

**MOST IMPORTANT**

No.AAAD/Disb.I/IDA/Audit of Special Account/2012  
Government of India  
Ministry of Finance/DEA  
O/o the Controller of Aid Accounts & Audit  
Janpath Bhawan, B Wing, 5<sup>th</sup> Floor, Janpath

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New Delhi, the 12<sup>TH</sup> April, 2013

**OFFICE MEMORANDUM**

**Subject: Submission of Certificates along with claims after exercising some crucial checks as per checklist to avoid disallowances.**

Audit Party of the Office of the CAG of India in their Audit Inspection Report on the transactions of Revolving Fund (Special Account) for 2011-12 has pointed out that number of instances of disallowances by Donor Agencies against the withdrawal claims was on rising trend over the period. This inter-alia indicates that Project Implementing Agencies (PIAs) are not strictly following the guidelines issued by the donors.

2. Reasons of disallowance during 2011-12 have been analysed and a check list based upon such objections/disallowances has been prepared for ready reference of the PIAs. All PIAs are requested to follow the check list strictly before sending claims to this Division to reduce the disallowances to the minimum extent.
3. All the authorized signatories are requested to adhere to the points of checklist and also prepare the claim as per the donor's guidelines.
4. Copy of the Audit Report is enclosed for ready reference.

  
(R.K. SHARMA)  
DEPUTY CAA&A

To  
All PIAs/PMU  
(IBRD)

Extract taken from the Office of the Principal Director of Audit & Accounts  
No. AM9.11/1(14)/FR/REG/AAA/2011-12/451-452 Dated 27-10-2012.

**Current Audit**

**Part-II-A**

-Nil -

**Part-II-B**

**Para:1 Disallowance of claims of PIAs by donors.**

AAAD is mandated with the responsibilities of scrutinizing claims received from PIAs to ascertain eligibility as per relevant grant/ credit agreement /loan agreement and submitting the reimbursement claims to related donors for obtaining disbursement thereof.

Audit scrutiny of records / files relating to various grants/ loans has revealed large scale disallowances of claims by donors during 20 11-12 as detailed below :

S.No.	Donor	No. of grants/loans in which disallowances were made	No. of Instances of disallowances
1	IBRD	5	31
2	IDA	4	8
3	ADB	4	14
4	IFAD	4	5
5	GOJP	24	68
	TOTAL	42	126

During 2010-11 , disallowances were made in 39 instances.

From the details given above it is clear that no. of disallowances of expenditure incurred by various PIAs by Foreign Donors has increased from 39 instances of grants/loans in 2010-11 to 126 instances of grants/loans in 2011-12 despite being pointed out in last Inspection Report of Audit .The amount involved in the disallowances were significant .This suggests inadequate control over expenditure by various PIAs. In their reply to the previous IR, AAAD had stated that a circular had been issued to the PIAs. However, the significant increase from 39 to 126 indicates that this was a mere formality. Responsibility for such errors may be fixed asnd action taken against the PIAs and functionaries.

Certificates to be submitted along with claims of World Bank after exercising following checks.

- 1 That there is no category where expenditure is overdrawn  
Re appropriated balance under each category is as under:

Category	Category	Category	Category	Category
1	11	111	1V	V

- 2 That Project is not under suspension due to non production of Audit report to the World Bank
- 3 That utilization certificates(where applicable), have been submitted by the agencies .  
Reasons of non submission are as under:
- 4 That the list of prior review contracts, duly filled is enclosed. WBR number are allotted by the Bank.
- 5 Reason of delay in submission of IUFR is enclosed.
- 6 That items purchased for Contractors in respect of Post review contracts is as per the guidelines issued by the World Bank.
- 7 Advances have been adjusted towards civil works, if applicable.

Authorised signatory