

ESIC Handbook of Internal Audit



कर्मचारी राज्य बीमा निगम
Employees' State Insurance Corporation

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PREFACE

INTRODUCTION TO THE HANDBOOK OF INTERNAL AUDIT

(Third Edition)

The second edition of the "Hand Book of Internal Audit", was published 17 years ago. Since then, the Corporation's activities have undergone significant changes and growth in the field of medical services, medical education, benefits, construction activities and IT engagements. This third edition of the Internal Audit handbook is an attempt to include the new areas and remove the irrelevant parts, specifically due to the recent development of the IT based systems and the changes in policies of the Corporation.

The handbook emphasises the importance of aligning the goals and objectives of the Corporation through a periodic and internal checking mechanism, whereby the internal audit is closely integrated with the strategic planning processes and risk management frameworks to effectively identify and address emerging risks and opportunities.

The purpose of the handbook is to serve as a guide to the internal audit team, and to standardise the processes. The handbook is meant to supplement the other manuals/publications, e.g. Manual of Audit and Accounts, Local Office Manual, Medical Manual, Revenue Recovery Manual etc., issued by the Corporation and the General Financial Rules (GFR), Treasury Rules etc., issued by the Govt. of India. The provisions of this handbook should be read in consonance with them.

In spite of best efforts to make this handbook complete and updated, suggestions for improvement, wherever gaps and a shift of focus is required, will be appreciated.

Place : New Delhi

Dated : 26 April, 2024

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PART-I

GENERAL PRINCIPLES



CHAPTER - I

1. OBJECTIVES OF INTERNAL AUDIT:

An effective system of internal audit is necessary for the efficient working of an organization on sound financial lines. The primary objective of internal audit is to ensure that the original records, on which the accounts of the Corporation are based, are properly maintained.

The Internal Audit evaluates and contributes to the improvement of management, control and governance systems in an organisation and encompasses a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes and the quality of performance in carrying out assigned responsibilities. It is necessary to provide reasonable assurance to esteemed stakeholders that the defined processes are functioning as intended and will enable the objectives and goals to be met.

Employees' State Insurance Corporation is multidimensional organisation under ESI Act 1948, comprising of Central Government, State Government, Employers' representative, Employees' representative to provide the certain benefits to Insured Persons (IPs) through offices/Institutions viz. ESIC Headquarters, Regional Offices (ROs), Sub Regional Offices (SROs), Medical Directorate, Hospitals, Medical Colleges, Dispensary-cum-Branch Offices (DCBOs), Branch Offices (BOs), Dispensaries, Insured Medical Practitioners (IMPs), Model Dispensaries and State ESIS societies & Directorates through collection of contribution from employers and employees. The internal audit is specific tool to identify the achievements and targets as defined by the management from time to time to monitor and safeguard the interest of stakeholders'.

Before conducting the internal audit of different offices and departments of the Corporation, the internal auditor should plan the audit in such a manner that they should first equip themselves and understand the basic structures of various offices along with all policy documents, Act, Rules, Regulations, established practices, standards and orders/circulars, etc. issued by the Headquarters ESIC from time to time. An Internal Auditor should plan internal audit in such a manner



that all aspects are covered in the audit report.

Rule 19(iii) of the ESI (Central) Rule, 1950 empowers the Financial Commissioner (FC) to arrange for the internal audit of the accounts of centers and Regions and of the receipt and payment there at. Accordingly the audit teams are constituted by competent authority and they have same powers, as stipulated for C&AG, to demand the books of accounts, vouchers, records, files, registers and other documents as defined under section 34 (2) of ESI Act, 1948 read with the Rule 38 of ESI (Central) Rule, 1950 from the auditee.

1.1 That all receipts are promptly brought to the account.

1.2 That the expenditure conforms to the financial rules and orders. It is, therefore, necessary that an auditor should be well conversant with:

- 1.2.1 the departmental rules and regulations governing the realization of revenues of the Corporation;
- 1.2.2 the financial rules and orders having a bearing on the various items on which the funds of the Corporation being expended; and
- 1.2.3 the proforma of the registers and returns which are maintained and the defined manual and/or online processes to perform a task as followed in the various offices of the Corporation.

1.3 The fundamental check to be applied in case of every expenditure item is to see as to (i) whether the expenditure has been sanctioned by the Competent Authority; (ii) budget allocation under the relevant head existed; (iii) procedure envisaged in the GFR has been followed; (iv) the items, if applicable, were received in good condition, taken on charge and put to use in the prescribed manner against an appropriate requisition.

1.4 The Handbook of Internal Audit is aimed to help an auditor to check that rules, regulations and departmental orders necessary for the discharge of official business of ESIC are followed.



1.5 ERRORS IN ACCOUNTS: Errors in accounts are of two types, viz., errors of omission or errors of commission.

1.5.1 ERROR OF OMISSION: These are unintentional errors where a transaction remains unrecorded either partially or completely. These are not serious unless they disclose a defect in procedure or utter neglect on the part of the persons charged with the responsibility of maintaining the records. Undue importance should not be given to routine errors, which do not involve any financial implication. **These omissions shall be brought to notice of the concerned authority for immediate corrective action.**

1.5.2 ERROR OF COMMISSION: These are intentional manipulations of accounts, records and must be thoroughly investigated to find out the motive with which these were committed. An individual item may look insignificant but the cumulative effect of all such errors can involve huge financial loss. The auditor while looking into such mistakes must keep this aspect in mind. Such errors should be prominently and expeditiously brought to the notice of higher authorities through **“Serious Irregularities”** paras of the audit reports.

1.6 HOW TO WRITE AN AUDIT REPORT : The following points should be kept in mind while writing a report:

- 1.6.1 The procedure prescribed in Para 22.5 of the Manual of Audit and Accounts should be complied with.
- 1.6.2 It should be politely worded, brief and simple.
- 1.6.3 It must be submitted within 7 days of the completion of audit.
- 1.6.4 Independent Audit observations should be arranged under different paragraphs.
- 1.6.5 Each paragraph should be given a serial number and proper heading.



- 1.6.6 There should be an introductory paragraph giving the dates on which the audit was commenced and completed and the period covered by audit.
- 1.6.7 The observations should be self-contained and complete in all respects.
- 1.6.8 A gist of Old Pending Paras shall also be mentioned in the Audit Report along with the concerned period, to ensure that these are replied to along with the new paras of current Audit Report.
- 1.6.9 An effort must be made to avoid repetition of the same or similar words. The following effective link words if used can add to the beauty of the report; “Equally so, on the other hand, to this extent, in spite of being, in this way, particular, for this purpose, with this end in view, on the contrary, accordingly.”
- 1.7 **FORMAT OF AUDIT REPORT** – Audit Reports shall be invariably issued in standard format as provided at Annexure-I.
- 1.8 Discussion of the report before issue: Before the close of the audit, the draft audit report should be discussed with the Head of the Office so that:
- 1.8.1 The objections which have been complied with are settled at the spot. The objections/observations being carried forward shall include the reply given against the preliminary observation;
- 1.8.2 Further information or comments of the Head of Office where necessary are obtained and incorporated in the report;
- 1.8.3 The old outstanding audit objections are reviewed and irregularities which are being repeated in spite of having been pointed out in previous audit reports should be specifically brought to the notice of Head of Office for necessary remedial action.
- 1.9 Audit has to ensure that the mechanisms defined in the ERP to deal with tasks are followed and simultaneously maintain manual record till the requirement of maintaining manual records (like payment voucher/bills, cash book, stock register of medicines/others, ledgers, cheque drawn registers, MOUs, service cards etc. as

prescribed time to time) are dispensed with by the Competent Authority at the level of Headquarters ESIC.

1.10 The term Accounts Officer used in the handbook would mean the JD (F)/DD (F)/AD (F) entrusted the task of Finance/Accounts Officer.

1.11 Audit shall point out manual processing of files in contravention to the guidelines of 100% work by means of e-office.

1.12 This manual defines broader guidelines/outlines for an auditor to conduct the Internal Audit. The audit report may also suggest inclusion of any important aspect which otherwise left-out, for inclusion in the handbook for guidance of other units as standard procedure.

1.13 In case of audit of ESIC Hospitals the Internal Audit Report shall be issued to concerned Medical Superintendent. The Finance Officer who is signing the Audit Report shall also ensure that the copy of this Audit Report is simultaneously forwarded to the Medical Commissioner (Medical Services) / Medical Commissioner (Medical Administration) / Medical Commissioner (Procurement / RC / SST), Insurance Commissioner (PMD), ESIC Headquarters and concerned Zonal Medical Commissioner.



PART-II

AUDIT OF REVENUE MATTERS



CHAPTER - II

AUDIT OF REGISTER OF FACTORIES (C-1)

2.1 **PERCENTAGE OF CHECKING:** Audit check shall be conducted by the internal audit party in RO/SRO to the extent shown in Manual of Audit and Accounts.

2.2 **SURVEY SOURCE REGISTER:** Audit Party to see the entries/ records maintained in r/o list of units for survey purpose, its source and action taken thereof. In case of unit found not coverable but having 7 to 9 employees, then periodical survey has to be carried out once in every two consecutive calendar years.

2.3 To check that Monthly statement about no. of survey conducted and unit covered during the month is being prepared and sent to Headquarters, as per instructions.

2.4 To check that coverage of factory/establishment is being done as per Headquarters instructions.



CHAPTER-III

AUDIT OF INSPECTIONS AND SURVEY RECORDS

INSPECTION OF FACTORIES/ESTABLISHMENTS:

3.1 The Audit shall see that the inspections ordered by means of Shram Suvidha portal are timely assigned to the Social Security officers and the same are conducted as per the guidelines. It is to be seen as to whether the SSOs are conducting inspections within stipulated time and submitting report in the prescribed manner. In case, there is a case of non-production of record by the employer, action envisaged under section 85 (g) of the ESI Act'1948 has been taken.

3.2 Audit has to see that the SSOs are submitting their inspection diary in prescribed proforma (ESIC-9) as per guidelines.

3.3 Audit has to check that details of Inspection assigned and conducted are being maintained by Inspection Control branch. Details of Inspection viz. Name of SSO, Date of Inspection, period of inspection, total no. of employees on day of inspection, amount of contribution over omitted wages detected.

3.4 Audit has to report in respect of each SSO (i) the number of inspections assigned; (ii) the number of inspections conducted with LV; and (iii) the number of Plain Paper Reports (PPR) submitted.

SURVEY OF FACTORIES/ESTABLISHMENTS:

3.5 Audit is required to check that the surveys are conducted in accordance with the guidelines and with the approval of the Competent Authority i.e. RO/SRO In-charge or Headquarters, as the case may be.

3.6 To examine the register for watching survey of all factories/establishments to ensure that survey has been regularly carried out, it should be seen that all the factories/establishment entered in online survey register–having 7 to 9 persons employed, have been carried forward in the register of survey of factories/establishments for watching their periodical survey.



3.7 It should be verified that survey of units having 7 to 9 employees is carried out once in every two consecutive calendar years.

3.8 The auditor shall verify (from the concerned employer file) that action on the inspection report was completed the within 3 months from the date of receipt of inspection report and specifically to trace out the arrears due, if any as pointed out by SSOs and to particularly examine that the details regarding inspection and appropriate revenue action has been initiated. The proforma of the employer's arrears ledger is provided at Annexure-II.

3.9 The auditor shall check the list of units approved for survey and comment in the report, if survey has not been carried out.

**CHAPTER - IV****AUDIT OF UNREALISED / UNRECONCILED CHALLANS IN ERP****GENERAL**

4.1 After the IT enablement of Insurance Module, the filing of Monthly Contribution, challan generation, payment and realization of contribution goes ONLINE and Return of Contribution and Defaulter list are being generated online through automation mode.

4.2 The C6 register generated automatically in the Insurance Module be reviewed once in a year to initiate defaulter action for period of default and to claim interest and damages on delayed payment of contribution.

4.3 Audit may take help of MS Excel report of unrealised / unreconciled challans available in Finance Module as the report concisely provides a list of unpaid challans generated by the employers. Reasonably highly value transactions can be filtered for review in audit.

4.4 Similarly, assistance of AOD list available in the Insurance module can also be taken to see timely action on the cases likely to be time-barred in near future. Auditors should test check the entries of the defaulters' list prepared by the system with a view to find out that defaulter action initiated were completed within six months. The statement of action taken on defaulting employers are sent to Headquarters in prescribed manner.

**CHAPTER – V****AUDIT OF CLAIMING OF INTEREST AND DAMAGES ON DELAYED PAYMENT OF CONTRIBUTION****GENERAL**

5.1 The auditor should keep in mind that according to Regulation 31-A of ESI (General) Regulation framed U/s 97 (2)(iii-a) of the ESI Act, an employer who fails to pay contribution within the period specified in Regulation 31-A shall be liable to pay interest at the prescribed rate in respect of each day of default or delay in payment of contribution.

5.2 The interest is claimed for the period of delay after 15 days of the last day of the calendar month and/or the inspection reports reveals non-payment of contribution on omitted wages-

5.2.1 The auditor shall test check that the amount of interest for delay upto the date of issue of recovery certificate U/s 45-C of the ESI Act has been calculated and claimed in the recovery certificate (C-19 certificate) along with further interest @ Rs. per day on the amount of claim (to be specified) for each day of further delay from the date of issue of recovery certificate to the date of actual payment.

5.2.2 In cases where the employer has deposited contribution involving delay, the interest may not be charged when the total amount of interest on a single demand comprising the back period for late or delayed coverage or late payment of contribution for any contribution period taken as a whole does not exceed Rs. 300/- (Rupees Three hundred only). Similarly, in case of factory/establishment closed and paid due contribution upto the date of closure with marginal delay and the amount of interest for the period upto date of closure is not above Rs. 300/- and no other amount is due from the employer involving delay, such interest also may not be charged.

5.3 The auditor shall keep in mind provisions of Section 85-B of the ESI Act and Regulation 31-C of ESI (General) Regulations. These provisions provide that an employer who fails to pay contribution within the period specified in Regulation 31 of ESI (General) Regulation is liable to pay the damages and the damages are to be



recovered as an arrears of land revenue U/ s 45-B and 45-C to 45-I of the Act. The Corporation has delegated powers to the authorized officers to levy damages on the employers for delayed payment of contribution. The Dy. Director/Assistant Director (Revenue Branches) has been empowered to levy damages upto Rs. 50,000/- in each case. The Jt. Director In-charges and Regional Directors have been empowered to levy damages exceeding Rs. 50,000/- in each case, or as per instruction issued from time to time.

5.4.1 Before any damages are levied on an employer of a factory/establishment, a reasonable opportunity is given to him of being heard. For this purpose, a show cause notice in Form D-18 is issued to the employer giving opportunity of personal hearing. A Speaking Order, whether or not the employer attend personal hearing, for levying damages is passed. If the employer does not pay damages with the period specified in the speaking order, a certificate of recovery of damages is issued in the Form D-19 to the Recovery Officer for affecting the recovery thereof. However, in those cases where employer or trade union has disputed coverage of factory/ establishment, employee or wages in a Court of Law, the period of litigation is to be ignored and further period of 15 days from the date of decision of the Court is to be allowed for making payment of contribution.

5.4.2 The auditor should see that the register of damages has been maintained in the format prescribed by Headquarters and reviewed periodically.

5.5 It should be ensured that all important registers prescribed are kept up-to date and that registers are reviewed by the Branch Officer concerned periodically. The result of the review should be recorded in a flyleaf attached in the beginning of each register. The flyleaf may have the following entries

- i) Month
- ii) Name and signature of Assistant posting register
- iii) Name and signature of the Superintendent checking the register.
- iv) Names of factories/establishments reviewed
- v) Date of review with dated initial of Branch Officer
- vi) Remarks

5.6 It should be verified that the Branch Officer has made at-least 10% review of



the entries in all important registers every month so that one cycle is completed in a year. At the beginning all those ending with a selected digit may be taken up and in the subsequent month those with some other digit and so on till completion, when the cycle may be repeated.

5.7 It should be ensured that all corrections are authenticated in the Registers with dated signatures of the Branch Officer.

5.8 The auditor shall examine that digits selected for review as indicated on the flyleaf have actually been reviewed and all discrepancies noted in the remark column of the flyleaf with dated signature of the Branch Officer have been rectified.

**CHAPTER-VI****REVIEW OF EMPLOYERS' FILES****GENERAL**

6.1 The auditor shall keep in mind that the employer file is the only basic record, which is to monitor action regarding recovery of arrears from the defaulting employers. Each employer file is, therefore, to be reviewed once in a year and method of selection of employers' file for reviewing each month is to divide the work in such a manner that all files ending with digit 1 of the employer code No. are reviewed in January, digit 2 in February, digit 3 in March and so on. The last two months of the year could be utilized for making up shortfall that has come about preceding 10 months.

6.2 The review of employer file is to be carried out in the review sheet prescribed by the Headquarters which covers all aspects i.e. coverage, inspection of records, compliance by the employers, outstanding observations of the previous review, current review and prosecution action, if any. The review is to be carried out by the Dealing Assistant with the employer file and the same is to be scrutinized by Superintendent and Branch Officer and wherever required remedial measures are to be ordered by the Branch Officer. The Percentage of file reviewed may be reported in audit report.

6.3 The auditor should select the prescribed percentage of employer file, to see that work of review of employer file has been carried out as per guidelines. The proforma of reviewing sheet is provided at Annexure-III.



CHAPTER-VII

REVIEW OF DEFAULTING EMPLOYERS

DEFAULTERS' LIST

7.1.1 Defaulter list is now being generated online through automation/ Batch process in the Insurance module.

7.1.2 System also prepare list of Defaulters wherein period of default is going to be time-barred as per the provision u/s 45A in the next 12 months.

7.1.3 Auditor to check that defaulter action u/s 45A is initiated and concluded in r/o the units which are going to be time-barred in the next 12 months.

7.1.4 In cases where the employer is defaulted in compliance or not produced record for inspection before the Social Security Officer assigned through Unified Web Portal (Sharm Subidha Portal) or else, necessary defaulter action u/s 45A and prosecution action u/s 85 of the Act is initiated.

7.1.5 Show cause notice in the form of C-18 Adhoc affording a personal hearing, passing of a speaking order U/s 45-A of the ESI Act and issue of recovery certificate in form C-19 U/s 45-B wherever necessary to the effect the recovery under the provisions of Section 45-C to I of the ESI Act against the employers defaulted in compliance.

7.2 The proforma of defaulters' list is provided at Annexure-IV.

7.3 The auditor should particularly examine that all the defaulters' noticed have been included in the defaulters' list prepared by respective Revenue Branch for taking timely legal action for recovery of outstanding dues of the Corporation. Any delay in action should be reflected in the audit report.

7.4 The auditor shall keep in mind that recovery of contribution under the ESI Act is to be made U/s 45-C to I. The certificate for recovery of dues is to be filed with the Recovery Officer of the RO/SRO.

**7.5 CASES OF RECOVERY OF CONTRIBUTION ON ADHOC/ACTUAL BASIS:**

The common register of C-18/C-19 is to be maintained in the proforma provided at Annexure-V

7.6 The proforma of monthly summary to be drawn in C-18/C-19 Register is provided at Annexure-VI.

7.7 In case of determination of contribution on ad-hoc basis, where wage bill of the employees is unknown but the number of employees is known, the auditor shall see that the wages have been calculated at the assumed rate of wages prescribed by the Headquarters per employee per month and the contribution determined on the basis thereof.

7.8 RECOVERY OF ESI CONTRIBUTION DUES AGAINST SICK INDUSTRIAL COMPANIES REGISTERED WITH NCLT.

For recoveries of ESI dues from the industries registered with NCLT in respect of which either a rehabilitation scheme is under consideration or sanctioned, Head Quarters has laid down the following guidelines for acting in such cases:

7.8.1 If the unit move into NCLT under Insolvency Bankruptcy code (IBC), 2016 for Corporate Insolvency Resolution Professionals (IRP), the Hon'ble NCLT also declared moratorium under Section 14 of the IBC 2016 the RD has to submit corporation dues/claim to IRP and not to go ahead coercive action against the defaulter employer during proceeding pending before NCLT. There are no such specific instructions to force the defaulter for affecting the ESI dues ESIC can approach to the Insolvency professionals for recovery. We may approach higher forum (NCLAT) within stipulated time after consulting with ESI counsel/retainers in case of any decision of NCLT against the interest of ESIC.

7.8.2 Where a rehabilitation scheme has already been sanctioned and the employer is strictly paying as per scheme, namely, first lump sum and the subsequent monthly due, RO/SRO should not disturb the scheme and may only receive/recover the initial payment/monthly instalment as per scheme. Such cases may be removed from the category of non-recoverable dues to NCLT, and added in the recoverable category to the extent of dues payable in the first year and so on till liquidation of arrears upto cut-off date as per rehabilitation scheme sanctioned by NCLT and included in the list of cases where an instalment is given with remarks that the instalment is given by



NCLT. A register monitoring instalment cases is required to be maintained in Regional Office where instalment is given as per the resolution of the Corporation or by the Court or by the NCLT through the sanctioned rehabilitation scheme. However, the instalment arrangement will be restricted to guidelines reflected in the scheme upto cut-off date only and not for any subsequent date including damages for the period after cut-off date.

7.8.3 Where a rehabilitation scheme has been sanctioned but the employer has not paid as per the scheme either the first lump sum payment or any/some of the instalments, it may be treated as “Non-NCLT case” for all purposes and coercive recovery action including prosecution may be launched with special efforts for recovery without any delay and they may be removed from the category of “not currently recoverable due to NCLT”

7.8.4 Where the cases are reportedly pending before NCLT, current status should be got checked from the NCLT Cell of Delhi Regional Office by addressing the concerned officer demi-officially to give the present status. In such cases, no relief or protection should be given for the employees share and, in the cases, pending beyond 3 years, the employer may be summoned and advised about the judgements and direction of the NCLT in such cases and after giving a short period, the employer share and interest may also be recovered. The Regional Director can consider making suitable instalment for such employer’s share and interest if there is a written proposal and such instalment/arrangements should be minuted with the signature of the principal employer and the Regional Director in such a way that if a single instalment fails, the arrangement will stand cancelled automatically with coercive recovery and prosecution action.

7.8.5 In all cases where NCLT case is currently pending and with reference to the employer’s share, individual reference may be made to NCLT cell so that where there is no direction against protection u/s 22 of SICA, such specific clarification may be sought on the lines of court judgements in NCLT cases. However, where the NCLT has already clarified that such protection will not be available in individual cases and communicated to the Regional Director, Regional Director may go ahead to recover the dues using coercive power and prosecution.



7.8.6 The auditor should see that the guidance contained above in respect of NCLT cases are being followed strictly by the Regional/Sub-Regional Office.

CHAPTER – VIII**LITIGATION UNDER THE ESI ACT 1948 AND CASES FILED IN THE
EMPLOYEES' INSURANCE COURTS****GENERAL**

8.1 The auditor shall keep in mind the provisions of Section 45-A to Section 45-I and 75 of the ESI Act, 1948. Various officers of the Corporation have been delegated powers to determine the contribution in certain cases, it is the principal employer of a factory/ establishment who takes recourse to section 75 to contest his liability in the category of cases specified in clause (a) (d) and (g) of Sub Section (1) and Clauses (a) (b) and (d) of Sub Section (2). The Insured Person takes recourse to file a petition in the E.I. Court in the category of cases provided in Clause (e) of Sub Section (1) and clause (e) and (f) of Sub Section (2) and dependant of a deceased insured person in the category of cases specified in clause (ee) of Sub Section (1) of Section 75 of the ESI Act. The cases U/s 75 of the Act are to be filed within the limitation period provided in Section 77 (1)(1A), of the Act, and its explanation. However, Limitation for litigation for claiming funeral benefit is 3 months from the date of death of the I.P. The insured person also takes recourse to provision of Section 54-A of the ESI Act read with Rule 20-A and 20-B of ESI (Central) Rules and in each such case, the limitation period is three months.

8.2 No matter which is in dispute between a principal employer and the Corporation in respect of any contribution or other dues shall be raised by the principal employer in the E.I. Court unless he has deposited with the Court 50% of the amount due from him as claimed by the Corporation. However, the Court may, for reasons to be recorded in writing, waive or reduce the amount to be deposited.

8.3 On receipt of summons from the Employees' Insurance Courts, in the case filed by the principal employer or insured person or dependent of a deceased insured person as the case may be, the same is entered in the register-maintained U/s 75 of the Act. The case is either given to the counsel in the panel of the Regional Office or any official of the Corporation authorized to represent the Corporation in the case before the Employee's Insurance Court.

1. The auditor shall see that each column of the register as per its requirement is filled in till the final disposal of the case and the register is reviewed periodically by the Branch Officer.



2. The auditor should see that in each case filed in the E.I. Court by the principal employer the condition in para 8.2 above stood complied.

8.4 PROSECUTION UNDER THE ESI ACT:

The auditor shall keep in mind the provisions of Section 84, 85, 85-A, 86 and 86-A of the ESI Act. The prosecution is initiated U/s 86 of the Act against the principal employer by filing a plaint before the EI Court with approval of the Regional Director/Director/Jt. Director any other office authorized by the Director General for the purpose. Though there is no limitation prescribed in this section for filing of criminal complaint, yet the provisions of Chapter XXXVI of Criminal Procedure Code, extract given below, will apply to the filing of complaint in the category of cases falling U/s 84 and 85 of the Act.

“468(2) of CrPC — The period of limitation shall be (a) six months if the offence is punishable with fine only (b) one year if the offence is punishable with imprisonment for a term not exceeding one year (c) three years if the offence is punishable with imprisonment exceeding one year but not exceeding three years.”

8.5 The prosecution is initiated against the person (Insured Person) for the offence of false declaration, i.e. violation of the provisions of Section 63 of the ESI Act, impersonation for obtaining cash benefit or medical benefit, tampering with medical certificates.

8.6 The prosecution is initiated in the cases falling under any one or more of the following categories against a person (principal employer) who:

- (i) Deducts or attempts to deduct from the wages of the employee any part of the employer's contribution.
- (ii) Contravenes the provisions of Section 72-73 of the Act.
- (iii) Fails or refuses to submit the return as required by Regulations or makes a false return.
- (iv) Obstructs any inspector/Social Security Officer or other official of the Corporation in the discharge of his duty.
- (v) Is guilty of any contravention or non-compliance of any of the requirement of the Act, Rules or Regulations in respect of which no special penalty is provided.



8.7 The auditor should also see that if the employer has deducted employees' contribution and failed to deposit the same with the Corporation, the complaint should also mention violation of Section 406/409 IPC. The auditor should see that if any employer has committed a similar offence earlier for which he was punished by the Court, the present complaint has been filed with specific mention of his earlier punishment. If this is found not done, it should be brought out in the report.

8.8 The auditor should see that the register of prosecutions initiated is maintained properly and the entries upto the stage of final disposal of the case by the Court are complete and updated in LIMBS module. It should also be seen that Branch Officer has reviewed this register periodically.

8.9 ACTION WHERE THE DECISION OF THE COURT (EMPLOYEES' INSURANCE COURT OR CRIMINAL COURT) IS AGAINST THE CORPORATION:

8.10 The auditor shall see that in case of decision of Employees' Insurance Court was against the Corporation, the same was either accepted by the Regional Director or an appeal has been filed in the High Court. The appeal against the decision of the Employees' Insurance Court is to be filed only in the case involving substantial question of law. Appeal in the criminal cases is filed only in case where while acquitting an accused person the Court has not appreciated properly the evidence produced before it or if it involves any question of law.

8.11 It should be seen that there is no delay in obtaining certified copy of judgement particularly in the case decided against the Corporation and the opinion of the counsel is obtained on appeal worthiness or otherwise in the case.

8.12 The auditor should see that: -

(i) in each case decided against the Corporation by the Employees Insurance Court either the Regional Director has accepted the decision on the merit of the case or an appeal has been filed in the High Court. The limitation period for filing of the appeal against the decision of the Employees' Insurance Court is 60 days and provision of Section 5 and 12 of Limitation Act shall apply while computing the period of limitation. The limitation to file appeal against the decision of criminal court in the cases where the accused principal employer and insured person has been acquitted



is 60 days with the leave of the High Court

(ii) In each case of appeal filed in the High Court through the counsel of the Corporation, the case is entered in the Register of appeal filed in the High Court and particulars of the case and the progress of the case has been properly recorded in the register till final decision of the High Court.

(iii) An appeal lies against the decision of the High Court only with the special leave petition of the Supreme Court to file appeal within the limitation period of 90 days and provision of Section 5 & 12 of Limitation Act also apply while computing the period of limitation.

CHAPTER - IX**RECOVERY OF CORPORATION'S DUES BY RECOVERY MACHINERY
IN THE REGION/ SUB- REGION****GENERAL**

9.1 The auditor shall keep in mind the provisions of Section 45-B, 45-C to 45-1 and Section 70 of the ESI Act. The dues of ESI Corporation either from the employer or Insured Person is recovered by its own recovery officers in place of each region by one or more of the following modes:

- (i) By attachment and sale of defaulters' movable property.
- (ii) By attachment and sale of defaulters' immovable property.
- (iii) By arrest of the defaulter and his detention in prison.
- (iv) By appointing a receiver for the management of the defaulter's movable and immovable properties.

9.2 The auditor should see that receipt of each recovery certificate (C-19, D-19 etc.) is entered in the Certificate Control Register and follow up action on the certificate for recovery of the amount is taken by issue of appropriate notice such as notice of demand to defaulter (Form ESIC CP-2). In case of non-payment by defaulter within the period specified in this notice, by issue of warrant of attachment in Form No. ESIC CP-3, by issuing prohibitory orders in Form ESIC CP 4,5,6 etc. as the situation demands.

9.3 The procedure to be followed step by step by the Recovery Officer to effect recovery is detailed in the Revenue Recovery Manual of the ESIC.

9.4 The Recovery Officer is required to maintain the following registers: -

9.4.1 CERTIFICATE CONTROL REGISTER:

The proforma of certificate control Register being basic register to watch over the action taken on each recovery certificate received from authorized offices, till the realization of the amount is provided at Annexure-VII.

9.4.2 OTHER REGISTERS REQUIRED TO BE MAINTAINED BY RECOVERY OFFICER:

- i) Register of attachment of movable property



- ii) Register of movable property attached and sold.
- iii) Register of immovable property attached and sold
- iv) Register for daily reduction/collection of certified recovery
- v) Stay register
- vi) Register of cases where instalment for payment of arrears granted
- vii) Closed certificate register
- viii) Cash register
- ix) Cheque register

9.5 The auditor should see that each register is properly maintained by the Recovery Branch and all entries which the Branch Supervisor and Branch officer respectively are required to attest, are attested, wherever summaries are required to be drawn, the same is drawn and attested. The monthly return on progress made in the revenue recovery in the prescribed proforma has been submitted to Headquarters.

9.6 The auditor should see that each Register maintained in Recovery Branch is periodically reviewed, and the result of review is noted in a flyleaf attached to each register. The auditor should also bring out in his report the status relating to revenue recovery by the recovery machinery of the Region.

9.7 The auditor shall check 10% of the recovery certificates received from the Authorised Officer for seeing whether timely action is taken for effecting recovery including certificates issued earlier and cover all other aspects also.



CHAPTER – X
AUDIT OF RETURN OF CONTRIBUTION IN ERP

GENERAL

10.1 In view of notification no. N-12/13/2/2010-P&D, Dated 24th April 2013 (w.e.f. 01.06.2013) regulation 110 was inserted which states that – “Regulation 110- Procedure on implementation of Information Technology (IT) Roll Out- Notwithstanding anything contained in these regulation, wherever, "Online system" of functioning has been introduced, the registration of factory/ establishment and employees, filing of contributions, generation of challans, payment of contributions, submission and processing of claims for benefits and all other related procedures under the Act and the rules and regulations made thereunder, shall be submitted/ made on-line, with necessary digital signatures, wherever required, under these regulations, as may be specified by the Director General from time to time.”

10.2 In view of the introduction of Reg.110 of ESI(Gen.) Regulation 1950 and HQRS instruction No. G-32/11/6/111/12-ISD(Bft.&Ins.)(Pt) dated 31.12.2014, all the activities where "on-line system" of functioning has been introduced like registration of factory/establishment and employees, filing of contributions, generation of challans, payment of contributions, submission and processing of claims for benefits and all other related procedures under the Act and the rules and regulations made thereunder, are to be submitted/made online.

10.3 Any departure noticed in audit be pointed out.



CHAPTER -XI

AUDIT OF ALL REGISTER & ACTIVITIES OF RECOVERY BRANCH OF ROs/SROs

GENERAL

11.1 The auditor shall keep in mind the provisions of Section 45B, 45C to 45I and Section 39(5)(b), Section 85B(2), Section 68 and Section 70 of the ESI Act. The dues of ESI Corporation either from the employer or Insured Person is recovered by its own recovery officers in place of each region by one or more of the following modes:

- (i) By attachment and sale of defaulters' movable property.
- (ii) By attachment and sale of defaulters' immovable property.
- (iii) By arrest of the defaulter and his detention in prison.
- (iv) By appointing a receiver for the management of the defaulter's movable and immovable properties.
- (v) Other modes of recovery u/s 45 G viz: garnishee proceedings, etc.

11.2 The auditor should see that receipt of each recovery certificate (C-19, D-19 etc.) is entered in the Certificate Control Register and follow up action on the certificate for recovery of the amount is taken by issue of appropriate notice such as notice of demand to defaulter (Form ESIC CP-2). In case of non-payment by defaulter within the period specified in this notice, by issue of warrant of attachment in Form No. ESIC CP-3, by issuing prohibitory orders in Form ESIC CP 4,5,6 etc. as the situation demands.

11.3 The procedure to be followed step by step by the Recovery Officer to effect recovery is detailed in the Revenue Recovery Manual of the ESIC. The Recovery Officer is required to maintain the following registers: -

11.4 CERTIFICATE CONTROL REGISTER:

36.4.1 The proforma of certificate control Register being basic register to watch over the action taken on each recovery certificate received from authorized offices, till the realization of the amount is as under:

- (i) S. No.
- (ii) Authorized Officer's letter No.
- (iii) Date of receipt
- (iv) Name and address of defaulter
- (v) Code No.



- (vi) Period of default
- (vii) Details of dues - i) Contribution ii) Interest iii) damages* iv) Cost and charges v) Total amount to be recovered vi) Further interest, if any, to be recovered
- (viii) Date of issue of Notice in Form ESI - CP2
- (ix) Action taken/Recovery effected i) Date ii) Contribution iii) Interest iv) damages v) Cost and other charges
- (x) Mode of recovery - i) Cash/Cheque/other
- (xi) Date of deposit - i) Challan No. ii) Date
- (xii) Balance, if any due
- (xiii) If contribution not paid further action taken for attachment etc. i) Issue of Form No.ESI-CP3 or 12 or 16. ii) Date of issue iii) Date by which report of execution required
- (xiv) Remarks and attestation by Recovery Officer

11.5 OTHER REGISTERS REQUIRED TO BE MAINTAINED BY RECOVERY OFFICER:

- (i) Register of Certificates received from other regions.
- (ii) Register of Certificates transferred outside the region.
- (iii) Prohibitory order Register (Bank attachment Register etc.) /45G orders Register (Garnishee Proceedings)/ ESICP 26/ESICP 27 Register
- (iv) Non-recoverable dues Register (cases covered under Rule 53 of the ESI (Central)Rules, 1950)
- (v) Register of attachment of movable property
- (vi) Register of movable property attached and sold.
- (vii) Register of immovable property attached and sold
- (viii) Register for daily reduction/collection of certified recovery
- (ix) Stay register
- (x) Register of cases where instalment for payment of arrears granted
- (xi) Closed certificate register
- (xii) Cheque register

11.6 The auditor should see that each register is properly maintained by the Recovery Branch and all entries which the Branch Supervisor and Branch officer respectively are required to attest, are attested, wherever summaries are required to be drawn, the same is drawn and attested. The monthly return on progress made in



the revenue recovery in the proforma prescribed by the Hqrs. Office has been submitted to Hqrs. Office.

