

VOLUME –I

CHAPTER-1

GENERAL

Introductory

1.01 The Economic Sector-II, Social Sector and General Sector of the office of the Accountant General (Audit), Uttarakhand, (U.K.) carries out local audit of civil departments and institutions of Uttarakhand (U.K.) under the audit jurisdiction of the Comptroller and Auditor General of India. It derives its authority and powers from the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971. It carries out audit under Section 13 of the Act. Under Section 18 of the Act, the Comptroller & Auditor General or his nominee, in due performance of his duties, is authorized to inspect any office accounts under the control of the State, including treasuries, such offices responsible for keeping of initial or subsidiary accounts as thus submit accounts to the Accountant General (A&E) U.K. and such other bodies and authorities which receive grants and/or loans from the Government, as defined later on. He may require the books, accounts, papers and other documents to be sent to a place where he may appoint for his inspection, and to put such questions and make such observations as he may consider necessary. The person in-charge of any office or department or institution is required to afford all facilities for such inspection and comply with as possible as with all reasonable expedition.

Constitution and Functions of the Department

1.02 The Economic Sector-II, Social Sector and General Sector previously called Inspection Civil Wing are in charge of Sr. Deputy Accountant General (Economic Sector) Sr. Deputy Accountant General (Social Sector) and Deputy Accountant General (General Sector). These officers are assisted by Senior Audit Officer, Audit Officers and other supporting staff at the headquarters and in the field.

Functions

1.03 The concerned Sectors are entrusted with the local audit of offices and institutions coming under the various sections of the Comptroller and Auditor

General's (Duties, Powers and Conditions of Service) Act, 1971. Its functions are:

- (i) To inspect and audit of accounts of any office under the control of state of U.K. and such offices responsible for keeping of initial or subsidiary accounts.
- (ii) To audit all receipts of the offices and institutions coming under its jurisdictions which are payable into the Consolidated Fund of U.K.
- (iii) To audit the accounts of Stores and Stock kept in any office or department or institution.
- (iv) To audit the receipts and expenditure of bodies or authorities substantially financed from Union or State Revenues, as defined in the Act.
- (v) To scrutinize the procedure, in the case of grants or loans given to other authorities or bodies, by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants or loans are given as specified in the Act.
- (vi) To undertake the audit of the accounts of such bodies or authorities on such terms and conditions as may be agreed upon between the Comptroller and Auditor General of India and the concerned Government.

(a) Duties of Sr. Audit Officers/Audit Officers(HQ)

- (1) Approval of Audit Inspection Reports for issue at his level in the case of units not supervised by an Inspecting officer. Such reports containing Paras on Part-IIA will however, be submitted to Group Officer for approval.
- (2) Settlement of outstanding Paras/AIRs based on replies furnished by the departmental Officers.
- (3) Selection of material from Audit Inspection Reports for preparation of draft paras.
- (4) General supervision and control over one or more Section.

He will work under the overall supervision of Sr. DAG/ DAG (concerned section). He shall be responsible for amendments in programmes of the parties and inspecting officers, which for sufficient reasons, be made by the Sr. Audit Officer/Audit Officer (field) in the absence of Deputy Accountant General being on tour etc. Such amendments should however, be submitted by him to Sr. DAG/ DAG (concerned section) on his return from tour for his formal approval.

(b) Duties of the Asstt. Audit Officers at Headquarters

- (1) Scrutiny and edition of Inspection Reports,
- (2) Examination of cases involving principles and policies and professional opinion,
- (3) Disposal of all references received from Comptroller and Auditor General's office and other Accountants General Offices,
- (4) Processing of Draft Para/Review and other work connected with the Audit Report,
- (5) Reporting and pursuance of cases of failure of audit,
- (6) Maintenance and submission of Calendar of Returns and Arrear Report,
- (7) Keeping Manual of Concerned section up to date and
- (8) General supervision and control of the Section.

(c) Duties of Senior Auditors/Auditors at Headquarters

(1) (a) To scrutinise Audit Inspection Reports received from audit parties with reference to all records and to exercise general check regarding completion of all procedural requirements of local audit.

(b) Issue of Audit Inspection Reports after approval.

(2) To maintain prescribed registers like Progress Registers, Receipt and Issue of Inspection Reports, etc., and to submit them on due dates and issue reminders whenever due.

(3) To scrutinise replies to the Inspection Reports and to issue further reminders till their final settlement.

(4) To maintain guard files containing important orders relating to audit and accounts.

(5) To send a statement to the concerned department of the State Government every quarter indicating the position of Inspection Reports and paras outstanding for over six months.

(6) Supply material and Part-II Section-A paras of Audit Inspection Reports (duly approved by Group Officer).

(7) Verification of utilization certificate in respect of loans and grants.

(8) Maintenance of Register of Objections.

(9) Preparation of programme, Cycle Index Register, Annual Skelton Register, quarterly programmes staff requirements and statistics by the Coordinating Section.

- (10) Issue of intimation of audit to units.
- (11) Review of the duration and periodicity of audit.
- (12) Transmission and supply of Codes, Manuals, Books, Forms and Stationery etc., old Inspection Reports, guard files to audit parties.
- (13) Maintenance of Leave Account/Absentee Register of non-gazetted /gazetted officials of concerned section.
- (14) Processing of application for T.A. advance and verification of T.A., Contingent claims etc.
- (15) Maintenance of Register of special points and transmission of those to audit parties for verification.
- (16) Furnishing of returns and statements regarding establishment to Administration section.
- (17) Transmission of old records to Record Rooms.

Duties of Staff at (Headquarters)

1.04 Inspection Civil is only the wing which is responsible for the following items of work.

Technical

- (i) Preparation of the Annual Skeleton Programme of local audit to be undertaken in the coming year.
- (ii) Preparation of quarterly programmes of inspection by the field parties.
- (iii) Preparation of tour programme of Inspecting Officers.
- (iv) Issue of intimations to the offices booked for inspection.
- (v) Disposal of all references, including complaints received from the Comptroller and Auditor General, other Accountants General and others.
- (vi) Formulation of Budget proposals, staff requirements etc.
- (vii) Disposal of all general questions relating to the audit of concerned departments of the State Government under the audit jurisdiction of Accountant General (Audit), Uttarakhand, Dehradun.
- (viii) Preparation and processing of omnibus draft paras for Audit Report.
- (ix) Maintenance of diary of work done by Inspection Parties.
- (x) Maintenance of list of officers and Cycle Index Register
- (xi) Processing of amendments to the Inspection Programme
- (xii) Triennial review of the duration and periodicity of local audit.

Administrative

- (i) Supplying the necessary documents/stationery etc. required for audit to the inspection parties.
- (ii) To supply the copies of all important orders, interpretations, Codes and Manuals to the audit parties which would be useful in audit.
- (iii) Checking of T.A. and contingent bills of audit parties with reference to the approved tour programmes before their transmission to the concerned Personal Claims Sections.
- (iv) Disposal of leave cases of all Group B officers and Group C staff attached to the wing and maintenance of Absentee Register, Leave Sanction Register etc.
- (v) Furnishing of Returns and Statements to Administrative Section/PC Section regarding establishment and staff of the Wing.
- (vi) Preparation and submission of consolidated Monthly Arrear Report of the Wing.
- (vii) Keeping of Concerned section Manual up to date.
- (viii) Constitute the Audit parties in consultation with Group Officer.
- (ix) Organisation of seminars.
- (x) Monitoring the completion and submission of confidential reports of all cadres of the whole sector/wing.
- (xi) Processing of disciplinary cases.
- (xii) Any other miscellaneous work that may arise in connection with local audits etc.

General scrutiny of I.R.

- (i) To scrutinise the inspection reports received from the audit parties with reference to all records enclosed with the reports and to exercise a general check regarding completion of all standing procedural requirements of all local audit before submission of the inspection reports to the Sr. Audit Officer/Audit Officer for approval.
- (ii) To scrutinise replies to the Inspection Reports and issuing further reminders, if any, till their final settlement.
- (iii) To maintain the prescribed registers like the Progress Registers, Receipt and Issue Registers of Inspection Reports, etc., to submit them to the concerned officers on stipulated dates; and to issue reminders, whenever due.

(iv) Any other miscellaneous items of work that may come up in connection with the disposal of inspection reports.

(v) To send a statement to the concerned departments of Government every quarter, showing the position of Inspection Reports and paras outstanding for over six months.

(vi) To submit every month a report to the Accountant General on the progress of audit in respect of departments dealt with in that section.

Inspection Programmes - List of Offices

1.05 A comprehensive list of all offices/Departments falling in the concerned section should be drawn up, maintained and kept up-to-date. Although it may not be practicable to take up audit of all sundry and petty offices with the available staff, it shall nevertheless, have to be ensured that no important office incurring substantial expenditure or in receipt of substantial revenues/receipt is left out of the list.

The list should be reviewed every year to bring it up to date. Every year a number of offices is setup, abolished or moves to new premises or stations. In order to ensure that the programmes include only such offices as are actually functioning during the proposed period of audit, the list of offices should be kept up-to-date, together with their last known address as intimated by the Government, by the parties or as known from other sources. Concerned section should keep in touch with other headquarter sections since they will also usually come to know of changes through the Inspection Reports.

(CAG's D.O.No. 2675- Admn. 1/702-55, dated 31.12.55, file OA-X111-427)

Frequency of Audit

1.06 Audit should not usually be undertaken when the amount of expenditure to be audited is small. The aim should be to audit by rotation accounts of such offices in which the cost of inspection as compared with the expenditure/receipts to be audited is not disproportionately high.

The offices having expenditure (other than the establishment expenditure) of ₹ 2 crore or more, between ₹ 1 crore to 2 crore and less than ₹ 1 crore would be categorised as category-A, B and C respectively. The category 'A' and Category 'B' offices may be audited annually and biannually respectively. The category 'C' units may be audited once in three/ four years depending on the availability of field staff. The Audit Plan i.e. programme of local audit should be drawn up

for the next financial year, the periodicity of audit of each office being determined by category of each unit.

(D.O.No.2675-Admn.1/702-55 dated 31.12.55 from CAG File No. OA-X11/427 and

D.O.No.11127-Rep(S)/13-2002 dated 4.10.2002.

(A) Annual Audit Plan

1.07 Early in January every year, the concerned section should prepare Annual Audit Plan for inspection to be carried out during the ensuing financial year, incorporating all units normally due for inspection in accordance with the cycle of audittee units and new offices proposed to be taken up. The necessary information for this purpose regarding continuance of the offices, creation of new offices, their location etc. should be obtained from:

(i) Heads of Departments

(ii) A review of the Detailed Budget Estimates and the New Items of Expenditure for the ensuing financial year. This review should be specially directed to see if any item should be dropped from the list of offices to be audited or added to it, so that the time of the available staff is utilised to the best advantage and not frittered away by taking up work of minor importance.

The Comptroller and Auditor General has ordered that every third year, a review regarding duration of audit should be made with a view to ensuring that time allowed for each audit is adequate and not more than adequate and that there is no wide variation in the allocation of time. This review may, therefore, be carried out every third year after taking into account the comments of the inspecting staff and other Accountants General where necessary. (CAG No.380-Admn. III/517-61 dated 5/3/1962 file No. OA-xii-640).

(B) Skeleton Programme

Early in January every year, the Economic Sector-II, Social Sector and General Sector should prepare a skeleton programme of inspection to be carried out during the ensuing financial year, incorporating there in all units normally due for inspection in accordance with the cycle of local audit and new items proposed to be taken up. The necessary information for this purpose regarding continuance of the offices, creation of new offices, their location etc., should be obtained from:-

(i) Heads of Departments

(ii) A review of the Details Budget Estimates and the New Items of Expenditure of the ensuing financial year.

A review should be prepared and submitted along with the Skelton programme to the Principal Accountant General/Accountant General. This review should be specially directed to see if any item should be dropped from the list of offices to be audited or added to it, so that the time of the available staff is utilized to the best advantage and not frittered away by taking up work of minor importance. Any important change made by the Principal Accountant General/Accountant General should be reported to the Comptroller and Auditor General (CAG No. 739-Admn/68-46 dated 3.7.46).

The Comptroller and Auditor General has ordered that every third year, a review regarding duration of local audits should be made with a view to ensuring that time allowed for each inspection is adequate and not more than adequate and not more than adequate and that there is no wide variation in the allocation of time in different States in respect of similar types of institutions. This review may, therefore, be carried out every third year after taking into account the comments of the inspecting staff other Principal Accountant General/Accountants General where necessary.

The Economic Sector-II, Social Sector and General Sector will keep a note in sectional calendar of Returns for carrying out timely reviews. (CAG No. 380-Admn.III/517-61 dated 5/3/1962 file No. OA-xii-640).

(C) Cycle Index Register

A Cycle Index Register should be maintained in concerned section to show district wise.

- (i) The name of offices inspected by the concerned section staff,
- (ii) The periodicity of inspection,
- (iii) The month when last audited

The register should contain columns to record the dates of audit for three years, after which it should be revised and prepared afresh.

This register is the basis and permanent record of the audit inspections of various offices carried out by the concerned section and should, therefore, be maintained very carefully. The month of actual audit in subsequent years should be accurately posted against each office, before starting preparation of detailed quarterly tour programme with a view to preventing double booking of the same units.

(D) Quarterly Programmes

1.08 With the help of the Cycle Index Register and the Annual Audit Plan for the year, detailed quarterly programme for all audit parties should be prepared. The following requirements need be ensured;

- (i) An office should normally be booked in the month in which the inspection falls due.
- (ii) As far as compatible with the above requirement, all audit inspection to be carried out in a particular station or area should be conducted at a single visit in each quarter of the year. Normally movements of the parties in the tour programme should follow the shortest and direct routes and there should be no over lapping or recovering of the same routes by the same party or any other party.
- (iii) Transit days for the parties may be allowed on Sundays and other unimportant holidays to ensure maximum output. Where the distance covered between stations is less than 100 Km, and public transport available without any extra inconvenience, morning and evening transit should be given.
- (iv) In the tour programmes to be supervised, audits should be so arranged that the Inspecting Officer may finish the supervised audits at a station in one visit in each quarter.
- (v) Certain periods are not suitable for audit inspection in respect of some departments and some stations, care should be taken that the departments are not booked in those period.

(E) General Instructions for officials on tour

- 1) Officials on tour will report to Headquarters on termination of a quarter's programme.
- 2) Though the intimations of audit are sent to units concerned by the Headquarters, Sr. Audit Officers/Audit Officers/Assistant Audit Officers are advised to send intimations of audit to the auditee units well in time alongwith photographs of the members of Audit Party.
- 3) Amendments to tour programmes will not generally be entertained without prior approval/ permission of Deputy Accountant General (Concerned sector).

4) Intimation regarding incomplete audit of units left from the programme may be sent to Headquarters office for further action.

5) Inspecting staff/officers should meet both Head of auditee office and the District Magistrate and Collector in the event of strike/agitations or any sort of non-cooperation in the units to be audited.

6) In the case of boycott of audit by the units, the parties should try to obtain a letter to this effect from the Head of office and take up the audit of next unit given in the approved programme. They should also inform the Headquarters office by fax about the same.

In case of boycott of consecutive units in the approved programme and when there are no units left to be audited as per programme, the officers/officials should report to Headquarters office immediately for further instructions.

1.09 Gazetted supervision should be provided in all cases where it is obligatory and for all other important audit. The work is shared by Sr.DAG/DAG (Concerned section) and other Inspecting Officers attached to concerned sector. Normally, major portion of the important audit should be supervised by Sr.DAG/DAG (Concerned section)

Deviations from Tour Programme

1.10 (i) The time allowed for the audit of various units should not be exceeded without the previous approval of the DAG/ Sr.DAG (Concerned section) except in very compelling circumstances like instances where important defects, irregularities, fraud etc., are detected which need more time for investigation. The fact should at once be reported to the DAG/ Sr.DAG (Concerned sector) with full justification for his approval. Delay in reporting amendments for approval by the Deputy Accountant General is not likely to be condoned.

(ii) Normally, no deviation should be made from the authorised tour programme without the prior approval of the Group officer concerned. If in any case it is not possible to obtain the prior approval, the incharge of the party should send a fax to the Group Officer on the very day on which deviation is made informing him of the deviation made and the reasons there of, and keep on the file the acknowledgement of the fax issued by the office of issue.

Special Audit

1.11(a) The responsibility for initial investigation of any loss due to fraud, negligence, financial irregularities etc., rests primarily with the head of the office concerned. As such, whenever requests for special audits are received either from the Heads of offices or Heads of the Departments, they should be advised to refer the matter to the Administrative Department of the Government who may, after consulting the Finance Department, request the Accountant General to depute a special audit party, if considered necessary.

(b) On receipt of such a request, it should be examined in consultation with the Central Audit Section, if the requisite investigations by the departmental authorities have been carried out and whether in the light of the result of such investigations, a special audit by the audit party is warranted. If extra staff has to be employed, the sanction of the Comptroller and Auditor General has to be obtained for employment of the same. The question of recovery of audit cost will arise only when the audit is undertaken under Sections 19 and 20 of Comptroller & Auditor General's (DPC) Act, 1971.

(c) The Comptroller & Auditor General has observed that the usual and proper course to follow for the department is to investigate the complaint or report in the first instance before the question of special audit could be considered and such audit should only be by way of assisting the administrative authorities in their investigation. This guiding principle should be kept in view in agreeing to undertake a special audit in future so that the Accountant General may not be requested by Government to take up a large number of special audits prior to departmental investigation or before a prima facie case of fraud or embezzlement is made out.

Review of duration of audit

1.12 (a) In order to facilitate a review of the adequacy of the time allotted for local audit of each unit, the Inspecting Officers and Asstt. Audit Officers should indicate in the relevant column of the forwarding memo to the Inspection Reports their opinion regarding the state of accounts and the volume of work involved and offer suggestions for increasing or decreasing the time allowed for the audit (including the extent of gazetted supervision) of the institutions inspected by them. The all suggestions recorded in the Forwarding Memo to the Inspection

Reports proposing increase\decrease etc will forward in the duration of audit to the concerned section for obtaining approval of Sr.DAG/DAG (Concerned section) wherever necessary.

Maximum duration of Audit

(b) Ordinarily the period of audit should not be exceeded from the prescribed working days. The composition of the audit party should be determined keeping this in view and nature and complexity of the work of the office or the organisation to be inspected. In all cases in which it is considered absolutely necessary to allow more party days, full facts of the case with detailed justification should be reported to the Headquarters office. At present audit parties generally consists of one Assistant Audit Officer and two Auditors or two Assistant Audit Officers and one Auditor. This composition can be varied, particularly for major important audit. For really important audit, even three or four Assistant Audit Officers can be deputed with one or two auditors, and full time gazetted supervision provided with a view to improving the quality of audit and cutting down its duration. It is also imperative to ensure that before starting the audit, the party undertakes a detailed and in depth study at the Headquarters of the functions, nature and extent of activities and magnitude of its financial transactions of the office or organisation to be inspected. The Inspecting Officer should himself undertake some important original work and a brief description of the work done by each member of the inspection party should be kept on the record. Much closer supervision by Sr.DAG/DAG (Concerned section) should be desirable, particularly in the second half of the inspection of major departmental offices and other organisations. It is also necessary to ensure that the personnel of the audit party, particularly Assistant Audit Officer and Senior Audit Officer/Audit Officer are not changed in the midst of an inspection.

(CAG's D.O.No. 673-IA 1/30(TA)/75, dated 5.8.1976).

Intimation to Units

1.13 Intimation of audit should be issued by concerned section by registered post to the units taken up for audit so as to reach them at least 15 days in advance of the audit.

Selection of Staff for Inspection/Local Audit

1.13 (a) Sufficiently before the commencement of the audit programme for the next quarter, an assessment of staff required will be made by the Group Officer (concerned section). The selected personnel will remain attached to concerned section for the period as may be prescribed from time to time according to the convenience of the administration.

(b) The Comptroller and Auditor General has observed that if inspections are to serve their purpose and if the maximum value is to be obtained the inspection work should be entrusted to specially trained, competent and intelligent staff who would, in addition to exercising the routine checks, also examine the accounts intelligently and pay due regard to the principles of higher audit. Special attention should, therefore, be given to the selection of staff deputed for inspection work to ensure that the inspections are conducted in a really effective manner. (CAG's letter No. 538-Admn./5-Rep/49 dated 23.3.1950, file CAXIII-308-Vol.II)

Composition of Audit Parties

1.14 Normally an audit party will consist of an Assistant Audit Officer and two Auditors. But this pattern may be changed to two Assistant Auditor Officers and one Auditor according to the importance of the unit to be audited.

The audit parties made up of two Assistant Audit Officers will be led by the senior of the two Assistant Audit Officers. The allotment of work between them will be made by the Inspecting Officer/Audit Officer, if the audit is supervised and by the mutual agreement if it is not supervised. Once the work is thus allotted, they will work independently, like issue of audit memos, drafting of the Inspection Report, discussion with the Head of the unit etc. but the senior of the two will be responsible for other matters of common interest, for signing the proforma, collection of the Inspection Report and for final dispatch to the Headquarters. He will speak on behalf of the party, if it is not supervised.

Papers and records to be supplied to the Audit Party

1.15 The Audit Parties are given a set of manuals, stationery, original records relating to the months selected for test check, old inspection reports, points to be looked into and a guide file containing important orders relating to audit and accounts etc. Headquarters section is, therefore, personally responsible for

supplying the under mentioned papers, documents and records to the Assistant Audit Officer of the audit party in advance of the commencement of the audit. The records and documents are:

- (a) All previous inspection reports if they contain unsettled paras, otherwise only last report may be sent.
- (b) Memorandum of special points requiring special attention or examination on the spot furnished by the Branch Officer of the concerned section (Headquarters) section and concerned CASS.
- (c) List of outstanding objections if any from the audit section concerned.
- (d) Copies of Act, Codes and Manuals which may be useful during the course of audit, and
- (e) File containing Office Orders relevant to audit issued from Concerned section (Headquarters) and by other coordinating sections of the office, (This file should be maintained by each audit party and shown in the charge report every time the Asstt. Audit Officer of the party is changed.) The Codes, Acts and Manuals should also be returned to concerned section by the Assistant Audit officer on the completion of their inspection programme.

Despatch of Papers

1.16 Utmost care should be taken in the dispatch of the Inspection Report files and other papers, etc. They should invariably be sent under Registered Post, securely packed in paper or gunny cloth. The contents of the parcel should be carefully checked with reference to the forwarding memos by the dispatching officials.

The Asstt. Audit Officer of the Audit Party will collect the records from the Headquarters sections concerned for the first three units of the programme allotted to him before leaving the Headquarters. The Assistant Audit Officer will be responsible for their safe custody and return to concerned section (Headquarters) after completion of audit.

Supply of Codes and Manuals

1.17 The following instructions should be strictly followed and complied with by every officer and staff on inspection duty:

1. Every Inspecting Officer/Audit Officer and Assistant Audit Officer in-charge of a party should maintain an office order file properly and in chronological order. In case of transfer or on proceeding on long leave this file should be handed over to the successor.
2. Each member of the party should maintain a personal note book in which a summary of all important office orders should be noted for ready reference and guidance. This note book should always be kept up to date.
3. The Inspecting Parties and Audit Officers should review all outstanding Audit Inspection Reports and paras of the units audited and give notes indicating the latest position of the case, where paras are recommended to be dropped/ settled, reasons thereof, should be given in the review note.
4. Instead of sending quarterly D.Os to the Group officers, monthly D.Os incorporating important points noticed during the month in audit should be sent by the Inspecting Officers/Audit Officer.
5. In case of double booking, strikes, etc., when audit of a unit cannot be taken up, the party should take up next unit and meanwhile an auditor or some other member of the party sent to Headquarters with full details for further instructions.
6. Every member of the party including Audit Officer/Inspecting Officers should attempt to give/contribute at least one para in each quarter. As under:

| Designation | Potential D.P. | Part II A | Part II B |
|---------------------|-----------------------|------------------|------------------|
| Sr. AO/AO/AAO | 1 | each 3 | each 15 |
| Supervisor | 1 | each 2 | each 10 |
| Sr. Auditor/Auditor | ----- | ----- | 5 |

7. While proceeding on regular leave or on transfer, the officer incharge of the party should not take away with him the records of the party, like office order file, dispatch register, attendance register, Books and Manuals, etc. Instead, they should hand over all these articles to their successor.

8. Audit memos written by Auditors/Senior Auditors/ Asstt. Audit Officers should be seen and signed by the next superior officer present in the party before issue to the departmental authorities.

Supply of Stationery, Forms, etc

1.18 Every Assistant Audit Officer incharge of the audit party will be supplied with necessary stationery etc. as under:

- (a) Sheets of paper.
- (b) Blank copies of forwarding Machine Numbered memos, Audit Memos and other proformas attached to the Inspection Reports.
- (c) Unused/balanced audit memos should be return to AAO (Headquarters) by the audit party after completion the audit which were issued to audit parties.
- (d) Audit Pencils.
- (e) Carbon Papers.
- (f) Service Postage Stamps.
- (g) Attendance Register.
- (h) Register of Work done on the basis of which diaries are to be sent every week to Headquarters.
- (i) Any other material that may be required.

The above items should be supplied in sufficient quantity to every audit party at the time of commencement of each audit quarter. However, if shortage of any items is anticipated, the Assistant Audit Officer of the party will assess the requirement and get it replenished from the Headquarters well in time.

Stamp Account

1.19 The Assistant Audit Officers of the audit parties and Inspecting Officers should maintain an account of the utilisation of the service postage stamps given to them. The Audit Officer should occasionally check the account with the party and conduct physical verification of the stamps in balance. A remark to this effect may also be recorded in the register maintained for the purpose. If the quantity of stamps is likely to fall short during the course of the audit quarter, a requisition for stamps should be sent to concerned section. On receipt of such a requisition from the Audit party, concerned section will take prompt action to send the requisite quantity of stamps to the Audit Party. If the need is assessed in time and

action is taken to have the stamps replenished from Headquarters, there will be no occasion for the Audit party to borrow stamps from any of the offices audited. If, however, a compelling situation should arise, stamps may be obtained, by making a written request, from the Head of the office inspected. An intimation together with a full account of the circumstances under which the stamps could not be had sufficiently in advance should be sent to concerned section which shall immediately arrange to reimburse the office concerned. On return to Headquarters after the completion of the quarter, every Asstt. Audit Officer will render an account of the Service Postage Stamps utilised by him. The balance of stamps should be returned to concerned section and necessary clearance obtained on the register maintained by him for the purpose. Concerned section will specifically see that an account of the Service Postage Stamps issued to the Asstt. Audit Officers is rendered by them and that no Asstt. Audit Officer is surrendered without rendering the account.

Miscellaneous Correspondence

1.20 (a) No correspondence, however, routine, addressed to Government (Central or State), the Comptroller and Auditor General or to other Accountants General should be signed by the non-gazetted supervisory staff.

(b) All official letters to Government should be addressed to the Secretary to Government in the Ministry or Department concerned.

(c) Matters of principles and policy, or involving professional opinion, should issue after approval by the Group Officer (concerned section) who will decide whether to obtain prior approval of the Accountant General.

(d) Ordinary reminders to Audit Inspection Reports issued to the Heads of offices or Heads of Departments should issue under the Branch Officer's signatures.

(e) All communications to Secretaries to the State Government and the Government of India should be addressed to them as original letters and should not be mere endorsements of letters addressed to others.

Verification of Travelling Allowance and Contingent Bills

1.21 The Travelling Allowance Bills of the Audit Parties and the Inspecting Officers and the Contingent Bills should be submitted to concerned section. That section will verify the Travelling Allowance and Contingent Bills with reference

to the approved tour programme, record necessary certificate to that effect on the office copies of the bills and pass them on to the Personal Claims Section (PC).

Note 1: The certificate should be recorded as “checked and journeys found according to approved programme and Register of work, the extract of which is recorded on proforma of the Audit Inspection Reports sent to the Headquarters. No previous claims for these journeys have been received.”

Note 2: A suitable column should be opened in the programme Register to record brief particulars of the T.A. and Contingent Bills received, verified and passed on to the Personal Claims Section to watch against any double claims. These entries should always be attested by the Assistant Audit Officer Concerned section.

Calendar of Returns

1.22 The Assistant Audit Officers of the Headquarters section will maintain a Calendar of Return. They will ensure that all statements, returns, etc. are submitted on the due dates. The Calendar of Returns should be submitted to the Branch Officer every Monday and to the Group Officer (concerned section) on the 5th of every month.

Disposal of anonymous and pseudonymous complaints or Notes

1.23 No action should be taken on anonymous or pseudonymous complaints against Government servants. (Para 75 of CAG’s MSO (Admn.)

Other complaints, relating to matters falling within the purview of audit received, should be entered by the auditor of the section concerned in the Register of Special Points after approval by the Branch Officer and the same made over to the audit party when it is conducting audit of the unit against which the complaint has been received. The audit party should verify the points of complaints discreetly with reference to records available locally without giving cause for suspicion.

Custody of Confidential Papers

1.24. All confidential files are kept with the Group Officer (Concerned section).

Supply of important orders to the Assistant Audit Officers

1.25 The Asstt. Audit Officers of the Headquarters sectors are responsible in their respective spheres for forwarding copies of all important orders and circulars of

general interest as well as any other matter ordered by the Group Officer (concerned section) for circulation to all parties and to the Assistant Audit Officers. This should be done through concerned section.

Arrear Report

1.26 The concerned section will submit Arrear report to the Accountant General. The arrear report should invariably indicate the special measures taken or proposed to be taken for liquidating the arrears.

The due dates for the submission of arrear reports, as fixed from time to time, should be rigidly observed.

While submitting the Monthly Arrear Report to the Accountant General, the Group Officer will scrutinise and report the causes of arrears and the remedial measures adopted or proposed to be adopted for their clearance. The Concerned section will check the accuracy of the arrears reported.

Manual of Inspection Civil Wing

1.27 The Asstt. Audit Officer Headquarter will be responsible for keeping the Manual up-to date. He should put up draft corrections as soon as any rules, orders or other communications requiring an amendment in the Manual come to his notice. The Inspection Parties and Inspecting Audit Officers should also scrutinise at each inspection the relevant position of the Manual to see whether it requires amendment in any respect and make suggestions accordingly. Suggestions from Headquarters Sections will also be considered.

Travelling Allowance Bills-information to be provided

1.28 In submitting their Travelling Allowance Bills, the touring staff and inspecting officers should generally pay particular attention to the following points:

- (i) The date of commencement of tour.
- (ii) The distance between the stations travelled by rail.
- (iii) The hours of departure and arrival at respective stations.
- (iv) Single railway fare claimed for Passenger and Express trains.
- (v) Totals and cross totals.
- (vi) The requisite certificates required to be recorded.

- (vii) The purpose of the journey shown in the Travelling Allowance Bill as compared with the approved programme.
- (viii) The bills should be submitted in duplicate, only countersigned by the Asstt. Audit Officer of the audit party, in respect of other members of the party.
- (ix) The Casual Leave availed of by the Asstt. Audit Officers/Auditors and by the Inspecting Officers should invariably be noted in the “Remarks” column of the Travelling Allowance bills.
- (x) That Sundays and holidays were actually and not merely constructively spent in camp should be specifically certified in the Travelling Allowance bills for claiming Daily Allowance for these days.

Admissibility of Travelling Allowance on taking leave while on Inspection Duty

1.29 An individual on inspection duty who leaves camp by taking Casual Leave may claim mileage allowance admissible under the rules for journeys undertaken on the expiry of such leave to join the party to which he was attached and which has, in the meanwhile, moved to a different station or returning to the Headquarters. The amount admissible will be restricted to that for the journey between the old station to the new station or from the old station to the Headquarters as the case may be.

Advance of Travelling Allowance

1.30 Officials who are selected for inspection duty and who wish to draw advances of Travelling Allowance should submit their applications for such advance to the Personal Claims Section through concerned section. Concerned section will countersign these applications in token of confirmation that the journeys for which advances sought are approved.

Surprise Inspection by Audit

1.31 Normally, sufficient notice is given to the units before audit of their accounts is taken up. This notice of audit is given on practical considerations, to enable the units to keep ready the books/records of accounts for audit, else the time of the audit party would be wasted. Surprise Inspection, however, is conducted when misappropriation, etc., on sufficient scale is suspected. Such inspections should not be undertaken too frequently or frivolously. It should be

conducted only on a reasonable suspicion of misappropriation or other serious irregularities.

Preservation of Records

1.32 The period of preservation of certain departmental Registers and other records particular to the Concerned section has been fixed and laid down as under:

| Name of Record/Register | In the Headquarters Sections of the concerned section | In Record Room |
|---|---|-----------------------|
| 1. Consolidated Register of Local Audit | 2 years | 5 years |
| 2. Programme Registers | 3 years | 5 years |
| 3. Cycle Register of Audittee units. | 6 years | 10 years |
| 4. Inspection Reports. | Until settlement of Inspection Report or completion of subsequent audit whichever is later. | 5 years |
| 5. Register to watch progress of unsettled Inspection Reports (SY-328). | 5 years | 3 years |
| 6. Register to watch Receipt and issue of Inspection Reports. (SY-336). | 3 years | 3 years |

Destruction of Records

1.33 The Comptroller and Auditor General has ordered that so long as an objection is outstanding and the accounts have not been checked and accepted in audit, they and the supporting documents should not be destroyed, even though the period of preservation prescribed in the relevant rules may have expired. Therefore, the concurrence of Sr. DAG/DAG (concerned sector) should be obtained before records relating to the concerned sector are actually destroyed.

When the necessity for preservation of certain records beyond the normal due dates of their destruction is felt for the reasons stated above or for any other

reasons, the fact should immediately be intimated in writing to the Record Section through the Sr. DAG/DAG (concerned sector) giving details of the records and the period for which that should be retained.

On receipt of a request from the Record Section in April every year, whether a particular time barred record of the concerned section should be retained further, the Deputy Accountant General (concerned sector) will have the position reviewed and after satisfying himself that the time barred records preserved so far are no longer necessary for any reasons, will give a certificate to the Record Section to that effect. If the records are required for further preservation, an intimation to that effect will be given to Record Section.

CHAPTER 2

Procedure and scope of Audit

SECTION 1

2.01. The scope of local audit has been dealt with in Comptroller & Auditor General's Manual of Standing Orders (Audit). The instructions given below are supplementary to the provisions contained therein.

Object of Local Audit

2.02. The primary object of audit is to verify the accuracy, completeness of accounts and to verify whether the financial rules, etc., are followed by the departmental officers. For this purpose a detailed check of the paid vouchers is carried out with the account records maintained in Offices.

2.03. The object of preparation of the accounts is to present a true and fair financial picture. Intelligent and proper audit requires that all financial transactions are examined as a whole in their proper perspective and not confined to piecemeal examination of the details of transactions, the mass of which works to the final results. Before taking up the audit of any particular institution, the auditor should be conversant with the nature of the transactions, the system of accounts and with books of accounts, etc. For this purpose they should study the departmental manual, administrative reports, etc.

[C.A.G. letter No. 57-Admu.1/145-34, dated 28-1-1936].

Where maintenance of Accounts Records is defective

2.04. It has been observed by the Comptroller and Auditor General that a number of instances had come to the notice of his office, when local audit had satisfied itself by mentioning that certain records were not maintained properly by the offices concerned and asking for a rectification of these defects. Subsequent developments have, however, shown that in a number of such cases, the defective maintenance of records was more or less a cover to hide misappropriations and frauds. If the local audit had been sufficiently vigilant in such cases and made a further probe, the frauds and mis-appropriations could have been brought to light much earlier. Again, in a number of cases, frauds and mis-appropriations were subsequently detected by the administrative authorities themselves though the period during which such frauds occurred was covered by one or more local

audits. Where important initial records e.g. Cash Books, Pass Books and Security Registers, etc., are not maintained properly, it will not be sufficient simply to state, in the Audit Report, that such records were not maintained properly. Improper maintenance or non-maintenance of important initial records having a direct bearing on cash transactions will, prima facie, strengthen the apprehension that all may not be well with the cash transactions of the office inspected.

The Inspecting Officer (Audit Officer) and the audit party should in such cases, besides mentioning the technical defects and shortcomings in maintaining the accounts records, etc., should also make an intelligent probe to see if the defective maintenance or non-maintenance of necessary accounts records is a camouflage to hide fraud and misappropriation.

Expression of Opinion

2.05. The auditors in the course of their audit, should not express on their own authority opinion connected with the interpretation of any Act or Rule nor give rulings on doubtful points of procedure, etc.

Conduct of officials on inspection

2.06. All Officers and members of staff while on inspection should, on no account, seek any obligation from the members of the office which they inspect and should not ask for or obtain free of charge any supply or service which has financial implications. Help may be sought in getting accommodation but it should strictly be against payment. The use of office transport for private purposes is definitely prohibited. Any violation of the above orders will attract severe disciplinary action.

Attitude of Inspecting Staff

2.07. The auditors should be careful to see that no grounds are afforded for complaint from the auditee offices against the manner in which audit is conducted. Audit should be conducted tactfully and with discretion. The auditors, while yielding in nothing they consider to be part of their official duty should be careful to avoid friction with any of the officials with whom they come in contact. If they convince the Officers by the manner in which they go about their work that they are there not to complicate procedure but to simplify it, not merely to criticise, but to assist, they will meet with little difficulty in this direction.

They should assist the local authorities by means of practical examples, if necessary, as to how accounts registers should be posted and how a proper check is to be exercised to avoid possibility of mistake or omission due to ignorance on the part of the local officials. It is much better to prevent mistakes in procedure than to discover such mistakes after they have been committed. They should also bear in mind that unnecessary, meticulous or badly expressed objections not only bring discredit to audit, but also cause an increase of work in both audit and the auditee offices. Objections should be so worded as to bring out the points precisely but briefly. The Inspecting staff should, therefore, maintain a strictly detached, dispassionate and technical attitude in day-to-day conduct of their work. Nothing should be done to hamper the evolution of the complementary roles of audit and administration either by the use of extravagant language or by the attitude that audit alone is the keeper of the nation's financial conscience.

[C.A.G.S D.O. letter No. PS-588/56, dated 23-10-56].

2.08. The rules of audit should be strictly complied with, as many of them represent in concise form the experience of many years and their value cannot be overlooked. Only, they must not be converted into a fetish and applied in a rigid manner or considered adequate under all circumstances, where they are obviously inadequate. Ordinarily, they must be taken as the minimum of a good audit.

Prescribed checks to be exercised

2.09. The value of audit depends largely on the intelligence and thoroughness which are brought to bear on it. Sometimes routine and formal objections, if pursued properly, lead to detection of serious irregularities or of a defect of system liable to lead to fraud. Auditors should always be alive to this and never exercise the prescribed routine checks casually. When an Assistant Audit Officer feels that he has touched upon a matter which may require an investigation, he should go into it exhaustively and in all its aspects so as not to leave any detail undiscovered.

Subject outside the scope of audit

2.10. In conducting the audit of accounts, the inspecting staff should only deal with matters which have a financial bearing. Matters not falling strictly within the scope of audit should not be touched on by them. Points which come under the principles of audit but which cannot be provided for in advance by formal audit

rules, as also cases of infringement of the standards of financial propriety, should be investigated. But the inspecting staff should be careful never to encroach upon executive matter nor to take up questions of administration which have nothing to do with audit and accounts or which are otherwise outside the province of legitimate audit enquiry.

The Audit staff should not omit to look into any extraneous transactions which come to their knowledge through the audit of the allotted accounts. In such cases, the transactions should be pursued to any period and if it indicates any serious irregularity, it should be vigorously pursued right up to-date. The matter should also be reported to the Headquarters and orders of the Group Officer (concerned section) obtained.

Special Investigation

2.11. No Audit Officer, Asstt. Audit Officer is competent to under-take any investigation at the instance of administrative authorities which is not strictly within the scope of test audit whether such an investigation results in extra time being taken or not. If any such important point is noticed in the course of an audit, the Inspecting Officer/Asstt. Audit Officer should bring it to the notice of Group Officer of the concerned section and seek his orders.

Independent Enquiries

2.12. The Audit staff should not make independent enquiries from the general public while conducting audit of any Government office. Such an action will amount to an encroachment upon the functions of the administration. Audit should confine itself to calling upon the executive to furnish necessary information. In case of difficulty, it should confer with the executive as to the best means of obtaining the evidence which it requires, and if necessary, the Inspecting Officer/Asstt. Audit Officer should obtain specific orders of the Sr. DAG/DAG (Concerned section) on the point. There could, however, be no bar to obtaining any information relevant to an audit point from any other Government office or Government controlled body.

Matters dealt with to be kept confidential

2.13. The Audit staff should carefully note that matters, with which they have to deal during the course of their professional duty, are kept confidential. The audit

is intended to be for the assistance of auditee and Government and the Audit Department is not justified in permitting their shortcomings to become public.

Test months to be kept secret

2.14. The information about the selection of month's accounts to be taken up for test audit should be kept secret till the audit is completed and should not be disclosed to the office to be inspected in any way.

The fact that only one or two months' accounts have been audited, or even that everything in those months has been audited has always to be kept secret. It should be sufficient to state that a test audit was conducted without specifying the month or other details.

In the office file, however, a note should be kept as to the months' accounts which are subject to detailed audit so that information may be available for fixing the responsibility, if becomes necessary, for any failure of audit, etc., at a later date. [C.A.G.'S latter No. 12-Admn-II/1954, dated 6-2-1954]

Note: The Audit Officers, Asstt. Audit Officers should furnish information regarding the month's accounts test audited in the forwarding memo to the draft Audit Inspection Report.

Papers and Files examined during Audit

2.15. The Audit staff must call in writing for all registers and accounts of the offices inspected required for audit, if the same are not readily put up on verbal requests. If an auditor states that he asked for records but they could not be produced, he must be able to prove it from his requisitions. Important records like Service Books, etc., should invariably be requisitioned formally and acknowledgement obtained on returning the same.

All records and vouchers pertaining to audit should be examined and if any record is not produced, the Audit Officer/Asstt. Audit Officer should ascertain the reasons for its non-production and bring such failure to the notice of the Head of the office. If attempts for its production do not succeed, suitable comments should be made in the Audit Inspection Report for production of the record during next audit. If the records not produced are important and where non-production of records appears to be deliberate, a separate note should be sent to Deputy Accountant General (concerned section).

Papers and files of the offices inspected by the auditors should be returned in the same condition in which they are received. On no account should these be rearranged, combined or broken by them into smaller files, in any case. If such a rearrangement is absolutely necessary, it should be carried out only by the office which is being inspected. The Audit staff should not make any corrections or remarks in any of the registers or documents of the office under audit.

Accounts not ready for Audit

2.16. When it is found that the accounts of an office have not been written up-to-date and are not ready for audit, or there are any other facts which are likely to retard severely the progress of audit, the Asstt. Audit Officer should, at once report full facts and seek instruction from Headquarters.

Check of Accounts

2.17. The Audit Officer and the local audit staff should tick off the entries checked in the audit of accounts. They should always set their dated initials on all vouchers, accounts and documents examined in the course of their inspection. For this purpose, special audit pencils should be used. In the absence of these marks or initials, it will be presumed that necessary checks have not been applied.

Period of Accounts to be audited

2.18. The period of accounts to be audited by the inspecting staff is the period that falls between the dates of last inspection and the month preceding the month in which the inspection takes place. The transactions of the month /months selected for test audit should be audited completely and in every detail. In addition to this, all accounts and registers should be generally examined to see whether they are, on the whole, properly maintained.

In respect of first audit, the audit party should conduct a general scrutiny of the accounts of all such cases, the adequacy and suitability of an initial system of accounts, forms, registers, internal supervision by higher officers, the desirability of audit in future, its periodicity and quantum as considered necessary, should be properly examined and reported to headquarters. The defects and improvements, if any, in the initial accounts and supervision should be pointed out in the Audit Inspection Report.

Consulting Government Orders and the Dictionary of References

2.19. The Asstt. Audit Officers should get from the auditee offices inspected, all files containing important rules and orders issued by the Government in respect of those offices and matters dealt with by them and study them and should also take notes from the Dictionary of References maintained, whenever they get an opportunity of doing this.

Distribution of work on Inspection.

2.20. The following instructions should guide field parties:

(1) The head of the party Audit Officer or the Asstt. Audit Officer, will be primarily responsible for the audit as a whole and he should guide the auditors by general instructions and always keep himself abreast with the progress of the work to the extent determined by him.

The head of the party should determine the extent of independent work/action to be allocated to each member of the party with reference to his experience, quality and capacity to act independently.

(2) However, audit memos are to be approved by the head of the party before issue. The work relating to verification and disposal of previous inspection reports is assigned to the senior of the two auditors of the party. How far the auditors may be allowed to act in his own has to be decided in each case by the head of the party who has to remain responsible as a whole.

(3) Examination of the Cash Book and verification of drawls/deposits into treasury with reference to treasury records is to be conducted by Asstt. Audit Officer. In case where close supervision of 1 and 2 above are required, the assistance of auditors may be taken for routine check of receipts and payments subject to the overall responsibility and supervision resting with the Asstt. Audit Officer.

(4) In short, it will be the overall responsibility of the Asstt. Audit Officer or Audit Officer as the case may be, to ensure that audit is conducted in most efficient manner so as to derive the desired result. [C.&A.G. Circular No. 25-Audit-II/1985, dated 18-6-1985, circulated vide O.O. No. IC.VII/Opinion/994, dated 25-9-85].

Supervision of field inspection by Group Officer

The Group Officers of Audit groups are required to carry out field inspection for a minimum of 7 days in a month as per direction of Headquarters office issued

vide letter No. III/P/5-300-PPG/30-2013 dated 25-09-2013 read with Circular No. 01-PPG/2013, dt. 25-09-2013.

Detailed distribution of work among different party personnel is given below:-

1. Audit of Civil Offices

(A) Audit Officer/Senior Audit Officer

Duties and responsibilities presently assigned are not only important but also sufficiently exhaustive. Review of the schemes executed in a department will, in fact, be time consuming. Further, the Audit Officer has to perform the co-ordination functions to achieve over-all efficiency in performance.

