

UTTARAKHAND PERFORMANCE
AUDIT MANUAL- 2024
VOLUME- II
FINANCE DEPARTMENT
GOVERNMENT OF UTTARAKHAND

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Annexure 1: General Survey Key Contents

Following table shows general survey key contents:

The purpose of general survey work is to assemble information about an organisation or activity to assist in the preparation of the performance audit component of the internal audit strategic plan. A survey requires information on:

Background

- ▶ Financial information on expenditure and receipts, major resources and significant holdings of assets;
- ▶ Organisational structure;
- ▶ Constraints under which the audited organisation operates.

Objectives

- ▶ Policy objectives and their relative priority;
- ▶ Operational objectives;
- ▶ Activities;
- ▶ Means by which the organisation aims to achieve its objectives (e.g., through grants, loan schemes, capital building programme etc.);

Resources

- ▶ The nature and characteristics of resources used by the organisation e.g., cash, manpower (staffing numbers and grades), land and buildings, plant and equipment.

Procedures and Control

- ▶ Procedures and controls in operation to ensure that objectives are pursued with due regard to value for money (e.g., planning arrangements, financial controls, management information systems etc.).

Other relevant information

- ▶ Evidence of serious waste, inefficiency or ineffectiveness;
- ▶ Internal or external reviews (e.g., by consultants, internal audit, etc);
- ▶ Previous Audit reports or other reports;
- ▶ Areas of particular interest to the legislative body or the press.

The information collected enables an assessment to be made for each organisation of factors likely to have a material effect on value for money and the ways in which it could be at risk.

These may involve:

- ▶ The clarity and adequacy of policy and operational objectives;
- ▶ The adequacy of procedures and controls designed to ensure economy, efficiency and effectiveness in the use of resources;
- ▶ Operations carrying inherently high risk to achieving value for money e.g., new activities or programmes, major or long-term capital projects;

- ▶ Any apparent strengths and weaknesses in management and performance;
- ▶ The effectiveness of the organisation in achieving its objectives.

Annexure 2: Illustration on prioritisation of audit topics through risk assessment score sheet

Particulars	Topic 1 Solid Waste Management		Topic 2 Climate Change Adaptation		Topic 3 Maternity Services in Public Hospitals	
	Comment	Score	Comment	Score	Comment	Score
1. Internal Assessment (20%)						
1.1 Topic previously audited	Topic Previously Audited in 5 years	1	Topic not Previously Audited	3	Topic Previously Audited in 2-4 years	2
1.2 Entity previously audited (Performance Audit)	Entity Previously Audited in 1 year	1	Entity Previously Audited in 2-4 year	3	Entity Previously Audited in 1 year	2
1.3 Internal evidence that deficiencies exists	Previously reported by AG in a management letter	1	Previously reported by AG in a management letter	3	Previously reported by AG in a management letter	2
1.4 Audit opinion as per latest Financial Attest Audit report	Un-Qualified Opinion	1	Adverse Opinion	3	Qualified Opinion	2
1.5 Significant financial irregularities in audit by AG/C&AG	There was operational/ non-significant observations during last Financial Attest Audit	1	There was an observation on "Fraud" during last Financial Attest Audit	3	There were significant financial irregularities during last Financial Attest Audit	2
Score (sum total of above scores)		5		15		10
Weighting (score obtained / (total no. of question x 3)*)		6.67		20.00		13.33
Overall weightage in no.*100						
2. External Assessment (30%)						
2.1 Impact:						
- Positive Reputation impact for the DoA		1		3		2
- Impact on Large Section of the society		1		3		2
- Audit may have a social impact	Topic has considerable economic and social impact	1	Topic has considerable economic and social impact	3	Topic has considerable economic and social impact	2
- Audit may have a economic impact	and affects a large section of society	1		3		2
2.2 Cross cutting at departments or spheres of govt	Topic shares issues across levels of govt.	1	Topic shares issues across levels of govt.	3	Topic shares issues across levels of govt.	2
2.3 Legislative body or public have special interest	No special interest on the topic from parliament and public	1	Topic has considerable interest to parliament and public	3	Topic has considerable interest to parliament and public	2
2.4 Known problem exist at the auditee or performance is low	Yes known problem exists	1	Yes known problem exists	3	Yes known problem exists	2
Score (sum total of above scores)		7		21		14
Weighting (score obtained / (total no. of question x 3)*)		10.00		30.00		20.00
Overall weightage in no.*100						
3. Specific Matters (20%)						
3.1 Audit team competency	Low	1	Highly competitive	3	Medium	2
3.2 Availability of information of auditable data	Data is available in required format	1	Data not available	3	Data need to be processed	2
Score (sum total of above scores)		2.0		6		4
Weighting (score obtained / (total no. of question x 3)*)		6.67		20.00		13.33
Overall weightage in no.*100						
4. Specific Matters (30%)						
4.1 Public investment	Low spending on the topic	1	High spending on the topic	3	Medium spending on the topic	2
4.2 Importance of topic to Govt/public	Low Importance	1	Highly important	3	Moderate important	2
Score (sum total of above scores)		2.0		6.0		4.0
Weighting (score obtained / (total no. of question x 3)*)		10.00		30.00		20.00
Overall weightage in no.*100						
Overall Score (sum total of all the scores i.e. 1+2+3)		16.00		48.00		32.00
Overall Outcome (sum total of all the Outcomes i.e. 1+2+3)		13.33		100.00		66.67
Outcomes (Ranking in accordance with weighted score)		3		1		2

The above assessment indicates Topic 2 (Climate Change Adaptation) as the first priority, Topic 3 (Maternity Services in Public Hospital) as the second priority and Topic 1 (Solid Waste Management) as the third priority.

Annexure 3: Format of Intimation Letter

Letter No: _____

Dated: _____

To

Name and Designation of highest position at Audit Unit

Cc: Name and Designation of Secondary persons

From: Name and Designation of Authorized Person at Performance Audit Division, DOA

Subject: Intimation of Performance Audit of (Name of scheme or program of topic) for the period (Duration of Audit)

The objective and scope of audit

As mandated by the Uttarakhand Act, 2012 and amendments thereto, and in accordance with the Performance Audit Manual, the DoA shall conduct performance audit of *(Name of the programme/Division/Unit)* for the audit period covering from *(State the FY or years or the project duration since inception till date/completion date)*.

The objectives of our performance audit are to ascertain economy, efficiency and effectiveness in (name of the programme/project) with focus on (name of the sub-activity) and also to assess the interventions and initiatives instituted by relevant authorities to improve the activity of the programme.