11.7 The auditor should see that each Register maintained in Recovery Branch is periodically reviewed, and the result of review is noted in a flyleaf attached to each register. The auditor should also bring out in his report the state of affairs relating to revenue recovery by the recovery machinery of the Region.

11.8 The auditor shall take 10% of the recovery certificates received from the Authorized Officer for seeing whether timely action is taken for effecting recovery including certificates issued earlier and cover all other aspects also.



PART-III

AUDIT OF CASH BENEFIT EXPENDITURE



CHAPTER - XII

AUDIT OF BENEFIT PAYMENT DOCKETS (Extent of Audit-100%)

PAYMENT DOCKETS

12.1 As per directions of HQrs ESIC, the payment of Cash Benefits is to be processed online only. The guidelines related to manual docket shall apply in case of online processing as well. Wherever, the payments are made online including generation of PV, the details get posted in the schedule sheet. The auditor shall test check the payment docket with the schedule sheet. In addition, the following points shall be examined by the auditor:-

- i. That the Insurance No. on the docket is the same as appears in the schedule of payments.
- ii. That the dates for which payment has been made are correct.
- iii. That the correct benefit rate has been recorded in the docket.
- iv. That the serial number of payments recorded on the benefit payment docket is the same as that recorded on the schedule sheet.

PAY ORDER ON PAYMENT DOCKET

12.2.1 It should be ensured that the correct pay order in words and figures has been recorded on the payment docket and the amount recorded on the payment docket tallies with the amount shown in the schedule sheet. (Same be test checked in case of online records)

12.3 RECORDING OF CERTIFICATE OF CHECK ON THE DOCKETS

12.3.1 After checking the payment dockets with the entries in the schedule sheet, the auditor should record "Serial No. from..... toaudited" in his report submitted to the DD(F).

12.4 Consequent on issuance of directions for processing of Cash Benefits through ERP, Audit shall apply the check that are prescribed for manual processing are being followed for ERP transactions as well.



CHAPTER - XIII

AUDIT OF CERTIFICATES AND CLAIM FORM

13.1 CERTIFICATES

13.1.1 The Certificates should be examined to see-

- (a) that they do not contain any obvious defects in them e.g. omission of date of issue or of fitness, omission of diagnosis *and in case the certificates have been issued in physical form, scanned and uploaded in the system thereafter the signatures of Insurance Medical Officer/ Insurance Medical Practitioner, a correction left unattested, etc.;*
- (b) whether certificate is regular, i.e. all the days for which claim is made are covered by the first and subsequent certificate(s) issued in unbroken succession;
- (c) that the certificate(s) has/have been submitted within the time limits prescribed in Regulation 64;
- (d) that in a final certificate, the IP is declared fit to work not later than the third day after the date of examination; and
- (e) that the *physically issued* certificate has been duly cancelled by putting the rubber stamp "Cancelled" on it.

13.2 CLAIMS

13.2.1 The claim from the insured person, *filed offline or online* should be examined to see-

- (a) that the claim form has been correctly filled in to establish that the Insured Person abstained from work during the period for which he claimed the benefit;
- (b) that if physical offline claim has been filed then the signatures/thumb impression on the various claim forms in respect of an Insured Person are similar;
- (c) that the *physical* claim has been duly cancelled by putting the stamp "PAID" on payment by the cashier;
- (d) that the claim is not one on which an incapacity reference is necessary or pending;
- (e) that benefit is to be suspended for failure to appear before the Medical Referee under Regulation 105 of the ESI (General) Regulations, 1950;
- (f) that in case of special intermediate certificates where the Insurance



Medical Officer has recommended leave not exceeding 28 days and maximum 42 days in certain cases at a stretch, and if payments have been made more than once for that period every payment is supported with a separate claim form in respect of the period for which the claim has been made; and

- (g) that in cases where the alternative evidence of sickness has been accepted, it should be seen that proper claim forms are filled in and submitted by the Insured Person in respect of the incapacity admitted for claim.

13.3 CHECKING OF CERTIFICATES WITH OR WITHOUT REMARKS

13.3.1 The auditor shall verify that in case of intermediate or final certificates with remarks regarding non-attendance on due date or ‘intermittent attendance’ without any indication of aggravation or certificate was issued late without any remarks, the benefit has ordinarily been paid for seven days from the date of the previous certificate. However, it is permissible for the Branch Office Manager to allow benefit upto a total period of 30 days including the first 7 days, if he is satisfied about the reasons for delay in reporting to Insurance Medical Officer/ Insurance Medical Practitioner. If the period is more than 30 days, the Regional Director is to accept the period covered by the certificate.

13.3.2 It should be verified that in case of Medical certificates bearing remarks regarding aggravation of the disease, the benefit has been forfeited for the period specified in the certificates even if part of it is covered by a subsequent certificate and in case the period has not been specified, the benefit has been suspended from the date following the ‘due date’. In case the benefit has been restored, it may specially be verified that the restoration of benefit has been made on the authority of the Regional Director.

13.3.3 It should be ensured that in case of medical certificate issued with remarks “deliberately avoiding operation and prolonging incapacity”, such certificates have been referred to the Regional Office for taking advice of the Medical Referee. If Medical Referee confirms the opinion of the IMO/IMP, benefit may be forfeited for the period as may be specified by Medical Referee not exceeding 10 days. If the Medical Referee does not agree with the views of the IMO/IMP regarding aggravation, benefit may be paid for the entire period certified.



13.3.4 Incapacity may be accepted only for 7 days. However, beyond 7 days, cases may be accepted for a maximum of 14 days, subject to recommendation by Medical Referee. If the period is beyond 14 days, the following conditions should be satisfied:-

- (a) Where period of incapacity is recommended retrospectively for more than 14 days from the date of first certificate, provided the need is justified, keeping in view the clinical emergency preventing the LP. in going to IMO subject to recommendation by Medical Referee.
- (b) Where the hospital admission/discharge certificate is issued by a Govt. Hospital in case of satisfaction regarding clinical emergency and admission/discharge certificate is issued in the prescribed proforma of the Govt, hospital.
- (c) Where the hospital admission/discharge certificate is given by a private hospital in case of clinical emergency in an area where ESI Dispensary or hospital was not immediately available keeping in view the emergency.

13.3.5 The auditor shall keep in mind that the Branch Office Manager has accepted as Alternative Evidence a special intermediate certificate for more than 28 days but not exceeding 42 days provided such a certificate does not contain any adverse remarks whatsoever by the Insurance Medical Officer. Where the period is exceeding 42 days, the case should be referred to the Regional Office for decision.

13.4 HOSPITAL CASES

13.4.1 In respect of Insured Persons admitted to hospital, the auditor shall verify that the claims paid to them have been regulated in accordance with the following

- (i) In cases where an Insured Person has been admitted into a hospital after issue of first certificate by Insurance Medical Officer, the uncertified period between the date of issue or first certificate and the date of admission has been accepted as alternative evidence by the Branch Officer Manager on the strength of hospital discharge certificate and for period more than 6 days by the Regional Director in consultation with Medical Referee.
- (ii) Where the insured person has been admitted in hospital after some days from issue of an intermediate or special intermediate certificate, the gap period of not more than 15 days has been accepted as alternative evidence



by the Branch Office Manager if he is satisfied about non availability of the admission. If the gap exceeds 15 days, the reference has been made to Regional Director for his decision in consultation with the Medical Referee.

- (iii) In case, after discharge from hospital, final certificate has been issued by Insurance Medical Officer and the hospital authorities have not recommended any convalescence period after discharge, the period covered by the hospital discharge certificate has been accepted as alternative evidence. However, where the intervening period between the date of discharge and the date of examination by the Insurance Medical Officer is upto 3 days (both days exclusive), the Branch Office Manager is empowered to accept the intervening period as Alternative evidence.
- (iv) In case the hospital authorities have recommended rest/convalescence, the period so recommended or the period upto the issue of the final certificate by Insurance Medical Officer, whichever is shorter, may be accepted as Alternative Evidence by the Branch Office Manager.
- (v) In case hospital authorities have recommended rest/ convalescence, the period between the date of expiry of the rest/convalescence recommended by the hospital and the date of issue of intermediate certificate upto 15 days may be accepted as Alternative Evidence by the Branch Office Manager. If such delay is more than 15 days, cases may be referred to the Regional Director who may accept the entire period in consultation with Medical Referee.

13.4.2 In order to prevent any fraudulent issue of certificate of admission and discharge as well as payment of cash benefit of such certificates, the following drill should be strictly followed by every Branch Office and in any case fraudulent payment/active collusion of the staff should be brought to the notice of Hqrs. Office through Regional office / Sub-regional Office with full details besides taking disciplinary/preventive action against the concerned official.

- (i) All admission and discharge certificates issued by the ESI Hospital/Government Hospital/Private hospital should be diarized separately in a register in Branch Office before they are admitted for payment.



- (ii) No payment for the period of admission and discharge should be made unless the certificate has been received online or submitted in original or copy of the discharge certificate is attached with the Regulation certificate duly countersigned by the IMO/IMP who issues regulation certificates.
- (iii) Where payment is made on the basis of original admission and discharge certificate or on the copy of the certificate of admission and discharge, abstention verification should be got done in each case. In case of doubt, verification may also be made from hospital authorities/records.

13.4.3 The auditor shall particularly verify that in all cases covered as per para 17.3.1 to 17.4.2 and where the Branch Office Manager has exercised any discretion he has briefly recorded the reasons therefore on the medical certificate of the Insured Persons.

13.4.4 It should be verified that in case of delay in submission of certificate in the Branch Office, relaxation of Regulation 64 has been accorded by the Branch Office Manager, failing which benefit is to be suspended for the days not covered under Regulation 64. The auditor shall keep in mind that the claimant is required under Regulation 64 to submit the first or the subsequent certificate within a period of three days from the date of issue of such certificate, failing which he shall not be eligible for benefit

(a) In the case of first certificate, more than three days before the date on which the certificate is submitted to the Branch Office; and

(b) In the case of a subsequent certificate more than 14 days before the date on which such subsequent certificate is submitted to the Branch Office. The Director General has authorized the appropriate Branch Office to relax Regulation 64 in all cases but this relaxation is to be exercised only by the Branch Office Manager (or Dy. Manager).

13.5 CHECKING OF ALTERNATIVE EVIDENCE CASES

13.5.1 The Branch Office Manager is empowered to accept or reject Alternative



Evidence submitted by an Insured Person. The following points should be borne in mind while checking alternative evidence cases.

- (i) That the alternative evidence of sickness has been submitted by the insured person in the form of a certificate from the Medical Officer In-charge of a State, local body or the medical institution in the locality indicating the name and designation of the issuing authority or a certificate from any Registered Medical Practitioner (including a registered Vaid or Hakim) containing full name and registration number of the practitioner duly attested by a village Headman, Head of Gram Panchayat over the seal of the Panchayat, or by a Govt, official or a Municipal Commissioner.
- (ii) That certificates issue by a Registered Medical Practitioner other than an Insurance Medical Officer/ Insurance Medical Practitioner in an area where the Insured Person works and resides have not been accepted by the Branch Office Manager.
- (iii) That Alternative Evidence submitted from an outstation has not been accepted where the Insured Person left the station while under the treatment of an Insurance Medical Officer/ Insurance Medical Practitioner without obtaining his permission in writing.
- (iv) That alternative evidence has not been accepted by the Branch Office Manager under his authority in case the gap between the two certificates is more than 30 days.
- (v) That the first medical certificate submitted as Alternative Evidence has not been accepted by the Branch Office Manager for a period of more than 24 hours before the date of issue. Any period more than that may be referred to Regional Director where the same can be accepted in consultation with Medical Referee SMO.
- (vi) That alternative evidence certificate submitted by the Insured Person reached the Branch Office within 10 days of the date of issue. Certificate received late should ordinarily be rejected. However, delay



upto 30 days may be condoned by the Branch Office Manager if there is evidence that the certificates were sent to the employer within 10 days of the date of issue.

(vii) That in case of Alternative Evidence from the employers' doctor, the period has been accepted for not more than 7 days, where emergency treatment has been provided by the employer in an accident case and notice of accident was sent immediately to Branch Office/ accident report filed online within 24 hours of accident and the Insurance Medical Officer/ insurance Medical Practitioner has not been able to see the patient for bona-fide reasons.

13.6 CHECKING OF ENQUIRIES REGARDING ABSTENTION VERIFICATION:

13.6.1 The auditor shall verify that in cases of atleast 5% of daily payments, the Branch Office Manager has made enquiries in amended Form 10 in respect of SB/ESB/TDB maternity benefit and enhanced sickness benefit, enquiries from employer whether the Insured Person/ Woman had been paid leave with wages or had been at work for the whole or part of the period for which benefit was paid to him or her.

13.6.2 The auditor shall actually count the number of enquiries made as per Branch Office register of enquiries about abstention from work in Form-10 as applicable for the quarter under review and work out the percentage which should not be less than 5% of the total payments made by the Branch Office in a quarter under relevant heads.

13.6.3 It should be verified that in cases where no reply has been received from the employer within 15 days, reminder has been duly sent and a note to this effect has been recorded in the remarks column of the abstention verification register.

13.6.4 It should be verified that in case no reply has been received, efforts have been made to collect the information by deputing an official of the Branch Office.

13.6.5 It should be ensured that the register of abstention verification has been periodically reviewed by the Branch Office Manager and result of such review



has been duly recorded in the register over his signatures as prescribed in Para 11.38 of Chapter XI of Branch Office Manual.

13.6.6 The auditor shall keep in mind that normally it is enough to enquire about abstention for the latest spell for which payment has been made. However, special attention should be paid to verify that where the Insured Person was found, as a result of enquiry, working in the period - further enquiries have been made in respect of all spells of incapacity for which payment has been made in the preceding 6 months. This will not include cases of those Insured Persons where the period of work relates only to the first day or last day of the period covered by the latest claim.

13.6.7 It should be examined that enquiry has been made in all cases where the Insured Person has exhausted 91 days benefit for all the spells of sickness falling within the preceding 6 months.

13.6.8 It should be verified that in cases or as a result of enquiries, an Insured Person has been found to have worked while receiving benefit, further enquiries from employer have been made in every spell of incapacity following the spells when the insured person exhausted 91 days benefit for the first time for atleast 3 years from the date of last enquiry.

13.6.9 It should be verified that in case the employer has reported that the insured person had worked for the whole or part of the period for which he has received benefit from the Branch Office, the amount of overpayment thus detected has been entered in the register of overpayment of the Branch Office for taking effective action for recovery of the amount. The overpayment due to wrong calculation of rate of benefit, wrong calculation of amount of benefit, erroneous counting of days or any benefit etc. shall also be entered in excess payment register. The action to recover the excess payment, other than excess payment due to wrong declaration, has been taken.

13.6.10 It should be examined that in case prosecution has been launched against the Insured Person for wrong declaration, recovery of the excess payment paid has not been claimed or accepted, until the criminal court has given its verdict. This is because of the fact that the accused has paid back the amount wrongly received weakens the prosecution case and the object of the prosecution is largely defeated.

13.7 CHECKING OF INCAPACITY REFERENCE

13.7.1 (i) The auditor should keep in mind the detailed guidelines in Chapter XI of Branch Office Manual. He shall verify the decision of the Medical Referee received on Form NO.RM 4 (a) has been duly noted by the Branch Office in despatch and receipt register of incapacity reference. The register in Form ESIC-59 is as at page 468 of Local Office Manual.

(ii) that Incapacity Register in Form RM-I has been invariably initiated where the sickness of Temporary Disablement has lasted for more than 14 days.

(iii) that in case the spell of sickness or Temporary Disablement has continued beyond 14 days, another Incapacity Reference has been made after 14 days, keeping in mind that in cases of Sickness, no further Incapacity Reference need ordinarily be made, but in case of Temporary Disablement, Incapacity Reference should be made regularly at intervals of 2 weeks until the final certificate is received. However, in cases of long term diseases for which ESB is payable, incapacity reference may be initiated after every 3 months.

13.7.2 It should be examined that in case Incapacity Reference has been made, the payment of benefit has been made only upto the date immediately preceding the date fixed for examination by the Medical Referee.

13.7.3 It should be verified that in all cases where the Medical Referee has recommended further abstention, the benefit already withheld has been paid in full.

13.7.4 In case the Insured Person has been declared fit by the Medical Referee, the benefit has been paid upto and including the day of examination, treating the day of examination as a day of incapacity.

13.7.5 It should be examined that in case the Insured Person has been called to appear before a Medical Referee on a day on which as per final certificate he was due to resume work but could not do so owing to his appearance before the Medical Referee, no benefit has been paid to the Insured Person for that day.



13.7.6 It should be verified that in case an Insured Person has failed to appear before the Medical Referee for medical examination on the due date, the benefit has not been paid by the Branch Office Manager from the due date onwards.

13.7.7 It should be examined that in case the second medical examination has been conducted within 14 days of the date fixed for the 1st examination and the Medical Referee has declared the incapacity to be continuing, the benefit already suspended has been restored by the Branch Office Manager from the date from which it was suspended.

13.7.8 In case the second examination has been conducted after 14 days but within 40 days of the date fixed for examination by Medical Referee and the Medical Referee finds incapacity is continuing, the benefit suspended by Branch Office Manager should be restored from the date from which it was suspended. If, however, the Insured Person is found fit for work on such second examination or examination conducted within 40 days of the date fixed for examination by the Medical Referee, Regional Director on being satisfied for the reasons for failure of the Insured Person to appear before Medical Referee on due date, restore the benefit. If an Insured Person suffering from any of the diseases for which ESB is granted fails to appear before the Medical Referee on due date for Medical Examination and on subsequent examination conducted within 3 months from the date fixed for original medical examination by Medical Referee and Insured Person is found needing abstention from work, the Branch Office Manager may himself restore the benefit to the Insured Person.

13.7.9 The auditor shall keep in mind that in cases of T.B., leprosy, mental and malignant diseases and also in cases of fracture of lower extremity, if the Insured Person failed to appear before the Medical Referee on due date fixed for medical examination and on subsequent examination conducted within 28 days from the date fixed for the original medical examination and the Insured Person has been declared as needing abstention from work the Branch Office Manager has restored the benefit from the date it was suspended.

13.7.10 It should be examined that in all cases where the Medical Referee has examined the insured person after 40 days from the date fixed for first examination and Medical Referee finds the incapacity is continuing, decision to suspend the



benefit will not be revised by Branch Office Manager but payment of benefit shall be restored w.e.f. date of second medical examination.

13.7.11 It should be seen that in case an Insured Person was taking inpatient treatment in a hospital and whose benefit has been suspended because he failed to appear before the Medical Referee on due date of examination, the entire suspended benefit has been restored by the Manager on the production of hospital discharge certificate.

13.7.12 It should be verified that at a center outside the Hqrs. of Medical Referee where an Insured Person has failed to appear at the original examination and has reported to Branch Office within 14 days of first examination by Medical Referee, with a final certificate issued by IMO/ IMP but prior to second examination by Medical Referee, the Branch Office Manager, if satisfied about the failure to appear before Medical Referee, restore the benefit.

**CHAPTER - XIV****AUDIT OF SICKNESS BENEFIT CLAIMS
(Extent of Audit....5%)****GENERAL**

14.1 The auditor should keep in mind the provision of Rule 2 (1 A) and 55 of ESI (Central) Rules, 1950. He should verify the following points while checking sickness benefit claims:-

- (i) That the sickness has been duly certified by means of medical certificate or some Alternative Evidence of sickness has been accepted.
- (ii) That the certificates and the claim form are both as per instructions in Paras 17.2 and 17.4 of the Internal Audit Procedure.
- (iii) That the eligibility of the Insured Person to the Sickness Benefit has been determined with reference to details of contribution filed by the employer in respect of the Insured person which is available online and that the contributions have been paid for not less 78 days in the corresponding contribution period, for claiming sickness benefit. However, in the case of a person who becomes an employee for the first time and for whom a shorter contribution period of less than 156 days is available, contribution for not less than half the number of days is paid.
- (iv) That the claim has been submitted within the time limit laid down in Regulation-64.
- (v) That in the case of Sickness Benefit, a waiting period of two days has been deducted in all spell of sickness and for which no benefit has been paid, unless the spell of sickness commenced within a period of 15 days of the last spell of sickness for which Sickness Benefit was paid. (To make it more clear, if an Insured Person had fallen sick for 2 days and again falls sick after 14 days for 3 days, he will be paid benefit for only one day in the second spell of sickness because no benefit was paid to him during the first spell because of the waiting period of 2 days).



- (vi) That Sickness Benefit has not been paid in excess of 91 days in any two consecutive benefit periods. In addition, the sickness benefit, Enhanced Sickness Benefit in excess of 7 days for vasectomy operation and 14 days for tubectomy operation has not been paid to the IP/IW and if any enhanced sickness benefit is paid beyond these days, the same has the sanction of the Regional Director or the In-charge of Sub-Regional Office as the case may be.

14.2 CHECKING OF EXTENDED SICKNESS BENEFIT CLAIM - (Extent of Audit 20%)

14.2.1 The following points shall be given special attention by the auditor while checking claims for Extended Sickness Benefit: -

- (i) That the intermediate certificate with diagnosis underlined in red ink is issued by the Insurance Medical Officer/ Insurance Medical Practitioner on the basis of the confirmation of the diagnosis by the Specialist, thereby making the Insured Person entitled to the payment of Extended Sickness Benefit.
- (ii) That in cases where the Insured Persons are receiving in-patient treatment in T.B. Hospital reference to T.B. Specialist is not necessary and the payment can be made on the basis of hospital certificates.
- (iii) That a report in Form ESIC-Med-8 issued by the Insurance Medical Officer/ Insurance Medical Practitioner was received in the Branch Office and the same was forwarded to Medical Referee along with the incapacity reference.
- (iv) That in case, after a reasonable interval, Form ESIC-Med-8 has not been received, whether it has been brought to the notice of the Administrative Medical Officer. (However, payment of Cash Benefit not to be withheld for want of certificate on Form ESIC-Med.-8).

14.3 The auditor shall specially verify the eligibility conditions to the extended sickness benefit for which he should examine the contributory records for 4 consecutive contribution periods expired just before the date of commencement of



relevant spell of extended sickness benefit and in any case in any one of the four contribution periods, the Insured Person was entitled to sickness benefit, the Insured Person becomes eligible for extended sickness benefit. The contribution should have been paid/payable for 156 days in four contribution periods.

14.4 To ascertain 2 years continuous service in respect of periods preceding the A-Day, the auditor should verify that a Branch Office official has personally taken the form ESIC- 126 and has examined the fact of continuous service from the records of the factory/ establishment duly covered U/s 2(12) or 1(5) of the Act on the spot and got the necessary certificate completed from the employer. The Insured Person should have also qualified for sickness benefit at least in one out of the four contribution periods.

14.5 In respect of periods preceding the A-Day to ascertain 2 years continuous service, the Insured Person should have worked under the employer of a factory/establishment covered under the ESI Act for not less than 240 days during a period of 12 calendar months. The following days are to be treated as working days for this purpose:-

- a) The period for which the employee has been laid off.
- b) The period, for which the employee has been on leave with full wages, earned in the previous year.
- c) The period for which the employee has been absent on temporary disablement caused by accident arising out of and in the course of his employment.
- d) In case of a female employee, the period for which she has been on maternity leave; however, the total period of such maternity leave shall not exceed twelve weeks.
- e) For ascertaining 240 days continuous service during a period of 12 calendar months, the period should be counted backwards, not from the time of commencement of the sickness spell but from the last day of the calendar month preceding the calendar month in which the spell commences. Thus, if T.B. starts on 23.04.2001, the period of
- f) calendar months will be from 1.4.2000 to 31.3.2001.
- g) The auditor shall keep in mind that the test of 2 years continuous service will not apply where Extended Sickness Benefit is granted to an Insured Person suffering from disability arising from the administration of drugs/injections.

The Extended Sickness Benefit beyond 309 days upto 2 years (730 days) will be limited to the date on which Insured Person reaches the age of 60 years.

14.6 The auditor shall verify that not more than 309 days, Extended Sickness Benefit before 31.12.1999 has been paid besides 91 days Sickness Benefit in an extended benefit period of 3 years.

14.7 The Extended Sickness Benefit is admissible w.e.f. 1.1.2000 for 124/309/730 days as the case may be during ESB period of 3 years till the spell is terminated or IP reaches the age of 60 years in case of extension of ESB beyond 309 days whichever happened earlier.

14.8 W.e.f.1.1.2000, the Extended Sickness Benefit shall be payable for 124/309/730 days, as the case may be, till spell terminated or IP reaches the age of 60 years in case of extension of ESB beyond 309 days, whichever happened earlier, (besides 91 days Sickness Benefit) in an extended benefit period of 3 years for the list of diseases mentioned at Annexure-VIII.

14.9 In addition to list of diseases mentioned at Annexure-VIII in above para, Director General/Medical Commissioner are authorized to sanction Extended Sickness Benefit for a maximum period upto 730 days in case of rare diseases or under special circumstances which had not been included in the above list, depending on the merit of each case on the recommendations of SMO/AMO/MA or other authorized officers running the Medical Scheme.

14.10 To be entitled to Extended Sickness Benefit, an Insured Person should have been at the beginning of a spell of sickness in which the disease is diagnosed, in continuous employment for a period of 2 years or more in a factory or establishment to which the benefit provisions of the Act applied.

14.11 A person who exhausts ESB for a certain disease before termination of the ESB period but whose incapacity continues beyond the ESB period, but whose incapacity continues beyond the date of termination on the said period, can become eligible for payment of ESB for the same disease, if he can qualify for it afresh by satisfying the requisite contributory conditions. This includes cases where the Insured Person was paid ESB upto the limit of 730 days.

CHAPTER - XV

CHECKING OF TEMPORARY DISABLEMENT BENEFIT CLAIMS

(Extent of Audit....10%)

GENERAL

15.1 Auditor shall examine that the accident report in Form-12 received from the employer has been duly diarized in the Branch Office Accident Register/ verify the records online. The auditor shall also examine that necessary action has been timely initiated by the Branch Office Manager on receipt of the online copy of the accident report itself.

15.2 The auditor shall verify that the following accidents have been duly investigated: -

1. All cases of occupational diseases.
2. Where the Insured Person died.
3. Where the accident occurred outside factory premises.
4. Where the nature and extent of injury as indicated **in** the accident report **submitted by the employer** indicates the injury sustained to be a major one of serious nature and is likely to result in permanent disablement attributable to employment.
5. Where accident report has been received in Branch Office more than 20 days after the date of accident.
6. Where there is material difference between accident report, Bl-I and first certificate.
7. Accident occurs before **registration of worker under ESI Act.**



15.3 The auditor shall verify that accidents mentioned against items No.1 & 7 above have been investigated personally by the Manager or by Dy. Manager and the others by other official not below the rank of Upper Division Clerk.

15.4 The auditor shall scrutinize the accident report in Form-12 and the Insurance Medical Officer's report on Form B.I.-1 and compare the same with the Investigating Official's Report on ESIC- 25 and further verify the nature, extent and location of the injury as given in the first

15.5 It should be verified that the following cases have not been accepted by the Branch Office Manager under his own powers:-

1. All cases of occupational diseases.
2. Where the Insured Person has died as a result of the accident other than clear cut shop floor accidents.
3. All cases of accident occurring outside the factory premises except those where the Insured Person's nature of work involves outdoor duties as a routine.
4. Where there is any discrepancy in the investigation report, accident report B.I.1 report and the first certificate issued by the Insurance Medical Officer/insurance Medical Practitioner.
5. Where the documents in Sub-Para (4) above agree with one another but the nature and circumstances of the injury indicate that it is not an employment injury.
6. Cases in which the Manager himself thinks it desirable to make a reference to the Regional Office.
7. Where the accident has been accepted by the Branch Office Manager under his own powers, the auditor shall examine that the Manager has recorded his decision on ESIC-25 stating clearly that on the basis of enquiries conducted in the case or the facts disclosed, he was satisfied that it was a case of employment injury.



8. The auditor shall verify that the Temporary Disablement Benefit has been paid at a daily rate of **90% of the Standard Benefit Rate (average daily wages of the IP)**.

9. (i) The auditor shall verify that no benefit has been paid unless the disablement is for not less than 3 days excluding the day of accident.
(ii) Where the disablement lasted for not less than 3 days excluding the day of accident, the temporary disablement benefit has been paid from the commencement of Temporary Disablement.

15.6 The auditor shall keep in mind that on the day of accident, it will be presumed that there is disablement for fraction of the day provided the Insured Person either stopped work after the accident or produced evidence of the incapacity in respect of that day. In case certificate for the day of accident is received, the presumption should be that Insured Person has left work earlier and the day of accident should be treated as a day of disablement.

15.7 The auditor shall apply the usual checks in regard to certificates and claims as laid down in paras 17.2 to 17.4 of this Handbook. The relevant Benefit Payment dockets will also be audited in accordance with paras 115 to 120 of this Handbook.

CASES OF RELAPSE OF TEMPORARY DISABLEMENT

15.8.1 The following criteria based on instructions on the subject may be kept in mind while auditing cases of relapse of temporary disablement: -

- (i) If the subsequent spell after recovery has commenced within 7 days, Temporary Disablement Benefit for the subsequent spell has been paid on the recommendations of the IMO/IMP confirming that it was a relapse of the earlier spell.
- (ii) If the subsequent spell after recovery connected after 7 days, but within 14 days, Temporary Disablement Benefit for the subsequent spell has been paid on the recommendations of the Medical Referee.
- (iii) If the subsequent spell commenced after 14 days, the case has been decided by the Regional Director on recommendations of Medical Referee if one is posted at Regional Office.

15.9 Branch Office Manager, in order to minimize hardship to the insured person, may direct payment of sickness benefit (if due) to be adjusted towards temporary disablement benefit if that is eventually found due. There should, however, be no slackness in investigation and decision on such employment injury cases on account of interim payment of sickness benefit. Payment of sickness benefit in such cases should not be a routine.

15.10 In cases where the decision about employment injury is likely to be considerably delayed due to some complication, the Branch Office Manager, in order to minimize hardship to the insured person, may direct payment of sickness benefit (if due) to be adjusted towards temporary disablement benefit if that is eventually found due. There should, however, be no slackness in investigation and decision on such employment injury cases on account of interim payment of sickness benefit. Payment of sickness benefit in such cases should not be a routine.

15.11 A note about interim payment of sickness benefit may also be recorded in red ink in the TDB columns of the ledger sheet and the accident register (***if maintained in physical form***) so that, after decision on the case, the payment is invariably regularized by adjustment and no double payment is made.

15.12 CHECKING OF CONTRIBUTION SHOWN BY THE EMPLOYER IN FORM ESIC-32.

15.12.1 It should be verified that in case the Insured Person has been paid benefit at a higher rate than actually entitled due to employer's error in form ESIC-32/ESIC-71, the total amount of over-payment thus made for the relevant period has been recovered from the employer in cases where it is so required.

15.13 Auditor shall examine that the ***physical copy of the*** accident report in Form-16, ***if*** received from the employer has been duly diarized in the Branch Office Accident Register.

15.14 The auditor shall verify that the following accidents have been duly investigated: -

- i. All cases of occupational diseases.



- ii. Where the Insured Person died.
- iii. Where the accident occurred outside factory premises.
- iv. Where the nature and extent of injury as indicated against question 13 of the accident report indicates the injury sustained to be a major one of serious nature and is likely to result in permanent disablement.
- v. Where accident report has been received in Branch Office more than 20 days after the date of accident.
- vi. Where there is material difference between accident report, BI-I and first certificate.
- vii. Accident occurs before *registration of the worker by the employer on ESIC portal*.

15.15 The auditor shall verify that accidents mentioned against items No.1 & 7 above have been investigated personally by the Manager or by Dy. Manager and the others by other official not below the rank of Upper Division Clerk.

15.16 The auditor shall scrutinize the accident report in Form-16 and the Insurance Medical Officer's report on Form BI-I and compare the same with the Investigating Official's Report on ESIC- 25 and further verify the nature, extent and location of the injury as given in the first certificate by the Insurance Medical Officer/ Insurance Medical Practitioner. In case there is any material discrepancy, the accident has not been accepted by the Branch Office Manager under his own power and the case is to be decided by the Regional Director. While checking, the auditor will tick off the entries in the above documents in token of having checked the same with reference to each other.

15.17 The auditor should verify that where accident occurred before the commencement of first benefit period/ before the first contribution filed, the particulars furnished by the employer on ESIC-32 has been verified personally by the Branch Office Manager with the wage record of the relevant period lying with the employer and the Branch Office Manager has recorded a note to this effect on ESIC-32.

15.18 It should be examined that at least 5% of the form ESIC-32 on the basis of which the rate has been decided and the payment has been made, selected at random has been compared with contribution filed by the employer and a note to this effect

has been recorded on the ESIC-32/71

15.19 It should be verified that in case the Insured Person has been paid benefit at a higher rate than actually entitled due to employer's error in form ESIC-32/ESIC-71, the total amount of over-payment thus made for the relevant period has been recovered from the employer in cases where it is so required.

15.20 It should be checked that in case the employer had given false information on Form ESIC- 32/ESIC-71 knowingly and with intention to give higher benefit, legal action against the employer has been taken.

15.21 It should be verified that cases of under payment of benefit on the basis of Form ESIC-32/ ESIC-71 have been reopened-

- (a) If the claimant himself has pointed out the error (to establish the same, the application of the claimant may be verified);
- (b) If the error has affected future payment(s); and
- (c) If the amount of under-payment involved is in excess of the prescribed amount.
- (d) All under-payments pointed out by the internal or external auditors have also to be dealt with as per Para **19.24** above.

15.22 CHECKING OF PERMANENT DISABLEMENT BENEFIT CLAIMS

(Extent of Audit :100% New Cases plus 15% recurring payments)

15.22.1 The rate and the eligibility for Permanent Disablement Benefit is concurrently audited by the Dy. Director (Finance) before the decision of the Regional Director is communicated to Branch Office. Audit is not to check the correctness of the rate or the eligibility conditions, which are already pre-audited by the Accounts Branch at Regional Office.

15.23 It should be verified that in cases where the Regional Office or the Insured Person is not satisfied with the decision of the Medical Board, appeal has been filed with the Medical Appeal Tribunal within 3 months of the date of communication of recommendations of the Medical Board to the Regional Office and the date of communication of the decision of the Medical Board by the Regional Office to the Insured Person. In case the Regional Office or the Insured Person is not satisfied with the decision of the MAT, an appeal has been filed with the Employees' Insurance Court within 3 months of the date of communication of decision of MAT to the



Regional Office or the Insured Person as the case may be. The period of three months for Regional Office under Regulation 74 of ESIC (General) Regulation commences from the date of receipt of decision of special Medical Board and in case of an Insured Person from the date of receipt of decision of the Special Medical Board communicated by the Regional Office to the Insured Person.

