of the estimated cost of the project shall be deposited in cash along with the tender by the intending tenderer to the Pradhan.
3. Tenders shall be opened by the Pradhan of the GP in the presence of the tenderers at the appointed date and time. The Pradhan shall be assisted by the Secretary or the Job Assistant in scrutinising the tenders.
4. The Pradhan shall ordinarily accept the lowest tender but, for reasons to be recorded in writing, the Pradhan may accept a tender other than the lowest tender.

*This portion to be adapted to state specific scenario.

Audit points regarding execution of works

1. Was any member of the GP selected for day to day supervision of a scheme? If so, it was irregular.
2. Were sealed tenders invited through issue of a tender notice of not less than seven days for supply of materials or carriage of materials to the worksite in all cases other than those entrusted to the authorized Co-operative Societies?
3. Was Earnest money at the rate of 2% of the estimated cost of the project deposited in cash by the tenderer to the Pradhan and taken into account in all the relevant books of accounts?
4. Were there proper records to show that the tenders were opened by the Pradhan in the presence of the tenderers at the appointed date, time and place?
5. Did any person other than the GP Secretary/Job Assistant assist Pradhan in the scrutiny of tenders? If so, it was irregular.
6. Were any tenders other than the lowest tender accepted? If so, were proper reasons thereof recorded in writing?
7. Was there any case of acceptance of tender, the cost of which exceeded the

estimated cost of the project, approved by the GP? If so, it was irregular.



Registers and Forms to be maintained by the GP in connection with execution of work

Rule 21 of the W.B Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990*

1. **Allotment Register:** Records all transactions in Form No.17 for the allotment of fund, in cash or kind, received from State Government / ZP / PS for the execution of an assigned programme or a scheme. A separate page shall be used for each programme.
2. **Project Register:** It is a register of all projects under each programme is maintained in Form No.18. A separate page shall be used for each project.
3. **Works Register:** It is a register of all development works undertaken by GP itself through its own resources and is maintained in Form No.19

*This portion to be adapted to state specific scenario.

4. **Measurement Book:** Records measurement of completed works and is maintained in the Form prescribed by PWD of the State Government.

5. **Muster Roll:** All payments made either in cash or in kind or both at the site of work shall be made through this. It is maintained in Form No. 20 indicating the year of its user chronologically.

6. **Appropriation Register:** Records all grants and loans received from State Government and is maintained in Form No.

8. It should be signed by the Secretary as well as the Pradhan.

Audit points regarding maintenance of Registers & Forms

1. Was an Allotment Register in Form No. 17 maintained to record all transactions for the allotment of fund in cash or kind received from the State Government, ZP or PS for the execution of an assigned programme or a scheme?

2. Was a separate page maintained in the above register for each such programme/project?

3. Were the entries in all the columns of the register made properly and the same attested by the Secretary and Pradhan of the GP?

4. Were there suitable contra entries in the CB and other related registers and ledgers?

5. Was any Project Register (Form No. 18) maintained in Form No. 18 as per Procedure?

6. Was a separate page opened in the register for each such programme?

7. Was a Works Register maintained in Form No. 19 to record transactions relating to the development works undertaken by the GP?

8. Were all the entries in the Project Register and Works Register attested by the Secretary and Pradhan?

9. Were there any records to show that the entries in respect of the "Benefits accrued" as indicated in the above two registers were actual?

10. Measurement Book (MB) is a vital initial record which may need to be produced in a court of law, and hence, it should be maintained very carefully. The following points may be kept in view:

a. Was the MB maintained in the form prescribed by the PWD/WB Government?

- b. Was the person who took and recorded the measurement authorized to do so?
- c. Were the entries in the MB attested by Pradhan?
- d. Were the entries taken into consideration before releasing payment for the works undertaken by the GP?
- e. Did the entries in the MB tally with the relevant contra entries in other registers and ledgers?
11. Was the Muster Roll (MR) maintained in Form No. 20?
12. Was there proper signature/LTI of the payee?
13. Was there signature of the Identifier in every case of payment?
14. Was there any record to show that the disbursing personnel were authorized by the GP?
15. Was the MR attested by Secretary and Pradhan?
16. Was each MR maintained chronologically indicating the year of its user?
17. Were there suitable contra entries in the other relevant registers and documents including CB?
18. Was an Appropriation Register maintained in Form No. 8 to record all grants and loans received from State Government?
19. Were all the entries attested by the Secretary and Pradhan?
20. Did all the postings tally with those of the CB and relevant Works/Project Registers?

Summary

The session talks about methods and procedures of works undertaken by the GP along with various allied issues viz. tenders and contracts, payments of advances and adjustments, postings of items in the different books of accounts and audit points thereon.