(B) Assistant Audit Officer

- (i) Audit of the accounts of receipts;
- (ii) Audit of the accounts of stores;
- (iii) Examination of the Cash Book;
- (iv) Examination of vouchers for the test months which were submitted to Central Audit and made available to the party by the Headquarters, with original records, contract documents etc. ;
- (v) Audit of all vouchers not submitted to Central Audit;
- (vi) Verification of drawls and deposits into treasury with reference to treasury records;
- (vii) Examination of the special points marked for special investigation.
- (viii) Audit of Works Expenditure ;
- (ix) accounts of stores, requirements etc. received under various foreign aid programme ;
- (x) Departmental inspection reports.

(C) Senior of the two auditors

- (i) Examination of Service Books, Service Rolls, Broadsheets and Ledgers in respect of P.F. accounts of Group 'D' staff, etc.;
- (ii) Obtaining files containing important rules/orders issued by Government in respect of the institution under audit and matters dealt with by it with a view to study them and also take notes from the Dictionary of References maintained ;

- (iii) Check of disposal of previous Inspection Reports;
- (iv) Audit of expenditure by State Government in connection with large gatherings of political organizations;
- (v) Establishment Pay Bills;
- (vi) Travelling Allowance Bills;
- (vii) Register of undisbursed pay and allowances;
- (viii) Register of Advances;
- (ix) Property accounts i.e. immovable property accounts like land, buildings and other assets.

(D) Junior of the two auditors

- (i) Dead stock registers;
- (ii) Register of empties;
- (iii) Stamp accounts;
- (iv) Register of deposits;
- (v) Log books and diaries of Government vehicles;
- (vi) Register of stationery;
- (vii) Register of uniforms;
- (viii) Register of books and periodicals;

(2) The structure of the audit parties in certain offices is two Assistant Audit officers and one auditor, while the gazetted supervision remains the same. In such a case the distribution of work could be as under:

(A) Audit Officer:

Same as those in para 1 (A) above.

(B) Assistant Audit Officer:

Items (ii), (iii), (iv) and (ix) under 1(B) (ii), (vi), (vii), and (viii) under 1(C) Senior of the two auditors in para 1 (C) above.

(C) Auditor :

Same as at present.

Interview with the Head of the Office

2.21. (a) Soon after taking up an audit, the Asstt. Audit Officer should seek an interview with the head of the office and invite suggestions, which he may like to

offer, regarding any special point for examination during audit. He should also see the head of the office as often as necessary and possible, with a view to discussing with him matters of importance arising out of his audit.

(b) In the case of supervised units, by the Audit Officer should make it a point to call on the head of the office and ascertain from him, if there are any suggestions for investigation of any portion of his initial accounts under him about which he entertains any doubt of irregularity or of the process of these accounts for reducing clerical or accounts work.

Responsibilities of Inspecting Officer (Audit Officer)

2.22. The Officer-in-charge of inspection work must acquaint himself with the system of finance of any institution, the accounts of which he is inspecting, as to what makes up its receipts and how, its money is expended. He must, then, decide roughly what system of accounts is necessary for these receipts and expenditure, what registers are necessary for internal check purposes and how far the existing system conforms to this standard. This is elementary and primary responsibility of the Supervising Officer to be discharged at whatever stage he comes in on the inspection. An Inspecting Officer, if responsible for audit of receipts, should make it his duty to correlate all the accounts documents and he should direct his staff to check that all money due is received and all money received is brought to accounts. An Inspecting Officer who does not follow these principles fails to appreciate the first responsibility of audit.

[C.A.G.'S letter No. I-962-Admn/74-40, dated 25-9-1940].

Gazetted Supervision

2.23. The classes of accounts with which the Audit Officers have to deal are so varied that it is not possible to lay down any general rules or instructions which may be applicable to all audits, The fundamental responsibilities of an Officer-in-charge of inspection have, however, been laid down in Para 2.22. The Inspecting officers are, however, expected to:

- (a) Guide their staff.
- (b) Do a certain amount of original work, particularly in matters relating to efficiency-cum-propriety audit.

(c) Examine personally with reference to initial documents all important points raised by the staff and they should take particular care to see that the reports are drawn up so as to afford no grounds for complaint from the local authorities in regard to their tone or substance. Inspection should be conducted with tact and discretion so as to avoid all possible irritation of the officers.

(d) He should take an overall view of the activities of the unit inspected, to review large expenditures, important changes in the direction of policy, etc., so as to obtain an idea and, if necessary, comment on the working of the office as a whole. This work is quite distinct from the work done by the party which concentrates on only a period selected for test audit. In case, interesting points are disclosed or serious irregularities are brought to light, he should extend the scope and extent of audit, under prompt intimation to Headquarters. As a responsible Officer on the spot, he should exercise his judgment after taking into account the prevailing circumstances. No Statement which might be treated as injurious to the character of any person should be made without the utmost care and attention to facts.

The Audit Officer should write out the Inspection Report himself and not leave it to his subordinates to do it besides signing certain proforma and certificate which are required to be signed by him. This is necessary in order to enable the Audit Officer to apply his mind actively to everything mentioned in the report. This is also calculated to ensure the accuracy of the facts stated, the cogency of the arguments applied and moderation in and preciseness of the language used. He must assume full responsibility for everything contained in the Audit Inspection Report.

[C.A.G.'S confidential D.O. letter No. 1307-Admn-I/338-55, dated 24-6-1985 and C.A.G.'S letter No. 971-Tech-Admn-II/131-68, dated 2-5-1968 and C.A.G.'S circular letter No. 715-TA.I/106-81, dated 20-6-1981].

2.24. The Audit Officer should specially bear in mind the general instruction given in Para 6.1.8 of Manual of Standing Orders (Audit) Second Edition. He should discuss personally, as far as possible, personally all important points with the Head of office and should endeavour to settle the points outstanding since last inspection, and all minor irregularities which are not important enough to be pursued through the Inspection Reports. He should ensure that the instructions contained in the Codes and Manuals regarding check of initial accounts are

followed and all the prescribed processes of audit have been applied and no point of importance has escaped the attention of the inspecting staff. He will remain responsible for the efficiency of the inspection as a whole.

2.25. The original work carried out by the Audit Officer during local audit should be independent of and, in addition to the examination conducted by the staff. The lines on which the work should be done are stated below. These are indicated only for guidance and are not intended to fetter the discretion of the Audit Officer in case he finds that extensive examinations are required. He may conduct the checks in respect of the month (s) selected for test audit or for any other period as he considers necessary.

(1) **Payments:** The Cash Book and vouchers since last inspection should be generally reviewed and any large unusual payments and receipts looked into. It should be seen that proper arrangements have been made for the withdrawal of funds and their safe custody.

(2) **Receipts:** It should be seen that adequate regulations and procedure have been framed to secure an effective check on the assessment, collection and proper accounting of receipts and that such regulations are followed. It should be seen that there is no undue delay in remittance of moneys into the treasury, as prescribed in the rules.

(3) **Check of Cash Book:** Transactions up to one continuous week should be checked in respect of test month/months. This should be specially indicated in Proforma-I of work done etc.

(4) **Stores:** (i) The system of acquisition of stores and their custody and the system of indenting and issue of material should be examined to ensure that all rules prescribed are followed and adequate safeguards are provided against unwanted purchases and unauthorised withdrawals. In respect of large purchases, the quotation, tenders and agreements should be examined.

(ii) Entries in the Stock Register should be examined at least for one full day with reference to supporting documents.

(iii) Stock verification reports should be examined and it should be seen that adequate action has been taken in respect of heavy shortages or other defects noticed during stock verification. It should be seen that there are no large and

unnecessary accumulations of stores. Instances of balances not operated upon for a long time should be commented upon, where necessary.

(5) **General:** All the books of accounts should be generally reviewed, and a few entries should be test checked, where considered necessary. Besides, the Audit officer, will also review the schemes being executed by the department. The financial working and the physical targets achieved should be specially seen and commented upon.

Physical verification of Cash

2.26. The Audit Officer is required to verify by count the Cash balance of the office inspected. It is, however, not the intention that an Audit Officer is debarred from verifying the cash of an office, if the circumstances of any case warrant such verification. In such a case, the verification should be undertaken, as soon as the necessity for the same is felt. The Audit Officer may count the cash himself but this should be done in the presence of the Officer-in-charge of the unit. It would, however, be desirable for the Audit Officer to get the cash counted by the Cashier in the presence of the Officer-in-charge of the unit.

[C.A.G.'S letter No. 21-TAI/6-77, dated 24-1-77].

The same consideration applies in respect of surprise inspections also. It may, however, be mentioned that if, in any case, the balance pertaining to a Cash Book is counted, simultaneous count of all cash balance (with relevant Accounts) in charge of the disbursing officer or other custodian of the cash chest is desirable.

[C.A.G.'S A.O. letter No. 70-Adm –I/54, dated 26-7-54].

Inspection - Preliminary

2.27. The Audit staff should attend the office which they inspect during its regular office hours. The AO/AAO should draw up a schedule of work to be done for the days allotted to each office in consultation with the head of the office so that records can flow in regularly and smoothly. The AO /AAO should allocate the work among himself and other members of the party in accordance with orders on the subject and arrange to issue audit memos in regular installments. He should also stress upon the head of the office at the very start of the audit the necessity of sending replies to the audit memos as and when they are issued.

Special efforts may be taken by periodical discussions with the head of the office to ensure that the replies are not kept pending till the end.

Verification of the compliance of previous Inspection Reports

2.28. The first duty of the Audit staff on commencing an inspection is to see to the disposal of the previous Inspection Reports. It should be seen that:

- (i) All points noticed in the last report have been settled,
- (ii) Any new procedure which may have been agreed to have actually been adopted in practice,
- (iii) All recoveries promised have been made, and
- (iv) All documents which were promised to be produced are made available for scrutiny.

The Audit Party should compulsorily hold discussion with the executive on the outstanding audit objections in the field and draw up minutes of the discussions for the settlement of the audit objections which should, subsequently be approved by the Group Officer. The Inspection Reports should not contain objections of more than 3 to 5 years old and all efforts should be made by the Audit Parties either to settle the objection through discussion or transfer the old objection from the old Inspection Report to new Audit Inspection Report by updating them and dropping them in the old Inspection Report.

Where paras have been settled by the Headquarter section subject to verification of the reply given by the office during the subsequent audit, it should be specifically stated whether the reply was verified and found factually correct. In cases where replies furnished by the office are found factually incorrect but paras treated as settled by the Headquarter section, the objection should be revived by including a suitable comment in the Inspection Report bringing out the original objection, the reply given by the office, the incorrectness of the reply , etc. Suitable comments should also be made in the verification report against the concerned paragraph. Being an important item of work, this should receive the personal attention of the Audit Officer/Asstt. Audit Officer. Objections of general and routine nature remaining unsettled in the earlier reports may be taken afresh in the current Inspection Reports showing the latest position.

In stray cases, if the pervious Inspection Reports do not reach the audit parties in time either due to postal delays or any other reason, the Audit staff/officers

should obtain a copy of the unsettled previous Inspection Reports from the Head of offices inspected and follow the above provisions.

In respect of Test Audit Note or Supplementary Test Audit Note, the unsettled items should be incorporated in the next Test Audit Note.

Accounts in Private Bank, Post Office etc.

2.29. It should be specifically seen that no office maintains an unauthorized account in a private bank, post office or a Personal Ledger Deposit Account. Wherever the audit party comes across such accounts, these may be intelligently scrutinized specially with reference to Bank Pass Books and Reconciliation Statements.

Preliminary Objection Memos

2.30. All objections as disclosed by audit, should be recorded on the preliminary objection memo (Audit memo) as soon as these are noticed and made over to the Head of the Office or the Accounts Section of the office audited under acknowledgement. Before, however, an objection is raised, the connected papers relating to the transactions which form the subject of the objection, available in the office inspected, should be pursued. A study of these papers will help in the drafting of the objection with a proper emphasis on different aspects of the transactions. Full particulars should be gathered before the issue of the preliminary objection memo, so that there may not be much difference between the preliminary objection memo (which should be self-contained) and the final paragraphs which will vary from the preliminary objection memos to the extent they are affected by the replies of the department. The work of the party members will be judged by the number of final paragraphs and not by the number of objection memos issued.

The preliminary objection memos should be prepared on machine numbered audit memos provided to audit party, as far as possible in duplicate by carbon process. One copy should be issued from day to day (and not altogether after several days or towards the close of the inspection). All the memos should be numbered serially and the acknowledgement of the office obtained on a separate sheet of paper, showing the number of pages in each batch. The acknowledgement sheet must be submitted along with the preliminary objection memos and the Inspection Report in original to the Headquarters. While issuing

the preliminary objection memo, the period, within which (it should normally be the next day) it should be returned with due replies or compliance, should invariably be mentioned therein so that its return within the specified time can be insisted upon by contacting the highest official in the office, if necessary. Whenever, the objection or the point raised is not settled from the reply and a remark in the Inspection Report is necessary, the departmental reply and the arguments put forth by the department should be mentioned in brief in the draft Inspection Report along with further remarks as in what way the departmental reply is incomplete or not acceptable. Whenever replies to the preliminary objection memos have not been furnished even after the completion of audit, details of such memos, with a gist of the points raised therein should be incorporated in the introductory paragraphs in the relevant Inspection Report and suitable drafts may be prepared on the basis of the copies of the preliminary objection memos for incorporation in the report. It should be stated in such paras that no reply has been furnished by the office concerned. The Headquarters section should take special notice of this paragraph of the Inspection Reports and arrange to report the matter to the head of the Department concerned or the Government.

2.31. The preliminary objection memos should be issued under the signature of the Assistant Audit Officers or under the signature of the Audit Officer whenever the audit is supervised by the Audit officer.

2.32. It should be seen that the replies to the objections have been submitted under the signature of the Head of the Office inspected or by the next lower officer when the Head of the office is not in station. On receipt of the preliminary objection memos, the replies should be verified and the points which are satisfactorily complied with or explained should be settled. Wherever required, facts relied upon for settling the points should be verified with reference to the original records.

The grounds on which an objection is dropped by the Audit Officer /Asstt. Audit Officer should also be briefly recorded against all points dropped for the information of Group Officer (Concerned section). It would not suffice to say "In view of the reply dropped" or "Discussed and Dropped" unless minutes of discussion are brought on record.

Departmental Inspection Reports

2.33. The reports of the departmental officers will give the inspection parties an idea of the defects and irregularities noticed by the department from time to time. The inspection parties should scrutinise these reports at the time of the audit of such institutions and utilise the information after verification for the purpose of their audit.

The inspection staff is, however, not expected to depend upon the irregularities already noticed by the departmental officers, but bring to light losses and irregularities discovered by them independently.

Embezzlements, misappropriations etc., detected by the departmental audit party, on which action has already been initiated by the department, should not be reproduced in the Audit Inspection Report either in whole or in part.

Where the departmental inspection reports are not produced to audit party, the Asstt. Audit Officer/ Audit Officer should not press for the production of such reports and need not include the point in the draft Inspection Report but may intimate the fact separately to Headquarters.

Diary Register of day to day work done by the Audit Party

2.34. (a) The diaries of the inspection parties should be written daily in a register, called "Register of Work" and should contain full details of the work done by each auditor from day to day and signed with date. In particular, the diary should show the nature of accounts, documents, other papers and registers scrutinized by him as also the time of his arrival at and departure from the office under inspection. If any serious financial irregularity or suspected case of embezzlement is noticed, it should also be briefly indicated in the daily record of the work in the Register. The Register should be put up to the Audit Officer or the Group Officer (Concerned section) whenever he meets the party in Camp. This register should be surrendered to concerned section at the end of each quarter of audit.

(b) On the basis of the details of work shown in the Diary Register by each member of the Audit party, Proforma I of the "forwarding Memo" of the draft audit Inspection Report should be filled in under their dated initials.

(c) Every in-charge of the field party should ensure that the Diary Register of day-to-day work done by the members of the field party is written up daily in

accordance with the instructions. Concerned section would watch the receipt of the diary/register from the field parties and check with reference to the leave applications/intimations etc. of the Audit staff.

2.35. The time allotted in the audit programme for each office includes the time required for drafting the report. The last day of inspection should, as far as possible, be reserved for getting the replies, drafting of the Inspection Report and discussing it with the Head of the Office inspected. However, the drafting of the report should commence immediately on receipt of the replies to the objection memos, so as to leave as much time as possible for the last day for discussions, etc., The work of audit should be so planned as to allow for the above duties. The preliminary objection memos should also be carefully drawn up so that the task of drafting the Inspection Report might be easy.

Attendance Register of the Audit Party

2.36. All audit parties shall record their attendance in an Attendance Register supplied to each party. All the members of the audit party will make their date-wise attendance in that register. Late attendance, if any, should also be marked therein. The Attendance Register will remain in the custody of the Assistant Audit Officer or senior of the Asstt. Audit Officer if the party is composed of two Asstt. Audit Officer. In case the Asstt. Audit Officer proceeds on leave, the Register will remain in the custody of the next senior person in the party. The Attendance Register should be submitted to the Audit Officer at the time of his visit to supervise the work of the audit party. The Audit Officer will sign the Register on the days he supervises the audit party.

Permission to leave the duty place

2.37. No member of the inspecting staff whether the Assistant Audit Officer or the Auditors should leave the place of halt without the previous permission of the Sr. D AG/DAG (Concerned section) When, however, a member of the Inspecting staff is forced to leave his place of halt for very strong and urgent reasons, he should report the fact immediately to the Audit Officer (Headquarters) explaining the circumstances which required his absence from the place of his duty or halt in anticipation of formal orders.

Grant of Casual Leave and Restricted Holidays

2.38. (i) While on inspection, the members of the audit party are not expected to go on regular leave except on grounds of ill-health or any other emergent and compelling circumstances. They may have Casual Leave, when necessary, under proper sanction of the Asstt. Audit Officer / Audit Officer. Similarly, they may also avail of Restricted Holidays duly sanctioned by the Assistant Audit officer. Assistant Audit officer in their own case may have the Casual Leave/Restricted Holiday sanctioned by the Audit Officer, if he is supervising the party, otherwise on the sanction of the Group Officer (Headquarter). The Casual Leave/Restricted Holiday applications should be sent to concerned section in time.

(ii) Any tendency to take casual leave at the end of each quarter of audit, during the period the parties remain at Headquarters, should be deprecated. Unless the members have obtained prior permission of Sr. DAG/DAG (concerned section) to avail of the Casual Leave, they are liable to be treated as absent.

(iii) No Daily Allowance is admissible to the staff for the period enjoyed as Casual Leave/Restricted Holiday including authorized holidays prefixed and/or affixed thereto.

(iv) The Assistant Audit officers are responsible to see that Casual Leave applications and reports of proceeding on and returning from leave are promptly submitted to the Headquarters.

(v) The Casual Leave Register of the audit parties will be maintained in Concerned section .

(vi) In cases of urgency, the Assistant Audit Officer of a party, may leave the camp for a day or so, but he must intimate to Concerned section about his absence from camp and his address during such an absence.

(vii) In all cases where a member of a field party applies for leave or the officer-incharge of the field party (Audit Officer/Asstt. Audit Officer, as the case may be) intends to avail himself of leave, the Officer-in-Charge of the party should immediately send a telephonic/fax intimation to that effect to the Group Officer concerned and keep on the file the acknowledgement of the fax.

(viii) In case a member of the field party absents himself from duty without permission, the fact should be reported by the incharge of the party, on that very day, telephonic/fax to the Group Officer.

(ix) No Audit Officer/ Asstt. Audit Officer should proceed on earned leave without prior sanction of the Accountant General unless it is necessitated on medical grounds, in which case, applications should invariably be accompanied by a medical certificate. Applications for extension of leave should also reach the Accountant General well in time for sanction.

Arrangement in case of leave

2.39. Whenever a member of the Inspection Staff proceeds on regular leave for a period exceeding a fortnight, concerned section will arrange to post a substitute without delay.

Observance of Holidays by Field Staff

2.40. The Comptroller and Auditor General has ordered that subject to minor adjustments to suit administrative convenience, every endeavour should be made to ensure that the total number of holidays/closing days enjoyed by the field staff during the calendar year does not exceed that admissible under the orders of Government of India and that there is no shortfall in the total number of working hours. As there is variation in the pattern of holidays observed by the State Government and Central Government offices, the Audit Officer /Asstt. Audit Officer should arrange with the Officer concerned of the office inspected to have the office opened on those local holidays which are not observed at the Headquarters. The Gazetted holidays specified in the programme should be strictly followed.

[C.A.G.'S letter No. 2492-NGE.I/285-65-11, dated 24-8-66 and 208- NGEI/295-II. dated 2-2-1967].

Urgent Communications

2.41. All urgent Communications requiring immediate action at the Headquarters should be communicated to the Branch Officer, concerned section by name.

Communications from the Audit Staff

2.42. All applications, representations, suggestions and Official communications etc., from the Auditors should be routed through the Asstt. Audit Officer under whom they are working. In the case of fully supervised parties by the Audit officer communications should be sent through the Audit Officer-in-charge of the party.

Circulation of points of general interest

2.43. The Audit Officers/Asstt. Audit Officers should freely bring to the notice of the Group Officer (Concerned section) the special points noticed by them during the course of audit inspections, which they consider to be of wider general interest and likely to benefit to other auditors. Unless this is done, the benefit derived from experience is lost and efficiency cannot improve. Such information, after due scrutiny in headquarters is to be periodically circulated to the Audit staff by the Concerned section.

Reduction/ increase of time allowed and abandonment of Audit

2.44. If any office where the Audit Officer/Asstt. Audit Officer finds that the time allowed for inspection is in excess/or less of the requirements, he should immediately bring the fact to the notice of the Headquarters for considering a reduction/increase in time. Similarly, if he finds that the transactions in any office are so small as not to justify supervision by an Audit Officer and much more the expense of a local audit, he should at once report the fact to Headquarters for orders. Besides, there is provision in the proforma with which the Inspection Reports are sent to Headquarters, to record suggestions on increase or decrease of party time or of the extent of gazetted supervision.

SECTION II

Inspection Report

2.45. The results of local audit by the Audit staff are communicated through Inspection Reports; which should be drawn up on the following pattern:

Part I

- (a) Introductory.
- (b) Outstanding objections from previous reports in brief.
- (c) Schedule of persistent irregularities.
- (d) A list of records not produced together with the reasons given by the office inspected.

(e) Disclaimer Certificate (Right to Information Act)

The inspection Report has been prepared on the basis of information furnished and made available by (Name of audittee entity). The office of Accountant General (Audit) disclaims any responsibility for any mis-information and /or non-information on the part of audittee.

[Authority No. C.A.G.'S letter No. 629 I.C./III-2005 dated 07-10-2005]

Part II

Section A

It consists of paras on irregularities which are important enough to be brought to the notice of the Government and which, if not promptly settled by the Government, are likely to materialize into draft paragraphs for the Audit Report.

Section B

Consisting of irregularities which are considered important enough to be brought to the notice of higher authorities and followed up by the Audit Office.

Part III

Test Audit Note contains minor irregularities, to which should be attached a schedule of items settled on the spot. The procedural irregularities in respect of which the head of the office has held out assurances about following correct procedure in future should be noted in this schedule.

[C.A.G.'S letters No. 1647-Admn-III/268-60, dated 16-8-1960 and No. 2583-Admn-III/KW-268-60, dated 2-1-1961].

Part I

(a) For the purpose of writing up Part I (b) and (c), the outstanding paras in the previous Inspection Reports should be gone through carefully before the inspection of an office is commenced so that it can be seen whether the irregularities remaining unsettled since the issue of previous reports still continue. Generally, irregularities which relate to the transactions or maintenance of records of the past periods and not persistent ones should be incorporated in Part I (b) giving reference to the year of the Inspection Report. Irregularities

brought out in the earlier reports, but found to continue during the subsequent (current) audit, should be brought out in Part I (c) unless the objections are found sufficiently important to be included in Part II.

Part II

(b) **Part II, Section-A** is intended to cover all irregularities involving recoveries, questions of principles or losses etc., which are important enough to be brought to the Government's notice and are likely to materialise into draft paragraphs for the Audit Report. Sufficient care and discretion should be exercised by the Audit Officer/Asstt. Audit Officer before including paras under this section. "Paras on Outstanding dues", "Outstanding recoveries", "Losses and embezzlements" which are already being pursued by the department effectively should on no account, be taken under this section. The paras under this part should be carefully drafted, facts included therein accepted by the Head of the Office concerned and supported by attested copies of all relevant orders, office notes, extracts from records etc., so that no further time is lost at Headquarters in obtaining them or getting basic facts confirmed by the Heads of the offices.

(c) Part III

(c) Part III will contain minor irregularities to which should be attached a list of points settled on the spot. The procedural irregularities, which the Head of office has assured would be corrected in future, should be included in this list. The list (Test Audit Note) should be prepared in duplicate signed by the Asstt. Audit Officer of the party and one copy handed over to the Head of the office and the second copy sent to the Headquarters section concerned, along with the draft Inspection Report. It should be borne in mind that Test Audit Note is sent only to the Head of the office audited and not to the higher authorities.

Drafting the Audit Inspection Report

2.46 The following directions are to be followed in drafting the Inspection Reports:

(1) All points which could be settled on the spot should be settled and only important irregularities, which are required to be brought to the notice of higher authorities, should be included in the Inspection Reports. All minor irregularities in the maintenance of accounts, directions of a routine nature, etc., should be got

rectified or noted by the Head of the Office and included in the list of points settled.

(2) Narrative form should be used only for the important general features. The tabular or statement form and appendices should be resorted to wherever possible. In other cases, the report should concentrate on bringing out the salient points under objection and avoid all irrelevant and redundant matter.

(3) Suggestions to open registers, maintain accounts, submit returns, etc., are another common feature with audit objections. Such suggesting should be made only when absolutely necessary and, when made, should be with reference to the accounting procedure prescribed from time to time by the Competent Authority in Codes, Manuals, Executive Orders etc.

(4) Remarks of a general nature should be supported by concrete instances.

(5) Copies of correspondence or other orders, cited in the draft Inspection Reports, or notes should invariably be enclosed to the Reports. Four copies of such correspondence orders should be prepared and sent along with the Inspection Reports.

(6) All statements and allegations made and all figures furnished in the reports should be based on clear documentary evidence so that the Headquarters section may be in a position to press for proper action. There should be supporting data or evidence for all the adverse comments made.

(7) Every paragraph should comprise three distinct parts: first, a statement of facts, next money value of the objection or its approximate value as calculated from the available data, and the rules and orders, infringed together with the nature of irregularity and, finally, the action required for removing it. This arrangement may not necessarily be strictly adhered to in all cases. The rules infringed may be indicated first and facts stated next but, all points must be distinctly stated. Special attention must be drawn to important matters like willful and persistent neglect of duty, falsification of accounts, poor state of accounts etc., in a separate paragraph, if necessary. But reasons for arriving at the conclusion in concrete instances with full particulars should invariably be given in detail in the report. It should be noted that the impact of a paragraph depends upon the logical presentation of the facts in their due sequence and not upon exaggerated or pontifical language.

(8) The Audit Officer/Asstt. Audit Officer should assess the money value of all cases of losses or shortages, etc. which are incorporated in the Inspection Report and must mention the same therein. They should also furnish the appropriate data on the basis of the Inspection Report, itself. Without this information the intrinsic value of objection is lost and, in addition, may involve protracted correspondence.

(9) Suggestive headings should be given above the different paragraphs in indication of the contents. More general headings like “Cash Book”, “Credit Sales”, etc., do not indicate anything. But headings like “Irregularities in maintenance of Cash Book”, “Outstanding dues from Government Officers”, etc., give a definite idea and make one inquisitive about the subject contained in the paragraph.

(10) Use of abbreviations in writing technical terms should be scrupulously avoided when preparing Inspection Reports as well as appendices thereto. Particular care should be taken to give the correct quotation of rules and orders, etc., Dates should be given in full.

(11) If a really flagrant irregularity is detected, it should be investigated with utmost care and set out in such detail so as to ensure that the gravity of the breach of the rules is clearly brought to the notice of a superior authority so that the audit office may be in a position to press for proper action. In all such cases, the particular rule not followed should be stated. The first duty of the Audit Officer is to report to the Group Officer (Concerned section) immediately if anything serious or important comes to light in the course of his inspections without waiting to include such matter in the Inspection Report. The Sr. DAG/ DAG (concerned section) may submit such cases to the Accountant General for information depending on the gravity of the irregularity.

(12) When a sanction of a higher authority for any charge or practice is called for, the rules under which the authority sanctioning the charge in the first instance is not considered competent, must be distinctly stated and the authority whose sanction is necessary, specially named. Terms like “this appears to require higher sanction” or “the sanction of competent authority is needed” are unacceptable.

(13) The auditors should be particularly careful in imputing a charge, either explicitly or implicitly, in the draft paragraphs of the Inspection Report, or

deliberate dishonesty or misrepresentation which is unusually difficult to substantiate and which is so much resented by auditee unit officers. It is a matter of tactful drafting that dilutes unpleasantness in such cases and, at any rate, leaves the way open for a reasonable answer. If only facts are stated clearly and logically, no resentment is likely to be caused.

(14) Money value of objections should be specified wherever possible. Points having potential money value e.g. the amount of contracts for which open tenders are not called for, cases where the lowest tender has not been accepted without adequate reasons, value of the extra concessions granted to contractors not provided for in the agreement, etc., should be mentioned in the paragraphs.

(15) A list of documents examined by each member of the party during the course of inspection should invariably be submitted along with the draft Audit Inspection Report in Proforma I of the forwarding Memo.

(16) Each objection intended to be included in the Inspection Report should be set out in separate page or pages, so that it might with convenience be transferred to the appropriate part of the Inspection Report or the Test Audit Note, if necessary, in the course of examination in Headquarters.

Note 1: Cross reference to the Audit Memos should be given by noting the pages of the Audit Memos against each paragraph of the report and the Test Audit Note.

Note 2: Criticism of orders issued by a higher authority, should not find place in an Inspection Report. These should be communicated to Headquarters in a separate note for necessary action.

2.47 (1) As soon as any of the preliminary objection memo issued is received back with a reply from the Head of the office inspected, suitable paragraph should be prepared for the Inspection Report on the important items contained in the preliminary objection memo, each paragraph dealing with one objection only or group of similar objections. The reply should be carefully examined and the facts stated therein verified from records. In this manner, when all the preliminary objection memos are received back, the draft Audit Inspection Report will be drawn up. The Inspection Report will be signed by the gazetted officer supervising the inspection or by the Assistant Audit officer if otherwise.

(2) In writing the Inspection Report, the Audit Officer/Asstt. Audit Officer should give due emphasis to the reply given to him by the Head of the Office and bring out this point of view with his comments in the paragraphs, so that, the view taken by the department may be examined at the very outset rather than at the final stage.

(3) It is the imperative duty of Audit Officers/Asstt. Audit Officers to complete the drafting of the Inspection Report before the Audit staff leaves the station where the office audited is situated so that, if required, records could be verified. The Inspection Report should be discussed with the Head of the office inspected or if he is not available with the officer next to him. The discussion will be carried on by the Audit Officer if he is present on the last day of the inspection. The signature of the Head of office inspected should be obtained on the draft Inspection Report in token of his perusal of the report and acceptance of the correctness of the facts stated therein.

(4) No tabular statement or data should be included in the body of the Inspection Report if it exceeds five lines. Such details must be furnished as Annexure with requisite number of copies must prepare and furnish annexures and statements to draft Audit Inspection Reports in quadruplicate (4 copies; 5 copies in respect of Part II Section-A paragraphs) with the help of carbon papers where these cannot be typed out.

2.48 Audit Officers/Asstt. Audit Officers should take particular care to see that the reports are so drawn up as to afford no grounds for complaint from the local authorities in regard to their tone or substance. All exaggeration of language should, therefore, be avoided. The language used in the reports must be moderate and impersonal as the effectiveness of an audit objection is more likely to be reduced rather than enhanced by the use of strong language. As a matter of fact, the more serious nature of an objection, the greater is the need for using language which should be polite and unexceptionable. The use of such words as “should”, “must” etc., is to be strictly avoided. No improper or questionable motives should be attributed in the Inspection Report, even by implication, to any Gazetted Officer. All comments should, as far as possible be concluded in the third person and in impersonal and objective phraseology.

[C.A.G.’S D.O. latter No. PS/588/56, dated 23-10-1956].

2.49 The Inspection Report should be brief and concise. It should not be made unnecessarily lengthy by including too many points in it because the difficulty of going through a bulky report often takes away much of its value. Only the more important points should be selected for the Inspection Report and the rest may be relegated to Part III of the Report. Name (s) of the official(s) personally responsible for any serious irregularity should not be disclosed in the Inspection Report. Only the designation and status of the Officer responsible should be mentioned.

2.50 As far as possible, no inference and conclusion should be drawn from facts. Even when the evidence of a defalcation or fraud is very strong, the facts should be distinctly stated but the inference drawn should be properly guarded and qualified. The paragraphs should be presented in such a detailed and dispassionate form that the facts would need no further comments.

2.51 Cases which are subjudice, should not be mentioned in such a way as to prejudice the claim or the defence in a court of law.

Despatch of Inspection Report

2.52. The Audit Officers/Asstt. Audit Officers must forward the draft Inspection Report to the Headquarters within three days of the completion of audit. The report should not be delayed on any account, including the ground that the head of office was not available, for discussing the Report on the last date of audit or that the Audit Memos were not returned by the office audited, etc. If the head of the office is absent, for any reason, on the last day of audit, the report should be discussed with the officer next in rank who looks after the work or any Officer who has been looking after the work of the head of office during his absence. If no officer is present on the last day of audit, the Audit Officer /Asstt. Audit Officer should have the facts recorded over the draft Inspection Report by the Head Clerk /Accountant /any departmental official who is available on the spot. The non receipt of Audit Memos will not be accepted as an excuse for delaying the submission of the Audit Inspection Report.

The draft Audit Inspection Reports and other documents should invariably be sent under Registered Post addressed to Group Officer/ by name. The Audit Inspection Report should be submitted to Headquarters with the Proforma Audit Inspection Report. (Annexure-VIII)

Monthly Statement of Draft Inspection Reports and Units Audited

2.53. The issue of Audit Inspection Reports is often delayed due to non-receipt of draft Audit Inspection Reports from field parties in time. Further, at times, the parties make certain amendment to the programme for local audit with the result that unnecessary correspondence is entered into in calling for the Audit Inspection Report of a unit audit of which though booked was not actually carried out by a field party.

All field parties should, therefore, submit a report on units audited during a month in the following proforma on the 3rd of the month following that to which the reports relate. The report should be sent to Audit Officer/ Concerned section by name.

PROFORMA

Report on Units audited during the month of ...C.P. No. (Due on 1st of each month)

| Sl. No | Name of unit to be audited as per programme | Date on which audit was to be conducted | Name of unit actually audited | Date on which audit conducted | Date on which Audit Inspection Report sent (Giving dispatch No.) | Remarks including reasons for deviating from the programme |
|--------|---|---|-------------------------------|-------------------------------|--|--|
|--------|---|---|-------------------------------|-------------------------------|--|--|

Receipt and Disposal of Inspection Reports

2.54.- (i) The draft Inspection Reports are received in the Headquarters sections concerned. On receipt, the Inspection Reports should be entered in the sectional Diary of Inspection Reports and passed on to the concerned auditor who should put his dated initials on the Diary against the entry.

The concerned auditor will then note the details of Inspection Report like the name of the unit, period of accounts audited, dates of audit, etc., in the Register for watching the Receipt and Issue of Inspection Reports. He will check up the various certificates and documents received with Inspection Report and submit the whole file, along with an Edition Memo duly filled in. The Assistant Audit

Officer of the section should first verify the facts given in the Edition Memo and the various proforma attached to the Inspection Report. If the report has not been received within the prescribed time, etc., it should specially be seen whether an explanation for the delayed submission exists. In its absence, necessary explanation should be called for from the Audit Officer/Asstt. Audit Officer. Late receipt of Inspection Report should be brought to the notice of Group Officer (Concerned section) who may, on considering the reasons given for the delay, condone the same and the subsequent delay in the issue of the Report.

(ii) The extent of audit carried out by the audit party should be duly examined. It should be seen that the period required to be covered in audit is complete and that there is no shortfall in the quantum of audit.

(iii) It should be seen whether the audit party has acknowledged the receipt of vouchers, old Audit Inspection Report files, etc., in time. Any adverse remarks in the forwarding Memo in this respect by the party should be suitably explained by the Assistant Audit officer of the Headquarters section concerned.

2.55. The section concerned will scrutinise the reports in respect of non-supervised audit and submit them to the Audit Officer (Headquarters) for approval. While scrutinising the reports, the Section should verify the facts stated in the paragraph of the Inspection Report with the objection memo and its reply. It should not make any correction or alteration for the consideration of the officer over whose signature the report will finally issue. The supervised inspection Reports should be checked up in relation to the facts stated therein and submitted to the Sr. DAG/DAG (Concerned section) for approval. The officer concerned will examine the Inspection Reports, etc., and revise or modify the paragraphs, where necessary.

[C.A.G.'S letter No.76-Tech-Admn-I/385-65, dated 14-1-1966.

2.56. The Sr.DAG /DAG(Concerned section) and Audit Officer (Headquarters) will particularly be careful to see that the reports do not contain any frivolous or meticulous objections or objections of a minor nature which could profitably be relegated to the Test Audit Note of minor points. He should also ensure that the reports are couched in language which is courteous and inoffensive in all respects. Whenever the tone or language of a Report is open to objection or is likely to evoke comments or criticism from the executive authority, the Report

should not be issued in that form instead it should be brought to the notice of the Sr.DAG /DAG of the concerned section.

2.57. All Part II—Section ‘A’ paragraphs appearing in the Inspection Reports which have potentialities of final inclusion in the Audit Report should be submitted to Sr.DAG /DAG(Concerned section) for approval and issue to the other higher authorities of the unit to which the paragraphs relate and to the Government. A copy of such paragraphs along with the relevant Audit memos is also sent to the concerned Draft Paragraph Cell for a special and systematic pursuance with the authorities concerned. While scrutinising the report, the classification of the paragraphs into different parts of the report may have to be altered. A copy of the para should also be sent to the Audit Officer/Assistant Audit Officer of the party contributing it for encouragement and future guidance.

Preparation of fair copies of Inspection Report

2.58. On receipt of the draft Inspection Reports duly approved by the Sr.DAG /DAG(Concerned section), Branch officer, the Report should be sent to Type Section and dated initials of the Incharge, Type Section be taken in the Register for watching Receipt and Issue of Inspection Reports.

The Type Section will prepare the requisite number of copies of the Inspection Reports in the prescribed tabular form and supplementary Test Audit Note (on ordinary paper in half margin) and return the file along with the fair copies to the section concerned.

Comparison of fair copies of Inspection Reports

2.59. The fair copies of the Inspection Reports should be compared by the concerned auditors themselves or by mutual cooperation. The persons comparing the fair copies are responsible to see that all errors and mistakes are duly and neatly corrected in all the copies. The fair copies with the Forwarding Memo should, thereafter, be submitted to Sr.DAG /DAG(Concerned section), Branch Officer, as the case may be, for a signature and issue. The concerned auditor before making over the fair copies to the despatcher should check up that all the annexures, enclosures and statements referred to in different paragraphs of the Inspection Reports have been attached thereto and the Reports are issued in a complete form.

Issue of Inspection Reports

2.60. (i) All Inspection Reports should be issued within one month from the date of completion of the inspection . The period of one month for issue of Inspection Report from the date of completion of audit has to be computed as under:

5 Working days for the receipt of the draft report from the Audit party.
5 Working days for the section to submit the report. 4 Working days for the Gazetted Officers to pass the report. 10 Working days for the typing and issue of the report. 24 Working days say one month.

[C.A.G.'S letter No. 799-TAI/83-83 dated 16-7-1983]

(ii) The Inspection Report in duplicate should be sent to the head of the office, inspected within one month of its receipt. Simultaneously, with the issue of the Inspection Report to the head of the office, an advance copy of the report should be sent to the next higher authority.

(iii) The paragraphs appearing under Part II- Section 'A' of the Inspection Reports should, after approval by the Sr. DAG/DAG of Concerned section, be faired out in quadruplicate, one copy being sent to the Secretary to Government, in the administrative Department, another to the Head of the Department and the third to the Head of the office concerned.

(iv) Concerned section should pursue vigorously at high level all Part II Section 'A' paragraphs with a view to their possible inclusion in the Audit Report. Such of the draft paragraphs as merit inclusion in the Audit Report should be prepared and, after due approval of Sr. DAG/DAG of Concerned section be sent to Report Section.

Appraisal Register

2.61. Appraisal Register shall be maintained in Editing Sections the register shall be kept up to date and the column provided therein should be filled in The register should be submitted regularly to the Group officer concerned on the first day of the month following the month to which report relates to enable him to have a correct appraisal of performance of the field parties as well as Editing Sections.

Progress Register of settlement of Inspection Reports

2.62. After the issue of the Inspection Reports to the units concerned, the details of the report such as the name of the unit, period of accounts audited, number of paragraphs separately under Part II-Section 'A' and Section 'B' included in the Inspection Report should be noted in the “Progress Register of Settlement of Inspection Reports”. The receipt of reply to the Inspection Report is watched through this register. On receipt of the annotated copy of the Inspection Report with replies, it should first be examined whether the replies to the objections have come through the next higher authority. Where the annotated copy has simply been forwarded by the next superior authority without comments, the concerned authority should be asked to record his comments against each objection or state categorically that he concurs with the replies of the units.

Where the replies are satisfactory and need no further comments or verification they may be accepted and paragraphs treated as finally settled.

Authority to settle the Paras of Audit Report

2.63(A) All the paras of an Audit inspection report would henceforth be settled / dropped by the Group Officer after being recommended by the Sr. Audit officer/Audit officer of the section. All Audit Inspection Reports may also be closed under the signature of the Group officer of the wing.

If the replies, though acceptable, seem to need some spot verification of the facts given in the replies, they may be settled subject to verification in the next audit. Such paragraphs of the Inspection Reports will not be treated as finally settled until verified by the audit party in the next audit and correctness of the position recorded in the verification report of outstanding Inspection Reports. The replies to the rest of the paragraphs, which are not acceptable in audit, should be pursued till settled to satisfaction.

Quarterly Statement of outstanding Paras and Inspection Reports

2.64. The Inspection Reports should be pursued vigorously with the offices concerned to obtain their replies and to settle the objections as early as possible. Undue delays on the part of the executive officers in the disposal of the Inspection Reports should be brought to the notice of Government in the concerned Department through a statement of outstanding Inspection Reports and

paragraphs every quarter. This statement should include Inspection Reports outstanding for over six months.

Register and Records maintained in Concerned section Department

2.65. The following are the important registers which should be maintained by the Headquarters sections.

(1) **Register for watching the Receipt and Issue of Inspection Reports**—A register for watching the Receipt and Issue of Inspection Reports shall be maintained in from SY-336, as given in Annexure II to watch the receipt and disposal of all Inspection Reports by each concerned auditor in Headquarters sections. The register shall be kept up-to-date and all columns therein should be filled in. The Register should be submitted to the Branch Officer once every month and to the Group officer every quarter for review. It is to be ensured through this register that the Inspection Report are issued within one month of completion of audit. Reminders shall be issued to the Audit parties for any Inspection Reports not received within a week of completion of Inspection.

(2) **Progress Register for watching settlement of Inspection Reports**—A register for watching the settlement of Inspection Reports shall be maintained in from SY-328, as given in Annexure III. This register should be submitted to the Branch Officer every month and the Group Officer once every quarter for review. The closing abstract of the Register should show the position of paragraphs settled and those still awaiting settlement. Periodical reminders should be issued to the unit concerned, if the replies to the Inspection Reports are not received within one month of issue.

(3) **Objection Book**—An Objection Book, similar to the one in use in Departmental Audit Sections, should be maintained by the Headquarters sections, in which, should be entered all objections having money value. Para 820 of Manual of Standing Orders (Technical), read with Para 847 *ibid*, should be referred to for the types of items to be taken in the Objection Book. The Objection Book should be closed every month and submitted to the Branch officer.

(4) **Register of serious financial and other important irregularities for preparing draft paragraphs for Audit Report**—During the scrutiny of Inspection Reports number of important irregularities are noticed which may

ultimately merit inclusion in the Audit Reports. All such irregularities should be noted in a separate register in the form given in Annexure IV and should be pursued separately through special letters with the departmental authorities and the Government. In case, no reply is received from the departmental authorities to whom the report was made, within a period of two months, the case should be pursued demi-officially with the Government at appropriate level to obtain their comments on the irregularities involved. Meanwhile, action should be taken to see that factually the objection is correct and to collect any further information which might be necessary for strengthening the objection. On receipt of Government's reply or where no reply has been received even after the passage of a reasonable time, the feasibility of preparing a draft paragraph with the information available and of issuing it to Government may be considered. Details of receipts and issue would be maintained for position of new Audit Reports.

The Asstt. Audit Officer of the concerned section shall be personally responsible to see that all these cases are properly noted in the register and procured promptly. The register should be submitted to the Group Officer once every month for review. A register of Draft Paragraphs prepared should also be maintained in the form given in Annexure V and submitted monthly to the Group Officer for information and review.

(5) Register of Special Points to be looked into at the time of next audit—A register in the format Annexure VI shall be maintained by each concerned auditor to record all points, which are desired to be specially investigated by the audit parties during the course of audit of a particular office. Whenever any such office is booked for audit, the concerned auditor will make out a list of points to be checked by the party from this register and forward the same, along with the vouchers, Audit Inspection Report files, etc.

