



केन्द्रीय विद्यालय संगठन (मु.)  
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2576-2606

The Deputy Commissioner/Director,  
Kendriya Vidyalaya Sangathan,  
All Regional Offices/ZIETs

E-mail/Post

**Sub : Ensuring the compliance of instructions issued on VVN Financial Ceilings/other Financial matters at Vidyalaya level and reporting thereof through Internal Audits -reg**  
Madam/Sir,

In furtherance to the letter of even reference dated 02.8.2022 vide which broader guidelines were issued for observing strict compliance of VVN protocol related to financial ceilings/procedures etc while incurring expenditure out of VVN fund at Vidyalaya level.

In this background, based on the inputs/scrutiny of various Special/IA reports, it is felt necessitated to share that there remains scope for improvement in compliance of the said mandate in letter & spirit at field unit level and hence the Principals may once again be sensitized to ensure such compliance on the financial matters as cited hereunder.

1. All cases of Misappropriation & Defalcation, Embezzlement, Shortage of Cash/Stores, Persistent material procedural lapses, Defalcating the basic tenets of public procurement, Falsification of personal claims, Other financial irregularities viz, impersonified drawls from public fund/VVN, Losses to exchequer on account of excess rates paid on procurements without ascertaining the reasonability of rates by the DDO etc, are to be invariably reported as **Serious Irregularities** by the concerned Audit Officer.
2. Despite clear instruction issued vide letter dated 02.8.2022 on compliances of VVN norms, there are observations that some of KVs are still rejecting GeM bids arbitrarily on flimsy grounds without adducing/recording valid reasons for such rejection of technical bids. Such wilful rejection of bids without being mindful of strict compliance of the criterion mentioned in GFR/GeM T&Cs i.e. related to annual turnover, experience criteria, submitting forged/manufactured documents to claim eligibility, award of contract on such malafide documents without verification by the procuring units, will tantamount to **material** procedural lapses and hence liable to be invariably reported under **serious** irregularities for necessitating action against defaulting officer under conduct rules as deemed appropriate by the competent authority.
3. The M&R head of expenditure is covered under "Works" chapter as contained in Rule 139(iv)&(v) of GFR 2017. Hence, if the annual expenditure on M&R is likely to be within Rs 5 Lakhs, the rates have to be *necessarily* obtained through LTE, but for expenditure beyond Rs 5 Lakhs, the rates have to be *mandatorily* obtained through **open/advertised tendering** by adopting appropriate method as prescribed under GFRs. Local Purchase Committee(LPC) mode may not be resorted for M&R works. As such, the violations in purchase procedure to the above extent are to be treated as **material** procedural lapse and will be treated/reported as **serious** irregularity while signifying the quantum of loss to exchequer due to excess rates paid, if found quantifiable.

4. The expenditure incurred by KVs in excess of the defined financial ceilings *beyond* the powers of DC of concerned RO, but **without** approval of competent authority from KVS Hqrs, will be treated a **serious** irregularity and be reported accordingly. As conveyed earlier also, the prior approval of expenditure upto within powers of DC, the same be regulated/accorded with concurrence of Finance Division of RO.
5. The actual deployment of all the outsourced staff (Security/Housekeeping/Horticulture/Others, if any) need be verified for their actual attendance recorded through their **Bio-metrics** /similar e-modes, which was supposed to be installed by the agency/contractor at its own cost in the vicinity of Principal's chamber. Some digital mechanism may be explored to get the photos uploaded in real time of the outsourced staff on daily basis so as to ensure their physical attendance. This was to be done in addition to physical records to be maintained under custody of an authorised person. This compliance needs to be ensured at Vidyalaya level and non-compliance be reported in internal audit reports with due emphasis.
6. **GeM Protocol compliances:** It has to be reported that the procurement of all Goods/Services **available** on GeM (100%) are to be made **mandatorily** through GeM portal only and hence the under-percentage of GeM procurement to be reported accordingly. In case of out-of-GeM purchases, a "GeM Availability Report & Past Transaction Summary (GeM AR&PTS)" with a unique ID, is to be created **mandatorily** by the buyer and kept placed on record by the DDO. So, all the tenders/LTEs being floated by the procuring units of KVS shall need to be tagged/mentioned with such a unique IDs. Hence, the purchases **without ID** of GeM AR&PTS are to be treated **material** procedural violation which will be treated as **serious** irregularity and reported upon accordingly. **The purchases under Proprietary Article Certificate(PAC) mode on GeM will not be effected by the procuring KVs.**
7. **Strict compliance of Technical Evaluation of Bids :** Sometimes discrepancies related to fabricated PSARA Licenses, Financial Statements for Turnover, EPF/ESIC status of number of employees etc. have been noticed in the documents uploaded by the prospective bidders on GeM portal bid. Hence, it becomes incumbent upon the Principal/procuring authority that during the Technical Evaluation of GeM bids, authenticity of the documents uploaded by the bidders be ensured through the Portal of the respective Departments or through other modes before finalizing the award of the contracts. Such verified status should be mentioned in Technical evaluation report. Any award without ascertainment of authenticity of such documents by the procuring authority will be deemed **serious violation** of financial propriety and reported upon accordingly.
8. **Reporting of Incidence on irregularities observed in purchases on GeM portal**