CHAPTER – XVI

AUDIT OF MATERNITY BENEFIT CLAIMS (Extent of Audit 100%)

GENERAL

16.1 As per directions of HQrs ESIC, the payment of Maternity Benefit is to be processed online only. The guidelines related to manual docket shall apply in case of online processing as well. The auditor shall verify that Maternity Benefit has been paid for confinement or expected confinement for not more than 26 weeks (12 weeks in case of more than **two** surviving child) of which not more than 8 (6 weeks in case of more than one surviving child) weeks shall precede expected date of confinement.

16.2 It should be checked that Maternity Benefit has been paid for confinement, miscarriage or sickness arising out of pregnancy, confinement, pre-mature birth of a child or miscarriage at **a rate** not more than **100% of average daily wages** during the corresponding Contribution period.

16.3 Along with verifying that the claim is processed online and the Aadhar seeding of the IW has been done, it should be examined that the insured woman claiming maternity benefit has fulfilled the following conditions: -

- (1) Prior to the benefit period in which the actual or expected date of confinement falls, two consecutive immediately preceding contribution periods must have existed.
- (2) She must be in an insurable employment in both these periods.
- (3) The contribution for at least 70 days should have been payable in these two contribution periods *jointly or separately*.



16.4 It should be examined that in case of Maternity Benefit for confinement or expected confinement.

- a. a notice of pregnancy in Form 17 along with a certificate of pregnancy in Form 18 issued by the Insurance Medical Officer/Insurance Medical Practitioner has been received in the Branch Office and the claim Form 19 has been duly filled in over the signature of the claimant.
- b. In case notice of pregnancy has not been submitted, a certificate of expected confinement in Form 18 has been submitted by the Insured Woman not earlier than 50 days before the expected date of confinement along with the claim form indicating therein the date on which she ceased to work for remuneration.
- c. It should be verified that the claim has been paid from the date of issue of the certificate of expected confinement or from the date eight (six weeks in case of more than one surviving child) weeks preceding the expected date of confinement so certified by the Insurance Medical Officer/ Insurance Medical Practitioner, whichever is late. In any case, payment shall not commence more than **56** days before the expected date of confinement and in case no such certificate is issued, from the date of confinement for a period of **26** weeks (12 weeks in case of more than one surviving child).

16.5 It should be checked that in case of death of the Insured Woman during confinement or during the period of **8** weeks immediately following her confinement, the whole of the Benefit has been paid to the nominee or, if there is no nominee to the legal representative of the deceased Insured Woman in case she leaves behind her child.

16.6 It should be verified that in case the child has died during the period, the benefit has been paid upto and including the date of death of the child.

16.7 The auditor shall verify that the Maternity Benefit has been paid for not more than **26** consecutive weeks or **182** consecutive days, in case the benefit starts from the date of confinement.

**MISCARRIAGE**

16.8.1 It should be verified that -

- (i) Maternity Benefit in case of miscarriage has been paid for not more than 6 weeks immediately following the date of miscarriage as certified by the Insurance Medical Officer/insurance Medical Practitioner and the claimant has submitted a duly signed Claim form;
- (ii) Benefit has been paid at the rate for which Maternity Benefit for confinement or expected confinement is payable; and
- (iii) Insured Woman claiming Maternity Benefit for miscarriage has submitted a certificate of miscarriage in Form-18 and claim in Form-19 within one year of the date of miscarriage. If the certificate and claim is not submitted within one year, the Regional Director has been delegated power to relax the time limit upto a period of six years.

16.8 SICKNESS ARISING OUT OF PREGNANCY, ETC.

16.9.1 It should be verified that,-

- (i) Maternity Benefit in case of sickness arising out of pregnancy, confinement, pre-mature birth of a child or miscarriage, has been paid for an additional period not exceeding one month (which may not be in unbroken spell; but may be in one or more spells);
- (ii) the claimant has the Medical Certificate issued by the Insurance Medical Officer/Insurance Medical Practitioner indicating thereon clearly the sickness being arising out of pregnancy, confinement, pre-mature birth of a child or miscarriage as the case may be; and
- (iii) the payment has been made from the date of issue of the medical certificate.

16.10 It should be checked that after making the payment as a Maternity Benefit claim, abstention from work by the Insured Woman was duly verified from the employer by issue of ESIC-10.



CHAPTER – XVII

AUDIT OF DEPENDANTS BENEFIT CLAIMS (Extent of Audit 100% New Cases plus 15% recurring payments)

GENERAL

17.1 As per directions of HQrs ESIC, the payment of Dependent Benefit is to be processed online by batch process. The guidelines related to manual docket shall apply in case of online processing as well. The Dependants Benefit involves recurring payments for a number of years and as such the eligibility to the benefit and the rates are always pre-audited by the Accounts Branch at the Regional Office before the decision of Regional Director is conveyed to Branch Office. The scope of the Internal Audit includes tracing out the correctness of the payments made to the dependants. **The defined manual processes shall be applied till the time the requirement is dispensed with or substituted with online record.**

17.2 The auditor shall examine that all entries at the top and on the left hand margin of Dependants Benefit Register in Form ESIC-40 in respect of each dependant have been correctly entered with reference to the particulars furnished by the Regional Office duly approved by the Regional Director.

17.3 He shall verify in particular the columns of rate and the date of termination of benefit in Dependants Benefit register with reference to original sanction to benefit payment accorded by the Regional Director and that the entries are duly initialled with date by the Branch Office Manager.

17.4 The auditor shall examine with reference to the decision of the Regional Director the particulars of the following entries in the Dependant Register:-

- i) The various dependants who are entitled to benefit.



- ii) The daily rate of each dependant.
- iii) In case of minor, the person accepted by Regional Office as guardian.
- iv) The earliest date on which dependant will attain the age of 18 years.

17.5 The auditor shall collect in advance the particulars of Dependants benefit rates as approved in pre-audit at Accounts Branch of Regional Office for the quarter under review and verify the correctness of the rate entered in the Dependants Benefit Register, with reference to the particulars available with them. He shall also put his dated signatures against the entry 'rate' in token of having checked the same. This will facilitate checking of further payments in the next quarter.

17.6 All claims except the first and the last will be for the complete calendar month. The auditor will, therefore, check the amount paid to the Insured Person, which shall be the daily rate multiplied by the number of days in a month. Fraction, if any, in the aggregate amount due and payable may, however, be rounded off in the same manner as in the case of other benefits.

17.7 It should be verified that the first payment of Dependants Benefit has been made at the Branch Office in the presence of Branch Office Manager and a note to this effect has been recorded in the remarks column of the Dependants Benefit register in Form ESIC-40.

17.8.1 It should be seen that every claimant for dependents' benefit has submitted a life certificate or declaration of being unmarried in Form-24 with the claims for the months of December every year.

17.8.2 The declarations must be attested by an Officer of the Revenue, Judicial or Magisterial Department or by a Service Pensioner or the Head of the Gram Panchayat or a Municipal Commissioner under his seal or rubber stamp or a notary appointed under the Notaries Act, 1952. The mode approved by the Competent Authority for submission of life certificate (like online Jeewan praman or any other electronic mode) shall also be admissible.

17.9 It should be verified that in case of transfer of a Dependants' Benefit case, the entries in the Dependants Register of the Branch Office have been made on the basis of the following documents:-



17.10 While checking the first claim for Dependents' Benefit, the auditor shall keep in mind that the Dependents' Benefit will accrue from the date of death of the Insured Person or where disablement Benefit was payable for that date, from the date following the date of death.

17.11 The auditor shall keep in mind that the second category dependants are entitled to Dependents' Benefit only in the absence of dependants in the first category.

17.12 The first category of dependants consists of widow/widows, legitimate or adopted son until age **25**, legitimate or adopted infirm son wholly dependant on the earnings of the Insured Person **till infirmity lasts**, legitimate or adopted unmarried daughter **until marriage**, legitimate or adopted unmarried daughter who is infirm and wholly dependant, till infirmity lasts and the widowed mother.

17.13 The auditor shall keep in mind that full Dependents' Benefit rate has been fixed at 90% of the standard benefit rate. It is, however, to be distributed amongst the various direct dependants of first category in the following proportions:-

17.13.1 To a widow during life or until re-marriage, 3/5th of the full rate. In case of two or more widows, the widows' share will be equally divided amongst them.

17.13.2 To each legitimate or adopted son(s), 2/5th of the full rate, until he (they) attain **25 years** of age. In case of an infirm son, who was wholly dependant on the earning of the Insured Person at the time of his death, dependant benefit shall continued to be paid to him while the infirmity lasts.

17.13.3 To each legitimate or adopted unmarried daughter (s), 2/5th of the full rate until marriage. In case of an infirm daughter who was wholly dependant on the earnings of the Insured Person at the time of his death, dependants benefit shall continue to be paid to her while the infirmity lasts.

17.13.4 To widowed mother 2/5th of the full rate.



17.14 In regard to second category dependants, the share-of each has been assigned as below:-

- (a) To a parent or grand parent, for life, at an amount equivalent to 3/10th of the full rate or if there are two or more parents or grandparents, the amount payable to the parents or grandparents as aforesaid shall be equally divided between them.
- (b) To any other:
 - i. Male dependant until he attains 18 years of age.
 - ii. Female dependant, until she attains the 18 years of age or until marriage whichever is earlier or after widowed until she attains 18 years of age or until she gets re-married whichever is earlier at an amount equivalent to 2/10th of the full rate.

Provided that if three be more than one dependant, as per clause (b), the amount payable under this clause shall be equally divided between them.

17.15 The auditor shall examine that in case any dependant has ceased to be dependant as a result of Regional Office review, entry in the column, 'Benefit Terminated' of ESIC- 40, Ledger Sheet has been made as follows:- "Stopped with effect from..... on the basis of Regional Office Review," and that no payment has been made after that date.

17.15.1 It should be verified that in case shares of dependants' have been revised and consequently the daily rates of dependants' are changed, the rates will be brought upto the date by making the existing rate as 'Rate in force upto (Period). The new rate will be written below it in red ink as 'Current rate with effect from (Period). The auditor shall specially examine that the payment has been made or stopped in accordance with the above remarks.

17.15.2 He will also see that in case there is new dependant new sheet of ESIC- 40 has been opened in respect of him.

17.16 In case the dependant is minor, it should be seen that the payment has been made to a natural guardian or failing that, to a guardian duly appointed.



CHAPTER - XVIII

AUDIT OF FUNERAL EXPENSES CLAIMS

GENERAL

18.1 The following points shall be given special attention by the Auditor while checking claims for Funeral expenses:-

- (i) That the Funeral expenses has been claimed on Form-22 by the eldest surviving member of the family or by the person who has actually incurred the expenditure on the funeral of the deceased.
- (ii) That the Funeral expenses has been paid of an amount not exceeding **fifteen thousand rupees** in the case of the death of an Insured Person. The rates of benefit revised from time to time shall apply.
- (iii) That the claim form to Funeral expenses has been duly filled in by the claimant and in case of a minor, by his guardian.
- (iv) That the claim form has been supported by a death certificate by **competent authority**.
- (v) That the claim for funeral expenses has been submitted within 3 months of the death of the Insured Person to the Branch Office.
- (vi) That in case the claim has been submitted beyond a period of three months but within a period of two years, it has been duly accepted by the Regional Director.

18.2 Funeral expenses is payable in respect of an Insured Person who is or was an employee under the Act and in view of this, the benefit is payable even for the person who is no longer in the insurable employment but otherwise is in receipt of Permanent Disablement Benefit. Similarly, a person who was entitled to medical benefit alone on the date of his death, funeral expenses will be payable for such a person also. However, funeral expenses are not payable in respect of the death of a



person who left employment on attaining the age of superannuation and became entitled to medical care under Central Rule 61.

18.3 The auditor shall examine the declaration submitted by the eldest surviving member of the family declaring that he has incurred the expenditure necessary for the funeral of the deceased duly countersigned by the authorities specified for the purpose.

18.4 It should be verified that in case the claimant is other than the eldest surviving member of the family, the claimant has submitted a declaration duly countersigned by the authorities specified for the purpose that the deceased Insured Person did not have a family or that the deceased Insured Person was not living with his family at the time of his death and that the claimant has actually incurred the expenditure claimed on the funeral of the deceased Insured Person.

18.5 The auditor shall verify that the Funeral expenses has not been paid to more than one person and before actual disbursement of the claim, the following declaration has been obtained from the claimant on Form ESIC-22A.

☐ *To the best of my knowledge and belief no other person except has incurred any expenditure on the Funeral.* ☐

18.6 The declaration of the claimant on Form-22 is required to be countersigned by any of the following authorities: -

- (i) An officer of the Revenue, Judicial or Magisterial Departments of Govt., or
- (ii) Municipal Commissioner; or
- (iii) A Workmen's Compensation Commissioner; or
- (iv) The head of Gram Panchayat under the official seal of the Panchayat; or ' The employer of the deceased Insured Person; or
- (vi) A member of the Regional Board.
- (vii) A member of the Local Committee.
- (viii) An official of the Trade Union.
- (ix) An Insurance Medical Officer or Insurance Medical Practitioner. Any other evidence or declaration acceptable to appropriate office in the particular circumstance of the case.



18.7 The auditor shall keep in mind that the declaration given in Form 22 duly countersigned by the authorities specified for the purpose is to be treated as sufficient evidence of the expenditure incurred. No vouchers/claims for Funeral expenses are necessary.

18.8 As the entry to the payment of Funeral expenses in the ledger in respect of the deceased insured person will be the last closing entry, the auditor shall examine that the same has been made in red ink and the blank page cancelled by putting a cross to avoid the risk of any further payment.

**CHAPTER-XIX****AUDIT OF PAYMENTS OF CONVEYANCE ALLOWANCE AND OR
COMPENSATION FOR LOSS OF WAGES TO INSURED PERSON
(EXTENT OF AUDIT.....20%)****GENERAL**

19.1 The auditor shall verify that the conveyance charges and /or compensation for loss of wages have been paid under the conditions and the rates mentioned below:-

- 1) The conveyance charges and compensation for loss of wages have been paid to an insured person for appearing before the Medical Board, or whether the Medical board so directs, for attending at a dispensary, diagnostic centre, laboratory or a hospital for purpose of X-ray or any other diagnostic or specialist examination or an Insured Person for appearing before a medical referee in connection with reference to Medical Board for assessment of Permanent Disablement or advice of Medical Referee on advance payment of PDB.

Conveyance charges only are also payable for appearing before Medical Referee when referred by the Branch manager for second opinion under regulation 105 or for Medical Referee's opinion where the present incapacity in connection with (i) the employment injury sustained more than 7 days before the issue of certificate or (ii) is a re-lapse of spell of temporary disablement.

- 2) In case the insured person is fit to attend the dispensary, no conveyance allowance shall be paid unless the distance between the place of his residence and the place fixed for his examination by the Medical Referee or the place of meeting of Medical Board/ MAT exceeds 3 Kms, and in case the distance exceeds 3 Kms, the conveyance allowance shall be paid for attending the meeting and returning provided the charges shall not exceed normal bus or railway charges by the shortest route or Rs **10/-** per Km where there is no bus or railway service between the two places. It shall be paid by way of compensation an amount doubles the standard benefit rate admissible to the Insured Person if his benefit period is current on the date of examination or actual wages lost or average daily wages payable whichever



is least depending on whether more or less than half a day's wages were lost.

- 3) In case the Medical Referee / Medical board is satisfied that an insured person is not fit to travel by bus or other ordinary means of conveyance, he may be paid actual conveyance charges incurred at a rate not exceeding Rs 10/- per KM.
- 4) Where an insured person has lost wages on account of his attendance at a meeting of the Medical Board/ Medical appeal tribunal or examination by Medical Referee he shall be paid by way of compensation an amount double the standard benefit rate admissible to the Insured Person if his benefit period is current on the date of examination or actual wages lost or daily wages payable whichever is the least depending on whether more or less than half day's wages were lost.
- 5) For an Insured Person who travels by rail, second class rail fare shall be admissible unless his condition is such that he cannot sit up for any length of time and has to lie down, in which case first class railway fare shall be admissible.

19.2 The auditor shall pay special attention to the following points while checking these claims:-

- i. That every claim for conveyance allowance and/or compensation for wages lost has been preferred in Form ESIC-142 in cases appearing before Medical Board or Medical Appeal Tribunal/Medical Referee.
- ii. That the claim for has been duly filled in by the Insured Person.
- iii. That no payment has been made for loss of wages unless the -Insured Person has submitted a certificate from the employer indicating the number of days for which wages were lost.
- iv. That in case the Insured Person has claimed conveyance allowance at a higher rate, he has submitted a certificate from the Chairman, Medical



Board/Medical Appeal Tribunal or Medical Referee as the case may be, to the effect that he was not fit to travel by bus or other ordinary means of conveyance.

- v. That the claim form has been duly countersigned by the Chairman, Medical Board/ Medical Appeal Tribunal/Medical Referee in case the Insured Person appeared before the Medical Board/MAT/Medical Referee in token of his presence before these authorities testifying the payment having been made in his presence.
- vi. That a correct pay order signed by the disbursing officer, specifying the amount paid both in words and figures has been recorded on the voucher.
- vii. That in case of thumb impression, the same has been duly attested by a person known to the Branch Office.

19.3 CONVEYANCE AND CASH ALLOWANCE FOR ATTENDING VOCATIONAL REHABILITATION TRAINING:

19.3.1 An Insured Person whose (i) loss or earning capacity resulting from employment injury has been assessed not less than 40%, (ii) is in receipt of permanent disablement benefit, (iii) is not more than 45 years of age on the date of application for being referred to vocational rehabilitation centre, and (iv) is not in gainful employment, is entitled for vocational rehabilitation training. Such an Insured Person on successful completion of training is entitled for bus/train fare of his entitlement and cash allowance equal to expenditure charged by the said centre/institution or @ Rs.123/- per day, whichever is more, for the period of vocational rehabilitation training. The claim for conveyance/cash allowance in such case is to be made in duplicate, one copy to be retained at Branch Office and another to be sent after payment to the Regional Office.

19.3.2 The auditor should see that the Insured Person who has been paid conveyance allowance and cash allowance for attending vocational Rehabilitation Training meets the above requirement and the payment made to him is entered in red ink in PDB sheet.

**19.4 UNEMPLOYMENT ALLOWANCE under RAJIV GANDHI SHRAMIK KALYAN YOJANA (RGSKY):**

19.4.1 An Insured Person who has been rendered unemployed involuntarily due to permanent closure of factory/establishment, retrenchment or permanent invalidity not less than **40%** arising out of non-employment injury, is entitled for unemployment allowance for a maximum period of **2 years** during his/her life time @ 50% of his average daily wages for first 12 months and @ 25% of his average daily wages for remaining period, provided contribution in respect of such insured person were paid/payable for a minimum period of 2 years prior to the loss of employment and the insured person does not suffer from disqualifications like strike, lock out, lay off/temporary closure of factory/establishment, voluntary abandonment of employment, voluntary/premature retirement, retirement on superannuation, less than **2** years contributory service, conviction u/s 84 of the ESI Act, dismissal/termination under the disciplinary action or is in receipt of any other cash benefit for the same period. The Insured Person in receipt of unemployment allowance shall also be entitled to medical care for himself and his family for the period of six months from the date of unemployment or till the end of benefit period if he was otherwise entitled in that benefit period, whichever is later.

The auditor should see that the Insured Person who has received/is in receipt of unemployment allowance has fulfilled the aforesaid essential conditions and the unemployment allowance has been paid directly in his bank account only. The payment of unemployment allowance in the event of death of the Insured Person is made to his legal heir. The entry relating to payment of unemployment allowance has been recorded in red ink in ledger sheet of the insured person.



CHAPTER – XX

AUDIT OF BENEFIT PAYMENTS UNDER LEDGER SYSTEM

GENERAL

20.1 Ledgers are being maintained in systems and related record like schedules sheets are part of online process, therefore, verification of calculation is undesired and Audit should do test check of few cases till the process of maintaining manual ledgers is dispensed with by the Competent Authority. However, the process existing for manual ledgers is briefed in the following paragraphs.

20.2 In respect of entries in the Form L-1 & L-2, as regards Temporary Disablement Benefit, Sickness Benefit, confinement, miscarriage, sickness arising out of pregnancy, the entries in columns “number of days” & “amount payable” should be verified from the corresponding entries in the schedule sheets. Also the difference between the entries in corresponding preceding two columns in the ledger sheet, namely “From day and month” an “to day & month” for the respective benefits payable should tally with the number of days indicated under the respective heads. If there is any discrepancy, the entries in respect of “from day and month” and “to day & month” should be checked by recourse to the entries in the certificates concerned. Such cases would be of very rare occurrence. Subject to this, all the existing instructions in respect of these columns as are applicable at present would continue.

20.3 For Maternity Benefit, since the documents establishing the right to Maternity Benefit **would** have been filed with the first payment, the Auditor should endeavour to include in the list, the Insurance Numbers of fresh claims. The information whether a particular claims is a fresh claim/or not will be available in the schedule sheet. In case this information is not available, the same can be gleaned through the papers attached to benefit Payment Dockets. The intention is that in case papers attached with the first claim of Maternity Benefit are required for verification of a subsequent claim including in the percentage audit, these connected papers may be readily available by advance intimation to the Branch Office Manager during the course of Local Audit.

20.4 In case of Temporary Disablement Benefit claims, the procedure would be slightly different inasmuch as the Accident/Investigation Report and ESIC-32 etc.



would have been filed separately in a separate folder of “Employment Injury Paid Cases”. All these connected records may be verified at the time of auditing the first payment.

20.5 The Audit may check that entries made in Benefit Payments Dockets, regarding Rate of benefit/Days/ Progressive days have been correctly posted in the ledger leaf and attested by poster as well as checker, till the system is completely online.

20.6 Audit of Funeral expenses payments/Confinement charges, Family Planning Expenditure can be similarly done with reference to claim papers, ledger sheet etc. Audit of abstention verification (ESIC-10) and contributory particulars (ESIC-71) can be likewise conducted from the files maintained for the purpose. The connected registers on the subject will be available in Branch Offices for reference and audit.



CHAPTER-XXI

BENEFIT RATES

21.1 AUDIT OF RATE OF CASH BENEFITS.

21.1.1 The percentages of rates of various benefits to be checked in internal Audit are as follows:-

- a) Sickness, Extended Sickness, Maternity and Temporary Disablement Benefits - **25%** of each benefit.
- b) Dependants and Permanent Disablement Benefits - Cent percent new cases plus **15%** recurring payments.

21.2 The checking of Rates in respect of Sickness, Extended Sickness, Maternity and Temporary Disablement Benefits up to the percentage prescribed will be with reference to the entries of the rates as indicated in the benefit payment schedule sheets created online.

21.3 The auditor shall select the number of payments for test check of rates from the schedule sheets for the quarter under review and for each payment shown in the schedule sheet so selected, rate checked with R.Cs online.

21.4 The selection of cases of which rates are to be checked is to be made from the benefit payment schedules. As there are more than one payment to one insured person, the percentage of selection may be more than 25% so that by dropping the repeat cases, the rates are checked for atleast 25%. In other words, if the payments in a quarter are 100 and 25 are repeat cases, the percentage of selection will be 25% of 75 cases.

21.4.1 The rates in respect of Permanent Disablement Benefit and Dependants Benefit shall be pre-audited by the Dy. Director (Finance) before authorities for payment are issued by the Regional Director.

21.4.2 The details of the rates pre-audited by the Dy. Director (Finance) shall be collected in advance from the Accounts Branch of Regional Office by the audit



party for the quarter under review and the scope of the audit shall only include audit of the sanction to benefit payments accorded by the Regional Director.

21.4.3 After checking the rate and other particulars, deviations if any, be reported.

21.5 It should be verified that in all cases of underpayment, the case has been re-opened only on the basis *of* claimant himself pointing out the error or the amount of difference payable has been more than Rs.10/- or the revised rate has affected the future payments.

21.6 It should be examined that in all cases of over-payment, efforts have been made to recover the excess amount paid, from Insured Person through his employer, if he is in insurable employment.

21.7 It should be seen that in all such cases where the excess payment recovery has not been effected, speedy action has been taken by the Branch Office Manager for referring the case to Regional Office for waiver of the amount involved.

21.8 It should be verified that a register of over-payments has been maintained properly in Form ESIC-138 to watch the progress of the recovery and the same is periodically reviewed by the Branch Office Manager to take timely action, to effect recovery or for waiver of the amount found irrecoverable.

**CHAPTER -XXII****AUDIT OF ALL REGISTER & ACTIVITIES OF BENEFIT BRANCH OF RO/SRO****GENERAL**

22.1.1 As per laid down procedure and practice the time barred cases of cash benefits beyond the limitation periods of the claims as stipulated in the ESI Act, Rule and Regulation made thereunder are required to be sanctioned from the respective Regional/Sub-regional Offices.

22.1.2 The alternate evidence case which are beyond the scope of Branch manager are needs to be forwarded to the RO/SRO as per procedure for approval.

22.1.3 The accident cases including commuting cases, fatal accident cases, except shop floor cases are required to forward to the RO/SRO for approval and death due to occupational diseases to be sent to Hqrs for approval.

22.1.4 After the approval of Employment injury and Dependant benefit case the sanction order of daily rate of dependant benefit for each dependant in the form of ESIC-147 needs to be communicated to the Branch office, with copy to IP/employer for the further course of action.

22.1.5 For the PDB case where the IP is qualifying for the one time lumpsum commutation are to be commuted on the request of Insured person.

22.1.6 The DB rate decision and generation of PDB and DB cards are another important work at RO/SRO level. RO/SRO are also supposed to be vigilant on the matter related to the high incidence of SB / TDB cases under their jurisdictions.

22.1.7 Excess payment wavier is also being done at the level of RO/SRO/ Headquarters office as per SOP.

RECORDS AND REGISTERS

22.2 The details of records and registers maintained at RO/SRO level for general upkeeping of records for smooth functioning and placing the same before the Audit team for Inspection:

Time barred Register

Alternative Evidence Register

PDB Register



DB Register

PDB cards

DB cards

DB-Register for OD cases

ESIC-147

Excess payment waiver Register

PDB-commutation Register

SB/TDB/high incidence control register:

AUDIT IN ERP ENVIRONMENT

22.3 It is suggested that all registers indicated above are to be generated online through the ERP system so that the Audit party may check/cross examine such records/registers available Online in the ERP Module using their login credentials for ensuring necessary compliance with respect to the ESIC Rule, Regulation and administrative instructions issued by Headquarters Office from time to time.



PART-IV

AUDIT OF MEDICAL BENEFIT EXPENDITURE

**CHAPTER-XXIII****AUDIT OF MEDICAL PROCUREMENT/MEDICAL STORE AND ANY OTHER ISSUES NOT COVERED UNDER OTHER CHAPTER****GENERAL**

23.1 Procurement in hospitals may be broadly divided into procurement of Drugs, Medical Equipment and Non-Medical Items.

23.2 PROCUREMENT OF DRUGS

Quantum of Drugs procured in a year is assessed by **Medical Scrutiny Committee** with approval by the Medical Superintendent/Dean with financial vetting.

23.3 Audit checkpoints are as under, if :-

- 1) Medical Scrutiny Committee is constituted as per norms
- 2) Consumption of Drugs for the past years were assessed to arrive at quantum required
- 3) Justifications are given by the committee for increasing/decreasing the quantum from the quantity purchased previous year.
- 4) Justifications are given for recommending procurement of New Drugs
- 5) Proposal carries the concurrence of finance.

23.4 Drugs are procured through GeM/Rate Contract (RC) or through Local Purchase (LP). Generally, drugs which are not available on GeM/RC are procured through LP through chemists empanelled for supply of drugs. The supplier will offer different rate of discount for Generic Medicines, Branded Medicines, Surgical items and Oncology drugs. The rate of discount will be different for generic and branded Oncology drug also.

23.5 AUDIT CHECKPOINTS

- 1) List of generic medicines and branded medicines procured in that year may be obtained from the store manager under his /her signature.
- 2) Whether drugs which are available in GeM/RC were procured in LP.
- 3) It is to be verified whether discount by the supplier were offered as per tender conditions.
- 4) Auditor may verify drugs which are generic but only branded drugs discount were offered.



- 5) Whether drugs were procured with sufficient shelf life.
- 6) Whether drugs procured previous year got expired before distribution.
- 7) Whether a particular brand was prescribed by the Medical Officer for the local purchase regularly.
- 8) Whether high value brands were procured even though less cost variant drugs were available in the market.
- 9) Whether LP were made even though the drug is available in GeM.
- 10) Whether tender was floated and RC was finalized for procurement of orthopedic trauma implants, Primary Total Knee Replace implants, Revision Total knee replacement, Arthroscopy Implants, Spine Implants, Primary Total Hip Replacement, Revision Total Hip Replacement.
- 11) Whether rates were as per National Pharmaceutical Pricing Authority (NPPA)
- 12) Whether rate of drugs and other medical purchase were as per NPPA. The auditor may record in his report if the rate of medical items purchases were more than NPPA price list.
- 13) Auditors may verify whether procurement of alternate medicines was also made as per Headquarters guidelines.
- 14) Whether LP raised are approved by the concerned HOD and consumed immediately. Only short-term requirement is to be considered for LP.
- 15) First-In-First-Out (FIFO) is followed while distribution of drug so as to reduce stagnation of old stock.

23.6 DISTRIBUTION OF MEDICINES

After procuring drugs the medicines will be distributed to Pharmacy and wards as per the demand raised. The following registers maintained in the store may be verified by the Audit Party.

1. Stock Register
2. Consignment Register
3. Bill Register
4. PO/GeM Order Register
5. Near expiry/Slow moving drug file
6. Stock registers are maintained for the above in ERP (Dhanvantari and Material Management) along with the physical registers?
7. Buffer stocks of consumables/medicines are maintained?
8. Re-order quantity level is maintained?
9. Condemnation of expired medicines/assets is carried out timely?

10. Stocks are reconciled with the physical stocks/finance branch?
11. Physical verification of stock/assets is carried out by independent officer?
12. Stock issue/receipt is promptly maintained in registers?
13. To check that local purchase of medicines is made only need based/ in emergency and for those medicines which are not available on our Rate Contract/GeM. Only short-term requirement is to be considered for LP.

23.7 AUDIT VERIFICATION

- 1) Whether all the procured drugs were registered in the physical stock register alongwith ERP Material Management Module and Dhanwantri Module (online). Auditor may collect each and every bill and check all the medicines procured were entered in online stock register. The list of bills/medicines received to store may be collected under the signature of the store manager and the list may be cross verified with the Finance Branch.
- 2) Auditors may verify whether all the medicines were distributed, only to the beneficiaries.
- 3) If medicines were distributed offline due to exigencies whether the online entries were made subsequently.
- 4) If the medicines were distributed in camps or outside ESIC Hospital, the auditor may verify whether any permission was obtained from competent authority. After distributing offline in camp etc whether online entries were made subsequently.
- 5) If the near to expiry medicines are in excess quantity, whether the same has been offered to other locations/ hospitals.
- 6) Whether all the expired medicines have been removed from stock.
- 7) Whether periodical physical verification of medicines and equipment is done.
- 8) Whether the medicines identified as substandard medicine, the whole batch has been replaced or refund claimed.
- 9) Whether there is non-recovery of dues from the defaulter on account of liquidate damages or risk purchase cost.
- 10) Whether guidelines of HQrs related to home delivery of drugs are followed.

23.8 PROCUREMENT OF EQUIPMENTS

The procedure to be followed for procurement of Medical Equipments were described in ESIC Medical Equipment Manual.

**23.9 AUDIT VERIFICATION**

- 1) Audit Team may verify whether committee was formed by the Medical Institution for evaluation of demand for medical equipment.
- 2) Whether Technical Specification and Cost Estimation Committee was constituted with due approval of Dean/ Medical Superintendent for preparing inputs for bid document.
- 3) Technical Specification and Cost Estimation Committee were constituted as per Headquarters specification.
- 4) Whether competent authority approve the technical specification and estimate of the equipment proposed by the committee.
- 5) Whether medical equipment was procured as per GFR procedures.
- 6) Whether the equipment was provided by the supplier as per tender terms and conditions. If not, whether any penalty was imposed.
- 7) Whether performance guarantee was prescribed in the bid document. If not, reasons have to be recorded. Whether performance guarantee was obtained as per tender conditions.
- 8) Whether payment was released as per GeM guidelines. If not, whether reasons were recorded.
- 9) Auditor may verify any lapses as per common irregularities in procurement circulated vide Circular No. C-11/15/14/14-CTE-Vig. Dated 03.03.202.
- 10) Whether Procured equipment were recorded in online/manual inventory register.
- 11) Whether procured items were used by the hospital.
- 12) Auditor may also verify whether the equipments were procured for very low cost and the consumables were procured for high cost. Whether the equipments were valued considering the cost of the consumables also.
- 13) Whether any equipment was received as donation. Whether high-cost consumables and AMC/CMC were used/engaged for the equipment.
- 14) Whether any imported equipment has been purchased and whether there is any involvement of avoidable custom duty due to non-submission of exemption certificate if any.

23.10 MAINTENANCE OF EQUIPMENT

- 1) Whether AMC/CMC were arranged for all the high value medical equipments after expiry of warranty period.



- 2) In engaging the agency for AMC/CMC, whether GFR rules and Headquarters instructions were followed.

23.11 CONDEMNATION OF MEDICAL EQUIPMENT

The procedure for medical equipments were available in ESIC Medical Equipment Manual and in Headquarters circular No Pt F V-14/11/5/2012 Med 1 Policy (2) dated 26.04.2019. The audit team may verify that all the instruction were followed for condemnation and disposal of medical equipments. Audit team shall also verify whether there are any unserviceable equipment pending condemnation and disposal.

23.12 MAINTENANCE OF NON-MEDICAL EQUIPMENTS.

Generally, many high value non-medical equipments will be available in the hospital; the auditor may verify whether AMC/CMC is available for,

- 1) Diesel Generator Sets
- 2) Heating, ventilation, and air conditioning (HAVC) systems
- 3) Chiller Plants
- 4) DG Sync Control Panels
- 5) Laundry Equipments and Boilers
- 6) RO Plant
- 7) Lifts
- 8) Fire Hydrant Pumps and Engines
- 9) Vacuum Pumps and compressors
- 10) Transformers
- 11) Sewage Treatment plant and maintenance
- 12) Medical gas pipeline system and maintenance
- 13) Modular OT
- 14) Others

23.13 AUDIT VERIFICATION

- 1) Whether AMC/CMC available for important and costly equipments.
- 2) Decision to engage AMC or CMC decided after cost analysis.
- 3) Whether AMC/CMC service were provided by OEM/Authorized service provider. If not, whether justification is available.
- 4) Whether OEM/Authorized service provider were engaged through GeM. If not whether justification is available.
- 5) Whether AMC/CMC is renewed regularly.



- 6) Whether the service provider is performing service as per agreement and necessary certification is available in the bill.
- 7) Whether the payments to service providers were made every quarter.
Whether Finance Officer Concurrence is available.