Responsibilities of the Auditors

The performance audit shall be conducted in accordance with the Performance Audit Manual and International Standards of Supreme Audit Institutions issued by INTOSAI. Those standards require that we comply with ethical requirements. As a part of a performance audit in accordance with these standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We will issue audit findings in the form of audit observations from time to time during the course of audit requiring additional information, proper explanation and appropriate action from the auditee

Responsibilities of the Auditee

Our performance audit will be conducted on the basis that the auditee and those charged with governance (i.e., Administrative Department) acknowledge and understand that they have responsibility to provide us with:

- i. Access to all information which auditee is aware that is relevant to the conduct of our audit such as records, documentation and other matters;
- ii. Additional information that we may request from auditee; and
- iii. Unrestricted access to person within auditee from whom we determine it necessary to obtain audit evidence.

As part of our performance audit process, we will request from auditee, and those charged with governance (i.e., Administrative Department), written confirmation concerning representations made to us in connection with the audit. We look forward to full cooperation from your staff during our audit.

Entry meeting

The Entry meeting shall be conducted at the commencement of audit. Amongst others, the contents of this engagement letter will be discussed in the Entry Conference. Details of Audit Schedules shall be discussed in the Entry Meeting.

Document Requirement

You are requested to make them available facilities required for the execution of the Performance Audit. Kindly ensure availability of requested records and information for the F.Y. (Years to be audited) that is to be audited by the Audit Team when they arrive.

Disclosure of fraud and corruption

If the Auditee is aware of fraud and corruption that took place in the entity, they should disclose to the auditors during the audit entry conference or in the course of audit. It is the responsibility of the Auditee to institute adequate system of internal controls to prevent and detect fraud and corruption.

Custody and control of documents

The responsibility for custody and control of documents shall rest with the auditee. The auditor shall not remove documents from the entity's premises without auditee's consent. At the end of the audit, the auditors shall handover all the documents to the auditee.

Exit meeting

The Exit meeting shall be conducted on a date mutually acceptable to both the auditee and the audit team on completion of field audit. During the exit meeting, the auditor's findings and other matters which either party deems appropriate will be discussed.

Reporting

Based on the minutes of the Exit meeting, a draft report shall be issued within two weeks from the date of Exit meeting for auditee's response on the audit paras.

A final audit report shall be issued within **two months** from the date of receipt of auditee's response against our audit paras as stated in the draft audit report. The Final report will be submitted to Secretary/Head of Agency with a copy to Administrative Head of such office for necessary reference. Copies of the final report shall be shared with auditee for appropriate actions against our recommendations. auditee shall submit the action plan within 30 days from the receipt of final audit report.

Kindly provide complete compliance of above paras to the audit team on the first day of commencement of performance audit.

We are looking forward to working with you in this performance audit.

Annexure 4.A : Format of Entry meeting

Particulars	Information (To be filled by audit team)
Name of Audit Unit/Agency	
Date of meeting	
Place of meeting	
Agenda of the meeting	
Members present (total no.)	
Names of members- Audit unit Personnel	
Names of members- Audit Team Personnel	
Key points discussed	
Distribution of minutes to	
Name of Official to whom minutes will be sent	
Signature of the members present – Audit Team	
Signature of the members present – Audit Unit	
Prepared by Team Member	Reviewed by Team Leader
Name	Name
Designation	Designation
Date	Date
	Approved by Supervisory Officer

Annexure 4.B : Format of Entry Conference

Particulars	Information (To be filled by audit team)
Name of the Department	
Topic of Audit	
Audit Objective and Audit Scope	
Audit Criteria to be confirmed	
Audit Units selected for audit with time period of each unit	
Audit Team (s) for performance audit	
Audit Program	
Date of meeting	
Place of meeting	
Agenda of the meeting	1, Brief background of audit 2. Presentation of Audit Planning memorandum 3. Discussion on the scheme process or activity selected for audit with perspective of the Department 4, Sharing of details of Supervisor and Nodal officer as Point of contact 5, Any requirements of documents or files 6, Brief description on Audit finding matrix in terms of objectives 7. Probable Audit evidence audit techniques 8. Issues or points highlighted by Departmental held that may change or impact the APM or ADM 9. Any other issues from the auditee department or supervisor of audit team(s)
Members present (total no.)	
Names of members- Audit unit Personnel	
Names of members- Audit Team Personnel	
Key points discussed	
Distribution of minutes to	
Name of Official to whom minutes will be sent	
Signature of the members present – Audit Team	

Signature of the members present – Audit Unit	
Prepared by Team Leader	Reviewed and approved by Supervisor
Name	Name
Designation	Designation
Date	Date
Acknowledgment of the auditee department to be signed by HOD or officer nominated by HOD confirming to the minutes of entry conference within two weeks of issuance	

Annexure 5: Format of Audit Work Distribution

Name of the Audit Unit			Period of audit:	
Sl.no	Name of the auditor	Designation of the auditor	Duties allotted i.e., Objective which is to be analysed as per Question and audit Sub question	Signature of the audit team member
	Prepared by Team leader		Reviewed and approved by Supervisor	

Annexure 6: General Performance Audit Checklist

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
A. Financial Aspect						
1.	Verify whether action plan is made and approved and estimates are sanctioned before execution of any work;					
2.	Verify if the process for review of actual performance against action plans is in place;					
3.	Verify whether actual results are compared to budgeted amounts on a periodic basis;					
4.	Verify whether expenditure has been incurred strictly in accordance with the guidelines//instructions issued in respect of the scheme, is within the budget and serves solely the purpose for which the scheme has been sanctioned;					
5.	Verify whether cash accounts, stores and stock accounts, vouchers and requisite documents//records//registers are properly prepared and separately maintained, if so prescribed, also verify if there is adequate					

S. No	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	monitoring of the same;					
6.	Verify when money relating to a scheme/programme are kept in a bank, whether the opening of the bank account and its continuance are duly authorised and whether remittances into and withdrawals from the bank account are in order;					
7.	Verify whether the physical and financial achievements with reference to prescribed targets are closely monitored by the competent authority, also check if remedial steps are promptly taken in case shortfalls, lapses or defects are detected by the auditee;					
8.	Verify whether in case of incomplete work or less than satisfactory work, reasons for non-compliance are ascertained, analysed and commented;					
9.	Verify whether there are instances of blocking of funds, wasteful or unfruitful expenditure;					
10.	Verify whether advance received if any has					

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	been adequately recorded and regularly monitored;					
11.	Verify whether the unutilised amounts at the end of the year/scheme are refunded as prescribed by Government's budgetary procedures;					
12.	Verify whether assets are recorded appropriately in the register of fixed assets and that register is properly maintained;					
13.	Verify whether expenditure statements or accounts with vouchers, certificates, statements, etc. and progress reports are regularly submitted to the relevant authority by the due dates as prescribed;					
14.	Verify whether the expenditure figures are reconciled with the bank book figures and are not boosted by fictitious adjustments or by drawing huge amounts as advances and not rendering detailed accounts within a reasonable period;					
15.	Verify whether proper utilisation certificates in respect of assistance//grants					