The Government e-Marketplace (GeM) functions as a transparent platform for procurement processes. However, instances of irregularities have been observed where despite identifying discrepancies, the procuring authorities failed to report them on GeM portal and/or to escalate the incidences to the appropriate level of GeM, due to which necessary actions against erring firms were not initiated within due course of time. This negligence not only compromises credibility of Portal but also highlights the lack of proactive response towards protecting the interests of public procurements. Hence, all Principals/DDOs are required to adhere to the Incident Management Policy of GeM and report any such irregularities immediately through designated channels as mentioned in that policy. Non-compliance with reporting requirements outlined in the IM Policy would imply neglect in due diligence by the Principal/procuring entity and accountability for any adverse effects on public procurement process.

9. Based on certain observations as raised in various SARs, it was conveyed vide letter dated 08.12.2021, that the physical verification of Fixed Assets & Inventories has to be carried out once a year and excess/shortage be dealt with as per codal provisions. Also, providing 100% depreciation on Small Value Assets to be ensured. The preference in procurement of MSME/Make in India products is to be ascertained. The donations received in kind viz Computers/Mobile phones/Tabs/ Water coolers/RO/other Fixed Assets by the Vidyalayas are shown in stock registers as "Gratis" with value as may be disclosed by the donor.
10. Further, with reference to the reporting of such compliance in audit reports, it is reiterated that while the duties of Audit/Inspecting officer have been defined in article 222 of Accounts code wherein *detection of fraud* has been considered as one of its duties, the FO/Head of team are expected to exercise the required vigil of prudence during the conduct of audits and invariably report the observations without any allegiances. Hence, in order to further this cause, the DCs are also expected to allow the audit teams a reasonably sufficient duration of 3-5 days' time for conducting internal audit of KVs according to their size as prescribed under article 224(d) of Accounts code.
11. The audit reports will be issued by the Finance Officer to the Principal concerned after submitting a draft report to the concerned DC for perusal as prescribed under article 225(b). However, the reasons of deletions/modifications to the draft audit report as may be desired by the DC concerned after its perusal, if any, to either delete/modify the contents of any para/(s), shall be recorded in writing by him/her and kept placed on record in file for necessary reference.
12. The concerned Principal has to submit replies with relevant documents to RO within a period of 1 month. The replies be evaluated by the Finance Division of RO for settlement of paras of non-serious nature before closing the report with the approval of DC concerned. However, the **serious paras** shall be processed at Hqrs level after receipt of replies of the Principal alongwith comments of FO & DC concerned as mandated under article 226(ii).

The above instructions are illustrative only and not the exhaustive ones, as the audit team is supposed to scrutinize financial transactions as provisioned in Chapter 23 of Accounts code and report the observations thereupon accordingly. The omissions and/or non-depiction of serious irregularities in Internal/Special audit reports would be treated dereliction of duty at the part of Inspecting officer and be dealt with accordingly.

The contents of this letter may be circulated to all KVs under your jurisdiction for strict compliance. Hindi version follows.

This is issued with the approval of Commissioner, KVS.

Yours sincerely,

  
(Satya Narain Gulia)  
Joint Commissioner (Fin)

Copy to :

1. The PS to Commissioner, KVS for kind information of the Commissioner, KVS.
2. The Finance Officer, KVS, all Regional Offices, for information and to strictly ensure the scrutiny of auditable records and reporting thereon be complied with accordingly.
3. The AC(EDP), KVS Hqrs with a request to upload the contents on KVS website for a general circulation to all the concerned.