(6) Register for watching the Receipt and Transmission of vouchers and other records to the Audit Parties—A register for watching the receipt of vouchers and other statements in respect of the test months for detailed audit, as called for from the Departmental Audit Sections, their transmission to the audit parties along with the previous Inspection Reports and other documents, their return from the audit parties and final return to the Departmental Audit Sections, etc., should be maintained in the form given in Annexure VII by the concerned auditor. The Register should be submitted to the Branch Officer every Monday

for his review. While submitting the register for review, the auditor will specifically mention whether the Inspection Reports of the units entered in the register and audited up to the week prior to the week for which the report relates have been received from the parties and give a reference of the items of the Receipt and Issue Register of Inspection Reports. If the Inspection Reports have not been received, the auditor will indicate the action taken by him to obtain the same from the audit party.

(7) Other Important Register—The other important register not specifically mentioned above are:

- (i) Register of Tour Programmes.
- (ii) Register of list of offices.
- (iii) Register of important cases.
- (iv) Register of Special Audits.
- (v) Register of Codes and Manuals.
- (vi) Register of Earned Leave sanctioned to staff.
- (vii) Calendar of Returns.
- (viii) Assistant Audit Officer/'s Note Book.
- (ix) Auditor's Note Book.
- (x) File Index Register

Monthly Report on the progress of Receipt. Approval and Issue of Inspection Reports

2.66. A monthly report on the progress of audit should be prepared, showing the total number of units to be audited during the year, number of units audited up to the end of the month for which the report relates, the Audit Inspection Reports received, Audit Inspection Reports issued and the balance. The balance should be explained in detail, indicating the reports that are under issue and those not received from the audit parties. The action taken by the sections for their receipt should also be specified. Concerned section should submit this report to the Group Officer every month and to the Accountant General every quarter on the basis of register to be maintained/being maintained as per para 2.65 (1) of Inspection Civil Manual. The report should be submitted in the following proforma:

- (i) Total No. of units whose audit was due to be completed by the end of _____ (name of month)
- (ii) Total No. of A.I.Rs. received _____
- (iii) Total No. of A.I.Rs. issued by the end of _____ (name of due month)
- (iv) Total No. of A.I.Rs. outstanding _____
- (v) Break-up of outstanding A.I.Rs. _____
- (a) Not received _____
- (b) In edition _____
- (c) In Type _____

The above summarised report should be supported by a detailed chart as under:--

| | | | | | Details of AIR | | | | | |
|---------|-------------------------------|--|--------------------------------------|-----------|----------------|---------|--------------|-------------|-------------|---------------|
| Sl. No. | Names of deptt./class of unit | No. of units audited up to the end of last month | No. of unit audited during the month | Total 3+4 | Re cd | Issu ed | Outstan ding | In editi on | und er type | Not receiv ed |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | | | | | | |

A watch over the timely submission of this report should be kept through the Calendar of Returns of the sector. It may also be so arranged by each group officer that one-third of these reports/registers may be shown to the Accountant General every month so that reports of all sections under a Group officer's charge is seen by the Accountant General in a period of three months.

Review of old outstanding Inspection Reports/Paragraphs

2.67 Old outstanding Inspection Reports/Paragraphs should be reviewed quickly in order to ensure their settlement as soon as possible. If it is considered necessary for valid reasons to pursue old outstanding objections, the decision to do so should be taken at the Group Officer's level. The objective should be to clear finally the items more than three years old, where debts due to or by Government are not involved and only minor technical irregularities, etc. have been brought out.

[C.A.G.'S, letter No. 961-7AI/85-71, dated 12-4-1971].

Expeditious Settlement of outstanding audit objections and pending Inspection Reports

2.68. For expeditious settlement of outstanding audit objections and Inspection Reports, the following steps would be taken in this regard:

- (i) State level Audit Committees should be activated and its meeting should be carefully organized in order to elicit written replies during the meeting and on the basis of the discussions and minutes drawn, objections should be treated as settled wherever compliance is satisfactory.
- (ii) The Group Officers should draw up an Action plan for holding discussions on outstanding Inspection Reports and objections with the Executive either at headquarters (A.G's Office or department) or during his inspection to the field offices. Detailed minutes should be drawn up indicating the compliance reports/replies and settle the objections on the spot on the basis of compliance.
- (iii) Accountant General may bring the matter of outstanding audit objection to the notice of Finance Secretary/Chief Secretary during periodical meetings with them.

CHAPTER 3

General Principles and Process of Audit

3.01. The instructions in this chapter are general and deal with the important accounts records which are common to all Civil Departments. The special rules and instructions applicable to the accounts of certain offices or institutions are dealt with in separate chapters. The principles given in this chapter are supplementary to the Rules and Instructions contained in the Comptroller and Auditor General's Manual of Standing Orders (Audit). It must be clearly understood that these instructions represent the minimum that is expected of an intelligent auditor and not meant to limit the scope of investigation which he can undertake. The value of audit will be realised in the personal interest taken by the auditor in his work and in the application of his own common sense and experience to the over changing facts presented to him.

3.02. In the first place, the audit staff must clearly understand the objective of the Audit is to ensure that the original data on the basis of which accounts are rendered to the Audit are correct and complete. It should be ascertained whether the treasury and financial rules laid down by the Government are followed by the Departmental Officers.

3.03. The essential objective of the accounts of any institution is to present a definite financial picture. Before taking up an inspection, therefore, he should study the system and books of accounts prescribed and understand how far they fulfill the object of recording the transactions faithfully. Before taking up the detailed examination of accounts, the auditor should also study the budgets, annual accounts and administrative reports of the institution concerned so that he can obtain a complete picture of the functions performed by different offices, the nature and extent of expenditure incurred by them and their organizational set-up.

General Examination of Accounts

3.04. Immediately on taking up an audit, all accounts registers and records for the entire period covered by the audit should be generally examined with a view to seeing that:

(i) They have been written up-to-date, are complete in all respects and are susceptible to audit

(ii) Instances of failure to ensure adherence to the codal provisions and internal control procedure, non-maintenance of basic and control register etc. resulting in fraudulent drawl of pay and allowances and contingency must be scrutinized. A test check may be applied to such accounts, vouchers etc. as are not audited or as cannot be checked except in audit.

(iii) The recorded transactions should be reviewed intelligently and abnormal and doubtful features investigated in detail.

The general examination of accounts should be done by the Audit Officer /Assistant Audit officer himself. A general scrutiny of the files, register, a perusal of important files, as noticed from the above register, a comparison of the budget with the actual expenditure for the period under review and an analysis of expenditure should be undertaken so that there is no possibility of any important activity of the institution being lost sight of.

Detailed Test Audit

3.05. The first item of work, in connection with a detailed audit, is the selection of the months of which the accounts are to be test-audited. One month is selected in case of audit period 18 months or less, two months are selected in case of audit period greater than 18 months and upto 5 years for detailed Test audit, Arithmetical accuracy & receipt. Further the above said criteria will be follow for the selection of Test months. If there is rush of expenditure during the last March, the accounts of that month may be selected from the accounts of the last year, as lapses are likely in the rush to spend money. The months having been selected for the various accounts records, registers and vouchers, etc., for these months should be collected. The detailed test audit of the selected months consists of:

- (i) Audit of the accounts of Receipts.
- (ii) Audit of the accounts of Stores.
- (iii) Examination of the Cash Book.
- (iv) Examination of vouchers for the test-months.
- (v) (a) If auditee units have 20 employees then all, if 21 to 100 employees then add i.e. 30(20+10) examination of Service Books, Service Rolls, Broadsheets and Ledgers of all employees.
(b) If auditee units have greater than 100 employees then add 10 randomly from each group of 100 employees i.e. 30+10+..... Further the above said

criteria will be follow for examination of Service Books, Service Rolls, Broadsheets and Ledgers.

- (vi) Such employee who will be retired on coming 5 year those service book, service roll, Broadsheets and Ledgers should be checked compulsory.
- (vii) Examination of Service Books, Service Rolls, Broadsheets and Ledgers of Class IV staff etc.
- (viii) Verification of drawls and deposits into treasury with reference to treasury records.

The Vouching of the Cash Book for the test months should be done by the A.A.O. of the audit party. It should be the personal responsibility of the Assistant Audit Officer.

Audit of Cash Book

3.06. The arrangements for obtaining cash from treasuries and from other sources, and for its custody, payment and account should be examined to see that they are in conformity with the prescribed rules. The Cash Book should be checked in detail for the month/months selected for test audit. In examining the Cash Book, the following points should be seen that:

- (i) All transactions of receipts and payments are correctly recorded in the Cash Book in the prescribed form and they have been entered in their strict chronological order.
- (ii) All receipts of cash, as shown in the counterfoils of receipt books, as well as the cash received from the treasury on bills, cheques, cash orders, from any other source are traceable in the Cash Book with correct particulars.
- (iii) All remittances into the treasury are supported by the original copies of the receipted treasury chalans;
- (iv) All payments are supported by proper vouchers completed in all respects.
- (v) The totals are correct and balances have been correctly worked out and analyzed.
- (vi) The Cash Book is closed and balanced periodically on the prescribed dates.
- (vii) A certificate to the effect that he has verified the closing balance by actual count at periodical intervals is recorded by the Head of the Office.
- (viii) There is no tendency to keep an unduly large cash balance in hand and the cash in the hand of cashier is sufficiently covered by his security deposit.

- (ix) Private cash or accounts are not mixed up with the regular cash balance of Government.
- (x) There are no erasures, overwriting or interpolations and that errors are verified properly and duly initialled.
- (xi) Each entry in the Cash Book is attested by the (Officer-in-charge maintaining the Cash Book) drawing and disbursing officer.
- (xii) The Officer-in-charge should verify the totals of the Cash Book or have the verification done by some responsible officer other than the writer of the Cash Book.
- (xiii) In the case of undisbursed amount of pay and allowances, where the pay and allowance are paid in cash the dates of withdrawals are recorded and that no item is held in hand for more than three months.
- (xiv) There is no evidence of removal of or tampering with the pages of the Cash Book and that its pages are machine numbered, that the certificate of count of pages contained in the Cash Book is recorded under the signature of the head of the office on the fly leaf before bringing the same into use.
- (xv) The Cash Balance is subjected to surprise checks at regular intervals.
- (xvi) The Permanent Advance is not in excess of requirement.
- (xvii) No expenditure has been incurred in excess of the Permanent Advance by spending from the departmental receipts.

In addition to the detailed test check of the accounts for one month, the arithmetical accuracy of the Cash Book should be checked for one more month during the period covered by audit selected at random. This should include checking of the opening balance for proper carry forward from the closing balance of the previous month and of closing balances of the month selected for scrutiny to the next month. In the case of audit period greater than 18 months and upto 5 years audits checking of arithmetical accuracy may be confined to the two months selected for test check. The check of receipts with the counterfoils of the receipt books should be confined to the month/months selected for detailed test check.

[C.A.G.'S secret d.o. letter No. 773-TAI/117/-74, dated 7-9-1974].

Audit of Expenditure

3.07. The objects of audit of expenditure are to ensure that:

- (i) A proper voucher, complete in all respect and in support of every item of expenditure bears evidence of due scrutiny of the claim and "pay order" by the head of the office concerned.
- (ii) Full details of each item of expenditure are either recorded on the voucher itself or are available in a reliable and recognized subsidiary record.
- (iii) That the vouchers and sub-vouchers and muster rolls have been cancelled or defaced after payment in such a way that they cannot be used again to prefer a second claim.
- (iv) The expenditure incurred does not contravene any financial rule and procedure laid down by the Government and all the conditions prescribed for incurring of expenditure have been complied with.
- (v) There is provision of funds to meet the expenditure duly authorised by the competent authority.
- (vi) The expenditure is in accordance with a sanction properly accorded and is incurred by an officer competent to incur it,
- (vii) The expenditure sanctioned for a limited period is not incurred beyond that period without proper sanction.
- (viii) The rules regarding the method of payment have been duly observed by the disbursing officer,
- (ix) The payment has, as a matter of fact, been made to the proper person and that it has been so acknowledged and recorded that a second claim against Government on the same account, is impossible,
- (x) The charge is properly classified and if a charge is debitable to the personal account of a contractor, employee or other individual and is recoverable from him under any rule or order, it is recorded as such in a personal account,
- (xi) The rates paid for work done or supplies made are in accordance with any scale or schedule prescribed by the competent authority.
- (xii) The payments have been correctly brought to account in the original accounts.
- (xiii) All stores paid for have been properly accounted for in the various stock and stores registers,

- (xiv) The expenditure has been incurred with due regard to financial propriety i.e. there is no waste or extravagance. Supplies obtained are not in excess of requirements and the expenditure incurred on legitimate objects, etc.

Audit of Departmental Receipts

While conducting expenditure audit of various units under civil departments, a detailed scrutiny of the receipts of such units should also be carried out to ensure that prescribed fees and charges, etc., for services rendered and supplies made are properly levied, realised and credited to Government accounts according to rules and orders on the subject:

To enable enquiry into the aspects as outlined above, the parties should first examine annual average receipt of the officer concerned. Any fluctuation should be given special attention. They should study the nature of receipts and the initial records maintained to assess, collect and remit these receipts. After general scrutiny, the parties should carry out a detailed check of the receipts accounted for during the test month. The paragraphs should be clear, specific and quote reference to rules and orders in terms of which the dues are leviable.

Expenditure incurred in the month of March

3.08. The expenditure incurred in the month of March of the previous year should be specially examined to see that:

- (i) The expenditure has not been incurred merely to prevent lapse of budget grant.
- (ii) There is no undue rush of expenditure towards the close of the financial year and if there is any such rush, it does not lead to any financial irregularity such as failure to obtain supplies or according to the desired specifications, etc.
- (iii) The charges incurred in one year have not been met from the budget allotment of the next year.
- (iv) The charges against the appropriations of the year, as brought to account, are regular.

The irregularities, inter alia, liable to occur after accounting heavy expenditure at the end of the year are:

- (i) Payments charged off in the accounts but not actually made to the parties concerned at the time.

- (ii) Payments made before the work or service representing the payment is performed. It is of considerable importance that the audit checks prescribed are followed both in letter and spirit and not in letter alone.

Audit of Bill Register

3.09. The Bill Register should be checked to see that:

- (i) It has been maintained in the prescribed form and all the columns provided therein have been properly filled in.
- (ii) All bills drawn have been entered in the Bill Register date wise and that entries are duly endorsed by the drawing officer in each case under his dated initials.
- (iii) In case of bills endorsed to parties, they have been entered in the register and a note to this effect has been made therein.
- (iv) All bills have been cashed and treasury voucher numbers/dates have been noted in all cases.
- (v) In case of cancelled bills, a note to that effect has been made in the register.
- (vi) All bills shown as cashed have been promptly accounted for in the Cash Book as well as in other subsidiary registers.
- (vii) There are no erasures, overwritings, etc. in the register.
- (vii) The bills have not remained uncashed for a considerable time.

Audit of Contingent Register

3.10. The entries in the Contingent Register should be checked with the sub-voucher where available and the propriety of the expenditure examined with reference to the rules. It should be seen that:

- (i) The Register is maintained in the prescribed form.
- (ii) Each entry is initialed by the Drawing Officer.
- (iii) They are correctly entered in the columns, which show the classification under which the expenditure falls.
- (iv) The total of the sub-vouchers agrees with the total of the contingent bill drawn.
- (v) The details of the stores and other articles purchased, as shown in the entries in this register, for which no sub-vouchers are available, agree with

those in the stock books or other register or records maintained in the office.

- (vi) The totals of the bills drawn in the Contingent Register agree.
- (vii) The register is closed regularly indicating the progressive expenditure and the allotment of funds available for expenditure in future.

Audit of Establishment Pay Bills

3.11. The paid vouchers should be carefully compared with their office copies to verify that:

- (i) There are no variations in the number of the officials included in the bill, their names, amount payable to each and the totals in the office copy and also see that the copy of the same bills have been sent to Audit office.
- (ii) The absentee statements attached to the audited copies tally with those enclosed to the office copies of the bills.
- (iii) The details in the absentee statement are correctly shown with reference to Service Books, Leave Accounts and other records.
- (iv) Proper acquittances exist in all cases duly stamped where necessary.
- (v) Postal receipts and Money Order acknowledgements exist in respect of amounts shown as remitted by Money Orders.
- (vi) Where arrears of pay, fixed allowances or leave salary bills are drawn, the bill from which the amount was withheld or in which it was refunded by deduction or increase in pay, is quoted and that a note of the arrear bill has been made in the office copy of the bills, for the period to which the claim relates, over the dated initials of the drawer of the arrear bill in order to avoid the risk of arrears being claimed over again.
 - (vii) On Acquittances Rolls or the receipted office copies of the bills, the certificate of disbursement to the actual payees is duly recorded by the disbursing officer under his dated initials, showing clearly the item No. and the amount paid on different dates.
- (viii) The money drawn on a bill is fully accounted for by the relevant acquittances of the payees, the balance refunded into the treasury, or held in hand included in the cash balance.
- (ix) In terms of G.O. No. B-1-1134/Dus-16/94/1998 dated 30-03-1998; the payment of Pay & Allowances /G.P.F/H.B. Advance /Pension Commutation etc. of officials /officers is to be made through nationalised

banks. The audit must ensure itself that the above payments are not being made in cash otherwise it may lead to embezzlement.

- (x) In addition to above, the sanctioned strength should be checked with reference to pay bills drawn.

Revision of Establishment Audit Procedure

The Comptroller and Auditor General of India have issued instructions on revision of Establishment Audit Procedure and checks to be exercised in audit of establishment charges. The revised procedure is:

(i) **Records to be inspected during Audit:** Audit is conducted of initial and subsidiary records kept in the departmental offices such as Cash Books, Office copies of the pay bills, acquittance rolls, treasury bill books, service books and leave accounts of non-gazetted Government servants. Supplementary and arrear claims should be generally reviewed to ensure that the cases are not kept pending unnecessarily and there are valid reasons for claiming them in arrears or in supplementary claims and should be subject to detailed check in respect of such claims in the months selected for test audit.

(ii) **Manner and extent of nominal check to be conducted during Audit:**

(a) The nominal check during the inspection will be conducted in respect of pay bills of establishment for the month/months selected for test audit under the existing instructions in the case of annual inspections, one month is selected for detailed test audit, and in the case of biennial or less frequent inspections, two months are selected for detailed test audit. The months so selected or test audit will be the months for conducting the nominal check of establishment.

(b) The nominal check will be exercised with reference to initial and primary records containing the authority for the events necessitating the regulation of pay and allowances of Government servants such as increment certificates sanctioning the increment; orders declaring him fit to cross the efficiency bar, orders of promotion/reversion and fixation of pay on such promotion/reversion, sanctions to leave and leave salary, order of suspension, if any, and the subsistence allowance granted to him, general orders of Government governing the pay scales, different types of allowances admissible and specific orders of Government in regard to grant of special pay or compensatory allowance to any member of establishment or type of establishment. For this purpose, the local

audit party will maintain a guard file of general orders governing pay and allowances of establishment. The paid establishment vouchers for the month selected for audit should invariably be made available to the audit parties well in time.

Apart from comparing the pay and allowances drawn by such Government servant in the pay bills of selected test audit month/months with the corresponding entries in the pay columns of the Service Books and checking the acquittance rolls to ensure that the pay and allowance drawn have been disbursed and acquittance obtained properly and accurately, the admissibility of pay and allowances drawn for each individual Government servant in these pay bills should be checked completely in the manner indicated above.

(c) The above checks should be integrated with the check of Service Books as already prescribed and where Service Books are not made available, they should be checked independently with reference to the initial and primary records mentioned above.

(d) In addition to audit of pay and allowances drawn in the pay bills of establishment for the month/months selected for that audit in the manner prescribed above, 20% of (a) cases of increments sanctioned to the members of the establishment of the office under inspection and (b) cases of fixation of pay on promotion or reversion during the period covered by local audit should also be checked.

(e) The Audit officers should include in a separate para of the inspection report either in Para II (A) or (B) or Part III, as the case may be, the results of local audit of establishment, the service books and leave accounts. The covering memo to the Inspection Report should indicate clearly the checks exercised and include a certificate to that effect in respect of nominal audit, audit of increment certificate, pay fixation on promotion/revision, check of service books and leave accounts, check of office copies of bills and acquittance rolls.

(iii) As regards procedure for audit of pay bills of Gazetted Officers in whose cases, salary and allowances are drawn in the same manner as the non-gazetted establishment, the existing system will continue.

(iv) Checks exercised in Audit of establishment charges --(a) The establishment vouchers relating to the test audit month or months selected for check of the

initial and subsidiary records kept in the departmental offices are taken by the inspection parties for checking them with cash book, office copies of the pay bills, acquittance rolls, treasury bill books, etc. Audit should see that the pay & allowances drawn in respect of officials/officers have actually been transferred to their Bank accounts.

(b) Besides the overtime allowance claims, children's education claims, reimbursement of tuition fees claims and T.A. bills are checked with reference to the records kept in the departmental accounts offices to satisfy about the correctness of the certificates on the basis of which the claims have been drawn and to see that the rules and regulations in regulating such claims have been followed.

(c) The pay and allowance drawn for each individual should be compared with the corresponding entries in office copies of pay bills.

(d) 25% of the Service Books in each office are to be test checked. It may be checked that (i) a Service Book is maintained for every non-gazetted government servant and a service roll for each group 'D' staff, (ii) entries of all events in the official career of a Government servant are made in the Service Book and attested by the competent authority, (iii) entries in front page are re-attested after every five years, (iv) annual certificates of verification of service is recorded in the Service Book. Entries in pay columns are verified with reference to the office copies of the pay bills for the month or months selected for detailed audit to see that they agree. The quantum of check of Service Books will be verified once in four years as the service books are the only documents for verification of pension.

In the Service Books selected for check, the correctness of pay and from time to time for the period to which the check of Service Books relates, is also to be checked.

It may also be checked that no payment has been made to a Government servant beyond his attaining the age of superannuation or on the expiry of term of extension of service sanctioned by competent authority. The audit endorsement, duly signed by the incharge of the inspection party, is required to be made in the service books checked during audit.

(v) No alternation is made in the date of birth without the sanction of competent authority.

Leave Accounts

5% of the leave accounts including accounts of persons likely to retire or likely to complete 30 years of qualifying service are checked in detail to see that:

- (i) Leave account has been properly posted and closed after the incumbent returns to duty from leave and every entry has duly been attested.
- (ii) The leave sanctioned has been correctly posted in the leave account and the entry of the leave sanction order has been attested.
- (iii) Leave at credit has been correctly calculated in accordance with the rules and the leave account has been revised with reference to orders regarding completion of probation, confirmation etc.
- (iv) The fact of issue of certificate under Fundamental Rule 26(b) is recorded where the period of leave is counted as service for increment under that rule.
- (v) Subsidiary leave accounts have been maintained wherever necessary.
- (vi) The collective record of the various kinds of special leave granted to the employee is maintained.
- (vii) The nature and extent of leave sanctioned is correctly due and admissible to the employee.

Audit of Travelling Allowance Bills

3.12. (a) The checks exercised by the Controlling Officers in Travelling Allowance Bills have to be verified by test-check of a few cases at the time of local audit to ensure that the duties assigned to the controlling officers are properly exercised by them. The test-check of Traveling Allowance Bills should be conducted to see whether:

- (i) A register of Traveling Allowance Bills is maintained by all controlling officers to guard against double claims.
- (ii) The distances of road journeys are scrutinized by the controlling officer.
- (iii) The documents on the basis of which scrutiny is made are authenticated.

- (iv) The stations which could conveniently be visited in a continuous circuit were visited on different occasions necessitating more than one journey from the Headquarters.
- (v) Any other feature exist which would vitiate the responsibilities entrusted to the Controlling Officers. The results of this test check and cases in which Controlling Officers did not discharge the responsibilities entrusted to them should be incorporated in the Inspection Report of the office concerned.

Audit of Foreign Travelling Allowance Bill

(b) In terms of C.A.G.'S letter No. 845/kha (5) F.T./7-97 dated 30-08-1999, each year cent per cent foreign traveling allowance bills of Ministers, Members of Legislative Assembly /Council and Officer of the State is to be audited by audit parties.

Register of Advances

3.13. It should be seen that:

- (i) The registers are maintained in the prescribed form.
- (ii) The advances have been sanctioned properly, and
- (iii) The recoveries of advances are effected regularly.

Dead Stock Register

3.14. It should be seen that:

- (i) The purchases as seen from the vouchers have been entered in this register.
- (ii) Timely action is taken to condemn unserviceable articles or to secure write-off orders of the competent authority.
- (iii) The physical verification of the dead stock is conducted annually.

Stamp Accounts

3.15. It should be seen that:

- (i) The accounts have been maintained in the prescribed form bringing to account all receipts and issues.

- (ii) The physical balance has been verified periodically and agreed with the book balance.
- (iii) The service postage stamps have been issued strictly for official purposes only.
- (iv) The expenditure on fax is not excessive, and
- (v) The vouchers in respect of issues for Registered/Insured letters and fax are properly maintained (Annexure X).

Security Deposits

3.16. It should be seen that:

- (i) Security is taken, as required under rules, from the officials entrusted with the custody of cash or stores and from contractors for works and supplies and security obtained is commensurate with the value of cash and stores held or work entrusted.
- (ii) Security Deposits are covered by a proper bond or agreement setting forth the conditions under which the security is held.
- (iii) Government paper tendered as security is taken at its face value or market price, whichever is less at the time of deposit and that a readjustment is made, if there is subsequent appreciation or depreciation in value.
- (iv) The register of Receipts and Disposal of Securities is properly maintained and that all entries since last audit are correct and specially, that detailed acknowledgements of depositors for return of securities exist.
- (v) The register as well as the securities are examined at least once a year by a responsible officer of the department.
- (vi) Either the securities or the acknowledgements of their authorised custodians, are produced for inspection.
- (vii) In the case of Post Office Savings Bank Pass Book, they are hypothecated to the head of the office and are kept in his custody.
- (viii) In the case of recovery of security deposits from subordinates in installments, the monthly installments are regularly recovered and correctly accounted for in the Government accounts and promptly deposited into the Post Office Savings Bank, and the prescribed register are maintained correctly.

Stores and Stock Accounts

3.17. (a) Stores comprise all articles and materials purchased or otherwise acquired for use of Government including not only expendable and issuable articles in use or accumulated for specific purpose, but also articles or dead stock of the nature of plant, machinery, instruments, furniture, equipment, fixtures, live stock, etc. Store/stock embrace.

- (i) acquisition of store,
- (ii) their custody and distribution according to requirements, and
- (iii) their disposal.

[Audit Guide Series No. 7 of O & M Division office of C.A.G. New Delhi, 1963(Annexure IX)].

(b) The Audit of store account shall be directed to ascertaining that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock taking of stores, are well-devised and properly carried into effect.

As regards purchase of stores, it should be seen that:

- (i) These are properly sanctioned, are made economically and in accordance with any rules or orders made by the competent authority for purchase of stores required for the public service, in particular when stores are purchased from contractors the system of open competitive tenders is adopted and the purchase is made from the lowest tenderer, unless there are recorded reasons to the contrary.
- (ii) The rates paid agree with those shown in the contract or agreement made for the supply of stores.
- (iii) The certificates of quality and quantity are furnished by the passing and receiving Government servants before payment is made, except where the contrary is allowed by the rules of Government regulating purchase of stores, and
- (iv) The purchase orders have not been split up so as to avoid the necessity of obtaining the sanction of a higher authority, required with reference to the total amount of the orders.

Note: Audit may call attention to cases of uneconomical purchases of stores and to any losses which may be closely and definitely attributed to the defective or inferior nature of stores which were accepted and certified to be satisfactory in quality. As regards custody and issue of stores, it has to be seen that adequate storage facilities are available and precautionary measures have been taken to protect stores from damage and undue deterioration.

(c) The accounts of stores should be generally examined to see that:

- (i) These are kept in the prescribed form.
- (ii) The entries of receipts and issue of all stores Purchased or otherwise obtained are made therein as and when transactions actually occur.
- (iii) The issues are supported by requisitions and indents approved by the proper authority.
- (iv) Proper acknowledgements of the receipts exist.
- (v) An accurate and detailed account of consumption of consumable stores is maintained by the indentors to whom these stores are issued.
- (vi) Where a scale has been prescribed by Government or other authority for issue of stores of any particular kind, the same has not been exceeded.
- (vii) Some official is held responsible for checking that this is done properly and for seeing that balances are worked out correctly.
- (viii) The accounts of balances, which were audited in the previous inspection have been produced complete in all respect and that no entries in them have been tampered with.
- (ix) All transactions and balances in the stock register, or ledgers have been attested by a responsible officer.
- (x) The stores are periodically counted, weighed or otherwise examined and a certificate to this effect recorded in the stock register by some responsible official other than the custodian of stores or his subordinate and verified with the balances in the stock book, and that necessary action has been taken to adjust the surpluses or shortages noticed as a result of verification.
- (xi) The system of verification adopted by the department is adequate and proper.
- (xii) A reserve limit of stock has been fixed by Government or other competent authority.

- (xiii) The balance in hand does not exceed the maximum limit so prescribed, and is not in excess of requirements for a reasonable period.
- (xiv) Adequate action has been taken to survey, segregate and arrange for the disposal of surplus, obsolete and unserviceable stores.
- (xv) In cases where a priced account is maintained:
 - (a) The stores are priced with reasonable accuracy and that rates initially fixed are reviewed from time to time and revised wherever necessary so as to bring them within the market rates.
 - (b) The value accounts tally with the accounts of works and of departments connected with stores transactions, that the total of the value accounts agreed with the outstanding amount in the general account, that the numerical balance of stock materials is reconcilable with the total of value balance in the accounts at the rates applicable to the various classes of stores, and
 - (c) Steps are taken for the adjustment of profits and losses due to revaluation, stocktaking or other causes and these are not indicative of any serious disregard of rules.

Audit of Works Expenditure

3.18. This section is intended to cover the audit of works done in civil offices either departmentally or through the agency of Public Works Department or any other such department of the Government but not intended to cover the audit of works undertaken by the Public Works or other such departments for which separate rules are applicable. Before taking up this audit, the limit up to which a particular officer is competent to sanction expenditure incurred should be ascertained and verified with reference to works executed. The following further points for this audit are noted below:

Measurement Book

It should be seen that:

- (i) The books are maintained in accordance with the instructions prescribed on the fly leaf of the Book.
- (ii) The arrangements in force for taking measurements, for checking measurements by some officer superior to the official who had originally taken measurements are not indicative of laxity of control

- (iii) The pages containing detailed measurements are scored by a diagonal line in red ink after payment of the relevant works bills and the relevant abstracts of measurements bear a reference to the number and date of vouchers of payment.
- (iv) The dates of measurements of any outstation works are traceable in the Travelling Allowance Bills and tour diaries of the officials concerned. (A few cases at random to be test-checked to see this point).
- (v) All previous payments made on a particular work are deducted from the final bill.
- (vi) A few records of measurements selected at random are checked to find out their accuracy.
- (vii) In the case of cancelled measurements, the cancellation is supported by the dated initials of the officer ordering the cancellation and also full reasons for the same.
- (viii) A proper register is kept for watching the issue and return of Measurement Books.
- (ix) Measurements have been recorded date wise and in chronological order.
- (x) Blank pages or portions of pages left blank have invariably been crossed out and cancelled over the signature of the holder of the book to avoid the possibility of fraudulent entries at some later date.

The standard measurements, if any, on the basis of which either estimates are prepared or payments are made should be examined to see that:

- (i) These are certified as fully checked by some responsible officer.
- (ii) These are brought up-to-date from time to time and that additions and alterations in the books are approved by a responsible officer.
- (iii) Where a payment is based on standard measurements, there should be a certificate by some responsible officer to the effect that the whole of the work (or the portion of the work charged for in the bill under examination) has been executed as per standard measurements and it has not previously been billed for in any shape.

Accounts of Works

3.19. It should be seen that:

- (i) The estimates are prepared and sanctioned by the competent authority, as prescribed in the rules.

- (ii) The rates in the sanctioned estimates do not exceed those allowed in the neighbouring Public Works Division.
- (iii) The rates paid are in accordance with the contracts and in cases where they are not covered by contracts, do not exceed the market or scheduled rates.
- (iv) When “through rates” for finished works are allowed to contractors, the cost of any materials, carriage, etc., and incidental charges is not charged to Government, but recovered from contractors.
- (v) No financial aid is given to the contractor beyond that agreed upon in the contract.
- (vi) In cases where the contractors are allowed labour rates only or work is carried out by daily labour, arrangements exist for exercising detailed control over transactions relating to materials and for verifying unused materials.
- (vii) The materials received from dismantling old structures, etc., are properly accounted for and disposed off to the best interest of Government.
- (viii) There is no undue delay in closing of accounts of works.
- (ix) Excesses over sanctioned estimates are investigated and sanctioned by the competent authority.
- (x) No amount provided for in the estimate as contingencies is paid to the contractor as a matter of course.
- (xi) Completion certificates signed by competent officers exist for all completed works.

Loss caused by careless or dishonest accounting in Works Expenditure

3.20. Losses are often caused by careless or dishonest accounting in expenditure relating to works. Although audit has no direct access to the actual state of affairs and its capacity to flush out a well planned fraud is limited, such cases may come to light if alarm signals are heeded by the alert auditor. Such signals may be given out by omission of a routine nature which may be revealed by an examination of the records. A few of the likely alarm signals are given below:

- (i) Omission to claim money due from the contractor or to afford credit in the account when it is actually realised.
- (ii) Exorbitant rates in estimates for works (as revealed from schedules of rates of Public Works Department and other agencies).

- (iii) Allowance of full rates to contractors when the contract rate is both for labour and material but the material is supplied by the department and is charged to the estimate.
- (iv) When a rate for a certain kind of work e.g. brick work is fixed on the assumption that the required material will be available at a certain rate, allowance of full rate to the contractor when the department supplies the materials at a lower rate.
- (v) When the issue rate of stock is below the market rate, issue of more materials to the contractor than are actually required for the works.
- (vi) Incorrect measurements for a work, or measurements paid for twice over, and
- (vii) Charge to work of the cost of departmental labour supplied to a contractor, instead of recovery from him.

The above is just an illustrative and not an exhaustive list. A careful and a thorough check may reveal other types of irregularities. Wherever any such irregularity is noticed, a more extensive investigation may well pay good dividends.

Audit of Muster Rolls

3.21. It should be seen that:

- (i) The attendance is taken daily and the recorded attendance is checked by some responsible officer.
- (ii) The muster roll is an original record and has not been copied from some other register or record.
- (iii) The disbursements are not entrusted as a rule to officials of comparatively lower standing.
- (iv) The officer making the payment is not the same as that controlling the labour.
- (v) A record is kept of the progress of the work done by labour and that the cost is not so largely in excess of the value at current rates as to indicate either loss to Government or need for closer financial control.
- (vi) All thumb impressions of illiterate payees are duly attested, that full details including name, age and address of the labourer engaged are recorded.

- (vii) The certificate of disbursement has been duly signed and dated by a responsible officer.

Audit of Contract Agreements

3.22. The files of the contract agreements should be scrutinised to see that:

- (i) The terms of the contract are precise and definite and that there is no room for mis-construction or ambiguity therein.
- (ii) As far as possible, legal and financial advice has been taken in the drafting of the contracts before they are finally entered into.
- (iii) Standard forms of contracts have been adopted wherever possible and the terms duly subjected to adequate prior scrutiny.
- (iv) The terms of a contract, once entered into are not materially varied without the previous consent of the competent financial authority.
- (v) No contract involving uncertain or indefinite liability or any condition of an unusual character is entered into without the previous consent of competent financial authority.
- (vi) Whenever practicable and advantageous, contracts are placed only after tenders have been openly invited and in cases where the lowest tender is not accepted, reasons have been recorded by the officer competent to accept the tender.
- (vii) In selecting the tender to be accepted, the financial status and capacity to execute the contract of the individuals and firms tendering has been taken into consideration in addition to all other relevant factors.
- (viii) Even in cases where a formal written contract is not entered into, no orders for supplies etc., have been placed without at least a written agreement as to price.
- (ix) Provision has been made in the contracts for safe-guarding Government property entrusted to a contractor.
- (x) When a contract is likely to continue for a period of more than five years, wherever feasible, it includes a provision for an unconditional power of revocation or cancellation by Government at any time after the expiry of six month's notice to that effect.
- (xi) Deviations from conditions of contracts are duly authorised by an authority not inferior to that required for the original contract.

- (xii) No payments outside the strict terms of the contract have been made without the consent of competent financial authority for valid reasons.
- (xiii) Contracts are executed either on standard forms or on special forms prepared in consultation with the Law Officers of Government.
- (xiv) All inspecting officer and party incharge should ensure that wherever they come across any document relating with Memorandum of understanding (MoU) it should be scrutinised properly and the audit comments should be incorporated in the AIRs.

Audit has power to examine contracts and to bring to notice of the proper authority any cases where competitive tenders have not been sought for or where high tenders have been accepted without valid reasons or where other irregularities in procedure have come to light.

Cases, in which there is evidence that an officer or agent of the contracting department has a common interest with other contracting party, should be brought to the notice of competent higher authority for such action as it may deem necessary.

Standing contracts should be reviewed occasionally and if audit has reason to believe that the rates accepted in those contracts are considerably higher than the rates prevailing at the time of review, such variations should be brought to the notice of the competent authority.

Tenders and Comparative Statements

3.23. The tenders received, including the rejected ones, should be checked to see that:

- (i) Widest possible publicity was given for calling them and due period of notice allowed was consistent with the magnitude of the contract.
- (ii) The tenders have been received on the prescribed form in sealed covers within the prescribed time.
- (iii) All tenders bear the dated initials of the officer opening them.
- (iv) The rates quoted by the tenderers have not been overwritten or changed without attestation by the tenderers and have been correctly transcribed in the comparative statement.
- (v) The lowest tender has been determined by working out the cost of all items of work or supplies on the basis of estimated quantity of work to be done

or supplies to be obtained and not merely by visual comparison of the tendered rate without reference to the cost of work or supplies involved.

- (vi) The comparative statements have been duly checked and approved by the head of the office and contain his orders about the tender accepted.
- (vii) A complete and regular stock account of receipt and consumption of blank tender forms has been kept.
- (viii) The sale proceeds of tender forms have been correctly accounted for in the books and promptly credited to Government.
- (ix) It should be carefully seen from a comparative study of dates of advertisement, opening of the tenders, preparing the comparative statements and placing the orders, etc., that tenders were actually invited and that the tender, lowest or otherwise, was properly accepted before the order was placed and that the inviting of tenders was not a mere formality and whether suitable reasons have been recorded by the competent authority for rejecting the lowest tender.

Audit of Log Books and Diaries of Government Vehicles

3.24. A list of staff cars, lorries, jeeps, etc., in use in the office inspected should be called for and it should be ascertained whether suitable rules and regulations regarding their use have been framed and got approved by Government. It should also be examined whether these rules and regulations are adequate and whether they are being observed in actual practice.

The log books and other connected records should be scrutinised to see that:

- (i) A separate log book in the prescribed form has been maintained for each vehicle in accordance with the rules.
- (ii) Effective control is exercised over the use of the vehicles and the consumption of Petrol/ Diesel.
- (iii) The vehicles have been used only under proper sanction for authorised purposes.
- (iv) Full details of all journey undertaken are recorded covering the mileage, places visited reroute and the relevant milometer readings.
- (v) Purpose of journey is always recorded in detail under the signature of the official using the vehicle and vague description such as “office duty”, “Government work”, etc., are avoided.

- (vi) The vehicle is used only for bonafide public purposes and not for any private work without the orders of the competent authority.
- (vii) In the case of authorised private journeys, the charges at the prescribed rates, have been recovered and credited to Government account.
- (viii) All issues or purchases of petrol, mobile oil and other lubricants and consumable stores, such as acids, distilled water, etc., are duly recorded in the log book.
- (ix) Log books are closed and average number of miles/kilometers run per litre of petrol or diesel oil worked out at prescribed intervals and that the yield is not unduly low and where it is so, the cause for the low return is investigated.
- (x) Full details of major repairs to the vehicle, replacement of parts and spares are recorded in the log book.
- (xi) The repairs and replacements have been done by Government workshops, authorised dealers or garages in accordance with the orders of the Government in this behalf.
- (xii) A list of equipments, tools with the driver is kept in the log book or other record.
- (xiii) Details regarding the identity of the engine, tyres and battery, etc., fitted on the vehicle, are on record.
- (xiv) The replacement or parts for which certain period or life/mileage has been prescribed i.e. engine, tyres, etc., has been made only after the completion of the required period/mileage.
- (xv) In cases where frequent repairs to vehicles or replacement of some parts have been carried out, they are not indicative of any foul play (some cases at random may be selected and explanations for frequent repairs may be called for).
- (xvi) The vehicle is periodically tested and inspected by the prescribed authorities.
- (xvii) A stock account of the condemned and replaced parts and accessories is maintained and their disposal done to the best advantage of Government.
- (xviii) The average run per litre of petrol/diesel oil is checked periodically to ensure that there is no excessive consumption/siphoning of petrol or diesel oil (Annexure XII).

Register of Stationery, Register of Uniforms, Register of Books and Periodicals etc.

3.25. It should be seen in the check of these registers that:

- (i) The purchases, as seen from the vouchers, have been entered in the relevant registers.
- (ii) The issues are not in excess of authorised scales and are according to the prescribed periodicity.
- (iii) The acknowledgements of the recipients are available for the issues, and
- (iv) The physical verification of stock on hand is conducted annually.
- (v) The stitching of the garments is arranged after calling for tenders and satisfying themselves about the reasonableness of the rates.
- (vi) There are proper checks for the issue of cloth and for the receipt of the required number of garments and
- (vii) Payments are made after full satisfaction as to the quality of work done.

Audit of Stores received under various Foreign Aid Programme

3.26. Large quantities of materials and equipments are sometimes received by Government departments/offices for selected schemes and works under different foreign aid programmes. Besides, materials and equipments are also received as gift from other foreign Government/agencies. Proforma accounts of these articles are to be kept.

It should be ensured in local audit that these accounts are checked in all offices where they are required to be kept. Non-maintenance or defective maintenance of the accounts should be commented upon in the Inspection Reports.

Audit of Property Account

3.27. Audit parties should also pay adequate attention to the audit of Property Accounts, which include accounts of immovable properties like land, buildings and other assets, with a view to safeguarding the financial interests of Government. Specific comments should be included in the Inspection Report regarding the maintenance of Property Accounts in respect of each Government institution audited by them (vide instructions contained in Comptroller and Auditor General's confidential letter No. 83-Admn-I/152-61 dated 11-1-1962).

It should be seen in audit that:

- (i) The register prescribed by Government to show assets of immovable properties and buildings in the custody of several departments is being maintained properly and is posted up-to-date. They should also call for the connected records and examine them.
- (ii) If a new property has been purchased, the purchase proceedings from inception to conclusion should be scrutinised to see that purchase has been made properly and in accordance with the rules, etc., on the subject.
- (iii) Lease agreements exist in all cases where properties have been leased under the rules.
- (iv) If any property is of a revenue yielding nature, the revenue has been properly assessed and prompt action has been taken to collect the assessed revenue. The records maintained for demand and collection of revenue should be carefully examined.
- (v) In respect of various assets it should be seen that their capital value is brought up-to-date and the return if any, is calculated properly.

It will not ordinarily be necessary to comment on the cost of current repairs, as compared to the original cost of construction or purchase, unless the magnitude of the cost of repairs, the life of the property and other relevant data indicate any abnormal feature warranting comments.

Verification of Service Books, Leave Accounts, etc., General

3.28. In all offices Inspected, the local audit staff should examine the Service Books and Leave Accounts of Government servants whose pay is drawn by the Head of office to ensure that they are kept according to the rules and orders on the subject. With the discontinuance of the Annual Establishment Returns, the Service Books are the only documents for the verification of service for pension and therefore, adequate attention should be paid during local audit to the verification of proper maintenance of Service Books.

Note : It has been decided by the C.A.G. vide Headquarters Circular No. 1010-Audit- II/218-85, dated 2-7-1985 that in addition to the existing quantum of audit, the audit party should exercise following checks in case of those Government servants who are to retire within the next 12-18 months:

- (i) The audit party visiting an office should check the Service Books of all employees who are due to retire during the next 12-18 months even if

checking of these categories of cases exceeds the prescribed percentage of 25% checking of Service Books in a year.

- (ii) While checking the Service Books the audit party will ensure that the Service Book are complete in all respect; events effecting pension have been clearly spelt out along with the remarks of the competent authority, whether the period will or will not count for pension and that there are no missing links.
- (iii) The Local Audit Party will also check that the nominations regarding Death Cum Retirement Gratuity, G.P.F. etc. have been made by all Government servants who are to retire within next 12-18 months and suitable note has been kept in the Service Books. Cases where the nominations are not available be brought to the notice of Head of office.
- (iv) In order to exercise the check effectively, the Audit Party would obtain a list of retiring Government servants from the Head of the office and enclose it along with the observations with the Draft Inspection Report.

The check should cover the period commencing from the check carried out in the last audit to the date of current audit. Details of the Service Books checked should be specifically indicated in the list of Service Books obtained from the office by ticking off the names therein. The Service Books which were not made available to the party should also be shown therein. These Service Books should be seen at the time of next audit. It should be ensured that in the fourth year of audit, all Service Books which have not been checked during the earlier three years are completely checked.

Biennial and Triennial Audits

3.29. As in the case of annual audit, the specific Service Books checked to the required quantum should be indicated by ticking off the names in the list of Service Books; similarly the Service Books which were not put up and could not be checked should also be indicated separately. Those Service Books should be checked at the time of next audit.

3.30. In all cases of annual, biennial and triennial audits, it should be ensured that the Service Books of those who retire within the next five years are completely checked, even in cases where they have come under scrutiny during the earlier audit.

In cases where the Service Books never come under audit scrutiny even once due to frequent transfers of the employees or other reasons, such Service Books should be checked from the beginning to the date of the current audit.