23.14 PROCUREMENT OF DIESEL

Diesel will be procured regularly in bulk for DG sets and Boilers (Laundry).

- 1) Auditor may verify whether the rate of the Diesel is correct on the date of purchase.
- 2) At the time of delivery of diesel whether any official is available and checking and attesting the quantity of procurement.
- 3) The Logbook of the DG set and Boilers may be verified for usage of Diesel.

23.15 STATUTORY LICENSE

The Hospital Authorities has to obtain statutory license from the following government department/agencies

- 1) Fire License from Fire department
- 2) Operation of Lift
- 3) Operation of Sewage treatment Plant
- 4) Removal of Biomedical Waste
- 5) Explosive license

Audit team may check whether licenses were obtained/renewed by the Hospital Authorities regularly.

23.16 ENGAGEMENT OF MANPOWER

The Hospital engage security services, housekeeping service, Paramedical Service etc. on contract basis. The quantum of manpower on contract basis is usually on higher side in comparison to that in RO/SRO. Audit team may verify the following aspects.

- 1) Whether tenders were properly floated for engaging manpower on contract basis.
- 2) Whether the number of manpower engaged on contract basis were assessed by the committee duly authorized by the competent authority. Whether sufficient justification is available for increasing/decreasing the number of manpower.
- 3) After preparing the tender documents for engaging the manpower on contract basis whether the tender documents was vetted by the Finance Officer.



- 4) Whether the tender documents were evaluated properly for awarding contract. If the paramedical/nursing officials were engaged on contract basis whether service provider provided the manpower as per the Recruitment Regulations.
- 5) Whether all the staffs engaged on contract basis record their biometric for attendance? Whether salary was disbursed as per biometric attendance along with compliance of statutory dues like ESIC/EPF/GST.
- 6) Whether the service provider pays the salary to the officials engaged on contract basis as per the labour laws?
- 7) Whether the hospital management ensures the correct payment of salary to the workers engaged on contract basis

23.17 STORES MANAGEMENT OF DIETARY ITEMS:

The food for the in-patients will be prepared in the kitchen in the hospital. Apart from food grains and related items the hospital will regularly procure fruits and vegetables and Eggs. The hospital will have LPG connection. The hospital will also procure kitchen utensils regularly. The kitchen utensils also require regular service.

23.18 AUDIT VERIFICATION

- 1) Whether diet items, fruits and vegetables and egg were procured through tender? Whether rate of all the individual items were approved by the competent authority and concurred by the finance officer?
- 2) Whether supplier is providing the items as per demand raised by the kitchen department?
- 3) Whether certification of Dietician and HOD Kitchen department is available in all the bills?
- 4) Whether items received from the service provider were entered in stock register and the items were utilized judiciously?
- 5) Whether consumption of LPG in kitchen is justifiable?
- 6) Whether procurement and servicing of kitchen items were made as per GFR rules?



23.19 LAUNDRY DEPARTMENT

AUDIT VERIFICATION

- 1) Audit team may verify whether the procurement of washing chemicals is done as per guidelines.
- 2) Whether GFR is followed in awarding AMC/CMC.
- 3) Audit team may verify the procurement process of linen item. Whether all the procured items were kept in stock?
- 4) Whether linen items were procured as per Headquarters colour policy.

23.20 CONTRACTUAL ENGAGEMENT OF AND CLINICAL OFFICER (Specialist, yoga instructor, Ayurveda medical officer, Homeopathy medical officer SR and JR etc.)

1. Whether requirement of clinical officer were assessed by hospital administration as per work load and orders/circulars issued by HQ time to time.
2. Whether requirement are within the sanction limit of hospital by HQ.
3. Whether the financial concurrence was obtained from the finance before advertisement of the post.
4. Whether advertisement was issued for said contractual engagement.
5. Whether interview committee constituted in compliance to HQ.
6. Whether Proper document of candidate are verified before conducting the interview.
7. Whether contract agreement are vetted before execution with selected candidate.
8. Whether remuneration is paid to such contractual doctors on the basis of biometric attendance?

23.21 SUPER SPECIALTY TREATMENT BILLS

23.21.1 SST manual issued by Headquarters provides detail procedure for scrutiny and payment of SST Bills.

Audit should verify:

- i. Whether the time line for the bills is being followed.
- ii. Whether the bills (Physical copies) received are properly.
- iii. Whether the advances paid is as per the procedure laid down in the operational manual and the advances paid is being reconciled with the finally settled bills and accounted for



- iv. Whether recoveries are made from the bills of the hospitals where excess payments were identified in post-payment scrutiny or during the check of the MVO.
- v. Whether the referrals are made for continuous period or are being split to gain in case of packaged procedures with a small gap of period.
- vi. Bill are to be processed on FIFO Basis.

23.22 EMPANELMENT OF SECONDARY CARE HOSPITALS AND THEIR BILLS PAYMENT.

23.22.1 Empanelment of hospitals for secondary care services for the Insured Persons and the same is done as per the procedures prescribed by the Medical Division of Headquarters office. Audit has to check:

- i. Whether the tie-up arrangements are made as per the guidelines/policy prescribed.
- ii. Whether the selection of tie-up hospitals, number of hospitals as per the specialization, period for which the arrangement made etc., are as per the guidelines.
- iii. MoUs entered are to be checked thoroughly to identify whether all the Terms and Conditions are properly placed.
- iv. Whether the rates allowed are lowest of the CGHS tariff/AIIMS/Hospital tariff and whether the same are followed invariably.
- v. Whether the bills are allowed from the tie-up hospitals as per the T&C of the MOUs and processed through prescribed Module.
- vi. Whether the ERP is used for vendor database and whether all the details of the hospitals like accreditation, eligibility conditions for tax benefits, bank details etc are properly updated and utilized for the billing purpose.
- vii. Whether Hospitals utilize LSD drug during the admission of patient as shown prescription, the rates would be sanctioned verbally at the capping rate provided for LSD drug.
- viii. Whether approval from headquarter office is taken in the case of high cost treatment above rupees 10 lakhs.
- ix. Whether the payments to the tie up hospitals are being made on FIFO basis on each and every stage of scrutiny as well as sanction.

**23.23 REIMBURSEMENT OF THE IP BILLS**

23.3.1 In view to mitigate the hardships of the insured persons, reimbursement of medicines and services procured by IP which are not available in the hospitals/dispensaries is allowed to be done by ESIS in general.

Audit party may see:

- i. Whether the reimbursement requests arose due to non-availability of service i.e. absence of tie-up hospital/absence of medicines etc for the IPs attached to the dispensaries.
- ii. Whether the claims are not delayed unduly without proper justification
- iii. Whether the bills are passed after due verification by the appropriate medical officer.



Chapter-XXIV
AUDIT OF MEDICAL BRANCH (STATE MEDICAL OFFICER)

GENERAL

24.1 The audit involves checking of SST, IP reimbursement, On Account Payment, Empanelment of Hospitals & Diagnostic centre, mIMP & all other activities

24.2 Medical Branch or SMO Branch has been created in Regional Offices subsequent to termination of the post of State Medical Commissioner, whose powers are delegated to Regional Directors with the technical assistance of SMO. This Branch handles On-account payment to the state government, processing of SST Bills, Payments of reimbursement of IP bills, Empanelment of tie-up hospitals for the tertiary care medical services in the state, and Secondary care arrangement where in non-presence of Hospitals, matters related to conduct of SEC (State Executive Committee)/HDC (Hospital Development Committee) /Regional Board meeting, sanctioning/procurement of medical equipment to the ESIS hospitals etc while SMO is individually responsible for inspection/monitoring of the ESIS hospitals and dispensaries regarding delivery of medical care, to conduct medical board, advice in accident related matter and miscellaneous work related to the medical matters, advice in accident related matters.

ON-ACCOUNT PAYMENT TO THE STATE GOVERNMENT

24.3.1 On-account payment is the amount paid to the state government for administering the ESIS scheme by way of providing primary and secondary medical care to the Insured Persons through ESIS Hospitals/dispensaries/IMPs/panel clinics. Audit team should verify:

- i. Whether the on-account payment is made in timely manner and as per the prescribed procedure.
- ii. Whether the payment is made in accordance with the budget allotted by the HQrs towards on account payment.
- iii. Whether necessary deductions have been made in respect of the payments made by the ESI Corporation on behalf of ESIS and whether the expenditure is incurred in concerned financial year, the correctness of figures related to the on account payment must be reconciled with figures maintain in books of accounts.



- iv. Whether any expenditure made by the Corporation on the sharing basis or on behalf of ESI services are deducted proportionately or in Toto as case may be deducted from the on-account payment correctly.

24.4 SUPER SPECIALTY TREATMENT BILLS

24.4.1 All the SST Bills received from the Hospitals through DIMS in respect of the IPs referred through ESI Hospitals or Dispensaries. After receipt of the physical bills the same are received in UTI-BPA portal by duly verifying the eligibility of the IP for SST and forwarded to L1/L2 level where the medical scrutiny is carried out post which CFA will generate SIDs duly approving the bills. Then the same are migrated to ERP for processing.

Audit should verify:

- vii. Whether the time line for the bills is being followed.
- viii. Whether the bills (Physical copies) received are properly.
- ix. Whether the advances paid is as per the procedure laid down in the operational manual and the advances paid is being reconciled with the finally settled bills and accounted for
- x. Whether recoveries are made from the bills of the hospitals where excess payments were identified in post-payment scrutiny or during the check of the MVO.
- xi. Whether the referrals are made for continuous period or are being split to gain in case of packaged procedures with a small gap of period.

24.5 EMPANELMENT OF HOSPITALS

24.5.1 Empanelment of hospitals for tertiary medical care or secondary care services for the Insured Persons and the same is done as per the procedures prescribed by the Medical Division of Headquarters office. Audit has to check:

- x. Whether the tie-up arrangements are made as per the guidelines/policy prescribed.
- xi. Whether the selection of tie-up hospitals, number of hospitals as per the specialization, period for which the arrangement made etc., are as per the guidelines.
- xii. MoUs entered are to be checked thoroughly to identify whether all the Terms and Conditions are properly placed.



- xiii. Whether the rates allowed are lowest of the CGHS tariff/AIIMS/Hospital tariff and whether the same are followed invariably.
- xiv. Whether the bills are allowed from the tie-up hospitals as per the T&C of the MOUs.
- xv. Whether the ERP is used for vendor database and whether all the details of the hospitals like accreditation, eligibility conditions for tax benefits, bank details etc are properly updated and utilized for the billing purpose.
- xvi. Whether Hospitals utilize LSD drug during the admission of patient as shown prescription, the rates would be sanctioned verbally at the capping rate provided for LSD drug.
- xvii. Whether approval from headquarter office is taken in the case of high cost treatment above rupees 10 lakhs.
- xviii. Whether the payments to the tie up hospitals are being made on FIFO basis on each and every stage of scrutiny as well as sanction.

24.7 REIMBURSEMENT OF THE IP BILLS

24.7.1 In view to mitigate the hardships of the insured persons, reimbursement of medicines and services procured by IP which are not available in the hospitals/dispensaries is allowed to be done by ESIS in general. However, after introduction of DCBOs, Regional Office/SRO are also required to make the reimbursement. SROs are delegated to make the reimbursement upto Rs 50,000/- based on the scrutiny my Medical Referee.

Audit party may see:

- iv. Whether the reimbursement requests arose due to non-availability of service i.e. absence of tie-up hospital/absence of medicines etc for the IPs attached to the dispensaries.
- v. Whether the claims are not delayed unduly without proper justification
- vi. Whether the bills are passed after due verification by the appropriate medical officer.

24.8 MEDICAL ARRANGEMENTS

24.8.1 In order to meet the requirement for the provision of medical arrangement for the Insured Persons, a scheme known as modified Insured Medical Practitioners scheme has been introduced to engage private medical practitioners for the said



purpose. The selection of the resources to be carried out following the guidelines prescribed by HQrs. In this regard, internal audit may see:

- i. Whether the requirement of mIMP has been received as per the norms mentioned
- ii. Whether payments to the mIMP, mUED are being made as per ceiling provided and accordance to attached insured persons. Ensure that nos. of IPs are being correctly considered and taken from ERP data.
- iii. Whether the guidelines of HQrs have been followed for selection
- iv. Whether the mIMP, selection is based on the highest rebate received for providing the services from the private individuals
- v. Whether the payment process as prescribed is being followed.

24.9 RESPONSIBILITY OF SMO

24.9.1 SMO individually has the responsibility to inspect the ESI Hospitals and dispensaries for delivery of medical care and co-ordination of induction training for medical and Para medical services. Internal audit party should see

- i. Whether SMO is periodically inspecting the ESI Hospitals and reviewing the working of ESI Hospitals/Dispensaries
- ii. Whether the visit reports are being followed for improving the working conditions/fulfillment of shortages found during the inspection
- iii. Whether proper co-ordination is being carried for facilities in the hospitals/dispensaries, in particular for DCBOs regarding medicine availability, empanelment of sufficient hospitals etc.
- iv. Whether Medical boards are being conducted regularly? Audit shall offer comments on pendency of cases due for medical board.

24.10 MONTHLY REVIEW OF REFERRAL CASES AND AUDIT OF REFERRALS (ANNEXURE-IX & X)

24.10.1 In order to prevent an excessive number of referrals, a monthly review of all referrals will be conducted by the Reference Review Committee. The committee will analyse the referrals and provide a report to the ESIC HQRS. The report should be in the prescribed excel format and sent to the HQ electronically. The committee will focus on three key issues during the review process (i) The necessity of referral, (ii) Compliance with prescribed procedures and (iii) Monitoring of referral patterns.

By addressing these three important issues, the Reference Review Committee aims to maintain a balanced and efficient referral system while avoiding any potential

biases or imbalances in the selection of hospitals for referrals. The electronic monitoring at the headquarters facilitates effective oversight and enables timely interventions if necessary.

24.10.2 The committee shall be constituted by Medical Superintendent /Dean shall have one senior officer from Administration, two Specialists/ Senior Doctors including one doctor from concerned specialists.

24.10.3 Claims and Settlement Committee - For the monitoring of bill processing a committee constituted by Medical Superintendent /Dean/RD, consisting of 1 Senior officer from Administration, 1 Senior Doctor and 1 Finance Officer shall do the quarterly audit of bill received, bill cleared and pending bills as per format provided at Annexure- X.

24.10.4 Medical Vigilance Officer of ESIC shall carry out random checks of 5-10% the referrals made by ESIC hospitals. The respective States may consider implementing a similar system to audit the referrals made by ESIS hospitals and dispensaries.

24.10.5 Audit and Expenditure Committee: Shall be constituted by sanctioning authority comprising of a minimum of three members with one member from the local finance. The committee shall monitor expenditure under different disciplines and provide advice to the sanctioning authority timely. Performa for evaluation of Referred Cases provided at Annexure- XI.

24.10.6 Detail analysis and action taken based on the above, should be done by the referring authority and should be forwarded to the audit and inspection unit of Hqrs Annexure- XI.

AUDIT AND INSPECTION UNIT

24.11.1 An Audit and Inspection Unit at ESIC Headquarter would carry out, inter-alia, the following functions:-(i) Exception Monitoring regarding tie up hospitals, (ii) Management Information System, and (iii) Performance review of tie-up Hospitals.

24.11.2 A quarterly report is to be prepared listing top 50 tie-up hospitals in the country in terms of expenditure incurred on referrals, along with number of beneficiaries referred for treatment and average expenditure per referred beneficiary of all the ESIC and ESIS hospitals.

24.11.3 This should be analysed in the light of the previous quarter's data. Additionally, an independent annual review of tie-up hospitals should be conducted, and a performance report should be prepared and submitted to the Standing



Committee every year. The performance review report will serve as the basis for revising key performance indices for further performance evaluation.

AUDIT OF SST BILLS

24.12.1 All bills for which expenditure is sanctioned by the RD/Deans/MS/D(M)D, ESI hospital shall be kept at the respective offices and the responsibility of audit of expenditure shall rest with the respective finance officer.

24.12.2 The Medical Vigilance Officer, ESIC shall conduct post audit of SST bills (5-10%) on random basis in ESIC hospitals.

24.12.3 The Medical Vigilance Officer shall also randomly visit tie up hospital to check patients under treatment.

24.12.4 A similar system of audit of bills may be adopted by the States.

24.13 AUDIT OF SECONDARY CARE BILLS

24.13.1 All secondary care bills, except bills pertaining to secondary care referrals made by ESIC hospitals, shall be sanctioned by the competent Authority of ESIS.

24.13.2 The sanctioning authority shall keep all the bills in safe custody and the responsibility of audit of expenditure shall rest with the respective finance officer.

24.13.3 The Medical Vigilance Officer, ESIC shall conduct post audit of secondary care bills relating to referrals made by selected ESIC hospitals, on random basis.

24.13.4 A similar system of audit of bills may be adopted by the States.

Chapter-XXV
AUDIT OF DIRECTORATE/DISPENSARY/ DCBO

25.1 AUDIT OF DIRECTORATE (MEDICAL) DELHI\NOIDA INCLUDING CENTRAL STORES.

	Scope\purpose of audit	Relevant records\references
1.	Auditing of Opening /closing balance, totalling, cheque receipts, expenditure vouchers, Monthly summary & 02 times random physical verification in a month of Imprest cash book.	Imprest Cash book and vouchers
2.	Auditing of pay bill registers with reference to their entries etc. to check that the pay of the individual is drawn as per the fixation.	Pay bill register, fixation sheet of pay, service records
3.	Audit of calculation of income tax to be deducted from salaries to check that there is no short deduction\deposit of income tax to save ESIC from unnecessary tax liability.	Tax calculation sheets maintained with the DDO and records for deposit of Income tax.
4.	To check various deductions from pay bills like Society, GSLI, NPS, Various Advances to employees.	Pay bills, records related to grant of advances etc.
5.	To check timely adjustment of Misc. advances to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.
6.	To check timely adjustment of advances to construction\ARM agencies to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.



7.	To check timely adjustment of advances to Tie up hospital etc. to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.
8.	To Check award of various contracts relating to Security Services, House Keeping, Annual Repairs and Maintenance etc to see that the contracts are awarded in transparent and fair manner and rules\instructions issued by the ESIC are followed in toto.	Records relating to issue of tender, evaluation and award.
9.	To Check bills processing of various contracts relating to Security Services, House Keeping, Annual Repairs and Maintenance etc to see that the bills are passed in timely manner and as per the terms and conditions of the contract. To check compliance of various labour laws by the contractor.	Records relating to processing and sanction of bills maintained in Estate cell\General Branch.
10.	To check maintenance of service records of employees to ensure that it is kept as per the instruction on the matter.	Service books, service cards maintained in establishment and accounts section.
11.	To check recruitment process to ensure it is done in transparent manner	To see records of recruitment branch relating of reporting of vacancies, issue of advertisement and preparation of results.
12.	To check disposal of public grievances in timely and satisfactory manner.	Records of PG cell.
13.	To check implementation of official language policy	Records maintained with official language section.



14.	To check punctuality of employees and implementation of BAS	Records maintained with administration\establishment.
15.	To check processing of IPs reimbursement claims to ensure timely and proper payment.	Records maintained with the medical branch.
16.	To check that proper seniority is maintained and timely promotion\MACP orders are issued.	Records of administration\establishment.
17.	To check that pension is disbursed in timely and proper manner.	Records maintained with the pension cell.
18.	To check that proper checks are applied while making payments.	Cash book of Account No.2, records maintained with accounts division like bank reconciliation, monthly accounts summary etc.
19.	To check that NPS deductions are made properly and deposited in time.	Records maintained with the accounts division.
20.	To check that all receipt and issue of stores are properly accounted for.	Stock and other related register\records.
21.	To check that all the assets are properly accounted for and right depreciation is charged as per the guidelines of the ESIC HQ.	Assets register and purchase vouchers.
22.	To check that proper provisions are made for liabilities by the concerned controlling branch.	Intimation sent by the controlling branch to the accounts branch.
23.	To check that all medicines are purchased through Rate	Records relating to purchase of medicines maintained with the stores department.



	Contract so far as possible and as per the requirement only.	Minimum Level, reorder Level, Maximum Level etc. of medicines purchased.
24.	To check that local purchase of medicines is made only in case of emergency and for those medicines which are not available on our Rate Contract. All local purchase medicines are generic and branded medicines are accepted only in case where generic version of the medicine is not available in the market.	Records related to local purchase of medicines maintained with the stores department.

25.2 Further to detect any kind of fraud embezzlement, records relating of payment in toto i.e. vouchers, bank details of payee, ECS Mandate, RTGS advise, Bank statement, entries in cash book of account no.2, bank reconciliation statement, entries in accounts ledger must be checked thoroughly.

25.3 AUDIT OF MODEL HOSPITALS AND MEDICAL COLLEGE.

	Scope\purpose of audit	Relevant records\references
1.	Auditing of Opening /closing balance, totalling, cheque receipts, expenditure vouchers, Monthly summary & 02 times random physical verification in a month of Imprest cash book.	Imprest Cash book and vouchers
2.	Auditing of pay bill registers with reference to their entries etc. to check that the pay of the individual is drawn as per the fixation.	Pay bill register, fixation sheet of pay, service records
3.	Audit of calculation of income tax to be deducted from salaries to check that there is no short	Tax calculation sheets maintained with the DDO and records for deposit of Income tax.

	deduction\deposit of income tax to save ESIC from unnecessary tax liability.	
4.	To check various deductions from pay bills like Society, GSLI, NPS, Various Advances to employees.	Pay bills, records related to grant of advances etc.
5.	To check timely adjustment of Misc. advances to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.
6.	To check timely adjustment of advances to construction\ARM agencies to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.
7.	To check timely adjustment of advances to Tie up hospital etc. to avoid unnecessary delay in adjustment.	Records relating to sanction of advances and recovery.
8.	To Check award of various contracts relating to Security Services, House Keeping, Annual Repairs and Maintenance etc to see that the contracts are awarded in transparent and fair manner and rules\instructions issued by the ESIC are followed in toto.	Records relating to issue of tender, evaluation and award.
9.	To Check bills processing of various contracts relating to Security Services, House Keeping, Annual Repairs and Maintenance etc to see that the bills are passed in timely manner and as per the terms	Records relating to processing and sanction of bills maintained in Estate cell\General Branch.



	and conditions of the contract. To check compliance of various labour laws by the contractor.	
10	To check maintenance of service records of employees to ensure that it is kept as per the instruction on the matter.	Service books, service cards maintained in establishment and accounts section.
11	To check recruitment process to ensure it is done in transparent manner.	To see records of recruitment branch relating of reporting of vacancies, issue of advertisement and preparation of results.
12	To check disposal of public grievances in timely and satisfactory manner.	Records of PG cell.
13	To check implementation of official language policy.	Records maintained with official language section.
14	To check punctuality of employees and implementation of BAS	Records maintained with administration\establishment.
15	To check processing of IPs reimbursement claims to ensure timely and proper payment.	Records maintained with the medical branch.
16	To check that proper seniority is maintained and timely promotion\MACP orders are issued.	Records of administration\establishment.
17	To check that pension is disbursed in timely and proper manner.	Records maintained with the pension cell.
18	To check that proper checks are applied while making payments.	Cash book of Account No.2, records maintained with accounts division like bank reconciliation, monthly accounts summary etc.



19	To check that NPS deductions are made properly and deposited in time.	Records maintained with the accounts division.
20	To check that all receipt and issue of stores are properly accounted for.	Stock and other related register\records.
21	To check that all the assets are properly accounted for and right depreciation is charged as per the guidelines of the ESIC HQ.	Assets register and purchase vouchers.
22	To check that proper provisions are made for liabilities by the concerned controlling branch.	Intimation sent by the controlling branch to the accounts branch.
23	To check that all referrals are made as per the ESIC policy and for those services which are not available in our own setup.	Records relating to referral.
24	To check that all medicines are purchased through Rate Contract so far as possible and as per the requirement only.	Records relating to purchase of medicines maintained with the stores department. Minimum Level, reorder Level, Maximum Level etc. of medicines purchased.
25	To check that local purchase of medicines is made only in case of emergency and for those medicines which are not available on our Rate Contract. All local purchase medicines are generic and branded medicines are accepted only in case where generic version of the medicine is not available in the market.	Records related to local purchase of medicines maintained with the stores department.

25.4 Further to detect any kind of fraud embezzlement, records relating of payment in toto i.e. vouchers, bank details of payee, ECS Mandate, RTGS advise, Bank statement, entries in cash book of account no.2, bank reconciliation statement, entries in accounts ledger must be checked thoroughly. Now SBI CMP is



implemented in hospital it may be checked that CMP is fully operational as per headquarters guidelines.



25.5 AUDIT OF DISPENSARIES AND DCBO REGISTERS (WHEREVER APPLICABLE)

Sl.No.	Records to be audited	Brief of Audit
1.	Cash Book	Auditing of Opening /closing balance, totalling, cheque receipts, expenditure vouchers, Monthly summary & 02 times random physical verification in a month.
2.	Pay bill Register	Auditing of pay bill registers with reference to their entries etc.
3.	Duplicate Key Register	Auditing of Registers, Withdraw & deposit of Keys of chest.
4.	Contingent Register	Auditing of register with contingent vouchers
5.	Electricity, Water & Telephone charges Register	Auditing of Register with utility bills & vouchers.
6.	Local purchase/petty purchase Register	Auditing of register with cash memo and vouchers
7.	Local Conveyance Register	Auditing of I.P & Staff local conveyance register with vouchers and monthly ceiling limits
8.	Postage Register	Auditing of Opening /closing balance, totalling, monthly summary, Physical verification
9.	Stationary register	Auditing of receipt and issue items along with their balances
10.	Advance Register	Auditing of adjustment against misc. advances.
11.	Unserviceable material Stock Register	Auditing of entry i.e. items/equipment which is not in use.
12.	Stitching charge register	Auditing of stitching charge bills/vouchers
13.	Washing/linen register	Auditing of washing of curtains, bedsit etc. bills/vouchers
14.	Service book Register	Auditing of entries i.e. name of staff, designation, transferred from and to dispensary/hospital, d.o.b, d.o.a, category along with physical verification.
15.	Service book	Auditing of entry of pay, pay scale, GPF nomination/ DCRG nomination, GSLI nomination, family particulars, Bio data, increments, fixation of



		pay/MACP. Service verification, entries of leave and entry of sanction of leave.
16.	Part time payment register	Auditing of entries of pay as per attendance register.
17.	Repair & Maintenance Register	Auditing of concerned records
18.	Staff Quarters Register	Auditing of allotment of staff quarters, date of vacation of staff quarters etc.
19.	Set A Register	Auditing of receipt/issue and local purchase of tablets/injections/Syrup/Disposable items Implementation of Dhanwantri module, gem medicine purchase and medicine scrutiny committee report. Whether is in order or not it may be examined whether drugs from rate contract, gem and local purchase are as per guidelines or not. Excess of drugs than consumption pattern may be reported
20.	Set B Register	
21.	Set C Register	
22.	Set D Register	
23.	General Medicine Register	Auditing of receipt/issue of general medicine.
24.	Equipment Stock register	Auditing of register and physically verification certificate recorded in the register.
25.	Ayurvedic Stock Register	Auditing of receipt/issue and local purchase of Medicines.
26.	Homeopathy stock register	Auditing of receipt/issue and local purchase of Medicines.
27.	Unserviceable equipment stock register	Auditing of unused equipment which has to be condemned.
28.	Condemnation equipment stock register	Auditing of voucher/bills (which has been received against condemned item)
29.	Physical Stock Register	Auditing of physical verification of 40 medicines on random basis.
30.	Medicine Expiry register	Auditing of entries of expired medicines.
31.	Seal Register	Auditing of entries of opening and closing of Medical Store room.



32.	Dressing Room	Auditing of registers and indent vouchers (issued by Medical store of Disp.)
33.	Injection Room	Auditing of registers and indent vouchers (issued by Medical store of Disp.)
34.	Family Planning room/record	Auditing of registers and indent vouchers (issued by Medical store of Disp.)

25.6 Apart from these the audit team shall check the following points

- All drugs are to be maintained online in Dhanwantri module and registration to dispensing has to be done online whether that is being implemented or not may be checked.
- Equipment dashboard online has been updated or not.
- Biometric devices are functioning or not and attendance and biometric is as per rules or not.
- Grievance register is being maintained and complaint disposed in time or not.
- The auditor may also check that online drug indent from main store to other wards of hospitals is being done online through Dhanwantri module or not. As there are probability that only medical store is doing online but wards indoor, outdoor, casualty may not be doing which may be checked and reported in audit report.
- Contractual staff of all types housekeeping, security, IT manager, IT assistant and paramedical are marking biometric attendance or not may be checked. Whether absentee report to regional office sent in time from DCBO and other units to the controlling offices where salary is processed.
- It may be ensured that PSU drugs, allopathic, ayurvedic and other, available on GEM are purchased through GEM only
- Local purchase of medicine may be checked and reported if purchased in huge quantity, if available on gem and / or in rate contract.
- Medicine scrutiny committee report in medical store may also be seen as it involves a large budget and it may be seen whether purchase has been done on the formula:

Average monthly consumption trends of each drugs x No. of months for which it is purchased + 10-15% buffer – Stock in Hand or quantity indented by the concerned department, whichever is less.



- x. Average monthly consumption trends may be given through Dhanwantri module by medical store to medicine scrutiny committee. This aspect may be checked so that there is no chance of expiry of drugs in the hospital.



PART-V

AUDIT OF CASH BOOK AND IMPREST ACCOUNT



CHAPTER - XXVI

IMPREST ACCOUNT

(Extent of Audit 33.33 % - Detailed checking plus 100% totals)

26.1 LIST OF RECORDS TO BE EXAMINED

- (1) Cash Book (Imprest)
- (2) Bill Register
- (3) Register of Contingent Charges and allied registers.
- (4) Expenditure Control Register
- (5) Postage Register

26.2 A Cash Book-Imprest Account in Form No.A-20 is maintained in each Office for keeping account of the amounts received by the Authorized Officer from the Accounts Officer in the shape of **amount transferred from** Account No.2 for meeting expenses of the Corporation detailed below:-

- (i) Permanent imprest granted for petty expenses.
- (ii) Recoupment of permanent imprest.
- (iii) Advances for petty expenses, if no permanent imprest is sanctioned.

26.3 The Fund/**amount**, when received from the Accounts Branch, are noted on the receipt side of the Cash Book giving full particulars of the remittance received under the column 'Particulars'. Initial drawal as well as when recouped under 'Contingencies in recoupment of permanent advance' and of advances for petty expenses under sub-column "Advance payments of Contingencies". The column 'Miscellaneous' is used for receipts, if any, other than those mentioned above. Entries on payments side shall be made in the Cash Book under the relevant columns when the payments are made and legal acquaintance is obtained therefore.

26.4 All entries shall simultaneously be carried out in the ERP as per the existing process and instructions.

26.5 CASH BOOK

26.5.1 It should be ensured in the audit that the **Fund/Amount** received have been duly accounted for in the Cash Book on the very date of their receipt. The fund requisitions approved in ERP are properly accounted for in the Bank/Cash book and



the amount tallies with the compilation in monthly accounts being rendered to HQrs ESIC. The date of receipt of **Fund/Amount** may be verified from the dated initials of the Branch Office Manager recorded in the **Cash Book, ERP and the Bank Statement**. Delayed or non-accounting for of any **Fund/Amount** should be viewed seriously in audit and may be reported to the Accounts Officer in addition to mentioning in Audit Report.

26.5.2 It should also be seen that the **Fund/Amount** are posted under appropriate columns on the receipt side i.e. a amount may include amounts pertaining to “**cash benefit payment, statutory dues etc.**” and “recoupment of permanent advance” etc. but only the amount pertaining to each account has to be posted. Maintenance of the Cash Book in proper pro-forma authentication of individual entries by dated initials of the Branch Office Manager, and daily totalling, closing and balancing of the Cash Book should be thoroughly examined in Local Audit.

26.5.3 The auditor shall verify that the cash balance with the cashier, if any, has been physically verified by the Head of Office at least twice a month and invariably on the last day of the month and verification certificate has been duly recorded in the Cash Book over dated signatures of the Head of Office.

26.5.4 It should be verified that in no circumstances private cash has been mixed with the Corporation cash.

26.5.5 It shall be verified that all transactions are also being carried out in the ERP Cash book and the opening, Closing, each entry matches with the manual Cash book. The reason for any deviation or mismatch shall be analysed and commented by the Audit, if required.

26.6 BILL REGISTER:

26.6.1 A bill register in **appropriate form** is maintained at Branch Office wherein each bill before being submitted to Accounts Officer is entered. Again, on receipt of an amount, an entry is made against the bill to which it pertains. It may be seen in audit that this formality is strictly observed and the register is reviewed monthly by the Branch Office Manager/Dispensary Incharge/Authorized Officer and



result of the review recorded thereon.

26.6.2 Contingent expenditure of an Office is met out of the permanent advance at its disposal and a register in **appropriate form** is maintained at every Branch Office/DCBO/Dispensary to keep record of all such expenditure. It should be seen in audit that each payment is entered in the Contingent Register and the amount booked under the proper Head of Allotment over dated initials of the Manager on the very date of the booking of the expenditure in the Cash Book. To watch the progress of the expenditure under each detailed Head as compared with the appropriation for it, a progressive total of all the columns must be drawn immediately after the monthly totals and their aspect should be emphasized upon the Authorized officer by the Local Audit. Audit should also see that separate record of each type of contingent charges i.e. building rent, electricity, water, Telephone, part time Sweeper, hot weather establishment etc., conveyance, purchase of stationery, postage and other items of perishable nature is maintained in a register for each and every payment on account of any of these and is recorded invariably on the date of its occurrence over the dated initials of Head of Office in the respective registers. The Local audit may examine these registers to ensure that double payments are not made on any account and that the expenditure incurred is not beyond the prescribed limit/yardstick for each.

26.7 REGISTER OF EXPENDITURE CONTROL

26.7.1 The register is to be maintained in **appropriate form** which should be examined in audit to ensure that the total expenditure is kept within the limits of authorized appropriation on each account. For this purpose, figures of sanctioned allotment should be noted against subhead in **appropriate form** in the register.

26.7.2 Audit should see that progressive totals of expenditure under each sub-head are being drawn in the register and a monthly statement of expenditure is submitted to Regional Office in **appropriate form**.



26.8 CHECKING OF POSTAGE ACCOUNT

(Extent of Audit 33.33 % plus totals of the selected month)

26.8.1 It should be ensured that the daily expenditure on postage has been stated against the relevant letter alongwith the weight of the cover in the Postage register, as it will not be possible to establish the correctness of the value of stamps affixed on the envelope shown as dispatched in the Postage Register without the same.

26.8.2 It should be examined that the postage receipts for speed post/registered letters have been properly posted in the register against the relevant item and complete address as on the envelope recorded in the register to see whether the communication could be sent by messengers. The value stated on the receipt given by the postal authorities should be compared by the auditor with the amount recorded in Postage Register. In case the value stated on the receipt is not legible, the auditor should ensure that the value stated in the postage account is in order with due regard to the weight of the cover.

