

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA

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File No-DLFA-PRG-CA-011-2019 5169 /DLFA ; Date. 26.09.24

To

The Principals,

**All Non-Govt. aided colleges included in Accounts Review Programme
2024-25.**

**Sub: General Guidelines to be followed for Accounts review of Aided
Colleges by CA Firms & Audit by LFA Personnel**

Madam/Sir,

In inviting a kind reference to the subject cited above, I am directed to say that, as per section 12 of Odisha Education Act-1969, accounts of aided Educational Institutions are subject to audit by Odisha Local Fund Audit Organization. However, due to shortage of Auditors in LFA organization there have been substantial arrear accounts pending for audit in respect of aided colleges. In order to resolve the issue it was decided by Govt. in Finance Department vide GO no. 7401/F; Dt.14-03-2013 that review of accounts of aided colleges to be conducted by empanelled CA Firms with effect from Annual Review Programme (ARP) 2013-14. As per the above GO, fees and other expenses for the review work for the accounting year 2012-13 to be borne by respective college. On subsequent orders of Govt. vide GO no 22299/F; Dt.30-07-2014, it was decided that the college would bear the cost of review work for the year 2012-13 and Govt. will bear the cost for the year prior to 2012-13 and 2013-14 onwards. During this year ARP, the following guidelines should be followed by the College Authority

- i. **Profile updation in ALFA** - The 1st phase of Accounts Review Programme (ARP) 2024-25 for aided colleges by Chartered Accountant Firms is going to commence on **1st October-2024**. It is to mention here that all the activities relating to College Audit is to be performed by the College Authority through ALFA Portal (lfaodisha.nic.in). The Principal of each College under the Audit jurisdiction of DLFA has been provided with requisite log in ID through their registered e-mail. At the first instance the password is the same as the user ID and then the college authority has to change the password. Though it is mandatory to up-date the College profile in ALFA before log-in, however from ALFA portal it was revealed that most of the Principals have not done the basic requisites like profile updation till today. This defeats the very purpose of Audit and in this context the Principals are requested to do the needful at an earliest.
- ii. **Smooth Production of requisite documents for physical verification and records to Audit Party.-**

The documents like Cash in college chest, unused receipt books, Postage Stamp, saleable forms if any, MBs and Fixed Deposit need to be produced for Physical verification on the very day of commencement of Audit.

All the records and registers as per the following list need to be maintained and updated before commencement of audit and the College Authority should ensure prompt production of the same before the audit on requisition.

- All Cash Books
- All Bank Pass Books, TDRs
- Daily collection Registers
- Demand, Collection and Balance(DCB) Register
- Paid vouchers
- Pay acquittance roll of Management Payment Staff
- Pay acquittance roll of Direct Payment Staff
- Pay acquittance roll of Block Grant Staff
- Fee collection receipt books
- Different Fee Deposit/remittance files
- Library stock register
- Stock register of stationery articles
- Stock register of Saleable forms, Receipt Books
- Dead Stock Register
- Stock Register of Building Materials if any
- Advance ledger
- Outstanding Advance Ledger
- Measurement Book
- Work Case Record
- Investment Register
- Asset Register
- Property Register
- Bill Register
- Book of Drawal
- Bank Draft & Cheque Receipt register.
- Cheque Issue Register & Counter foils of Cheques
- Acquittance roll of Scholarship
- Service books of Staff
- Abstract Register of Receipt and Payment
- Grants Register

- UC Register
- Admission Register
- Different corresponding files pertaining to Examination, Evaluation, Sports events management, Seminars, Cultural events, NCC/Scouts, Development activities and others, if any, relevant to the accounts of the College.

iii. Maintenance Of College Accounts In CAPA (College Accounting Procedure Automation) Format