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	received for implementing the schemes are furnished promptly;					
16.	Whenever funds are provided by the department and the works are executed, close monitoring of progress of works should be done by the funding institution and suitable action be taken to get the works completed in time, verify if this is happening;					
17.	Whenever registers are required to be maintained in respect of schemes, verify that (i) Registers are being maintained properly indicating the assets created, (ii) Revenues realised from assets correctly assessed, demanded and collected, (iii) Suitable action taken to ensure safety of the assets.					
B. Technical//Performance Aspect						

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
Economy: Economy can be achieved by procuring the inputs/resources with the required quality specifications for the scheme/project/programme/activity/work with the least cost. Suggested audit checks for ensuring economy are as follows:						
1.	Verify the different inputs/resources/goods/services used in the project/scheme/activity/programme/work to be audited;					
2.	Identify the sources from where the resources have been purchased;					
3.	Verify the methods of procurement followed;					
4.	Verify whether the procurement process ensures best specified quality at the least available market price;					
5.	Check whether the current market price is ascertained by different sources including online sources while placing the orders;					
6.	Verify if the entire procurement process been carried out considering economy such that required quantity is obtained with the best price and with possible discount, after sale services etc;					
7.	Verify if the entire procurement process					

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	been completed as per the prescribed rules and procedures with proper authorisation;					
8.	Verify whether all of the inputs/resources/goods/services have been obtained complying with the economy principle in mind in order to meet the requisite quality and quantity parameters;					
9.	Verify the records which ensure that proper quality checks of the inputs/resources/goods/services have been conducted;					
10.	Identify the audit evidence which confirm that the inputs/resources/goods/services have been procured by ascertaining the competitive market prices existing in the market;					
11.	Verify whether the different services including consultancy and professional services etc. been obtained by availing the best possible market rates;					
12.	Verify whether the laid down principles and procedures for better contracts have					

S. No	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	been adhered to, for purchase of goods and services to obtain reduction in costs through better contracting, negotiation and bulk purchase, wherever economically prudent and permissible as per rules to avoid future revision of prices or fees.					
Efficiency: Efficiency shows the input-output ratio. All inputs must be identified, measured for the respective outputs and by-products. Attempts must be made to maximise output with the available inputs. Cost benefit analysis shall be conducted to measure the extent of efficiency in the process.						
1.	Verify the inputs like raw materials, utilities like water, electricity etc. used in the process and check for their efficient utilisation with minimum wastage;					
2.	Verify the other resources used viz. finance, human resource, physical and IT resources, etc. and check for their efficient utilisation with minimum wastage;					
3.	Verify the outputs obtained per quantity of different inputs used;					
4.	Examine the relationship or ratio between each input and output used in the scheme or project or work or activity including raw					

S. No	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	materials, utilities, finance, human, technology resources;					
5.	Identify the alternatives available;					
6.	Verify whether the alternatives are cost effective and environmentally acceptable;					
7.	Examine whether the processing can be improved by better technology, and if so, can it be done cost effectively;					
8.	Verify if there is any duplication of effort or lack of coordination in the process;					
9.	Examine how the inputs can be minimised and output maximised in a cost-effective manner.					
Effectiveness: Doing things on time as per the required specifications with planned impact.						
1.	Examine the physical outputs or targets envisaged in the programme or project/assignment;					
2.	Examine the time frame for each of the milestones/targets to be achieved while implementing the project or programme;					
3.	Verify whether the planned physical targets been achieved on time;					

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
4.	Examine the planned objectives;					
5.	Verify the actual objectives achieved;					
6.	Verify whether the physical targets achieved have been of the planned quality specifications;					
7.	Examine how the outcome can be improved and brought to the desired level.					
Social and Environmental Aspect						
1.	Identify the beneficiaries, their different categories and ascertain how they have been benefited;					
2.	Verify whether proper documents are maintained to prove that the beneficiaries under each scheme are properly selected by following the procedure laid down in the guidelines of the scheme;					
3.	Verify whether suitable follow-up action is taken to ascertain that benefits have been actually accrued to the intended beneficiaries;					
4.	Verify whether funds utilized have actually reached the genuine beneficiaries and best					

S. No	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	possible results are achieved;					
5.	Verify whether all the laid down laws, rules and procedures been followed at all steps;					
6.	Verify if there is any discrimination or unfair practice in execution of the project or programme;					
7.	Verify whether there is a suitable complaint redressal mechanism in the organization, and if there is one, examine how effective it is;					
8.	Examine whether all the applicable environmental regulations been followed in execution;					
9.	Verify whether the material used are environmentally acceptable;					
10.	Examine whether there is any undesirable activity impacting quality of the air, water, land, waste, biodiversity, flora, fauna, and ecosystem due to improper execution of the project, and, if so, if proper mitigation measures been taken;					

S. No	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
11.	Verify whether social and environmental audits where required by scheme/project/programme guidelines are conducted regularly and the audit findings are acted upon.					

Annexure 7: Performance Audit Checklist for Mid-Day Meal Scheme in Schools

S. No	Description	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
Audit Objective:						
	1. To ascertain that every child within the age group of six to fourteen years studying in classes I to VIII who enrol and attend the school had been provided with free meals					
	2. To ascertain that meals are being prepared in line with nutritional standards as specified Schedule II of Mid-Day Meal Act.					
	3. To ascertain that State has established a State – Steering cum Monitoring Committee (SSMC) to oversee the implementation of Mid-Day meal scheme?					
Sub-Objective:						
	1. To check whether Food Security Allowance has been provided to students in case schools enable to provide mid-day meals.					
	2. To ascertain whether appropriate testing of meals was performed by Government agencies/ other laboratories					
Criteria:						
S. No.	Particulars					
1.	Recommended dietary allowance to ensure daily intake of adequate nutrients;					
2.	Adequate and systematic monitoring system to review nutrient intake;					
3.	Adequate quality control system in the supply chain;					
4.	Ensure coverage of all the eligible school children;					
5.	Ensure enrolment and retention of schoolchildren,					
6.	Ensure appropriate and optimal quantity of food items supplies. (Supply of lesser quantity will deprive school children of adequate quantity of nutrients while excess supply will result in spoilage of food items, especially those food items with a lesser shelf life.)					
Sources of Criteria:						

