



**Directorate of Local Fund Audit  
Finance Department, Government of Odisha**

**Empanelment of Chartered Accountant Firms with the  
Directorate of Local Fund Audit, Government of Odisha for  
the year 2021-2022**

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# Contents

I. Background .....	3
II. Eligibility Criteria.....	4
III. Scope of Work .....	4
IV. Reporting .....	5
V. Terms and Conditions.....	6
VI. Payment Terms.....	6
Annexure-1.....	8
Annexure-2.....	18

**Terms of Reference (ToR) for  
Accounts Review Programme of Aided Educational Institutions under Directorate of  
Local Fund Audit (LFA) of the Finance Department, Government of Odisha  
2021-2022**

**I. Background**

1. Directorate of Local Fund Audit (DLFA), Odisha is the Statutory Audit Organization of Government of Odisha. It has been functioning under the administrative control of Finance Department since 1948 & has been made a separate Directorate w.e.f. dt.01.10.2012. There are 25 District Audit Offices and one Audit Office functioning in the State, each headed by a District Audit Officer and Audit Officer respectively. The Director of Local Fund Audit, Odisha is the Head of the Organization.

2. The Director, LFA exercises the powers of Examiner of Local Accounts under the OLFA Act 1948. There are Officers like Additional Director, Joint Directors, Deputy Directors, Assistant Directors, besides Audit Superintendents & Auditors to assist the Director in discharging his duties as the Examiner of Local Accounts. The Organization undertakes audit of Panchayat Samities, Gram Panchayats, Urban Local Bodies, Development Authorities, Universities, Aided Colleges, High Schools, M. E. Schools, Endowment etc. Presently there are 13,606 numbers of Auditee Institutions in the State being audited by Local Fund Audit Organisation.

3. In view of the audit pendency, the Directorate of Local Fund Audit, Finance Department, Government of Odisha, in pursuance of Govt. in Finance Department Resolution No. 7401/F, dtd. 14.03.2013, has been engaging Chartered Accountant firms in the process of accounts review since 2013-14. The Director, Local Fund Audit intends to empanel Chartered Accountant Firms for conducting accounts review of Non-Govt. Aided Colleges in the current year i.e. **2021-2022**.

**All Odisha based Chartered Accountant Firms registered by the Institute of Chartered Accountants of India (ICAI) and empanelled with C&A.G. or Bank Branch Auditors' Panel for the year 2020-2021 are eligible to apply for empanelment with the Directorate of Local Fund Audit, Odisha.**

## **II. Eligibility Criteria :-**

- a) The CA Firm must be registered by ICAI with Head office in Odisha (Certificate in support of registration and Head Office in Odisha to be uploaded).**
- b) The CA Firm must be empanelled with C&AG or Bank Branch Auditors' Panel during last year i.e. 2020-2021 (Certificate/supporting documents in support of empanelment to be uploaded).**
- c) The CA Firm must be registered under the GST Act (Certificate in support of valid GST registration to be uploaded).**
- d) The C.A. Firm must have satisfactory performance in previous assignments relating to Local Fund Audit. The CA Firms applying for the first time must have satisfactory performance and experience in audit of any Government institution (Documents in support to be uploaded).**
- e) The Bank Account must be in the name of the CA Firm/Owner of the CA Firm. The same A/C number with bank details will find place on the body of the invoice (A scan copy of the first page of pass book to be uploaded).**

**N.B.** Documents/Certificates relating to point number 'a' to 'e' to be uploaded.

## **III. Scope of Work**

- 4.** The CA firms selected for Accounts Review assignment shall be responsible for carrying out following activities with respect to the financial year under review at the college premises:
- i.** Verification of all vouchers and supporting documents with respect to the proper sanction and approval by competent authority according to the delegation of financial power and compliance to laws and prescribed guidelines.
  - ii.** Verification of entries in the books of accounts (Cashbook, Abstract Register of receipt and expenditure, Advance Ledger, Daily collection register, Miscellaneous Receipt Books, GIA-Acquittance Register, Management Acquittance Register, Service Books, Attendance Register, Book of drawal, Cheque issue register, Grants received register, Stock Register etc.) in respect of receipts and expenditure of the institution.
  - iii.** Examination of Monthly Bank reconciliation Statement with respect to entries in the cashbook and bank statement.
  - iv.** Examination of utilization of grants received from Government of Odisha during the financial year under review.
  - v.** Examination of payments of Salary/consolidated pay under block grants scheme.
  - vi.** Examination of advances given and adjusted/recovered from staff and others.
  - vii.** Physical verification of Cash and Fixed Deposits.
  - viii.** Verification of land records of the college and fixed assets.

ix. Working out of the head wise receipt- expenditure statement from the cash book and other related records.

x. Verification of such other records and preparation of statements, which are required for filling up the Accounts Review Report Format given in **Annexure –1**.

