

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, 5th Floor, Janpath

New Delhi, the 12TH 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. It is therefore requested that the claims may be prepared after due diligence and as per the guidelines issued by IFAD to avoid such disallowance in future..

3. Copy of the Audit Report is enclosed for ready reference.


(R.K.SHARMA)
DEPUTY CAA&A

To
All PIAs/PMU
(IFAD)

Extract Taken from the Office of the Principal Director of Audit's letter
No. AMG.11/1(14)/FR/RECAAA/2011-12/451-452 Dated 29-10-2012.

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	6	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 and action taken against the PIAs and functionaries.