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
S. No.	Particulars					
1.	Guidelines for implementation of National Programme of Mid-Day Meal in Schools;					
2.	Revision or amendments of norms of National Programme of Mid-Day Meal in Schools;					
3.	Stock register of food grains;					
4.	MDM registers, passbook and school's attendance registers;					
5.	Findings of the Joint Review Mission and the report on Nutritional Status of the children in the State;					
6.	The report and the findings of the designated Monitoring Institute designated;					
7.	Report regarding testing of food samples by a reputed institute;					
8.	Details of sanctioned budget and utilization by the schools;					
9.	Reports by media/civil society/research institutions etc. on the subject.					
Scope and Coverage:						
Include information about the scope and coverage of the performance audit.						
Methodology:						
S. No.	Particulars					
1.	Documentary review of manuals, guidelines, rules and regulations;					
2.	Literature review of nutrition related documents and papers;					
3.	Analytical review of data;					
4.	Interview key officials of School Management Committee (SMC), members of Mother Teacher Association, teachers, students, parents, cook-cum-helpers;					
5.	Field visits to the selected schools.					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
Audit Questions/ Sub- Questions						
1.	Does entity has applied adequate provisions for menu planning, appointment of staff and other procedures in line with rules and regulations of the scheme?					
1.1	Check if the schools have proper menu planning, approved by the government, that ensures a variety of nutritious food with required calories resulting in a balanced diet (as good nutrition and health support learning and educational performance of children);					
1.2	Verify if the menu plan is being regularly followed sustain the interest of the beneficiaries and is being displayed where it is easily visible (as per MDM provisions);					
1.3	Verify if the ratio of number of students enrolled to cook-cum-helpers is as per the guidelines for the purpose of efficiency;					
1.4	Verify if the kitchen garden scheme has					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	been implemented in the school, if yes check if fruits and vegetables are being grown in required quantity to supplement students' nutrition intake;					
1.5	Verify whether appointment of cook-cum-helpers and their payment is as per the guidelines (check that figures are not inflated or fabricated to ensure economical use of human resources);					
2	Review the activities related to procurement of food items, food issue and storage as prescribed by the guidelines.					
2.1	Verify whether appropriate procurement procedures are followed with necessary approvals for all items and only essential items required for serving mid-day meal are procured;					
2.2	Verify the records of transportation costs and check whether the rates of transport assistance being paid are as per the norms (check for inflated transportation costs);					

S. No	Description	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
2.3	Examine the checks and balance mechanism in place to ascertain proper segregation between procurement, storage, and issuance of items – to avoid misuse and mismanagement of stocks;					
2.4	Verify whether the stock entries are made when there are receipts and issues of items and ensure that there is no misappropriation of stock items for personal use and that they are not diverted to open markets (check that resources are used only for the intended beneficiaries and there is no leakage);					
2.5	Verify if the quality of the good is verified before issuing from the stores for consumption (so that only food grains that are fit for consumption are consumed).					
2.6	Check if there is periodic reconciliation of stock balances as per the books and physical balance.					
2.7	Ascertain if there is adequate storage facility in schools to reduce					

S. No	Description	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	wastage/spoilage through increase in shelf-life of food items;					
3	Whether food was prepared and served as per prescribed standards?					
3.1	Verify the availability and adequacy of the infrastructure such as kitchen-cum-stores and utensils;					
3.2	Verify if food is prepared in adequate quantity for all the students present and proper measures are taken to ensure that wastage is minimized;					
3.3	Review how the kitchen equipment is used. For instance, food is cooked in bulk in order to save time, fuel and man-hours for maximum efficiency;					
3.4	Ascertain that food is being prepared and served in hygienic conditions to all the beneficiaries;					
3.5	Ascertain the food being served is of the right quantity and is meeting the recommended nutrient requirements;					
3.6	Verify if food is being served regularly for the prescribed duration;					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
4	Check whether quality of food as per prescribed the standards of the scheme was ensured?					
4.1	Verify the quality of food being served;					
4.2	Ascertain whether testing of food samples have been carried out by a reputed institute;					
4.3	Verify if prescribed inspections were carried out to ensure Fair Average Quality of food grains and quality of midday meal served;					
4.4	Verify the record for tasting of the meal by at least one teacher					
4.5	Examine whether there have been instances of food poisoning/hospitalization and sickness in the school previously due to the MDM served that may reveal lapses or negligence in preparation of meals;					
5	Review the health check-up and nutritional assessments.					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
5.1	Verify if adequate health check-ups are being conducted to ascertain the nutritional status of beneficiaries;					
5.2	Verify if survey/study has been conducted to identify the area specific nutritional deficiencies that would facilitate preparation of menu for the schools;					
5.3	Verify if micronutrient supplements and de-worming medicines have been provided to the beneficiaries;					
6	Verify the monitoring mechanism of the scheme?					
6.1	Verify the attendance register and check whether mid-day meals are given out to all the beneficiaries and there are no exclusions to guarantee maximum benefits from the scheme to the students enrolled;					
6.2	Verify if adequate logistic and administrative arrangements are made for regular and timely serving of wholesome, cooked MDM in order to achieve the objectives of the scheme;					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
6.3	Verify if the manufacturing dates and expiry dates for medicines and supplements are cross-checked before giving them to the students (also check the disposal process followed for expired medicines and supplements);					
6.4	Verify if records of heights and weights of students are regularly maintained in schools;					
6.5	Verify the records of inspection by State Government Officials, also check if recommended measures are adopted;					
6.6	Verify whether there is any sort of discrimination in providing MDM (quality and quantity) in terms of caste/creed/religion/gender/sex etc..					
7	Verify the cash and bank procedures of the auditee for management of MDM funds.					
7.1	Verify the MDM bank account passbooks and details of their actual monthly expenditure (check that expenditures are					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	only for purposes of the scheme which have been sanctioned),					
7.2	Verify if there is adequate monitoring of the MDM bank account passbooks;					
7.3	Overall with respect to the implementation of the scheme, check whether there are any instances of blocking of funds, wasteful or unfruitful expenditure.					
7.4	Verify whether if the closing balances are correctly carried forward as opening balances;					
8	Whether food reporting procedures are designed and applied consistently through the year ?					
8.1	Check whether there is a process and system available for preparation of narrative and program report					
8.2	Verify the system of data management.					
8.3	Verify whether the food grains which appear to have been consumed as per the records are actually consumed and check whether there is any over-reporting of					

S. No	Description	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	enrolment figures;					
9	Evaluate the impact and outcome of the scheme					
9.1	Interview some parents to assess benefits from the programme on improving nutritional meals to school children which has positive effect on academic performance through increasing concentration and attendance in classes;					
9.2	Interview principals and teachers to assess the impact of MDM and also check for trends of school enrolment (if enrolment has increased or decreased over the years).					
9.3	Assess the overall impact and effectiveness of MDM on the children as a result of the scheme such as: 1. Verify the enrolment records to see if MDM has boosted enrolments and decreased drop-out rate amongst school going children; 2. Verify attendance records to evaluate if it has promoted student's attendance;					

S. No	Description	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	3. Verify student performance records to see if their school performance has improved learning capacity, 4. Verify records of nutritional and BMI status of students to see if MDM has improved the nutritional status of school going children and address the problem of rampant malnutrition.					