Check of Service Book

3.31. While checking the Service Books, it should be seen that:

- (i) A Service Book maintained for every Government servant whose pay is drawn by the Head of the office in accordance with the rules applicable to him with necessary leave accounts in the prescribed forms and that it is kept up-to-date.
- (ii) Entries of all events in the official career of a Government servant are made in his Service Book and attested by the competent authority.
- (iii) The date of birth is verified with reference to documentary evidence and a certificate recorded to that effect by the head of the office stating the nature of documents relied on.
- (iv) No alteration of the date of birth is made without sanction of the competent authority.
- (v) Service Books contain a certificate of annual verification of service with reference to Pay Bills, Acquaintance Rolls, etc.
- (vi) Entries in the first page are re-attested every five years.
- (vii) The entries in the pay columns in the Service Books are verified with reference to the office copy of the pay bills for the month or months selected for detailed audit to see that they agree.
- (viii) The leave account should be checked carefully so that excess leave granted or excess leave salary drawn if any; may be regularized early, especially in the case of persons, who are likely to retire from service before the next inspection.
- (ix) The manner and extent of nominal check may be conducted with reference to the provisions of Para 3-11-A (ii) (a) and (b). Service Books contain entries by the appointing authority to the effect that the particulars of service, etc., have been incorporated in the service ledger maintained by it. It should be remembered that in addition to complete check of the Service Books and Leave Accounts selected, the inspection staff should give suitable instructions to the staff of the office concerned to ensure proper maintenance of all Service Books and Leave Accounts.

In addition to the above checks, the correctness of the pay and increments allowed to the individual from time to time for the period to which the check of Service Book relates, should also be checked in the Service Books selected for scrutiny during audit.

[C. A. G.'S confidential letter No. 417-TA-I-785-68, dated 21-3-1969].

Check of increments granted to Government servants whose names do not appear in the Pay Bills

3.32. A test check of increments granted to Government servants, whose names are not required to be shown in the pay bills (including class IV Government servants) in the various offices in the State, has to be conducted during inspection. The test-audit of increments granted to such Government servants may be confined to the year of inspection generally and may be extended to the earlier periods also, if the scrutiny of the increments granted during the year warrants an examination of the previous increments. The check may be exercised with reference to the entries in the service Books, office copies of the last pay bills and acquittance rolls. These cases are to be checked to the extent of 5% to 10% since last audit. Similarly, leave salary of class IV Government servants whose names do not appear in the establishment pay bills should be checked to the extent of 5% since last audit.

Audit Enfacement

3.32 (A). An audit enfacement must be recorded in all Service Books checked during local audit in the following from under the date signature of the Inspecting Officer supervising the party or the Assistant Audit Officer if the party is not supervised.

"Checked during Local Audit Inspection and found in order:

The supervising Inspecting Officer should specifically see that the prescribed checks are carried out by the audit parties.

Audit of General Provident Fund Accounts of Class IV Employees

3.33. The General Provident Fund Accounts of Class IV employees are maintained by the Heads of offices. With a view to ensuring that the work of maintenance of these is being carried out on a sound basis, it has been decided that 100% check of these accounts should be conducted. The interest allowed on

these accounts is also checked cent per cent in respect of accounts maintained in institutions selected for regular audit, this check should be conducted along with the regular audit of the institution.

Accounts Records

3.34. The following are the main accounts records and documents to be checked in audit:

- (i) Provident Fund Ledger Account
- (ii) Broadsheet.
- (iii) General Index Register.
- (iv) Stock Register of Insurance policies financed from General Provident Fund.
- (v) Statement showing the total debits and credits for each month.
- (vi) Application for final payment of balances at credit.
- (vii) Nomination by the subscribers.

Documents to be forwarded to the Audit Party

3.35. The responsibility for issuing the authority for the withdrawal of final payment of General Provident Fund accumulations rests with the Heads of offices. A thorough check of such payments has to be made during audit. For this purpose, a comprehensive record of all final payments, refundable as well as non-refundable above advances, made in respect of Class IV employees should be kept from the connected records by Treasury Audit Department sections so that independent data in this regard can be made available to the local audit party. The Treasury Audit Department Sections will, therefore, arrange to forward a list of all final payment cases, refundable and nonrefundable advances made together with the connected vouchers for a spot check by the audit party.

[C.A.G.'S latter No. 1629-III/85-61 Vol. II, dated 16-10-1961].

The Audit Party should requisition the vouchers of General Provident Fund Accounts of Class IV employees according to the periodicity of the units audited. In the case of annual audits, one year's General Provident Fund accounts of Class IV employees should be called for. In case of biennial and triennial units, the vouchers requisitioned should be for two years and three years respectively.

Process of Audit

3.36. The detailed instructions for the maintenance of General Provident Fund Accounts of the Class IV employees should be studied by the audit parties to see whether these instructions are properly followed by the departmental offices, It should be seen during audit that:

- (i) The persons newly admitted to the Fund are eligible to join the Fund under the General Provident Fund Rules.
- (ii) The nominations have been received from all subscribers and these are kept in the safe custody of the Head of the office or a gazetted officer nominated by him and that entries regarding receipt of nominations have been made in the General Index Register.
- (iii) The subscriptions have been regularly recovered from the staff who have been admitted to the Fund.
- (iv) The amount of subscription deducted, refund of advance temporary and final withdrawals are posted correctly in the ledger and other connected records and the entries are attested by the Head of Office or gazetted officer nominated by him.
- (v) The broadsheets are closed regularly every month and are reviewed monthly by the Head of office.
- (vi) The monthly totals of the deposits and withdrawals recorded in the Broadsheet agree with the totals of the certificates of deductions attached to the pay bills and the payments made during the month.
- (vii) The statement showing the totals of the monthly debits and credits is sent every month by the Drawing Officer to the Head of the Department so as to enable the latter to furnish the quarterly and annual statements due to the Accountant General.
- (viii) The interest for each year credited to the accounts has been worked out correctly.
- (ix) The statements of balances (Accounts Slip) are sent by the Head of office at the end of each year to the subscribers and got accepted by them.
- (x) The final payments are made to the subscriber himself or in the event of his death, to his nominees or, if no valid nomination subsists to the family members or other claimants, are eligible to receive payment under the relevant rules of the General Provident Fund.

- (xi) The proper utilisation of withdrawals made from the Provident Fund to finance life insurance policies has been ensured by the Head of the office by calling for the receipts issued by the Life Insurance Corporation.
- (xii) The withdrawals made are covered by the sanction of competent authority; and
- (xiii) In all cases of transfer of Class IV employees, the accounts have been promptly transferred to the new offices under intimation to the Head of the Department.

Audit of AC/DC Bills

3.37. (1) Abstract Contingent Bill (A.C. Bill)

It should be seen that:

- (i) The bill has been drawn by an officer who has been authorised to draw money on AC bills.
 - (ii) The amount drawn on AC bills was required immediately for payment necessity to be scrutinised.
 - (iii) Provisions for amount were made in the budget.
 - (iv) D.C. bills were submitted within the specified time against the AC Bills. If there are such outstanding AC. Bills, a list with full details may be prepared and included in the A.I.R.
- (2) Detailed Contingent bill (DC Bill)
- (i) Whether DC bill has been prepared in proper form.
 - (ii) Whether the bill has been properly classified.
 - (iii) Whether the DC bills bear the enfacement “Not payable at the Treasury” to avoid double drawal.
 - (iv) Whether there is a proper system to watch the receipt of DC bill.
 - (v) Budgetary aspects to ensure that the bills are properly adjusted and do not lead to any unspent balances.
 - (vi) Control aspect to ensure that there is no diversion of funds.
 - (vii) Non reconciliation of expenditure.
 - (viii) Expenditure not conforming to financial rules.
 - (ix) Cases of drawal of money in anticipation of requirement.
 - (x) Cases of long or persistent delays in adjustments.
 - (xi) Cases of expenditure in March.

Audit of Centrally sponsored schemes

3.38. Several Centrally Sponsored schemes are being undertaken by the various departments. For this purpose, funds are being made available to them either through State Government or by the GOI directly. These funds are required to be kept in an exclusive and separate saving bank accounts in Bank, Post offices and are to be drawn only for incurring expenditure on execution of the schemes for which these funds are meant. Audit should see that no funds had been withdrawn from the aforesaid accounts and deposited into the treasury temporarily or say temporary diversion of funds.

Verification of withdrawals from and deposits into the Treasury

3.39. It is an important function of local audit to verify the withdrawals made from the treasury by a drawing officer and the amounts deposited by him into the treasury (except those pertaining to the Public Works and Forest Departments where these orders do not apply) as recorded in his Cash Book, direct with the entries of these transactions made in the Treasury Office records. Since most of the fraudulent withdrawals and misappropriation of receipts intended to be deposited into the treasury can, thus, be brought to light, the treasury verification should be done carefully by the Assistant Audit Officer himself.

The following procedure has been laid down in this regard:

Deposits into Treasury

3.40. (a) An extract should be made of the credits of two months receipts from the Cash Book and this extract should be taken to the treasury and verified with the treasury records. One of the months selected should be the one selected by Headquarters for detailed audit while the other month should be selected locally by the Assistant Audit Officer/ Inspecting Officer. In case of biennial or triennial audit, however, both the months for treasury verification should be those selected at Headquarters.

(b) If the office deals with more than one treasury and if the Cash Book does not contain any record or mark to indicate the particular treasury in which certain amount was credited, the departmental officer should be asked to make out in the extract the amount credited in the local and other treasuries from the relevant records of his office. The receipts credited in the local treasury should be verified

on the spot and the extract containing items pertaining to other treasuries should be sent to Headquarters. Simultaneously, the Assistant Audit Officer should request the outstation Treasury Officers concerned to furnish corresponding lists of deposits made by the departmental offices to Civil Inspections Wing Headquarters giving full particulars of the Account Heads concerned and the month selected for verification. The lists received from the Treasury Officers should then be tallied with the extracts furnished by the Assistant Audit Officer and the discrepancies coming to notice, if any, referred confidentially to the respective Heads of Offices. These discrepancies should also be marked as a point to be looked into by the first audit party visiting the place where the treasury is situated. No extra journeys need, however, be undertaken without prior permission of Group Officer for purposes of this verification.

(c) If the receipts of the subordinate offices are deposited with the Departmental officer, the verification of receipts in the latter's Cash Book should also be carried out with the cash credit entries in the Cash Book of the subordinate offices. If the subordinate offices credit their receipts directly into the treasury, then the same procedure as in (a) and (b) should be followed, provided the sub-offices are visited by the audit party or they are situated at the same station as the main office. If the sub-offices are situated at other stations and the same are not visited by the audit party, their independent verification from the treasury records is not necessary but the entries in Cash Book should be linked with the relevant treasury challans and the monthly list prescribed under Note (5) to Para 27-A, Financial Head Book, Volume V, Part I.

Withdrawals from the Treasury

3.41. (a) The treasury verification of two months' withdrawals may be carried out as in case of the deposits into treasury. In case of annual audit, one month may be the one selected at Headquarters and the other selected by the Assistant Audit Officer/Inspecting Officer on the spot. In the case of biennial and triennial audits, both the months may be those selected at Headquarters. But in the case of withdrawals, the list of bills drawn by a particular officer should be prepared from the treasury records reconciliation statement received from the treasury instead of from the Departmental Officer's Cash Book, and the entries of each bill included in the list, should be traced into the Officer's Cash Book and linked therewith. Tracing entries of bills shown in the departmental Cash Book in the

Treasury records, does not serve the purpose and it should always be the Treasury record which should be taken as the base. When an officer draws bills on more than one treasury, the procedure laid down in sub-para (b) of Para 3.41 for verification of receipts should be followed.

(b) If the credits and withdrawals appearing in the treasury records are not described in sufficient detail, as would enable a direct linking with the departmental Cash Book, such cases should be reported by the Assistant Audit Officer with a clear explanation of the difficulty experienced, to the Headquarters.

Note: Audit parties (including WAD) are directed to note that in circumstances where fraud/embezzlement and serious financial irregularities come to notice in the test months selected for detailed check of accounts, accounts of a few more months should be checked by the inspection party and the Headquarter's office may be apprised by fax the circumstances in which any deviation from the scheduled tour programme is required for the purpose. Failure to abide by the prescribed norms will be viewed seriously as a lapse in the primary responsibility of audit. The supervisory staff should strictly ensure that all corresponding receipt/expenditure are duly correlated and accounts are brought out correctly. In case of any discrepancy noticed while exercising such checks, he should promptly bring it to the notice of Headquarters, so that adequate arrangement can be made for the follow up action.

Procedure of Verification of Drawals

3.42. The work of treasury verification is of great importance, as it can reveal misappropriations or embezzlements. The check is to be exercised by the Assistant Audit Officer personally. This is a check prescribed by the Comptroller and Auditor General and any failure to exercise it in the correct manner and to the prescribed extent is a failure of audit and will be treated as such. The Assistant Audit Officer must realise that they are liable to disciplinary action for professional failure if they ignore the above instructions. Help of the Junior Auditor may be taken but the Assistant Audit Officer will be personally responsible for the proper exercise of the check prescribed.

Manner of dealing with discrepancies noticed during verification

3.43. Discrepancies are quite often noticed by the Assistant Audit Officer when certain items of withdrawals from treasury or deposits there into are found not noted in the departmental Cash Book or the treasury records. Most of the Assistant Audit Officer simply mention such items and consider their responsibility to be over. This should not be so. All out efforts should be made to settle the discrepancies. For this purpose, the cash scrolls of receipts and payments sent by the State Bank branches to the Treasury should invariably be consulted in the Treasury Office to ascertain whether an item not found accounted for, actually pertains to the office inspected in respect of which the verification is being done. For instance, a bill shown in treasury schedule of payment, as drawn by a particular officer, is not traceable in the Cash Book of that office. The name of the actual drawer/payees of the bill should be traced out and ascertained from the State Bank's Cash scroll, for payments, and only when it is found that the bill was actually received/drawn by the officer concerned, as proved from the scroll, then only a suspicion can reasonably arise about its misappropriation. Similarly if a deposit made by the office inspected does not appear in the treasury records, its credit into Government account should be verified with reference to the Cash Scroll for deposits, and if it is not found there also then, a reasonable suspicion of fraud would arise. Verification with reference to Cash Scroll is essential in all cases of discrepancies, because in treasury records quite often clerical errors or misclassifications occur. Such discrepancies need not be reported, as are reconciled from the bank's Cash Scrolls.

In case, on verification an item is found to pertain to some other office, a note of it should be made on the lists of drawals/deposits sent to Headquarters, and if possible that item should be verified with reference to the relevant records of the correct office concerned.

When it is noticed that a bill drawn from treasury has not been accounted for in the Cash Book, or that a deposit into Treasury shown in the Cash Book is not traceable in the Treasury accounts, the causes of the discrepancy should be ascertained by the A.A.O./ Inspecting Officer discreetly and confidentially. If the discrepancy is not satisfactorily reconciled, the matter must forthwith be reported to the Deputy Accountant General /General Sector confidentially. Action to get the discrepancies reconciled will be taken by the Headquarters after the relevant vouchers have been taken into safe custody. On no account should the

departmental authorities be asked to reconcile the discrepancy and utmost secrecy must be maintained.

Local Audit of Deposit Transactions

3.45. (A) The Deposit Transactions of the Government could effectively be checked /verified during Local Audit. In this regard para 3.11.6 of M. S. O. (Audit) Vol. I lays down that:

- (1) Audit should satisfy itself that moneys received are held as deposit with the Government are properly credited to Government Accounts.
- (2) It should be ensured that no item is credited as a deposit in the accounts of Government which could be credited as a revenue receipt or the reduction of expenditure.
- (3) In respect of repayment of deposits, Audit should examine that there are proper vouchers in support of the amount repaid. Each repayment should be checked against the original receipt in order to ensure that repayments do not exceed the amounts originally received and credited.
- (4) The audit should also check that balances in deposit accounts are correctly carried over from year to year and the balances at the close of the year in each account are duly certified as correct by the concerned body/authority.
- (5) Audit should also examine that any deposit remaining unclaimed for such period as may be prescribed by the Government, duly credited as revenue receipts of Government after the expiry of the period specified.

(B) In regard to personal deposits, audit should examine/scrutinise that:

- (a) Personal Deposit Accounts created by debit to the consolidated fund are closed at the end of each financial year.
- (b) Audit should check that names of the accounts are correctly shown in the schedules.
- (c) No new account is opened without proper sanction.
- (d) Opening balance of each account exactly tallies with the closing balance of the previous month.
- (e) That the repayment should not exceed the balance at the credit of the particular account.
- (f) Inoperative accounts are duly closed.
- (g) Amounts sanctioned for specified period are closed accordingly.

Expenditure by State Government in connection with large gatherings of Political Organisations

3.46. The expenditure incurred by the State Government in connection with large gatherings of political organisations such as sessions of Indian National Congress, etc., should be scrutinised in local audit. It would be difficult in practice to draw a sharp line of distinction between personal and political work of the high dignitaries attending such sessions. For instance, a vehicle placed at the disposal of a Minister may be used for political as well as official business. In audit all that we need do would, therefore, be to compare the expenses of the various sessions of the All India Congress Committee and to see that there is no palpable misuse of public money. This comparison will be done in the office of the Comptroller and Auditor General of India. In local, audit, therefore, necessary statistics of the expenditure incurred in connection with the All India Congress Committee sessions, etc. should be collected, keeping in view that has been stated above, for being sent to Comptroller and Auditor General's office.

[C.A.G.'S confidential D.O. No. 4362-Audit/49-63, dated 27-9-1965].

Man Power Audit

3.47. This audit involves a study of adequacy of the methods and principles adopted for assessment of staff requirements and their allocation, the norms and standards adopted for this purpose, the control system available for ensuring that sanctions conform to these norms/standards and that actual deployment of personnel conforms to sanction. An Audit Inspection Report on Manpower Audit of a Government Department incorporates:

- (i) results of system based manpower audit in the office of the Cadre Controlling Authority (Head of the Department);
- (ii) results of supplementary test checks in 2 or 3 subordinate offices under the Cadre Controlling Authority for evaluation of the efficiency and effectiveness of actual working of the system; and
- (iii) results of nominal audit or check of correctness of pay and allowances drawn for individuals etc., number audit or scale audit against sanctioned strength and other prescribed checks of establishment expenditure in

various subordinate offices under the Cadre Controlling Authority during the last three years.

While the Manpower Audit in respect of item No. (i) & (ii) above is to be conducted by the Manpower Audit Party, results of audit under item No. (iii) are to be consolidated from the audit findings as incorporated in the various AIRs of the concerned department.

The results of nominal audit, number audit and other prescribed checks of establishment expenditure are incorporated as a separate para in Part II-Sec. 'B' of the A.I.R. under the heading "Establishment". This will enable the Manpower Audit Cell to make an overall assessment of operational efficiency and effectiveness of the actual working of the system. Serious irregularities noticed during the course of nominal audit, number audit or other checks of establishment expenditure may be brought to the notice of the Group Officer through a special note or D.O. letter.

Audit of Nil Payment Vouchers

3.48. Through Nil payment vouchers funds are transferred from relevant service head of account to some other head of account, or account like PLA Since the bills preferred for transfer of money are for nil amount, it becomes a nil payment voucher (N.P.V.)

As per constitutional provisions, no money can be drawn from consolidated fund except with the sanction of the legislative for purpose which voted for. The unutilised money lapses at the close of the year and to avoid lapse of funds, moneys are transferred from consolidated funds to PLAs i.e. 8443 Civil Deposits and 8448-Deposits for local funds.

Audit has a larger and crucial function in the audit of Nil Payment vouchers. It should be seen that:

- (1) Proper sanction is available for the transfer of funds.
- (2) Bills are authenticated by the D.D.O.
- (3) Appropriation details are recorded.
- (4) Pay order is signed by the T.O. and vouchers are stamped as paid by transfer.
- (5) Exact and complete accounting heads to which credit is given, should be noted on the vouchers.

CHAPTER-4

Audit of Fraud and Corruption Cases

Examination of system for detection and prevention of fraud and corruption will be an integral part of all regularity audits and also of performance audits when it forms one of the audit (sub) objective.

4.01. Fraud Examination

Fraud examination is a part of the normal auditing procedures and includes:

- (i) being alert for situations of Control weaknesses, Inadequacies in record keeping, errors and unusual transactions or results which could be indicative of fraud, corruption, improper expenditure or lack of probity; and
- (ii) Focusing audit strategy on areas and operations prone to fraud and corruption by developing effective high risk indicators for fraud.

Characteristics of fraud

4.02. Fraud should be distinguished from error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. For example, the following actions indicate to error and not fraud.

- (i) A mistake in gathering or processing data from which financial statements are prepared:
- (ii) An incorrect accounting estimate arising from oversight or misinterpretation of facts: and
- (iii) A mistake in the application of accounting principles relating to measurement, recognition, classification, presentation or disclosure.

4.03. The meaning and nature of Fraud can be understood by referring to the following definitions.

- (i) Fraud is an intentional act by one or more individuals among management, those charged with governance, employees or third parties involving the use of deception to obtain an unjust or illegal advantage.

- (ii) Fraud involves deliberate misrepresentation of facts and significant information obtain undue or illegal financial advantage.

4.04 Fraud involving one or more members of management or those charged with governance is referred to as management fraud, Fraud involving only employees of the entity is referred to as employee fraud In either case there may be collusion within the audited entity or with third parties outside of the audited entity.

4.05. Fraud has a legal (criminal) connotation. Auditors do not make legal determination of whether fraud has actually occurred. They can report suspected or presumptive fraud.

4.06. Ample caution needs to be exercised before terming an act as fraud. For an act to come within the ambit of fraud, the following elements are required to be present.

- (i) The act is intentional on the part of one or more individuals working in collusion with each other:
- (ii) The object of the act is to obtain or give illegal advantage in violation of the laws, rules and guidelines existing on the subject:
- (iii) The intention, collusion and object of obtaining illegal advantage will have to be present when a particular act is committed. An act committed in good faith which by subsequent turn of events proves to be incorrect or based on wrong information, is not fraud:
- (iv) The advantage or benefits to an individual or a group of individuals will have to be tangible and not notional or presumptive and
- (v) Normally, any such act would cause loss to exchequer or be against public interest.

4.07. Fraud may involve:

- (i) Manipulation, falsification or alteration of records or documents.
- (ii) Misappropriation, misapplication of assets.
- (iii) Suppression or omission of the effects of transaction from records or documents.
- (iv) Recording of transaction without substances and.
- (v) Misapplication of accounting policies.

4.08. The mandate of Government Audit is broader than solely that of financial statement audit and includes responsibility for verification of regularity and performance. Hence the auditor should be aware of the possibility of fraud not only in the preparation and presentation of financial statements but in other areas covered by regularity (compliance) and performance audits as well.

Considerations of materiality

4.09. Assessments of materiality in Government Audit may often not be restricted to risks of material misstatements in the financial statements but comprise fraud in the context of the broader scope of Government Audit while determining materiality levels for different audit areas adjustments to the materiality level that may make audit more responsive to risk arising from fraud and corruption, should be considered.

4.10. In Government auditing it might be appropriate to set lower materiality levels than the private sector auditing to ensure higher levels of accountability of the audited entity and various legal and regulatory requirements. The occurrence of fraud may lead to a qualification of audit opinion even when the fraud is disclosed in the financial statements.

4.11. Though traditionally materiality has been one of the prime factors to determine the audit priority in case of fraud detection since the act is illegal, materiality assumes lower significance. Although the temptation of embezzlement of a lower amount is much less lack of internal controls may lead to a series of misdemeanors all of small amounts.

4.12. Audit cannot always establish and determine whether a misrepresentation was an error or fraud while Audit looks at records. Frauds examination goes beyond audit. Hence Audit can put red flags (an indication that further scrutiny of the items would be required) which need further investigation by appropriate agencies and reporting the result to Audit.

Characteristics of corruption

4.13. Corruption is a complex issue. The following definitions indicate the nature of corruption.

- (i) Corruption involves behaviour on the part of officials in the public and private sectors in which they improperly and unlawfully enrich themselves

and or those close to them or induce others to do so by misusing the position in which they are placed.

- (ii) Corruption is the abuse of public power for personal gain or for the benefit of a group to which one owes allegiance.

4.14. An act of corruption would comprise of one or more of the following elements:

- (i) There must be at least two parties viz the person who offer the reward or inducement and the party accepting it;
- (ii) There must be misuse of office or position of authority for private gain;
- (iii) There is either an offer and/ or acceptance of inducements;
- (iv) An attempt to solicit an offer of inducement or reward as benefit for performance of an official act;
- (v) Any act through which public or entity property is dishonestly misappropriated;
- (vi) There may be an attempt to camouflage; and
- (vii) Corruption involves breach of trust.

Nexus between fraud and corruption

4.15. Corruption and fraud are not mutually exclusive. There is in most cases a nexus between the two.

4.16. Fraud is most likely to involve deliberate misrepresentation of information that is recorded and summarized by an entity, its impact can be compared to an accounting error and would involve issues such as measurement, occurrence and disclosure. Fraud poses a serious problem from an audit perspective because it is normally accompanied by efforts to cover falsity, misdirect the entity, records and reporting. Thus fraud can directly affect the financial statements and records of the audited entity.

4.17. Quite often the efforts to misrepresent may involve the management itself. When management gets involved in the perpetration of fraud, the activity assumes the proportion or the additional bearing of corruption. Fraud and corruption are therefore interlinked although certain types of fraud do not necessarily qualify for being viewed as corruption and can be perpetrated by an individual or a small group to cover lapses.

4.18. One problem which corruption poses for audit is that it is linked with the acts of bribery. It is possible to conceive of situations where bribery, may have a direct impact on financial statements. For example where a tax officer collects a bribe from an entity to provide a tax relief or where an entity pays an influential decision-maker a bribe to secure a contract. In such situation the issue of proper disclosure is involved because the corrupt practice of the illegal payment, expense is normally covered up through an accounting compliance or reporting fraud.

4.19. In some cases corruption may have only a consequential and not a visible or direct effect on the accounting records for example when the quality specifications are compromised in a supply order to benefit a supplier.

4.20. In many instances corruption does not necessarily reflect in the transactions that are recorded and reported by the entity. This especially applies to situations where a position of authority or discretion available under rules is misused by an official. Such corruption does not normally get reflected in information that comes in the purview of audit, for example when a tax officer collects bribery to give a refund which is lawfully due to a taxpayer. Thus whereas the loss to the audittee is usually fairly apparent in cases of fraud, in the case of corruption the corrupt employees may benefit from the act but there may not be any loss to the audittee or effect on financial information.

4.21. Both fraud and corruption are without proper authority and involve breach of trust and therefore are illegal or irregular. They also involve an element of non-transparent conduct or behaviour. In fact corruption is a special type of fraud and treated as such in many jurisdictions. In any case audit teams/officers should be well aware to the complex distinction as well as correlation between the two.

Respective Responsibilities of Management and Audit

Responsibilities of Management

4.22. It is the responsibility of those charged with governance of the entity to ensure through oversight of management that the entity establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

4.23. In relation to fraud it is important to recognize that the responsibility for the prevention and detection of fraud and error rests primarily with the management of the audited entity through a system of internal control. The responsibility for adequate and timely disclosure of any cases of fraud and corruption rest with the management and the responsibility of ensuring reliability and results of operation must include concerns arising from risk of fraud and corruption. The management is expected to document the system established for prevention, detection, follow-up and reporting of fraud and corruption.

Responsibilities of Audit

4.24. Detection of fraud is not the primary objective of audit. Audit must however evaluate and report on the adequacy and competence with which the management has discharged its responsibility in relation to prevention, detection, response and follow up remedial measures in relation to fraud and corruption. The auditor should make the management aware that the absence or lack of application of reliable and valid performance measures and indicators could increase the possibility of occurrence of fraud and corruption.

4.25. Audit should be alert to shortcomings in systems and controls that are likely to provide an environment conducive for fraud and corruption and should recommend to the management measures to improve the control environment and minimize the risk of fraud and corruption.

4.26. Any indication that an irregularity, illegal act, fraud or error may have occurred which could have a material effect on the audit finding/opinion should cause the auditor to extend procedures to confirm or dispel such suspicions.

4.27. It should be borne in mind that if a material fraud was perpetrated but not discovered in audit, the conduct of audit personnel can be called in question, particularly if the evidence was such as would arouse suspicion in an auditor of normal prudence. Hence the audit personnel need to be aware of the possibilities of fraud at the planning stage and should be vigilant while carrying out the audit work.

Considerations of fraud in audit of financial statements

4.28. During audit of financial statements two types of intentional misstatement are relevant to the auditor viz misstatements resulting from fraudulent financial reporting and misstatement resulting from misappropriation of assets.

4.29. Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users. Fraudulent financial reporting may be accomplished by the following:

(i) Manipulation, falsification (including forgery) or alteration of accounting records or supporting documentation from which the financial statements are prepared:

(ii) Misrepresentation in or intentional omission from the financial statements of events, transactions or other significant information; and

(iii) Intentional misapplication of accounting principles relating to the amounts classification, manner of presentation or disclosure etc.

4.30. Misappropriation of assets involves the theft of an entity's assets and can be perpetrated by employees as well as management.

4.31. The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared in all material respects in accordance with an applicable financial reporting framework. An auditor obtains reasonable assurance that the financial statements taken as a whole are free from material misstatement whether caused by fraud or error. An auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Considerations of fraud in performance audits

4.32. Similar considerations apply in case of performance audits. In performance audits while selecting objectives, Sub-objectives and issues, the vulnerability risk to fraud and corruption should be given due consideration.

4.33. In the course of performance audit the effectiveness of internal controls to prevent and detect fraud and corruption should be considered as one of the audit objectives depending upon the materiality and risk analysis.

4.34. Where the performance audit team comes across any possible indicators of fraud, it should probe the matter further and report its findings. Some of the significant areas for scrutiny from fraud angle could be the integrity of performance, information and evidence of delivery of goods and services.

Considerations of fraud in receipt audit

4.35. Audit should not in any way substitute itself for the revenue authorities in the performance of their statutory duties. However, Auditors should satisfy themselves that the requirements of legality and regularity are observed in individual assessments and in general that the departmental machinery is sufficiently safeguarded against error, fraud and corruption.

4.36. In the audit of receipts it would be necessary in the case of a department which is a receiver of public moneys to ascertain what arrangements (internal controls) are in place to ensure the prompt detection, investigation and prevention of irregularities, double refunds, fraudulent or forged refund vouchers or other loss of revenue through fraud, error or willful omission or negligence to levy or collect taxes or to make refunds. Auditors may also suggest appropriate improvements in the systems and procedures for prevention, detection and reporting of cases of fraud and corruption.

Considerations of fraud on audit of World Bank and other externally assisted projects

4.37 Audit is responsible for reporting to the funding agency whether the implementing agencies have carried out expenditure on the scheme in accordance with the pattern specified in the project appraisal report relating to the schemes and terms of such assistance and Government of India instructions and to identify matters relating to inadequacies in systems and control, cases of fraud or presumptive fraud, wasteful expenditure and failure of administration to take corrective action on recommendations contained in earlier report.

Professional skepticism

4.38. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional skepticism requires an ongoing questioning of whether the information and audit evidence obtained suggests the existence of fraud having a material effect on audit findings/opinion.

4.39. Due to the characteristics of fraud the auditor's attitude of professional skepticism assumes particular importance when considering the risk of fraud having material effect. When obtaining reasonable assurance, an auditor should maintain an attitude of professional skepticism throughout the audit, consider the potential for management override of controls and recognize the fact that audit procedures that are effective for detecting error may not be appropriate in the context of an identified risk of fraud having material effect. This is notwithstanding the auditor's past experience with the entity about the honesty and integrity of management and those charged with governance.

Fraud awareness at the audit planning stage

Risk assessment

4.40. The field offices should carry out an independent risk assessment and prioritize their audit planning accordingly. This should include consideration of any information received from the public or media on suspected cases of fraud and corruption. The audit plans should focus on high risk areas.

4.41. Though audit cannot insure against frauds, the possibility of their occurrence should be kept in mind while preparing for and conducting audit by maintaining an attitude of professional skepticism.

4.42. While planning his audit the auditor should assess the risk that fraud may cause the financial statements to contain material misstatement or record material irregular transactions.

4.43. The auditor may keep in view that the risk of fraud and corruption could be higher in certain organisations like those involved in procurement of goods and services.

4.44. The auditor should have a complete understanding of the audited entity including the environment in which the entity operates, the level of internal control and the past performance of the audited entity especially, previous instances of fraud and corruption.

4.45. Based on the risk assessment the auditor should develop the audit objective and design audit procedures so as to have reasonable expectation of detecting and evaluating material misstatement and irregularities arising from fraud and corruption. In case of high risk audit the audit team should be selected keeping in view the requirement of such audit.

4.46. The field offices should keep in view the need for flexibility in terms of budget, time and expertise of the audit team particularly when fraud and corruption are suspected or discovered in the course of audit.

Identification of areas requiring attention

4.47. An understanding of the audited entity should enable the auditor to identify potential high-risk areas and suitably modify audit procedures and techniques. Given the complexity of transactions and refinement of audit methodologies across the globe taking expenditure as the sole criterion is simplistic and unsophisticated. The broader definition of fraud risk should cover areas of specific concern to the Government, Auditor, although potentially not having a material impact on the financial statements. Some of the common high risk areas (illustrative) are:

- (1) contracts of service procurement (for example the fraud risk includes violation of prescribed laws and regulations concerning the procedures for inviting, receiving and processing of tender, selection of bidders)
- (2) Inventory and asset management:
- (3) Sanctions clearances:
- (4) programme management and performance management information:
- (5) Revenue receipts (for example incorrect valuation of goods, inadmissible duty, draw back claims misuse of exemptions and notifications regarding refund claims and embezzlement through incorrect accountal of receipts. etc)
- (6) Cash management:
- (7) Expenditure on AC bills:
- (8) grants (like grants-in-aid to autonomous bodies, non-governmental organizations for example, the fraud risk includes violation of preserved condition in providing and administering grants by the Government Departments or in spending by the recipients, intentional misstatements in financial reporting in order to receive unlawful grants):

- (9) Financial statements:
- (10) Operating information (for example the fraud risk includes overstatement / understatement of accomplishments, progress in meeting performance goals, number of citizens served, programme improvements, compliance with policies etc. irrespective of whether the possible fraud is related to the entity's financial statements)
- (11) Computerized environment:
- (12) Privatization of public sector functions (for example the fraud risk includes non-adoption of open competitive process, manipulation of bidding terms and evaluation criteria etc.) joint ventures, public-private partnerships etc.
- (13) Any other areas involving public interface (for example the fraud risk includes fraud in exercise of public authority like issuing of regulations permissions and concessions).

4.48. As the first step during the Preliminary Systems Evaluation the adequacy of various accounting systems and procedures whether set out in the form of a manual or otherwise, should be examined and the extent of check of individual transactions should be determined based on the results of such examination. This is all the more necessary since generally a sample of the transactions is checked in audit and audit personnel cannot escape responsibility if significant deficiencies in the accounting systems and procedures lead to misuse or abuse of public moneys. The concept of systems audit is that if an in-depth analysis of the mechanics of a system reveals that it is designed with appropriate controls, checks and balances to safeguard against errors, frauds etc. Audit can reasonably assume without the necessity of undertaking a detailed examination of the individual events or transactions that the results produced by the system would be fairly accurate. Evaluation of the efficiency and effectiveness of any system will, however, require sample testing of its actual working.

Vigilance about fraud at audit execution stage

Vigilance during the course of audit

4.49. During the course of audit work the audit personnel should be vigilant and seek explanations, if it comes across possible fraud indicators.

4.50. Auditors need to be alert to deviations from acceptable accounting standards including disclosure requirements particularly when there is suspicion of fraud and corruption.

4.51. The auditor may keep in view that when a fraud is conducted there is a deliberate effort to conceal the facts and distract the auditor.

Fraud indicators

4.52. Some possible fraud indicators are given in Appendix-A. They are illustrative only and should not be taken as exhaustive. The audit personnel should exercise professional skepticism and professional judgement in dealing with possible fraud indicators.

4.53. It should also be recognised that failure to appreciate the significance of what appears to be a trifling irregularity may result in failure to discover an important fraud or defalcation. Therefore, notice may be taken of the cumulative effect of numerous petty errors or irregularities as being indicative of carelessness and inefficiency in the maintenance of accounts or in financial administration generally.

4.54. If no satisfactory explanations are offered and the auditor suspects that irregularities may have occurred, he should probe the matter further and inform management of the audited entity. If the irregularities had a material effect on the accounts, suitable qualification in the accounts may be warranted. Audit should also recommend improvement in the control procedures to management for preventing recurrence of bad practices and irregularities.

Information to be sought from the audited entity management

4.55. At the commencement of each audit information about the fraud awareness and related environment should be collected from the audited entity management.

4.56. The information should include inter alia:

- (1) Policy and system to prevent and detect fraud/ corruption and reporting:
- (2) System to establish accountability for fraud/ corruption:
- (3) Fraud/ corruption indicators:
- (4) Instances of fraud and corruption noticed since last audit:

- (5) Action taken on such cases including strengthening of internal control systems:
- (6) Special areas prone to risk of fraud and corruption: and
- (7) Guidelines issued by management with regard to control of fraud and corruption.

Audit evidence

4.57. The auditors should clearly understand that the audit evidence obtained can be only persuasive and not conclusive. Yet the evidence in case of suspected fraud and corruption ought to be closer to conclusive. While reporting all cases of suspected fraud or corruption they should refrain from making any judgment regarding the existence of fraud or corruption but should suggest suspected fraud/corruption or presumptive fraud.

Some illustrative checks

4.58. Analytical procedures are helpful in identifying the existence of unusual transactions or events and amounts ratios and trends that might indicate matters having audit implication. When performing analytical procedures at the planning stage or during the course of audit unusual or unexpected relationships may indicate risk of fraud.

4.59. Fraud detection measures need to be built in the audit procedures so that during the audit the auditor can highlight a transaction for a possible fraud or identify such consistent system failures which can lead to a fraud. Some of the checks which could be applied to determine the red flag items during the course of audit are illustrated below:

- (1) Examine the use of delegation of powers particularly in vulnerable areas:
- (2) Examine the effectiveness and adequacy of internal controls in various areas:
- (3) Check for collusion between the supplier and employees/ management:
- (4) Examine cases of misuse of financial powers:
- (5) Check for false statements and false claims: whether information presented to justify a transaction is incorrect and at the point of time when such information

was presented. The person submitting the information had access to correct information.

- (6) examine evidence for cartelization, split purchases, collusive bidding, over and under invoicing and making payments on the basis of false progress reports:
- (7) Check for loss of revenue due to evasion and non-accountal or receipt:
- (8) Examine for payment made for services / supplies not received:
- (9) Seek confirmation with other related parties:
- (10) Checking of cross-linking of documents for evidence of known wrongdoing: and
- (11) Cases of misclassification: etc.

Fraud-specific internal controls

4.60. As regards fraud specific internal controls there could be two types of such controls viz. active internal controls and passive internal controls. Examples of active internal controls can be the following:

- (1) Signatures and document countersigning procedures:
- (2) Segregation of duties and functions:
- (3) Physical asset control:
- (4) Real time inventory control:
- (5) Document matching and cross linking of documents:

4.61. Wherever the management of the audited entity makes changes an improvements in the internal control system either due to changes in its environment or as a response to previous instances of fraud and corruption. Such changes and improvements should be particularly studied and evaluated during audit.

Audit approach

4.62. Since complete evidence about cases of fraud and corruption may not be available to Audit, due care should be exercised in arriving at an audit conclusion. In many circumstances additional tests may have to be performed and additional evidence would normally be considered appropriate and necessary for arriving at an audit opinion.

4.63. Whenever a material instance of failure to comply with the applicable laws and regulations is observed the auditor should, without automatically assuming

the management and staff are dishonest investigate the control failure with an appropriate degree of professional skepticism. He may also examine if the supporting evidence has been tampered in any manner or any individual (s) could have benefited from the material violation.

4.64. When auditors suspect the possibility of fraud and corruption they should establish whether it has taken place and there has been resultant effect on the financial reporting. especially whether the audit certificate requires qualification. Similar consideration applies in case of performance audits where there has been effect on the programme execution or performance reporting.

4.65. When auditors intend to report on fraud and corruption, they should ensure the reliability of audit evidence by verifying it with source documents including third party evidence. Auditors should carefully determine how much evidence they should gather in support of audit findings. Auditors should also keep in view that the possibility that the evidence gathered by them and their findings could become the basis for legal or disciplinary proceedings.

4.66. In determining overall responses to address the risk of fraud, the auditor should:

(a) Evaluate the accounting and reporting policies used by the entity particularly those related to subjective measurements and complex transactions: and

(b) Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures, for example

(1) Performing substantive procedures on selected account balances and assertions not otherwise tested due to their materiality or risk:

(2) Adjusting the timing of audit procedures from that otherwise expected:

(3) Using different sampling methods:

(4) Performing audit procedures at different locations or at locations on an unannounced basis:

(5) Use computer-assisted audit techniques to gather more evidence about data contained in significant accounts or electronic transaction files to select sample transactions from key electronic files to sort transactions with specific characteristics or to test an entire population instead of a sample:

(6) Design external confirmations:

(7) Supplement such external confirmations with inquiries of non-financial personnel in the entity:

- (8) Performing more substantive testing at or near the period or period end: and
- (9) Performing analytical procedures at a more detailed level etc.

4.67. The auditor may identify a risk of material misstatement due to fraud affecting a number of accounts and assertions, including asset valuation, estimates relating to specific transactions and other significant accrued liabilities. The risk may also relate to significant changes in assumptions relating to recurring estimates. Information gathered through obtaining an understanding of the entity and its environment may assist the auditor in evaluating the reasonableness of such management estimates and underlying judgments and assumptions. A retrospective review of similar management judgments and assumptions applied in prior periods may also provide insight about the reasonableness of judgments and assumptions supporting management estimates.

4.68. To respond to the risk of management override of controls, the auditor should design and perform audit procedures to:

- (a) Test the appropriateness of journal entries and other adjustments made in the preparation of financial statements:
- (b) Review accounting estimates for biases that could result in material misstatement due to fraud: and
- (c) Obtain an understanding of the business rationale of significant transactions that the auditor becomes aware of that are outside of the normal course of business (operation) for the entity or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment.

Computer evidence

4.69. Since many records are produced by computers in the usual and ordinary course of work, auditors should understand how to collect and handle those records as audit evidence. Collecting computer evidence requires careful planning and execution. Auditors should examine whether appropriate controls are in place in order to ensure the authenticity of computer evidence.

Compliance with the provisions of GFR

4.70. The Audit personnel should also check compliance with the provisions of Rules 33,34,37 and 38 of the General Financial Rules (GFR) 2005(Rules 16 to19 and 21of earlier GFR) regarding

(1) Reporting losses or shortages of public moneys departmental revenue or receipts, stamps, opium stores or other property held by or on behalf of Government irrespective of the cause of loss and manner of detection by the subordinate authority concerned to the next higher authority as well as to the Statutory Audit Officer and to the concerned Accounts Officer even when such loss has been made good by the party responsible for it except cases which need not be reported under the provisions of the GFR:

(2) Bringing cases involving serious irregularities to the notice of Financial Adviser or Chief Accounting Authority of the Ministry or Department concerned and the Controller-General of Accounts Ministry of Finance, redrawing of amounts lost through misappropriation, defalcation, embezzlement etc bearing of loss to Government on account of culpability of Government servants by the Central Government Department or state Government concerned with the transaction.

(3) Making recovery from the erring Government officials:

(4) Reporting of all cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts, will be reported to the Controller-General of Accounts along with the circumstances leading to the loss to enable him to take steps to remedy defects in rules or procedures if any connected therewith:

(5) Reporting of losses above the prescribed value due to suspected fire, theft, fraud, etc. to the Police for investigation as early as possible: A formal investigation report should be obtained from the Police Authorities in all cases which are referred to them:

(6) Fixing of responsibility for loss on the concerned officers:

(7) Prompt disposal of cases of loss at each stage of detection, reporting, write off, final disposal in cases of losses including action against delinquents and remedial measures.

4.71. Extracts of the provisions of these Rules have been given in Appendix-B.

4.72. As the Rules may be amended from time to time, the auditor should ascertain the latest Rules applicable and check compliance.

4.73. Non-reporting of losses or shortages of public moneys, departmental revenue. etc as required by GFR can be an indicator suggesting non-transparency and the presence of an element of fraud or corruption (though not conclusive).

4.74. Non-Compliance with provisions in Rule 29 of the GFR for endorsement of sanctions to the Audit Officer could also be an indicator for fraud or corruption in some cases. The risk of non-compliance with GFR forming fraud and corruption angle should also be investigated.

IT fraud

4.75. IT fraud could involve the manipulation of a computer data by whatever method in order to dishonestly obtain money, property or some other advantage of value or to cause loss.

4.76. Computers provide opportunities for misuse for economic or financial gains. Computer networks can be used to commit crimes from geographically far off places. Frauds committed using computers vary from complex financial frauds to the simpler frauds where computer is only a tool to commit a crime with some State Governments/Union Government Departments and Public Sector Organizations going for e-commerce / e-payment systems in a large way, Possibility of electronic fraud requires attention.

4.77. IT frauds are committed by insiders, outsiders, vendors, competitors etc. Such frauds are committed by manipulation of input, output or throughput of a computer system. Frauds can also be committed by backing into the system for causing deliberate damage.

Role of Audit in relation to IT fraud

4.78. Since many records are produced by computer in the usual and ordinary course of work, auditor should understand how to collect and handle those records as audit evidence. Collecting computer evidence requires careful planning and execution. Auditors should examine whether appropriate controls are in place in order to ensure the authenticity of computer evidence.

4.79. The steps in prevention of frauds in computerized systems involve setting up of proper access controls both physical and logical. Physical access controls ensure against unauthorized access to computerized system and logical access controls prevent unauthorized access to data and software for its use and manipulation.

4.80. For auditors, the most effective tool is data enquiry analysis and reporting software. Powerful interactive software like ACL and IDEA can quickly shift through voluminous electronic data and assist in the detection and prevention of fraud in an organization. They can be used to process normal data as well as exception reports and audit trails but demand flexibility and creativity on the part of the auditor. The auditor should have capability to revise and upgrade queries based on the findings from previous queries. Besides having auditing skills it is important that auditors have intimate knowledge of computerized system to understand the possible modes of fraud so that they can isolate all types of risks to the organisation.