5. CA firms shall be required to help rectify the errors identified, if possible by them during the course of Accounts Review and report the balance errors/irregularities which remain un-rectified with reasons as to why the same were not rectified.

6. The CA firms are required to submit a Report in '**Special Report Module**' in ALFA portal immediately to the respective **District Audit Officer** wherever any serious irregularity or transactions detected to have been made with mala fide, corrupt practices and gross indiscipline or any fraudulence, involving the money value exceeding Rs 10,000.00.

7. In the event of non-submission of proposal online by the colleges, the Director, Local Fund Audit, Odisha may assign the review work to any of the empanelled C.A Firms to be chosen through due mapping of location of college as well as C.A Firm.

8. Allotment of colleges for accounts review will be made to CA Firms of the same districts or the adjacent districts where the head office/branch office of the CA firm located. In case of non-availability of CA Firm in the district/adjacent districts of the college, Director may allot other district CA Firms.

#### **IV. Reporting**

9. In the course of examination of the books of accounts, any discrepancy, which comes to the notice of the reviewer, or any queries, shall be put up in writing in form of half-margin memo before the Head of the Institution for his/her replies. The copies of such queries and replies thereto shall be appended to the accounts review report.

10. On the basis of the examination of books of accounts and replies received from the principal of the college, the CA firm shall duly fill up the findings of accounts review into the ALFA (Automation of Local Fund Audit) system **within 7days after the completion of Accounts Review**. The Director, Local Fund Audit will provide the login details of ALFA System to the CA firms along with the allotment letter.

11. The concerned District Audit Officer, after due scrutiny of the accounts review report, will approve the report, if found in order within a period of 30 days after submission of the report in ALFA system and thereafter will issue a certificate on satisfactory completion of CA firm's Accounts Review.

Those CA Firms who did not take up audit/submit audit report within time may be not be empanelled.

12. The CA firm shall send a signed hard copy of the approved Accounts Review Report (generated by the ALFA system) to the respective District Audit Officer.

13. The CA firm shall send an **invoice in hardcopy along with inked seal and signature of the CA (format given in annexure-2)** generated through ALFA, **along with a copy of the “Accounts Review Report Approval Certificate”** issued by the concerned District Audit Officer to the Directorate of Local Fund Audit, Odisha or the concerned institution as applicable. It is mandatory to furnish address of the firm in the space specified in invoice.

14. The respective institution will process the invoices within 30 days after receipt of the invoice for accounts review of accounting year 2012-2013 only.

## **V. Terms and Conditions**

**15. Period of Accounts Review:** The CA firms empanelled would be appointed for a period from **May 2021 to April 2022**. They may be allotted accounts for review during this period in different phases in the premises of Aided Colleges of Odisha. The first cycle of Accounts Review will start during **June 2021**.

**16. De-empanelment:** The firms may be de-empanelled by the Director, LFA on the following grounds:

i) If any serious act of omission or commission are noticed pertaining to the Accounts Review.

ii) In case of non-commencement or non-completion of audit/non-submission of audit reports in time without any valid reason or justification.

iii) In case of refusal/unwillingness of CA to conduct audit after assignment of allotment without any valid reason.

iv) If the objections/defects raised in the report at DAO level during scrutiny are not complied by the C.A. Firms by abiding all procedures & requirements of the report.

v) If complaints are received from DAOs against the performance of the CA Firms.

vi) If complaints are received from auditee institution against the C.A. Firm, subject to verification.

**17. Expertise Required:** The CA firms selected shall at the minimum deploy following team to facilitate the accounts review process in each college:

- 1 Full time qualified CA
- 3 Full time Assistants (Article Assistants)
- Timely Review by the Partner or Proprietor of the CA firm.

## **VI. Payment Terms**

**18. Professional Fee** will be paid to the firm as per the following schedule of fees depending on the type of college, per financial year, as given in **table no.1**

**Table No.1: Fee per College**

<b>Category of College</b>	<b>Fee</b>
<b>A</b> Category aided Colleges	Rs.30,000 + GST applicable
<b>B</b> Category aided colleges	Rs.20,000 + GST applicable
<b>C</b> Category aided colleges	Rs.15,000 + GST applicable

**19. Travel, Accommodation and Subsistence cost** (wherever applicable) will be paid in a consolidated form. This will be paid based on the distance between CA firm Office city/town (Head Office/ Branch Office nearest to the college) to college city/town as shown in the **table no.2**

**Table No.2 Consolidated Amount for Travel, Accommodation and Subsistence Cost**

<b>Distance between CA firm city/town to College</b>	<b>Amount</b>
Within City /Town i.e., within 8 KM radius	Nil
Up-to 100 KMs	Rs. 5,000/-
More than 100 KMs and up-to 200 KMs	Rs. 10,000/-
More than 200 KMs	Rs.15,000/-

**20.** Excess payment to CA Firms towards professional fees, travel, accommodation and subsistence cost if any detected later on will be recovered from the concerned CA Firms.