Section 12(I) of the Odisha Education Act, 1969 read with the provisions contained in the Odisha Local Fund Audit Act, 1948 provides that the accounts of the aided educational institutions shall be maintained in the prescribed manner and shall be subject to annual audit. Accordingly, the Odisha Aided Educational Institutions' Accounting Procedure Rules, 1985 was framed with a set of guidelines for maintenance of accounts of the aided educational institutions. Therefore, in order to standardize the accounting system and ensure uniformity in rendering accounts across all such colleges, the Government in Higher Education Department have decided to adopt web based financial accounting system in the name of "College Accounting Procedure Automation" (CAPA) for its implementation in all Non-Government Aided Colleges from the Financial year 2016-17. As such the Department of Higher Education, Govt. of Odisha vide **Letter No. 6388/HE dt. 16.03.2016** has stipulated maintenance of cash book in Aided colleges in CAPA format. So, it is advised that the college should maintain all the cash books in prescribed CAPA Format and produce before Audit.

iv. Preparation of Annual accounts of Receipt & Expenditure

The purpose of preparation of annual accounts of receipts and expenditure is to ensure a fair, transparent, accurate, reliable and timely disclosure of performance and present the financial position of the entity to its stake holders. In the above context, the annual financial statement of the College for a particular financial year showing the details of receipt and expenditure is to be worked out and prepared on the basis of the financial transaction recorded in the cash books.

v. Analysis of Closing Balance

As per Government of Odisha, Finance Department Circular No.9482/F, dated 6th March, 2009; analysis of closing balance shall be done at the end of each month showing bill wise/date wise/purpose wise details. Analysis of closing balance of cash Book is required to avoid any possibility of irregular expenditure, diversion of fund along with ensuring effective utilisation of funds. Further the Closing Balance as arrived after a day's transaction, should be furnished in detail with the amount of cash-in-hand, deposit in pass books, deposit in Treasury, TDR and outstanding advance etc.

vi. Preparation of Financial Statement

Once the Cash Book is closed after a day's transaction, the receipt and expenditure figures are to be reflected in the Abstract Register of Receipt and

Payment. Then the month wise totaling of the receipt and expenditure figures are to be done. Finally, after end of a financial year and closure of the Cash book, the head wise receipt and expenditure figures are to be worked out and the College Authority is required to prepare the financial statement in the prescribed format by incorporation of head wise receipt and payment amounts. The financial statement is to be produced before the Audit team for verification.

vii. **Preparation of Bank Reconciliation Statement**

As per Letter No. 15847/F, Dtd. 27.04.2013 of Finance Department, Govt. of Odisha; the DDO shall maintain a Register for reconciliation of receipts and disbursements of funds under different category. The College Authority is required to update the bank pass books in a regular manner and trace the drawl and deposits of bank pass books with reference to Cash Books on monthly basis and the month wise Bank reconciliation statement is to be prepared. Finally after the end of a financial year, the reconciliation statement in the following format is to be kept ready and to be produced before the Audit team for verification.

viii. **Maintenance Of Stock & Store Account:**

Once a purchase has been made, requisite stock entry with reference voucher no./date, purchase cost is to be mentioned in the stock register. Then the stock entry certificate with reference to stock register page has to be furnished on the body of the purchase bill/voucher. The stock register is to be balanced in a regular manner. The position of stock Accounts relating to building materials and other purchases should be prepared. The year wise abstract of stock Account is to be furnished to the audit for verification.

ix. **Physical Verification of Stock**

As per Rule - 106 of OGFR, a physical verification of stores shall be carried out at least once in every six months by the Principal or by any official on behalf of him and in token of this, a recorded certificate along with note of any other fact regarding excess/shortage or un-usual depreciation of stores etc. is to be recorded there in.

x. **Investment Position**

An abstract position of investment (Fixed/Term Deposits) with details of opening balance, closing balance, date of investment, date of maturity, investment amount, maturity amount and rate of interest along with the documents need to be furnished to audit for verification.

xi. **Advance:**

- As per the provision of SR-509 of OTC (Vol-I), advance given should be adjusted within one month. No second advance should be given till recoupment of first advance.

