

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA

2nd FLOOR, TREASURY AND ACCOUNTS BHAWAN, UNIT-III,

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To

All the C.A. Firms empanelled in ARP 2017-18

Sub : Timely completion of Accounts Review during the program year 2017-18.

Madam / Sir,

Consequent upon issue of allotment letters from DLFA for conducting accounts review of the Aided Colleges, it is once again impressed upon all the C.A. Firms that they are to follow basic accounting principles as adopted in Govt. accounting system and report all facts and figures in prescribed twenty point "Common Audit Format"(CAF). The process and procedure to cover accounts review will be imparted in Orientation Training Programme arranged by DLFA before commencement of audit.

The following points are to be borne in mind while conducting accounts review.

1. The allotted C.A. Firms are to be accustomed with Govt. accounting procedure and are to follow the standing instructions of DLFA issued from time to time.
2. The C.A. Firms are to give **at least 10 days** prior intimation to the Principal of the Aided Colleges for keeping the accounts ready in a date scheduled by him for commencement of audit.
3. After arrival of the Auditor (C.A. Firm) on the scheduled date as per intimation, he should issue a Preliminary Objection Memo (POM) / Half Margin Memo in duplicate containing the list of records / registers, vouchers and any other documents as to be requisitioned by him for audit and the requisite information are to be furnished by the College. The signature of the head of the College or of the Ministerial Staff authorized by him /her should be obtained on the body of duplicate copy of the POM in token of receipt of the Memo.
4. The head of the Institution /College will provide all the records to the C.A. Firms as requisitioned for accounts review. In the event of non-compliance/non-furnishing / non-availability of records, the Principal has to mention the same in his reply on the body of the original Memo and return it with his signature on it.
5. The mandays for the C.A. Firm for conduct of the accounts review shall be counted from the date of issue of half margin memo on which date the firm concerned should switch on the button for "in progress of accounts review". The total mandays for **one**

assignment/ College is limited to 12 days during which he should have to complete the accounts review and submit the report online. If the accounting year is **more than one**, the total mandays is limited to 22 days for completion of the accounts review. However, irrespective of the no. of Colleges allotted in a single phase to the C.A. Firms, they are to complete the accounts review and submit the report online by the end of that phase. In case they fail to complete the review within the stipulated time, their allotments are liable to be cancelled. In such case, the C.A. Firm not only will lose the claim for audit fees but also will not be considered for future assignment during the programme year and some other interested C.A. Firm may be assigned to do the same work.

6. Submission of report online does not necessary mean acceptance of the report by the D.A.O. which may be either approved or returned to the auditor with points of objection. However, the period of retention at the **reviewer stage** is **seven days** only in between which the reviewer has to either place it for approval or return to the C.A. Firm with the genuine points of objection in a single slot and the same are to be in the knowledge of the D.A.O. concerned.
7. The C.A. Firm after receipt of the returned report online, has to comply within a period of 7 days from the date of receipt to the objections raised and resubmit the same online. The online resubmitted report has to be reviewed by the reviewer within another period of 7 days from the date of resubmission. In between the period in course of review, if the compliance is still wanting or ancillary objection from the point of compliance further arises out of contradiction of the figures, the reviewer may also return the same to the auditor online mentioning the particular point Nos. not complied or the figure to earlier objection is still contradictory pertaining to particular para Nos. The auditor after receipt of the online report will have to comply within same period of another seven days. However, the period of retention and resubmission is limited to three months only from the date of first submission of the report. In worst unavoidable circumstances if the delay has been caused by the Auditor, he may send a request letter to the Director for consideration with justified reason. DLFA preserves the right in the interest of the organization to cancel the assignment and not consider the Auditor, (C.A. Firm) for further allotment. And the cancelled allotment will be assigned to other interested empanelled C.A. Firm in the next phases of the programme year.
8. If the auditor re-submits the returned report without effecting any rectification as per the objection raised by the Reviewing Officer or the modification is not up to the desired extent, the D.A.O. will reject the report if it occurs more than twice. Before rejecting the report on the aforesaid ground, the auditor (C.A. Firm concerned) shall be given an opportunity to explain its standpoint and the D.A.O. will have to obtain prior approval from DLFA for rejection of the report. In that case the Auditor will be deprived of any audit fee or logistic support from the Organization.
9. In the event of natural calamities where there is no possibility of the Auditee Institution to produce the books of accounts on account of wastage, the report submitted being

incomplete shall never be considered for approval which will ultimately lead to rejection. The Auditor in that case shall report the matter especially to the D.A.O. who on receipt of the letter may write such matter to DLFA for information. The Auditor in that case will also be deprived of the Audit fee / Logistic support.

10. In the eventuality of rejection of the review report either due to retention of the returned report beyond 3 months (paragraph-7) or due to resubmission of un-rectified/ un-complied report more than twice (paragraph-8), the Auditor (C.A. Firm concerned) will not be given further chance for accounts review and he will also be deprived of any claim towards audit fees and logistic support from DLFA.

11. The POM/Half margin Memo / Objection statement necessary and to such by the Auditee Institution are to be mandatorily submitted by the Auditor prior to submission of Audit Report online to the office of the D.A.O.

The auditor is to see the following aspects in course of audit.

- i) The physical verification of the items like liquid cash, MB, Application Forms, unused receipt books, Postage Stamp should be conducted by the Auditor on the day of commencement of audit and the result should be furnished in the report along with necessary comment in case of discrepancy. (Par aNo.2 of CAF)
- ii) Comments should be given in the report by the Auditor in case of non-production/ non-maintenance of records basing upon the reply/ compliance of the institutions as has been asked for by the Auditor through POMs. The consequential effect of such lapse may be briefly mentioned. (Para No.3)
- iii) **Details of head wise receipt and expenditure of all the cash books are to be worked out and a financial statement is to be furnished in the report.** Difference, if any, between the CB of cash book and CB arrived at during review shall be reconciled and discussed in the report (Para No.4)
- iv) Headwise details of Opening Balance is to be sought for from the Local Authority through audit objection memo. In case, they failed to submit the headwise details, consolidated O.B should be taken for previous years and headwise details of current year is to be worked out by audit.
- v) The bank account wise details of balance in pass book and that shown in the cash book shall be furnished in the report. In case of any discrepancy between the pass book and cash book figures, the reconciliation worked out by the local authority shall be checked. In case the reconciliation statement is not prepared by the local authority, effort should be made by the auditor to reconcile the difference(Para No.-5)
- vi) Abstract position of investment, i.e. Fixed / Term Deposits made by the College shall be furnished. The certificate wise details of the Closing Balance are to be furnished. The details shall contain certificate No., name of the Bank, date of investment, amount invested, rate of interest, date of maturity, maturity value