**Annexure-1**

**AIDED COLLEGES ACCOUNTS REVIEW REPORT FORMAT**

**DERECTORATE OF LOCAL FUND AUDIT,  
FINANCE DEPARTMENT, GOVERNMENT OF ODISHA**

**Accounts Review Report No. :-----/-----**

**PARA: 1. Title Sheet**

a)	Name of the Institution:	****
b)	Year of Accounts under Review:	****
c)	Name of Local Authority during the year of A/Cs under review	i)
		ii)
	Name of Local Authority at the time of Accounts Review	i)
		ii)
d)	Duration of Accounts Review: No. of days consumed by: i. Non qualified staff (Audit Staff) ii. Qualified staff(CA) iii. Proprietor/ Partner	**/**/**** to **/**/****  -----Mondays
e)	Name & Address of the C.A. Firm:	****
		****
		****
f)	Name of LFA Reviewing Officer:	****
g)	Date of Final review:	****

**PARA: 2. Physical Verification**

Physical verification of cash and other items are done by us on .....(date) and the findings are reported below.

Nature of Assets	Balance as per the cash book/ Stock register	Balance as per Physical verification	Discrepancies	Reasons of discrepancies, if any.
Cash in hand (RS)				
Postage stamps in hand				
Misc. Receipt				
Books Saleable forms				
Un-used MBs				



**PARA: 3. List of Verified Records**

1. Cash Book	Verified	Yes/ No	Not produced
2. DRC	Verified	Yes/ No	Not produced
3. Admission Registers	Verified	Yes/ No	Not produced
4. ....			

List of verified records will be auto generated by the system.

**PARA: 4. Financial Position**

Consolidated Financial Position of all Cash	
Opening Balance at the beginning of the year	Rs.-----
Receipt during the Year under Review:	Rs.-----
Total :	Rs.-----
Expenditure during the Year under Review :	Rs.-----
Closing Balance at the end of the year as per Review:	Rs.-----
Closing Balance as per Cash Books:	Rs.-----
Difference :	Rs.-----

**PARA: 5. Bank Reconciliation**

Name of the Bank	A/C No.	Closing Balance in Pass Books As on	Closing Balance in Bank as mentioned in cash book	Difference

**PARA: 6. Stock Position**

Material/ Item	Opening Balance	Receipt	Issued	Closing Balance As per Audit	As per stock register	Difference

**PARA: 7. Investment**

Opening Balance of Investment as on _____ / _____ / _____ (DD MM YYYY)	
Amount Invested during the year under Review	
Total	
Amount Enchased during the year under Review	
Closing Balance as per Review _____ / _____ / _____ (DD MM YYYY)	
Closing Balance as per Investment Ledger _____ / _____ / _____ (DD MM YYYY)	
Difference	

**PARA: 8. Advance**

Advance Outstanding as on ...../...../...../ DD MM YYYY	
Advance paid during the Year under Review	
Total	
Advance adjusted during the Year under Review	
Advance Outstanding as per Audit as on /_/_/(DD MM YYYY)	
Advance Outstanding as per Cash Book as on...../...../..... DD MM YYYY	
Difference	
Comments, if any:	

DETAILS OF ADVANCE OUTSTANDING FOR THE YEAR UNDER AUDIT	DETAILS OF ADVANCE OUTATANDING FOR MORE THAN A YEAR
---------------------------------------------------------	-----------------------------------------------------

**PARA: 9. Grants**

Grants Outstanding as on ...../...../..... DD MM YYYY	
Grants Received during the Year under Review	
Total	
Grants spent during the Year under Review	
Unspent Grant at the end of the year ...../...../..... DD MM YYYY	
Comments, if any:	

**PARA: 10. Utilisation Certificate**

U.C. Outstanding for submission as on ...../...../..... DD MM YYYY	
U.C due for submission during the period under Audit	
Total	
U.C. Submitted during the period under Audit	
U.C. Pending for submission a son ...../...../..... DD MM YYYY	