- Rule 14 of OGFR provides that, every officer whose duties are to render accounts on return in respect of public money is responsible for their completeness and strict accuracy.
- Money shall not be advanced unless there is reason to believe that the work for which money is required will be completed and paid for within the same financial year.
- The advance granted for one purpose shall not be diverted to other purposes.
- Any unspent balance of an advance shall be immediately refunded.
- Payment of advances shall not be exhibited as final expenditure in the cash book.
- Advances granted to Govt. servants should be analysed by the DDO concerned and prompt steps should be taken to adjust the outstanding advance with supporting vouchers. The Govt. servant with unadjusted advance should be served with notice by the DDO for refund of unspent amount. The DDO shall maintain the advance register to work out the amount of advance granted and unadjusted outstanding advance against Govt. servants before close of the financial year and take effective steps for adjustment of the same.
- Details of outstanding advance for more than a year and year under audit are to be worked out. Outstanding advance for more than a year is to be suggested for recovery and is surchargable vide Govt. order No. 114/F, Dt. 05.01.2004 & G.O. No. 2221/F, Dt. 08.03.2002 and 15179/DLFA dt.28.09.2013.

xii. **Grants:**

- As per Rule 171 of the Odisha General Financial Rules (OGFR) (Volume I) and instructions contained in the sanction orders, Govt. Grants were to be utilised in the year of receipt. Un-utilised fund, if any, may either be refunded to the Government or utilised in subsequent year with prior approval of the Government.
- Unless it is otherwise ordered by Government, the grant will be spent upon within a reasonable time, if no time-limit has been fixed by the sanctioning authority. (Rule 171 (2) of O.G.F.R.) The expression 'reasonable time' should ordinarily be interpreted to mean one year from the date of issue of the letter sanctioning the grant even though the period extends beyond the financial year. Immediately on the expiry of the period of one year from the date of sanction, any unspent balance out of the grant should be duly surrendered to government. (Rule 171 (3) (a) of O.G.F.R.)
- The grantee institutions should maintain a register in form No.[O.G.F.R. 30-A] of the permanent and semi-permanent assets acquired wholly or substantially out of Government grants. The register should be maintained by the grantee institutions separately in respect of each sanctioning authority and a copy thereof furnished to the sanctioning authority annually. (Rule 171 (5) (i) of O.G.F.R.)
- Grants shall not be diverted from one scheme to another scheme without approval of Government nor shall the pattern of schemes be altered without the approval of Government. No continuing scheme shall be left in an incomplete stage. Direction shall not be given by any authority other than the Administrative Department for incurring expenditure from the fund for a purpose for which fund has not been constituted.

xiii. **Utilisation Certificate:**

- As per Rule 173 of OGFR, Vol.-I, Utilisation Certificate (UC) is to be submitted to the proper quarter by 1st June of the succeeding year of expenditure.

As per Section IV of Appendix 10 of OGFR, the following guidelines are prescribed.

For Non-recurring Grant: -

(a) In the sanction order, the period within which and the object /purpose for which the grant is to be utilised is to be mentioned.

(b) If the grant is actually paid towards the end of the financial year, the time limit for 6 months or 1 year from the date of drawal or some other fixed time should be prescribed.

(c) If the local authority feels that the grant cannot be spent within such prescribed period for reasons to be assigned by them, then they should move the Govt. to extend the period already fixed.

For Recurring Grants: -

a. The Aided Colleges should keep a year wise account of the receipt and expenditure of recurring grants and ensure that the expenditure should not exceed the grant received.

b. The details of UCs Submitted during the year are to be produced before Audit in the following format

xiv. **Role of College Authority for Receipt Audit**

For audit of receipts, the local authority should maintain the following records/ documents which are to be produced before audit.