26.8.3 The auditor shall verify that at the end of each day, the total of the expenditure has been recorded in the register, the balance has been struck and detailed account has been arrived at as follows:-

Date	Postage	Units in Franking Machine
(i)	Opening balance	
(ii)	Receipts during the day	
(iii)	Total	
(iv)	Expenditure during the day	
(v)	Balance at the end of the day	

It should be verified whether the Head Clerk has recorded a certificate at the end of each day in the postage account register that the expenditure incurred has been checked and found correct.

26.8.4 The totals of the Postage Register for the selected month of the quarter should be checked cent percent besides detailed checking for that month.

26.8.5 It should be ensured that the Branch Officer at the Regional Office and the Branch Office Manager at the Branch Office has made occasional surprise checks



before the envelopes are posted, to ensure the correctness of the value of stamps affixed with reference to the weight of the envelope, and that in token of having done the same, he has recorded his findings in the register over his dated signature.

26.9 The Audit shall ensure that provisions stated in the “Manual of Audit & Accounts vol.-I” is being followed by the concerned office. In case of any major deviation or lapses are observed same shall be commented on through Audit Observation Slip & stated in the Audit Report, if a satisfactory reply is not submitted. Also, it shall be verified that forms as stated in the “Manual of Audit & Accounts vol.- II” are being followed as far as possible. Similarly, the ERP shall be checked to verify that all manual transactions are also carried out in the ERP and it confirms to the provisions. The deviations on verification of ERP report/details shall be objected and commented if required.

26.10 Audit should see that there is no delay in diary and despatch of letters in general. Special attention is to be given in despatch of revenue/recovery certificates, cash benefit communications, court orders, RTI replies. Audit shall also check that guidelines related to despatch of home-delivery of drugs are being complied with, wherever applicable.



CHAPTER – XXVII
AUDIT OF CASH BOOKS MAINTAINED AT RO/SRO/BO/HOSPITAL/MEDICAL
COLLEGE/DIRECTORATE

GENERAL

27.1 The previously existing system of Regional Account No. 1 has been replaced and all the moneys received on behalf of the ESIC are received and credited to ESI Fund A/c No. 1 Central by means of e-challans generated through ERP. However, in certain exceptional situations, officers of the Corporation are authorized to receive money and issue receipts as acknowledgement for the purpose and deposit the same in full into the Bank for credit to ESIC Account No. 1 Central by generating challan through ERP.

27.2 LIST OF RECORDS TO BE EXAMINED RELATED TO RECEIPT OF MONEY:

- a. Counter foils of receipts (Provisional and regular) issued against money received on behalf of the Corporation.
- b. Copies of Bank Challans for amounts duly deposited.
- c. Stock Register of Receipt Books.

27.3 The Officers/Branch Managers are permitted to receive money in cash only for specific items like refund of excess payments made to Insured persons and on specific directions of the Competent Authority. They are required to issue receipts against such amounts and, in turn, deposit the same in full into the Bank for credit to ESIC Account No. 1 Central by generating challan through ERP.

27.4 The realization of challan is to be verified with reference to unique RV Number from the Challan Reconciliation Report in Finance module of ERP as the system assigns a particular RV number to each realized challan.

27.5 COUNTERFOILS OF RECEIPTS:

27.5.1 The auditor shall verify that a certificate of actual count of the receipts has been recorded on the back of the cover of the receipt book before it has been actually brought into use by the Officer/Branch Office Manager. Auditor to further compare each counterfoil with challan by means of which the same stands deposited.

**27.6 STOCK REGISTER OF RECEIPT BOOKS**

27.6.1 Before proceeding to the Branch Office/Dispensary/ Hospital/ Accounting Unit for audit, a list of receipt books issued to the Branch Office/Dispensary/Hospital/Accounting Unit may be obtained from the concerned Accounts Branch. It should be seen that all the receipt books issued to the Branch Office/Dispensary/Hospital/Accounting Unit are entered in the stock register of receipt books in Form No. A-5 and the entries therein are duly attested by the Officer/Branch Office Manager.

27.7 Audit should also carefully examine the following points:

- (i) That all the stock receipts from Regional Office are accounted for in the register.
- (ii) The entries of receipts and issues shown in the register are authenticated by the Branch Manager/authorized officer over his dated signatures and that all receipts/issues are accounted for in the register on the very date of their occurrence.

**CHAPTER – XXVIII****CASH BOOK ACCOUNT NO. 2****28.1 LIST OF RECORDS TO BE EXAMINED**

- (i) Cash/Bank Book
- (ii) Cheque Book
- (iii) Cheque Drawn Register
- (iv) Transfer Advice Notes and Bank Credit Advice
- (v) Bank Reconciliation Statements
- (vi) Stock Register of Cheque Books
- (vii) Uncleared Benefit Payments Register
- (viii) Schedule Sheets (Manual or in computer format)

28.2 Separate ESIC Account No.2 is opened for each Accounting Unit and Branch Office/DCBO/dispensary in order to enable disbursement of benefits and making payments of expenditure. Account of all withdrawals from the Bank and payments is maintained in a Cash Book in form A-11, on the receipts and payments side respectively. Almost all the transactions are made through banking network, thus, the term Cash book is used alternatively for the purpose of Bank Book. The present format of Cash Book contains two money columns viz. Office and Bank on each side. Receipts in Account No.2 under the 'Bank' column shall always comprise of the amounts transferred by the Headquarters from the Account No.1/amounts transferred by Regional Office. Receipts under the 'Office' column comprise of other receipts like payment transactions returned by the bank.

28.3 Each individual payment is not recorded in the Cash Book directly. These are recorded in the Schedule Sheet in Form ESIC-19 and ESIC-19-A in case of payments remitted through NEFT/RTGS where from the total amount paid during the day in respect of each type of benefit etc. is only recorded on the payment side of the Cash Book under the column 'Office'. All the cheques issued by the Branch Office in favour of a third party shall be entered under the 'Bank' Column on the payment side. Records connected with Account No.2 may be examined in the manner indicated against each.

28.4 While auditing the Cash Book, it may be seen that:



- (i) The transactions and balance in manual Cash Book tallies with the same in ERP Cash Book. The process of is to be followed till the Competent Authority decides to do away with maintenance of manual record.
- (ii) The Cash Book is maintained in the prescribed pro-forma and its pages are machine numbered and certificate of count of the pages recorded in the Cash Book by the Branch Office Manager/Branch head over his dated signatures.
- (iii) Cash Book is closed and balanced on the day any monetary transactions have been made and totals of each day on receipts as well as payments sides are correctly drawn.
- (iv) Each individual entry has been authenticated by the Branch Office Manager/Branch head by his dated initials and entries recorded on receipts as well as payments sides agree with those shown on the original schedule sheets and daily summary of receipts and payments already submitted to the Accounts Officer.
- (v) All receipts and payments in Account No.2 are accounted for in the Cash Book on the very date of their occurrence and no transaction is left unaccounted for.
- (vi) All receipts and payments in Account No.2 are accounted for in the Cash Book have been verified and in token of having done so, the auditor shall record a certificate at the end of each month on the Cash Book to the effect that the totals have been checked and found correct, over his dated signatures.
- (vii) Excess/deficit in cash is recorded in the Cash Book on the very date of its occurrence and instructions on the subject are followed.
- (viii) It should be ensured that payment has been classified under the correct (benefit) head of account in the Cash Book.
- (ix) The cash balance with the cashier has been physically verified by the Branch Office Manager/Branch Head at least twice a month and invariably on the last day of the month and the verification certificate has been recorded over the dated signatures of the Branch Office Manager/Branch Head.
- (x) In the case of transfer of charge, the handing over and taking over has been duly recorded in the Cash Book over the signatures of both the relieved and relieving officers showing clearly the number of unused receipts forms and blank cheques handed over and taken over by them respectively.



- (i) Keeping in view the limited number of cash transactions, the case of excess/deficit in cash is not admissible.
- (ii) It should also be ensured in audit that all the cancelled cheques are recorded in red ink over the signatures of the Officer canceling the cheque upon the counter-foil and on the cheque and across the pay order on the bill or vouchers and that all such cheques are attached to the counter-foil and are made available for audit. In case of loss of a cheque, bank authorities should be promptly advised to stop payment of the cheque and on ascertaining that the payment has been stopped, the Branch Office Manager/branch head has to make necessary entries in his accounts.

28.5 CHEQUE BOOK

- (i) It should be seen in the first instance that the certificate is recorded on the inner cover of the cheque book by the Branch Office Manager/branch head over his dated signature and designation before it is brought to use.
- (ii) Counter-foils of cheques issued may be examined to ensure that the amount of withdrawal shown on the counter-foil of the cheque agrees with that recorded in the Cash Book. It should also bear date of issue and the dated initials of the Branch Office Manager/branch head and must be accounted for in the Cash Book on the very date of its issue. It may also be seen that the signatures of the official deputed to get the cheque encashed from bank are obtained on the back of the counter-foil.
- (iii) The draw a fund from the Bank is permitted only for contingent expenditure out of Imprest as disbursement of Cash Benefits is to be done through banking network. The auditor shall examine that the process is being carried out as per guidelines.

**28.6 CHEQUE DRAWN REGISTER**

28.6.1 It should be ensured that all the cheques drawn duly supported by the bills for drawal of money from ESI Fund A/c No.2 are entered in the cheque drawn register maintained in Form A-12 duly attested by the Finance Officer/Branch Manager and the amount of each cheque drawn shown in the register tallies with the amount recorded on the counter-foil of the cheque. Any discrepancy in this connection should be viewed seriously in audit.

28.7 TRANSFER ADVICE NOTES AND BANK CREDIT ADVICE

28.7.1 It may be verified that the amount transferred to Account No. 2 is correctly booked in the Cash Book under the 'BANK' column on receipt side and is accounted for on the very date of receipt of the credit advice from the bank. The amount transferred should tally with the figures reflected in Accounting Unit fund requests generated in ERP module.

28.8 BANK RECONCILIATION STATEMENTS

28.8.1 The balance shown in the Cash Book at the end of the month should be verified with the balance shown in the monthly account rendered by the bank. It may be ensured that the balances shown in the Cash Book and the bank statement have been reconciled and reconciliation statement recorded in the Cash Book. Correctness of reconciliation statement should be checked with reference to each and every entry of the bank statement. Audit shall comment on the action taken to clear the old items lying as outstanding in the Bank Reconciliation Statement.

28.8.2 Auditor should verify that interest credited in bank statement is accounted properly in concerned head of account and thereafter it is transferred to the ESIC central account number 1 under remittance head of accounts.

28.8.3 Auditor will also verify and report that no TDS is deducted by the bank in compliance to section 10(25A) of the Income Tax Act, 1961 from interest credited to ESIC.

28.8.4 Auditor will check from records and report that there is no bank account is being maintained other than ESIC Saving Account No.2. In case if there is any other bank account (e.g. naming ESIC Fund Account No.1 as base branch or nodal branch, etc) is being maintained at local level then Auditor should issue observation for such

with the recommendation to close such account immediately by transferring balance (if any) into the ESIC Central Account No.1) after only due reconciliation.

28.8.5 Auditor should check and verify that all bank charges debited by Bank is accordance with agreement entered by HQ from time to time.

28.8.6 Audit should check and verify that all debits (other than bank charges as mentioned in above para 15.9.5) by bank are duly incorporated in the Cash Book only based the bank scroll (e.g. pension scroll etc.).

28.9 STOCK REGISTER OF CHEQUE BOOKS

28.9.1 The entries of the cheque books are to be made as soon as they are received from the bank in the register maintained in Form A-4. It may be seen in audit that the entries in columns 4,5 and 6 are attested by the Officer authorized to operate the account.

28.10 NEFT/RTGS/SBI CMP RETURNED

28.10.1 Audit should ensure from the counter-foils of NEFT/RTGS received back that they bear the dated signatures/initials of Branch Office Manager/branch head indicating the date of receipt of such **NEFT/RTGS/CMP** and that they are accounted for in the Cash Book Account No. 2 on the very date of their receipt. Delay in accounting for of such receipts has to be viewed seriously in audit. It may also be seen that the payment dockets and entries in the relevant columns of the benefit files/ledger sheets are cancelled by the Branch Office Manager/branch head indicating the reasons for such cancellation in the remarks column. A note regarding the **NEFT/RTGS/CMP** received back shall also be recorded by the Account Officer/Branch Office Manager against the relevant entry in the schedule sheet for ready reference.

28.11 SCHEDULE SHEETS

28.11.1 The totals for the day as worked out in the schedule sheets in respect of payments in **DD/Cheque/NEFT/RTGS/CMP** should be compared with those recorded in the Cash Book as well as online schedule sheet. It may also be ensured that the expenditure booked in a schedule sheet is accounted for in the Cash Book on the same date. Totals of the schedule sheet and arithmetical calculations are not



to be checked in Local Audit as the same is already done in the Accounts Branch at Regional Office on receipt of the schedule sheet from the Branch Office.

28.11.2 Individual entries in the schedule sheets are separately compared with the payment dockets, the audit procedure for which is dealt with separately.

28.12 GENERAL

- (i) The cash verification during the course of the month is intended to be a surprise check. It should be seen in audit that this checking is not always done on a fixed date or around a fixed date as such verification will lose its very purpose. It should be impressed upon the Finance Officers/Branch Managers during audit that the verification should not be conducted on or around fixed dates as the cashier will remain careful and vigilant during such periods.
- (ii) It should be examined that all corrections and alterations in the Cash Book have been neatly made by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines and duly attested by the dated signatures of the Branch Office Manager/branch head and that in no case erasures and over-writings have been made in the Cash Book.
- (iii) It should be ensured that in case of transfer of charge, the handing over and taking over has been duly recorded over the signatures of both the relieved and relieving officers in the Cash Book showing the balances, the number of unused cheques and the number of keys of safe and cash boxes, if any, made over and received by them respectively. The duplicate keys withdrawn from the bank tested in the presence of the cashier of the Branch Office and a note to this effect has been kept in the Cash Book duly attested by the Cashier. The auditor shall examine that the above procedure has also been followed when a Cashier is relieved.
- (iv) It should also be seen in audit that monthly summary of the transactions conducted during the month is drawn up in the Cash Book at the end of the month in order to ensure arithmetical accuracy of accounts.



28.13 CHECKING OF OVER-PAYMENT REGISTER

- (i) The auditor shall verify that all cases of over-payment detected by the Branch Office, the internal audit and the external audit have been duly entered in the register of over-payment in Form ESIC-138 of the Branch Office to enable recovery to be pursued effectively.
- (ii) It should be ensured that the register has been periodically reviewed by the Branch Office Manager/branch head to take prompt action to effect recovery from the insured person.
- (iii) It should be verified that in all such cases in which, for one reason or other recoveries could not be effected for a considerable period, action has been taken for waiver or a prescribed amount for more than the prescribed limit.
- (iv) It should be seen that quarterly statements for waiver of recovery for the quarter ending June, September, December and March have been submitted latest by July, October, January and April respectively and a note to this effect has been recorded in the over-payment register over the signature of the Branch Office Manager/branch head against the entry upto which the amount included in the statement for waiver referred to Hqrs.
- (v) It should be verified that the reasons stated for no prospects of recovery in the statement of waiver of recovery furnished to the Headquarters are correct and that waiver of recovery has been recommended only after making all efforts to effect recovery.
- (vi) The auditor shall ensure that in all cases where the waiver of recovery has been recommended, a note of over-payment has been kept in the ledger sheet/benefit file so that the recovery of the over-payment is not lost sight of. The fact that the amount has been recommended for waiver of recovery or the recovery has already been written off should not stand in the way of effecting recovery from the Insured Person on his next visit to Branch Office.



28.14 It should be seen that the accounting procedure laid down in relevant paras of Manual of Audit & Accounts is observed in the benefit payments at appropriate office.

28.15 Audit shall check that the instructions related to authorization of SBI CMP transactions are followed and such authorizations are immediately revoked from the official who is not involved in the processing channel.

28.16 Audit shall check that the vouchers are marked as “Paid and Cancelled” immediately on authorization of payment.



PART-VI

AUDIT OF ADMINISTRATIVE EXPENDITURE



CHAPTER - XXIX

ADMINISTRATIVE EXPENDITURE DETAILED CHECKING OF ACCOUNT (Extent of audit-33.33 % i.e. one month in a quarter)

(The list given in this chapter is illustrative. Wherever records are maintained Online, ERP generated reports shall be checked in place of manual registers)

29.1 LIST OF REGISTERS TO BE EXAMINED:

- (i) Bill Register
- (ii) Register of Undisbursed Pay & Allowances
- (iii) Contingent Charges Register
- (iv) Register of Electricity Charges
- (v) Register of Telephone Charges
- (vi) Petty Advances Register
- (vii) Expenditure Control Register
- (viii) Register of Over-time allowance payments
- (ix) Register of advances to the employees namely-
 - (a) Festival Advance
 - (b) Provident Fund Advance
 - (c) House Building Advance
 - (d) Personal Computer Advance
 - (e) TA Advance
 - (f) Other Advance
- (x) Register of re-imbursement of Children Education Allowance
- (xi) Register of Repair and Maintenance of Furniture
- (xii) Liveries Register
- (xiii) Calendar of Returns
- (xiv) Register of leave applications received and leave granted
- (xv) Library Register.
- (xvi) Stationery Stock (Purchase & Issue) Register
- (xvii) Stock Register of Forms.
- (xviii) Issue Register of Forms.
- (xix) Dead Stock Register
- (xx) Stock and Issue registers of Perishable articles.



- (xxi) Register for deductions from bills payable to other parties.
- (xxii) Register of Medical re-imburement.
- (xxiii) Rent Register.
- (xxiv) Register for Honorarium sanctioned to the staff.
- (xxv) Register for payments made to the E. I. Courts.
- (xxvi) Register for payments of grants-in-aid to Recreation Clubs.
- (xxvii) Uniform Allowance Register.
- (xxviii) Register for conveyance charges.
- (xxix) Immovable properties register.
- (xxx) Register of rent & charges (office buildings/staff quarters).
- (xxxi) Register of wages of part-time employees.
- (xxxii) Stock register of equipments etc.
- (xxxiii) Dispatch Register for Postal Dak
- (xxxiv) Immovable Property register-Lands
- (xxxv) Immovable Property register Buildings
- (xxxvi) Establishment Audit register
- (xxxvii) Register of Leave and Pension Contributions.
- (xxxviii) Register of permanent advances.
- (xxxix) Register of advances.
- (xl) Register of Deposits.
- (xli) Register of Lapsed deposits.
- (xlii) Register of securities.
- (xliii) General Index register
- (xliv) Register for watching recoveries of temporary withdrawals from Provident Fund
- (xlv) Register of records destroyed.
- (xlvi) Register of payments made on behalf of State Govts.
- (xlvii) Register of recovery of rent of Corporation's building owned or leased.
- (xlviii) Register of payments to Members of Medical Board.
- (xlix) NPS Register
- (l) Medicine Inventories Register
- (li) Increment & Bonus Register
- (lii) Pay & Allowance Register
- (liii) Car Log Book
- (liv) Franking Machine Register
- (lv) Diesel Log Register (for Generator etc)



- (lvi) Auction Register
- (lvii) Digital Signature Certificate Register
- (lviii) Brief Case Register
- (lix) Identity Card Register
- (lx) Rubber Stamp Register
- (lxi) Postage register

29.2 LIST OF REGISTERS TO BE CHECKED IN BRANCH OFFICES:

The following is the list of records, apart from those specifically mentioned elsewhere which the auditor shall verify in the Local Audit in Branch Offices. He shall also examine that the entries in the registers are upto date and correctly made and all cuttings have been duly attested under dated initials of the officer responsible for their maintenance; that the registers have been periodically reviewed by the Branch Office Manager under his signature:-

- (i) Imprest Cash Book
- (ii) Bank/Cash Book Account No.2
- (iii) Postage register
- (iv) Cheque Book stock register
- (v) Cheque drawn register
- (vi) Bill register
- (vii) Duplicate keys register
- (viii) Stock register of Receipt Books
- (ix) Contingent Register
- (x) Register of Electricity and water charges
- (xi) Register of undisbursed Pay and Allowances
- (xii) Register of Advances
- (xiii) Expenditure Control Register
- (xiv) Dead Stock Register
- (xv) Consumable Articles Stock Register
- (xvi) Forms stock register
- (xvii) Stationery stock register
- (xviii) Service Book register
- (xix) Conveyance charges register
- (xx) Livery Register
- (xxi) Register of Books and Publications
- (xxii) Permanent Disablement Benefit Register



- (xxiii) Dependents Benefit Register
- (xxiv) Excess Payment Register
- (xxv) ESIC-71 Register
- (xxvi) Register of Re-imbursement of Children Education Allowance
- (xxvii) Telephone Register
- (xxviii) Accident Register
- (xxix) Alternative Evidence Register
- (xxx) Incapacity Reference Register
- (xxxi) Claims passed but not paid Register
- (xxxii) Any other Register such as rent Register, Sweeping Charges Register etc.
- (xxxiii) ESIC-95 Register (ESB)
- (xxxiv) Unemployment Allowance Register
- (xxxv) Commutation Register
- (xxxvi) Medical Board Register
- (xxxvii) Employers Register
- (xxxviii) Movement Register
- (xxxix) Complaint Register
- (xl) Defaulter's note Book of officials found responsible for excess/wrong payment
- (xli) Rule 60/61 Identity
- (xlii) Register of excess/deficit in cash balance
- (xliii) Overtime Register
- (xliv) Funeral Expenses Register
- (xlv) Abstention verification Register (Form-10)
- (xlvi) Under payment Register
- (xlvii) Esic-32 Register
- (xlviii) Esic-47 Register.
- (xlix) Certificate Dairy Register
- (l) Spectacles Register
- (li) ESIC 71 Register
- (lii) Cheque Cancellation Register
- (liii) Audit Para Register
- (liv) Register showing records weeded out
- (lv) COVID Relief Scheme Register
- (lvi) Suvida Samagam Register



- (lvii) Hospital Certificate Dairy Register
- (lviii) ABVKY Register
- (lix) Stock Register of Rubber Stamps.
- (lx) Payment Control Register
- (lxi) Register of Periodical charges (form ATM-35)

29.3 PURCHASE OF STORES: It should be seen that purchases are in accordance with the guidelines/standards of propriety and items have been procured through GeM, if otherwise permissible:

- (i) where lowest rate has not been accepted, reasons for rejecting the same have been recorded;
- (ii) the successful tenderer has furnished necessary security deposit in terms of the tender;
- (iii) all the terms & conditions of the contract/supply order have been complied with;
- (iv) the demands of all subordinate offices were consolidated, where necessary, and supply order placed with reference to total requirements;
- (v) the procedure adopted does not betray a tendency to split up purchases to avoid the sanction of higher authorities;
- (vi) the supply order/contract has been issued under the signatures of the officers authorized for the purpose;
- (vii) the rates and quantities given in the supply order agree with those given in the accepted tender/quotation and the comparative statement.
- (viii) Sufficient budget allotment exist for the purchases.

29.4 The deviations from the terms and conditions of the supply orders/contracts of the types mentioned below should be carefully scrutinized to find out whether: -

- (i) any new item of expenditure, not originally contemplated in a contract, has been included without prior approval of the competent authority;
- (ii) extension in date of delivery has been given in cases where higher prices were accepted on the plea of early delivery of stores; and
- (iii) the approved rates have not been changed without the approval of competent authority and that the reasons justifying such changes have been placed on record and are adequate.

**29.5 STOCK ACCOUNTS:**

The following points should receive special attention: -

- (i) That the transactions are processed through material management module in ERP.
- (ii) That the articles purchased and paid for have been duly accounted for in the relevant stock register.
- (iii) That the balances carried forward in the Registers stand attested by the Officer Incharge.
- (iv) That the progressive balances have been correctly worked out.
- (v) That the issues made to subordinate offices are supported by their acknowledgement.
- (vi) That the physical verification of the stores has been conducted at least once a year by an Officer other than the custodian of stores.
- (vii) That any shortages detected during the course of physical verification or otherwise have been reported to the authorities concerned and that action for getting their write off or recovery from the person concerned has been taken.

**CHAPTER - XXX****CHECKING OF SERVICE BOOKS, LEAVE ACCOUNTS AND INCREMENT CERTIFICATES**

(Extent of Audit - 33.33% in Regional Office/Hospitals and 25% in Branch Office)

30.1 SERVICE BOOKS

It should be seen that

- (i) Service Books are maintained for all the employees working in the office including officers as provided under SR 196 and 197.
- (ii) every event in the service of an individual has been recorded in his Service Book under proper attestation of the Head of Office;
- (iii) there are no erasures or over-writings in the entries made in the Service Book and that all corrections are neatly made and properly attested;
- (iv) entries regarding date of birth and educational qualifications etc. on page 1 of the Service Book are complete in all respects;
- (v) the Employee Number which is also the Provident Fund Account number/ Permanent Retirement Account number allotted to an individual has been entered on the right hand top of page 1 of his Service Book;
- (vi) a note of the declaration of Home Town has been kept in the Service Book and no change therein has been made without the approval of Head of Department;
- (vii) the certificate of annual verification has been recorded in the Service Book in the prescribed form and that for the period covered under the certificate, the pay etc. of the employee was drawn in that office;
- (viii) the correctness of the certificate furnished by the Head of Office to his superior officer in July every year is borne out by entries made in the Service Book of each employee;



- (ix) the pay of a permanent employee is correctly shown under the substantive and officiating columns of the Service Book;
- (x) the entries of pay as shown in the Service Book and the office copy of pay bill for the selected month tally;
- (xi) the entries in Service Book tally with reference to Periodical Increment Certificate, Pay Fixation Orders, etc.;
- (xii) the Service Book of an employee who has been confirmed in a Group B post has been passed on to the Accounts Officer concerned;
- (xiii) in case of self-drawing employees, the certificate of annual verification has been recorded in the Service Book on the basis of the certificate obtained from the Accounts Officer concerned and that the entries made are correct;
- (xiv) signatures of the employees are obtained in the relevant column of the Service Book as required under the rules;
- (xv) every entry regarding suspension or interruption of service or punishment given to an official has been made in red ink with full details under attestation of the Head of Office;
- (xvi) the entries regarding stoppage/withholding of increment/reduction in rank are correctly made with reference to the relevant office order;
- (xvii) the register of Service Books is maintained by the Head of Office in the prescribed proforma and according to the instructions issued by Headquarters;
- (xviii) the Auditor puts his initial against the names of the employees, whose Service Books and leave accounts are checked in the above register.
- (xix) the selection of Service Books and leave accounts is made in such a manner that all these documents are checked at least once in a year;



- (xx) the next two pages of the Service Book are allotted for recording important information having a bearing for years to come. The following information are mainly recorded in these two pages:-
- (a) Production of Medical Certificate of fitness.
 - (b) Verification of character and antecedents.
 - (c) Oath of allegiance to the constitution.
 - (d) Oath of secrecy.
 - (e) Confirmation in post.
 - (f) Option for scales of pay, if any, revision of scale occurs.
 - (g) Election to family pension scheme or other pension rules: as revised from time to time with the option to elect for the same.
 - (h) Details of Family particulars.
 - (i) Particulars regarding execution of nomination in respect of NPS, Death-cum-Retirement Gratuity, Group Insurance Scheme, Leave Encashment and Family Pension and also the authority with whom the same have been lodged.

30.2 LEAVE ACCOUNTS:

It should be seen that

- (i) the leave accounts for all employees are maintained in the prescribed form and are posted in their Service Books/ service cards.
- (ii) the entries in the leave accounts tally with the entries made in the body of the Service Book/service card;
- (iii) the earned/half pay leave has been correctly worked out; The leave balance in service book tallies with that in HRMS module of ERP.
- (iv) the commuted leave has been correctly posted by doubling the number of days for which the leave was actually availed;
- (v) there are no cuttings or over-writings and that corrections, if any, have been made by scoring out incorrect entries and under proper attestation ;



- (vi) the ceiling of 300 days on the earning of earned leave are correctly applied;
- (vii) Child Care Leave has been granted at 100% of the leave salary for the first 365 days and 80% of the leave salary for the next 365 days;
- (viii) The maximum number of spells for granting Child Care Leave in a calendar year has not been exceeded;
- (ix) Leaves like maternity leave, paternity leave, child adoption leave, study leave, special disability leave, hospital leave, etc are granted subject to fulfilment of prescribed conditions for grant of such leaves;

30.3 PERIODICAL INCREMENT CERTIFICATES:

It should be seen that the date of increment shown in the Periodical Increment Certificate tallies with the date shown in the Service Book and Increment Register;

- (i) the date of increment has been correctly postponed in cases where there are any periods of non-qualifying service after the drawal of last increment;
- (ii) the certificate of Officiating under F.R.26(b) for all periods of leave allowed to count for increment in the case of officiating employees has been recorded in the Service Book; and
- (iii) the periods not counting for increment have been correctly shown in the Periodical Increment Certificate.



PART-VII

AUDIT OF OTHER BRANCHES OF ROS/SROS/HOSPITALS/MEDICAL COLLEGES, ETC



CHAPTER - XXXI

AUDIT OF LEGAL BRANCH

GENERAL

31.1 It should be ensured by the internal audit team that data pertaining to the auditee unit is regularly being updated on Legal Information Management and Briefing System (LIMBS). All authorizations are as per instructions of the Competent Authority.

31.2 Audit shall check that appropriate action has been taken timely by the concerned Revenue/Recovery/Benefit branch in the cases decided in favour of ESIC or withdrawn by the petitioner.

31.3 ACTION WHERE THE DECISION OF THE COURT IS AGAINST THE CORPORATION.

The auditor should see that -

31.3.1 in each case decided against the corporation by the Employees Insurance Court / Criminal Court either the Regional Director has accepted the decision on the merit of the case or an appeal has been filed in the High Court.

31.3.2 The appeal against the decision of the E. I. Court is to be filed only in cases involving substantial questions of law. Appeal in the criminal cases is filed only in cases where the Court has not appreciated properly the evidence produced before it while acquitting an accused person or it involves any question of law.

31.3.3 The limitation period for filing of the appeal against the decision of the Employees' Insurance Court is **60 days** and provision of the section 5 and 12 of Limitation act shall apply while computing the period of limitation. The limitation to file appeal against the decision of the criminal court in the cases where the accused principal employer and insured person has been acquitted is 60 days with the leave of the High court.



31.3.4 In each case of appeal filed in the High Court through the counsel of the Corporation, the case is entered in the Register of appeal filed in the High Court and particulars of the case and the progress of the case has been properly recorded in the register till final decision of the High Court.

31.3.5 An appeal lies against the decision of the High Court only with the special leave of the Supreme Court (by filing special leave petition) to file appeal within the limitation period of **90 days** and provision of section 5 & 12 of Limitation Act will also apply while computing the period of limitation.

NCLT CLAIM FILING WITHIN TIME LIMIT

31.4.1 A register showing the claim filed under NCLT, date of filing claim, the due position and the compliance thereof is to be watched.

REVIEW OF FILES

31.4.1 In each case decided in favour of the corporation by the Employees Insurance Court and if deposit of 50% for stay is submitted by applicant in the EI Court an application to obtain the stay amount should be made after confirming dues from concerned branch after 60 days of the date of the order.

31.4.2 Each case should be reviewed at least once in a month. It should be ensured that proper written statement/ Counter Reply is filed in each case.

31.5 Following Registers should be maintained and scrutinized for regular updation during internal audit:

Sr. No.	Registers/Files/Service Books
1.	EI Case Register
2.	2 nd Appeal Case Register
3.	Criminal Case Register U/S 84
4.	Criminal Case Register U/S 85 (a)
5.	Criminal Case Register U/S 85 (A)
6.	Criminal Case Register U/S 138 OF N. I. ACT
7.	Criminal Case Register U/S 85 (e), (f) & (g)



8.	Criminal Case Register 406 OF IPC
9.	High Court Case Register
10.	Supreme Court Case Register
11.	NCLT Case Register
12.	NCLT Claim filed register
13.	Official Liquidator Register
14.	Consumer Disputes Redressal Forum (CDRF) Register
15.	Contempt Case Register
16.	Next Date of Hearing (NDH) Register
17.	Advocate Bill Register
18.	File Review Register



CHAPTER – XXXII

AUDIT OF RECORDS OF FINANCE BRANCH OF RO/SRO/HOSPITALS/ MEDICAL COLLEGES

(Extent of audit-33.33% i.e. one month in a quarter or 2 months in a half year)

GENERAL

32.1 Finance division is playing the vital role for function of over all working of the ESIC Regional Office (RO), Sub Regional Office (SRO), Model Hospital, Hospital and Medical College not even for day to day working but also for the overall service to deliver to our esteemed beneficiary as well other stake holder, gradual development of institution in long run and overall implementation and monitoring of Act, rule, regulation, Manual and other policy of ESIC HQ, MoLE and GOI.

32.2 While auditing the auditor should audit the effective functioning and working of finance division to safeguard ESIC fund. Internal auditor should plan their audit in such a way that all functions of RO, SRO, Hospital and Medical college will reflect in their report. Finance divisions supposed to record all possible monetary value of functioning of hospital and medical college in such a way that it will reflect true and fair picture of the unit in all respect.

32.3 Now a day working of finance division in ESIC has upgraded their working manifolds due to implementation of ERP system, online payment integration system of SBI with ERP, GeM, BPA and others. And it has increased the working of the division as well as change the way of functioning and working of the division in many ways but overall reporting and objective is still continued. So, auditor should consider those aspects in their audit report.