4.81. Increasing use of IT systems by auditees requires that the auditor should have access to reliable and verifiable system-based audit trails to evaluate the internal control. The Auditor has to be particularly aware of the audit trail of the checks and balances of IT systems, of the levels of control and needs to also have a fair idea of how processing controls can be circumvented by the perpetrator of fraud and how data can be accessed and manipulated. It is particularly important for the auditor of the IT system to assess in his audit the level of security controls built in and if these are in tune with the sensitivity of data.

4.82. In case of fraud involving use of computer systems the audit personnel should also comply with the instructions on Information Technology Audit (IT Audit) issued by the IT Audit Wing of Headquarters office and the Comptroller and Auditor General's Manual of Standing Orders (Audit).

Documentation

4.83. The auditors should collect adequate documentation which may provide evidence during subsequent enquiries, investigations, court cases etc.

4.84. The documentation should include inter alia:

- (a) The identified and assessed risks of fraud, the overall response of the auditor to the assessed risk of fraud and the nature, timing and extent of audit procedures and the linkage of those procedures with the assessed risk of fraud.
- (b) The results of the audit procedures including those designed to address the risk of management override of controls.
- (c) Communications about fraud made to management etc.

4.85. The documentation should also be capable of proving that the Audit personnel have discharged their functions with reasonable care and due diligence and should enable a review of working procedures and working papers.

4.86. Supervision and review

Supervision and review of the work of audit personnel shall be exercised in accordance with the Auditing Standards of the Comptroller and Auditor General of India and instructions issued from time to time.

4.87. Reporting

Reports of individual cases of suspected/ presumptive fraud/ corruption should be addressed confidentially in the first instance to the controlling authority concerned with the approval of Group Officers. Copies may simultaneously be sent confidentially to higher authority in cases that are regarded to be so grave or serious. In the case of Controlling Officer based audits the report should be sent confidentially to the concerned Controlling Officer (with a copy to the Chief Controlling Officer concerned) whereas in the case of Drawing and Disbursing Officer based audits the report should be sent confidentially to the concerned Drawing and Disbursing Officer (with a copy to the Controlling Officer concerned).

4.88. The situations /events that may be suggestive of fraud/ presumptive fraud should be highlighted in the inspection reports with a recommendation to the executive for detailed investigation and response.

4.89. The report of the audit party should indicate, inter alia, the scope of audit, main findings, total amount involved, modus operandi of the suspected fraud or the irregularity accountability for the same and recommendations for improvement of internal control system, fraud prevention and detection measures

(including changes in the systems and procedures) to safeguard against recurrence of fraud/ serious financial irregularity.

4.90. In addition to reporting to the management of the audited entity. material/significant cases of fraud and corruption may reported through separate confidential letters to the specified investigating agency like Central Bureau of Investigation (CBI). Central Vigilance Commission (CVC) in case of Union Government and State Vigilance Commission/Lok Ayukta etc in case of State Government with the approval of the Accountant General or by him/her depending upon the seriousness of the cases. In this connection the provisions of paragraphs 4.95 to 4.98 (intra) may also be seen.

Qualification in Audit Opinion on financial statements

4.91. In case of financial audit, instances of possible fraud and corruption may require making qualification in the Audit Opinion on financial statements, depending upon the materiality of the audit findings. In other cases they may be reported to entity management in a special letter or in the regular inspection reports depending upon the circumstances.

4.92. When in the opinion of the auditor the financial statements include material fraudulent transactions or such transactions have not been adequately disclosed, or the audit conducted by the auditor leads him to the inference that instance(s) of fraud and corruption have taken place and when the auditor has adequate evidence to support his conclusion he should qualify the audit certificate/opinion and ensure that his findings are adequately included in his audit report. **However, the term fraud or corruption may not be used in a conclusive sense unless such action is established in a court of law.**

Printing cases relating to fraud and corruption

4.93. Cases relating to suspected/presumptive fraud and corruption should be highlighted in the Inspection Reports, Audit Notes, etc. and also in the Audit Reports. All such cases should be printed in bold type.

Reporting to investigating agencies

4.94. Accountant General should carry out a quarterly review of the audit findings contained in the inspection reports, audit notes etc. relating to different

wings of their offices and bring specific material, significant cases of suspected fraud or corruption.

4.95. The communications to vigilance or investigative authorities should clearly indicate that the audit evidence is obtained from the original documents of the audited entity. They should also indicate that the audit findings are based on the test check carried out and the information and records received from the audited entity. The investigative agency should use information given by us as a lead and make their own examination of the primary/original records which are available with the audited entity/Department.

4.96. The reporting to the vigilance or investigative authorities may be completed after approval of the bond copy without waiting for the availability of printed Audit Reports.

Follow-up

4.97. The field officer shall institute mechanism for recording the cases of fraud and corruption (including possible indicators of fraud and corruption) noticed during the course of audit in separate registers maintained for the purpose. Such cases should be followed up vigorously with the concerned audited entity and with higher executive authorities and should not be settled in a routine manner. All significant cases should be followed up with the Secretary of the Administrative Department concerned.

4.98. In following up on reported cases of fraud and corruption the auditor should determine whether the necessary action is being taken with due regard to urgency that the situation demands and become aware of the changes in the systems and procedures which could be validated through subsequent audits.

4.99. The Accountant General may send annual confidential letters to the Secretaries of the concerned Administrative Departments (in cases where the Inspection Reports, Audit notes etc. throw a pattern of fraud across the Department) indicating the details of the important cases of suspected fraud and corruption.

4.100. It should be noted that once a matter has been referred to the investigative or vigilance agencies, the responsibility and scope of audit is to provide the information and assistance sought by them in accordance with the extant

instructions. The matter may however be followed up through discussions in formal meetings with the investigative or vigilance agencies.

Additional instructions

Memorandum Certificate of assurance to be obtained from the Audit Party

4.101. The Accountant General may require the Audit Party to provide a Memorandum/Certificate of Assurance which should include, inter alia, examination of issues relating to fraud and corruption and compliance with the provisions of this Standing Order and other applicable instructions by the Accountant General supported by detailed documentation.

Database

4.102. Each field office should establish a database of fraud or corruption related audit issues for building a linkage across functional groups to identify red flag items, change in mode of audit investigation is required to bring out system deficiencies in greater detail rather than mentioning only money value. Red flagged items should bring out the intention and failure of internal control irrespective of money value. The data base should be transparently reviewed by the Accountant General every quarter for further strategy and directions to the field audit parties.

Objection Book

4.103. Cases of fraud or corruption etc. should also be recorded along with cases of misappropriation, defalcation etc. in an Objection Book in accordance with the instructions contained in the Comptroller and Auditor General's Manual of Standing Orders (Audit) as amended from time to time.

Skill development

4.104. The field offices should have an adequate inventory of skills to deal with cases of fraud and corruption and for this purpose, arrange for training of their officials at the Regional Training Centres/Institutes.

Developing sector specific guidelines checklists

4.105. The Accountant General should develop sector specific guidelines/checklists to deal with cases of fraud and corruption in the audit of

entities belonging to specific sectors for the guidance of the field staff deployed in such audits and furnish a copy of such guidelines/checklists to DG(Audit).

Reporting to Headquarters

4.106. The field officer should send half yearly reports on cases of suspected material fraud and corruption noticed by them to the Headquarters Office.

4.107. In view of the ongoing rationalization process of Management Information System (MIS) the half yearly reports may be sent electronically or placed on local intranet in such manner as may be prescribed upon completion of the rationalization of MIS.

Continuance of the existing provisions relating to reports on defalcations and losses

4.108. The existing provisions in the Manual of Standing Orders (Audit) relating to reports on defalcation or loss of public money or property and action to be taken thereon shall continue to be in force.

Instructions for the wing

4.109. All the field parties have to furnish a Assurance Memo duly signed by the Audit officer (AAO in charge of the party in case of unsupervised parties) in the Performa given at Appendix-D.

4.110. All the editing section should also open a separate register for recording the cases of frauds and corruption noticed during local audits. These registers should be submitted fortnightly to the Branch Officer, monthly to the Group officer and on every 15th of April, July, October and January to the Accountant General. This should be noted in the sectional Calendar of Returns of each editing section.

4.111. Each audit group will maintain a digital database of the cases of frauds and corruption noticed during audit and submit a copy thereof to the Accountant General through Report section.

4.112. Along with the above database, each Group Officer will submit a brief review report in respect of these cases indicating the number of cases at the beginning of the quarter, cases added during the quarter, present status of the cases, nature of the fraud/corruption and the modus operandi in cases identified

during the quarter along with the remedial measures suggested to the controlling authority to avoid recurrence there of.

4.113. In cases where the inspection reports, audit notes etc indicate a pattern of fraud across the department, each audit group should put up a draft annual confidential letter to the administrative secretary concerned for approval of the Accountant General latest by 15th of April each year. This should be noted in the Calendar of Returns of each control section.

[Authority No: CAG'S letter No. 126/Audit (AP)/1-2004 dated 6-9-2006].

Illustrative fraud and corruption

In contracting for goods and services.

Bribery and Kickbacks-Money or any other form of reward or favour is exchanged between a public functionary and a provider of goods and services in order to obtain some benefit e.g. acceptance of substandard goods or obtaining unauthorized information.

Changes in Original Contracts- Changes are made in the original contract requiring flow of additional funds from the Government to the contractor or supplier which may affect the basis on which the contract was awarded to the contractor or supplier in the first instance. This may also involve front-loading of contract in the hope of increasing the price of original contract through change orders or subsequent modifications to the contract. (See Appendix A,B&C)

Appendix-A

Some indicators (red flags) for possible fraud and corruption (illustrative)

Procurement and contracting of goods and services

Requirements defining stage:

1. Inadequate needs analysis:
2. Inadequate information about potential suppliers:
3. Inadequate review of existing and required inventory:
4. Unduly short supply period:
5. Needs analysis is product rather than needs oriented:
6. Someone other than the user defines the user requirement: and

7. Unwarranted involvement of senior officials.

Bidding and selection stage

1. The specifications are not clearly defined:
2. A very limited number of offers is received:
3. Documentation indicates unusual involvement of an official:
4. Suspicion about conflict of interest:
5. Evidence of early receipt of information by some contractors or suppliers:
6. Request for proposal is not properly advertised:
7. Unusual handling of the bidding process :
8. Evaluation criteria is not consistent for different offers:
9. Exceptions to the tender deadlines:
10. Changes in the bids made after their formal receipt:
11. Lowest responsive bidder is not selected:
12. Contractor or supplier submits unrealistic bid indicating collusion or bid rotation:
13. Unusual withdrawal of bids:
14. Re-bid results identical to original bids:
15. Successful contractors or supplier use competitors as sub-contractors or sub-suppliers: and
16. Justification for single source procurement is inadequate etc.

Contract performance and evaluation stage

1. Changes in a contract result in the large increase in the cost of goods and services:
2. Changes made without adequate explanations:
3. Unwarranted contract extension:
4. Complaints about the quality of goods and services received:
5. Inadequate inspections and quality assurance of goods and services received:
6. Evidence of overcharging and duplicate billings:
7. Dubious invoices:
8. Insufficient pre-audit of contractor payments:
9. Contracts repeatedly awarded to one contractor: and
10. Unduly high labour payments: etc.

Accounting records

1. Missing vouchers:
2. Production of photocopies of documents instead of originals:
3. Alterations and erasures in accounting records:
4. Any unusual accounting entries:
5. Discrepancies between control accounts and subsidiary records:
6. Discrepancies between predicted figures and actual figures during analytical review procedures: and
7. Employees in sensitive posts not taking leave: etc.

Performance Information

1. Performance information about delivery of goods/services, assets creation etc. not supported by original documents and downstream data:
2. Theoretical calculations not supported by actual measurements, Muster rolls, Inspection notes, Quality reports etc:
3. Non-availability of transparent evidence of expenditure and receipts into Government Account: and
4. Inconsistency between financial and physical information about progress of scheme /work.

Note: These are only illustrative examples Accountants General may please prepare a comprehensive list of red flag items in audit of various departments/sectors and establish procedures to ensure that such items are reckoned while planning the audits transparently documented and evidence of addressing all such items and their treatment are recorded and retained.

Appendix-B

Extracts from the Provisions of General Financial Rules, 2005

Rule.33. Report of Losses

(1) Any loss or shortage of public moneys, departmental revenue or receipts, stamps, opium stores or other property held by or on behalf of Government irrespective of the cause of loss and manner of detection shall be immediately reported by the subordinate authority concerned to the next higher authority as well as to the Audit Officer and to the concerned Principal Accounts Officer even

when such loss has been made good by the party responsible for it However, the following losses need not be reported:

(i) Cases involving losses of revenue due to

(a) Mistakes in assessments which are discovered too late to permit of a supplementary claim being made.

b) Under assessments which are due to interpretation of the law by the local authority being overruled by higher authority after the expiry of the time-limit prescribed under the law: and

c) Refunds allowed on the ground that the claims were time-barred:

(ii) Petty losses of value not exceeding Rupees two thousand.

(2) Cases involving serious irregularities shall be brought to the notice of Financial Adviser or Chief Accounting Authority of the Ministry or Department concerned and the Controller General of Accounts, Ministry of Finance.

(3) Report of loss contemplated in sub-rule (1) & (2) shall be made at two stages:

(i) An initial report should be made as soon as a suspicion arises that loss has taken place.

(ii) The final report should be sent to authorities indicated in sub rule (1) & (2) after investigation indicating nature and extent of loss/ errors or neglect of rules by which the loss has been caused and the prospects of recovery.

(4) The complete report contemplated in sub-rule 3 shall reach through proper channels to the Head of the Department who shall finally dispose of the same under the powers delegated to him under the Delegation of Financial Power Rules. 1978. The reports which he cannot finally dispose of under the delegated power shall be submitted to the Government.

(5) An amount lost through misappropriation, defalcation, embezzlement etc may be redrawn on a simple receipt pending investigation, recovery or write off with the approval of the authority competent to write-off the loss in question.

(6) In cases of loss to Government on account of culpability of Government servants the loss should be borne by the Central Government Department or State Government concerned with the transaction. Similarly if any recoveries are made from the erring, Government officials in cash, the receipt will be credited to the Central Government Department or the State Government who sustained the loss.

(7) All cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts will be reported to the Controller General of Accounts along with the circumstances leading to the loss. So that he can take steps to remedy defects in rules or procedures if any connected therewith.

Rule.34. Loss of Government property due to fire, theft, fraud: Departmental Officers shall in addition to taking action as prescribed in Rule 33, follow the provision indicated below in cases involving material loss or destruction of Government property as a result of fire, theft, fraud etc:-

All losses above the value of Rupees ten thousand due to suspected fire, theft, fraud, etc. shall be invariably reported to the Police for investigation as early as possible.

Once the matter is reported to the Police Authorities all concerned should assist the Police Authorities in all cases which are referred to them.

Rule.37. Responsibility for Losses: An officer shall be held personally responsible for any loss sustained by the Government through fraud or negligence on his part. He will also be held personally responsible for any loss arising from fraud or negligence of any other officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The departmental proceedings for assessment of responsibility for the loss shall be conducted according to the instructions contained in Appendix-C and those issued by the Ministry of Personnel from time to time.

Rule.38. Prompt disposal of cases of loss: Action at each stage of detection, reporting, write off, final disposal in cases of losses including action against delinquents and remedial measures should be completed promptly with special attention to action against delinquents and remedial measures taken to strengthen the control system.

Note: The corresponding provisions in the earlier General Financial Rule are Rules 16,17,18,19 and 21 which should be checked for compliance in relevant cases.

Appendix-C

Instructions for regulating the enforcement of responsibility for losses, etc.

(1) The cardinal principle governing the assessment of responsibility is that every Government officer should exercise the same vigilance in respect of expenditure from public fund generally as a person of primary prudence would exercise in respect of the expenditure and the custody of his own money.

While the competent authority may in special cases condone an officer's honest error of judgement involving financial loss if the officer can show that he has acted in good faith and done his best up to the limits of his ability and experience, personal liability shall be strictly enforced against all officer who are dishonest, Careless or negligent in the duties entrusted to them.

(2) In cases where loss is due to delinquencies of subordinate officer and where it appears that this has been facilitated by laxity of supervision on the part of a superior Officer the latter shall also be called strictly to account and his personal liability in the matter carefully assessed.

(3) (a) The question of enforcing pecuniary liability shall always be considered as well as the question of other forms of disciplinary action. In deciding the degree of an officer's pecuniary liability it will be necessary to look not only to the circumstances of the case but also to the financial circumstances of the officer since it should be recognized that the penalty should not be such as to impair his future efficiency.

(b) In particular if the loss has occurred through fraud every endeavour should be made to recover the whole amount lost from the guilty persons and if laxity of supervision has facilitated the fraud the supervising officer at fault may properly be penalized either directly by requiring him to make good in money a sufficient proportion of the loss or indirectly by reduction or stoppage of his increments of pay.

(c) It should always be considered whether the depreciated value of the Government property or equipment lost, damaged or destroyed by the carelessness of individuals entrusted with their care should be recovered from the delinquent officer. The depreciated value of the stores may be calculated by applying the 20% of depreciation in the case of vehicles including cycles and 15% in the case of calculating machines on the reduced balance every year. The amount to be recovered may be limited to the Government servant's capacity to pay.

(4) When a pensionable Government servant is concerned in any irregularity or loss the authority investigating the case shall bear in mind the provisions contained in Central Civil Services (Pension) Rules 1972 as amended from time to time and immediately inform the Audit Officer and or the Accounts Officer as the case may be, responsible for reporting on his title to Pension or Death-Cum-Retirement Gratuity and the authority competent to sanction Pension or Death-Cum-Retirement Gratuity and it will be the duty of the latter to make a note of the information and see that the Gratuity or Death-Cum- Retirement Gratuity is not paid before a conclusion is arrived at as regards the Government servant's culpability and final orders are issued thereon.

(5) The fact that Government servants who were guilty of frauds or irregularities have been demobilized or have retired and have thus escaped punishment should not be made a justification for absolving those who are also guilty but who still remain in service.

(6) It is of the greatest importance to avoid delay in the investigation of any loss due to fraud, negligence, financial irregularity etc. Should the administrative authority require the assistance of the Audit Officer and or the Accounts Officer as the case may be in pursuing the investigation. He may call on that officer for all vouchers and other documents that may be relevant to the investigation: and if the investigation is complex and he needs the assistance of an expert Audit Officer/ Accounts Officer to unravel it he should apply forthwith for that assistance to Government which will then negotiate with Audit Officer or the Accounts Officer concerned for the services of an investigating staff. Thereafter the administrative authority and the Audit/Accounts authority shall be personally responsible within their respective spheres for the expeditious conduct of the enquiry. In any case in which it appears that recourse to judicial proceedings is likely, the Special Police Establishment or the State Police should be associated with the investigation.

(7) Depending upon the results of the inquiry/ departmental proceedings and or prosecution shall be instituted at the earliest moment against the delinquent officials concerned and conducted with strict adherence to the Central Civil Services Classification, Control and Appeal Rule and other instructions prescribed in this regard by Government.

Appendix-D

(i) All the information as required under paragraph 4.07 and 4.08 of the standing order on frauds and corruption were obtained and the relevant audit memos/documents have been attached to the inspection Report at pages.....to.....

(ii) The audit checks were carried out keeping in view the indicators included in the Appendix-A to the Standing order ibid and as defined in the local circulars on the subject issued from time to time.

(iii) All the checks needed to ensure adherence to the provisions of Rules 33,34,37 and 38 of the General Financial Rules-2005 (or the corresponding rules in the financial rules of the state) were exercised.

(iv) All the replies and explanations and key documents required were obtained and are placed in the inspection report folder (Volume number must be indicated in case there are more than one file).

(vi) Internal checks available in the department/entity like internal audit inspection and inspection by superior authorities were adequate and were conducted as scheduled.

(vii) (vi) As a result of my scrutiny I certify that the chances of frauds and corruption in the audited entity are minimal except the cases pointed out in paragraph..... of the draft Audit Inspection Report. 171-A

| AIR No | Name and address of the unit audited | Name and address of the controlling authority | Dates of audit | Account period covered in audit | Name of the party members | Serial number of para | Title of para |
|--------|--------------------------------------|---|----------------|---------------------------------|---------------------------|-----------------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |

| Brief description of | Amount under objectio | Dispatc h number | Details of report to controllin | Details of reporting to State | Referenc e of Audit | Follo w up details |
|----------------------|-----------------------|------------------|---------------------------------|-------------------------------|---------------------|--------------------|
|----------------------|-----------------------|------------------|---------------------------------|-------------------------------|---------------------|--------------------|

| audit observatio n | n | and date of issue of AIR | g authority | Vigilance Commission / Lok Ayukta | Report para if featured therein | |
|--------------------------|----|-----------------------------------|----------------|--|--|----|
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |

CHAPTER 5

Audit of Loans and Advances

5.01. Loans are sanctioned by the State Government as well as by subordinate officers under different Schemes. Loans are sanctioned both to individuals and institutions for various purposes. Departmental offices are responsible for maintaining the Ledger Accounts of all other loans sanctioned by Departmental officers. Audit of loans is carried out in the offices of the sanctioning authorities. In specific cases, where conditions of Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and conditions of service) Act, 1971 are fulfilled, the accounts of recipient bodies are subject to audit.

Process of Audit

Loans for which detailed accounts are kept by Loans and Advances Sections

5.02. In respect of loans, the ledger accounts of which are maintained by the A.G. (A&E.) (i.e. Loans and Advances Sections of the office) even though the audit of loan transactions is conducted cent per cent, the audit parties have to verify the initial records on the basis of which certifications of the disbursement of loans are furnished to central audit. They are also required to examine how the authorities have satisfied themselves as regards fulfillment of conditions attached to the sanctions of loans.

Loans for which detailed accounts are maintained by the Departmental Officers

5.03. The following checks should be exercised by local audit parties in respect of loans for which ledger accounts are maintained by the departmental officers:

(i) The list of schemes under which loans are sanctioned with the relevant orders sanctioning the loan schemes should be obtained and the orders studied carefully before commencing the audit of loan transactions.

(ii) The sanctions for loans issued during the period covered by the inspection should be obtained. These sanctions should be scrutinized with a view to seeing that the loans are sanctioned to eligible persons, after receiving the reports of the enquiry officers about solvency of the loanees, and that, the terms and conditions prescribed in the sanctions are in conformity with general orders, governing the

scheme of giving loans. It should particularly be seen that the terms and conditions prescribed for repayment of the loans are clear and that there is no ambiguity or room for misconstruction therein. It should also be seen that a specific provision for the levy of penal interest is made to prevent default in paying the installments of principal and interest on due dates.

(iii) It should be seen that adequate security is taken and mortgage deeds are executed wherever provided or found necessary. It should also be seen that the terms and conditions are accepted by the loanees before the loans are disbursed to them.

(iv) The following checks should be exercised in scrutinizing the loan ledgers:

(a) The sanctions should be traced in the ledger and it should be seen that the information necessary for maintaining the accounts of loans, such as rate of interest, number of installments in which the loan is repayable, whether the installments payable are equal installments or equated installments, the due dates of repayment, the penal rate of interest for default in repayment, etc. are noted in the ledger folios.

(b) The vouchers received from the Loans and Advances Sections in the main office should be traced in the ledgers and it should be seen that the disbursements as recorded on the vouchers are correctly noted.

(c) It should be seen that the amounts of principal, interest and penal interest are worked out and posted correctly in the ledger and demand notices are issued in time. The loan accounts should be checked in detail from the beginning, or since last audit, as the case may be, to verify the correctness of repayments made from time to time. In exercising this check, it should particularly be verified that annual equated installments are correctly worked out in respect of loans which are repayable by annual/half-yearly equated installments which include elements of principal and interest payable annually/half-yearly.

(d) The repayment of principal and interest noted in the ledger should be verified either with the copies of challans duly certified by the Treasury Officers and available in the office or with the entries in the Cash Book.

(v) The departmental officers are expected to submit statements of arrear demands periodically to the controlling officers. The position of demand in arrears as on 1st April each year should be ascertained from the statements which could be subjected to test check and the amount of arrears mentioned in the Inspection Report. Similarly, the progress made in the recovery of arrears should

also be mentioned separately. If the statement is not available, the departmental officer should be asked to furnish a statement of over dues as on 1st April with year-wise break-up showing the amounts of principal, interest and penal interest separately.

(vi) It should be seen whether adequate steps have been taken for recovery of the outstanding dues, special attention being paid to the amounts outstanding for a very long time. Due note should be taken of overdue installments of principal and interest.

(vii) It should be ascertained whether the departmental officer has obtained utilization certificates from the loanees in respect of all the loans disbursed by him irrespective of the fact whether or not ledger accounts of the loans are maintained by him. The procedure followed by the departmental officer to verify the correctness of such utilization certificate should also be scrutinized.

(viii) The administrative or other reports of the departmental officers submitted to their higher authorities about the schemes of advancing loans should be gone through to see how far the purpose, for which a particular scheme is launched, has been achieved by the disbursement of loans.

Note: The above checks should be applied in to in respect of loan transactions falling in the test months and generally for other months covered by audit.

5.04. The checks prescribed for loan transactions should also be applied mutatis mutandis to transactions of advances paid for various purposes.

Loans and Advances

5.05. Government makes loans and advances to public and quasi-public and to individuals. Some of these loans and advances are made under special laws and others for special reasons or in pursuance of a recognized policy. Audit has an important role to play in the present day context of large loans being granted to State governments, statutory corporations, government companies, quasi-public bodies, and private institutions for developmental and other purposes. Apart from watching the fulfillment of various conditions on which the loans are sanctioned, the responsibilities of Audit in relation to loans and advances will extend to the following.

(i) Except in the case of loans and advances made under special laws or in respect of which the Government has issued any general rules or orders,

Audit may require that the reasons for making the loans or advance as well as the conditions attached to them should be stated clearly and completely in the relevant sanction orders. Any unusual conditions, such as the remission of interest in an individual case, included in the sanction would merit special scrutiny with a view to ascertaining the justification therefor.

- (ii) Audit should ensure that the debtor has complied with the conditions governing repayment of a loan or advance and payment of interest.
- (iii) In reviewing the outstanding loans and advances, special attention should be paid to irregularities in repayment, acknowledgement of balances and unrealized and doubtful assets.
- (iv) In order to protect the financial interests of Government, the Accountant General (Civil Audit) should communicate to Government any information that comes to his notice in the course of his official business in respect of the financial position of a debtor, along with such comments as he may consider appropriate. He should perform this duty personally and with utmost care and discretion; the related communications should also invariably be confidential.
- (v) Audit should ascertain whether adequate security has been obtained, particularly from private debtors, to safeguard Government's interests, and whether Government has made adequate arrangements to keep itself informed of the continued solvency of the debtors.
- (vi) It should also be verified that further loans have not been granted for the same purpose when substantial unutilized balances out of the previous loans are still available to the debtors and that there is adequate basis to establish that the loans have been utilized only for the purposes and on the objectives for which they were sanctioned.

Loan Accounts

5.06. The financial rules and orders issued by Government prescribe the authority which should maintain detailed accounts of loans and watch recoveries and payment of interest. In cases where the Accountants General (A&E) maintain such detailed accounts, subsidiary loan registers are also maintained by them or advising the loanees about the installments of principal and interest falling due periodically and for watching their remittance. After departmentalization of accounts, the Pay and Accounts Officers also maintain similar subsidiary

registers in respect of loans the detailed accounts of which are maintained by them. These registers contain details, in respect of each loan, of the amount disbursed; the interest accrued from time to time, the installments of principal and interest paid by the beneficiaries and the balances outstanding. The Accountants General (A&E) and the Pay and Accounts Officers also maintain suitable broadsheets in respect of loans accounted for in their books. Other departmental officers, who are required to administer loans and maintain the related accounts, also maintain similar subsidiary registers and broadsheets. In the case of loans granted by Government of India to the State Government, besides maintaining detailed accounts, the State Accountants General (A&E) also arrange for payment of the installments of principal and interest due to the Government of India. This is arranged through the Reserve Bank of India after obtaining the consent of the State Government wherever necessary. The registers and the broadsheets maintained by the Pay and Accounts offices and departmental offices should be reviewed in local audit to verify whether:

- (i) Payment, on the due dates, of the installments of principal and interest by the loanees monitored;
- (ii) Penal interest has been levied on overdue installments;
- (iii) loans paid and repaid and the interest remitted have been properly accounted for;
- (iv) Conditions, if any, prescribed by the sanctioning authority have been fulfilled;
- (v) Any amounts paid has been erroneously treated and credited as repayment of the principal when any sum is due on account of unpaid interest; and
- (vi) Acknowledgments have been obtained periodically from the debtors in respect of outstanding balance.

Note: In cases where the Public Works Department incurs expenditure on works executed under special orders and such expenditure is treated as a loan, the amounts debitible to several loan accounts will appear in the monthly accounts of the divisional offices and these would be deemed to have been advanced on the last day of the month in which the expenditure appeared in the divisional accounts.

Advances to Government servants

5.07. Accountant General (A&E) or the Pay and Accounts Officers maintain detailed accounts of loans and advances granted to Government servants that are recoverable in not less than sixty installments while the departmental officers themselves maintain detailed accounts of other short-term loans and advances. However, the former also maintain detailed accounts of short-term loans and advances granted to gazetted officers when they are also responsible for regulating their entitlements.

5.08. Various loans and advances, such as those intended for construction of houses, purchase of conveyances, etc., are accounted for under the specific loan heads. Many other advances, such as advances of traveling allowance, advances of pay on transfer, advances for contesting law suits, festival advances, etc., are granted to government servants by debit to the final heads of account. In certain cases, advances against gratuity dues and provident fund accumulations are also granted to families of deceased government servants.

5.09. Some of the important points to be looked into in the course of audit of these loans and advances are dealt with below:

- (i) It should be verified that competent authorities alone have sanctioned the loans and advances to government servants in accordance with the rules and orders governing them.
- (ii) The broadsheets and other records maintained by the Pay and Accounts Officers and departmental officers to watch repayment of the loans and advances and the recovery of interest should be reviewed in local audit to see that they are properly maintained and that the payments or adjustments made in this regard are in accordance with the conditions prescribed.
- (iii) In cases where utilization certificates are required to be furnished by the beneficiaries, it should be verified that the departmental officers have been obtaining these.
- (iv) Audit should also verify the fulfillment of the conditions relating to mortgage, insurance, etc.
- (v) In the case of long-term advances, it should be ascertained whether appropriate and adequate action is being taken by the offices responsible

for maintaining their detailed accounts to ensure that the individual balances outstanding in their books are reconciled periodically with the balances shown in the recovery schedules.

CHAPTER 6

Personal Ledger Accounts

Scope and Extent of Audit

6.01. Personal Ledger Accounts (PLA) which is of banking nature is a part of public account. Interest is not payable in this account except in the cases where it is unavoidable to open an interest bearing PLA it should be clearly mentioned in the Government orders.

PLA will be opened in the state treasuries in the name of Government Officer/Managing Directors/Administrator of Corporation, Authorities/Local Bodies etc. under the control of the state with special sanction of Government and with the permission of Accountant General (A&E). PLA will be operated on the basis of authority issued by Accountant General (A&E) U.K. Dehradun.

6.02. The following amounts will be deposited in the PLA with the prior permission of Finance Department:

- (1) (a) where in the opinion of Finance Department it would not be possible to spend money in the last days of the financial year the amount may be deposited in the PLA by debiting Consolidated Fund/Contingency Fund of the State Government.
 - (b) Moneys related to centrally sponsored schemes and externally assisted schemes that cannot be utilized within the stipulated time.
 - (c) Moneys related to other than departmental units, except construction units such as Rajkiya Nirman Nigam, Samaj Kalyan Nirman Nigam etc. related to construction Work.
 - (d) Moneys related to any other particular scheme.
- (2) Schemes sponsored by Central Government for which fund is made available to the nominated agency directly by Bank Draft/cheque but included in the State accounts.
- (3) Moneys being deposited in PLA in accordance with the rules, regulation, manuals made by the State Government.
- (4) State assistance, Grants-in-aid, share money given by state Government to corporation, public sector under taking Authorities etc. except universities and recognized educational institutions.

Classification of PLA

6.03. PLA has been classified into two categories.

(1) Government PLA moneys deposited under Head of Account-8443- 106 is known as Government PLA These accounts are to be closed at the end of each financial year and balance is refunded to concerned Head of Account.

(2) Other PLAs are classified as Deposit Accounts. These accounts are not to be closed at the end of financial year. There would be no need for seeking permission of Accountant General (A&E) to operate these accounts or permission of Government to withdraw money from there accounts except the head of account-8443-106.

6.04 Scheme wise/department wise accounts will be maintained by Competent Authority in the proforma prescribed in appendix IV of PLA Rules 1998. if there is no transaction in a PLA for three years, the accounts will be closed by treasury officer, after intimating the Competent Authority and obtaining consent of Accountant General (A&E).

Process of Audit

6.05. Normally, this audit will be combined with the audit of the accounts of the office which maintains the Personal ledger Accounts. Before taking up audit, it should be seen that Government orders sanctioning and Accountant General's authority for opening of the Personal ledger Accounts exist. The general instructions given in Chapter 3 should be observed during the course of scrutiny of the various registers, etc., maintained.

The following are the important registers which should be scrutinized during local audit:

- (i) Cash Book
- (ii) Receipt Books and Cheque Books.
- (iii) Registers of Receipt Books.
- (iv) Registers of Cheque Books.
- (v) Treasury/Bank Pass and Remittance Books.

6.06. An examination of the receipts granted for moneys paid by the Administrator of the Account with Treasury/Bank Pass Book and tracing of the

withdrawals according to the Pass Book into the Cash Book or other subsidiary accounts may disclose possible irregularities of the kind mentioned in para 1 above.

6.07. It should be seen that:

- (i) It should be seen in local audit that the PLAs being operated for Head of account 8443-106 are closed at the end of the financial year and the balances refunded to concerned Head of account. If the account is operated after the end of the financial year, it should be seen whether permission/consent of Accountant General (A&E) has been obtained or not.
- (ii) Receipts are granted for moneys paid to the Administrator of the Accounts and they are promptly brought to account.
- (iii) The withdrawals are correctly accounted for and they agree with those shown in the Pass Book and Cash Book.
- (iv) The expenditure is properly vouched.
- (v) The expenditure is in accordance with the instructions issued for the opening of the personal ledger accounts.
- (vi) There is proper reconciliation of the balances in the Administrator's accounts with those in the treasury and that proper action is taken for the settlement of the discrepancies, if any.
- (vii) The balances outstanding for a long time in the accounts are disposed of as per the instructions issued from time to time.
- (viii) The administrator is prompt in giving the annual acceptance of the balance, as reported by the Accountant General's Office or has taken proper action to reconcile discrepancies, if any.
- (ix) The expenditure is properly sanctioned, incurred, vouched and accounted for according to the rule.

6.08. It should be ensured that the prescribed subsidiary registers with reference to the orders issued are maintained by the Administrator and sufficient precaution is taken against the possibility of fraud/embezzlement, etc., of the moneys in the accounts.

6.09. The local audit parties should check up in all offices, whether accounts that ought to be kept in the PLA are kept outside the PLA Cases of such nature should

be brought to the notice of the concerned Departmental Audit Section through a separate note attached to the Audit Inspection Report. Generally, the objections relating to those accounts should be included in the Audit Inspection Reports pertaining to the offices locally audited in a separate paragraph.

VOLUME –II

CHAPTER 7

JUDICIAL ACCOUNTS

General

7.01 The following registers and accounts which are maintained in the Courts should be examined:

- (1) Cash Book;
- (2) Permanent Advance Register;
- (3) Register of fees, fines and penalties;
- (4) Bill Register;
- (5) Contingent Register ;
- (6) Register of Deposits
- (7) Register of lapsed deposits ;
- (8) Register of attendance of witnesses ;
- (9) Register of Miscellaneous Revenue;
- (10) Register of application for copies;
- (11) Treasury Pass Book ;
- (12) Register of subsistence money of prisoners and miscellaneous deposits ;
- (13) Register of repayments of Miscellaneous deposits.;
- (14) Account Book of Service postage Stamps;
- (15) Dead Stock Register and Library Register and
- (16) Service Books and leave Accounts.

7.02 Scope of Audit

Besides the usual expenditure and contingent audit, the audit of:

- (i) Accounts relating to payment of diet money and witness batta ;
- (ii) The accounts relating to the copyists establishment ;
- (iii) The accounts of deposits and fines; and
- (iv) The accounts of the Translation and printing Department of the High Court, should be conducted.

[C.A.G.'s Letter No. 2175-Admn. 1/450-55, dated the 21st October 1965.]

7.03 Process of audit

The procedure for the scrutinizing of the various registers prescribed in Chapter 3 of this Manual should be generally followed by the audit staff. The instructions given in the succeeding paragraphs should be followed in addition.

7.04 Permanent Advance Register

- (1) Compare the total payments of each day with the cash book and check the balance with the balance of permanent advance shown in the Cash Book.
- (2) Check of the total amount sanctioned from time to time.

7.05 Register of fees and forfeitures, etc.

Check the entries for a month in the Register of fees and fines maintained by the different courts with the actual receipts of fees, fines, etc. shown in the different Receipt Books and the Cash Book. Any discrepancy noticed should be investigated from the records of the cases.

Note - It should be seen that proper records as prescribed in the rules are maintained for the realisation of the funds for various purposes and that the amount's realised are promptly brought to account.

7.06 Bill Register

- (1) Check the bill drawn from the treasury with reference to the bill register and see that all bills pass through the bill register.
- (2) See that the date of receipt of money from the treasury with the amount for which it has been passed are entered in the bill register and money credited in the Cash Book on the same day.
- (3) See that the bill register is initialled by the Officer in-Charge at each stage, viz, at the time of signing the bills, at the time of sending it to the treasury and when the bill is passed and the money received from treasury.
- (4) See that no bill is remaining outstanding for long in the bill register without being credited in the Cash Book.

7.07 Register of Deposits

- (1) See that the register has been maintained according to-rules.
- (2) Check the credits in this register, the entries in the cash book and counterfoils of receipt books.

- (3) Check the vouchers of repayment of deposits with the Register of payment Orders and see that all the items in those registers have been initialled by the Register or an Officer authorised for this purpose in token of check.
- (4) Check the repayment of deposits against original credits with reference to the entries in the Cash Book and acquittance of the payees.
- (5) See that the repayment is covered by the amount of balance of deposits.
- (6) See that no repayment is made out of the deposits which should be credited as lapsed to Government without the sanction of the Accountant General.

NOTE 1 - The accuracy of not less than 15% of the postings from the General Cash Book into the several deposit registers and of the daily totals there from into the abstract or ledger should be checked. Entries regarding payments should be checked with reference to the amounts originally received. The legal acquittance of the parties receiving payment should also be verified.

NOTE 2 - The deposit accounts should be completely checked for the selected month or months with the help of the paid cheques received from the Central Officer. ,

[C.A.G.'s Letter No. 2214/Admn I/271-59, dated the 23rd September, 1959.]

7.08 Register of Lapsed Deposits

The register should be checked with the connected registers and ledgers. The total amount credited according to this register should be verified with the treasury challans.

7.09 Register of Attendance of witnesses

It should be checked as follows:

- (a) See that the dates of attendance and discharge been noted in it ;
- (b) See that such daily, entries have been attested by the presiding judges with their initials;
- (c) See that the column of the register showing the amounts paid to witnesses have been dully filled in;
- (d) see that the witnesses themselves have signed in the vouchers in acknowledgment of the receipt of their expenses and
- (e) See that the payments do not exceed the amounts originally recovered.

NOTE - The payments on account of diet money and travelling allowances to the witnesses and complainants should be test-checked to see that the prescribed scales have not been generally exceeded.

[C.A.G.'s Letter No. 2175-Adnin.1/450-55 dated the 21st October, 1965.]

7.10 Register of applications for copies

- (1) Check the court fees paid for applications for copies as entered in the "Register of applications for copies" with the entries in the Register of court fees.
- (2) See whether searching fees have been realised for copies of papers contained in the record of cases which are not pending.
- (3) See that the amount recoverable under different categories e.g. cost of paper, typing fees, comparing fees, etc. is worked out and specified in the relevant columns of the register.
- (4) Check the remuneration paid to copyists every month from the acquittance rolls with the amount drawn in the contingent bill for remunerations to copyists.
- (5) See that the amount creditable to Government is adjusted to the relevant head by transfer adjustment and the amount so creditable is specified in the register.
- (6) Check the amount paid into the treasury with reference to the credits in the cash book and relevant items of the register of application.

7.11 Treasury Pass Book

Every item of remittance to the treasury as recorded in the Court's accounts should be supported by the treasury challan and traced into the treasury pass book. Withdrawals from the treasury should be compared with office copy of the bills, and the Pass Book. It should also be seen that the monthly closing balance as recorded in the Court's accounts agrees with the balances in the pass book, which should be certified by the treasury after effecting reconciliation, if any.

7.12 Register of subsistence money of prisoners and Miscellaneous Deposits

- (1) Check the credits in this register with the entries in the Cash Book and counterfoils of receipt Books.
- (2) See that the each item of receipt in connection with different cases is credited separately and its repayment noted against original credits.

7.13 Register of repayments of Miscellaneous Deposits

- (a) See that the payment does not exceed the amount of original deposit or that it is covered by subsequent additions of deposits.
- (b) See that the payment of expenses etc. payable by the parties in a civil suit is recovered in advance before, the payment is made.

7.14 Register of furniture and Store

- (1) Check the receipts as shown in the register of furniture and stores with the purchases shown in the contingent Registers.
- (2) See that the issues of articles to Courts have been properly acknowledged by the presiding officers in the columns provided in the register.
- (3) If office furniture is taken by the Munsifs and Judge to their residences, see that only a reasonable quantity of such office furniture is issued by them.
- (4) Check the value of the article of furniture shown in the register as disposed of on account of their being unserviceable, with the credit in Cash Book.
- (5) See that the balance of stock has been verified at least once a year by a responsible officer.
- (6) See that the Stock account has been properly maintained in the prescribed form.

7.15 Register of Securities

It should be seen that the amount and nature of securities furnished by the various subordinates are in accordance with the rules of the court. In cases where fidelity bonds are accepted, it should be seen that the insurance policies are taken only from the authorised companies and that the Policies are kept alive.

The District Judges are Heads of Departments other than Class I and Controlling Officers for the Subordinate Courts in their judgeship and, therefore to facilitate speedy compliance of the Inspection Report copies of the Inspection Reports, should also be sent to the District Judges concerned.

CHAPTER 8

Police Accounts

8.01 Introduction

Uttarakhand is the only state in India which has Revenue Police in addition to the Regular Police. Rural areas, comprising 60 percent of the geographical area, are covered by the Revenue Police. In 11 out of the 13 districts of the state, the jurisdiction of Regular Police is limited to towns/cities. Revenue Police works under the overall control of the Department of Revenue.

8.02 Organisational Setup

The Principal Secretary, Home is the administrative head of the Police Department in the Government. The Police force works under the overall command and control of the Director General of Police (DGP), different wings are headed by Additional Director General (ADG) and Inspectors General (IG), Senior Superintendent/ Superintendents of Police. The state is divided into two ranges (Garhwal and Kumaon Mandal), each headed by an IG.

8.03. Inspectors General

The Inspectors General are in charge of ranges formed of a few districts (Garhwal – 7 Districts, Kumaon – 6 Districts). Each of them is responsible for the control and administration of the Police force in his range. He keeps in close touch with the district Superintendents of Police of his range. He inspects the districts in his range and takes such action within his powers to remedy the defects noticed in police administration. He is also responsible for the general control of crime in his range.

8.04. Senior Superintendent/Commandant/Superintendents:- The Senior Superintendent/ Superintendents of Police is the head of the police force of the District. He is responsible for its efficiency and discipline and for the proper performance of its duties. He sees that the orders of the courts and other competent authorities are properly carried out. He is responsible for the regularity and accuracy of the accounts of his office.

Each battalion of PAC (Provincial Armed Constabulary) is headed by commandant. He is responsible for efficiency and performance of his battalion.

He is also responsible for the regularity and accuracy of the accounts of his office.

8.05 The Assistant and Deputy Superintendents of police

The Assistant and Deputy Superintendents of Police perform any of the Superintendent's work which he is not obliged by law or rule to do personally. They also perform the duties of the Superintendent relating to accounts as may be delegated to them by the Superintendent of Police.

8.06. Reserve Inspectors/ Quarter Master

The Reserve Inspector is the Officer-in-Charge of the Reserve Lines in the district Police. He arranges for the parade of the Police party to be sent out and sees that the daily roll-call is held. He is responsible for the safe custody of the clothing, accoutrements, arms, ammunitions, tents and stores in the reserve and for the correctness of records maintained for them. He performs some of the accounting duties when the Superintendent of police is absent from head quarters and no other gazetted officer is available, as per provisions in the Police Manual of the State. The quarter Master performs all the duties and responsibilities of Reserve inspector in P.A.C. battalions. He is also required to maintain Stock Book as prescribed in Annexure XI.

8.07. Scope of Audit

Besides the usual audit of the accounts the local audit of the police department is intended to check the stock accounts of clothing, arms and equipments of the Department. The special rules and instructions for the receipt, issue, etc. of the stores consisting of arms, ammunitions, accoutrements (Police equipment) clothing, etc. are given in the Police Manual of the State. The auditor should be familiarise himself with the provisions of this Manual.

8.08. Accounts Register etc.

The following are the important accounts registers, etc. maintained by the various offices of this department, apart from other common registers:

(a) General Accounts Records

- (i) Cash Book and C.O. Register
- (ii) Records relating to hiring of accommodation for offices and residences.

- (iii) Register of buildings.
- (iv) Fees for extra duty.