- Misc. receipt counterfoils (maintained by Accounts section)
- Students fee collection receipt counterfoils
- Receipt Book Stock Register
- Students fee Daily Collection Register
- Bank Draft/Cheques/other modes of transfer receipt Register
- Sanction/release Order file
- Bank Pass Books for credit of grants/ other funds directly

xv. **Information on Fees & Fines**

The College Authority required to furnish the information on collection and deposit of Fees & Fines for the year under Audit.

xvi. **Maintenance of Vouchers**

(i) Every voucher must bear an acknowledgment taken at the time of payment signed by the person by whom or on whose behalf the claim is put forward. So as per the general requirements of a voucher, it should have been computerized/ printed receipts (most preferably software generated bills) with the name of the seller/supplier, name of the buyer, Bill number, date, GSTIN number showing brand and HSN Code of material purchased, signature by the dealer and should also be stamped containing 'paid by me' by the payer. The voucher should be passed for payment by the DDO.

(ii) After observing due formality of "Passed for payment" by the DDO followed with the payment to a claimant has been made, the DDO has to obtain a GSTIN prescribed sealed and signed money receipt from seller/supplier. After that, a voucher no./date is to be assigned on the body of the bill as per the chronological serial generated in CAPA or assigned in manual cash book and filed accordingly in a guard file for record.

(iii) Though the advance payment is assigned a voucher number, it should not be booked as final expenditure in the cash book.

(iv) Before release of a payment, utmost care may be given for scrutiny of valid GSTIN No. of the supplier in the claimed bill through authorized software/online link provided by Govt. of India.

(v) As per Section 51 of the Odisha GST Act, 2017 read with Lr. No. 30797/F. Dt. 25.09.2018; it is stipulated w.e.f. 01.10.2018 that, if the bill amount is more than Rs.2,50,000.00 in a single case or the total payment to a particular supplier is more than Rs.2,50,000.00 in aggregate per annum, then TDS towards GST @2% of the taxable amount of the bill is to be deducted by the DDO and deposited in proper quarter by 10th of succeeding month positively.

(vi) As per the provisions laid down in section 194© of Income Tax Act, 1961, if the bill amount is more than Rs.30,000.00 in a single case, or the total payment to a supplier is more than Rs.1,00,000.00 in aggregate per annum, then TDS towards IT @1% of the basic amount of the bill (excluding all type of taxes & conveyances) is to be deducted, where the payment is being made to an individual or a Hindu undivided family (HUF), @2% where the payment is being made to a person other than an individual or a Hindu undivided family. The amount so deducted towards TDS, should be deposited in proper quarter in succeeding month positively.

xvii. Maintenance of Works Accounts:

The College authority should ensure 100% checking of works vouchers with reference to guidelines of scheme works, case records and MBs etc. It should be ensured that the execution of all development works should be properly supervised by authorized technical personnel/agency and accordingly the work case record, MBs should be properly managed

xviii. Information to be furnished by the College Authority on Odisha Higher Education Programme for Excellence & Equity, OHEPEE (World bank Assisted Project)

As per instruction received from Higher Education Dep't., the College Authority should furnish a detailed information about Odisha Higher Education Programme for Excellence & Equity, OHEPEE (World bank Assisted Project), if being implemented in the said College.

xix. Position of Loan, Deposits, EPF and Depositable Govt. dues

The positions of loan, deposits, PF, Royalty, GST and PT need to be furnished by the College Authority before Audit for verification.

xx. Production of Accounts records to Authentic Audit Personnel of CA Firms and Comments of the Principal in the Accounts review diary

From this ARP onwards the Principal of the College should remain watchful regarding the authenticity of the Audit personnel of the CA firms deputed to their College. From College log-in of ALFA portal, the Principal can view the name of the employees of the CA firm with their photos and identity proof entrusted with the Accounts Review Work. From portal itself the Principal can verify the genuineness of the Audit personnel of the CA firm before production of records.

Further from last year ARP, it was made mandatory to put forth the requisite comments in the appropriate box of the Accounts review diary viewed to the Principal. But in some cases it was noticed that the comments of the Principals were missing. Therefore, it is once again requested to put the requisite comments in the appropriate space in ALFA (Accounts review diary section) , otherwise the process of Accounts review cannot be treated as completed and the reports will not be approved.

It is requested that the Principals, Account Bursars, Other staff associated with Account section should adhere to the above guidelines thoroughly and act accordingly so that the Accounts review programme will be completed smoothly.