32.4 LIST OF REGISTER/STATEMENTS/RECORD TO BE EXAMINED IN FINANCE BRANCH:

S. No.	Records to be audited	Percentage of Audit
1	General Index register for register and files	100%
2	Register showing the names of drawing officers placed in accounts with bank and the limitations on their withdrawals.	100%
3	Stock register of cheque books.	100%
4	Stock register of Receipt books.	100%
5	Register of Cheques received and Challans issued.	100%



6	Debt, Deposit and Remittance Statements in respect of each head for which balances are carried forward on year to year basis.	100%
7	Cash book A/C. No. 1	Total receipts in ERP and head-wise GL view should tallied.
8	Cash book A/C. No. 2 (refer chapter XV)	To be verified 33% entry with payment voucher
9	Certificate of transfer of charge.	100%
10	Periodical increment Certificate register for group A and B	100%
11	Service Card of the Group A Officers.	33%(service verification and leave record and other entry)
12	Service book of the Group B Officers.	33%
13	Register of Undisbursed Pay and allowances.	100%
14	Income Tax statement in respect of Officers	100%
15	Internal audit register.	100%
16	External audit register.	100%
17	Travelling allowance register.	100%
18	Bank reconciliation statement register	100%
19	Register of Auto sweep register (MOD)/Fixed Deposit with Bank	100%
20	Cheque drawn register (Physical and e-cheques)	33%(at least one month entry of quarter should consider for examination)
21	Cheque return register	100%
22	Pay Bill Registers.	33%
23	Pension payment Register	100%
24	Register of PDB/DB/other payments	33%
25	Pensioner List Register	Once in year
26	Register of Leave and Pension Contributions.	100%
27	Statement showing latest balances under Heads of Accounts	100%
28	Register of Deposits/advances	100%
29	Register of Lapsed deposits	100%
30	Objection book	100%
31	Transfer entry Register	100%
32	Register of Exchange A/c and reconciliation	100%
33	Reconciliation of Remittances	100%
34	Classified abstract of receipts/expenditure (broadsheet)	100%
35	Consolidated abstract of receipts/expenditure (Monthly Account)	100%
36	LPC register	100%
37	Expenditure control registers/General ledgers	100%
38	Schedule of Provident Fund deductions (GPF Schedule)	33%
39	Payment vouchers (PV)	33%(ensure that proper sanction memo, invoice, challan, physical verification are attached



		with bill and bills & invoice are signed by c/a or office authorised by c/a and voucher are cancelled after payment)
40	GST Deduction register	33%
41	Income Tax TDS (Other) Deduction Register	33%
42	Income Tax TDS (employees)	100%
43	Electricity Payment Register	100% (excess load or consumption should monitor)
44	Broadband, Telephone Payment Register	100%
45	Mobile and Other Reimbursement Register	100%
46	Newspaper Reimbursement Register	33%
47	Medical reimbursement register (ESIC staff)	33%
48	Medical reimbursement register (IPs)	33%
49	Medical Advance to IPs	100%
50	briefcase Reimbursement Register	33%
51	LTC Advance Register	100%
52	Fixed Assets Register	100%
53	GeM Payment Register	33%
54	SST Payment Register(UTI)	33%
55	SST Advance Register(UTI)	33%
56	SST Advance to Govt Hospital	33%
57	Secondary care payment to tie up hospital	33%
58	Medicine and other medical consumable payment Register	33%
59	Contractual Medical officer remuneration Register	100% (ensure the payment with Biometric attendance)
60	Contractor Payment (Manpower) register like guard, housekeeping, and nursing & paramedical staff payment	100% (ensure the staff Payment through bank based on biometric and taken care any late payment)
61	Student fee collection register (Medical College)	33%
62	Student caution money/other collection register (Medical College)	33%
63	Receipt from Non IP register (Medical Hospital)	33%
64	Financial concurrence Register	33%
65	Depreciation schedule	100%
66	AMC/CMC Payment Register	100%
67	Staff Car Payment Register	100%
68	Ambulance services Payment Register	100%
69	Liability/Provisions register	100%

The statements available in ERP module are to be checked from online reports only.

32.5 PHYSICAL VERIFICATION OF ASSETS AND LIBRARY BOOKS ETC.

32.5.1 The Auditee is required to carry out annual physical verification of Assets, dead stock and library books as per Rule 213 and 215 of GFR 2017 and record



certificates of such verifications in the concerned stock registers. If no physical verification of stock is done at all, the Auditor shall undertake random verification of stock to ascertain the actual position of stock in few cases.

32.5.2 The Auditor should ascertain that the regulations / guidelines prescribed by the hospital/medical college, provisions of GFR 2017 governing purchase, receipt and issue, custody, condemnation, sale and stock-taking of stores are properly carried out. They should bring to the notice of hospital/medical College any important deficiencies noticed during verification of stores or any grave defects in the system of control.

32.5.3 During physical verification undertaken, if any, Auditors shall do a test check to compare the physical stock position with reference to stock balance of the stock register.

32.6 OTHER IRREGULARITIES:

32.6.1 Auditor shall report the observations on irregularities noticed while conducting audit. On each item of verification as mentioned below, separate observations will be given on irregularities.

- i. Physical Verification of assets, Stock and other items
- ii. Receipts
- iii. Payments
- iv. Contingencies
- v. Grants-in Aid
- vi. Execution of works
- vii. Contracts
- viii. Stores
- ix. Procurements
- x. Reconciliations
- xi. Utilization Certificate Review
- xii. Budget and Actual Review
- xiii. Unutilised equipments and their AMC

32.8 The Auditor shall provide the list of the areas needs improvement and recommendations for timely compliance.



CHAPTER-XXXIII

AUDIT OF IT INFRASTRUCTURE & RELATED MATTERS

GENERAL

33.1 This chapter deals with internal audit of the branch entrusted with the following activities (irrespective of the nomenclature of the branch in any office):

- a) Procurement / upgradation of Computer Systems, Software and peripherals devices like printers, scanners, biometric devices etc.
- b) Maintenance of Computer Systems and peripherals devices
- c) Engagement of vendors/agencies for
 - a. Maintenance Contract for computer peripherals.
 - b. Contract for manpower to look after the IT related activities in the office.
- d) Updating of the relevant page of the office on ESIC HQs website with latest list of officers, circulars and other notices.

33.2 AUDIT OBJECTIVES AND SCOPE - Audit of the IT Branch/ concerned branch necessarily involves following types of audit:

- a) The audit of the accounts of the stores and stock – It shall be directed towards ascertaining that the purchase, receipt and issue, custody, condemnation, sale and stock verification of stores are well devised and implemented. Audit should bring to the notice of the Head of the Office any important deficiencies in quantities of stores held or any grave defects in the system of control.
- b) The audit of the contracts - The objective of such a scrutiny is to see whether the contracts or agreements have led to loss or wastage of public money and also to ensure that the rules and regulations which provide security against malpractices have been adhered to.

33.3 FILES AND REGISTERS MAINTAINED BY THE BRANCH:

- 1) Procurement files related to IT and peripheral equipments.
- 2) Files related to engagement of contractors for supply of technical manpower and Maintenance of IT assets and peripherals.
- 3) Registers of IT Assets containing their purchase price, allotted serial number, specifications and their allocation.
- 4) Registers of Consumables like printer cartridges, printer drums etc and their signed and acknowledged distribution.
- 5) Register of Contracts



- 6) Register of tickets raised for repair of IT assets and peripherals (maintained by AMC agency in the supervision of the branch.)
- 7) Other registers to be maintained as per normal office procedure.

33.4 AUDIT OF PROCUREMENT, ISSUANCE AND DISPOSAL OF IT STORES

AND ITS RECORDS: General checks applied for any procurement are to be applied in case of procurement of IT items while seeing that the scale of procurement is in accordance with the guidelines issued by the Competent Authority.

33.5 AUDIT OF CUSTODY AND ISSUE OF GOODS/ITEMS BY STORES: As regards custody and issue of goods/ items by stores, it has to be seen in audit whether:

- a) After proper numbering of items, a custodian has been assigned for the store & Whether the stores have been physically verified regularly to guard against any loss, pilferage, etc.;
- b) Discrepancies, if any, between the book balances and the ground balances have been reconciled promptly;
- c) Appropriate and effective follow-up action has been taken on reports of physical verification of stores for making good any losses, shortages, etc.;
- d) Adequate precautionary measures have been taken to prevent misuse of materials issued to contractors (such as maintenance contractors) for use as per the terms of the contract if any. *
- e) Adequate storage facilities with proper security are available and precautionary measures have been taken to protect stores from damage and undue deterioration as per extent guidelines from competent authority;
- f) Verify the efforts made to transfer surplus stores to other offices of the corporation where these could be utilised
- g) Whether prompt reports regarding surplus stores, obsolete and unserviceable stores, specifying the reasons for the above has been sent to the competent authority for facilitating their disposal;



CHAPTER-XXXIV

AUDIT OF RAJBHASHA , VIGILANCE, RTI, PR, PG, ETC BRANCHES AT RO / SRO / HOSPITALS / MEDICAL COLLEGES / D(M)D, ETC

34.1 RAJBHASHA BRANCH

34.1.1 Audit shall check following points to see the compliance of provisions of Rajbhasha as detailed below:

- i. All the specified branches are doing 100% work in Rajbhasha Hindi.
- ii. As per section 3(3) of Official languages Act 1963 ☐ **Specified communications are being made in bilingually.**
- iii. Meetings of official languages implementation committee **and followup compliances**
- iv. Facility to type in Hindi is available in all the computers
- v. Reports and Returns being submitted on time.
- vi. Regular training of Rajbhasha being imparted to staff
- vii. Books with Hindi library are properly stored and accounted for.

34.2 VIGILANCE BRANCH

34.2.1 Audit should check and report observations (if any) on the following functions of the Vigilance Branch:

- i. Whether Monitoring of Disciplinary cases done properly?
- ii. Whether Issue of Vigilance Clearance and NOCs etc. are in line with CVC guidelines?
- iii. Whether Preparation of Agreed List and list of doubtful Integrity is done properly?
- iv. Whether maintenance of Property Returns is done properly or not?
- v. To check that all the functions are discharged as per the rules and regulations made thereunder.
- vi. Reports and Returns being submitted on time.
- vii. All Registers are being maintained?
- viii. Calendar of returns are being maintained and put up before competent authority regularly?



34.3 R.T.I CELL

34.3.1 Audit should check and report observations (if any) on the following functions of the R.T.I Cell:

- i. Whether all R.T.I / 1st Appeal application are being dealt in accordance with RTI Act, 2005 and guidelines issued by GOI, from time to time?
- ii. Whether nomination of Nodal officer and display of their names has been made?
- iii. Whether RTI's/1st Appeal application are responded timely?
- iv. Reports and Returns being submitted on time.
- v. All Registers are being maintained?
- vi. Calendar of returns are being maintained and put up before competent authority regularly?
- vii. To check that all the functions are discharged as per the rules and regulations made thereunder.

34.4 PUBLIC GRIEVANCE / CPGRAM

34.4.1 Audit should check and report observations (if any) on the following functions of the Public Grievance Cell:

- i. Whether all grievances / complaints are being followed as per guidelines issued by ESIC and GOI, Ministry of Public Grievances and Pensions.
- ii. Whether nomination of Public grievances officer and display of their name has been made?
- iii. Whether CPGRAM complaints are responded timely?
- iv. Whether proper meetings are held in respect of Public Grievance as per ESIC HQ requirement.
- v. All Registers are being maintained?
- vi. Calendar of returns are being maintained and put up before competent authority regularly?
- vii. To check that all the functions are discharged as per the rules and regulations made thereunder.



34.5 **PUBLIC RELATION CELL**

34.5.1 Audit should check and report observations (if any) on the following functions of the Public Relation Cell:

- i. Whether all the communication within organization & outside is being done as per set guidelines.
- ii. Whether performance of the branch is satisfactory vis-à-vis performance of previous years in relation to the area of activity.
- iii. All Registers are being maintained?
- iv. Calendar of returns are being maintained and put up before competent authority regularly?
- v. To check that all the functions are discharged as per the rules and regulations made thereunder.



CHAPTER-XXXV
AUDIT OF GENERAL BRANCH

GENERAL

35.1 This chapter deals with the checks to be exercised while auditing different sections under the General Branch of ROs/SROs/ ESIC Colleges/Hospitals, etc.

35.2 Some of the matters generally dealt with by General Branch include,

- i.** Cash, Valuables and related records
- ii.** Procurement of goods and services
- iii.** Stock Registers
- iv.** Old records management
- v.** General maintenance of office.
- vi.** Expenditure including telephones, liveries, Postage stamps etc.
- vii.** Estate function

35.3 Standard checks as envisaged in para 1.3 are applied for all purchases. The illustrative checks to be exercised and points to be seen are given below:

35.3.1 PROCUREMENT OF GOODS AND SERVICES

- (i) Whether the office is adhering strictly to the implementation of instructions / directions of ESIC Headquarters issued time to time, for procurement of goods and services?
- (ii) Check whether the procedures (wherever applicable) followed for making procurement as prescribed under applicable General Financial Rule/authorized Purchase Manual.
- (iii) Check whether the authorized procurement process is followed in the case of goods which are not available on Govt-e-Market place (GeM), to the maximum extent possible. Non-availability Report is downloadable from GeM portal is kept in records, wherever items are proposed from a non-GeM source.
- (iv) Check whether the tender enquiries, the corrigenda thereon and details of bid awards are published on the Central Public Procurement Portal (CPPP)?



- (v) Check whether demand for goods are not divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with respect to the estimated value of the total demand in any financial year.
- (vi) Check whether the items are kept regularly under maintenance contracts.
- (vii) Check whether bid security (also known as earnest money) ranging between two per cent to five per cent of the estimated value of the goods to be procured was obtained in all cases except from Micro and Small Enterprises (MSEs).
- (viii) Check whether there the bid security is timely refunded on completion of tendering process.
- (ix) Whether performance security for an amount of five to ten per cent of the value of the contract and valid for period of sixty days beyond the date of completion of all contractual obligations including warranty obligations was obtained from the successful bidder to whom the contract was awarded?

35.3.5 STAFF CARS (GOVERNMENT VEHICLES)/HIRED VEHICLES

In respect of offices maintaining staff cars/vehicles, the Internal Audit party should see that following records are maintained:

- (i) Log Book for each vehicle
- (ii) A register of repairs and replacements indicating the cost and date
- (iii) A register showing the cost of petrol, Mobil Oil etc. consumed and all incidental expenditure.
- (iv) An inventory of equipment.
- (v) Check whether any expenditure was incurred for taking insurance against third party risk of staff car in violation of Headquarters instructions?



35.3.6 LOG BOOKS

While scrutinizing the log books and their records the following points should be borne in mind:-

- (i) It is maintained in the prescribed form.
- (ii) The entries made in the log book are in ink.
- (iii) The entries of mileage at the beginning of the journey and also at the completion of the journey are noted by the officers using the staff cars themselves except in the case of officers of the rank of Insurance Commissioner and above where these entries may be made by their Private Secretaries/Personal Assistants.
- (v) That the log books are closed at the end of each month, and summary showing details of off duty and on-duty journey performed during the month is prepared in the prescribed proforma.
- (vi) The sanction of Headquarters has been obtained for all cases of replacement of staff cars.
- (vii) That the average monthly consumption of petrol/diesel per kilometre is calculated at the end of each month and that this average is not on the higher side.
- (viii) That all non-duty journeys are charged at the rates specified in Rule 21 of the Staff Car Rules and the charges at these rates are recovered promptly and for the distance covered by the staff car from the time it leaves office/garage till returns to office/garage.
- (ix) That the controlling officer has personally checked the inventory of equipment every month and any loss arising out of negligence is made good through appropriate recovery.
- (x) That no cleaner has been appointed for cleaning of the staff car.
- (xi) That no extra allowances is paid to staff car drivers for cleaning and washing of the cars as this forms a part of their duty.

35.3.7 STOCK REGISTERS

A. Accession Register maintained at HQrs

- (i) Whether Accession Register as prescribed in GFR is maintained for codes and



- Manuals, Secret Memorandum of Instructions and other books and physical verifications as contemplated in ESIC Audit an Accounts Manual Volume-I is being carried out annually? When was the last physical verification? What action was taken to set right the discrepancies?
- (ii) What are the names of local manuals maintained in the office (Group-wise)? Which is their year of print (1st edition)? Which is the year of latest publication?
 - (iii) Whether up to date correction slips have been issued and pasted in the respective manuals?
 - (iv) Whether any of the manuals were revised/updated in accordance with Headquarter office instructions?
 - (v) Whether any manuals are lying with Government/other printing presses for printing? If yes, since when and what efforts have been made by the office to get the manuals printed early?
 - (vi) Whether proper record of books issued to various functional groups/Sections and field parties have been maintained and availability of books reported by them annually, before the date of annual physical verification of books.
 - (vii) Ascertain the value of books purchased during last three years indicating the value of Hindi and English books purchased.
 - (viii) Ascertain the details of review of old books/codes and manuals conducted during last years to weed out the books which are not required.
 - (ix) Similar information may be obtained in respect of sale of waste paper, scrap, etc.

COMPUTERS, PRINTERS OR OTHER MACHINES

- (x) Whether proper records are maintained regarding all machines and equipment and whether any accounting machines, duplicators, computers, printers or other machines are lying out of order? If so, details thereof may be obtained along with the dates from which they are lying out of order and action taken to get them repaired? In case any of them are unserviceable, the action taken to dispose them off may be verified.
- (xi) Whether annual physical verification was conducted? If so, when such last verification was done and with what results?

FIXED ASSETS REGISTER (ERSTWHILE DEAD STOCK REGISTER)

- (xii) When was the last stock verification of dead stock articles carried out?



Whether the verification disclosed any Surplus/Shortages? If so, whether the shortages have been got regularized and surplus taken to stock?

- (xiii) Whether a separate register of repairable /unserviceable furniture maintained to account for the repairable and unserviceable items.
- (xiv) Whether furniture articles are lying in unserviceable condition? If so, what steps have been taken to get them repaired or to dispose them off?
- (xv) Expenditure (year wise) incurred on repair of furniture during last three years may be collected and reviewed.
- (xvi) Whether all the consumable and non-consumable items are entered in the registers?
- (xvii) Whether proper record is maintained in respect of furniture and other items supplied to officers' flat/residence for official use vis-à-vis scale of furniture admissible?
- (xviii) Whether proper records are maintained relating to procurement of forms and stationery including indents for their distribution and stock in hand?
- (xix) Whether Inventory Registers and History Sheets of machines purchased including computers, AC, coolers, vehicles, photocopiers, vacuum cleaners, shredders, printers, servers, Fax machines, UPS, EPBX system etc. are maintained properly.
- (xx) Whether complete specification of the item has been mentioned in the register.
- (xxi) Whether the surplus or obsolete or unserviceable goods are disposed of in accordance with provisions of GFR?
- (xxii) To test check as to whether the fire extinguishers are in working condition and periodical mock firefighting exercise is done?
- (xxiii) Whether all stock items having identification letters/numbers marked/painted on them in accordance with Headquarters instructions?

35.3.8 OLD RECORDS MANAGEMENT

- (i) Whether registers of files are maintained year wise by each section?
- (ii) Whether files for more than two years are reviewed annually by each section to weed out/transfer the files to old record section?
- (iii) Whether any regular review was being done regarding files and records and weeding them as and when necessary? If so, period up to which records destroyed/weeded out may be obtained/checked.



- (iv) Whether Old Records Register was being maintained? The records for the third preceding year are required to be sent by various sections. Verify the position of receipt of records in the Old Records Section.
- (v) Whether physical verification was being done continuously in a phased manner, i.e., section-wise in such a way that all sections are covered in a spell of two years?
- (vi) Whether orders from Competent Authority for weeding out/destruction were obtained and whether the registers were submitted to the Competent Authority after doing needful?

35.3.9 OTHER RECORDS AND REGISTERS

Audit shall see and review the maintenance of records and registers in respect of the following:

- a. Telephone Register
- b. Liveries Account
- c. Stamp account
- d. Consumption of Electricity
- e. General maintenance of office
- e. Office and Residential Buildings



CHAPTER-XXXVI

AUDIT OF CASH BRANCH/DDO

(Extent of audit-33.33% i.e. one month in a quarter or 2 months in a half year)

36.1 LIST OF REGISTERS TO BE EXAMINED IN CASH BRANCH:

Sl. No. Name of the Register

1. Salary/ Pay & Allowances Register
2. Absentee Register
3. TA Bill Register & TA Bill Advance Register
4. LTC Bill Register & LTC Bill Advance Register
5. Transfer Grant & Transfer TA Bill Register
6. Medical Claim Reimbursement Register
7. Tuition Fee Register
8. Personal Claim like Mobile Bill/Newspaper/Entertainment Allowance Register
9. Briefcase/Office Bag claim Register
10. GPF Register/GPF Advance/GPF withdrawal Register
11. Honorarium Register
12. Medical Board Charges Register
13. Conveyance Register
14. GSLI Register
15. Register of Municipal Taxes, Water Charge, Fire NOC charges & other Local body statutory dues charges Register
16. Register of Electricity Charges
17. Register of Telephone Charges
18. Register of Rent, Rates & Taxes
19. Contingent Charges/Third Party Charges Register :
20. House Keeping Charges Register,
21. Watch & Ward Charges Register,
22. ARM of Building Charges/ Annual Maintenance Charges Register
23. ARM of Equipment Charges Register
24. Medical & Non Medical Manpower deployment Charges Register
25. Capital Expenditure Bill Register : Furniture, Equipment, Computer etc.
26. SR Work charges Register
27. GST TDS Register
28. Income Tax TDS Register



29. Insurance premium Payment Register
30. Budget Control Register
31. Register of Payment to EI Court & Other Legal Charges
32. Register of Payment of Grant in aid to Recreation Club
33. SST UTI Bill Register
34. SST Bill register
35. IPs Bill reimbursement Register
36. Imprest Cash book & Imprest Bill Register
37. Other Advances Register & Cheque Receipt Register
38. Postage Stamps/Postage Expenditure Register
39. Staff Welfare Expenses Register
40. Miscellaneous Bill Register and
41. any other register which are required to be maintained under any instruction applicable to the Corporation from time to time. The registers/statements available in ERP module are to be seen from online reports.

36.2 The Audit shall verify that all necessary Registers are being maintained in the Cash branch in the standard format prescribed for the purpose or if not then in the reasonable format containing all necessary information. It shall be seen that these expenditure or bill registers are maintained in such a way that Budget Control could be effectively enforced. If these registers are not maintained or not being maintained in the required manner same shall be pointed out.

Imprest Cash book shall be verified 100% during each audit. Audit shall check whether instructions in the Manual of Audit & Accounts regarding its operations are being followed or not.

36.3 The Audit shall specially focus on the Advances. It shall verify whether advances disbursed to employees (TA advance, LTC advance etc.) are adjusted within time limit prescribed for the purpose otherwise recovery as well as penal action has been taken or not. Also the long term advances(Computer Advance, Home loan etc.) shall be checked to ensure that these are being recovered as per the sanction order. Office advances given to the DDO or other officials for expenditure for some official expense purpose shall be given special focus. It shall be verified whether the same was utilised for the purpose for which it was sanctioned and the adjustment bills have been submitted within prescribed time Limit. It shall be checked that instructions given in the ESIC's Audit & Accounts Manual, GFR and other orders/instructions

applicable to the Corporation are being followed.

It shall be verified that all types of deductions from bills like Income Tax TDS, GST TDS etc. are recorded correctly and deposited within time.

36.4 All other bill registers shall be verified on sample basis to ensure that these are checked properly before allowing the expenditure and being processed timely as per orders/instructions and are in proper format and approval. Specific Instruction in Manual of Audit & Accounts shall be followed in this regard besides other rules/orders/instructions applicable (like GFR, FR & SR, ESIC/Government memorandum/circulars etc.)

36.5 While auditing pay bills, Along with applying fundamental checks like drawal of pay in appropriate scale, allowances and deductions as per provisions, audit may check that the posted strength against sanctioned strength. In order to avoid overpayments, it may be seen that leave salary is drawn against leaves sanctioned by the Competent Authority or the possibility of grant of leave. Pension and Leave salary contribution in respect of employees on deputation is drawn along with pay bills and paid timely on regular basis.

36.6 Audit shall check that the pay bills are drawn duly taking into account the absentee statements received from the concerned branches.

36.7 Audit should specifically check that the deductions made from bills on account of NPS, Income Tax, Court attachments, GST and other statutory dues are deposited with the concerned authority within stipulated time and in prescribed manner. In case, delayed remittance of such dues has attracted penal interest, the same be mentioned in the audit report.

36.8 The bills are processed by means of modules prescribed in ERP for the purpose. It may also be seen that the balances under individual GPF statements of employees tallies with manual statements published by HQrs.



CHAPTER – XXXVII PROPERTY MANAGEMENT DIVISION/CONSTRUCTION BRANCH

GENERAL

37.1.1 The relevant provisions envisaged in General Financial Rules' 2017 related to constructions projects are extracted as under:

- ❖ **Rule 133(1)-** A Ministry or Department at its discretion may directly execute repair works estimated to cost up to Rupees Thirty lakhs after following due procedure indicated in Rules 139, 159 and 160
- ❖ **Rule 133 (2):-** A Ministry or Department may, at its discretion, assign repair works estimated to cost above Rupees thirty Lakhs and original/minor works of any value to any Public Works Organisation (PWO) such as Central Public Works Department (CPWD), State Public Works Department, others Central Government organisations authorised to carry out civil or electrical works such as Military Engineering Service (MES), Border Roads Organisation (BRO), etc. or Ministry/Department's construction wings of Ministries of Railways, Defence, Environment & Forests, Information & Broadcasting and Departments of Posts, and Space etc.
- ❖ **Rule 133 (3):-** As an alternative to 133(2), a Ministry or Department may award repair works estimated to cost above Rupees thirty Lakhs and original works of any value to: (i) any Public Sector Undertaking set up by the Central or State Government to carry out civil or electrical works or (ii) to any other Central/ State Government organisation/PSU which may be notified by the Ministry of Urban Development (MoUD) for such purpose after evaluating their financial strength and technical competence. For the award of work under this sub-rule, the Ministry/ Department shall ensure competition among such PSUs/Organisations. This competition shall be essentially on the lump sum service charges to be claimed for execution of work. In exceptional cases, for award of work under (i) and (ii) above, on nomination basis, the conditions contained in Rule 194 would apply. The work under these circumstances shall also be awarded only on the basis of lump sum service charge.
- ❖ **Rule 140:-** For original/minor works and repair works entrusted as per Rule 133(2) or Rule 133(3), the Administrative Approval and Expenditure Sanction



shall be accorded and funds allotted by the concerned authority under these rules and in accordance with the Delegation of Financial Power Rules. The Public Works Organisation or the Public Sector Undertaking or any Organisation allotted work shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organisation. A Memorandum of Understanding (MoU) may be drawn with Public Works Organisation or the Public Sector Undertaking for proper execution of work.

37.1.2 All ARM/SR/Capital works are executed as per CPWD manual, GFR provisions and instructions/ circulars issued by PMD division of ESIC Hqrs and as per Delegation of Power (DOP) issued from time to time.

37.1.3 All the Capital and ARM/SR works are executed in ESIC on deposit work basis through CPWD/PSU's with MOUs signed.

37.1.4 Capital works are executed by ESIC Hqrs office level only.

37.1.5 ARM/SR are executed at the level of RO/Hospital/Medical college as per their respective DoP's.

37.2 While Audit of Property Management Division/Construction Branch, an Auditor should check following points according to the nature of work:

37.3 CAPITAL CONSTRUCTION WORK

I. Approval Stage

- a. Whether the proposal of construction of RO/SRO/medical college/dispensary/branch office/DCBO/ hospital is received from concern Regional office/ state authorities.
- b. Feasibility and need for construction of new RO/SRO/medical college/dispensary/branch office/DCBO/ hospital.
- c. Whether strength of IP's at that location is as per the norms to set up the new RO/SRO/medical-college/dispensary/branch-office/DCBO/ hospital.
- d. Whether in-principal approval obtained to set up dispensary/branch office/DCBO/ hospital. (If yes , check copy of approval)



II. Land Availability/Procurement Stage

- a. Whether land is given by State Govt. on free of cost or in lease or ownership procurement
- b. Suitability of land recommended for establishing subject project & site selection report obtained
- c. Encumbrance free land made available
- d. Whether approval of competent authority received for land procurement.
- e. Lease executed in time and payments cleared to authority without delay damages/interest.
- f. No dues certificate obtained after final payment to land authorities
- g. Possession of land obtained and boundary wall constructed including sign board installed.
- h. Asset register as prescribed in ESIC accounts policy has to be maintained in given format and duly verified to end of each financial year.

III. Finalization of Executing/Construction Agency

- a. Work assignment to CPWD (under GFR 133 (2)) or Govt PSU (under GFR 133(3)) for execution of project work, whether approval of competent authority has been obtained for execution of work through CPWD or PSU agencies.
- b. Whether procedure of open tender for centage bidding is followed to ensure competition among such PSU agencies for lump sum services charges for execution of work.
- c. Whether agency finalized is PSU agency (Central/State Government organization/PSU) as per GFR 133(3) notified by Ministry of Urban Development (MoUD) for such purpose after evaluating their financial strength and technical competence.
- d. Whether the qualification criteria for participation of agencies is put in to the tender document as per the requirement of work/ as per nature of work.
- e. Whether work assigned including A& E consultancy Job to CPWD or Govt. PSU



- f. Whether MOU signed between construction agency & ESIC (MOU legally vetted & has financial concurrence & approval of competent authority)
- g. In case of Govt PSU all technical /financial bidding parameters evaluated and work award with the approval of competent authority.

IV. Estimation Stage

- a. Whether concept plans is approved by competent authority.
- b. Whether provision of budget is available for work.
- c. Whether the budget provision has been kept in appropriate budget head.
- d. Whether the estimate submitted by agency is technically vetted by appropriate level of engineer of PMD branch as per the DoP.
- e. Whether the estimate has concurrence of F&A Branch.
- f. Whether the Administrative Approval of estimate has been obtained.
- g. All statutory /other components (ESI/EPF/Labour cess/centage/ contingencies etc) has been considered in the estimate.
- h. Reasonability of market rate items has been verified & approved.
- i. No DSR items has been catered as NDSR under the estimate

V. Stage Payment

- a. Whether stage payment demand submitted by agency has approval of Technical Authority of PSU agency and Finance officer.
- b. Whether expenditure statement of previous installment submitted by agency.
- c. Whether EMD and performance security has been deposited if applicable.
- d. All NOC /statutory compliances related to project has been obtained for commencement of work
- e. Mile stone /work program obtained and physical/financial progress are effectively monitored /review meetings taken on project regularly.
- f. Any deviation in work reported and has been approved by competent authority
- g. Any revision in time line/extension of time granted to agency has been approved by competent authority.
- h. Stage payment are released to agency as per MOUs provision

**VI. Final settlement of Bills**

- a. Whether timely settlement of advances has been done and final bills have been settled in stipulated period of contract.
- b. Whether final drawings/related documents have been submitted.
- c. Whether all statutory approval received of building.
- d. Project completion received and unspent amount with agency has been deposited.
- e. All recoveries have been made effective as per CTE/CVC report.
- f. Handing /taking over of project performed including defect notice has been rectified in all respect

37.4 CHECKING POINTS FOR ARM WORKS IN REGION

- a. Whether in principal approval of competent authority has been obtained.
- b. Whether budget for ARM head is available while processing of estimate
- c. Whether the approval of appropriate level of authority is obtained for execution of work through CPWD/PSU/Self Execution.
- d. Whether technical vetting of preliminary/budget Estimate obtained from appropriate level of technical authority as per technical DoP of engineers.
- e. Whether the tender is prepared as per the standard tender document issued by ESIC Hqrs office.
- f. Whether administrative approval of budget estimate and NIT is obtained from administrative authority as per DoP issued by ESIC Hqrs office.
- g. Whether technical approval of budget estimate and NIT is obtained from appropriate level of technical authority as per DoP issued by ESIC Hqrs office.
- h. Whether the tender received in prescribed manner and procedure. To insure that no late and delayed tender is accepted and no additional documents included/ considered or removed after opening of tender.
- i. Checking of amendment in original tender conditions without competence at the time of opening of tender.
- j. Compliance with GFR rules before issuing work award and letter. contract agreement signed between ESIC & agency.



- k. Whether approval of competent authority is obtained before issuing Work award letter.
- l. Compliance with the advance payment as per the terms and conditions of the contract/MoU, after awarding the work.
- m. Checking of payment of final bills of works and its subsequent reconciliation.
- n. Compliance of statutory obligations including ESI, EPF, labour law for manpower deployed on contract.
- o. When a quantity in a particular schedule/item is going to be increased, in that case to ensure that the effect of resulted variation has not changed the position of L1 (approved rates).
- p. Checking facts related to extension of time (EOT) period (such as financial competition & administrative approval) to keep the contract active if the work is not completed on time.
- q. Inquiry regarding making any kind of payment to the concerned agency during the defect liability period.
- r. Verification of work completion certificate/utilization certificate
- s. Verification of registration of PSU/contractor
- t. Contractor ledger has to be maintained.
- u. Checking the details of deposit register.
- v. CMC/AMC agreement of electro-mechanical equipment with OEM/OEM authorizer as per guideline of ESIC headquarter office.
- w. Timely settlement of advances and final bill .Whether EMD and performance security has been deposited if applicable.
- x. Whether EMD and performance security has been deposited if applicable.
- y. Deployment of manpower /technically qualified personnel as per Hqrs. guideline
- z. Wages are timely paid to workmen by agency as per norms.
- aa. AMC/CMC/ compliant register/ attendance register /log book maintained at site & checks performed regularly.
- bb. Whether dismantled items covered under the buyback provision
- cc. Final closure/completion certificate issued by competent authority.



37.5 CHECKING POINTS FOR SR WORKS IN REGION

- a. Whether budget estimation has been prepared on the basis of actual demand /scope of work, and rates considered in estimate on DSR rates, existing trend of percentage on the basis of last accepted rate (LAR).
- b. Whether budget allocation is as per chart of accounts.
- c. Issuing the tender related to the works, items taken for consideration in budget estimates on actual requirement/occasional demand.
- d. Expenditure and overhead savings
- e. Technical vetting of the preliminary estimate prepared for the tender as per the DoP issued.
- f. Checking of approval of competent authority before uploading the tender of works related to preliminary estimate.
- g. Checking of technical evaluation & financial evaluation of the tender and matching it with the terms and conditions of NIT.
- h. Checking of amendment in original tender conditions without competence at the time of opening of tender.
- i. Ensure compliance with GFR rules before issuing work award letter.
- j. Checking for approval of competent authority before issuing Work award letter.
- k. Ensure compliance with the advance payment as per the terms and conditions of the contract/MoU, after awarding the work.
- l. Checking of payment of final bills of SR works and its subsequent reconciliation.
- m. In case of any change in scope of work, the reasons and administrative approval of the competent authority.
- n. The details of extra items/substituted items and its reasons. Reasonability of rates of extra items be verified.
- o. Full reasons and justification for variation in items.
- p. Variation claim has been raised within the contract period.
- q. Checking compliance of ESI, EPF, labour law etc.
- r. Inquiry regarding making any kind of payment to the concerned agency during the defect liability period.
- s. Measurement book as prescribed in CPWD manual has to be maintained.



- t. The cumulative quantity has also to be explored.
- u. Verification of work completion certificate/utilization certificate
- v. Verification of registration of PSU/contractor.
- w. Checking the details of deposit register.
- x. Timely settlement of advances and final bill.
- y. Whether EMD and performance security has been deposited if applicable.

37.6 CHECKING POINTS FOR LAND PURCHASE ISSUE

- a. Whether the proposal of land has been examined by the authority and suitability has been considered.
- b. Structural audit of building and examination of payment related documents and in case of demolition of building the approval of the competent authority.
- c. Administrative approval of the competent authority for purchase of land and site selection committee report as per headquarter office guidelines.

37.7 CHECKING POINTS FOR LEASE PAYMENT

- a. Deposit of lease amount for concerned building timely without any circumstances like extension/retention charges etc.
- b. Annual verification of the agreement & lease shall be conduct early.
- c. Detail records will be maintained in immovable property register/books.
- d. Whether a register in the form of periodical payment lease land has maintained.

37.8 GENERAL CHECKING POINTS

- a) Total number of building in region/fixed asset
- b) Total no. of vacant land in region & utilization proposed
- c) Total no of encroachment in land in region and action taken report review
- d) Total no of asset /vacant land without boundary wall in region
- e) Structural Audit taken for the building in region/record review
- f) Demolition details of building record/status



- g) Numbers of building in dilapidated condition and unoccupied in region (reason review)
- h) Detail of building taken for special repair in year & further action plan.
- i) Detail of condemnation action taken for passed useful life of electrical equipment's/installation & their disposal
- j) Building register /asset register maintained /updated in region
- k) Fire Mock drill executed timely
- l) Periodical works/whitewashing works executed to building as per norms
- m) Land acquisition for new project (if any)
- n) Property tax /water charges paid regularly of all buildings by region
- o) Lease register for all land/property's maintained in region.
- p) Property document(lease/owner ship/rented) register maintained in region
- q) Electricity bill/solar bill payment register maintained in region
- r) Statutory compliances for building performed regularly in region (electrical/fire audit etc.
- s) All related NOC of building available (building Occupancy/fire NOC/ pollution /medical waste etc.)
- t) Insurance policy to building /installation/equipment's/asset etc.
- u) Procurement of electrical equipment/installation in region (if any) with due set procedure & rules(e.g DG set, water cooler/ ACs/ RO plant/motor pumps/CCTV etc)
- v) Biometric attendances have been made by deployed manpower as scheduled in manpower part.



