

**Role of Auditor
in
Surcharge Section
of
District Audit Office,
Local Fund Audit**

Broad list of Roles:

- **Compliance Verification**
- **Scrutiny of Audit Reports**
- **Issue of Corrigendum to Audit Reports**
- **Initiation of Surcharge**
- **Follow up of Surcharge proceedings**
- **Appeal**
- **Maintenance of Records and Registers**

Compliance Verification

It is the role of the Auditor posted in Surcharge Section to take steps for verification of the compliances to Audit Reports submitted by the local authorities of auditee institutions for settlement of audit paras.

The steps involved are as follows:

- *After receiving the compliance, it should be recorded in the Compliance Register.*
- *Scrutinise the compliance to see if it is supported by a Resolution of the Competent Authority of the Institution. If not, it may be returned to the Local Authority for resubmission.*
- *Assign to the Audit Superintendent for verification with approval of DAO.*
- *After approval of the Verification Report(submitted by the A.S.)by the DAO, take steps for settlement of the related paras of the Report.*

- *Effect settlement of the paras involving money value(if dropped) in the Compliance Process module in ALFA.*
- *The verified compliance report with DAO's remarks may be transmitted to the Local Authority with remarks for further compliance, if required.*
- *Simultaneously record the fact of settlement in the Compliance Register and the compiled information for the purpose of DLMC meeting.*

Scrutiny of Audit Reports

The approved Audit Reports should be scrutinised in respect of the surcharge related paras with the Surcharge Statement to identify the fit cases for surcharge action and issue of corrigendum for rectification of defects, if detected.

Points of scrutiny:

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- *Surcharge related paras with surcharge statement*
- *Verify name of delinquents to see whether in full form or initials.*
- *Whether designation is furnished in the statement*
- *See if name of one delinquent is same (spelling) in all concerned paras (See part-I & Part-II)*

Points of scrutiny.....

- *Verify the present address of the delinquent from the HRMS- ALFA Interface module in if the delinquent is still in the address recorded in the Report or has been transferred.*
- *Take steps for rectification of defects noticed through Corrigendum process in ALFA.*
- *Verify from Para No. 8 if outstanding advance relating to previous years have been adjusted during the accounting year under audit. Then drop the adjusted amount before initiating surcharge or issuing Surcharge Order in respect of outstanding advances of the previous Reports*

Initiation of Surcharge

- *Initiate surcharge proceedings in ALFA for issue of show cause notice under section 9(2)(b).*
- *Open surcharge case record and send to the initiating authority(DAO or A.S. as the case may be) along with the surcharge register duly filled in for signature before issue.*

Components of a surcharge case record:

- *Print out of the notice generated from ALFA.*
- *History Sheet*
- *Order Sheet*
- *Note Sheet*

**Surcharge Case number to be allotted category wise
(PS, ULB, GP, Education, Misc.)**

Follow up of Surcharge proceedings

After initiation of surcharge proceedings under OLFA Act, follow up action should be ensured for taking it to its logical end.

The follow up action involve the following:

- (i) Service of Notice*
- (ii) Verification of explanation (cause shown by delinquent)*
- (iii) Issue of drop order if necessary after verification*
- (iv) Certification of amount due for surcharge*
- (v) Issue of Surcharge Order u/s 9(3)*
- (vi) Service of Surcharge Order*
- (vii) Issue of drop order, if necessary after receipt of appeal order, in case appeal is filed and on spot verification*
- (viii) Despatch certificate requisition to Collector u/s 10(1)*

Service of Notice and Surcharge Order

- *Before handing over the notices/surcharge orders to the Process Server/ or sending by registered post, ensure that all enclosures are in order.*
- *Hand over the notices/surcharge orders to process server with instructions to obtain the full signature with date of the delinquent on the served copy.*
- *In case the delinquent refuses to receive the notice/surcharge order , take steps for sending it by registered post with AD(Acknowledgement)*
- *In case the notice/order is returned un-served by postal department with comments of the post peon to the effect that the addressee refused to receive the letter, take steps to publish the notice(s) in a local daily.*

Surcharge Order u/s 9(3)

- *Surcharge Order can be issued in those cases only where the notice is served.*
- *If compliance/reply to the notice is received, process for spot verification by Verifying Officer (A.S./ DAO). Maintain the Spot Verification Register to keep track.*
- *After receiving the Verification Report, see whether it is in order and take approval of the DAO. If not in order, return it to the Verifying Officer mentioning the defects noticed with approval of DAO.*

- *If any amount is due to be dropped as ascertained during Spot Verification, take steps for issue of Drop Order and surcharge the balance amount through appropriate modules in ALFA.*
- *While issuing Surcharge Order, care should be taken to ascertain the present address of the delinquent from ALFA-HRMS interface, mention the correct (appropriate) Appellate Authority in the Order and enclose the Appeal form.*

- *Even if no compliance/reply to the notice is submitted by the delinquent, follow the above process for spot verification before issue of Surcharge Order.*
- *When dropping any para, either partially or fully, it should be borne in mind whether other surcharge cases (of the same Report) are related or not and accordingly the other case(s) should also be dropped. Data for DLMC meeting should also be up-dated accordingly with remarks. Surcharge Register should be updated simultaneously.*

Appeal

- *After receiving the served copy of the surcharge order, verify from DLFA whether the delinquent has preferred appeal or not.*
- *Maintain the Appeal Register*
- *If no appeal is preferred by the delinquent, take steps for spot verification before intimating to the Collector u/s 10(1) for recovery under OPDR Act.*

- *If appeal is preferred, as per requisition of DLFA transmit the original case record to DLFA after ensuring that all relevant records (pages) are available in the file.*
- *Wait for receipt of the Appeal Order from DLFA before taking further course of action.*
- *On receipt of appeal order, if any amount is fit to be dropped, follow the above process for issue of drop order before intimating the Collector for recovery of the balance amount.*

Maintenance of Records and Registers

- Surcharge Register
- Audit Report Check Register
- Compliance Register
- Watch Register for Spot Verification
- Appeal Register
- Certificate Register

THANK YOU