U.C. submitted during Audit

[ The following paras (11-20) will have unlimited space to mention the objections raised by the Audit along with recovery / surchargeable amount/ amount held under objection/ irregularity if any ]

**PARA: 11. Misappropriation & Defalcation**

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**PARA: 12. Loss of Stock & Store**

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**PARA: 13. Audit of Receipts**

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**PARA: 14. Audit of Expenditure**

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**PARA: 15. Audit on Works**

**PARA: 16. Audit on Units I Department (if any)**

**PARA: 17. Audit on Schemes I Programmes (if any)**

**PARA: 18. Miscellaneous**

**PARA: 19. Audit of Loan/ Deposits/ CPF including Positions**

**PARA: 20. Suggestions by Auditors**

**PARS: 20.1. Result of Accounts Review**

Result of Audit will be auto generated by the system based on the mandatory fields filled in deferent paras.

**PARA : 20.2 : - Auditor Certificate**

A certificate regarding correctness or otherwise of the Accounts reviewed must be furnished by the Reviewer.

**PARA : 20.3 : - Remark by Auditor**

General remarks by the Auditor about Review shall be mentioned

Signature of the CA

Date :

## Guideline for preparation of Draft Accounts Review Reports for Aided Colleges

1. **TITLE SHEET** : To be filled as per the Format

2. **PHYSICAL VERIFICATION** : To be filled as per the Format

3. **LIST OF VERIFIED RECORDS** :

Category of institution wise detail list of records and registers are prescribed. User has to click on appropriate checkbox provided against each record, if any record found missing in the list, user can mention it in the remark box.

4. **FINANCIAL POSITIONS** :

Cash book wise details of Receipt and Expenditure are to be worked out and checked with reference to the Abstract Register of Receipt and Expenditure maintained by the Local Authority along with analysis of cash balance. In case of any non-maintenance the matter should be reported to competent authority. Only, the abstract of financial position to be furnished with comments regarding maintenance of Annual Account and discrepancies if any. Details of discrepancies between cash book balance and balance as per review to be discussed. The abstract financial position of different accounts is to be furnished separately in tabular form (A sample template is given below for preparing Receipts and Expenditure statement for a financial year).

The details of budgetary head wise receipt and expenditure statement supplied by the Local Authority/Worked out by Audit Personnel should be checked & submitted to the District Audit Office along with the Audit Objection Statements Original (Returned)/Duplicate (Hardd Copies) for that Auditee Institution. In the District Audit Office it is preserved as a permanent record for any future reference.

Sl. No.	Head of Account	Opening Balance	Receipt during the year	Total	Expenditure during the year	Closing Balance
1	2	3	4	5	6	7
i	GRANTS : 1. Govt. Grants 2. U.G.C. Grants 3. Grants from other Bodies					
ii	OTHER THAN GRANTS 1. Different Scholarships 2. GPF advance of Staff 3. Exam. Expenses (Council & University)					

	4. 5.					
iii	INTERNAL SOURCES A. Fees and Fine (a) Depositable (b) Non-Depositable B. Students Fund : - C. Others:					

**5. DETAILS OF CLOSING BALANCE AS PER BANK PASS BOOK & CASH BOOK BANK BALANCE FIGURE :**

Reconciliation worked out by the local authority in respect of Bank Account Balance and Cash Book Balance are to be checked. In case of non-reconciliation comment should be furnished with a report to the competent authority. Account wise balance as per the formats and discrepancy between bank A/c and balance shown in Cash Book are to be worked out. A sample template is given below for the purpose. Effort should be made to reconcile the difference as noticed in course of checking of Bank Account with reference to Cash Book.

Bank Reconciliation Statement as on .....		
Bank Account No.....		
Name of the Bank Branch .....		
Balance as per Pass Book as on .....		XXX
Add :	XXX	
	XXX	
Less :	XXX	
	XXX	XXX
Balance as per Cash Book as on .....		XXX

**6. STOCK POSITION :**

The position of stock Accounts relating to building materials, if any, required for reference to subsequent accounts review should be furnished. Irregularities notices in maintenance of stock Account and Receipt and issue of materials along with non-recovery of cost of materials are to be furnished.

**7. INVESTMENT :**

Abstract position of investment (Fixed/Term Deposits) with details of C.B. are to be furnished with comment on irregularities on maintenance of investment ledger, process of investment and loss of the institution if any.

**8. ADVANCE :**

- (a) Abstract of advance position with comment on discrepancies between cash book figure and review figure.
- (b) Details of outstanding advance for more than a year and year under audit are to be furnished.
- (c) Comment on maintenance of advance ledger and outstanding advance ledger.
- (d) Comment on serious irregularities noticed in payment and adjustment of advance and non-adjustment of outstanding advance.
- (e) A sample template is given below.
- (f) Details of advance adjusted during the year is also to be furnished for reference.