Annexure 8: Performance Audit Checklist for Procurement and Contract Management in PWD Department

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
Audit Objective:						
To ascertain the economy, efficiency and effectiveness in the \Procurement Process including Contract management						
Sub-Objective:						
To examine if there exist any shortcomings in the procurement process that have prevented its specific objectives from being achieved.						
Criteria:						
S. No.	Particulars					
1.	Procurement Planning was carried out by PWD for construction of roads were planned according to the proper sanctions and approval were taken from Competent authority Standards and of goods should be made following proper procurement procedures specified for the state of Uttarakhand;					
2.	Tender process and Contract management was fair transparent and competitive with the laid down rules , contract as per GPW -9 and a comparative with best practices.					
3.	Contract variations and payments were managed efficiently as per provisions of the agreements and financial rules;					
Sources of Criteria:						
S. No.	Particulars					
1.	Uttarakhand Procurement Rules 2017;					
2.	GPW-9;					
3.	SBD (Standard Bidding Document) 2014;					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
4.	Bid related documents such as PPR (Preliminary Project Report), DPR (Detailed Project Report) & Detailed Estimates, Quotations by bidders, Bid Evaluation Summary, Bid Invitation, Technical and Financial Sanctions, Administrative Approval, Invoices, Inspection reports etc.;					
5.	Relevant work order(s) issued by Government or Department.					
6.	Financial Handbook V and VI					
7.	Delegation of Power					
8.	GOs by PWD Department and SOR issued by the Department					
9.	Best practices of Other States and or scheme such as PMGSY					
Scope and Coverage:						
Audit is being planned for Tendering and Contract Management by PWD Department for the period of 04 years i.e.,2017-2021. Total Contract awarded in this period were 180 Contracts for amount of Rs 4500 Crore the audit sample was selected in 08 Executive Engineer Division in two circles one Nainital Circle the other being Srinagar Circle. Total contract selected were 36 in number of Rs 1760 Crore awarded and Rs 1211 Crore released to respective contractors.						
Methodology:						
S. No.	Particulars					
1.	Documentary review of manuals, guidelines, rules and regulations;					
2.	Documentary review of relevant bid related documents;					
3.	Analytical review of data;					
4.	Physical Verification.					
Audit Question: Whether issue of tender and bids to prospective bidder is fair transparent to bring competition						
1	Whether	entity	has	implemented		

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	adequate procurement planning procedures?					
1.1	Verify if there is adequate and timely planning and need assessment was performed					
1.2	Verify whether procurement planning is carried out with respect to need assessment of items/goods/services and ensure that procurement is only made for items/goods/services that are necessary;					
1.3	Verify that the Procurement Plan is in accordance with the approved annual budget.					
1.4	Verify whether the classification in Procurement Plan is done for Capital items, Revenue items, Recurring and Provision for Non-Recurring items.					
1.5	Verify if efforts were made to consolidate the demands as far as practicable to achieve advantage of lower rates;					
2	Review the procedures for contract preparation, specification writing and					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	taking necessary approvals.					
2.1	Check whether the contract terms and conditions for procurement of goods and services were comprehensively drawn up, and was unambiguous, free from uncertainties, indefinite liability, misinterpretation and serve to protect Govt. interests					
2.2	Verify that obsolescence factor considered by ensuring that the equipment to be purchased conforms to the latest specifications and technology available in the market;					
2.3	Verify if the specifications were drawn up with emphasis on factors like efficiency, optimum fuel/power consumption, use of environment friendly materials, reduced noise and emission levels, low maintenance cost etc.;					
2.4	Verify whether necessary administrative, technical and financial sanctions have been obtained as per the approved delegation of powers so that misutilisation of funds is restrained;					

S. No.	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
3	Review and analyse the procurement procedure applied for sample transactions					
3.1	Review the procurement thresholds and other general terms					
3.1.1	Verify whether proper procurement procedures as prescribed by applicable act, rules, regulations and guidelines are followed depending on the threshold level and purchases are not deliberately split up;					
3.1.2	Are responsibilities for the requisitioning, purchasing, and receiving functions adequately segregated from those for the invoice processing, accounts payable, and general ledger functions?					
3.2	Review the determination of need and bid evaluation process					
3.2.1	Whether determination of need was understood and documented: a) Estimated cost of procurement b) Scope or quantity of procurement					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	c) Method of procurement with justification d) Need for pre-qualification (if applicable)					
3.2.2	Verify if efforts were made to consolidate the demands as far as practicable to achieve advantage of lower rates;					
3.2.3	Verify whether there is adequate publicity and sufficient notice is given to the bidders as per the provisions to facilitate maximum competitive bids;					
3.2.4	Check whether a committee for evaluations of bids in line with applicable rules and regulations have been formed? If yes, check whether the Committee has signed a declaration stating that they have no links or interests with any of the tenderers					
3.2.5	Check whether documentation is maintained for preliminary examination of bids: a) bid is signed, as per the requirements listed in the bidding documents; b) bid has been sealed as per instructions provided in the bidding documents;					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	c) bid is valid for the period, specified in the bidding documents; d) bid is accompanied by bid security or bid securing declaration; e) bid is unconditional and the bidder has agreed to give the required performance security; f) other conditions, as specified in the bidding documents are fulfilled.					
3.2.6	Verify whether bid security and performance security was obtained as per the provisions,					
3.2.7	Compare the accepted bid with benchmark costs, such as private sector charges, historical costs, or costs incurred by the same or similar public-sector organization to ascertain that procurement is made economically;					
3.3	Review the rate analysis procedures					
3.3.1	Verify whether comparative statement of rates and services offered is prepared or not to assess the costs and benefits;					
3.3.2	Verify if rate analysis is done as per the provisions in a transparent manner and is					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	approved by the competent authority;					
3.3.3	Verify if other things being equal, the lowest tender was accepted or not, otherwise, check the reason(s) for not choosing the lowest one;					
3.4	Review the goods/ services inspections or quality testing procedures					
3.4.1	Verify that the official receiving the goods/items had inspected, examined or counted the goods before its acceptance and certificate of inspection recorded on the challans/bills and prepared the receipt note;					
3.4.2	Was the inspection/receiving document approved by the respective authority					
3.4.3	Verify if the goods or services procured fulfil the requirements as per the need assessment;					
3.4.4	Verify that goods were received in good condition and in correct quantity;					
3.4.5	Verify whether quantity rejected, if any, was returned to the supplier at the risk and cost of the supplier;					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
3.4.6	Verify that replacements of returned goods if any, were received and accounted for;					
3.4.7	Verify if the material or equipment procured is lying unutilized in inventories;					
3.4.8	Verify if the material or equipment procured got damaged at any instance due to reasons which could be avoided;					
3.4.9	Interview the key officials on the utility aspect of the goods and services procured and collect feedback.					
3.5	Review procedures related to bills/invoice processing					
3.5.1	Verify that purchase/supply order with duly approved clear terms and conditions was placed with the suppliers already identified;					
3.5.2	Does invoice processing include the following? a) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? b) Invoice quantities, prices, and terms to be compared with those on the purchase order?					