(b) Stock and Stores Accounts

- (i) Stock Register of arms, ammunitions and accoutrements.
- (ii) Stock Register of component parts of fire arms and armourer's tools.
- (iii) Stock Register of new and part-worn clothing.
- (iv) Register of clothing casualties, etc.

The above are in addition to the other common stores and stock accounts peculiar to the police department.

8.09. Some other special registers of the dept.

Apart from the above, there are some special registers and accounts records specific to some offices of the police department. They are as below:

(a) Office of the Inspector General of Police

- (i) Tenders, agreements etc., for supply of stores. He is also required to maintain Stock Book as prescribed in Annexure XI.
- (ii) Register of purchases, and
- (iii) Accounts relating to various funds.

(b) Office of the Superintendent of Police

- (i) Register of diet charges,
- (ii) Register of miscellaneous deductions towards various funds,
- (iii) Register of works,
- (iv) Register of rent,
- (v) Livestock Account (horses), and
- (vi) Register of ration to Horses.

(c) Police Training College

- (i) Register of purchase of books,
- (ii) Register of library books,
- (iii) Mess accounts, and
- (iv) Rent Register.

(d) Motor Transport Section

- (i) Register of vehicles,

- (ii) Register of repairs of vehicles,
- (iii) Register of tools and plants,
- (iv) Register of hire charges,
- (v) Register of unserviceable Stores,
- (vi) Register of condemned Vehicles,
- (vii) Register of Petrol, Oil and Lubricants,
- (viii) Contracts/Agreements for supply of petrol, and
- (ix) Log Books of Vehicles.

8.10. Cash Book and C.O. Register

In addition to the general checks prescribed in Chapter 3 of this manual, the Cash Book should be examined to see that:

- (i) It is checked daily by the head clerk and initialed by him and on the following day by the Superintendent of Police. [Paras 103 and 111 of Police Manual].
- (ii) In the absence of the Superintendent of Police or any other gazetted officer, the Cash Book is signed by the Reserve Inspector. It is examined by the Superintendent of Police on return to Headquarters.
- (iii) The Superintendent fills in with his own hand column 11 of the Cash Book for each item or sub-item after examining the payees' receipts and seeing that the whole sum shown is accounted for.

[Para 111 of Police Manual].

Note: Each credit page is marked with the letter 'A' with his initials and date when all the items on the page have been fully disbursed and adjusted.

[Para 111 Police Manual].

- (iv) Money is not received in any form until a credit order has been signed by the Superintendent of Police.

[Para 107 of Police Manual].

- (v) The bill or cheque for the drawal of money from the treasury and the credit order, if tahsil cash orders are required, and a requisition for them in duplicate should be signed by the Superintendent of Police at the same time.

[Para 109 of Police Manual].

- (vi) The duplicate copy of the requisitions for tahsil orders signed by the Treasury officer is filled with the credit order.

(vii) The book of credit order forms in use is kept in the safe custody of the Head Clerk and those not in use are kept by the Superintendent of Police. The credit orders are written by the Head Clerk for the Signature of the Superintendent of Police.

[Para 107 and 108 of Police Manual].

(viii) No payment has been made by the Accountant without the authority of the Superintendent of Police and that all vouchers attached to the credit orders concerned are marked “cancelled” and bear the serial number of entry in the Cash Book so that they may not be used again and that wanting vouchers are noted in the monthly balance shown in the Cash Book and prompt steps are taken to obtain them.

[Para 110 of Police Manual].

(ix) All payment into and withdrawals from the treasury are verified by a gazetted officer with the treasury records at the end of each month and the results of such verification recorded in the cash book over his signature.

[Para 113 of Police Manual].

[Para 21 and 111 of the Police Manual].

(x) A list of unadjusted items pending for long and a list of recoverable advances have been prepared and shown to the Superintendent of Police. The reasons for non-adjustment of such items should be investigated.

[Para 112 of Police Manual].

(xi) Separate Credit Order Number is given to such receipt in the police department and credit order no is invariably noted in each item in the receipt and expenditure column of the cash book.

It has been observed in local audit that all the balances of Cash Book (cash/cheque/draft etc) are transferred to Reserve Inspector/ Quarter Master Cash Book on daily basis. It has also been observed that a new credit order no is given to old undisbursed balances and these are taken in the cash book afresh with the new credit order no. Thus it becomes difficult to ascertain that since when the money was lying undisbursed. In the local audit the balances should be verified in the Cash Book of Reserve Inspector/Quarter Master and linked with credit orders register to ascertain the duration of undisbursed balances and the reason for balance may be worked out.

(xii) It should also be seen that the instructions of I.G. Circular letter No. XII-484-51 dated 26-7-51 to avoid embezzlements are scrupulously followed.

8.11. Hiring of Accommodation for officer and Residences

In the audit of this register, it should be seen that:

- (i) The sanction of competent authority exists for each case of hiring accommodation for Police officials, Police stations or chowkies and offices.
- (ii) Proper agreement exists for the payment of rent and taxes, if any.
- (iii) Payment made are in accordance with the agreements.
- (iv) The payment of hire charges, etc. is entered in the Register of periodical and/or fixed charges.

8.12. Register of buildings

It should be seen that:

- (i) The buildings acquired or hired by the police Department are entered in this Register.
- (ii) The Register is maintained in the prescribed form.
- (iii) Separate pages are allotted for each police station and outpost in the district.
- (iv) The register is kept as per instructions on the subject.
- (v) The buildings are inspected periodically by a responsible official and action taken for keeping the register in proper order.

8.13. Stores and Stock Accounts

The purchase of stores for the Police Department (based on the annual indents of subordinate offices, required to be sent to the Inspector General of police) is arranged by the inspector General of Police. The suppliers will, however, deliver the stores direct to the indenting officers as per the instructions of the Inspector General of Police.

8.14. (a) Besides examining the stock account on the lines prescribed in Chapter 3 it should further be seen that:

- (i) The combined distribution registers and stock book of clothing and accoutrements are properly maintained and all receipts and issues are duly recorded therein.

- (ii) In the case of receipt of uniforms and accoutrements in bulk from the contractors the procedure prescribed for receipt and inspection is followed and they are inspected by a committee duly constituted and the result of their inspection recorded in the committee report.

[Para 355 of Police Manual].

- (iii) All issues are supported by acknowledgement of the recipients on the register or by proper vouchers and that the issues are traceable in the clothing ledgers concerned.

- (iv) In the case of clothing for village chowkidars, there is a recorded certificate of the Station Officer on the invoices that the clothing has been distributed to the proper persons.

[Para 353 of Police Manual].

- (v) The receipts and issues of old clothing are entered in red ink.

[Para 358 of Police Manual].

- (vi) The sale of old clothing, etc, are sanctioned by the Superintendent of Police and all sales duly effected i.e. through auction or at the current rates fixed by the Inspector General of police.

- (vii) The kit Register is properly kept and that the number of kits in deposit agrees with the number of vacancies and absentees together with the extra number such kits sanctioned for the district.

- (viii) The Stock Book of arms and ammunitions is properly maintained and the entries therein are regularly verified by the Superintendent of Police and that all losses of fire arms and ammunition are duly investigated.

[Chapter XXXIII of Police Manual].

- (ix) The register of bicycles is correctly kept giving the number, cost price, make and other descriptive details of each cycle.

[Para 357 of Police Manual].

- (x) The original lists of property are received regularly from the police stations and are maintained at headquarters, that they are checked by a gazetted officer during his inspection of police stations; that fresh corrected lists are prepared by the reserve Inspector and sent to that police station, concerned; that similar lists are prepared in respect of property at the headquarters offices, Reserve lines and Headquarters guards and that a consolidated list of all such lists is maintained by the Reserve inspector.

[Para 363 of Police Manual].

- (xi) A ledger account of each firm of Contractor is properly kept in the contractor's registers.
 - (xii) In case where a scale has been prescribed for the issue of stores, it should be verified that the scale is not exceeded.
- (b) Departmental Workshop for repair of electronic equipments/Motor vehicles Etc. are being run in the police department. huge expenditure are incurred on the staff as well as on purchase of spare parts etc. it has been observed in local audit that workshop accounts are not being maintained in prescribed formats. It should be seen in local audit that workshop accounts are maintained in the prescribed formats and suitable comments should be incorporated in inspection Reports.

8.15. Register of Diet Charges

The register should be generally scrutinized to see that:

- (i) The diet charges to the accused have been incurred in accordance with the instruction laid down in the departmental manual and those issued by the courts ordering the detention of the accused under police custody.
- (ii) The prescribed scale of diet has not been exceeded.

8.16. Register of Ration to Horses

In checking this register, it should be seen that:

- (i) Tenders are called for the purchase of horse-feed, fodder etc.
- (ii) The scales laid down for feeding the horses in the departmental manual are scrupulously observed.
- (iii) The register is checked and verified periodically by a gazetted officer to ensure that there has been no excess in the issue of rations.

8.17. Register of Purchase of Books, Register of Library Books, Mess Accounts and Rent Register

It should be seen that:

- (i) The books are purchased in accordance with the sanction of the competent authority and at the rate agreed with the supplier.
- (ii) The issue of the books, etc. is in accordance with departmental regulations.

(iii) In scrutinizing the accounts of mess, it should be seen that tenders have been called for the purchase of diet articles and that the purchases are made economically.

(iv) In checking the rent register, it should be seen that the assessment and recovery of rent from persons occupying Government quarters is in accordance with the prescribed rules.

(v) The amounts recovered are brought to account promptly and remitted to treasury without delay.

8.18. Motor Transport Sections

The general checks applicable to the motor vehicles of other Government departments enumerated in Chapter 3 of this Manual should be applied to the accounts of running of the police motor vehicles e.g. Log Book, Register of petrol, oil and lubricants, etc.

According to Para 378 of Police Regulations, the motor lorries and light vans maintained at district police headquarters are intended chiefly for the purpose of Transporting parties of police officers and men for maintenance of law and order and also for use in any circumstances where rapid transport is of importance.

It should be seen in addition to other checks that:

(i) The vehicles are not used for other than official purposes.

[Para 370 of Police Manual].

(ii) Where they are used for other purposes, they are covered by orders of Government permitting the use thereof.

(iii) In respect of non-official journeys, recovery of the charges has been made at the prescribed rates and credited to the proper head of account.

(iv) The tyres, tubes and other parts have been condemned on the report of a committee consisting of the Superintendent of Police and the Reserve Inspector or the Police motor Vehicles Officer and the Chief Maintenance inspector duly sanctioned by the Deputy Inspector General of Police of the range Concerned.

[Para 368 of Police Manual].

(v) An account of disposal of the replaced parts and accessories is available.

- (vi) General Instruction regarding purchase of Petrol/Diesel and maintenance and repair of Government Vehicles given in Annexure XII is scrupulously followed.

8.19. Mounted Police

All horses of the Mounted Police are the property of the State Government.

[Para 334 of Police Manual].

8.20. All members of the Mounted Police receive an allowance for feeding their horses and for providing other connected equipments and gear. The payments on this account should be checked against the rates prescribed by the Government from time to time.

[Para 341 of Police Manual].

A Grass Fund as per details given in is also maintained at Troop Head Quarters.

8.21. The rules relating to the purchase, maintenance and casting off of the horses for mounted Police are contained in Chapter XXIX and Chapter XIV of the Police Manual. The expenditure on the following items should be specially scrutinized.

- (i) Extra charges (in excess of the consolidated horse allowance) on account of the cost of feeding horses without riders.
- (ii) Actual transit charges of mounted Police deputed for the treatment or inspection of horses, or on duty connected with the purchase of remounts.
- (iii) Cost of transit charges of new remounts.
- (iv) Treatment charges of sick horses.
- (v) Fees for veterinary opinion before costing off or purchasing a horse.
- (vi) Petty charges e.g. cost of clippers.
- (vii) Transit charges of other horses of the troops sent to outstations.
- (viii) Expenditure on feeding the horses without riders borne by Government.
- (ix) Recoveries from the riders on account of feeding charges of horses rendered unfit by their neglect, etc.

8.22. It should be seen that a horse is cast off on the proper sanction of the Range Deputy Inspector General of Police issued on the report of a committee consisting of the Superintendent of Police of the Troop Headquarters, the Reserve Inspector and two Senior officers of the troops present.

[Para 336 of Police Manual].

8.23. It should also be seen whether casualties to horses have been reported to the Range Deputy Inspector General of Police with full details whether the casualty was due to neglect or ill-treatment by any member of the force, whether action has been taken to recover the cost of replacement from the person concerned in terms of the rules, on the subject under proper authority.

[Para 337 and 339 of Police Manual].

8.24. Rewards

Rewards are of four kinds:

- (i) Rewards proclaimed for information leading to the arrest and conviction of criminals.
- (ii) Rewards for definite acts of good service or bravery and meritorious work during training.
- (iii) Rewards given to village chowkidars for
 - (a) Meritorious services, and
 - (b) For special services.
- (iv) Rewards paid by departments other than the police department and by courts, private companies, persons.

[Para 464 of Police Regulations].

8.25. Rewards Register

A Reward Register is maintained in the prescribed form by the Superintendent of Police. While auditing this register, it should be seen that:

- (i) The register is maintained in the prescribed form.
- (ii) The relevant columns (Columns 1 to 5) have been filled in from the reward roll.
- (iii) The register has been put up before the Superintendent of Police and that he has signed the same after comparing the entries therein with the reward roll.
- (iv) No reward of the first three types has been paid without the written order of Superintendent of Police.

- (v) In the case of rewards for which the sanction of the Deputy Inspector General of Police or higher authority is required, reward have been paid after obtaining the approval of such authority.
- (vi) The cases for rewards recommended by the Assistant or Deputy Superintendents of Police have been considered by the Superintendent of Police on the basis of accompanying documents before making an entry in the register.
- (vii) The total reward sanctioned in each case has been written in words and figures by the Superintendent of Police in Reward Register. [Para 468 and 469 of Police Manual].

8.26. The amount allotted to each district or section must be regarded as the maximum to be expended on rewards under normal conditions. It should be seen that:

- (i) No extra grants have been made over the original allotments for payment of rewards.
- (ii) Where such extra grants have been made, special circumstances, e.g., a case of ordinary extra importance, that have made the original sum insufficient have been shown.
- (iii) The rewards have been paid only in specially meritorious cases.

8.27. Establishment Charges

In the test audit of establishment charges, it should be seen that:

- (i) A casualty register is kept in proper form and all the relevant orders in the other books are incorporated therein.
[Para 116 of Police Manual].
- (ii) Memo of savings is properly made out and kept in a book.
[Para 170 of Police Manual].
- (iii) Nominal rolls and payments register are properly maintained and corrected upto date so that the actual strength of the police force may easily be ascertained in any month.
- (iv) The amount actually required for immediate disbursement only is sent to a subordinate officer on his written request.
- (v) The acquaintance rolls are checked and signed by the Superintendent of Police.

[Para 174 of Police Manual].

- (vi) When arrear bills are drawn, the items in the memorandum of savings have been signed by the Superintendent of Police to prevent their being claimed again. He should also see that cross references are entered in both the arrear bills and the original bills so affected.

[Para 147 of Police Manual].

- (vii) The register of deductions and deduction memos are regularly and properly made out every month by the Reserve Inspector and the Accountant respectively and orders of the Superintendent of Police obtained for the necessary recoveries.

Note: The office copy of the pay bill should be checked with the distribution sheet, the payment register and the memo of savings; the memo of savings with the casualty register and order book, the abstract distribution sheet with the acquaintance rolls and the acquaintance rolls with the nominal rolls, casualty register and order book etc.

8.28. Travelling Allowances and Railway Fare and Carriage of Police Escorts

The following points should be kept in mind while auditing the claims on account of traveling allowances and railway fare and carriage of Police escorts met out of the Permanent Advance.

- (i) Not more than the actual cost of carriage and upto the scale allowed has been paid.
- (ii) Every officer deputed in charge of escort has been given a command certificate.
- (iii) That for journeys by rail or motor lorry assigned receipt has been obtained from the booking office, etc, by the officer holding a command certificate for both outward and inward journeys.
- (iv) The dates of arrival and departure have been endorsed over the command certificate.
- (v) The Superintendent of Police has satisfied himself that:--
 - (a) The escorts are not unnecessarily large.
 - (b) They are not sent without sufficient reason.
 - (c) Head constables are not employed when not required under the rules.

(d) Money is not paid without an escort having been sent.

(e) The charges are correct.

[Para 260 of Police Manual].

8.29. Accounts of the Reserve Inspector, Thanas and Companies of the P.A.C.

These are maintained for cash received from Superintendent of Police for disbursements, money realised as recoveries or miscellaneous receipts, expenditure from and recouplements of the Permanent Advance held by the unit, stock accounts and Service Postage Stamps account. These should be checked in accordance with the general instructions on the relevant account in Chapter 3 of the Manual.

8.30. Construction and Repair of Buildings The general rules on construction and repairs of police buildings are given in Chapter XXXV of Police Manual. The audit check to be in this regard are also laid down in chapter 3 of this Manual. Besides, it should be seen that:

- (i) The station officers submit their accounts within a reasonable period.
- (ii) The estimates are prepared in accordance with the rules and in proper form.

(Chapter XXXV Police Manual).

- (iii) The standard designs are followed except for special reasons which are fully explained.

8.31. General

In the case of Police Department, the auditors have to examine a large number of documents. If any document is withheld or is not made readily available, the matter should be brought to the notice of the Superintendent of Police before recording the fact in the audit note.

General instructions, in regard to production of documents to auditor, as contained in the following should be followed.

Receipt of Police Department

8.32 The main sources of income are as under :

- (i) Recoveries on account of breach of enlistment rules.

- (ii) Charges for extra police supplied to private bodies and individuals and commercial departments and undertakings of the Government.
- (iii) The Agent of the State Bank of India credits to Government direct all recoveries for guards supplied to the Bank.
- (iv) Recoveries for additional police, guards etc. supplied to private bodies and on requisition to the Railways, are watched by the Accountant General and the Inspector General of Police to whom the amount to be recovered are intimated.
- (v) The cost of guard supplied to the Reserve Bank of India is credited in cash.(Para 157 of Police Manual).
- (vi) Recoveries of charges for extra police supplied to fairs and exhibitions.
- (vii) Rent of shops, canteens, etc., in Police Lines.
- (viii) Fees for giving riding lessons to outsiders.
- (ix) Sale-of-grass in the Police Lines.
- (x) Sale of waste paper.
- (xi) Recovery of charges for use of Government motor vehicles for private Band engagements.
- (xi) Miscellaneous receipts.

The following are some of the important accounts records maintained by the Department in addition to Cash Book, Bill Book etc., etc.

- (i) Register of income from Miscellaneous sources.
- (ii) Register of Disposal of condemned articles.
- (iii) Register of Hire.
- (iv) Register of Rent.
- (v) Accounts of Recoveries.
- (vi) Recovery Register.

Some of these records are briefly described in the subsequent paragraphs.

Register of Income from Miscellaneous Sources

8.33 A special register of income from miscellaneous sources is maintained in four parts :

- (i) Sale proceeds of Police Lines produce, etc.
- (ii) Receipts on account of police supplied for private entertainments.
- (iii) Miscellaneous receipts from waste paper, condemned articles, etc., and

- (iv) Receipts on account of fees realised for imparting riding lessons. (Para 971 of Police Manual).

It should be seen that the register contains a detailed list showing all sources of receipts and that it is examined at least once a quarter by the senior Superintendent/Superintendent of Police any other officer nominated in his behalf to satisfy himself that no source of income is being overlooked. That the amounts due are recovered, credited to Government account and are duly accounted for in the Cash Book and the relevant records maintained therefor. (Para 97-II of Police Manual).

Register of Disposal of Condemned Articles

8.34 It should be seen in audit that unserviceable articles brought to the "Register of condemned articles" are condemned by the competent authority after satisfying that they have lasted for the prescribed period and that in respect of articles which have not lasted for the full prescribed period, necessary sanction of the competent authority has been obtained for condemning them. In regard to articles so condemned and disposed of through auction, it should be seen that lists of bidding are maintained and that the sale proceeds are duly credited to Government. It should also be seen that the particulars of articles sold and the amounts realised have been entered in the register and duly attested by the Superintendent of Police and that in the case of articles entered in the stock book, necessary details of the amount realised are also entered in that register. (Para 97-IV of Police Manual).

Register of Hire

8.35 It should be seen that the hire charges are duly recovered and credited to Government.

Register of Rent

8.36 In checking the Rent Register, it should be seen that the assessment and recovery of rent from persons occupying Government quarters are in accordance with the prescribed rules and that the amounts recovered are brought to account promptly.

Accounts of Recoveries

8.37 The police lorries and the police band are sometimes lent to the police. Similarly, the police personnel are deputed on private purposes on payment. In these cases, it should be seen that a proper account of all the cases of recoveries is kept and the recoveries effected according to the rules in force and that they are promptly brought to account. It should be seen that police has been supplied for private entertainments only where such entertainments call for extra measures for protection of life and property. In the case of entertainments arranged for the benefit of charitable institutions, the Superintendents of Police are authorised to reduce the rates. (Para 155 of Police Manual).

Recovery Register

8.38 It should be seen, while checking this Register that the amounts due in respect of arms, ammunition and other articles of equipment lost or damaged are promptly recovered from person/persons responsible there for and credited to Government account.

Any other item/items of receipts, not detain above, when come to the notice of audit party while conducting audit, should be thoroughly checked on the lines prescribed in beginning of the chapter. Unsatisfactory maintenance of records, laxity in the collection amounts due and in action on the part of Department in this regard, etc., should be thoroughly probed and commented upon in the inspection Reports.

CHAPTER 9

Accounts of Jail

Set up of the Department

Introductory

9.01. As a result of reorganization of state of Uttar Pradesh, the Uttarakhand State came into existence on 9th Nov2000. The Department of Jail was organised since inception of re-organisation of state. There are seven District Jails, two Sub Jails, one Central Jail and one Open Jail in Uttarakhand. The main aim of establishing Jail Institution is for providing safe custody of prisoners and the treatment of persons sentenced to imprisonment is the other aim at establishing it that will to lead law-abiding and self supporting lives after their release and to encourage their self respect and develop in them the sense of responsibility through reformative activities.

9.02. The Jail Department is headed by the Inspector General of Prisons. He is assisted at Head Quarter level by the following officers:

- (i) Additional Inspector General
- (ii) Deputy Inspector General
- (iii) Senior Superintendent
- (iv) Superintendent.
- (v) Deputy Superintendent.
- (vi) Jailor
- (vii) Deputy Jailor

The Inspector General of Prisons

9.03. The Inspector General of Prisons is the Head of the Department. He frames and controls the budget of the Department. He inspects the central and district jails at prescribed intervals and reports to Government of any abnormal conditions prevailing in the jails like escape, suicide, etc. No additions or alterations to the jail buildings can be undertaken without his orders. He is also empowered to sign contracts for and upto amounts specified from time to time.

The Additional Inspector General stationed at Head Quarter assists the Inspector General in all fields of his job and enjoys the financial power upto the limit delegated.

While auditing the office of the Inspector General of Prisons (including Additional Director General), the relevant records relating to accounts, contracts, buildings, log books of vehicles etc. should be checked with reference to the powers vested in the Inspector General of Prisons.

The Inspectors General

9.04. The whole state has been divided in two regions for supervisory and administrative point of view. The regional offices are functioning at Suddhowala, Dehradun. This regional Office is functioning under administrative control of Inspector General.

Junior Engineer

9.05. All construction work for additions, alterations of buildings belonging to jail department are supervised by the junior Engineer.

While conducting audit of expenditure on construction work, the estimate, tenders, comparative statement, agreement, running and final bills with reference to Measurement books are to be scrutinised.

Senior Superintendent

9.06. Central Jails, special Jail ,Open Jail camp, Women Jail, District Jails, Ideal Jails are in charge of whole time Senior Superintendent. He is assisted by Superintendent, Jailors and Deputy Jailors. He is responsible for the whole area of the Jail including buildings, clothing's, etc. He prescribes in his Order Book, the time for the issue of raw rations from the godown. He tests the weights and scales in use in the Jail, factories, store rooms and kitchen and records the results of tests in his Order Book. The order book of the Superintendent should be scrutinised with reference to the above points.

Jailor

9.07. Sub Jails are in charge of Jailor. He is assisted by Deputy Jailors. The detailed procedure in regard to audit of the accounts and records of the Superintendent, Jails and the Jailor is described in the subsequent paragraphs.

Scope of Audit

9.08. For purposes of accounts, the jail is divided into two departments (1) General Maintenance Department, and (2) Manufacturing Departments. The local audit party should study the Jail Manual of the State, specially its accounting provisions before commencing audit.

A. General or Maintenance Department Accounts, Records etc.

9.09. The following are the important accounts and returns to be examined in the Maintenance Department of the Jails, apart from the common accounts records like the Cash Book, Contingent Charges Register, permanent Advance Register, etc. :

- (i) Register of under trial Prisoners.
- (ii) Register of Civil Prisoners.
- (iii) Convict Property Register.
- (iv) Diet Accounts.
- (v) Clothing and Bedding Register.
- (vi) Stock Register of Civil Stores.
- (vii) Convict Labour Register.
- (viii) Remission and Gratuity Register.
- (ix) Grinding Register.
- (x) Register of articles of uniform received and issued to warders.

Process of Audit

9.10. The general Principles for exercising checks of the various registers enumerated in Chapter 3 should be generally observed. The following subsidiary instructions should also be followed.

Register of Undertrial Prisoners and Convict Register

9.11. It should be seen that:

- (i) The personal properties (in kind) of the prisoners, according to these register are actually in the custody of the Jailor and the particulars of the properties agree with those entered in the court warrants.

Note : This check should be applied only in a percentage of the cases.

- (ii) The personal Properties (in cash) of the convicts imprisoned during the year under audit, as entered in these registers, have been credited in the Prison Cash Book and deposited in the treasury under the relevant personal deposit account.
- (iii) The refund credits are verified before payments are made and the acknowledgements, in support of the amounts disbursed as per Prison Cash Book, have been recorded in the registers.
- (iv) The total amount due to each prisoner as on 1st April agrees with the balance shown in the Cash Book, Treasury, Bank Passbooks and with cash on hand.

Register of Civil Prisoners

9.12. The checks prescribed above should be applied in the case of Civil Prisoner's Properties also. In addition, it should be seen that:

- (i) The Subsistence allowance has been realised in advance, as laid down in the rules and at the scale prescribed by Government from time to time.
- (ii) The subsistence allowance realised for civil prisoners according to the Register has been duly credited in the Cash Book and the expenditure there from is properly accounted for.
- (iii) The unspent balance of subsistence allowance has been refunded to the committing court or the decree holder as laid down in the rules.
- (iv) The bedding money has been duly credited in the treasury either by the maintenance department itself or through the manufacturing department as the practice may be, and the expenditure there from is properly accounted for.
- (v) The decree amounts paid into the jail by Civil prisoners, as shown in this register, have been duly credited in the cash book and remitted to the court and that acknowledgements of the court are forthcoming and
- (vi) The unclaimed bedding of released civil debtors is dealt with in accordance with the rules on the subject.

Diet Accounts

9.13. The diet charges are incurred in jails for:

- (i) Ordinary convicts and undertrial prisoners.
- (ii) Sick prisoners in jail hospitals, and

(iii) Civil prisoners.

The Lock-up Register shows the total number of prisoners in a jail, while the Hospital Register shows the sick prisoners in the Jail Hospital. A diet Register is maintained to show the issue of provisions from day to day. The following points should be specially looked into while checking the Diet Accounts:

- (i) The daily issues of dietary articles shown in the Diet Register are according to the sanctioned scale for different classes of convicts (Paras 523 to 526 of jail manual).
- (ii) A special diet or an extra article of diet supplied on medical grounds is supported by an order in writing of the medical officer (Para 521 *ibid*).
- (iii) In the case of convalescent and weak prisoners unable to labour, non labouring diet are issued. (Para 524 *ibid*).
- (iv) The number of prisoners and undertrials, shown as fed on any day in the Diet Register, agrees with the number shown as locked-up in Log Roll on that day and that the number of sick prisoners correspond with that shown in the Hospital Register.
- (v) The daily issues shown in the Diet Register agree with those in the Stock Book of Rations.
- (vi) The total monthly consumption shown in the Diet Register and the Stock Book of Rations has been arrived at by actual summation of the daily issues and not by multiplying the total member of prisoners fed during the month with the quantities allowed for the prisoners according to the sanctioned scales.

Civil Prisoners

9.14. Diet expenses and clothing allowances of Civil prisoners are payable by the parties on whose behalf such prisoners are held in custody. In regard to accounting of recoveries of the cost of diet, etc., it should be seen that:

- (i) A separate page in Diet Register is utilized for showing the quantities of different articles of food issued to civil prisoners.
- (ii) The daily entries of issues of different articles, as noted in the Diet Register, are also entered in the Stock Book of Rations.
- (iii) From Stock Book of Rations, entries are carried to purchase of Grains Register. A separate line is drawn for civil prisoners in the expenditure

account of that register and the cost is calculated at the market rate of the previous month.

- (iv) The actual amount of monthly expenditure incurred on the diet is transferred monthly from the “Civil Prisoner’s Account” to the credit of dietary account in Prison Ledger and the amount credited into the treasury.
- (v) The expenditure on the diet of a civil prisoner or revenue defaulter does not exceed the amount of his subsistence allowance (Para 464 of Jail Manual).
- (vi) No such prisoner is detained in the Jail after the diet money received from his judgement creditor has been exhausted.
- (vii) When a prisoner is released, the unspent balance of diet money is promptly returned to the judgement creditor of the court, and
- (viii) The disposal of the articles paid for on account of the prisoner has been properly recorded.

Lunatic Prisoners

9.15. The cost of maintenance (including charges of extra warder, diet and clothing supplied to them as well as cost of articles damaged by them, if any) of noncriminal lunatic detained in the jail is to be recovered from the magistrate (Paras 495 and 496 of Jail Manual).

Grain Storage Account

9.16. The main points to be seen in local audit are that all purchases have been duly brought on to stock, that the issues are authorised and are according to the sanctioned scales and that there has been no undue loss due to wastage, etc. It should, however, be seen in the above accounts that:

- (i) Sometimes prior to the complete exhaustion of stock and before a further purchase has been made, the balance in the storage account is physically verified by the Superintendent personally.
- (ii) The Grain Storage Account has been properly maintained, i.e., the quantity purchased has been correctly brought to account and that the grains placed and issued from different storage pits and bins have been separately shown in the register.
- (iii) The issues shown in the Grain Storage Account are taken as receipts in the Stock Book of Rations.

- (iv) The issues of raw grains and receipts of finished materials shown in the Stock Book of Rations are traceable into the Mill Register as receipts and issues respectively.
- (v) The losses in cleaning and grinding are within the sanctioned scale (Para 556 of Jail Manual).

Clothing and Bedding Registers

9.17. It should be generally seen that the registers have been neatly kept and written up-to-date and they bear evidence of check by the Superintendent. The issues of new clothing should be traced from the manufacturing stock book into the register of new clothing for any two selected months of the period under audit. Condemnation of unserviceable clothing should be checked with the Superintendents orders in the Superintendent's Order Book. It should be seen that the balances are verified by the officer-in-charge and the Superintendent at periodical intervals or as prescribed under the rules.

Register of Uniform received and issued to warders

9.18. It should be seen that:

- (i) The clothing supplied to warders has been sanctioned by the Inspector General of Prisons on indents submitted by the Superintendent.
- (ii) The issues have been acknowledged by the warders or certified by the Superintendent under his initials.
- (iii) The clothing left unused, if any, has been returned to the stock under proper attestation.
- (iv) The Jailor and his Deputy have not been supplied with uniform and belts at Government expense (Para 1292 of the Jail Manual)
- (v) The issues noted in the register are in accordance with the condition laid down in rules.

Stock Register of Civil Stores

9.19. It should be seen while scrutinizing this register that:

- (i) The stock book shows all civil stores, live stock and dead stock other than those connected with the manufacturing department.
- (ii) The opening balances of the year agree with the closing balances of the previous year.

- (iii) All purchases during the year, according to the paid vouchers or the office copies of the monthly accounts, have been duly brought into the stock book.
- (iv) The disposals of unserviceable civil stores and furniture have been sanctioned by the competent authority.
- (v) All sale proceeds of unserviceable articles have been duly credited in the Cash Book.
- (vi) The balances have been correctly worked out.
- (vii) The annual stock taking of plant, etc., has been taken and that the balances are found to agree with the account of stock.
- (viii) The certificate of annual verification of stock has been recorded over the signature of the Superintendent.

Convict Labour Register

9.20. If convict labour has been supplied to municipalities, private individuals or departments other than the Public Works Department, it should be seen that necessary recoveries of the cost of labour, as agreed upon, have been made and credited in the accounts.

If convict labour has been employed on Jail works undertaken by the Public Works Department, it should be seen that full value of work performed (Charged to the Public Works Department) has been credited in the accounts.

Remission and Gratuity Register

9.21. The register should be examined for any two selected months to see that:

- (i) The gratuities paid to released prisoners have been correctly calculated with reference to the scale prescribed for the purpose according to the ranks of prisoners.
- (ii) The released prisoners have acknowledged the amounts of gratuities paid to them on their release.
- (iii) The gratuity earned by the prisoners have been entered in their history tickets and is then transcribed to their accounts in the Remission Register.
- (iv) The fines and values of articles (like Footwear) sold to them have been debited to their account.

Grinding Register

9.22. It should be seen that the Grinding Register is maintained in proper form and that the wastage does not exceed the scale sanctioned by the competent authority and that an account is kept of the by-products like bran, etc.

Miscellaneous Contracts

9.23. It should be seen that:

- (i) The articles of diet, which are susceptible of storage, have been purchased in as large quantities as possible and in proper seasons.
- (ii) Large supplies of articles of diet and of manufacturers have been arranged for by public tenders according to the Government financial rules.
- (iii) The accumulation of unnecessary stock has been avoided.
- (iv) Agreements have been entered into with all contractors and they have been signed by the competent authorities.
- (v) In the case of articles the prices of which have been controlled by Government, the contract rates conform to the controlled rates.
- (vi) In the case of defaulting contractors, the contract has been resold at his risk and the liability of the defaulting contractor, for any loss in the resale or by departmental purchase is fixed and mentioned in the agreement

Dairy Produce

9.24. The jails in which cattle are maintained and there is a system of selling milk and other dairy produce, it should be seen that:

- (i) The necessary stock account of produce and the sale proceeds duly credited in the account.
- (ii) An account is maintained of fodder purchased and issued for the maintenance of the cattle and the transactions recorded therein are correct.
- (iii) The total issues of milk for the prisoners tally with those shown in the Diet Register

9.25. The production from each animal should be examined to see whether it is economical to maintain it with reference to the period of dryness, the production during the whole period of lactation and the cost of his upkeep.

9.26. In the jails in which milk is supplied from the dairy farm, it should be seen that the supply has been finally accounted for in the diet roll.

Stock Register of Medicines, Medical Apparatus and Surgical Instruments

9.27. It should be seen that stock registers are maintained of medicines, medical apparatus and surgical instruments and that the purchases made during the year have been duly shown therein and also that the registers bear evidence of check by the Medical Officer.

Loss of Coal in Transit

9.28. The Inspector General of Prisons has ordered that proper accounts of the loss of coal in transit should be maintained in the jails. In high percentages of losses of coal are common in the jails or are of repeated occurrence in a particular Jail, the matter should be specially brought to the notice of the Inspector General through the Inspection Report.

Canteen Account

9.29. Wherever canteens have been set up, the instructions of Government for their opening should be studied and it should generally be seen that:

- (i) The Cashbook is maintained properly and in the prescribed form.
- (ii) There is no diversion of funds for purposes other than those specified in the rules.
- (iii) The profits realised are spent on the activities specified for that purpose.
- (iv) The accounts are periodically checked by the competent authority.

9.30. Works in Jail are mostly carried out by prison labour and the main account is, therefore, that of the building materials. The following points should receive special attention. It should be seen that:--

- (i) The materials purchased, including articles supplied from jail factories, are entered in the Stock Register and all building materials obtained by dismantling accounted for therein.
- (ii) When materials are issued from stock, each issue is entered under the head of the work on which it is to be utilized.
- (iii) The out turn of work is commensurate with the quantities of materials used.
- (iv) There are no abnormal differences between the estimated quantity of materials required for a work (as per estimate) and the quantity of materials actually collected.

- (v) No building materials have been purchased simply to utilize the budget allotment; that materials purchased for one work have not been utilized on other works without proper sanction and that materials of a perishable nature like lime, cement etc. have not been stored unnecessarily.

Rent for Extra Amenities

9.31. It should be seen that rent for extra amenities such as gardens, etc. provided in the residence of the Jail Superintendents and other officers is regularly paid by the officer concerned according to the rules on the subject, and proper account of such rent recovered is also maintained.

Manufacturing Department Accounts, Records etc.

9.32. The registers and the accounts to be examined in the manufacturing department are:--

- (i) Factory Cash Book.
- (ii) Book of Estimates.
- (iii) Sales Journal.
- (iv) Personal Ledger.
- (v) Stock Book of Raw Materials.
- (vi) Stock Book of Manufactured articles.
- (vii) Indents.
- (viii) Register of orders for execution in the Manufacturing Department.

Process of Audit

9.33. The checks prescribed in chapter 3 should be generally followed. It should be specially seen that the accounts are maintained in the forms prescribed for that purpose and the rules governing the maintenance of the accounts are strictly followed.

Factory Cash Book

9.34. The Cash Book should be audited as follows:

- (i) Check the counterfoils of the receipts granted for payment of the dues with the credits in the Cash Book.
- (ii) Trace the credits with entries in the sales journal for cash sale.

- (iii) Check the debits in the Cash Book with the contingent bills, acknowledgements of suppliers on the vouchers etc.
- (iv) Check the arithmetical calculations, totals, etc., on both sides of the Cash Book, to the prescribed extent.
- (v) See whether the Cash Balance is verified by the officer concerned.

Book of Estimates

9.35. For determining the selling price of manufactured goods, a book of estimates is maintained in each jail factory. This book should be examined to see that it shows, in the case of each kind of manufactured goods full details of:

- (i) The price of materials.
- (ii) The estimated value of labour on the basis of actual outturn in terms of market value of similar type of labour outside the jail.
- (iii) The percentage of wear and tear of tools and plant.

Sales Journal

9.36. It should be seen that:

- (i) All sales from the ledger of manufactured articles are supported by entries in the Sales Journal
- (ii) The rates charged for sales agree with those in the price list.
- (iii) In the case of sale at a lower price than that in the price list, a note giving the reasons for lowering the rate is recorded by the Superintendent.
- (iv) The cash and credit sales are traceable into the Cash Book and the Register of Outstanding Debt and advances, as the case may be.
- (v) The realization of Debts and Advances are traceable into the Cash Book and that debts are promptly recovered.
- (vi) No dues have been written off as irrecoverable which could be recovered from the officials concerned who recommended credit sales, or from a Government department, or a Government Official in service.
- (vii) The prescribed rules contained in Appendix 'M' of the Jail Manual have been followed both by the Jails and Jails Dept., Dehradun in regard to the sales of goods effected through the Jail Depot.

Personal-Ledger

9.37. The entries of credit sales in the ledger would have been verified under the process of check prescribed in the above paragraph. It should further, be seen that:

- (i) A page has been allotted for each individual or department and that an alphabetically arranged index of individuals has been prepared.
- (ii) The closing balances of the previous year have been correctly brought forward as the opening balances of the year under audit.
- (iii) The credit sales have not been allowed except to such private firms and such classes of Government officials other than jail officials and such private individuals as the Inspector General of Prisons has approved.
- (iv) The amounts due by each individual or department after each payment have been correctly worked out.
- (v) All recoveries in cash or by adjustment on account of credit sales have been duly and correctly entered against the account of each individual or department.
- (vi) At the end of every month, bill has been issued to every private firm and Government Officer and private individual to whom credit has been allowed and that no further credit is ordinarily given till the bill is settled
- (vii) A receipt has been given for every payment made.
- (viii) The outstanding at the end of the half-year according to the ledger have been correctly shown in the statement of outstanding submitted to the Inspector General of Prisons and the action taken to recover the long standing amounts has been explained.
- (ix) The ledger bears evidence of scrutiny by the Superintendent.

Stock Book of Raw Materials

9.38. It should be seen that:

- (i) Separate pages have been set apart for each class of raw materials.
- (ii) An index has been prepared and is up-to-date.
- (iii) The opening balance of materials for the year agrees with the closing balance of the previous year.

- (iv) All raw materials purchased according to monthly statements of charges and receipts and payment vouchers which should be obtained from the Head Office have been duly credited in the stock book.
- (v) The description, quantity, weight, value of materials purchased and rates of payment have been correctly given and that the dates of payment of bills for materials supplied have been duly noted.
- (vi) The charges on account of railway freight, carriage, etc., of materials have been duly added to the cost of materials.
- (vii) The issues have been made only on indents prepared and signed by the foreman or warder in-charge of the working and countersigned by the Jailor.
- (viii) The issues have been correctly recorded in the stock book and have not been in excess of the sanctioned indents.
- (ix) The page-wise totals have been made of the receipts and issues of raw materials and the balances struck after each issue.
- (x) Reference to pages to which the transactions have been carried over has been invariably and correctly given.
- (xi) The stock book bears evidence of periodical check by the Superintendent.
- (xii) An annual stock of raw materials in the stores has been taken every six months by the Superintendent and the result found to agree with the account stock.
- (xiii) All items written off as wastage, dryage, refraction and loss, etc., should be carefully scrutinised to see whether competent sanction exists and whether reasons for such write of fare prima facie acceptable.

Stock Book of Manufactured Articles

9.39. It should be seen that:

- (i) The opening balances of articles for the year agree with the closing balance of the previous year.
- (ii) Separate pages or sets of pages have been set apart for the different classes of articles according as they differ in value with reference to description, size measurement or weight, as the case may be.
- (iii) The articles manufactured in workshops and delivered to the stores during the year have been duly credited into the stock book and that there is evidence of the Superintendent having checked the credits once a week.

- (iv) The description, number, size, measurement, etc., have all been correctly entered in the stock book.
- (v) The prices of articles manufactured and supplied have been fixed for the public and various Government departments.
- (vi) All sales or issues of manufactured articles have been duly entered in the Stock Book.
- (vii) The value or prices realised have been duly entered in all cases in the column provided for the purpose.
- (viii) The articles supplied but rejected have been duly re-credited into the Stock Book.
- (ix) An annual stock of manufactured articles has been taken by the Superintendent and found to agree with that in the Stock Book.
- (x) In the case of depreciation in the value of articles by long storage or otherwise of any article destroyed or lost, a report as to the circumstances and the value of the articles lost or destroyed has been made to the Inspector General of Prisons for orders.
- (xi) The checks prescribed in item Nos. 2, 8, and 9 of the previous paragraph are applied to the Stock Book also.
- (xii) In the case of old articles such as furniture, etc., shown in the Transit Register of Manufactured Articles of the Jailor as having been repaired and passed out, it should be seen by a reference to the Gate Register whether the old articles were actually brought into the stock book.
- (xiii) All transactions of the manufacturing department, including articles made as samples for Jail supply, have been brought into the Stock Book or not.
- (xiv) In the case of prices of articles received on account of long storage or from any other cause, considerable disparity, if any, between the revised price and the current market rates should be noticed and commented upon.

Indents

9.40. It should be seen that:

- (i) Indent forms have been bound in books of a limited number and are serially numbered, and that separate books have been used for each class of industry: and that a stock account has been maintained for them.
- (ii) The indents for materials are not in excess of requirements for the manufacture of the articles concerned.

- (iii) The issues of raw materials have been fully accounted for by the receipt of manufactured articles, allowing for reasonable wastage, if any.
- (iv) The wastage has not been abnormal and that the wastage calculated represents what actually occurred and that it has been distinctly set out on the right hand portion of the indent and subsequently entered against the indential issue in the stock book of raw materials.
- (v) The indents have been invariably passed by the Jailors and the memorandum of manufactured articles initialed by the Superintendent in proof of his having checked that the issues of raw materials have been fully supported by the receipt of manufactured articles.
- (vi) There has been no undue delay in the completion of manufacture of articles for which raw materials have been issued.
- (vii) The counterfoils of the indents have been carefully preserved by the foreman or warder in charge of the workshop and the foil indent and the memorandum by the store keeper.
- (viii) A list of unsatisfied indents is prepared monthly and the quantities of raw materials as shown in this list have been found by the Superintendent to agree with the outstanding balance in workshops.

Note: This should be checked by comparing the quantities of materials as indented for with those of the estimates or the data book maintained showing the raw materials required for the manufacture of the articles concerned. In the case of each class of manufacture e.g. leather, cloth, canework, etc., the order fixing the scale of out-turn for the raw materials should be seen and all cases in which the actual out-turn is not sufficiently high e.g. certain weight of yarn must give a definite weight of cloth after taking into account the addition of sizing materials, etc., investigated. If the indents show abnormal excess, it should be commented upon.

Register of Orders for Execution in the Manufacturing Department

9.41. It should be seen that:

- (i) No article is manufactured in the Jail without the orders of the Superintendent recorded in this register and before the preparation of a work order, whether such manufacture is for the public or for a Government department or for the jail officials (for their own use) or for the purposes of being kept in stock.

- (ii) The articles manufactured and supplied according to the orders accorded in the register have been duly shown in the stock book of manufactured articles.

Gate Passes

9.42. It should be seen that:

- (i) No articles have been sold out or dispatched from the jail without a gate pass.
- (ii) The passes have been duly signed by the Superintendent and Jailor and in urgent cases, by the Jailor subject to the subsequent signature by the Superintendent.

Register of Inter and Inter Department Supplies

9.43. It should be seen in this register that:

- (i) All supplies of goods to other jails or to Government departments, the value of which is ordinarily adjusted by book entries, have been entered in this register.
- (ii) The accepted values of goods supplied have been adjusted in the monthly statement of manufacturing charges and receipt of the countersigned invoices from the officers supplied.
- (iii) The values of all goods supplied and for which countersigned invoice have not been received have been treated as book debit outstanding in the statement of all outstanding due to jail.