PART-VIII

AUDIT OF BRANCHES OF HEADQUARTERS



Chapter-XXXVIII

INTERNAL AUDIT IN VARIOUS BRANCHES OF ESIC HEAD QUARTERS' OFFICE, NEW DELHI

38.1. FINANCE & ACCOUNTS BRANCH

38.1.1 FINANCE & ACCOUNTS BRANCH – I

Functioning Area	Scope of Internal Audit
Accounting procedure and instructions; Consolidation of monthly accounts of the Corporation; Preparation of Annual Accounts of the Corporation; Financial concurrence of Insurance matters connected with ESI Scheme; Monthly Progress Report of Regional Accounts Branches; Co-ordination work between branches of Accounts division in the Headquarters Office; Check of recoveries falling due from State Government, Under Section 58(2).	<ul style="list-style-type: none"> Whether accounting procedure and instructions as prescribed by ministry and ESI Corporation are being followed. Whether monthly accounts are being complied and reported as per norms. Whether Control register are being maintained for adjustment of each transaction under Remittance & Exchange Account. Rendition of statements to concerned accounting units for un-responded transactions of Exchange Account.

38.1.2 FINANCE & ACCOUNTS BRANCH – II

Functioning Area	Scope of Internal Audit
Banking Arrangement, Investment of funds, Maintenance of reserve fund accounts and investment accounts, collection and transfer of funds; Consolidation of Bank Reconciliation Statement of Account No.1 and 2 of Regional Office, Revision of daily/Monthly withdrawal limits of Local Offices; Watching of interest on Corporation's investment in Banks/other institutions/Special Deposit Accounts;	<ul style="list-style-type: none"> Whether investment of funds is done as per guidelines. Whether Bank Reconciliation Statement of Account No.1 is being done. Whether monitoring of bank reconciliation of Account No. 2 by accounting units is being done? To see the validity of various bank agreements

Correspondence of banking arrangement with banks / units; Remittance of NACO funds as advised by the DMC with NACO and its correspondence with bank.	
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38.1.3 FINANCE & ACCOUNTS BRANCH – III

Functioning Area	Scope of Internal Audit
Pension papers of Officers of Hqrs.; Pre-audit of pay bills, LTC and TA bills, and issue of cheque; Issue of PICs; Maintenance of Cash Book Account No. II and its reconciliation; Service cards of Officers; Grant of various advances; Pay fixation; Leave, Salary and Pension contribution; Preparation of monthly accounts and maintenance of Account No.-I; Preparation of Broad Sheet of HBA/Car, Scooter and Cycle advances; Clarification on service matters referred by Establishment Branches.	The checks applicable for F&A section of a field unit are to be applied in respect of Account-3. Reference Chapter 28.

38.1.4 FINANCE & ACCOUNTS BRANCH – IV

Functioning Area	Scope of Internal Audit
Pre-audit of Pension/Family Pension cases on account of Retirement or Death; Revision of Pension Cases/Concurrence for transfer of pensionary benefits for the purpose of past service.	<ul style="list-style-type: none"> Scrutiny of Pension Payment Orders (PPO) to ensure whether they are being prepared and issued properly as per Rules applicable thereto. Whether general monitoring of NPS mechanism is being done?



38.1.5 FINANCE & ACCOUNTS BRANCH – V

Functioning Area	Scope of Internal Audit
Scrutiny of proposals relating to medical arrangements connected with the scheme, including 'On Account Payments' payments to State Governments and their adjustment; Scrutiny of proposals relating to supplies and services; Hiring of accommodation etc. initiated by the General Branch in Headquarters Office; Staff proposals of Headquarters Office; D(M)D and other hospitals run by the ESI Corporation, Regional and Local Offices; Delegation of Powers of Officers of the Corporation; Printing and supply of Receipt, Manual of Audit and Accounts and Service Cards; Revolving funds for super speciality treatment to IPs; Rate Contract of Drugs; Permanent advance of Officers.	<ul style="list-style-type: none"> • Test check of procurement proposals sanctioned upto the level of Director/JD E-V to see that general guidelines are followed while concurring proposals.

38.1.6 FINANCE & ACCOUNTS BRANCH – VI

Functioning Area	Scope of Internal Audit
Consolidated Annual Audit Reports of Internal Audit on the accounts of the Corporation; External audit/Inspection Reports of Regional Offices; Internal Audit Procedures; All cases of serious irregularities, embezzlements, frauds, defalcation etc; shortage/excess in cash balances; Inspection Reports of Financial Commissioner/Director (Finance)/Jt. Director (Finance); Inspection Reports of Director General's Inspection Cell; Half-yearly inspection reports of Regional	<ul style="list-style-type: none"> • Whether payment of Audit Fee is being made timely. • Whether general follow-up of pending audit items is being done?

Accounts Branches; consolidated Annual Internal audit Parties; Staff proposals of Regional Accounts Branches and Internal Audit Parties; Tour Programmes of Internal and Audit Parties.	
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38.1.7 FINANCE & ACCOUNTS BRANCH – VII

Functioning Area	Scope of Internal Audit
Matters connected with the Budget of the ESI Corporation/Standing Committee Convening of Budget and Accounts Sub-Committee Meetings; Preparation of Budget estimates of Corporation; Performance Budget of Ministry of Labour; Scrutiny of quarterly statements of Income & Expenditure sent by Jt. Director(Fin)/Dy. Director(Fin); Control of expenditure on Cash Benefits and administration and watch over of receipts of contributions; Compilation of material of Standard Note on the ESI Scheme in respect of Accounts Division; Pre-appropriation/appropriation of funds and Actuarial evaluation; Financial concurrence relating to construction projects; Scrutiny of calculation of depreciation in respect of capital works; Scrutiny of calculation of the rent chargeable on all the buildings; Preparation of material for Annual Report and critical review on Income & expenditure; Passing of suspense slip of Capital nature; Processing of proposal of RDs for release of funds in respect of Special Repair, Annual Repair	<ul style="list-style-type: none"> Whether scrutiny of calculation of depreciation has been done as per norms.



&Maintenance and Capital Works; Adjustment of advances of Capital Account and creation of Assets; Review of Balances showing assets and advances and reconciliation with the Balance Sheet.	
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38.1.8 FINANCE & ACCOUNTS BRANCH – VIII

Functioning Area	Scope of Internal Audit
Allocation of GPF Account Nos; Printing of GPF Accounts of ledger to Broad Sheets; Reconciliation Statement of GPF; Final Payment of GPF; Preparation of Annual GPF Statement; Deposit Linked Insurance Scheme cases.	<ul style="list-style-type: none"> • Test check of GPF Accounts for variation between online balance and manual record. Audit should analyze the reasons for such difference for systemic improvement. • Report the cases where the closing balance in manual registers does not match online statement. • Final withdrawal is in accordance with the authorization and made to the person(s) made therein. • Nominations are important documents and should be carefully scrutinized.

38.1.9 FINANCE & ACCOUNTS BRANCH – IX

Functioning Area	Scope of Internal Audit
1. Internal Audit Consolidated Annual Audit Reports of Internal Audit on the accounts of the Corporation; Internal Audit Procedures; All cases of serious irregularities, embezzlements, frauds, defalcation etc; Consolidated Annual Internal Audit Parties; Tour	<ul style="list-style-type: none"> • Timely action on the consolidated Annual Audit Reports of Internal Audit on the accounts of the Corporation are being carried out? • Register of all cases of serious irregularities, embezzlements, frauds, defalcation etc. are being

<p>Programmes approval of Internal Audit Parties; Specials Audit approval & arranging thereof; Examination of Monthly D.O. letters to FC by the Dy. Director (Fin.) at Ros/SROs/Hospitals; Monthly/Quarterly statements of Internal Audit Paras of all ROs/SROs/Hospitals; Quarterly Reports of serious irregularities detected during local audit.</p>	<p>maintained and regular follow-up of cases is being done?</p> <ul style="list-style-type: none"> • Tour Programmes approval of Internal Audit Parties are being done?
<p>2. 'On Account' Payment</p> <p>Preparation of budgetary provisions of 'On Account' payment due to ESI Scheme / Society as per entitlement & expenditure pattern; Revolving Fund; Monitoring of funds released in two half yearly instalments by Regional Offices; Calculations of 'full & final' settlement and relevant activities; Sanction of 'Project Implementation Plan' (PIP) as per entitlement & requirement of State ESI Scheme / Society; Others payment related issues of State ESI Scheme / Society.</p>	<ul style="list-style-type: none"> • Test Check of calculations of 'full & final' settlement and relevant activities viz, recovery of rent of ESIS Hospital and dispensaries and other recoveries. • Test check of record related to receipt of Audit Certificates from the states.

38.2 BENEFIT BRANCH

38.2.1 BENEFIT BRANCH - I

Functioning Area	Scope of Internal Audit
Processing of complaints and VIP references; Monitoring of disablement,	<ul style="list-style-type: none"> • Test check of time barred claims and its pendency.



death and O.D. cases; Sanction of time barred claims of IPS; Vocational rehabilitation schemes and correspondences with National Safety Council; Relaxation Regulation 73 &74; Legal matters; Grant of exemption and issue of notifications.	
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38.2.2 BENEFIT BRANCH - II

Functioning Area	Scope of Internal Audit
Lax certification and statements of high incidence; Policy of Sickness Benefit, Extended Benefit, Maternity Benefit, Funeral Expenses and Enhanced Sickness Benefit; Disposal of A.E. cases under Regulation; Registration procedure and policy; Policy regarding Reg. 103-A; Control over the functioning of Local Offices and inspection thereof; Meetings & Tour Programmes of Regional Directors; Waiver of excess payments; Recovery under Section 58(2) and action under Section 68; Policy on Loss of Wages/Conveyance Allowance; Constitution of E.I. Court/MAT/ Medical Board/Special Medical Board/Peripatetic Medical Board/ Zonal Medical Board; Enhancement in the rates of P.D.B./D.B.; Internal and External Audit.	<ul style="list-style-type: none"> • Test check of waiver of excess payments.

38.3 INSURANCE BRANCH

38.3.1 INSURANCE BRANCH - I

Functioning Area	Scope of Internal Audit
Policy matters connected with the contributions, interest, levy of damages;	<ul style="list-style-type: none"> • Check of routine work and maintenance of record.

Scrutiny/Monitoring of the performance of Revenue Branch Officers; Policy of Delegation of Powers relating to waiver of irrecoverable dues and waiver/reduction of damages in respect of BIFR cases; Policy/instruction on BIFR/AAIFR cases; Periodical review of arrears; Attending to the representations regarding levy of damages and charging of interest etc.; Refund of Contribution/Interest/Damages; History Sheets with reference to arrears of Rs.10 lakh and above; Monitoring the performance of ROs/SROs on the review of employers' file.	<ul style="list-style-type: none"> Monitoring of the performance of ROs/SROs on revenue matters. Test check of waiver of irrecoverable dues and damages in respect of NCLT cases?
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38.3.2 INSURANCE BRANCH - II

Functioning Area	Scope of Internal Audit
Examination of High Court judgments against the Corporation for filing S.L.P. in the Supreme Court; Circulation of important Supreme Court judgments and Policy matters relating to legal work in respect of revenue matters; Monitoring of progress in Prosecution under Section 85 of ESI Act and under Section 406/409 of I.P.C.; Policy matters relating to Test inspection, inspection and survey of factories/establishments; Interpretation of Section 1(5), 1(6), 2(9), 2(12), 2(13), 2(17), 2(19-A), 2(22) and 93-A of ESI Act; Attending to the complaints received from the employers, employers' associations,	<ul style="list-style-type: none"> Test check of monitoring of court cases being dealt at HQrs level.



Trade Unions, Regional Offices/Sub-Regional Officers and VIPs on coverage, Final date of coverage; Periodical review of Prosecution cases, E.I. Court Cases, High Court Cases, Inspection; Allotment of code No. and coverage; Replies to the queries raised in the Standing Committee/Corporation meetings and parliament questions concerning revenue matters etc.	
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38.3 REVENUE RECOVERY

Functioning Area	Scope of Internal Audit
Monitoring Recovery in the Regions; Issues instructions/directions to Recovery Officers; Arranges Training Programmes in Revenue and Recovery at various centres of National Academy of Direct Taxes; Arranges meetings of Recovery Officers in the Regions; Makes proposal for appointment; Frames general policy/rules and fixes target of recovery for Recovery Officers.	<ul style="list-style-type: none"> Test check of monitoring Recovery by field units?

38.4 PLANNING AND DEVELOPMENT SECTION

Functioning Area	Scope of Internal Audit
Formulates strategies and plans for implementation of Scheme to new areas and sector; Scrutinise and process proposals for amendment of ESI Act, Central Rules and General Regulations; Coordinates Parliament Questions/Parliamentary committees (Standing Committee/Consultative Committee), various sub-committees of the ESI	<ul style="list-style-type: none"> General comments on implementation of the ESI Scheme in all districts.

Corporation on Insurance matters-Task Force etc.; Preparation of Reports/ Papers/ ILO conventions; Deputation of officers for participation in ISSA meetings etc.; Labour Ministers' Conferences etc.	
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38.5 VIGILANCE BRANCH

Functioning Area	Scope of Internal Audit
Disciplinary cases of Group A &B Officers, P.As, I.Is; Appeal, Revision and Review cases; Liaison with CBI and CVC; Dealing with CBI, Criminal and Court cases; Issue of Vigilance Clearance and NOCs; Preparation of Agreed List and list of doubtful Integrity and maintenance of Property Returns.	<ul style="list-style-type: none"> General comments on monitoring of Disciplinary cases of Group A &B Officers done properly? General comments on issuance of Vigilance Clearance and NOCs etc. Comments on monitoring of submission of Property Returns. Audit to comment upon the statistics related to pendency of cases, at different stages.

38.6 MEDICAL BRANCH

38.6.1 MEDICAL BRANCH - I

Functioning Area	Scope of Internal Audit
Framing of Policy related to medical facilities; Augmentation/ Improvement of existing medical facilities and establishment of new facilities and opening of hospitals and dispensaries; Monitoring of family welfare activities; Policy issues related to occupational disease center; Medical arrangements in newly implemented areas by agreement with the State; Updating manuals,	<ul style="list-style-type: none"> General comments of functioning of the branch Check status of Annual Report from the states as per the proforma. Whether calculation of per capita expenditure as per guidelines.



standards, and other documents; Training/ Continuing Medical Education(CME) Programs for Medical Officers/ Paramedical/Nursing staff etc.; Policy regarding artificial limbs, appliances and assistive devices to the beneficiaries; Preparing material for annual report and standard notes, compliance to Parliamentary Questions, VIP/MP Reference, Report of Parliamentary Standing Committee on Labour; Permission for nursing and paramedical colleges/training schools to use clinical facilities of ESI; Convening meetings of Medical Benefit Council, General Purpose Sub-Committee, Hospital Development Committee.	
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38.6.2 MEDICAL BRANCH – II & III

Functioning Area	Scope of Internal Audit
Representation of public representatives, State Govt, Regional Director, Trade unions, employers' associations and employees, IPs/ beneficiaries/ other stakeholders on Functioning of the ESIC & ESIS hospitals, Opening of new hospitals and dispensaries, etc; Budgetary matters related to the ESIC Hospitals and Medical Colleges; Grievances related with medical reimbursement of IPs; Action taken on Visit Reports and Video Conferences on the report submitted to the Hon'ble Chairman/ vice-chairman, ESIC, Corporation meetings/Standing	<ul style="list-style-type: none"> • General comments on working of the Branch. • To check effectiveness of budgetary control mechanism • Timely ATR on the report submitted to the Hon'ble Chairman/ vice-chairman, ESIC, Corporation meetings/Standing Committee meetings on matters related to Medical Services; VIP references and Parliamentary matters related to Medical Services.



<p>Committee meetings on matters related to Medical Services; Dealing with VIP references and Parliamentary matters related to Medical Services; Augmentation of ESI medical arrangements/infrastructure; Other issues related with medical services viz, Audit matters, legal notices and court cases, Implementation of all policies and programmes framed by the ESIC regarding Medical Services, Sanction of Ambulances/staff car for ESIS hospitals and Director Medical Services office, Comments/advise on PMD files regarding medical infrastructure, Sanction of equipment to State run hospitals and other matter related to ESIS hospitals and dispensaries, Monitoring work related to Medical Services</p>	
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38.6.3 MEDICAL BRANCH - IV

Functioning Area	Scope of Internal Audit
<p>Service related matters pertaining to Regular Medical Officers of ESIC are dealt viz., prior permission for going abroad on private visit, Tour Programmes of Medical Commissioner (Zonal) outside their respective zone, PG Allowance, Pay Protection, Counting of Past Service, Grant of study leave/EOL(for study purpose)/leave of kind due for pursuing higher studies, Acceptance/intimation of VRS, Acceptance of resignation/technical resignation</p>	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters.



38.6.4 MEDICAL BRANCH - V

Functioning Area	Scope of Internal Audit
<p><u>RATE CONTRACT CELL</u></p> <p>Formation of Central DG-ESIC Rate Contracts for Drugs & Dressings for ESI Institutions pan India and activities related to tender processing; Monitoring of Performance of Rate Contract Holders and activities of Contractual obligations; Supervision and coordination of Procurement activities of ESIC and ESIS Institutions.</p> <p><u>PROCUREMENT CELL</u></p> <p>Policy matters related to equipment procurement; Sanction / Approval for procurement of equipment proposals received from ESIC PGIMSRs and ESIC Hospitals (Equipment beyond DOP of Dean / Medical Superintendents and not existing in norms); Updation/ Revision of medical equipment norms for ESI Institutions; Standardization of high end equipment; Issue of instructions and monitoring statutory adherence of all Public Procurement guidelines; Coordination and facilitation for issue resolution on procurement of equipment; Complaints/grievances/representation s pertaining to equipment procurement; Coordination and follow up with GeM; Issue of Instructions on Sanction of equipment of COVID related/disaster management/any other purchase, acceptance of Donation supplies by ESI</p>	<ul style="list-style-type: none"> • General comments on working of branch including timely action on execution/renewal RCs • Whether ESIC drug formulations revised as per norms?

institutions and maintaining record in epidemics e.g. COVID and Dealing VIP References in respect of Medical Equipment.	
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38.6.5 MEDICAL BRANCH - VI

Functioning Area	Scope of Internal Audit
Recruitment and promotion of GDMO Sub Cadre, Teaching Sub Cadre, Specialist Sub Cadre, Super Specialist sub cadre, Ayush Sub Cadre, and Dental Sub Cadre and other related issue.	<ul style="list-style-type: none"> • Comments on timely completion of APAR process and compilation of data required for holding DPCs. • Comments on holding DPCs as per DPC Calendar regularly. • General comments on working of branch • Comments framing and revision of Recruitment rules for medical cadres?

38.6.6 MEDICAL BRANCH – VII

Functioning Area	Scope of Internal Audit
Policy matters related to Nursing and Paramedical cadre 'A' & 'B' on Appointments, Post-based reservation rosters, Seniority list, Transfers/posting, Framing/amending Recruitment Regulations, Probation completion, PPRs Compilation, Sanction of staff for ESIC hospitals of Nursing, Paramedical Medical and Ministerial cadre, Revision of Staff of Nursing, Paramedical Medical and Ministerial cadre, Resignations & VRS	<ul style="list-style-type: none"> • Comments on holding DPCs as per DPC Calendar regularly. • General comments on working of branch • Comments framing and revision of Recruitment rules for medical cadres?



acceptance; Promotion of Nursing & Paramedical cadre Group 'A' & 'B' and All related court cases	
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38.6.7 MEDICAL BRANCH - VIII

Functioning Area	Scope of Internal Audit
Service matter relating to Nursing & Paramedical Cadre- Group 'A' and Group 'B' posts viz, Property transaction permission, Pay fixation on promotion, upgradation, Study leave-related permission for pursuing higher education not requiring study leave, Study leave grant requests, NOC for outside employment, All types of leaves beyond delegated powers of controlling authorities, Service matter representations, Passport/Visa permission or NOC, Legal matters, etc	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters.

38.6.8 MEDICAL ADMINISTRATION (VIGILANCE)

Functioning Area	Scope of Internal Audit
All the disciplinary cases viz., Annual property returns data, Suspension matters, etc related to service matter in respect of Medical Cadre, Nursing and Paramedical Cadre Group 'A' and Group 'B' posts.	<ul style="list-style-type: none"> General comments on working of the branch. Comments on timely proceedings in disciplinary proceedings

38.6.9 MEDICAL EDUCATION

Functioning Area	Scope of Internal Audit
Administrative and Admission matters related To Medical Colleges, Dental Colleges, Nursing Colleges and other Medical/ Para Medical educational Institutions related to ESIC/ESIS	<ul style="list-style-type: none"> General comments on working of the branch.

38.6.10 SUPER SPECIALTY TREATMENT CELL

Functioning Area	Scope of Internal Audit
Framing guidelines for High-Cost Treatment (HCT) and Enzyme replacement therapy (ERT) cases; Processing of HCT and ERT by duly constituted HCT Committee at Headquarters for cases involving expenditure above 10 lakhs per beneficiary per year; Obtaining opinion from specialized expert committee members; Framing SOPs and guidelines for streamlining of processing of SST bills of Tie up hospitals, SST Bill processing of cashless treatment to tie up hospital related cases; Framing new guidelines and SOPs for the BPA bill processing module, Engagement, Extension and signing of MOUs of bill processing agencies for online processing of SST bills, Collection and complaints of Pan India referrals through UTI; Matters related to Empanelment of tie up Hospitals; CGHS related queries and correspondence involving rate revisions LSD adoptions received from field locations and tie up hospitals, Adoption of CGHS	<p>Whether High-Cost Treatment (HCT) related matters are being dealt in prescribed time line?</p> <p>Whether Enzyme replacement therapy (ERT) related matters are being dealt in prescribed time line?</p> <p>General comments on working of the branch.</p>



guidelines/instructions issued from time to time; Policy matters related to SST services, Agenda and reporting items of Corporation and Standing Committee and Miscellaneous activities	
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38.6.11 INDIAN SYSTEM OF MEDICINE AND AYUSH

Functioning Area	Scope of Internal Audit
<p>Review of ESIC policy on AYUSH in ESI Hospitals and Dispensaries; Preparation of DG ESIC Ayurvedic Rate Contract and DG ESIC Homeopathic Rate Contract for the procurement of Ayurvedic drugs in ESIC/ESIS institutions; Setting up of Ayush Medical Services in ESIC/ESIS Hospitals & Dispensaries including Ayurvedic OPDs, indoor units having Panchakarma and Ksharsutra Therapy Clinic/ Units, Yoga units, Homeopathic units, Siddha & Unani units as per the local preference; holding meetings of Sub-Committee of ESIC on AYUSH, Inspection of AYUSH units time to time; Participation in World Ayurveda Congress, Health Melas, Arogya Fairs and Ayurveda Parv from time to time.</p> <p>Progress reports of all Ayurvedic Units and Yoga Centres; Inventory Control of Ayurvedic medicines; Controls the intends of Ayurvedic medicines issue from Ayurvedic clinics; Surprise visits to Ayurvedic Units/Yoga Centres; ISM Units (i.e. Ayurveda, Siddha, Unani, Yoga Centers and Homoeopathy etc.)</p>	<ul style="list-style-type: none"> • Comment on timely execution and renewal of RCs. • Comments on revision in ESIC drug formulations norms? • Monitoring on working of ayurvedic units and yoga centers in field units.

functioning in various states including Delhi and Noida along with panchkarma and kshar sutra clinics; examination of proposals received from various State Govts. For setting up of ISM Units.	
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38.7 ACTUARIAL BRANCH

Functioning Area	Scope of Internal Audit
<p>Processing of MPR and fresh cases of PDB/DB; Analysis of Income and expenditure; Basic data for Budget; Assessing capitalised value for long-term benefits; Calculation of exposed to risk of number of IP/IWs for various benefits; Calculations of State Govt. share under Section 58(2); Compile data received from Labour Bureau; Comparing basic data for BE, RBE; Compilation and issue of statistical abstract; Appendix on coverage, Cash Benefits, Paragraphs and critical analysis in annual report; Financial implications in respect of new areas to be implemented.</p> <p>Assessment of number of employees/IPs etc.; Compilation and issue of Statistical Brochure; Scrutiny of data received in annual returns; Processing and analysis of data pertaining to industry-wise number of employers and employees; Processing of monthly returns received from Local offices; Issue of half-yearly review of High incidence of SB and TDB; Processing of monthly return in the form of ESIC Med.6, 6A & 9; Preparing</p>	<ul style="list-style-type: none"> • Check timely appointment of Valuer for statutory valuation. • General comments on correctness and compilation of data and its provisioning to the Actuary.



<p>appendices and paragraphs after critical analysis of appendices and morbidity for annual report; Processing and collection of data as per Valuer's requirement; Appointment of Valuer for statutory valuation.</p>	
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38.8 ESTABLISHMENT BRANCH

38.8.1 ESTABLISHMENT BRANCH-I AND DPC CELL

Functioning Area	Scope of Internal Audit
<p><u>ESTABLISHMENT-I</u></p> <p>Appointment and Confirmation of service in respect of non-medical staff in Group A, B and Group C (SSO only) officers, Deputation in respect of non-medical staff in Group A, B officers, Transfer/posting in respect of non-medical staff in Group C (SSO Only) officers; DSCs under Modified Assured Career Progression Scheme in respect of officers in the cadre of Group 'A' & Group 'B' and Group 'C' (SSO only); Sanction of all kinds of leave except special Casual Leave to all officers in respect of non-medical staff in Group A, B and Group C (SSO only) officers; Review of cases under FR-56(j) and Rule 48(i)(b) of CCS (Pension) Rules in the cadre of Social Security Officer and above except Medical Officers, Retirement on superannuation/ Voluntary in respect of Officers in the cadre of Social Security Officers and above except Medical Officers; All work relating to CCS (Conduct) Rules/ CRs/ Probation</p>	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters.

<p>of Group A & Group B Officers (non-medical) and SSOs; Release of final payment of GPF to Group 'A' & 'B' (non-medical) officers to Hqrs Office.</p>	
<p><u>DPC CELL</u></p> <p>Preparation of Seniority and Conducting DPC for Promotion of Group A & B Officers on Administrative side; Preparation of Recruitment Regulations in respect of all cadres of Administrative Side; APAR representations of Group A & B Officers and SSO; Preparation of transfer policy and transfer/posting for Gr. A & B Officers on Administrative Side; Court Cases related to service matters/ Promotion/ Seniority in respect of Group A & B Officers.</p>	<ul style="list-style-type: none"> • Comments on timely completion of APAR process and compilation of data required for holding DPCs. • Comments on holding DPCs as per DPC Calendar regularly. <p>Comments framing and revision of Recruitment rules for assigned cadres?</p>

38.8.2 ESTABLISHMENT BRANCH -II / RESERVATION CELL / SPORTS CELL

Functioning Area	Scope of Internal Audit
<p>Matters related to staff grievance and litigation on service matters (Group C) upto Assistant cadre; Matters related to Appointment / seniority / Promotion / MACP / Cadre Control in the cadre of Stenographer/Personal Assistant and Assistant/Head Clerks and Inter Regional Transfer policy upto the cadre of Assistant Director; Formulate Policy/rules/regulations, Recognition, Watch code of conduct, Examine Demands/Complaints and Coordinate</p>	<ul style="list-style-type: none"> • General comments on working of branch on the service and establishment matters.



Official Meetings in the matters related to Employees and Officers Unions/Federations; Matters related to Staff Welfare viz, Appointment on compassionate grounds, and policy matters on staff amenities such as Recreation Club, Benevolent Funds, Compassionate funds, Resident Welfare Associations, Departmental Canteens and GSLIS/Insurance Scheme for all officials/employees; Matters related to Reservation/Representation of SC, ST, OBC, PwD, Ex- SM, EWS and welfare of Women/Minorities; Sports Related Matters viz., Appointment of Meritorious Sports Persons (MSPs), Constitution of Central & Zonal Sports Control Board, Holding of Zonal & Central Sports Meets, sanction of grants, etc Policy/ Norms for providing kits, equipment etc. for Zonal/Central Sports Meet and MSPs; Issue of 'NOC' for foreign visit / Visa / Passport in respect of SSO and Group A & B Officers of Administrative side, Policy on advance increments to UDC/Stenographer, Approval for engaging Contractual Staff in ministerial cadre, Grant of all kind of Special Casual Leave due to Bandhs/Natural calamities etc.

38.8.3 ESTABLISHMENT BRANCH-III

Functioning Area	Scope of Internal Audit
<p>Setting up of Offices of Establishment of Regional Offices, Sub-Regional Offices, Branch Offices & Dispensary cum Branch Offices; Issues related to Organisational Restructuring for Administrative side posts in Corporation, Review of requirement and Creation of posts of officers and employees of administrative side posts in respect of Regional Office/Sub Regional Office/Branch Office / DCBO based on the norms; Adoption of the recommendations and related orders of the Central Pay Commission, Issues related to pay fixation & pay upgradation of administrative side posts; Issues related to Pension, Family Pension & New Pension System (NPS), Policy matters relating to pension and gratuity, Quarterly Payment to CRA (Central Record-keeping Agency) for maintenance of NPS Accounts in ESIC; Processing and finalising all matters related to counting of past service of employees covered under the Old Pension Scheme and New Pension System; Issuance of policy instructions related to General Provident Fund, Approval for withdrawal/ sanction of advance of General Provident Fund in respect of officers/employees of Headquarters Office; Issuance of orders and clarifications relating to Productivity Linked Bonus (PLB); Issuance of Accounting Unit Code</p>	<ul style="list-style-type: none"> • General comments on working of branch on the service and establishment matters. • Comments on processing and pendency of cases related to Counting of past service/ stepping up of pay and other service matters. • Test check of sanctions issued for GPF/pension/ gratuity, etc.



to newly opened units of the ESIC viz., RO / SRO / ESIC Hospitals etc.	
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38.8.4 ESTABLISHMENT BRANCH-IV / CORPORATE CELL

Functioning Area	Scope of Internal Audit
Pursuing Re-constitution of ESI Corporation and Standing Committee through Ministry of Labour & Employment, preparation and compilation of Agenda and Memorandum notes, convening meetings of ESI Corporation Standing Committee as per rules prescribed under ESI (Central) Rules, 1950, circulating approved Minutes of the meetings of ESI Corporation and Standing Committee, Compilation of Important Decisions of meetings of ESI Corporation and Standing Committee for Annual Report of ESIC, Constitution/ Re-constitution of Sub-Committees of ESI Corporation by seeking approval of Chairman, ESI Corporation, Constitution / Re-constitution of Medical Benefit Council through the Ministry of Labour & Employment; Constitution/ Re-constitution of Regional Boards by seeking approval of Chairman, ESI Corporation, Preparation of Standard Notes on the functioning of ESI Scheme as on 1st January, monitoring and Pursuing with Regional Directors to conduct regular Meetings of Regional Boards and Local Committees; Sanction and of House Building Advance related to heads of all	<ul style="list-style-type: none"> General comments on functioning of the branch for assigned tasks.

<p>the offices of the corporation including Regional Office, Sub-regional Office, Directorate (Medical) Delhi, ESI Corporation Hospital and all officers/employees of the Headquarters, Rebate in the interest, excess recovered due non-insurance period of the HBA after condonation of the said period, Adoption of various orders of revision of interest rates time to time with accordance of MoHUA; Clarification on matters related to CS(MA) Rules, 1944, examination of medical claims requiring relaxation in CS(MA) Rules, Adoption of various orders of Ministry of Health in connection with recognition of private hospitals in various states.</p>	
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38.8.5 ESTABLISHMENT BRANCH- V

Functioning Area	Scope of Internal Audit
<p>Disciplinary/ Vigilance/ Sparrow(APAR)/ ACR Matters in respect of Group C & D officials of Headquarters; Matter related to Direct Recruitment/ Appointment/ DPC/ Reservation Roster/Transfer/Resignation in respect of different cadres under Group C & D of Headquarters.; Returns on SC/ ST/ OBC Representation/ Co-terminus basis appointment in the Ministry; Organizing various events at Headquarters viz., National Unity Day (31st October), Constitution Day, National Harmony Day, Swachhta pledge, Communal Harmony (NFCH) donation; Leave/Service Verification/Annual</p>	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters. Comments on timely completion of APAR process and compilation of data required for holding DPCs. Comments on holding DPCs as per DPC Calendar regularly for the assigned cadres.



<p>Increment of Group 'C'/GSLIS/GPF, Election</p> <p>Duty/Honorarium/Biometric/Police/Caste Verification of Group 'C', Pension/Family Pension/ERP Matter/Certificate/NOC/Probation period, etc., MACP/Pay Fixation/Seniority list/Intimation/Property Return/Training/Sports Matter/ Audit, I.D. Card/Medical Scheme/Budget/Attendance Report and other matters in respect of Group C ministerial staff (Upto Assistant) posted at Headquarters</p>	
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38.8.6 ESTABLISHMENT BRANCH- VI

Functioning Area	Scope of Internal Audit
<p>Scrutiny and consolidation of Revised Estimates and Budget Estimates regarding Administrative Expenditure of all Regions and Advances only in respect of Directorate(Medical) Delhi and ESIC Hospitals, Allotment of Budget/Revised/Final Grants and Additional Budget to all Regions, Preparation of statement of scrutiny of expenditure in respect of Headquarters, Scrutiny of all regional statements showing the variation between the actual expenditure and the Budget allotment for the year, Grant of Permanent Imprest and instruction regarding, Scrutiny of Quarterly Monthly statements of expenditure; Policy and General Instructions of TA/ DA/ LTC/ HRA,</p>	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters. Comments on preparation of Budget/ revised estimates and allocation of funds and monitoring of the progress of expenditure against allocation.