S. No.	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	c) Invoice quantities to be compared with those on the receiving report. d) Accuracy of calculations to be checked, as appropriate. e) Timely payment of invoices, to avail the available discounts.					
3.5.3	Are payments made only against budgeted accounts?					
3.5.4	Verify whether the actual prices were paid as per rates quoted in the contract (and do not exceed the quoted rates);					
3.5.5	Are all the payments supported by receipt acknowledgements?					
4	Examine the overall efficiency of procurement process such as:					
4.1	Analyse or verify the % of total procurements completed in original allocated time or/and cost;					
4.2	Average number of bidders (low average indicates limited competition);					
4.3	Measure the % and value of cost overruns (if any);					
4.4	Measure the % and value of material or equipment procured lying unutilized in inventories (if any);					

S. No.	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
4.5	Measure the % and value of procurement made without need assessment (if any);					
4.6	Measure the % and value of procurement made without appropriate sanctions (if any);					
4.7	Measure the % and value of procured goods rejected (if any);					
4.8	Numbers of contracts/order been terminated as a % of total contracts/order (if an) etc.					
5	Review the performance monitoring procedures adopted by the entity for evaluation of the contracts with the vendors					
5.1	In case of procurement of goods, verify if performance is adequately managed and monitored by the department to avoid delays and poor quality of goods;					
5.2	In case of procurement of services, verify whether there exist appropriate mechanisms in place for an appropriate oversight of procuring entities performance and compliance with regulations;					
5.3	Verify whether the physical and financial achievements with reference to					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	prescribed targets are closely monitored by the competent authority, also check if remedial steps are promptly taken in case shortfalls, lapses or defects are detected by the management;					
5.4	In case of delays in completion of a contract, verify that there is a provision to levy appropriate penalty in order to discourage delays that would result in economic losses for the procuring entity;					
5.5	Verify if there is any instance of unwarranted delay(s) in completion of a contract due to reasons which could be avoided;					
6	In case of goods procured for a specific scheme:					
6.1	Verify the goods purchased were distributed to beneficiaries regularly within the stipulated timeframe;					
6.2	Verify that the goods were distributed to beneficiaries without any discrimination of caste/creed/religion/gender/sex etc.;					
6.3	Verify that goods and services are supplied uniformly to all beneficiaries across geographies (check if there are variations in terms of the quality of the					

S. No.	Audit Questions	Reference (Act/Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	goods supplied e.g., better-quality goods may be supplied in urban areas);					
6.4	Verify if there are instances of complaints and dissatisfaction expresses by the beneficiaries who are users of goods or services procured;					
7	Review the other general provisions related to procurement					
7.1	Verify if there is rush of expenditure on procurement at the close of the financial year or fictitious booking merely with the view to utilizing budget grants;					
7.2	Verify the goods or services procured are used for the intended purposes;					
7.3	Verify whether there are instances of blocking of funds, wasteful or unfruitful expenditure to minimise costs;					
7.4	Overall, examine in the procurement procedures if transparency, competitiveness and fairness is ensured, to secure best value for money.					
7.5	Verify if there are cases of purchases less than the actual requirement that might have adversely affected the progress of works and resulted in subsequent					

S. No.	Audit Questions	Reference (Act//Rules/Policy Guidance, etc)	Auditors Assessment//Remark (i.e., response to the Question)	Document(s) Verified	Observation noted (Y/N/)	Memorandum No. (in case answer to the previous column in Yes) *
	procurement at additional and may be higher costs;					
7.6	Check whether a register for contracts with the vendors has been maintained or not? If yes, review the key details from the register.					

Annexure 9: Format of Daily Dairy

1	Audit Team No.:						
2	Areas of Audit Work :						
3	Name of the Audit Unit:						
4	Audit done for the year:						
5	Date of start of Audit:				Date of Completion of Audit :		
Date	Name of audit team member	Number of Working hours allotted	Number of Hours Worked	Area of Audit Work	Work description	Other special description	Signature

Annexure 10: Format of Initial Memorandum

INITIAL MEMORANDUM

Title		
Date of Issuance		Assessment Paper
No		
Issue Assessment		
Audit criteria		
Audit Objective in terms of assessment		
Audit Scope		
Audit Question		
Audit Question	Sub	
Findings	Situation Found i.e., Condition	
	Criteria	
	Audit Evidence	
	Analysis of evidence based on test evidence	
	Reasons analysed	
	Fact finding or reasons on the situation based on evidence	
Effect		
Potential Recommendation		
Answer by Auditee		
Prepared by		
Designation		

Sir/Madam,

We have conducted the performance audit for the.....
(Name of audit scheme/program/project) for the year..... (Provide the year for which audit is conducted)

In this regard, the following areas were audited..... (Provide the areas that have been audited) and for further analysis please provide the information/reply on the issues indicated below:

Reference number	Reference act/rules	to	Reference to Section	Section head
Memorandum Summary: (paras to be filled in by the audit team in a summarised manner)				
Enter the summary of the memo				
Memorandum description: (paras to be filled in by the audit team in a lucid manner)				
<p>▶</p> <p>.....</p> <p>▶</p> <p>.....</p>				

We solicit your early response to the issues stated above.

Date:

Place:

Signature of the auditor

Annexure 11.A: Format of Exit meeting

Particulars	Information
Name of Audit Unit	
Date of meeting	
Place of meeting	
Members present (total no.)	
Names of present members	
Agenda of the meeting	<ol style="list-style-type: none"> 1. Discussion on Audit findings with causes effect and audit evidence through which finding has concluded 2. Potential recommendation 3. Answer of auditee 4. Initial Memo to be discussed which have been not converted into audit finding matrix 5. Confirmations of limitation of audit ,if any 6. Any other points as per team leader or nodal or head from auditee unit
Key issues discussed in the meeting	
Distribution of minutes to	

Signature of the members present	
Prepared by team member	Reviewed By team leader
Name	Name
Designation	Designation
Date	Date

Annexure 11.B : Format of Exit Conference

Particulars	Information (To be filled by audit team)
Name of the Department	
Topic of Audit	
Audit Objective and Audit Scope	
Audit Criteria	
Audit Units selected	
Audit Team (s) for performance audit	
Audit findings with detail of criteria and	
Date of meeting	
Place of meeting	
Agenda of the meeting	<ul style="list-style-type: none"> • Brief background progress of audit • Presentation on draft reports and Audit findings on cause effect with evidence if requested by the department • Discussion on the recommendation perspective of the Department • Answer on the recommendations • Issues or points highlighted by Departmental held that may change or impact final audit report • Confirmation on limitations of audit • Any other issues from the auditee department or supervisor of audit team(s)
Members present (total no.)	
Names of members- Audit unit Personnel	
Names of members- Audit Team Personnel	
Key points discussed	
Distribution of minutes to	
Name of Official to whom minutes will be sent	
Signature of the members present – Audit Team	
Signature of the members present – Audit Unit	
Prepared by Team Leader	Reviewed and approved by Supervisor
Name	Name
Designation	Designation