Yours faithfully



Assistant Director

Memo No. 5170 /DLFA; Dated 26.09.24

Copy forwarded to the Additional Secretary to Government, Finance Department (LFA Branch), Odisha, Bhubaneswar for kind information.



Assistant Director

Memo No. 5171 /DLFA ; Dated 26.09.24

Copy forwarded to all the District Audit Officers (LFA), Odisha and Audit Officer (LFA), Bhubaneswar for kind information and necessary action.


26/9/24
Assistant Director

Memo No. 5172 /DLFA; Dated 26.09.24

Copy forwarded to the Special Secretary to Govt, NCET (Non-govt. College Establishment Teaching) Section /FA-cum-Spl Secy, Deptt of Higher Education, Odisha/FA-cum-Spl. Secy, Deptt of School & Mass Education, Odisha/ Director of Higher Secondary Education, Odisha, Bhubaneswar for information with an instruction to the aided colleges to keep records updated for accounts review work.


26/9/24
Assistant Director

Memo No. 5173 /DLFA ; Dated 26.09.24

Copy forwarded to Admin, ALFA for information and necessary action.


26/9/24
Assistant Director

By e-mail

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA

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No-PT1-DLFA-PRG-CA-0002-2022 7122 /DLFA, Date. 01.10.24

To

All the Chartered Accountant Firms engaged in Accounts Review Programme, 2024-25.

Sub: Allotment of aided colleges for accounts review in ARP 2024-25 and procedures to be followed thereon.

Madam/Sir,

In inviting a reference to the subject cited above and in pursuance to FD GO no. 10604/F; dated 30-04-2022, I am directed to say that, the allotment of aided colleges for the ARP 2024-25 is finalized and the accounts review work will be effective from 04-10-2024. The following procedures are to be adopted by the CA Firms while performing accounts review work during the current ARP:

1. It is mandatory to conduct audit in the premises of Auditee Institutions.
2. The CA Firms are required to submit a detailed work plan relating to accounts review of a particular college to the concerned District Audit Officer before commencement of review work. They also need to intimate the DAO regarding date of commencement of audit, probable date of completion within two days of commencement of review work of a particular college.
3. The CA Firms are required to manage accounts review diary in ALFA portal as per discussion made in the Orientation Programme.
4. Approval of accounts review diary by the concerned DAOs along with approval certificate of Accounts Review report are mandatory criteria for generation of Invoices.
5. 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**

6. In case any CA firm fails to complete the assignment within the stipulated time, the same will be assigned to any other firm with satisfactory performance during the current ARP 2024-25.

The duration of accounts review programme of ARP 2024-25 is scheduled to commence from 04.10.2024 and ends on 03.01.2025 . The allotments in ARP 2024-25 assigned to the CA Firms will be viewed in the login ID of the respective firms. Hence, all the audit works including submission and approval of DARs should be completed within the deadline i.e. by 03-01-2025. In case of non-production/non-co-operation by the college authority, it is to be intimated to the concerned District Audit Officers immediately with a memo to this Directorate.

Yours faithfully


Assistant Director

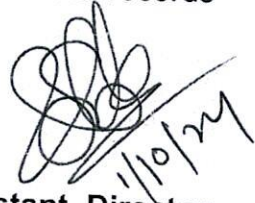
Memo No. 7123 /DLFA ; Dated 01-10-24

Copy forwarded to all the District Audit Officers and Audit Officer, Bhubaneswar for information and necessary action. They are requested to monitor regularly the accounts review works of their Districts and to address the difficulties faced by the CA Firms during course of audit. **All the DAOs are also requested to submit a monthly progress report of accounts review of aided colleges of their respective Districts for appraisal of the Director.**


Assistant Director

Memo No. 7124 /DLFA ; Dated 01-10-24

Copy forwarded to all the Principals of aided colleges included in ARP 2024-25 for information and necessary action. They are requested to produce all the records promptly during course of audit for early completed.


Assistant Director