<p>Sanction of LTC in respect of Group “A” and “B” Officers in Headquarters, Sanction of Composite Transfer Grant to Group “A” and “B” Officers in Headquarters, Framing of Policy for sanction of Computer Advance, Grant of Computer Advance to officers/staff of Headquarters; Framing of instruction regarding extension of medical facilities under the ESI Scheme, 2006 to ESI Pensioners, Reimbursement of medical claims in respect of pensioners of Headquarters, Sanction of the investigation of time barred claims, Redressal of pensioners’ grievances regarding Medical Reimbursement Claim; Change of declaration of Home Town, Grant of Dearness Allowance, Adoption of Holiday List declared by DoP&T, Govt. of India and up-dation of Holiday Master on ERP, Sanction for the investigation of time barred claims, Grant of Advances to the employees of the Corporation affected by Natural Calamities, General Instruction and cases regarding Compensatory Remote Locality (Bad Climate) Allowance to the Corporation’s employees, Policy and General Instruction on opening of Holiday Home/TOR/Guest House, Appointment of AMA under CS (MA) Rules, CGHS (Medical Attendance Rules), Medical charges reimbursement, Adoption of instructions for celebration of various Oath Ceremonies in ESIC announced by Govt. of India like Quami Ekta Week, Sadbhawana Divas etc, Reimbursement of</p>	
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Medical Claims of Officers & Staff of Headquarters, Extension of time limit for transfer of personal effects in respect of all officers/staff of ESIC, Sanction of Advance Salary to the ESIC employees in the States where Central Govt. has declared for Advance Salary in lieu of festivals, Issue of instructions & consolidation of contribution to PM Relief Fund/ PM Care Funds from ESIC officers/staff across the country.	
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38.9 CASH BRANCH HQ

Functioning Area	Scope of Internal Audit
Preparation of Pay Bills; Reimbursement of other Bills; Official Tour related work; National Pension Scheme related work; Tax related work; Advance Settlement; Third Party Bills related work, etc	<ul style="list-style-type: none"> • Test audit to verify the correctness of bills drawn for pay and allowances/Leave salary and reimbursements made to ESIC employees to verify the correctness in process as per rules. Audit check points mentioned for different tasks applicable for field units shall apply to Cash Branch, HQrs as well. • Checking of timely discharge of statutory liabilities and deductions made from bills like NPS/Tax deductions/Court recoveries etc. • General comments on working of the branch.

38.10 GENERAL BRANCH

Functioning Area	Scope of Internal Audit
Making arrangement for office accommodation; Purchasing furniture, Stationery and General articles; Printing of forms; Allotment of residential accommodation; Mobilisation of staff Cars; General Administration and House-keeping functions. To ensure preparedness for disaster management like clearance from fire department, proper installation of fire-fighting equipments, proper insurance of properties and proper installation and display of evacuation plan in case of any exigencies.	<ul style="list-style-type: none"> Audit check points mentioned for different tasks applicable for field units shall apply to General Branch, HQrs as well. Whether allotment of residential accommodation to ESIC employees is as per norms?

38.11 CENTRAL RECEIPT AND ISSUE BRANCH

Functioning Area	Scope of Internal Audit
Diary of all letters & communications received for ESIC HQ; Despatch of all letters & communications of all branches & divisions of the HQ office; Maintenance of the various registers	<ul style="list-style-type: none"> Audit check points mentioned for different tasks applicable for field units shall apply to R&I Branch, HQrs as well. Audit shall do a test check to see that inward and outward dak is timely processed as per guidelines.

38.12 EXAMINATION AND RECRUITMENT CELL

Functioning Area	Scope of Internal Audit
Open recruitment to the post of I.Is, Stenographers, LDC, Junior Hindi	<ul style="list-style-type: none"> General comments on working of branch on the recruitment matters.



Translators, Junior Engineers, IMOs Grade-II and Ayurvedic Physicians; Departmental Test for promotion to the post of P.As, Assistants, Stenographer, UDC/LDC; Conducting of quarterly and half-yearly Typing Test; Liasoning with SSC, UPSC and DOPT.	
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38.13 PROPERTY MANAGEMENT DIVISION (PMD)

Functioning Area	Scope of Internal Audit
Planning and capital construction of Hospital/ Dispensary buildings; Office buildings and Staff quarters; Purchase of land for these purposes where required; Sanction of plans and estimates and release of funds; Assets management; allocation of budget for ARM/special repairs and its control; Assessment and recovery of rents of buildings and related policy matters etc.	<ul style="list-style-type: none"> General comments on allocation of ARM /SR budget vis a vis utilization. Comments on ongoing construction projects with respect to award of work, current status, cost& time over run, if any. Status of final bill in respect of completed projects and capitalization of WIP. Validity of Bank Guarantee Checking of progress of outstanding demands. Test check of RA payments to see that the same are released as per guidelines.

38.14 MANAGEMENT SERVICE UNIT

Functioning Area	Scope of Internal Audit
Functions as Internal Management Consultant; Identify problem areas and carry out work/method studies for the improvements; Prescribe Norms and Standards for the provision of manpower and equipments etc. in the ESIC	<ul style="list-style-type: none"> General comments on working of branch on the service and establishment matters.



offices/Medical Establishments; Calculation of P.L.B. for the staff.	
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38.15 SYSTEM BRANCH (ICT)

Functioning Area	Scope of Internal Audit
Formulation of broad policy for computerization in ESIC at R.O., Hqrs. and D(M)D level; Assessing Hardware and Software needs of the organization and procuring Hardware for Regional Offices and Hqrs. office; associating ion Software Development with N.I.C. Identifying further areas for introduction of computerization.	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters. Audit check points related to procurement shall apply mutatis mutandis to procurement by ICT Branch.

38.17 PUBLIC GRIEVANCE CELL

Functioning Area	Scope of Internal Audit
Processing all types of grievances/complaints received from IPs, employers, received directly or through Ministry of Labour/ M.Ps/ M.L.As/Member of standing Committee/ESI Corporation;	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters.

38.19 PUBLIC RELATION BRANCH

Functioning Area	Scope of Internal Audit
General liaison with print and electronic media,; Monitoring all Press reports concerning ESI Scheme; Issuing Press releases to the media on the Scheme and its publicity and coordination with electronic media for broadcast and discussion; Production of short Tele films/documentary; Printing and	<ul style="list-style-type: none"> Comments on allocation of budget viz a viz utilization on appropriate heads Report on ratio of works awarded directly to DAVP and empaneled agencies Comments on procurement of services through Gem and others



production of publicity material, ESI Samachar; Guide Books for the employers and employees, statistical brochure, statistical abstract, Office Procedural Manual and Forms/Register for Hqrs. office and telephone directory of ESI; Compilation of material for Annual Report of the Ministry of Labour; providing essential information to NGOs, State/Central Government offices and other Organisation; Participation in health melas and other functions sponsored by ESI Corporation; Preparation of speeches for Chairman of Standing Committee/ESI Corporation and Director General etc.	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters.
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38.20 OFFICIAL LANGUAGE BRANCH

Functioning Area	Scope of Internal Audit
Implementation of Rajbhasha Policy as approved by the Department of Government of India; Holding of Hindi workshops at the Hqrs. office and finalization of scheme for such workshops in the Regions; Monitoring progressive use of Hindi in various offices of the ESIC and taking measures for improvement. Arranging training for non-Hindi speaking employees; Processing cases for awards for promotions of use of Hindi and arranging various competitions of Hindi.	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters.

38.21 CENTRAL ANALYSIS & INTELLIGENCE UNIT (CAIU)

Functioning Area	Scope of Internal Audit
Complaints/Grievance Monitoring relating to default in compliance by factories/establishments (requiring regular inspection); Analysis of data of compliance/non-compliance by employers covered under ESI Act and formulate evidence based criteria for inspection of units; Awareness among Stakeholders to the general public at large and seek information in regard to the establishments that are not complying with ESI Act; Coordination with other Ministries/Department, associations, trade, etc in regard to all establishments registered with them.	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters. Report on approvals for inspection/survey sought by field units

38.22 E-OFFICE CELL

Functioning Area	Scope of Internal Audit
Implementation of E-file application of E-Office Module in all field offices of ESIC, Coordination with Department Nodal Officer and nominated Field Nodal Officers, Maintaining and carrying out correction in e-office system, E-office Administrator, Creation of Wrapper Organization through NIC, Nomination of Local Admin for any location through NIC, Creation of e-Office Id, and WEBVPN for all users, Creation of Post, Post Assignment, and Post Role Mapping for employees of ESIC HQ; Operation & Maintenance of Agreement for e-sign with NIC/ C-DAC, Payment Processing in	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters.



respect of bills raised by NICSI; Monitoring, Review & Inspection of e-Office implementation; Examination, Monitoring and resolution of all complaints received from filed offices regarding e-office implementation; Administration related matters relating to E-Office; E-Office Training (PIMS & E-File)	
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38.23 LEGAL CELL

Functioning Area	Scope of Internal Audit
Indexing, examination and monitoring of court case relating to service matters pertaining to Delhi and Indexing and monitoring of other court cases, to entrust the court cases to Advocates; Coordination with Branch & Advocate for Para-wise Comments(PWC) etc; Appearance of Advocate in Court & record proceeding; Filing Appeal by engaging the advocate and getting the appeal papers prepared within the time limits, to examine High Court judgements for filing SLPs before the Supreme Court of India; Proper Monitoring of Contempt Cases/Notice/VIP references etc; Legal Opinion/Vetting from other Panel Advocate; Empanelment of the Advocates and payment of legal fee; Monthly Progress Report/Reviewing of court cases of Hqrs office and other regions of ESIC.	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters. Comment on empanelment of advocates as per the prescribed periodicity

38.24 R.T.I. CELL

Functioning Area	Scope of Internal Audit
<p>Monitoring of RTI and 1st Appeal application; Management of Nodal ID of RTI MIS; RTI Report related matters for submission on CIC's portal, for inclusion in Annual Report/ Standard note; To program, plan, prepare and conduct workshops and trainings on RTI matters in coordination with NTA and outside agencies for CPIOs/Appellate Authorities; To communicate and coordinate with Central Information Commission(CIC) on related matters; Monitoring the implementation of RTI act; Miscellaneous activities related RTI</p>	<ul style="list-style-type: none"> General comments on working of branch on the assigned matters.



PART-IX

AUDIT OF ZONAL OFFICES OF INSURANCE COMMISSIONERS AND MEDICAL COMMISSIONERS

CHAPTER-XXXIX**SCOPE OF WORK FOINTERNAL AUDIT IN THE OFFICES OF ZONAL OFFICES OF INSURANCE COMMISSIONER AND MEDICAL COMMISSIONER****39.1 OFFICE OF THE ZONAL INSURANCE COMMISSIONERS**

39.1.1 ZONAL INSURANCE COMMISSIONERS (ZICs) have been entrusted with work profile of (1) overseeing the functions of the Regional Directors and the SRO (I/c) and the officers working under them; (2) Overall supervision and monitoring of the work of ROs and SROs, especially with regard to the matters relating to Revenue, Benefit, Administration, General Branch, Recovery and other subjects related to non-Medical issues; (3) Inspection of Regional Offices / Sub Regional Offices of the Zone for Benefits, Revenue, Recovery; Supervision of Zonal Audit Office, Zonal Training Institutes and Zonal Departmental Inquiry; (4) Overseeing the implementation of ESI Scheme in the states of the Zone and interaction with respective State Governments for the issues relating to the functioning of the scheme; (5) Coordination with State Governments for implementation of ESI Scheme in non- implemented (till date) areas; (6) Setting up of ESI Societies by the State Governments and any other coordination required with the State Governments for above stated subjects relating to non-medical issues; (7) Act as member of Regional Board of each region and member of ESI State Societies formed by the respective States zone to represent Hqrs.; (8) Enabling setting up of new ESIC Branch Offices/DCBOs, Sub-Regional offices (if required) and expansion related to such issues; (9) Monitoring of construction projects in the zone in coordination with IC (PMD)/CE, HQ and; (10) Routine administrative matters of Group 'A' & Group 'B' officers of administrative cadres of ESIC.

39.1.2 Auditor should offer General comments on working of office of ZIC

39.2 OFFICE OF THE ZONAL MEDICAL COMMISSIONERS (ZMCs)**39.2.1 Work profile of ZONAL MEDICAL COMMISSIONERS (ZMCs)**

Co-ordination with State Govt. for Medical facilities, setting up of ESIS dispensaries, monitoring functioning of ESIS Hospitals and their services; Overseeing the functions of State Medical Officers of ESIC for setting up of IMP, mIMP and mEUD; Setting up of ESIC Primary, Secondary care Tie-ups in the states of the Zone; Settlement of bills of the Tie-Up Hospitals; Tie up with Ayushman Bharat (AB-PMJAY) in the respective States; Posting Transfer of Medical & Paramedical staff of DCBO within the zone;



Monitoring of construction projects of Hospitals / Dispensaries; Routine administrative matters of Gr-A and Gr-B officers of Medical Cadre of ESIC; Act as member of the Regional Boards of each Region and member of ESI State Societies formed by the respective state in the zone to represent HQ.

39.2.2 Auditor should offer General comments on working of office of ZMC

39.3 ZONAL VIGILANCE INSPECTION UNIT

Functioning Area	Scope of Internal Audit
Vigilance Test inspection of factory/units; To conduct the surprise inspections of ESIC field offices; Vetting of charge sheet of Group 'C' employees; Vetting of Agreed List(Group A, B, C and D employees/officers); Follow-up action on the complaint sent by the Vigilance Branch; in the States of the North Zone (Jammu & Kashmir, Himachal Pradesh, Punjab, Uttarakhand, Haryana and Delhi)	<ul style="list-style-type: none"> General comments on working of branch on the vigilance matters. Audit to comment upon the statistics related to pendency of cases, at different stages.



PART-X

AUDIT OF NATIONAL TRAINING ACADEMY AND ZONAL TRAINING INSTITUTE



Chapter-XL

AUDIT OF NATIONAL TRAINING ACADEMY AND ZONAL TRAINING INSTITUTE

40.1 NATIONAL TRAINING ACADEMY

Functioning Area	Scope of Internal Audit
Organise “In-service” training courses, Sponsor Officers and staff members to various National Institutes; Organise and arrange Senior Management Development Programmes; Design and arrange pre-service courses at National level for new entrants and imparting training to Doctors employed in ESI hospitals/dispensaries; Design and arrange training of Personnel deputed by Developing Countries under various International Programmes; Arrange training of the Representatives of the employers; Impart training to foreign nationals on Social Security Schemes; Depute Medical Personnel under WHO fellowship, Colombo Plan and other projects of ILO and to arrange participation in ISSA and other training courses/seminars and conferences abroad; Sponsor staff/officers for computer training.	<ul style="list-style-type: none"> General comments on working of the NTA. Audit to comment on annual training schedules. Audit to check and report the number of trainings conducted and the number of days of training imparted (in-house and in other institutes separately) as per devised schedule. The audit checkpoints related to different branches functioning in NTA shall be applicable as per guidelines applicable in other field units.

40.2 ZONAL TRAINING INSTITUTE

Functioning Area	Scope of Internal Audit
Prepare and implement Annual Course Calendar and Training Module as finalized by NTA in consultation with ZTI; Organize	<ul style="list-style-type: none"> General comments on working of the ZTI.



sufficient number of training courses for Group 'C' and 'D' employees including Manager Grade - II/ Superintendents/ SSOs; Organise "In-service" training courses, Sponsor staff members to various National Institutes; Hold orientation/ induction programmes for all Group 'C' & 'D' employees immediately on recruitment and refresher course; organize programmes for Group A and B as per need and requirements of that Zone or as may be decided by NTA; Arrange training of the Representatives of the employers; Sponsor staff for computer training as per the training policy of the ESIC.

- Audit to comment on annual training schedules.
- Audit to check and report the number of trainings conducted and the number of days of training imparted (in-house and in other institutes separately) as per devised schedule.



PART-XI

GENERAL AUDIT CHECKLIST

**Chapter-XLI****GENERAL CHECKLIST FOR AUDIT**

41.1 The following are the general checklist which may be used for Audit, wherever required.

41.1.1 HOSPITALS

1. Lower bed occupancy rate.
2. Non-increasing of bed strength of ESI hospitals.
3. Non-availability of prescribed Medical Departments in ESIC hospitals
4. Availability of Special OPD for senior citizens and disabled persons.
5. Non-availability of Intensive Care Units and Operation Theatres
6. Non-availability of prescribed Diagnostic Services
7. Non-availability of Clinical Pathology tests
8. Non-conducting of tests of RC medicines
9. Long waiting period for conducting prescribed tests.
10. Long waiting period for prescribed surgery.
11. Availability of Dietary Services
12. Shortage of doctors, nurses and paramedical staff
13. Shortage of essential equipment
14. Utilization of Fund and report budget head wise deviation.
15. Inordinate delay in installation of equipment
16. Delay in finalization and non-finalization of AMC/CMC of equipment
17. Donated/procured Oxygen Plants and its utilisation status.
18. Equipment lying idle or non-functional in hospital
19. Non-disposal of unserviceable/condemned machinery and equipment
20. Status of availability of number of essential drugs prescribed for ESI hospitals
21. Status of quality testing of rate contract drugs
22. Avoidable extra expenditure on procurement of drugs from open market
23. Expenditure on referrals of patients from ESIC hospitals to private hospitals
24. Shortage of prescribed SST services
25. Accreditation of hospitals and its laboratories by NABH/NABL
26. Status of Fire NOC
27. Non-utilisation of floors of hospital despite requirement
28. Shortage of Ambulance
29. Availability of Ramps as per norms/instructions of ESIC Headquarters
30. Irregularities in compliance of Bio-Medical Waste Management Rules
31. Availability Laundry services



32. Repairs of hospital buildings
33. Shortcomings in storage of drugs in ESIC hospital
34. Procurement of drugs through local chemists
35. Non-compliance of directions of ESI Corporation for strengthening of medical facilities.
36. Non-establishment of Hospital Development Committee in ESIC Hospitals
37. Shortfall in meetings of HDC in ESIC Hospitals
38. Outstanding reimbursement from State Government for COVID treatment of non-ESI beneficiaries

41.1.2 DISPENSARIES

1. Non-availability of prescribed lab investigations in dispensary
2. Shortage of doctors in ESIC dispensary
3. Shortage and idle equipment in dispensary
4. Availability of number of essential drugs prescribed for dispensary
5. Deficient basic amenities in ESIC dispensary
6. Shortcomings in storage of drugs in ESIC Dispensary
7. Procurement of drugs through local chemists

41.1.3 ESI SCHEME

1. Deficient communication with States for monitoring and implementation of the Scheme.
2. Shortfall in inspections of ESIC hospitals and dispensaries
3. Non-reconstitution and shortfall of meetings of Regional Board in States
4. Non-establishment and shortfall of meetings of State Executive Committees
5. Non-establishment of Hospital Development Committee in ESIC/ESIS Hospitals
6. Shortfall in meetings of HDC in ESIC/ESIS Hospitals
7. Inspections to monitor quality of medical care services in ESIC hospitals and dispensaries not conducted
8. Prescribed inspections of ESIC/ESIS hospitals and dispensaries by ESIC Hqrs. not conducted
9. Lack of awareness about ESI Scheme among beneficiaries



41.1.4 PROPERTY MANAGEMENT AND DEVELOPMENT

1. Ineffective monitoring of construction projects
2. Inordinate time-lag in construction of ESI hospitals
3. Incomplete details of construction projects in Construction Dashboard

41.1.5 AWARENESS ABOUT THE SCHEME

1. Deficient mechanism for issue of e-Pehchan Card
2. Issue of e-Pehchan card to all IPs not ensured
3. Dispensary not allotted to registered IPs
4. Lack of Awareness about the Scheme

41.1.6 PLANNING & DEVELOPMENT

1. Short coverage of geographical area under the Scheme
2. Short coverage of establishments under the Scheme
3. Deficient planning for establishment of new hospitals and dispensaries
4. Prescribed ESIC hospitals not established



ANNEXURE- I

(Reference : Para 1.7 of Chapter-I)

THE STANDARD FORMAT OF AUDIT REPORT

Title
Period of Audit
Name of Auditing officer/officials
<p>Part I</p> <p>(a) Introduction</p> <p>(b) Outstanding Objections in previous Inspection Reports</p> <p>(c) Schedules of persistent Irregularities</p>
<p>Part II</p> <p>Section A. Major Observations</p> <p>Section B. Other Observations</p> <p>Note: Financial implication of respective observation will also be reported.</p>



ANNEXURE- II

(Reference : Para 3.8 of Chapter-III)

PROFORMA OF THE EMPLOYER'S ARREARS LEDGER

Period	Nature of arrears	Amount claimed interest/damages/arrears of contribution detected on inspection/review of	Date of issue of C-18/D-18	Date of issue of C-19/D-19	Initials of OS.	Amount recovered No., Amount and date of challan	Balance, if any	Date of initial of OS.	Remarks
1	2	3	4	5	6	7	8	9	10

Note: The extent of audit of files in this regard shall be 5%



ANNEXURE- III

(Reference : Para 6.3 of Chapter-VI)

PROFORMA OF REVIEWING SHEET

REVIEW SHEET

Name of the factory/establishment

Date of reference

No. of last review end Code No.

Date of current review

Coverage:

i.Date of coverage;

Inspection of records:

- i.Whether Factory/Establishment inspected during the current year if so, date thereof;
- ii.If not inspected during the current year, date of last inspection alongwith reasons for delay and action taken/proposed to be taken for getting the Factory/ Establishment Inspected

Compliance by the employer:

- i.Whether the employer has made Upto date and timely compliance regarding submission of contributions due upto the date of review;
- ii.If not, indicate the periods for which compliance not made in time alongwith details of action taken for;
 - a) Issue of C-18/C-19
 - b) Claiming of interest
 - c) Levy of damages

Outstanding observations of the previous review:

- i.Whether the employer has paid the dues as pointed out at the time of previous review?
- ii.If not, please indicate the nature of outstanding dues i .e. whether contribution, interest and damages with amount, period and details of action taken;
If no action taken, please indicate the reasons therefore and action now



proposed to be taken.

Current review:

- i. Fresh arrears if any, detected during the current review;
- ii. Amount
- iii. Period
- iv. Contributions
- v. Interest
- vi. Damages
- vii. Action proposed to be taken for realization of above dues.

Legal action:

- i. Whether the employer is a persistent defaulter and if so,
- ii. Whether the employer was prosecuted in the past;
- iii. Whether the case has been decided and if so, with what results;
- iv. Whether another prosecution is now due and if so action proposed to be taken.

Signature of the Dealing Assistant:

Observations of the OS

Signature

Orders of the Branch Officer

Signature

Details of action taken on the orders of the Branch Officer

Signature



ANNEXURE- IV

(Reference : Para 7.2 of Chapter-VII)

PROFORMA OF DEFAULTERS' LIST

Proforma of defaulters' list to be drawn from insurance module is as under:

S.No.	Code No.	Wage period of default	Date of issue of notice in the form of C-18	Date of issueOf 45 A order	Date of issue Of C-19	Remarks
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ANNEXURE- V

(Reference : Para 7.5 of Chapter-VII)

PROFORMA OF COMMON REGISTER OF C-18/C-19

- (i) Sl. No.
- (ii) Name, address of the factory/establishment with Code No.
- (iii) Name of Principal Employer
- (iv) Period of default
- (v) Date of issue of C-18
- (vi) Amount of claim in C-18
 - a) On Actual basis
 - b) On Adhoc basis

On assumed wages due to default in payment on regular contribution	On omitted wages based on inspection report
₹	₹

- (vii) If the claim is on adhoc basis, date of personal hearing.
- (viii) Date of issue of order U/s 45-A of the ESI Act.
- (ix) No. of orders issued u/s 45-A of the ESI Act.
- (x) No of orders issued u/s 45-AA, if required.
- (xi) Amount if any paid by the employer against C-18/45-A/45AA order
 - a) Date of payment
 - b) Amount paid
 - c) Period to which the amount relates.
- (xii) Date of issue of recovery certificate i.e. C-19, if amount not paid against C-18/ 45-A/45AA order
 - a) Due date for issue of C-19.
 - b) Actual date of issue of C-19.
- (xiii) Amount of claim in C-19 including interest
 - a) Period
 - b) Amount of contribution
 - c) Amount of interest
 - d) Date upto which amount of interest included worked out
 - e) Total of Col. (b) & (c).
- (xiv) Amount paid against recovery certificate
 - a) Period
 - b) Amount



- c) Date of payment
- d) Balance
- e) Date of initial - D.A./Suppt.
- f) Remarks

ANNEXURE- VI

(Reference : Para 7.6 of Chapter-VII)

PROFORMA OF MONTHLY SUMMARY TO BE DRAWN IN C-18/C-19 REGISTER
Part - A
C-18 (Issued)

	ADHOC			ACTUAL	INTEREST	TOTAL
	Based on I.R.	Based on Defaulter List	Adhoc total			
			1	2	3	(1+2+3)
B/F						
Issued during the month						
Total						

Part-B
45-A Action

1.	Total No. of cases where action due on C-18 adhoc	
2.	No. of cases where payments were received	
3.	Court cases	
4.	Acknowledgements not received/notice returned undelivered (including closed/whereabouts not known cases)	
5.	P.H. not over	
6.	Any other reasons	
7.	Total No. of cases where 45-A order not due (Col.2+3+4+5+6)	
8.	No. of cases due for 45-A action (Col.1-7)	
9.	No. of 45-A orders issued during the month	
10.	No. of cases pending for issue of 45-A orders, although due (Col.8-9).	



Part-C
45-AA Action

1.	Total No. of cases where appeals U/S 45-AA received	
2.	No. of appeals disposed of	
3.	No. of cases pending for issue of 45-AA orders, although due (Col.8-9).	

Part-D
C-19 cases

1.	Cases pending for C-19 (Total C-18 Actuals — C-18 Interest + Total 45-A/45AA order issued)	
2.	No. of cases where payment received against C-18 Actuals C-18 interest 45A order 45AA Order	
3.	Court cases	
4.	Not due for C-19 (Notice period for C-18 Actuals/Interest. 45A & 45-AA not over)	
5.	Any other reason	
6.	Total no. of cases where C-19 not due (Col. 2+3+4+5)	
7.	No. of cases due for issue of C-19 (Col. 1-6)	
8.	No. of C-19 issued	
9.	No. of C-19 not issued, although due (Col 7-8)	

Note :- Serial No. of Pending cases to be listed out. Checked and found correct.

DA

SUPDT

BO

JD/RD



ANNEXURE- VII

(Reference : Para 9.4.1 of Chapter-IX)

PROFORMA OF CERTIFICATE CONTROL REGISTER
(basic register to watch over the action taken on each recovery certificate
received from authorized offices, till the realization of the amount)

- (i) S. No.
- (ii) Authorised Officer's letter No.
- (iii) Date of receipt
- (iv) Name and address of defaulter
- (v) Code No.
- (vi) Period of default
- (vii) Details of dues - i) Contribution ii) Interest iii) damages* Date of issue of Notice in Form ESI - CP2.
- (viii) Action taken/Recovery effected i) Date ii) Contribution
- (ix) Interest
- (x) Damages
- (xi) Cost and other charge
- (xii) Total
- (xiii) Mode of recovery - i) Cash/Cheque/other
- (xiv) Date of deposit - i) Challan No. ii) Date
- (xv) Balance, if any due
- (xvi) If contribution not paid further action taken for attachment etc. i) Issue of Form No.ESI-CP3 or 12 or 16. ii) Date of issue iii) Date by which report of execution required
- (xvii) Remarks and attestation by Recovery Officer



ANNEXURE- VIII

(Reference : Para 14.8 of Chapter-XIV)

LIST OF DISEASES COVERED UNDER EXTENDED SICKNESS BENEFIT SCHEME

I. Infectious diseases

1. Tuberculosis
2. Leprosy
3. Chronic Empyema
4. Bronchiectasis
5. Interstitial lung disease
6. AIDS

II. Neoplasms

7. Malignant diseases

III. Endocrine, nutritional and metabolic disorders

8. Diabetes mellitus proliferative retinopathy/diabetic foot/nephropathy

IV. Disorders of nervous system

9. Monoplegia
10. Hemiplegia
11. Paraplegia
12. Hemiparesis
13. Intracranial space occupying lesion.
14. Spinal Cord compression
15. Parkinson's disease
16. Myasthenia gravis/neuromuscular dystrophies

V. Disease of Eye

17. Immature cataract with vision 6/60 or less
18. Detachment of retina
19. Glaucoma

VI. Diseases of Cardiovascular system

20. Coronary artery disease :
 - a) Unstable angina
 - b) Myocardial infarction with ejection less than 45%
21. Congestive heart failure-
 - a) left
 - b) right



22. Cardiac valvular diseases with failure/complications
23. Cardiomyopathies
24. Heart disease with surgical intervention alongwith complications.

VII. Chest diseases

25. obstructive lung disease (COPD) with congestive heart failure (corpulmonary).

VIII. Diseases of the digestive system

26. Cirrhosis of liver with ascitis/chronic active hepatitis ("CAH").

IX. Orthopaedic diseases

27. Dislocation of vertebra/prolapse of intervertebral disc
28. Non union or delayed union of fracture.
29. Post traumatic surgical amputation of lower extremity
30. Compound fracture with chronic osteomyelitis.

X. Psychoses

31. Sub-groups under this are listed for clarification
 - a) Schizophrenia
 - b) Endogenous depression
 - c) Manic depressive psychosis (MDP)
 - d) Dementia

XI. Others

32. More than 20% burns with infection/complication
33. Chronic renal failure
34. Reynaud's disease/Burger's disease.

**ANNEXURE-IX**

(Reference : Para 24.10 of Chapter-XXIV)

MONTHLY REVIEW OF REFERRAL**A. INVESTIGATIONS:**

Name of Investigation	Number of such investigation referred in the month	Reason for Referral		
		Unavailability of equipment (name)	Unavailability of medical personnel (specialty)	Any other reason

B. TREATMENT / PROCEDURES:

Specialty/ Indication wise referral		Number of such referrals in the month	Reason for Referral			
Specialty	Indication		Unavailability of equipment (name)	Unavailability of medical personnel (specialty)	Unavailability of service/ facility	Any other reason
Department wise referral		Number of such referrals in the month	Reason for Referral			
Specialty	Indication		Unavailability of equipment (name)	Unavailability of medical personnel (specialty)	Unavailability of service/ facility	Any other reason



ANNEXURE-X

(Reference : Para 24.10.3 of Chapter-XXIV)

QUARTERLY STATUS OF PENDENCY OF SECONDARY CARE/SUPER-SPECIALITY BILLS IN RD/DIMS/ESIC HOSPITAL/D(M)D OFFICE

Name of State.....

Period.....

Status of Secondary Care bills/Super Speciality bills*

S.N	Bills at beginning of the month (After receipt of hardcopy from BPA)		Bills received during the month (After receipt of hardcopy from BPA)		Bills disposed of during the month		Pendency of bills at the end of the month			
	No. of bills	Claimed amount	No. of bills	Claimed amount	No. of bills	paid amount	No. of bills			Claimed amount
							0-30 days	30-90 days	>90 days	
1										

Signature of Audit Team

*To be submitted to HQRS office in first week after completion of every quarter.

Reason for pendency:

Action plan for liquidation of bills:

Sd/-

RD/DIMS/MS/Dean, ESIC Hospital



ANNEXURE- XI

(Reference : Para 24.10.5 & 24.10.6 of Chapter-XXIV)

**QUARTERLY ANALYSIS OF EXPENDITURE ON DISCIPLINE-WISE SECONDARY
CARE/SST REFERRALS BY RD/DMD/DIMS/ESIC HOSPITALS**

Name of the Hospital: Sanctioning Authority:

Period:

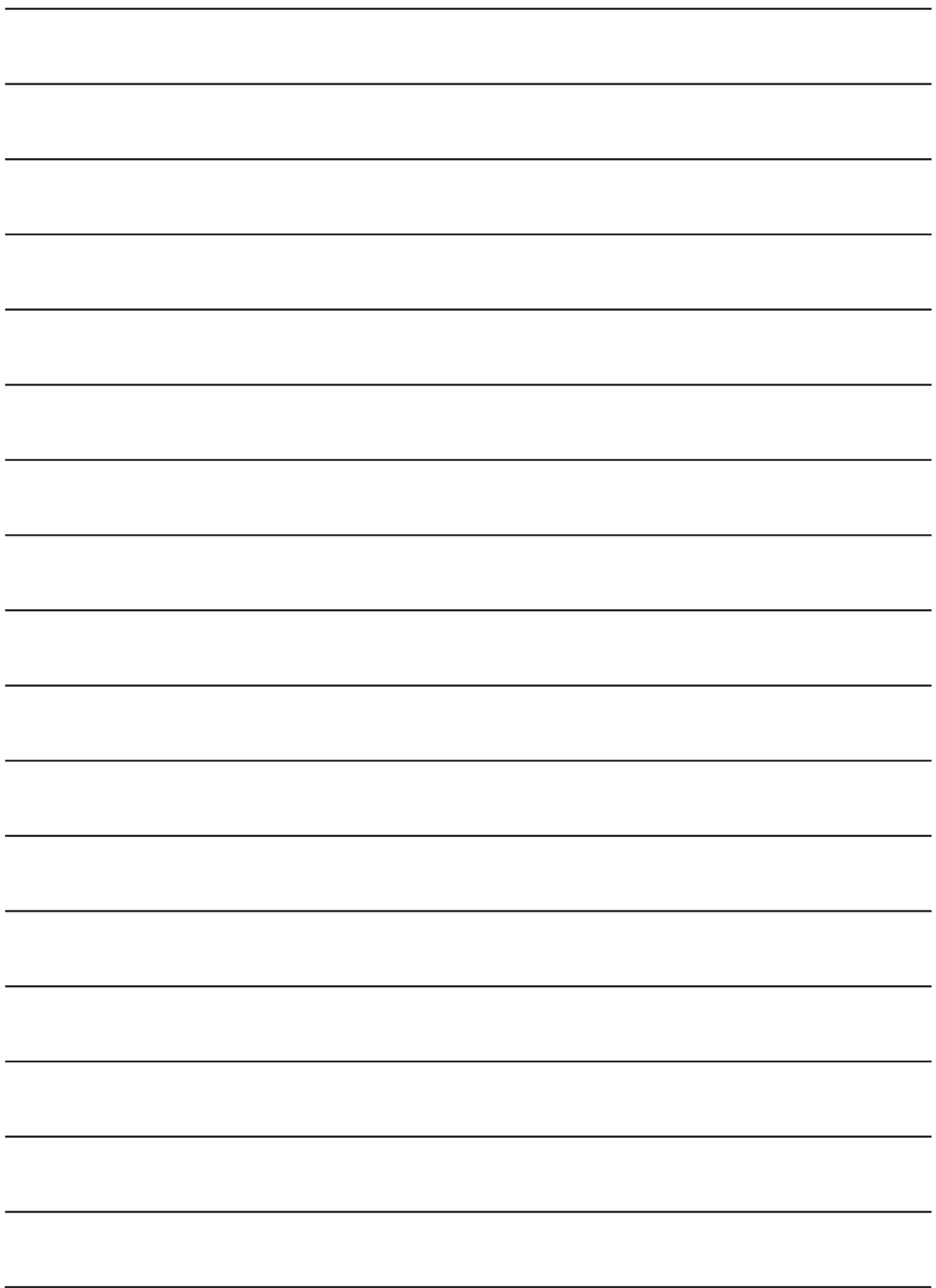
S.No.	Discipline	Expenditure in the Previous Two Quarters						Expenditure in the Curr Quarter		
		Period: _____ To _____			Period: _____ to _____			Period: _____ to _____		
		No of Bill	Claiame Amoun	Paid Amou	No of Bills	Claiame Amour	Paid Amount	No of Bills	Claiame Amoun	Paid Amour
1.										
2.										
3.										
4.										
5.										
6.										
7.										

Remarks and Advisory by the Committee:

Signature of the Committee Members

-sd-

RD/DIMS/MS/Dean, ESIC Hospital





क.रा.बी.नि.
ESIC

कर्मचारी राज्य बीमा निगम

Employees' State Insurance Corporation

श्रम एवं रोज़गार मंत्रालय

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