Date	Date
Acknowledgment of the auditee department to be signed by HOD or officer nominated by HOD confirming to the minutes of entry conference within two weeks of issuance	

Annexure 12: Format of Performance Audit Report

GOVERNMENT OF THE UTTARAKHAND STATE (GoUK)

PERFORMANCE AUDIT

OF

{Insert title of Department/Scheme/Program/Activity}

Issue Date: {insert date: dd month yyyy}

CONFIDENTIAL

Cover letter/Executive Summary

{NOTE: SHOULD NOT EXCEED TWO PAGES}

To

Secretary (Name of Department)

In *{insert month & year}* Directorate of Audit (DoA) of the Government of Uttarakhand conducted a Performance Audit of the *{insert name of Audit Units audited for the department/scheme/program/activity 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:

-

- 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}*.

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}. {Include information about the financial outlay/budget}.

<Insert issue heading underlined>

{Give a few important details, then present the objections. if the objections are 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.

Finance Secretary

Table of Contents

Section I :	Scope of the Audit and Objective
Section II :	Audit Units (A) Risk Assessment Process and Selection (B) Numbers and details of units covered in the performance audit
Section III:	Audit Approach and Methodology
Section IV:	Limitations of the Audit
Section V:	Key Analysis, Audit Findings, Achievements and Challenges faced by audit units {include status of previous audit compliance if applicable}
Section VI:	Recommendations
Section VII:	Conclusion
Section VIII:	Annexures

Section I: Scope of the Audit

<NOTE: SHOULD NOT EXCEED ONE PAGE.>

The Performance Audit of {n – mention the numbers of unit to be audited for the department/scheme/program/activity} 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 performance 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;

The Performance audit also aimed at assisting the auditee {insert name of department/scheme/program/activity} 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.

Audit Objectives

The specific objectives of this Internal audit were to:

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

Section II: Audit Units

(A) Risk Assessment Process and Selection

{insert brief about the process followed and parameters used for risk assessment and selection of audit units based on the pre study}.

(B) Number and details of Units Covered in the Performance Audit

{insert briefly about the details of units covered and the rationale for choosing them}

Section III: Audit Approach and Methodology

This shall include the approach and methodology followed while conducting the performance audit.

Section IV: Limitation of the Audit

This section shall include the key and common challenges and limitation faced by various auditors during the audit. The auditors shall also mention about compliance with auditing standards.

Section V: Key analysis, Audit Findings, Achievements and Challenges faced by audit units *{include status of previous audit compliance if applicable}*

This section shall include the key analysis, findings, and challenges that should be highlighted to the auditee based on the findings during the audit of individual units and risks identified. This shall also include the achievements of the audited entities. Moreover, this section shall include status of previous audit compliance with data related to pending serious and non-serious para with numbers and amount.

Section VI: Recommendations

This section shall include the recommendations for actions to improve the deficiencies encountered.

Section VII: Conclusions

Based on the performance audit, this section shall summarise the audit process and should provide conclusions about the 3Es.

Section VIII: Annexures

This section shall include all annexures that the auditor perceives would be essential to establish and explain the audit findings.

Annexure 13: Follow-up Register

As per Performance Audit Report of the Department/Unit					As per Follow-up on Performance Audit report		
Par a no.	Description of Memorand um	Plan of action for Complian ce of Audit Observati on	Timeline provided for Complian ce of Audit Observati on	Name of official responsibl e for Complian ce of Audit Observati on	Status of Action Taken report to be submitt ed by audit unit	Status of complian ce of audit observatio ns	Name of Official who have provide d the respons e

The

Audited Entity

Place.....

Subject: Follow-up Report on Final Performance Audit report

Sir,

The DOA has had issued an Audit Report bearing AIN.... of the audited entity name for the financial year (20XX—20XX). The due date for the submission of ATR was specified as-----/20XX i.e., within 90 days of transmittal of performance audit report

As per the Performance audit manual it is obligatory for the audited entity to submit Action Taken Report within three months from the date of issue of Audit Report. However, even after the lapse of stipulated period of three months, the DOA did not receive responses for the Audit Report.

In light of the above, the DOA would like to remind the name of the audited entity to submit the ATR as on specify date.

Yours faithfully

by letter No..... dated for the audit report No. dated..... covering the period (20xx-20xx).

Based on the actions taken and relevant documents made available and review conducted the status of the report now stands as below

The

Audited Entity.....

Place.....

Subject: Follow-up Report on Final Performance Audit report

Sir,

The DOA has reviewed the reply furnished by the (department) by letter No..... dated for the audit report No. dated..... covering the period (20xx- 20xx). Based on the actions taken and relevant documents made available and review conducted the status of the report now stands as below

Sr No	Audit Report and Audit report no	No of Observations in the report	No of observation or settled by auditee department through Action taken report	No of observations agreed as accepted and action taken has been carried out	No of observations agreed as accepted and action taken has to be carried out by future date	No of observation or action taken by not accepted by the committee with reason to it	No of observation not answered by the department
		1	2 (3+4+5)	3	4	5	6(1-2)

While the concerted efforts made by the Department for settling -----of the report is appreciated, the DOA Provides further comments in the attached report against the unresolved observations for taking further appropriate action to resolve the issues.

Yours faithfully,

(.....)

Annexure 14: General forms and tables

Sample-initiation meeting agenda

Auditee	Audit Team	Stakeholders
Group 1 Mukul Mishra, Managing Director Sarabjit Singh, Director Kewal Singh, Audit Manager	Gaurav Kumar, Auditor in Charge Ram Chandra Gupta, Auditor	<u>General Counsel</u> Kavita seth, Legal expert <u>Methodologist and Data Analysis Support</u> <u>Badal via (Methodologist)</u> <u>Tarun Arora (Data analyst)</u>

Discussion of audit (5 minutes)

- Basis for the audit (law, request or other).
- Estimated resource requirements.
- Risks for weaknesses in performance.
- Challenges in meeting the principles of economy, efficiency and effectiveness, including being able to comply with laws and regulations.
- Internal controls.

Internal/external coordination (10 minutes)

- Summary of meetings with internal stakeholders and audit teams working on related topics or with the audited entity.
- Summary of meetings with external stakeholders, including other audit organisations, research groups or those who have examined the topic of the audit.
- Known ongoing activities at the audited entity pertaining to the substance of the audit.
- Planning to schedule meeting with relevant subject matter experts.