Register of Manufactory of Plants, Implements, etc.

9.44. It should be seen that:

- (i) The opening balances of the year agree with closing balances of the previous year.
- (ii) The plants purchased during the year according to the paid vouchers or the details of plants, given in the office copies of the monthly accounts, have been duly brought into the register.
- (iii) The charges for livestock, tools and plant have been previously sanctioned by the Inspector General of Prisons wherever necessary.
- (iv) The unserviceable articles have been sold with the sanction of the Inspector General of Prisons and the sale proceeds have been duly credited.

- (v) An annual stock-taking of plants, etc., has been done and that the stock on hand is agreed with the stock account.

Statement of Profit and Loss of the Manufactory Department

9.45. It should be seen that:

- (i) The opening balances of the year agree with the closing balances of the statements of the previous year.
- (ii) The statement of Profit and Loss is supported by a statement of valuation of each description of raw materials, manufactured goods and tools and plant with the quantity and rate noted and that the total valuation under each head in the two statements agree.
- (iii) The statement of outstanding bills, due to and by the jail have also been prepared and appended to the statement of profit and loss and the total outstanding in the two statements agrees.
- (iv) All raw materials, manufactured articles, plant and machinery in hand at the close of the year and all outstanding bills due to and by the jail have been correctly entered in the statement referred to in (ii) and (iii) above.
- (vi) The valuations of raw materials, manufactured articles and plant and machinery have been correctly made and that no attempt has been made to inflate the profits of the year unnecessarily by provision of higher rates, etc

Agricultural Farms

9.46. Agricultural farms are maintained in most of the jails by prison labour. These farms produce grains, vegetables, fruits etc. While auditing their accounts, it should be seen that:

- (i) All produce has been properly taken to stock.
- (ii) The grains 'bhusa' vegetable and fruits are not retained in the jail in excess of requirement and surplus is to be disposed of by open sale or transfer to other jails.
- (iii) All receipts from sale of farm products are properly taken in the Government account.
- (iv) The purchase and utilisation of manure and insecticides for farms are properly accounted for.

9.47. According to para 996 of Jail Rules the store in charge of Godown should not remain in the post for more than a year. The implementation of the rule is to be watched in audit.

Receipt of Jail Department

Scope of Audit

9.48 For purpose of accounts, the jail is divided into two departments :

- (i) The general or maintenance department, which mainly administers the jails, and
- (ii) The manufacturing department.

Manufactory Department

9.49 The registers and accounts record maintained in this wing in respect of its receipts may be as follows :

- (i) Day Book of Credit Sales.
- (ii) Day Book of realisations.

Day Book of Credit Sales

9.50 It should be seen in the check of this register that :

- (i) All sales or issues of manufactured articles have been duly recorded in the Day Book of realisations or of credit sales, as the case may be.
- (ii) The values realised for the articles sold to the public and Government departments are correct with reference to the price list or other authorised fixed rates.
- (iii) The amounts received on account of all case and credit sales have been duly credited in the Day Book of realisations.
- (iv) All credit sales have been correctly booked in the individual ledgers.
- (v) The several columns provided in the Day Book of credit sales and of realisations have been duly filled in and the books bear evidence of daily check by the Superintendent.
- (vi) All entries of sales or issues in the Day Book have been initialled by the Superintendent or the Jailor in proof of this having verified them daily with the gate passes and found correct.

Day Book of Realisations

9.51 The credit in this Book on account of and Credit sales are generally checked the process of checks laid down in the foregoing paragraph. It should also be seen that:

- (i) Money received has been duly brought into account in the Day Book of realisations without delay.
- (ii) A receipt has been given for every payment made.
- (iii) The totals of daily collections, as entered in the Book, are correct.
- (iv) The collections have been remitted in full into the treasury and no portion is retained for expenditure unless specially authorised by the competent authority in any particular respect.

Note: The remittances should be checked with the treasury challans and the total of the remittances in the month agreed with that in the office copy of the statement of manufacturing charges and receipts.

- (v) No sum in excess of the security deposit of the store keeper, has been retained by him, but has been remitted into the treasury at once. Where it was not possible on any day, the money was made over to the jailor for safe custody and remitted into the treasury on the next working day.

Miscellaneous Dairy Produce

9.52 In the jails in which cattle is maintained the system of selling milk or other dairy produce to the public or jail officials is in force, and be seen that :

- (i) The accounts in respect of the dairy produce have been properly maintained.
- (ii) The necessary stock account of the produce is properly kept.
- (iii) The sales are in accordance with the rates fixed by the competent authority.
- (iv) The sale proceeds have been promptly remitted into the treasury.
- (v) The receipts have been duly accounted for in the Cash Book.
- (vi) The accounts bear evidence of check by the authority nominated in this behalf.

Poultry, Sheep, Farm and Garden, Produce, etc.

9.53 If there are transactions relating to the above items, it should be seen that :

- (i) A proper account is maintained to show the receipts, issues and balances of poultry, sheep, etc.
- (ii) The sale proceeds of poultry etc. have been properly accounted for.
- (iii) The accounts are checked by a responsible officer under his dated initials.
- (iv) The credits are traceable in the Cash Book.

Edition Memo

For putting up draft inspection reports to Sr. Deputy Accountant General/Deputy Accountant General for approval. (Strike out items not applicable.)

1. Report on the accounts of..... by Sri Section Officer/Asstt. Audit Officer/Inspecting Officer for the period from..... to..... carried out from..... to..... carried out from..... to.....

2. Received in time..... days late....., and entered at serial No.....on page..... of the progress register.

3. Whether quantum of audit has been adhered to.

4. The Sr. Auditor has furnished the following documents :—

(a) Certificate of verification of deposits and withdrawals from Treasury records at page.....

(b) Certificate of checking of leave accounts at page.....

(c) List of documents examined by each member of the party during this audit, page.....

(d) Comments on the compliance of the previous Inspection Report at page.....

(e) List showing objection of money value, at page.....

(f) Proforma accounts duly checked at page.....

5. Paragraphs to be noted in the Objection Book.....

6. Paragraphs to be reported to Government/ Head of the department at page.....

7. Is submission of this Inspection Report to the Accountant General necessary.

8. Whether vouchers and previous A.I.R.'s were sent to the Audit Parties. In case to send the same full reasons for not e records should be given by the section officer.

AO/Hqr.

SR.DAG/DAG

Office of the Accountant General, Uttarakhand

No. Name of Sector/AIR No.

Date. :

To,

The.....

.....

.....

Audit Inspection Report (in duplicate) on the accounts of.....for the period fromcarried out by Sri Assistant Audit Officer of this office has been issued to thevide this Office No..... dated..... with the request that the replies on the blue copy of the audit inspection report may please be sent to this office through the next higher authority within one month of its receipt, incorporating the comments of the latter, one copy of the Audit Inspection Report is enclosed.

Audit Officer/ (Name of Sector)

Sr. Dy. Accountant General/ (Name of Sector)

Dy. Accountant General/ (Name of Sector)

CHAPTER 10

Nazul Accounts

10.01 General

For the purpose of Nazul Rules, Nazul means any land or building which, being the property of Government, is not administered as a State property under the control of the Land Reforms Commissioner or the Forest or the Canal Department, or is not under the control of the Military, Postal, fax, Railway or other purely Central Government Department.

Note1 Rules for the administration of Nazuls are contained in the Nazul Manual. Relevant extracts appear in Annexure XIV to this Chapter.

Accounts Records

10.02. Apart from the Common records, the inspecting staff should examine the under mentioned registers of initial accounts:

- (1) Khasra or the settlement account.
- (2) Bahikhata or the Demand and collection Registers.
- (3) Register of nazul property viz., building sites and other plots.
- (4) Registers of petty and other works.
- (5) Registers of moveable and immovable property.
- (6) Jamabandi nazul (Form No. 156).
- (7) Remittance Register.
- (8) Classified Abstract.
- (9) Register of Stamps.
- (10) Scale Register.
- (11) Register of Deposits.

The nazul Rules should be studied by the inspecting staff before taking up audit of nazul Accounts.

Bahikhata or Demand Register

10.03 . It should be seen in the scrutiny of this register that:

- (1) The current and arrear demands have been correctly entered from the previous year's Bahikhata;

- (2) The demands which have been revised during the year under audit are correct and are supported by respective quabuliyats or other connected papers;
- (3) The miscellaneous demands have been correctly fixed according to the relevant orders, sale papers, contract deeds, etc.;
- (4) The number and date of the sanctioning order, date of occupation and the term of lease are correctly entered;

Note: The current and arrear demands in each of the bahikhatas and the demands revised during the year under audit should be completely checked for the test months.

- (5) The advance collections are entered in red ink in proper column;
- (6) Remissions are sanctioned under proper authority, balances properly struck and the register closed, totalled and balanced at the end of the year;
- (7) All collections made during the two months selected for the test audit are traceable from the counterfoils of the receipts into the Bahikhata and Cash Book;
- (8) The total collections for the year agree with the totals in the classified abstract;
- (9) There is a certificate in the register over the signature of the officer-in-charge to the effect that all demands brought forward and that surplus collections have been noted from the previous year's registers and that the totals agree with the pattas and counterfoils of receipts.

Register of Nazul Property

10.04. It should be seen that:

- (1) The entries of landed property are certified to have been verified by the appropriate authority prescribed in Rule 4 (Part I) and Rule 73 (Part II) of the Nazul Rules with the settlement records, as to the number of plots, area, rent, etc.;
- (2) The sale of lease of building sites has been carried out by public auction under proper authority;
- (3) The rent for leases has been fixed according to the sanctioned rates and leases have been fully registered.

Note. 5 per cent of the entries in the register should be checked with the latest settlement Khasras.

Remissions

10.05. It should be seen that:

- (1) The proposals for remission are correctly prepared and checked by Sarbarakar or any other responsible officer before they are passed by competent authority;
- (2) A proper note of such remission has been taken into the Khatauni.

The Register of Suits

10.06. The Register of Suits should be checked to see that:

- (1) The expenditure on suits during the two selected months is in accordance with the rules or orders on the subject;
- (2) The amounts decreed and recorded in the connected files (missels) are traceable in bahikhatas.

Cash Book

10.07. Apart from the checks prescribed in Chapter 3 of this manual in respect of the Cash Book, the following points should also be seen that:

- (1) The items on the receipt side are susceptible of check with the entries in the subsidiary registers;
- (2) All the challans and receipts granted during the two selected months are traceable in the Cash Book;
- (3) The income has been fully remitted into the treasury and appears in the Pass Book;
- (4) The difference between the Cash Book and the Pass Book has been verified and explained;
- (5) All payments are traceable into the subsidiary registers or records.

Estates Accounts

Demands

10.08. The demands should be checked to see that:

- (1) All demands for the year are correctly entered in the Khatauni;
- (2) They are verified by the Tahsildar;
- (3) The demands are correctly brought forward from the previous year's Khatauni; and

(4) A certificate is recorded by the Tahsildar that all outstanding items from the previous year has been brought forward and shown as arrears and verified by him.

Register of Huquk Jamabandi

10.09. The Register of Huquk Jamabandi should be examined to see that proper orders exists in writing for any changes in the amount of the demands from the previous year's demand.

The Register of Amdani bagh and Lawaris Darkhaton

10.10. The Register of Amdani bagh and Lawaris Darkhaton should be scrutinized with the auction and sale papers to see that the demands have been correctly noted.

10.11. The kham villages which are not under the Supurdari system of management are assessed on the number of ploughs. It should be seen that a list of such villages is properly maintained and the assessment is in order with reference to the number of ploughs.

10.12. For lands given out for building purposes, it should be seen that proper years leases exist for all items of demands entered in the Saryawat Register.

10.13. Receipts for the months selected for test audit should be checked from the duplicate copies of the challans.

Register of Rozana Amdani (Daily Receipts Siaha)

10.14. The items shown in the Register of "Rozana Amdani (Daily Receipts Siaha)" should be traced into the respective demand registers such as "Khatauni" Register of "Huqui Jamabandi" and the Parjawat Register. It should be seen that:

(1) They are supported by the supplementary Siaha of the Dudhi Tahsil as well as the chalans;

(2) The amount are properly entered up in the classified abstract of receipts "Register of Amdani Har Kisma--rozana".

(3) The monthly and progressive totals are correctly given.

10.15. The register of "Baqayat Sanwat" should be examined to see that all outstanding dues are correctly copied from the previous year's demand registers.

10.16. There are some Estate owned buses which are given out on rent to Government officials or local men. It should be seen that:

(1) The rent of buses let to officials is regularly recovered by deductions from their monthly pay;

(2) In the case of houses rented to private persons, quabuliatas are taken from them and rent is realized in every quarter in arrears.

[Finance Department G.O. No. 547/1-1939, dated 3-11-1979].

CHAPTER 11

Nazarat Accounts

11.01. The audit of Nazarat Collectorate includes the following units and accounts:

- (1) Nazarat
- (2) Works expenditure and Leave Accounts
- (3) Collection office (expenditure audit)
- (4) Excise (expenditure audit)
- (5) Stamps (expenditure audit)
- (6) District Land Reforms Offices
- (7) Probation Officer
- (8) District Land Acquisition Officer
- (9) Personal Ledger Account of Gosadans
- (10) Gratuitor's Relief and Test works (D.E.R.O.)
- (11) District Relief and Rehabilitation Officer (including block account of assets created out of funds sanctioned by the Department of Rehabilitation, Government of India, for the displaced persons from Pakistan).
- (12) District Land Records Office.
- (13) Census Office.
- (14) Agricultural Income Tax (Expenditure only)
- (15) Bhumi Bhawan Kar
- (16) Zila Sainik, Navik and Vaimanik Parishad.
- (17) Controller of Civil Defence.
- (18) Checking of correctness of sanctions of Grants-in-Aid issued under delegated power.
- (19) Checking of individual Loan Accounts.
- (20) Checking of accounts of National Defence Fund collection.
- (21) Entertainment Tax Officer-Betting (Expenditure only).
- (22) Officer in-charge, quarries.

General

11.02. The rules regulating to the maintenance of accounts of moneys held by Nazirs (including Naib Nazir) in Collectorates are laid down in Chapter LXIV of Manual of Orders of Revenue Department, Part II. These rules are reproduced in

Annexure XIII for facility of reference. These should be studied before taking up the audit of Nazarat Accounts.

Nazir's Accounts

11.03. The word "Nazir" means "Naib- Nazir at the Tahsil" also (Annexure-XIII). The Nazir writes up the contingent Registers and prepares the bills of Contingent expenditure. The Nazir keeps the following accounts in the forms noted against each:

- (1) Account of the consolidated Permanent Advance in Form I.
- (2) Account of Sale of Property ordered by the courts in Form II.
- (3) Account of Receipt and Charges of Diet money of prisoners under U. K. Tenancy Act and of witnesses, etc., in revenue and criminal cases in Form III.
- (4) Account of miscellaneous receipts and payments in Form IV.
- (5) Account of sums received by the Nazir for deposit into treasury as Government receipts in Form V.
- (6) Account of Service Postage Stamps in Provincial Form No. 52.
- (7) Daily abstract of Nazir's accounts in Form VII.
- (8) Account of private subscriptions in Form 2 of F. H. B. Vol. V Part I.
- (9) A separate register has been prescribed to have accounts of amounts realized for issue of computerized khataunis.

Process of Audit

11.04. The general principles of Audit as detailed in Chapter 3 regarding receipts and expenditure should be applied in the audit of the above accounts. It should be seen in particular that:

- (1) The Nazir maintains all the prescribed registers correctly and that the items accountable in a particular register are not mixed up or confused with those in any other register.
(Paras 1423,1424 of the Revenue Manual).
- (2) The register form Nos. (i) to (ix) have been made up and totalled at the close of each working day (Para 1425 of the Revenue Manual).
- (3) Every sum of money received or paid by the nazir has been entered and accounted for in one or other of the prescribed registers (Para 1426 of the Revenue Manual).

(4) Moneys received by the Nazir, which cannot immediately be paid into the treasury by him for want of details, have been entered in the register in Form IV(Account of Miscellaneous Receipts).

[Para 1427 of the Revenue Manual]

(5) The monies paid away have been noted against the original items with dates in the same register.

[Para 1427 of the Revenue Manual]

(6) In respect of private money collected with the approval of Government and placed in deposit with the Nazir, it should be seen that:

(a) A Cash Book has been maintained for the purpose and all receipts and payments are recorded therein; that the private money is not mixed up with Government money.

(b) All sums received in cash or by cheque after their entry in the Cash Book under proper initials of the Officer-in-Charge have been deposited on the same day in the Post office or the State Bank of India.

(c) The money for expenditure has been withdrawn under the orders of the Officer-in-Charge.

(d) The Officer-in-Charge of Nazareth has supervised the accounts of private funds as frequently and strictly as those of Government funds.

[Para 1427-A of the Revenue Manual]

(7) All sums which are directly creditable to the revenue head but, which are deposited with the Nazir due to closure of the treasury, have been entered in the register in Form V and are paid into the treasury on the next working day.

[Para 1428 of the Revenue Manual]

(8) The Cash balance in the hands of the Nazir or Naib-Nazir is kept in double lock of the treasury whenever it exceeds his security.

(9) The Nazir has given a receipt in Form No. I, as prescribed under para 26 of F.H.B. Vol V, Part I, for every sum received by him and that the money order and cash orders have been acknowledged by the Officerin- charge or the Tahsildars.

[Para 1430 of the Revenue Manual]

(10) The Nazir's accounts are checked daily by a gazetted officer and the Cash in hand is verified at irregular intervals and atleast once a week, the account of Service Postage Stamps is also checked monthly and compared with entries in Nazir's register No. VI, that there is evidence of check of registers No. I to VIII

and that account of Nazir's Cash balance is taken once a month by the District Officer. Similar examination and check of Naib-Nazir's accounts in tahsildars, or in their absence, by responsible officials.

[Para 1431 of the Revenue Manual]

(11) At the end of every quarter, the Nazir at Headquarters and the Naib- Nazirs at tahsils prepare a statement with full particulars of the items which have been outstanding in their books for more than three months.

It should be seen from the quarterly statements that there is an exhaustive periodical scrutiny of the undisposed money lying in the hands of the Nazir or Naib-Nazir, and that no money which could be finally disposed of either by refund or deposit in the treasury is held in hand by the nazir or Naib-Nazir. Where the items outstanding in the books of nazir or naib-nazir are for a period exceeding three years, it should be seen that special orders of the District officer have been obtained in such cases.

[Para 1433 of the Revenue Manual]

(12) The provisions regulating safe carriage of Government money are correctly observed.

[Para 1434 ibid]

(13) The register of demand and realizations relating to the Court compounds are maintained properly and that the demands are entered and realized in time; that the register is submitted to the Officer-in-Charge for check and examination once a month.

[Para 1436 of the Revenue Manual]

(14) The charges on account of process serving are paid to the process serves for the actual No. of processes served by an individual.

[Chapter XLIV ibid]

(15) The payments of diet money to witnesses have been correctly made to authorized witnesses actually called for by the Courts and in accordance with the scale of charges.

[Para 526 of Manual of Government orders].

(16) The refunds of diet money to depositors held in Register No. III are so recorded in the register as they render a double payment impossible; that there are no cases of double refund.

(17) The balances of undisbursed diet money advanced to process—servers are promptly recovered from them and re-credited into Register No. II after issuing proper receipt.

N.B.—Paragraph 1688 (V) (Chapter LXXXI) and paragraph 1706 of Chapter LXXXII of the Revenue Manual detailing the points to be seen by the departmental officers inspecting Nazarat should also be seen.

Log Books of Vehicles and Stock Registers

11.05. Nazirs also maintain the log books, petrol, oil and lubricants accounts, car diaries, etc., of Government vehicles on charge as well as the stock accounts of Government property and the civil malkhanas. These accounts should be checked in accordance with the principles of audit detailed in Chapter 3 in respect of these items.

Works Expenditure

11.06. Accounts of expenditure on execution of petty and minor works should be specially examined with reference to the rules contained in Chapter XIII of Financial Hand Book. Vol. V Part I. The instructions contained in Chapter 3 of this Manual should also be kept in mind.

11.07. The Audit of collectorate is booked along with Nazarat. It has been observed in local audit that cash book is not maintained in the collectorate and its allied units. In the local audit it should be ensured that the cash book has been maintained in collectorate and all its allied units. The general principles of Audit as detailed in Chapter 3 should be applied and suitable comments incorporated in the Audit Inspection reports.

CHAPTER -12

Education Department

Accounts of Educational Institutions

Scope of Audit

12.01. The Education Department has been divided into five sections which are:-

- (i) Higher Education.
- (ii) Secondary Education.
- (iii) Basic Education.
- (iv) Adult Education/ Saksharata Evam Vaikalpika Shiksha.
- (v) Training & Research Council.

Since 1986-87 separate grants have been allocated in the budget for each section.

Organisational Set up

12.02. Director of Higher Education: The Grants-in-Aid to all Universities of the State, the administration of Government Degree colleges and arrangement of pay disbursement of the staff of Government aided private Degree Colleges are administered by the Director of Higher Education. He also sanctions scholarships and stipends to meritorious students for higher studies.

The Director of Higher Education is assisted by two joint Director, one Dy Director, Nine regional higher Education officer and principals. The financial matter is looked after by one finance controller one senior Finance and Accounts Officer who has two finance and account officers and two Assistant Accounts officers to Assist.

Director of Secondary Education

12.03. Education up to High School and Intermediate standard is looked after by the Director. The management of Government and Private Sanskrit Pathshalas and arrangement of training to Secondary teachers and physical training to teachers is also dealt with in this directorate. Officers of the department are-two Upper Directors, three Joint Directors, seven Deputy Directors and Assistant Director, Secretaries, Board Of Technical Education and Board of High School and Intermediate Education. Registrar of Examination, Regional and Deputy Inspectors and Assistant Inspectors.

(a) Separate Directorate for publicity, extension and encouragement of Urdu Language has been established in the year 1989 The directorate also looks after the education and improvement of other 14 oriental languages.

(b) The Board of High School and Intermediate Education, U.K. Dehradun conducts Examination, Grants recognitions to schools & colleges, prepares text books etc.

(c) The pay and allowances of all the teaching and not teaching staff of aided school & colleges and Sanskrit Pathshalas is paid by this directorate like other Government employees through its district level officers in the form of grants-in-aid for three months at a time.

Basic Education

12.04. This Directorate deals with primary and pre-secondary education and is headed by a Director of Education (Basic) who is assisted by one additional Director, two Joint Director of Education (Basic), four Deputy Directors, Controller of Examinations and Assistant Directors. Basic Shiksha Parishad was formed on the 25 July, 1972 and management of all primary institutions run by Zila Parishad and Municipalities was handed over to it. The management work is looked after by Basic Shiksha Adhikaris Upper Basic Shiksha Adhikaris (Mahila), Deputy Inspectors of Schools and Assistant Inspectress of Girls Schools.

Adult Education/ Saksharata & Vaikalpika Siksha

12.05. The Adult Education work was taken up from 1975 and a separate directorate was established in 1982. The overall responsibility of its smooth functioning was vested upon the Director of Adult Education. He is assisted by two Deputy Directors, three Assistant Directors; two Accounts Officers and Assistant Research Officer. Saksharata & Vakalpika Siksha is also dealt with by this Directorate.

Teacher's Training and Research Council

12.06. The Teachers Training and Research Council is headed by Education Minister and Under Secretary is the Director of the same.

12.07. The primary function of local audit of Government schools and colleges is to verify the accuracy and completeness of accounts relating to receipts, expenditure, stores and stock. Since the payment of pay & allowance of teaching

and non-teaching staff of aided non-Government Institution is paid like other Government Employees, it should be seen in local audit that the pay and allowance were drawn only against sanctioned posts. Other checks as enumerated in chapter 3 of this manual regarding Establishment audit should be applied.

Audit programme of the Education department may concentrate on the District level organisation and for each district, records of at least 10% of the total number of schools may be checked in one cycle.

[C.A.G. letter No. ----- dated 29.1.98]

Accounts Register, etc.

12.08. The accounts and register generally maintained in the educational institutions are as follows:

- (i) Cash Book.
- (ii) Register of Permanent Advances.
- (iii) Register of Scholarships.
- (iv) Log Books of Vehicles.
- (v) Stock Register of Furniture.
- (vi) Stock Register of Library Books.
- (vii) Issue Register of Library Books.
- (viii) General Breakages Register.
- (ix) Register of Stores and Apparatus.
- (x) Register of Refund of Fees.

Apart from the above, some special registers are also kept in the Laboratory and Workshop attached to the institutions like vocational institute, etc. are as below:

- (i) Stock and Issue Register of permanent equipment.
- (ii) Stock and Issue Register of Raw material.
- (iii) Stock Register of Tools and Plant.
- (iv) Stock books of finished goods.
- (v) Daily Purchase Book of Raw materials.
- (vi) Works Order Register.
- (vii) Manufactured articles register.

Note:- The institutions are required to maintain separate registers for the different non-government funds collected for distinct purposes which should contain a record of all expenditure out of these collections.

Process of Audit

12.09 . The General instructions contained in Chapter 3 should be followed for the check of accounts and register in the Government educational institutions. Subsidiary instructions are given in the succeeding paragraphs.

Cash Book

12.10. The method of scrutiny and check of Cash Book is detailed in Chapter 3. It should, however, be seen that the general Cash Book is maintained properly and the Ledger is written up carefully and the receipts and disbursements are recorded under each head promptly as and when the transactions occur. Entries recorded in the Cash Book should be checked with reference to the subsidiary registers and other initial records e.g.

- (i) The salaries and scholarships disbursed should be checked with the Acquaintance Rolls and with the sanctions creating the posts and granting the scholarships.
- (ii) The general expenditure incurred should be checked with contingent and other registers.

Register of Scholarships

12.11 . In the check of this register, it should be seen that:

- (i) The bill has been drawn only for those students for whom sanction for the scholarship has been received.
- (ii) The amounts received towards scholarships have been credited in the Cash Book.
- (iii) The amounts have been paid to the students to whom the scholarships have been sanctioned.
- (iv) There exists proper acquaintance for all the payments made, and
- (v) The undisbursed amount of these scholarships has been duly refunded into the treasury according to the rules.

Register of Refund of Fees

12.12. The Register of Refund of Fees should be checked with the entries in the Cash Book and it should be seen that the refund of fees has been noted against the original receipt entries in the fee collection book and that each refund has been sanctioned by the competent authority.

Contingent Register

12.13. The Contingent Register should be scrutinized to:

- (i) Check the payments with the Cash Book entries and trace the purchases of books, drawing materials, etc., and other stores with the entries in the respective stock registers.
- (ii) See whether in the case of supplies of chemicals and other stores, open tenders, have been invited.
- (iii) Examine the quotation files to see that the lowest tender has been accepted. Where the lowest tender has not been accepted, see that the reasons for its non-acceptance have been recorded by the competent authority.
- (iv) In the case of special contingencies, it should specially be seen that the purchases have been made with the sanction of the competent authority.

Stock Register of Library Books

12.14. The register should be scrutinized to:

- (i) See whether the books issued from the library to teachers and students have been returned within the prescribed period.
- (ii) See that stock of Library books has been verified annually by a responsible officer and a certificate to that effect has been recorded in the Register.
- (iii) See that necessary action has been taken to dispose of old books which have been replaced by new ones under proper sanction.

Issue Register of Library Books

12.15. (i) Examine the Issue Register of Library Books and see whether the price of Books, which have not been returned, has been duly realized from the borrowers and credited to Government.

(ii) Where such realization has not been possible, necessary action for the write-off of the cost has been taken under proper authority.

Register of Stores and Apparatus

12.16. The Science Departments, viz., Chemistry, Physics, Geology, etc., of a college, are equipped with laboratories consuming large quantities of stores for which inventories must be kept. The following procedure in audit should be adopted :

- (i) Check the Receipt Registers of Stores and Apparatus with the Order Book or indents and the duplicate copies of invoices and suppliers bills and see that the orders of indents are signed by a responsible officer.
- (ii) Check these bills with the Contingent Register to see that no double payment has been made.
- (iii) Check the Receipt Register with the stock books of stores and apparatus.
- (iv) Check the Receipt Register of stores with the requisition books and check the issue side of the Stock Book of Stores with the Issue Register.
- (v) See that all deductions due to loss, damage, etc., have been written-off only with the sanction of the competent authority.
- (vi) See that Stock Books have been verified once a year by a responsible Officer and a certificate of verification has been recorded under the signature of the verifying officer.
- (vii) Examine whether stores in excess of immediate requirements have been purchased and the quantities issued are not excessive, as compared with the consumption in previous years.
- (viii) See from the Value Account Books that the value of the balance of stores is not large.
- (ix) See whether breakages of apparatus by students, as shown in the Stock Book of apparatus, have been entered in the Breakages Register and necessary action taken to regularize the loss.

Daily Purchase Book for Raw Materials

12.17. The register is also known as ‘Stores Received Book, Materials, on receipt, should be entered in this book. It should be seen that:

- (i) The purchases are not taken direct to the stock book but only through the Stores Received Book.
- (ii) The necessary checks are exercised over the stores received by the concerned section of the institution before passing the bill for payment.
- (iii) It should be particularly seen that the quality of the articles purchased has been certified by responsible officers.

Stock Book of Finished Goods

12.18. It should be seen in the check of this register that:

- (i) The opening balances of articles agree with the closing balances of the

previous year.

- (ii) The articles manufactured and delivered to the stores according to the job sheet have been entered in this book.
- (iii) All sales or issues of manufactured articles, as per sales register, have been entered in this book.
- (iv) The annual physical verification of the stock has been made by a responsible officer, and
- (v) The return of the manufactured articles is as per the standard fixed.

Accounts of non-Government Fund

12.19 . The audit of such funds will include the audit of sanctions to expenditure, audit against regularity, propriety, etc., also. The funds are usually opened by various student bodies like the Dramatic Society, Social Service League, Fine Arts, Scouting, Social Education, etc. out of voluntary collections, donations and sometimes, out of Government grants.

It should be seen that:

- (i) No non-Government fund is operated upon in the institution without opening a Personal Deposit Account.
- (ii) The transactions of the non-Government funds are not mixed up with those of Government.
- (iii) The transactions in the Cash Book and in the Pass Book of the Personal Deposit Account agree with each other.
- (iv) The Cash Book is properly maintained.
- (v) The payments are supported by vouchers.
- (vi) The expenditure is incurred out of the fund for the purposes for which the said fund is intended.
- (vii) There are rules approved by the competent authority for running the funds.
- (viii) The rules so framed are strictly followed.
- (ix) If a single Cash Book is maintained, instead of a separate Cash Book for each fund, proper analysis of the cash balances of each fund is worked out and recorded at the end of each day's transactions.
- (x) There is no diversion of money from one fund to the other without proper authority.
- (xi) Necessary stock and stores registers are maintained in respect of the

purchases from those funds and necessary verification conducted periodically.

- (xii) The transactions for the selected months are scrutinized in full.

Accounts of State Libraries

12.20. The items of expenditure of the State Libraries are the following:

- (i) Rent, Rates and Taxes,
- (ii) Purchase of Books,
- (iii) Purchase of library cards for preparation of catalogues,
- (iv) Binding charges,
- (v) Office contingencies,
- (vi) Subscription to periodicals.

Accounts and other registers relating to Library

12.21. Apart from the usual accounts registers like Cash Book, Acquaintance Roll, Register of Bills, Register of cheques and Stock Register of Furniture, Stationery, etc., required to be maintained. The following register relating to library are also maintained:

- (i) Membership Register,
- (ii) Stock Register of Library Books,
- (iii) Catalogue of Books.
- (iv) Issue Register, and
- (v) Register of Membership Deposits.

Process of Audit

12.22. In addition to the normal checks, the following special checks should also be exercised:

It should be seen that:

- (i) The amount of deposits are received correctly from the members and entered in the Cash Book and these amounts are credited into the Bank without delay and the amount remitted, is exhibited in the Cash Book and is supported by chalans.
- (ii) The amounts shown in the Bank Pass Book are verified and tallied with those in the Cash Book.

- (iii) The registers of Membership Deposits are maintained properly to show against each member:
 - (a) The amount received,
 - (b) The date of receipt,
 - (c) The receipt number,
 - (d) The amount of refund,
 - (e) The date of refund,
 - (f) The corresponding Cash Book folio, and
 - (g) The balance.
- (iv) Books are purchased for the Library on the basis of lists approved by the Advisory Committee and the orders for the purchase of books on firms are placed in such a way as to ensure that the library gets the maximum discount,
- (v) The physical verification of books is done regularly and prompt action taken on the results of such verification and
- (vii) The issue and return of books is done as per the rules on the subject and fines collected, wherever necessary and properly accounted for.

Receipt of Education Department—Educational Institutions

12.23 The receipts of schools and colleges mainly consists of the following items-

- (i) Admission fees.
- (ii) Tuition fees.
- (iii) Examination fees.
- (iv) Fines levied for absence from school o colleges.
- (v) Fines for delay in the payment of fees
- (vi) Hostel seat rent, charges for electric lights, furniture rent, etc.
- (vii) Library and laboratory Deposits.
- (viii) Caution money received from the students.
- (ix) Sale proceeds of manufactured articles.
- (x) Miscellaneous receipts.

Accounts Registers Etc.

12.24 The following are the more important accounts registers, etc., which should be checked in local audit apart from Cash Book etc. :

- (i) Demand and Collection Register of fees.
- (ii) Admission Register.
- (iii) Register of hostel.
- (iv) Caution Money Register.
- (v) Register of fines.
- (vi) Register of recovery of the cost of lost tools.

Some of the registers are described in the subsequent paragraphs :

Demand and Collection Register of Fees, Etc.

12.25 The register should be checked to see at the dues from students of different classes on account of the several kinds of fees, including extra fees, etc., have been duly noted in the register. It should also be seen whether steps have been taken for the realization of arrear fees. The names of the students of different classes, as noted in the Demand and Collection Register should also be checked with the class Attendance Registers.

The Register should be checked with the Attendance register to see that fees have been collected from all students at full or concessional rates according to the scale sanctioned by the Government. At the end of each month, an abstract is drawn up, showing the number of full or concessional fees collected and the number of free ships. The number shown in this abstract should be tallied with the number of students included in the Attendance Register.

The counterfoils of receipts should be checked with the Cash Book to ensure that all amounts collected in account of fees have been duly, credited in the Cash Book. It should also be seen that the total fees collected from all the students have been remitted into the Treasury without delay.

12.26 Admission Register

- (i) The admission Register should be examined to see that admission and re-admission fees have been properly levied.
- (ii) The receipts of admission fees, as noted in the admission Register, should be checked with the Cash Book,
- (iii) The total Collections on account of admissions, etc., have been remitted to the Treasury promptly.

Seat Rent Register of Hostels

12.27 The register should be, checked to see that :

- (i) The seat rents of hostels have been realized from the boarders according to the rules.
- (ii) The realizations have been accounted for in the Cash Book on the credit side.
- (iii) The total collections have been promptly remitted into the treasury.
- (iv) The charges, for electric light and fan, furniture, cost of superintendence and the occupiers share of municipal taxes, etc., has been included in the seat rent realized from the boarders.

Caution Money Register

12.28 The caution money received from the students should be credited into the Treasury by opening a personal deposit account in the name of the head of the institution. It should be checked:-

- (i) Whether a separate Register is maintained to record the receipt of and remittance of the caution money with full particulars of challans.
- (ii) Whether the deposits repaid are not against the original credits in the Registers.
- (iii) Whether the repayments of these deposits are made on the due dates according to the instructions issued for the purpose.
- (iv) That the receipts and refunds on account of caution money, as recorded in this register, agree with those shown in the Cash Book and counter foils of the cheques drawn. That the balance, as shown in the Register, agrees with the balance worked out in the Treasury Pass Book.

Accounts of Non-Government Funds

The accounts of fees collected towards extracurricular activities in the Government educational institutions should be maintained the form of personal deposit accounts and these accounts should be checked during local audit.

The audit of such funds will include the audit of sanctions to expenditure, audit against regularity, propriety - etc.

The details of some of the extracurricular activities for which separate funds are generally maintained by the Government institutions are furnished below:

- (i) Sports and Games
- (ii) Magazines.
- (iii) College Magazine.
- (iv) Dramatic Society.
- (v) Fine arts.
- (vi) Excursions.
- (vii) Intercollegiate tournaments.
- (viii) Scouting.
- (ix) Social service, etc., etc.,

12.29 It should be seen in the audit of these funds that :

- (i) No non-Government Fund is operated upon in the institution without opening a Personal Deposit Account.
- (ii) The transactions of non-Government Funds are not mixed up with those of Government and the receipts are not utilized for Government purposes.
- (iii) A separate Cash Book is opened and the transactions in this Cash Book and in the pass book of the personal Deposit Accounts agree with each other.
- (iv) The Cash Book is properly maintained.
- (v) receipts are issued whenever amount is received.
- (vi) Rules approved by the competent authority exist for running the funds.
- (vii) The rules so framed are strictly followed.
- (viii) There is proper verification of Cash balances.
- (ix) Either a separate Cash Book is maintained for each fund or in the alternative, if there is a single Cash book, proper analysis of the Cash Balances of each fund is worked out and maintained at the end of each day's transaction; and that
- (x) There is no case of diversion of funds from one to the other sub-head without proper authority.

CHAPTER-13

Accounts of the Medical Department

I. CIVIL HOSPITAL

Scope of Audit

13.01. The main object of local audit is to check the accounts pertaining to expenditure. Receipts and Stores (including patient's cash and jewellery). The instructions relating to check of receipts have been incorporated in a separate chapter dealing with the receipts of various departments. Instructions relating to expenditure audit so far as it relates to this Department and checking of store accounts are given in this Chapter.

The stores accounts should be checked intelligently as cases of embezzlement and serious financial irregularities in the expenditure on purchase of stores (including medicines) may come to light.

Nature of Expenditure

13.02 The expenditure (other than that relating to pay and allowances of staff) on each hospital can be divided into the following five main divisions:

- (i) Ordinary contingent expenditure.
- (ii) Expenditure connected directly with the list of patients.
- (iii) Expenditure on linen, ward furniture, medicines, etc.
- (iv) Capital expenditure on purchase of hospital equipments, apparatus and instruments, etc.
- (v) Expenditure on local purchase of medicines and appliances etc.

Check of Expenditure

13.03. In scrutinizing the items of expenditure, the following general points should be borne in mind:

- (i) That all payments are supported by bills or acquaintance rolls duly passed for payment.
- (ii) That all vouchers have been duly passed by the Officer-in-charge and stamped "Paid" after payment.
- (iii) That payment to suppliers have been correctly calculated with reference to

- the rates in the tenders or agreements, if any, and that special and unusual items of charges are supported by sanction of the competent authority, and
- (iv) that in the case of local purchase of medicines and appliances, the rates paid are comparable with those of the Medical Stores Department and the total purchases are within the financial limit sanctioned from time to time.

Account Books, Register, etc.

13.04. The following are the more important accounts books and registers required to be maintained in connection with cash, stores and other transactions.

A—Books relating to Cash Transactions

- (i) Cash Book and connected documents.
- (ii) Stock Register of Bill books.
- (iii) Register of Security Deposits.
- (iv) Ambulance Log Book and Petrol account.
- (v) Patient's property Register.
- (vi) Poor Fund Accounts.
- (vii) Nominal Register of in-patients.
- (viii) Contingent Register.

B—Stock Account

- (i) Stock Books of medicines, X-Ray materials and equipments.
- (ii) Stock Books of ration and storable (foodstuff) articles.
- (iii) Stock Books of furniture, crockery, etc.
- (vi) Stock Books of linens, clothing, etc.
- (v) Stock Books of surgical instruments and appliances, etc., and
- (vi) Radium Stock Register.

C—Miscellaneous

- (i) General breakage register, Register of unserviceable materials, Register of disposal of condemned articles.
- (ii) Dhobi Account.
- (iii) Milk Account and Liquor Account.
- (iv) Diet Register, Bed-Head Tickets, Daily Consolidated diet-sheets.
- (v) Register of used X-Ray films.

(vi) Register of sample diet articles sent to Public Analyst.

A- Cash Transactions

Process of Audit

13.05 The audit party will see that all rules and orders as laid down in the Manual of the Medical Department relating to accounting procedure are duly observed. Non-observance of the rules, if any, should be brought to notice through the Audit Inspection Reports.

The important checks to be exercised besides the general checks prescribed in Chapter 3 of this Manual, are detailed in the succeeding paragraphs.

The audit checks to be exercised in respect of certain important registers are briefly described below.

Ambulance Register and Petrol Account

13.06 The Register should be scrutinized to see that:

- (i) The Log Book of the Ambulance is properly maintained in the prescribed form and the journeys are recorded clearly and chronologically.
- (ii) The journeys have been authorized by the Medical Officer.
- (iii) The charges, whenever due as per rules, have been recovered promptly and duly accounted for.
- (iv) The sanction of the competent authority has been obtained for the remission of fees either wholly or in part.
- (v) All purchases of petrol and other lubricants have been brought to account.
- (vi) The average mileage of the Ambulance Van is indicative of proper use of petrol without wastage or leakage.
- (vii) The above registers are periodically reviewed by a responsible officer so that an effective control is exercised over the use of the vehicles.

Patients' Property Register

13.07 The Register should be examined to see that:

- (i) It is maintained in two parts—(a) Cash and (b) Other properties.
- (ii) The Cash deposited by the patients or on their behalf is immediately entered in the register and remitted into the treasury to the credit of the

Personal Deposit Account and when claims for refund are made, amounts are withdrawn from this Account and returned after necessary entries in the Register.

- (iii) Proper acknowledgements are obtained for the return of jewellery, cash, etc. deposited by the patients.
- (iv) The register is closed periodically to see that items pending disposal are cleared off.
- (v) Reconciliation of the cash balance as per Register is made periodically with the figures in the Pass Book of the Personal Deposit Account.
- (vi) The Register has been verified each month by the Head of the institution or other Gazetted Officer by actual counting of the cash in hand and other valuables and a note of verification recorded in the Register.

Nominal Register of In-Patients and Register of Dietary Charges

13.08 It should be seen that:

- (i) The columns in the Nominal Register of in-patients are filled in completely as regards income, address, time and date of admission, discharge, etc.
 - (ii) All cases of paying patients, entered in the Nominal Register, have been brought on to the Hospital Stoppages Register.
- (iii) The recoveries of stoppage, dietary and other charges are made promptly and in accordance with the rules.
- (iv) All receipts entered in the registers are promptly taken in the Cash Book and accounted for.
 - (v) Arrear items are brought on to the succeeding months and special steps are taken for their recovery.

Ordinary Contingent Expenditure

13.09 This class of expenditure is recorded and billed for as in all executive departments. The Contingent Register should be checked to see that the register is maintained in accordance with the rules given in the State Financial Hand Books; that the expenditure is according to the sanction, scale and specifications; that there has been no deviation from the specific conditions laid down in the sanctions; that the expenditure is recorded in the correct head of account; and the sub-vouchers for individual payments for specified amounts have been retained in the office and cancelled in such a way that they may not be used again.

B—Stock Account

13.10 In addition to the audit of receipt and expenditure, the stock accounts should also be examined by the Inspecting staff. It should be seen that utmost economy is exercised in the purchase of articles required for use in the hospitals. The supplies of articles required for use in the hospitals should be obtained strictly in accordance with the stores rules. Condemned articles of furniture, etc. should be disposed of to the best advantage of Government in accordance with the rules and the proceeds duly credited to Government account.

Stock Accounts relating to Diet Articles

13.11 The Inspecting staff should check the Stock Register generally and see that scale of supply and that other conditions prescribed are followed and that there is a certificate of verification by the departmental officers at prescribed intervals.

The following instructions may be followed in checking the various stock accounts:

- (i) The receipt entries in the stock accounts of diet articles should be checked with the details furnished in the paid contingent vouchers of the hospitals concerned. The monthly totals of the issues of various articles entered in the stock register should be checked with the totals given in the ingredients statements.
- (ii) The stock account maintained in the hospitals should be checked to see that:
 - (a) The articles purchased and entered in the respective registers are duly accounted for.
 - (b) The registers bear evidence of check by the Medical Officer in Charge at fairly frequent intervals, and
 - (c) The issue to kitchen of diet articles and others like firewood etc., which are made according to prescribed scale agree with the quantities actually consumed.

Stock Accounts relating to Furniture and Crockery (Supplied to Wards, etc.)

13.12 As regards furniture and crockery supplied to wards, etc., it should be seen that:

- (i) All articles returned from the wards as unserviceable or requiring repairs or

replacement have been entered in the disposal register and that the Medical officer's orders regarding their disposal recorded.

- (ii) If the orders of the Medical Officer are to the effect that the articles should be auctioned, it should be seen that they have been entered in the auction register and subsequently sold and the sale proceeds credited in the Cash Book.
- (iii) The articles sent for repairs have been repaired and brought on to the stock book again.
- (iv) Necessary recoveries have been effected from the persons responsible for the articles broken or lost through neglect.
- (v) The articles purchased do not exceed the number condemned.
- (vi) The date of the contingent bill in which the cost of the articles purchased is included and that the initials of the Medical Officer are given in the columns provided for in the disposal register.
- (vii) The stock is verified once a year by the Superintendent and the results recorded.

Stock Accounts of Drugs and Medicines

13.13 The account should be checked to see that:

- (i) The drugs, etc., obtained from the Medical Stores Depot on annual and supplemented indents and through local purchases, are promptly entered in the register.
- (ii) The issues are supported by indents in the proper form and are duly acknowledged.
- (iii) The issues are attested by the Officer-in-charge of the stores.
- (iv) The indents for fresh stock are not made as a matter of routine but are based on actual requirements, as may be evidenced by the average consumption of previous months.
- (v) Separate registers are maintained for costly drugs so that the issue of drugs, the cost of which is recoverable from the patients is duly noted in the prescribed register for recovery in due course.
- (vi) The main stock is checked at least once a year and certificates of verification recorded in each of the registers concerned.
- (vii) In cases where sub-stores are formed, the daily issues from the sub-stores

are properly accounted for, and the stock in the sub-stores is checked periodically.