Sl. No.	Name & Designation of the person against whom advance is outstanding	Voucher No. & Date of payment of Advance	Amount of Advance outstanding		Purpose of payment of Advance	Name & Designation of the Officer responsible for payment of Advance
			More than one year	For less than one year		
1	2	3	4	5	6	7

**9. GRANTS :**

- (a) Abstract of Grant position as worked out during audit after checking the grant register maintained by the local authority of from the cash book etc.
- (b) Comment on unspent balance, diversion of grant, irregularities in utilisation of different categories of grants if any.
- (c) Comment on utilisation of matching contribution as per the norms of the grant in respect of the ULBs and other institutions.
- (d) Comment on maintenance of grant register.

**10. UTILISATION CERTIFICATE :**

- (a) Position of UCs. and details of UCs. Submitted during the year are to be mentioned.
- (b) Comment on maintenance of UC register & pending UC.

**11. MISAPPROPRIATION & DEFALCATION :**

All kind of misappropriation of cash detected during review are to be mentioned.

**12. LOSS OF STOCK & STORE :**

All kinds of loss of stock and stores detected during review are to be mentioned.

**13 AUDIT OF RECEIPTS :**

(a) Irregularities notices in respect of all kinds of receipts in the accounts of an institution.

(b) The DCB position of Rent, taxes, fees and other dues, comment on time barred dues and on maintenance of DCB register in respect of ULBs & other institutions should be made on a Microsoft Excess sheet and should be posted on respective sub paras.



(c) The discrepancies, irregularities, loss in allotment, deposits and other dues in respect of development authorities are to be furnished.

**14. AUDIT OF EXPENDITURE :**

(a) Irregularities noticed in respect of vouchers are to be mentioned.

(b) Irregularities noticed in respect of establishment expenditure, TA and other claims are to be mentioned.

**15. AUDIT ON WORKS :**

100% checking of works vouchers with reference to guidelines of scheme works, case records and MBs stock account etc. and objection should be raised regarding execution of project (scheme wise) in the following manner.

**16. AUDIT ON UNITS/DEPARTMENT (IF ANY) :**

Irregularities for each department /unit/Division in respect of Universities, Development Authorities and other institutions are to be furnished in this para.

**17. AUDIT ON SCHEMES/PROGRAMMES (IF ANY) :**

Comment on irregularities noticed in execution of different schemes/programmes with target and achievement (scheme wise). Any deviation on implementation of the scheme/programme beyond guidelines and allotments of funds in general are to be mentioned. A detail report should be prepared at least in respect of one scheme/programme in an institution with comments and suggestions.

**18. MISCELLANEOUS :**

(a) Any other kind of objection/suggestion beyond the above paragraphs noticed in the accounts during review.

(b) Position of fee lines, scholarship, student fund, in respect of educational institution with comments.

(c) Any detailed statement if required for review.

**19. AUDIT OF LOANS/DEPOSITS/CPDF INCLUDING POSITIONS :**

Positions of loan, deposits, PF, Royalty, Vat and PT need to be furnished in tabular form as applicable in an institution along with comments on repayment of loan, interest, penal interest etc.

**20. RESULT OF AUDIT :**

(a) Certificate

(b) Suggestion/Remark of the Auditors on maintenance of account (To be filled by Auditor)

**Annexure – 2**

**INVOICE**

ARP:	
<b>Invoice No :</b>	
<b>Invoice Date :</b>	
<b>PAN No :</b>	
<b>GSTIN :</b>	
<b>CA firm Registration with ICAI No :</b>	

To	From
The Principal/Director, ..... ..... Address ..... ..... .....	Name of the CA firm: ..... ..... Address ..... ..... .....

Allotment Letter No. (issued by the Directorate of Local Fund Audit)	
Name of the College and Address	
Type of College	<input type="checkbox"/> "A" Category <input type="checkbox"/> "B" Category <input type="checkbox"/> "C" Category
Period of Review	
Distance from the office of the CA firms to the office of the college	<input type="checkbox"/> kms.

Details of Claim	Amount
Professional fee	
GST	
<b>Total</b>	
Travel, Accommodation and Substance cost	
<b>Total</b>	

Bank Account Number	
IFSC Code	
Name of the Account Holder	
Name of the Bank Branch and Address	

I certify that the amounts claimed in this invoice have been wholly and necessarily incurred for the purpose of accounts review of..... for the financial year (s)..... and have not been claimed before.

**Signature of the CA with seal**  
**Name of the CA**  
**Date**