

KSEB OFFICERS' ASSOCIATION

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To

The Chief Internal Auditor
K.S.E. Board
Vydyuthi Bhavan
Thiruvananthapuram

Sir,

Sub : Comments on the proposal on revamping of audit functions of KSEB

Ref : CIA/ Audit Restructuring 2012/dated 7-11-2012

We, the KSEB Officers Association welcome the initiatives on the part of the Board to revamp and streamline the internal audit. At the same time, we express our concern on certain points in the proposal which needs clarity and correction.

Though in the introduction, the proposal is eloquent on performance audit, in details it is silent. In the present scenario of innovative changes in various areas of the Board a special stress must be given to performance audit.

At present there are three layers of audit in KSEB.

- 1.The pre-audit in concerned ARUs by the accounts branch headed by the DA/FO.
- 2.The audit by the audit officers under the office of CIA including RAOs.
- 3.The audit by AG.

The draft proposal suggests a new layer of audit in between 1 and 2. But the purpose of this special team is not seen distinctly defined. Such a team is welcomed with a different objective other than that replicating the same work carried out by the present audit system. Definitely this team can be assigned with a duty of conducting performance audit. But the proposal is silent on this and proposes the duplication of the work already carried out by the team 1 above.

As the audit personnel can do their work only on the basis of the rules and procedures in vogue, the rules and procedures are also to be modified accordingly. For that, a detailed study is required. Along with finding faults and flows, the audit must be competent to propose suggestions to improve the performance of ARUs to the expectations of the Board. The standardization of work and procedures in various ARUs is also important. The Audit Wing must be equipped to offer creative solutions and suggestions to the authorities in policy making.

The proposal inter-alia speaks curtailment of posts and sections in the audit wing. We may express our anxiety on it. Abolishing of vital sections like SOR Audit, Pension Audit etc., will help only to rebuff the intention.

At present the the first level of audit is carried out before the disbursement of bills. But it is not case with Revenue and establishment audit which is carried out by the second layer of audit system. There should be a mechanism to ensure time bound auditing of these transactions also. Internal auditing system should be revamped to make sure that each and every transactions are being audited at least within 90 days.

Association has no different opinion on equipping the audit wing with experienced, efficient and dedicated officials to prevent the trickling of money and also to point out the poor performance of officials if any, non-utilization of delegation etc. Tthe proposals should consider practical realities also. The qualifications proposed for Sr. AO, AO, Audit Assistants etc., are against the existing criteria for promotion. For example, the existing qualification for Jr. Assistant/ Cashier is a University Degree. They are normally posted in Section offices. A pass in the Account Test and Department Test conducted by the KPSC is the higher qualification for their promotion, if they are otherwise eligible. The proposed experience and qualification will close the doors of audit wing in their front. Similarly, the qualification and experience of Sr. AO, AO etc., shown in Annexure III are also not acceptable. The officers of the audit wing have enough experience in the field and are capable to take up any assignment with proper training and orientation. The proposal will bring an end to the promotion chances, already meager, of the ministerial officers resulting in career stagnation.

It is possible to develop an effective and efficient audit team by imparting quality training. Along with internal training, training at prestigious management institutions is also required. A detailed and comprehensive syllabus is to be designed for that.

In order to get optimum result, the persons posted in the audit wing shall be retained there for a reasonable period. On general transfer they can be transferred and posted in the Regional Offices of that area if found necessary.

Constitution of audit review committee at headquarters and RAO level is appreciated.

The checklists shown in the proposal are not comprehensive and not adequate for a higher level audit. The list is a replica of the activities carried out at the present and focusing on procedure audit. It is not suitable for auditing the performance. Hence, it is to be modified with a focus on performance. A check list for payment of bills/vouchers is also to be evolved.

E.g. Work Side

a)Target of completion of work

b)Date of completion of work

c)If delayed - No. of days, months, years and reasons for delay and the additional financial commitment, if any due to the delay

d)Performance of work

Payment side

a)Date of completion of work

b)Date of bill submitted

c)Date of passing

d)Date of payment

e)If delayed, No. of days, months, years and reasons for delay etc.

The above shown is only a signifier and not comprehensive.

As an effective monitoring system, the proposals about pre-check is acceptable, but the specified amount of "more than `50,000/-" is very meager. At present any petty work will be having a bill amount more than Rs.50,000. The amount may be enhanced to more than Rs 2,50,000. Further, a time frame may also be fixed for pre-check.

Emergency works viz., breakdown maintenance should be exempted from pre-check as the works are to be arranged and carried out within a short period. If the payments for such works are delayed, the contractors may hesitate to undertake such works in future.

General Suggestions:

Regular training shall be given not only to the audit personnel but to the officers on the execution side also so as to establish uniformity in procedures

1.The auditors should be gentle, impartial and able to conceive the concept of the purpose.

2.Evaluation must be based on the ultimate results and achievements

3.The audit comments shall be gentle and based on facts

4.The auditor shall make it sure that their comments are within the powers delegated to them

5.Adequate staff strength should be maintained

6.The procedures on credit purchase may be relaxed

7. System auditing shall be made effective and required audit module and window shall be provided. A software for work also to be evolved with an audit module for the preparation of estimate, work order, technical sanction, administrative sanction etc.
8. The non-revenue income such as line rent of cable TV, scrap disposal, auction of various materials etc., shall be properly monitored.
9. The manuals on commercial accounting system should be updated to cope with the new environment. Adequate manuals and handbooks may be published and issued to the employees to ease their job and also to ensure uniformity of procedure.
10. Audit calendar shall be prepared and circulated in the beginning of the calendar year. The area of audit, the registers/vouchers/files etc., which are intended to be audited shall be informed to the concerned office well before the audit and also conduct a meeting with the office head before commencement of audit.
11. The duties and responsibilities of officers under the CIA shall be defined and fix accountability to evaluate their performance.
12. In order to make the functions objective and also for the close monitoring of field units of internal audit wing, the system may be decentralized to three zonal offices with Sr. AOs as head of office at three regions - South, Central and North.
13. To perpetuate the functional autonomy, the RAOs may be arranged under the full control of Sr. Audit Officers and form a separate establishment wing under the CIA with required staff strength.
14. The staff strength of RAO offices may be redefined based on the No. of ARUs and the geographical area and if necessary the present offices may be bifurcated.
15. Adequate infrastructure such as computer with Internet connection, CUG phone, etc., shall be provided to the RAOs and Sr.AOs. Facility to operate imprest money, provisions for hiring vehicle etc., shall also be assured.
16. Until the completion of computerization, the proposed reduction of AAO place in the GPF section may be set aside.
17. The proposed staff strength for the special audit team at the corporate office is also not adequate considering the area to be audited by them.
18. The staff strength of certain offices mentioned in the proposal may be re fixed as follows and also allot the following structure to the new offices proposed by this Association.

I. O/o. CIA

CIA - 1
AO - 1
CA - 1
OA - 1

II. Estt. Wing of CIA

AO - 1
SS - 1
SA - 1
OA - 1

III. Special Audit Team at HQ

Sr. AO - 1
FO - 3
AAO - 3
SS - 3
SA - 9
CA - 1
OA - 1

IV. Zonal Office - For each offices

Sr. AO - 1
AO - 1
SS - 2
SA - 3
FC Asst. - 1
OA - 1

The above suggestions may please be considered to revamp the internal audit wing so as to introduce a more effective mechanism to monitor the various activities of the Board.

We express our sincere gratitude for inviting our views in this regard.

Sincerely

**Suresh Kumar M. G.
General Secretary.**