- (viii) Proper registers are kept in the wards for recording the quantities of medicines and drugs received from the stores and for watching their utilisation.
- (ix) The quantities as per ward indents kept in the stores agree with those noted in the copies of indents kept in the ward.
- (x) The local purchase of medicines and surgical requisites have been made according to the orders of Government/competent authority.

Stock Account of Sera and Vaccine

13.14 Apart from the checks on the lines indicated in the previous paragraph, it should also be seen whether:

- (i) In the case of sera, the date of expiry is noted in the remarks column of the register so that the stock is not kept unused beyond the prescribed expiry date,
- (ii) Any appreciable stock is kept unused beyond the prescribed date, resulting in loss to Government, and
- (iii) The recovery of cost is effected from paying and well-to-do patients as required under rules.

Stock Accounts of Surgical Instruments and Appliances, etc.

13.15 It should be seen that:

- (i) The surgical instruments, appliances, etc., of a hospital stand distributed in operation theatres, wards, out patients' Departments, etc., and the officials-in-charge are held personally responsible for their security. All instruments, etc., so distributed are treated as "Issued" in the main ledger (showing the ward, etc., to which the supply has been made) and the entries thereto are attested by the Issuing Officer.
- (ii) A "List of surgical instruments, appliances, etc.", prepared for each location (Operation Theatre, Ward etc.) by the Issuing Officer is made over to the officer responsible for the custody of the articles. When new articles are issued or when old ones are withdrawn, necessary alteration in the list is made by the Issuing Officer only (and not by the officer-in-charge of the

articles) over his dated initials. Thus, the security of the articles distributed over several places is ensured and responsibility is also fixed in regard to the articles in each place.

- (iii) The stock accounts (main) should be generally checked to see that the articles received on annual and supplemental in-dents and by local purchase have been duly brought to account and that acknowledgements signed by the Ward Assistant Surgeons, etc., are available in support of all issues to the wards, operation theatres, etc.
- (iv) It should also be seen whether:
 - (a) The stock in the main ledger has been verified annually by the head of the office.
 - (b) The stock standing distributed in several places (operation theatres, etc.) has been verified by officers not connected with the custody of the articles;
 - (c) The verification of the stock at all the places has been done simultaneously and not on different dates; and
 - (d) The certificates of verification have been duly recorded in the registers and other lists under the dated signature of the officers entrusted with the work of verification.

Stock Register of Clothing

13.16 The following checks should be exercised in the audit of this account:

- (i) That all new clothing articles as received agree with those shown in the bills of the contractors in the case of cloth purchased.
- (ii) That every issue for use in the ward is supported by a requisition slip signed by a Medical Officer (check the issues shown therein with the articles shown in the requisition slip).
- (iii) That there is an acknowledgement on the requisition slip of the person to whom the clothing articles have been supplied for use in the ward.
- (iv) That the issues for use in the ward agree with the entries of receipt in the ward register.
- (v) See that all unserviceable articles are properly written-off and suitably disposed off.
- (vi) That separate registers are maintained for

- (a) The total stock of linen in the institution, and
- (b) The reserve stock.
- (vii) That quarterly verification of the stock is done by some responsible official, as may be prescribed in the rules.
- (viii) That the total stock is not in excess of the actual requirements as judged from the linen in use and that kept in reserve.

Stock Account of Radium

13.17 In addition to the general checks prescribed for audit of stores and stock accounts, it should be seen in local audit that:

- (i) Arrangements made for the safe custody of the stocks of radium are satisfactory and are actually followed.
- (ii) The stock in the radium-safe has been checked once a month by the Medical Officer-in-charge of the hospital and a certificate to this effect has been recorded in the Stock Register.
- (iii) The actual stock of radium in the Hospital has been verified annually by the Medical Officer-in-charge with the stocks as entered in the stock registers and daily check books and certificate of verification sent to the competent authority.
- (iv) The procedure prescribed for the issue of radium has been observed strictly.

C—Miscellaneous

Nursing Courses

13.18 Some of the hospitals run courses in nursing. It should be seen that the trainee nurses have executed requisite Bonds and that these have been duly accepted by the competent authority and that prompt action is taken to effect recoveries from those violating any of the terms of the bond, like leaving the courses midway, not serving Government for the prescribed period after successfully undergoing the course, etc.

Messing Allowance to Nursing Staff

13.19 (i) It should be seen that only those items of expenditure are debited to the Nurses' Mess which have been so allowed by Government, from time to time and that these are included in the limit of monthly messing allowance sanctioned for the Nursing Staff.

- (ii) The recurring expenditure on cooking utensils, repairs to furniture, petty supplies like soap, broom, etc., water charges, lighting charges including supply of electric bulbs, etc., being expenditure for the Nurses' Home and not for any individual member is borne by Government. It should be seen that these items of expenditure have been properly accounted for under proper authority and sanction.
- (iii) It should be seen that utmost economy is exercised in the purchase of articles required. The supplies should be obtained in accordance with the prescribed stores purchase rules.
- (iv) All condemned articles of furniture, etc., are disposed off to the best advantage of Government in accordance with the rules and the proceeds credited to Government.
- (v) The inspecting staff should check the stock registers generally and see that the scale of supply and other conditions prescribed are followed and that there is a certificate of verification by the departmental officers.

Diet Charges and Diet Register

13.20 Diet charges constitute one of the main items of expenditure in hospitals. The initial record is the Bed-Head Ticket which shows the diet prescribed for the patient by the Medical Officer under his dated initials. The nurse records these details in a daily sheet in ink, initials the day's entry and sends the sheets to the steward. The latter enters in ink the nurse's sheet in a consolidated daily sheet. The total of this, made up on the following day, is carried again into the Diet Registers which are initialed by the Medical Officer, who should occasionally test the correctness of the entries made in the stewards Diet Sheet.

The ingredients which are supplied daily or otherwise by contractors and others which are obtained from stores, have to be separately tabulated before they can be billed for. Perishable articles are, thus, recorded in a separate statement and the statement initialed by the officer preparing it and signed by the Medical Officer. Issues to the Kitchen and other special issues are also entered in this statement. The monthly total of the daily issues to dispensaries and wards as shown in the book of perishables is also posted into this statement. The totals of these columns are agreed with the quantities made by the contractors and with the quantities entered in their bills. The rates charged are checked with reference to those fixed in the contracts.

In order to ensure that the standard scales of diet are not exceeded in practice, an accurate account should be maintained in each hospital showing the number of diet of each description (viz. ordinary, special or convalescent special) issued daily for each class of patients. The permissible limit of expenditure should be worked out on the basis of standard rates. The actual expenditure on diet for each day should also be noted in the accounts for purposes of comparison and audit.

13.21 The scrutiny of diet charges in hospitals should receive very careful attention. The checks and scrutiny which are applied in the central office can, with equal efficiency be applied in local audit, as well. Audit with reference to the scales of diet and number of patients will be done by the local audit staff.

The following audit checks are prescribed in this connection:

- (i) To see whether a Diet Register in the prescribed form is maintained.
- (ii) To compare the number of patients entered in the Diet Register with that as shown in the Bed-Head Tickets and the Register of in-patients.
- (iii) To verify issues of diet with reference to the standard scale prescribed in the Medical Manual/Orders and in cases where a more generous diet is considered necessary on medical grounds, it is so authorised and noted in the bed-head ticket.
- (iv) To scrutinise the nature of diet prescribed with reference to the requisitions for the supply of food-stuffs, vegetables, milk, etc. and ensure that the demands are not in excess of requirements.
- (v) To examine whether the diet supplied by the contractors is checked daily both as regards quantity and quality and passed by the Medical officer.
- (vi) To examine whether articles like ghee, oil, etc., are sent periodically for analysis to the Government Analyst and action taken thereon.
- (vii) To see that contracts for supply of diet are entered into after calling for tenders and in accordance with the orders of Government issued from time to time.
- (viii) To ensure that the actual cost of each class of diet does not exceed the permissible cost and in cases where it exceeds the limit, necessary sanctions of the competent authority for the extra expenditure is obtained.
- (ix) The entries in the Bed-Head Tickets should be traced into the diet rolls and the total of the diet rolls into the ingredient sheets. Perishable articles in the ingredient sheet must be checked into the perishable articles statement. The articles in the latter statement must be traced into the bills of contractors and the

rates charged checked with the contract rates.

Note 1:- Such articles as are not obtained daily but are purchased departmentally whenever needed, should be excluded from the statement of perishable articles and shown separately.

Note 2:- A test check of rates claimed in the bills with the tendered rates may also be done by the inspecting staff. Useful work may also be done by them in the direction of making comparative examination of rates and the scrutiny of the comparative statement of tenders for contract.

Expenditure on Linen, Ward Furniture, etc.

13.22 As regards expenditure on Linen, ward furniture, etc., it should be seen that:

- (i) The Contractors' Bills supported by the indents with the sanction of the competent authority recorded on them, and the articles purchased have been entered in the respective stock accounts and properly accounted for;
- (ii) The articles have been purchased through proper tendering and on approved rates;
- (iii) In case of urgent direct purchases, necessary sanction therefor has been obtained from the competent authority and the purchases made after calling for quotations.
- (iv) The stock of above articles is verified periodically by the Medical Officer and a certificate of verification is recorded by him; and
- (v) The recoveries ordered, if any, for the linen, etc., lost have been effected from the person responsible for the loss and duly accounted for or its value written-off under proper authority.

X-Ray and Screening Registers

13.23 It should be seen:

- (i) That fees are promptly recovered in cases of paying patients and in other cases, they are marked free by the competent Medical Officer under his signature.
- (ii) That the X-Ray films consumed as per this Register agree with the stock account of films.
- (iii) That an appropriate remark has been made in respect of spoiled films.

Register of Used X-Ray Films

13.24 This register should be scrutinised to see that used X-Ray films and Hypofixes have been properly accounted for and necessary action has been taken for their disposal at prescribed intervals to the best advantage of Government.

Milk Account

13.25 It should be seen:

- (i) That the supplies are recorded then and there.
- (ii) That the specific gravity of the milk supplied is also noted in the relevant column of the register.
- (iii) That the bills are passed with reference to entries in this register and the quantity of milk supplied.
- (iv) Any quantity short supplied is noted in the register to find out the difference if any, between the contract rates and the local purchase rates to be deducted from the contractor's monthly bills.

Liquor Account and Ice Account

13.26 These should be checked to see that receipts and issues have been attested by a responsible officer and that the cost, if any, recoverable for supplying to paying patients, hospital staff, etc., has duly recovered and brought to account.

Register of Sample Diet Article sent to the Public Analyst

13.27 It should be seen that in the event of the quality of articles supplied by a contractor being below the requisite standard in three successive tests, the prescribed penalty is levied or the rate for the supply is reduced according to the terms of the contract.

Tenders and Agreements

13.28 It should be seen that the supply of dietary and other articles to the hospitals is arranged by calling tenders; that the lowest tender has been accepted; and that, in cases where tenders other than the lowest have been accepted, sufficient reasons have been recorded by the competent authority. The agreements based on such tenders should be called for and examined to see that they are in order, and that the terms thereof are being duly observed. In cases where a contractor has failed to supply articles and local purchase has been resorted to, it

should be seen that the loss to Government is made good by the contractor. In the case of articles, the prices of which have been controlled by Government, it should be seen that the contract rates for the supply of such articles conform to the controlled rates and that payments are not made in excess of the controlled rates in force from time to time. If a purchase is made at a rate in excess of controlled rates, audit may insist on Government sanction being obtained in ratification.

II. ACCOUNTS OF MENTAL HOSPITALS

Scope and Extent of Audit

13.29. The audit is conducted on almost the same lines as in the case of other Civil hospitals.

Process of Audit

13.30 The checks prescribed in the foregoing paragraphs relating to the accounts of Civil Hospitals are generally applicable in the case of Mental Hospitals also. The other important checks besides these as enumerated in Chapter 3 are detailed in the following paragraphs.

13.31 In addition to the registers maintained in ordinary Civil hospitals (vide Section-1), the following additional registers are maintained in Mental Hospitals. These registers should also be scrutinized during local audit.

Diet Register and Diet Bills

13.32 The check should be exercised on the same lines as in the case of civil hospitals.

Stock Register of Diet Articles

13.33 It should be seen that:

- (i) Not only the purchases as shown by the contingent Register but also that portion of the produce raised in the Mental Hospital which is reserved for its use have been brought on the receipt side.
- (ii) The total issues of each month under each articles agree with the totals in the monthly statements sent to the Audit Office.
- (iii) The daily issues are correct with reference to the number of inmates on ordinary or special diet and the prescribed scale of diet.

Note: It will suffice for this purpose if a random check is conducted.

- (iv) The quantity written-off as wastage, if any, is not excessive, and
- (v) The register bears evidence of periodical verification of the stock.

Stock Register of Raw Materials for Manufacture

13.34 The receipts should be checked with the supplier's bills or invoices. In regard to issues, it should be seen that they are supported either by the receipt of converted raw materials in the same register by the receipt of manufactured articles in the separate register maintained for them. In checking the correctness of the manufactured articles received against the issues of raw materials, the approved scale for conversion, if any, should be consulted.

Stock Register of Manufactured Articles

13.35 Most of the receipts would have already been checked with reference to the issues of raw materials. It should also be seen that the purchases, if any, of the manufactured articles as shown in the Contingent Registers have been similarly brought on to this register. The issues will be either by sales or by appropriation for the issue of inmates. In the case of sales, it should be seen that:--

- (i) If for ready cash, the sale is supported by cash receipt for the price paid.
- (ii) If the sale is on credit, it is supported by a bill for the price and by the necessary entry in the ledger.
- (iii) The credit sales are confined to well known person.
- (iv) Reference has been entered against the issues to the numbers of the receipts or bills, as the case may be.
- (v) The prices at which the articles are sold have been approved by the Medical Officer-in-charge and not below the cost price.

In the case of issues to the inmates, it should be seen that they are not in excess of the sanctioned scale.

Register of Live-Stock, Tools and Plant

13.36 The receipts should be checked with the bills or invoices and it should be seen that the issues are properly accounted for. It should be seen that quarterly verification of stock balance is made as required by the rules.

Insane's Private Property Book

13.37 It should be seen that:

- (i) The items of property belonging to inanes admitted during the year have all been entered in the register immediately on their receipt.
- (ii) Acquaintances have been obtained for the property returned during the year.
- (iii) A periodical verification of the outstanding property has been made from time to time and a certificate of verification has been recorded over the dated signature of the verifying authority.
- (iv) Adequate action has been taken in respect of old outstanding in this register.

III. ACCOUNTS OF MEDICAL COLLEGES

Scope of Audit

13.38 Besides the usual test audit, the local audit of the accounts of medical colleges is directed to a check of the stores and stock accounts also.

Account Books, Register, etc.

13.39 The following accounts books, registers, etc., should be scrutinized during local audit, apart from the Cash Book, Contingent Registers, Permanent Advance Register, etc.:--

- (i) The Stock Account of Catalogues.
- (ii) Breakage Register.
- (iii) Van Account.

Stock Account of Catalogues

13.40 Apart from exercising the usual checks in respect of Cash Book, etc., it should be seen in the audit of the above accounts that the number of catalogues, etc., received should be checked with the requisitions sent to Press and the sales thereof, with the counterfoils of receipts. It should also be seen that the stock is verified physically once a year and there is evidence of such verification in the Stock Account.

Breakage Register

13.41 It should be seen that the entries in the register have been approved by the Head of the institution and the cost of the articles have either been recovered or

written-off under competent sanction.

Van Account

13.42 Where a van is provided by the college for the students, it should be seen that:

- (i) The charges for the van have been correctly computed and promptly recovered from the students, and
- (ii) The accounts relating to the van (i.e. accounts of spares, petrol accounts, repairs accounts etc.) are correctly maintained.

13.43 Instruction regarding store purchase Medical Department and their utilization by Director (Stores)

Purchases made by Central Medical Stores Depot, differ principally on following points from the purchases made by the Peripheral Officers:

C.M.S.D. mostly makes its purchases (to the extent of 60 per cent of yearly budget allotment) by quantity contract where as the Peripheral Officers make their purchases (to the extent of 40 per cent of the yearly allotment) through rate contract floated by D.G.S.&D. and E.S.I. rates and quantity contracts.

C.M.S.D. Purchases :--It comprises the following:

- (i) Components Demand Note from Peripheral Officers (Chief Medical Officers, Senior Medical Superintendents, Medical Colleges, Mental Hospital, Epidemic Cell etc.). The demands are consolidated according to the budget available with the C.M.S.D.
- (ii) The meeting of the Formulary Committee decides the formulary to be floated into the tender. This Committee is convened by the Director of Medical and Health Services and consists of 5 experts nominated by the Director, C.A.O., Drug Controller of U.P. etc.
- (iii) **Meeting of the Quantity Fixing Committee** :--According to the demand notes received from the peripheral officers, this committee fixes the quantity of drugs to be purchased by the C.M.S.D. for peripheral units. This Quantity Fixing Committee is again convened by the Director of Medical & Health Services, which consists of Chief Accounts Officer, Drug Controller and 5 expert members nominated by the Director of Medical & Health Services.

The Director of Medical & Health Services is the Chairman of both Formulary as well as Quantity Fixing Committee.

(iv) The tenders are floated, opened and scrutinized.

(v) For life saving and hazardous drugs it is necessary that the firm must be registered with the D.G., S.&D. and product should be floated in the market for a minimum period of 2 years from the date of opening the tenders. For other tenders the firm has got to be registered with any of the following registration Units:

1. Director General of Supplies and Disposal.
2. National Small Industries Corporation.
3. Director of Industries, Kanpur.
4. S.S.I.C. (Small Scale Industries Corporation).

All the tenderers have to submit certain documents with the form, Non-Conviction Certificates. Sales Tax and Income Tax Clearance Certificate. All the firms entering into the tender are required to emboss or print "U.K. Government" on the labels and tablets etc.

(vi) Central Purchase Committee meeting is invited for finalization of opened tenders. The Central Purchase Committee is convened according to G.O. No. 931-SP/18-10-106 SP/74, dated 8-5-75. This Committee comprises Director of Medical and Health Services as chairman, (2) Director of Industries as Vice Chairman, (3) Five specialists as nominated by the Director of Medical & Health Services, U.K. as members. Finance Secretary or his representative, Drug Controller and C.A.O. The Committee reviews the tenders and prior recommendations to be sent to the Government for final orders.

(vii) **High Power Committee** :--High Power Committee meeting occurs at Secretariat level. Medical Secretary is the Chairman of this committee and finance Secretary & Planning Secretary etc. are the member. After reviewing the recommendations of the Central Purchase Committee the High Power Committee lays down the Government orders for making purchases from various firms.

(viii) After receipt of this, Government orders of the High Power Committee, the purchases in the C.M.S.D. are made.

Time limit is usually six weeks for supply of Drugs which is extendable.

Government also sends the orders every year. Regarding purchase to be made from the Public Sector firms. The policy to purchase is sent to the C.M.S.D. every year and which consists the following broad points:

- (i) The preference is to be given to M/S UPDPL in items manufactured by them, only to the limit that their rates are equivalent to the rates quoted by other public sector firms.
- (ii) Competitive price range of the public sector firms is made and the orders are placed only with the lowest quoting public sector firms.
- (iii) If two public sector firms have quoted the same rates then, equal distribution of the funds or purchase of that item is to be made.
- (iv) All public sector firms have to submit an affidavit certified by the Notary that the prices quoted by them are not above the Drugs Control Price Order (Leader price is fixed by the Government of India).
- (v) Secondly that there will be no price escalation from time to time.
- (vi) The items manufactured by public sector firms are not floated in tenders.
- (vii) For single quoted items of public sector firms the comparison for last year's price is made only 10% rise is permissible. Other private sector firms taking part in the tender has to deposit an earnest money in form of F.D.R.

After finalization of the tender in favour of any firm or private sector firm the firm has to deposit security money which is 5% of the total order.

13.44 Purchases by Peripheral Officers

The Peripheral Officers can make use of quantity contract rates of the C.M.S.D., Director of Industries, rate contract, Director General of Supplies and Disposal rate contract and E.S.I. rate contract.

Through public sector firms, they are required to make a comparison of the prices quoted by them and make purchase of the lowest quoted.

13.45 Life Saving Drugs and Hazardous Drugs

Orders are placed with the firms, direct. Whereas drugs can be supplied by sole selling agents.

13.46 Utilisation

Mostly the orders from CMSD level are placed for (for Field Supplies). But, some of the drugs have to be stored in the CMSD for any calamity (disease)

occurring in the state. The Government has put an amount of Rs. 25 lac worth storage in CMSD which is not practicable at the present moment as huge quantities of drugs free supplies for Leprosy, T.B. and other National programme are floated directly in the C.M.S.D. by the Central Government offices at New Delhi. The matter is being referred to the Government for raising of Rs. 25 lacs level to Rs. 1.50 crore for future.

The items stored at C.M.S.D. level are fully checked from time to time and at least one year before the expiry of the drugs, it is floated to the peripheral officers for use.

For Civil Defense purposes drug equipments worth Rs. 10 lac have always to be maintained in the C.M.S.D. for any calamity be falling on the State.

13.47 Drugs Utilization at Peripheral offices

From the perusal of the annual requirements it will be evident that the Peripheral Officers have to submit their balance of each drug on a particular date which is duly taken care of during preparation of distribution list.

13.48 Receipt of Medical Department

The principal items of receipts of the Department. may be classified as follows :

I (a) Government Hospitals.

- (i) Hospital fees-Registration fee and in-door admission fee,
- (ii) X-Ray treatment fees for major operations.
- (iii) Cost of special drugs supplied to well-to-do patients.
- (iv) Fees charged for the loan of medical instruments, oxygen cylinders, etc., supplied to medical practitioners.
- (v) Fees for training of candidates.
- (vi) Sale proceeds of medicines.
- (vii) Fees for anti Rabic treatment.
- (viii) Fees for pathological examination.
- (ix) Ward Rent.
- (x) Contribution from Public bodies.
- (xi) Subscriptions and donations from private patients.
- (xii) Grants from the Central Hospital Fund Committee.
- (xiii) Diet charges from patients.

- (xiv) Miscellaneous Receipts :
 - (a) Sale proceeds of old stores and un-serviceable materials.
 - (b) Rent on account of lease of fruit-bearing trees.
 - (c) Lease of properties.
 - (d) Ambulance hire.
 - (e) Telephone charges from patients.
 - (f) Recovery on account of breakages, etc.

(b) Mental Hospital

- (i) Fees from paying inmates, and
- (ii) Receipts from produce of gardens attached to the hospitals.

II. Medical Colleges

- (i) Fees charged from the students for admission, tuition, registration, examination, etc.
- (ii) Fees collected by the clinical laboratories for analysis of specimens.
- (iii) Fees for diploma courses in special subjects, and .
- (iv) Other miscellaneous receipts.

Some of the important registers in use in these units are described below:

13.49 Accounts Books, Registers, Etc.

The following are the more important of the account books and registers required to be 'maintained by the Department, apart from the Cash Book, Receipt Book and Stock Registers etc.

- (i) Hospital fee Register, Operation charges Register, Ambulance. Register, Registration fee Register, Patients Property Register.
- (ii) Register of fees charged for issue of costly drugs, Register of recovery of dietary charges, Nominal charges Register of in-patients.
- (iii) X-Ray and screening Register.
- (iv) Register of anti-Rabic treatment.
- (v) Charity account Register and subsidiary register.
- (vi) Clinical Laboratory income register (Pathology etc.).
- (vii) Register of sale of medicines.

13.50 Check of Receipts

In examining the items of receipts, the lowing points should be borne in mind :

- (i) That the relevant registers are maintained in accordance with the rules and orders on the subject.
- (ii) That all items of receipts have been recorded in one or other of the relevant registers.
- (iii) That bills or receipts have been issued for the recovery of demands on account of sale of medicines, dietary charges, hospital stoppages and ward rent, etc.
- (iv) That receipts have been granted for all other collections such as subscriptions, donations and contributions.
- (v) That all collections have been remitted into the treasury without delay.
- (vi) That the prescribed fees for special courses of training in Government hospitals are recovered from the trainees in accordance with the rules.
- (vii) That arrears outstanding at the close of a year have been carried over to the subsequent years register, and
- (viii) That necessary sanction has been obtained for the write off of the irrecoverable dues.

The more important points to be attended to in scrutinizing the main registers of receipts are indicated below:

13.51 Register of Hospital Fees

- (i) To review the admission register for in-patients in order to see that the names of all the chargeable patients and the dates of their admission and discharge are correctly transcribed into the Register of Hospital fees.
- (ii) To check the calculations of fees due in the register of Hospital fees with the prescribed scale and to agree the recoveries with the counter-foils of receipts.
- (iii) To check the totals of demands, recoveries, etc., and to agree the total collections with the entries made in the Cash Book.
- (iv) To see that a proper system exists to recover outstanding dues promptly and that dues are not written off as irrecoverable without proper sanction.
- (v) To see that advance collections of hospital fees are made with reference to the relevant rules.
- (vi) To see that the Register of Hospital fees is closed and a statement of demand, collection and balance due is drawn up for the period prescribed.

In respect of refund to patients of excess payments made by them, it should be seen that at the time of payment, the refunds have been noted on the back of the counterfoil of receipts against which the refund is charged and also in the Cash Receipt Register or the Cash Book against corresponding receipt item to prevent a double payment. The refunds should be checked with the entries of payment in the Cash Book.

13.52 Register of Fees charged for Major Operations and Confinements

The register is maintained in the institutions where the recoveries are generally considerable. A test-check should be conducted with a view to seeing that:-

- (i) The assessment of charges has been made correctly.
- (ii) The recoveries have been effected and brought on to the Cash Book.
- (iii) The amounts due have been brought on to the Register of Hospital Fees under the names of patients for prompt recovery.

13.53 Register of Fees charges for Issue of Costly Drugs

It should be seen while checking this register that :

- (i) All drugs which come under the category of "Special and expensive drugs" have been separately accounted for.
- (ii) Issues to well-to-do patients in the general wards and to all patients in the special wards are properly recorded and that either full or half of the cost is recovered in accordance with the rules,
- (iii) Recoveries are promptly brought on the cash book, and
- (iv) The register is reviewed periodically by competent authority under his dated initial to ensure that amounts due have been duly recovered.

13.54 Register of Anti-Rabic Treatment

It should be seen that :

- (i) The relevant columns of the register have been -correctly filled-in in all cases.
- (ii) The certificate of indigence has been obtained in cases of non-paying patients.
- (iii) The cost of vaccines, etc., due from the patients has been recovered and accounted for in the Cash Book.

- (iv) The register is closed periodically and scrutinised by the officer concerned, to ensure recovery of all the amounts due to Government.

13.55 Register of Fees charged for Clinical Tests (Pathology, Bacteriology, Etc).

This register should be checked to see that:

- (i) The fees for the tests have been collected at the prescribed rates.
- (ii) The register has been reviewed once a month by the head of the institution to ensure that the fees due have been collected and duly accounted for in the Cash Book.
- (iii) The amounts collected have been promptly remitted to the treasury for credit to Government account.

13.56 Charity Account

The charity account should be scrutinized see that:

- (i) The amounts recovered from the patients or others as contributions to poor fund as per counterfoil of receipt or from the poor fund box, have been accounted for either in the Charity Cash Book or the subsidiary register.
- (ii) The balance as per the subsidiary register has been transferred to the Cash Book at periodical intervals.
- (iii) The amount collected as poor fund money has been credited into the treasury.
- (iv) Poor fund rules have been observed in general with reference to the receipts.
- (v) The accounts are periodically checked by the competent authority to ensure that the funds are used only for the purpose authorized.

13.57 Produce from Trees and Gardens

It should be seen that the produce from trees and gardens is properly accounted for and when garden produce is used in the Hospital, the quantity used is not mixed up with the supplies made by the contractors.

13.58 Register of Recoveries from Paying Inmates

This register is maintained in Mental Hospitals, with reference to this register, it should be seen that:

(i) The names of all the inmates who are to bear their maintenance charges, as seen from the papers relating to new admission during the year, have been entered.

Note: whoever signs an order for admission of an insane person into the Mental Hospital will have to report to the Medical Officer-in-charge as to who should bear the maintenance charges and at what date. When no such report is made, it will be the duty of the Medical Officer-in-charge to institute enquiries on the point soon after admission.

(ii) The recoveries of fees, etc. in the hospital are made with reference to the rules.

(iii) The dues are promptly realized by the issue of timely bills and reminders.

(iv) The collections have been promptly credited in the register of cash receipts.

(v) The register bears evidence of periodical review and check by the competent authority.

(vi) The receipts are promptly credited to Government account.

13.59 Accounts of Medical Colleges—Scope of Audit

Besides the usual tests of the receipts, stores and stock account should also be test-checked.

The main items of receipts are :

(i) Fees from students for admission and tuition registration fees, examination fees. etc.

(ii) Fees collected by the clinical laboratories for analysis of specimens.

(iii) Fees for diploma courses in special subjects.

(iv) Other miscellaneous receipts.

13.60 Account Books, Registers Etc.

The following is the list of more important accounts, registers, etc., to be scrutinized during local audit :

(i) Revenue collection Registers.

(ii) Daily fee collection Register.

(iii) Rent Register.

(iv) Register of Hostel Accounts.

13.61 Audit of Receipts

It should be seen that:

- (i) A statement of demand, collection and balance is maintained to watch the recovery of fees.
- (ii) All amounts due, including registration fees, as per the nominal register, have been realized and credited to Government account.
- (iii) The notes of fee concessions are recorded in the nominal register and attested by the competent authority.
- (iv) The refunds of fees collected erroneously are made on proper vouchers and under proper authority.
- (v) The exemptions from payment of fees, etc., are supported by orders of Government.
- (vi) Receipt books for fees collection are used in standardized form's, machine numbered and with counterfoils, and that receipts are issued by the competent authority.
- (vii) The entries in the daily fee collection register are checked by the Head of the institution or other authorised gazetted officer with the counterfoils of the fee receipts.
- (viii) The fees collected and recorded in the counterfoils of fee receipts, daily collection registers and the Cash Book are accounted by the Head of the institution under his orders by a gazetted officer, at the close of business on each working day, verified with the book balance, as shown in the Cash Book and initialed with date by the Head of the institution in token of check; and
- (ix) The fees collected is remitted into the treasury the same or the next day. It should be seen that the unremitted balance of fee receipts along with other cash balance at the close of the day is not in excess of the cash security furnished by the cashier.

13.62 Revenue Collection Register

The following should be seen and checked in this register:

- (I) Check the amounts received with the counterfoils of receipts.

- (ii) Check the amounts receive the orders of the Head of the institution regarding fines recovered from the students.
- (iii) Check the amounts received from auction proceeds (authenticated by the Head of the Institution) of unserviceable stores and articles of dead stock.
- (iv) Check the total of the amounts received and entered in the register.

13.63 Register of Hostel Accounts

The register should be checked to see:

- (i) That a complete record of the number of rooms in the hostel is kept.
- (ii) That the allotments of rooms are made under the orders of the Head of the Institution or other competent authority.
- (iii) That the rent is recovered at the sanctioned rates and the recoveries are duly accounted for.
- (iv) That the register is verified periodically by the competent authority and necessary certificate to the effect is recorded under his dated signature.

CHAPTER 14

The Planning Department, Community Projects and Blocks

This chapter deals with the audit of the accounts of the District Planning Officer, Chief Development Officer/ District Development Officer/ Panchayat Raj Adhikari, Community Projects and the Community Development Blocks.

The Inspection staff should study the various orders/instructions issued by the State Government relating to the above units before commencing audit in the Office of the District Planning Officer Chief Development Officer/ District Development Officer/ Panchayat Raj Adhikari.

14.01. The administrative offices under Planning Department are of Commissioner, Agriculture Production and Rural Development, Deputy Development Commissioner, Director of State Planning Institute, Director of Economic Intelligence and Statistics, Mukhya Vikas Adhikari and Chief of Town & Country Planning besides there are Offices of Deputy Director of Statistics,

Project Administrator, Chief Development Officer, District Development Officer/ Planning Officer, Project Executives, Pilot Development Project Officer. Panchayat Raj Adhikari and the Block Development Officer are the execution authorities.

There are training centres for extension training, gram sewak prakshikshan kendras, composite training centres and people college and district training officer. The following are the allied units and accounts of planning Department which are to be audited:

1. Panchayati Raj Officer (including checking of individual loan accounts and P.L.A.).
2. P. L. accounts of schemes (details of the schemes in operation in the district for which P.L. accounts are maintained under Government orders may be called for by the inspection staff).
3. Other offices for which the District Planning Officer/ CDO/DDO is the drawing and disbursing Officer.
4. Sanctions to grant-in-aid under delegated powers.
5. Pradeshik Vikas Dal.

The District Planning Officer/ CDO/DDO

14.02. The District Planning Officer/ CDO/DDO functions under the overall control of the District Magistrate/ Deputy Development Commissioner and exercises the following functions:

- (i) He acts as the secretary of the District Planning Committee.
- (ii) He is the district panchayat officer and assists planning and execution of programmes undertaken by Gaon Sabhas.
- (iii) He exercises direct control over certain departments and their staff for effective coordination of their work.
- (iv) He is the Officer-in-charge of the Pradesh vikas Dal.
- (v) He may be entrusted with any other functions relating to development by Government.
- (vi) He is the drawing and disbursing officer of some of the departments and is also the countersigning authority for the T.A. Bills of the non-gazetted staff pooled under him.

Scope of Audit

14.03. Apart from the general scrutiny and test check of the Cash Book and other accounts records, as detailed in Chapter 3, the scrutiny of the loan accounts, P.L. Accounts and work accounts maintained in these units should receive special attention. The detailed procedure of audit of loan accounts, Personal Ledger accounts, etc., is given in Chapters 5 and 6 of this manual. Nevertheless, the following special points in respect of these accounts should be kept in mind in the local audit of community projects/Blocks.

During the course of audit of D.P.R.O. besides other checks the audit party should also scrutinize in detail that the funds made available to the local bodies under the various schemes are properly utilized and utilization certificates are timely furnished.

Loans

14.04. The 'Register of Loans Sanctioned' and the 'Register of Recovery of Loans' should be thoroughly checked. It should be seen that:

- (i) Agreement Bond and mortgage deeds are executed and securities are obtained before loans are paid.
- (ii) Loans are granted to persons eligible to receive them.
- (iii) Conditions attached to loans are fulfilled.
- (iv) Proper record of the loans paid is maintained in the block office.
- (v) Proper watch over effective recoveries is kept.

Issue of materials

14.05. It should be seen that:

- (i) Materials are issued only against indents and full particulars such as quantity, rate, cost etc, are properly recorded therein; and
- (ii) The issues are supported by acknowledgements of the persons who receive the articles.

When materials such as cement, bricks, etc. are issued in lieu of grants-in-aid, it should be seen that their value is worked out on the basis of issue rates properly fixed. In such cases, it should further be seen that:-

- (i) It has been ensured by the technical staff that the material has been utilized completely on the work to which it was issued;
- (ii) That no further installment is given before the utilization of materials already issued; and
- (iii) That at the end of the work, surplus materials have been received back and are properly accounted for or transferred to another work.

Sanctions to Estimates

14.06. It should be seen that properly detailed estimates have been prepared and sanctioned by the competent authority and that the extent of people's contribution in cash and kind has been settled in advance and incorporated in the sanction orders.

Stock and Store Accounts/Registers

14.07. Besides scrutinizing the Stores and Stock Registers in the manner prescribed in Chapter 3 of this manual, it should be seen that all materials purchased locally or received through the Development Commissioner are properly accounted for in the Stock Book or Equipment Register, that the receipts and issues of stock with their value are balanced every month and that closing balance is carried forward to the next month.

Register of Expenditure on Schemes

14.08. It should be seen that the register is maintained properly and kept upto date, progressive totals are struck and that the ceilings of various items fixed in the schematic budgets are not exceeded and that the classification of expenditure is in order. It should particularly be seen that proper account of the receipt and issue of materials is kept and that sale proceeds, if any, are properly accounted for. Certain schemes, like Poultry Centres, are established in certain blocks. The accounts of such centres should be called for and examined carefully to ensure that there is no leakage of revenue and that sale proceeds are promptly credited and accounted for.

Muster Rolls

14.09. The Muster Rolls should be checked in the manner prescribed in Chapter 3 of this manual. It should be seen particularly that:

- (i) The attendance recorded in the muster rolls tallies with the daily reports sent to the Block Office.
- (ii) The attendance is taken daily and is checked by the technical staff as frequently as possible.
- (iii) The actual disbursement of wages is made by or in the presence of a responsible departmental officer.
- (iv) A record is kept of the work done by the labourers and the cost is not in excess of the value at current rates.
- (v) A proper account of wages remaining unpaid is maintained to prevent double payments.

Measurement Books

14.10. The check of Measurement Book should be carried out in the manner prescribed in Chapter 3.20(a) of this manual. It should, however, be seen that a proper account of all the Measurement Books in the Block is maintained and that acknowledgements in support of Measurement Books issued are on record. In the case of interim payment to contractors, it should be verified that complete measurements have been taken at the time of drawal of bills and that the amount paid does not exceed the value of work done, as recorded in the Measurement Books.

Contracts

14.11. Detailed instructions for the audit of contracts are given in Chapter 3.24. of this manual. Where contractors have been engaged to execute works under community development programmers, it should be ascertained that tenders were invited and a contract deed specifying in clear and definite terms, the rates and conditions of contract, was executed by the competent authority, before the work was started. It should also be seen that no payment is made to a contractor except for work actually done or supplies actually made and that the prescribed percentage is deducted towards security for due fulfillment of the terms of the contract. It should further be seen that the final bill has been drawn for the total amount payable, supported by full details.

Grant-in-Aid

14.12. Grants-in-Aid are given for the following purposes and up to the limit, as may be specified from time to time:

- (i) For construction of Kachcha Roads, culverts and bridges.
- (ii) Public Health Programme for potable drinking water.
- (iii) Drinking water supply schemes in the hill districts and arid districts of the State.
- (iv) All other cases of local development works.

The total expenditure on Government subsidy should not exceed the allotments sanctioned for the purpose. The remaining expenditure should be met by public contribution which may be either in cash or in kind or in the shape of shramdan (voluntary labour).

14.13. It should be seen that in the payment of grants-in-aid that:

- (i) There exists a properly completed proposal from the sponsoring agency in the prescribed form, duly signed by prescribed authorities.
- (ii) The proposals have been properly scrutinized, an order in the prescribed form exists for according approval to the work and that a time-limit has been prescribed within which the work should be executed.
- (iii) Agreements in prescribed forms have been executed by the grantees before the first installment of grant-in-aid is actually given and one of the members has been nominated to receive payment, render accounts and receive instructions, etc.
- (iv) Interim payments are made strictly on the basis of progress of work and reports to this effect are on record.
- (v) When advances are made for the procurement of materials, etc., necessary surety has been obtained and his solvency also verified before making payment.
- (vi) The grant has been released in suitable installments.
- (vii) When grant-in-aid is sanctioned to a non-statutory body, final installment of the grant-in-aid is made only on the basis of work duly measured by a technically qualified person.
- (viii) Unspent balances have been surrendered by the recipient body and the completion certificates are on record.

In case where the prescribed time limit has been exceeded and the completion certificates are not on record, it may specially be investigated whether the work is still in progress and likely to be completed or has been abandoned, entailing loss to Government. All such cases of incompleteness and abandonment should be listed out and suitably commented upon in the Inspection Reports.

Accounts of Material and Labour

14.14. In respect of materials received from the people or voluntary labour rendered by them it should be particularly seen that the total value of material and

labour as estimated by competent authority is in no case less than what has been agreed to in the agreement.

Miscellaneous

14.15. Expenditure on certain items like rallies, etc., is also incurred in the blocks to propagate/ publicize the advantages of a scheme or programme with a view to involving people of the area in such a scheme or programme.

It should be seen in regard to expenditure on such items of work that the full details of the activity are available in the Block Office and that there are no cases where the prescribed scale for such expenditure, has been exceeded. For this purpose, the necessary registers, etc., maintained in this connection in the Block Office, should be verified and it should be seen that the number of persons shown in the D.C. Bills is correct and that the charges per head are actually within the limit.

Project

14.16 . While conducting audit of Projects, the overall performance audit and efficiency audit as given in paragraphs 58,59 of M.S.O. (Tech.), Vol. I may be conducted.

CHAPTER-15

Audit of Zila Sainik Kalyan Adhikaris

Audit of Accounts of District Soldiers', Sailors' and Airmen's Boards

General

15.01 . The offices of the Zila Kalyan Evam Punarvas Adhikari was provincialised with effect from 1 April 1965 to enable them to function as offices of the State Government from that date under the administrative control of the State Soldiers', Sailors' and Airmen's Board, Uttarakhand.

The expenditure on running these Zila Kalyan Evam Punarvas Adhikaris' offices is met from the State revenues with effect from the 1st April, 1965 as direct Government expenditure. The expenditure is, however, shared between the Central and State Governments on a basis. The Central Government gives grants to the State Government equal to half the expenditure incurred and admitted in audit at the end of the financial year on receipt of the audited accounts. The income of these offices and of the properties vested in them, if any, are credited to the State revenues. All the properties vested in these Boards the Office buildings, Rest Houses, etc., have been deemed to have become the properties of the State Government.

Organisational set up

15.02. The Chief Minister of the State is the President and the General Officer Commanding-in-chief, Central Command, is the Vice-President of the Board, Other Officials, non-officials and Members of Legislature and ex-Defence Service Personnel constitute the membership of the Board.

The department which is named as Sainik Kalyan Evam Punarvas Vibhag is headed by Director, Sainik Kalyan. He is assisted by:

- (i) Secretary,
- (ii) Deputy Directors,
- (iii) Accounts Officers, and
- (iv) Zila Sainik Kalyan Abhikaris.

The Director, Sainik Kalyan Vibhag frames and controls the budget. He plans and implements various welfare works for ex-servicemen and their families.

Functions

15.03. The important functions of the Rajya Sainik Kalyan Adhikari:

- (i) To co-ordinate the activities of the Zila Sainik Kalyan Evam Punarvas Adhikari.
- (ii) To look after the welfare of the families of the defence personnel, both serving and retired.
- (iii) To educate the general public and to create interests in them in the armed forces and to promote a feeling of goodwill between the civilians and the members of the armed forces and ex-servicemen.
- (iv) To maintain liaison with civil authorities for the removal of difficulties, problems etc., faced by the members of the armed forces.
- (v) To arrange for the resettlement of the ex-servicemen in productive enterprises.

Zila Sainik Kalyan Evam Punarvas Adhikaran

15.04. In the Zila Sainik Kalyan Evam Punarvas Adhikari's Office, the District Magistrate as the ex-officio President. A Senior-ex-service Officer of the district is nominated by him as Vice-President. As in the case of State level Board, Officials, non-officials and ex-servicemen make up the membership of the Zila Sainik kalyan Evam Punarvas Board.

Functions

15.05. The functions of the Zila Sainik Adhikaran are broadly the same as those of the State Board. Among other things, the Board helps in:

- (i) Giving due publicity to the existence of various concessions and charitable funds for the benefit of the ex-servicemen, their dependents and families of the serving personnel.
- (ii) To assist the recruiting staff in recruitment for the Armed Forces.
- (iii) To assist ex-servicemen and their dependents in securing medals, pensions, dues etc.

Scope and Process of Audit

15.06. The several registers, accounts and other records that are maintained in other Government offices are maintained in the offices of Zila Sainik Kalyan Boards also. The audit checks to be applied in respect of these records have already been detailed elsewhere in this Manual. The following special points may be noticed.

Loans and Grants

15.07 . It should be specially seen that:

- (i) Grants or Loans, as the case may be, are made only to those who are eligible to

receive such help and who fulfill the prescribed conditions in this respect.

(ii) All prescribed formalities have been got completed before the grant of loans to persons.

(iii) The periodical recoveries of loan instalments are properly watched.

(iv) Suitable action in respect of defaults are taken.

Register of Beneficiaries

15.08 . In the check of this register, it should be seen that:

(i) This register is reviewed and signed by the competent authority periodically.

(ii) The entries in the register are duly attested.

(iii) Necessary authority or sanction is quoted against the items in the register.

(iv) A certificate that payments, etc. have been made to the correct individuals, has been recorded under dated initials of the competent authority.

The following local funds are also maintained by the Zila Sainik Kalyan Evam Punarvas Adhikaris.

Flag Day Fund

15.09. The amounts realised on account of sales of 'Flags' on the 'Flag Day', are credited to this Fund.

District Benevolent Fund

15.10 . Fifteen percent of the total collection on account of sales of 'Flags' on the 'Flag Day', etc., is paid to the Zila Sainik Kalyan Evam Punarvas Adhikari for augmentation of the District Benevolent fund. This fund is meant for the welfare of the ex-servicemen and their families.

U.K. Victory Fund

15.11. The Directorate of Sainik Kalyan Evan Punarvas Board Provides fund to the Zila Sainik Kalyan Evan Punarvas Adhikaries for various schemes relating to ex-servicemen. The funds provided are to meet the expenses on re-union of ex-servicemen, other sundry expenses incurred on the amenities of ex-servicemen who stay in the Rest Houses for short periods are also met out of the fund.

U.K. Post-War Services Re-construction Fund

15.12 . This Fund is operated and controlled by the Governor's Secretariat, U. K.

CHAPTER - 16

Audit of the Accounts of Museums

General

16.01. The State Museums come under the Department of Cultural Affairs and Scientific Research, U.K The administrative control is exercised by the Directors at Dehradun & Almora. Each of the Museums is looked after by an Administrative Officer, who is known as curator.

The Records maintained at the Museum

16.02 . Apart from the usual accounts records, like Cash Book, Contingent Register, Permanent Advance Register, etc., the following important records are also maintained at the Museums:

- (i) Accession Register.
- (ii) