



GOVERNMENT OF KERALA

No.30492/AA1/2014/LSGD

Local Self Government (AA) Department  
Thiruvananthapuram

Dated, 16.05.2014

CIRCULAR

Sub:- LSGD-Performance Audit-Check list for Internal Audit of  
PRIs- as part of projects undertaken by KLGSDP with the  
assistance of World Bank Internal Audit of the project Half  
year ended March 2014 year - Reg

Ref:- 1. Circular No 41114/AA1/12/LSGD dated 4<sup>th</sup> July 2012  
2. Circular No. 40198/AA1/13/LSGD dated 20.06.2013

As per the circular read above, necessary instructions were issued to the Performance Audit teams to conduct Internal Audit of all Grama Panchayats and Municipalities who have benefited from the assistance through KLGSDP. The completion of such an Internal Audit is a necessary component of the projects to be undertaken by KLGSDP under World Bank assistance. Internal Audit of the projects undertaken by Grama Panchayats and Municipalities under KLGSDP has to be conducted for the half year ended March 2014 also. Therefore, all Performance Audit Teams are hereby instructed to complete the internal audit in Grama Panchayats and Municipalities in which projects under KLGSDP have been under taken. The result of audit obtained as per the check-list annexed to this circular should be consolidated in Performance Audit Unit/Regional level as per the proforma in Annexure II.

P.T.O

All Assistant Directors of Panchayat(PA) and Regional Joint Directors of Urban Affairs are entrusted with the work of compilation and consolidation of data as per the check-list and proforma annexed to this circular and the submission of consolidated report as above before 31.05.2014.

S.DIVAKARAN PILLAI  
STATE PERFORMANCE AUDIT OFFICER

To

The Director, Panchayat Department, Thiruvananthapuram

All Regional Joint Directors of Urban Affairs Department

~~The Executive Chairman & Director of Information Kerala Mission,~~

Thiruvananthapuram (for uploading the Circular in the official web site of LSGD)

All Deputy Directors of Panchayat

All Assistant Directors of Panchayat(PA)

All Performance Audit Supervisors (Through ADP(PA))

Stock File/Office Copy

Forwarded/By Order



Section Officer

# ANNEXURE - I

Checklist for Internal Audit of Performance Grant to Gram Panchayats (GPs) and Municipalities under the Kerala Local Governance and Service Delivery Project (KLGSDP) for the year 2012-13 (I HALF)

Name of the Municipality/GP \_\_\_\_\_ Block \_\_\_\_\_ Date of Audit: \_\_\_\_\_

Name of Chairperson/President \_\_\_\_\_ Name of Financial Controller/AO \_\_\_\_\_ Name of Secretary \_\_\_\_\_

| Sl No | Activity             | Check Points   | Yes/No | Remarks |
|-------|----------------------|--|--------|---------|
| 1     |                      | <p>Is there a detailed list of projects included financed fully or partly with KLGSDP Performance Grants?</p> <p>Whether the projects undertaken with Performance Grants comply (i. e. are eligible) in accordance with GO(Rt) 1731/2011/LSGD dt. 20.07.2011 and GO(Rt) 2668/2011/LSGD dt. 15.11.2011? If any activity is not eligible, please provide complete details including name of the activity, estimated cost, expenditure incurred and reasons for ineligibility.</p>                |        |         |
| 2     | Planning             | <p>Whether the activities were selected in accordance with the decentralized planning process prescribed by the Government vide GO _____ dated _____ ?</p> <p>Whether DLTAG and DPC approvals have been obtained for projects undertaken with Performance Grants? If no, provide particulars of the project, including name, costs, expenditure incurred, etc.</p> <p>Whether original documents (approved estimates, drawings etc.) pertaining to each activity have been properly filed?</p> |        |         |
| 3     |                      | <p>Has the GP/Municipality received the Performance Grant in the Public Account No. -<br/>Municipalities – 8448-00-102-92-(02) MFA V<br/>GPs - 8448-00-109-91-(03) VPFA V</p>  |        |         |
| 4     |                      | <p>If yes, please mention the amount and the date of receipt in Remarks.</p>   |        |         |
| 5     |                      | <p>Has the GP/Municipality accounted the Performance Grant in its books and under correct head?</p>  |        |         |
| 6     |                      | <p>Has the GP/Municipality migrated to Saankhya? If yes, since when? Does your audit indicate if accounting is complete and up to date?</p>  |        |         |
| 7     |                      | <p>In case the GP/Municipality has migrated on-line, are they still maintaining manual books/records?</p>  |        |         |
| 8     |                      | <p>Have the above accounts heads been correctly recorded in Saankhya or manual accounts (as applicable)?</p>   |        |         |
| 9     | Financial Management | <p>Have the withdrawals been correctly accounted in the above Public Account and recorded in "Saankhya" or manual accounts (as applicable) under correct head?</p>   |        |         |
| 10    |                      | <p>Does the GP/municipality follow double entry system of accounting since 1.4.2011?</p>   |        |         |
| 11    |                      | <p>Whether any advance given from Performance Grant remains unsettled at the end of the financial year? If yes, please provide details.</p>  |        |         |
| 12    |                      | <p>Whether Bank reconciliations have been carried out on a monthly basis? Please attach a copy signed by the auditee.</p>  |        |         |
| 13    |                      | <p>Have necessary supporting documents and records been kept in respect of all expenditures from the</p>   |        |         |
| 14    |                      |  |        |         |

| Sl<br>n | Activity        | Check Points   | Yes/No | Remarks |
|---------|-----------------|--|--------|---------|
| 15      |                 | Performance Grant and clear linkages exist between these documents/ records and accounts books?  |        |         |
| 16      |                 | In case of works, have contracts been executed with the contractors and running bills/measurement books been adequately maintained, prepared, checked and approved?  |        |         |
| 17      |                 | In case of goods, have work orders been issued, invoices are available and duly approved and cancelled after payments? Is there a system of verification of the invoices with the work orders?   |        |         |
| 18      |                 | Have all the payments been made through banking channels? Have cases of payments in cash of significant amounts been reported? Have there been any inordinate delays in paying the contractors/vendors after submission of the bills? If yes, please provide the reasons for the delays.   |        |         |
| 19      |                 | Whether adequate asset records, including cost, identification & location, have been maintained regarding the assets created and assets acquired by the project?   |        |         |
| 20      | Statutory Audit | Is the GP/Municipality submitting quarterly progress reports in a timely manner? Are these reports prepared correctly and the information is in accordance with the books and records? Does the quarterly progress report due on at the end of the financial year submitted before 10 <sup>th</sup> April? (If no give the date of submission). Please attach a copy of the latest report and indicate the unspent PG as at March 31, 2012.<br>What is the status of audit by the LEAD? Does the audit report point to any material weaknesses or raises any accountability issues? If yes, please provide details. Please review the adequacy of compliance with the audit observations |        |         |

**PROCUREMENT**

|   |   | Yes/no | Remarks/findings |
|---|---|--------|------------------|
| 1 | Whether the different committees, as required by the new Procurement Manual, are established in the LSGI and the same are involved in the Procurement Process |        |                  |
| 2 | Whether the transparency requirements as per the new Procurement Manual have been met in all procurements using Performance Grant                             |        |                  |

**Post-award Checklist for Procurement of Works/Goods**

*(To be filled up separately for each reviewed contract. A minimum of 5 contracts or 10% of contracts shall be reviewed)*

|   |                         |
|---|-------------------------|
| <i>Contract for (Description of Items procured and Quantity):</i> |                         |
| <i>Contract No. and Date:</i>                                     | <i>Contract Amount:</i> |
| <i>Contractor/Supplier's Name and Address:</i>                    |                         |
| <i>Procurement method:</i>  |                         |

| Aspects  | Yes/no | Findings/remarks |
|--|--------|------------------|
| 3 Whether Advertisement/Solicitation Letter issued to firms and the number of firms to whom sent?  |        |                  |
| 4 Time allowed for submission of quotations?   |        |                  |
| 5 Number of quotations received?   |        |                  |
| 6 Verification (not evaluation) of existence of the quotations:<br>(Names of firms who gave quotations. Check whether phone numbers/addresses of bidders are different and any indicators whether the quotations are fabricated or the firms have colluded with each other.) |        |                  |
| 7 Quotation evaluation report and date? Comments, if any?  |        |                  |
| 8 Whether any price preference was given?  |        |                  |
| 9 Justification, if any, if the contract/purchase order was not awarded to lowest bidder?  |        |                  |
| 10 Was DGS&D Rate Contract used?   |        |                  |
| 11 Whether cost estimate prepared?   |        |                  |
| 12 Were the state rate contracts used?   |        |                  |
| 13 Were the rates negotiated?  |        |                  |
| 14 Whether signed Contract / Purchase Order document is filed?   |        |                  |
| 15 Whether "Delivery Receipt" or "Store Receipt" or similar instrument for Goods/Completion Certificate for Works is filed?  |        |                  |
| 16 Actual Completion Date?   |        |                  |
| 17 Whether payments have been timely?  |        |                  |
| 18 Whether there is any indicator of splitting of purchases?   |        |                  |
| 19 Whether the contract complies with agreed Provisions?   |        |                  |
| 20 Specific Observations on specification, procedure, missing information/documentation, contract management/execution, delays, participation, bid evaluation etc.   |        |                  |