Proposed audit objectives (15 minutes)

- What have been the trends in ... ?
- To what extent does the division ... ?
- How consistently and adequately is the division ... ?

Potential methodologies (15 mins)

- Data analysis: Analyse data from the ... fiscal years.
- Interviews with knowledgeable officials at ... offices.
- Site visits at ... locations.

Discussion of stakeholder roles (10 minutes)

Recap of key decisions made at the meeting and post-meeting action items (5 minutes)

- Document decisions.
- Hold initial meetings with audited entity.

Guide for conducting Interview

Planning the interview

Step 1: Complete pre-interview research

1. Identify purpose and goals.
2. Develop sufficient background.
3. Identify who will be interviewed.
4. Identify other sources of information needed.

Step 2: Prepare questions

1. Determine what you want to know.
2. Draft questions.
3. Have your supervisor review the questions you have drafted.

Step 3: Prepare logistics

1. Schedule the time, place and location of the interview.
2. Inform the person being interviewed about the purpose and goals of the interview.
3. Decide how many staff will attend. Try to have more than one interviewer attend.

Conducting the interview

Step 4: Open the interview

1. Be punctual and dress appropriately.
2. Consider conducting some small talk, if appropriate, to put officials at ease.
3. Provide introductions, purpose of the interview and background on the audit.
4. Explain desired outcomes.

Step 5: Conduct the interview

1. Ask the questions you have prepared.
2. Practice active listening.
3. Ask probing questions.
 - Don't just accept statements at face value – ask for elaboration and supporting documentation.
 - Ask what the problems are, why they exist and how the people interviewed would change the audit topic; ask who, what, where, when how and why.
4. Ask for reasons and examples to support the information provided.
5. Be prepared to ask follow-up questions that may not be on your predetermined list of

questions.

6. Follow new lines of enquiry when topics or responses are presented that you did not anticipate.
7. Clarify ambiguous responses.
8. Ask people being interviewed to spell out any acronyms with which you are not familiar.
9. Ask for definitions of key terms and technical jargon.
10. Take detailed notes of the responses to your questions.
11. Maintain a list of documents to be obtained.
12. Maintain control of the interview.
13. Focus the interview on relevant information.
14. Watch for topics that officials try to evade.
15. Respect time limits.
16. Ask for related documentation and referrals.

Step 6: Close the interview

1. Summarise key information obtained.
2. Explain how the information will be used.
3. Address any questions or comments from the person interviewed.
4. Ask if it would be appropriate to contact the person interviewed with any follow-up questions.
5. Thank the people interviewed for their time and information.

Debriefing and documenting the Interview

Step 7: Debrief the interview

1. Did you accomplish what you set out to do? If not, why not?
2. What could you have done differently?
3. Where does the audit team need to go from here?
4. Did everyone on the audit team hear the same information?

Step 8: Complete post-interview activities

1. Write-up the interview record as soon as possible after the meeting (see additional guidance below).
2. Send the draft interview record to your supervisor for review.
3. Obtain identified documentation from the people you interviewed.

4. Schedule follow-up interviews as needed.

Documenting the Interview

The purpose of documenting the interview is to: document the facts of what was said in the interview and by whom; and organise these facts to help you develop findings.

1. Prepare the interview record as soon as possible after the meeting in order to document the testimonial evidence obtained as completely and accurately as possible.

- Use your notes and the notes from team members who also attended the meeting to record it as accurately as possible.
- Generally, it is useful for interview records to be organised logically by topic, preferably with the most important material being presented first. Keep in mind that, while the record is to be as detailed as possible, it is not a transcript of the interview.
- Cross-reference all documents referred to in the record.
- Resolve all open remarks or unanswered questions.
 - Use auditor notes to help explain context, circumstances, prejudice or other contributing factors to the interviewees' statements.
 - Define all acronyms and abbreviations when they are first discussed.

2. Keep the audit objective(s) and questions in mind as you prepare the record.

- Assess whether you are gathering the data you need to address the audit questions.
- Use headings/sub-headings in the record to organise the information whenever possible.
- If necessary, ask your supervisor if it would be useful for you to confirm any of the information you gathered during the interview.

3. Ask your supervisor if it would be useful for other team members who attended the interview to review your document for accuracy.

4. Provide the draft interview record to your supervisor for review.

Annexure 15: Audit Planning Memorandum

S.no	Particulars
1	Background
	brief introduction, giving overview that puts the audit topic into perspective and the reasons for selection
2	Design of Pilot Study
	a brief outline as to how the study was carried out in terms of scope and what methods and sources of information have been used
3	Description of the audit area
	<p>An overview of the area to understand the context of the topic for audit, such as legislation, budgets, the role of government entities, goals and objectives and the role of different stakeholders.</p> <ul style="list-style-type: none"> • Systems and process descriptions • description of how the system and processes being audited is expected to function • Financial review • Operational status of project/programme • Segment operational model • supported by a figure, a flowchart or similar
4	Methodological planning
	<ul style="list-style-type: none"> • Audit objective; • Audit scope; • Audit questions and sub-questions; • Audit criteria; • Strategy, methods and sources for data collection and analysis; and • Expected results of the audit.
5	Administrative planning
	<ul style="list-style-type: none"> • Team composition, considering necessary skills and needs for experts; • Timed activity plan, with clear milestones; • Mechanisms for monitoring the progress of audit; • Communication with the audited entities and other main stakeholders • Auditee units
6	Audit Design Matrix
	Audit design matrix for each objective separately
7	Audit Programme
	Techniques of audit to be used
	<ul style="list-style-type: none"> • Interviews • Questionnaires • Focus groups • Reference groups • Document reviews • File reviews • Using existing statistics • Using existing databases

	<ul style="list-style-type: none"> • Observation of people • Inspection of objects • Computation, comparisons • Logical reasoning and rational argument
8	Protocols
	Physical Verification
	Authority at audit unit level to Answer of Initial Memorandum
Prepared by Team Leader	
Reviewed by Supervisor	
Name	Name
Designation	Designation
Date	Date
Approved by	
Director Audit or officer nominated nor below rank of Joint Director	

Annexure 16: Action Taken Report

Name of Audited Department							
Title of Performance Audit							
Year of audit conducted 20xx- 20xx							
S r N o	Brief audit observa tion	Recommend ations	Action taken on recommen dation or to be taken	Estimat ed date of action or Date of action undert aken	Responsi bility entrusted to Name and Designati on	Docum ents annexe d with ATR	Reason for non- acceptance of recommen dation
			a. b. c. d.				

Annexure 17: Finding Matrix

Audit recommendations	Action taken by department on recommendation	Status of Desk Review	Status found	Timelines of recommendation	Impact created in terms of saving or improvement in KPI or increase in revenue	Reasons for non-implementation	Current Status	Further course of action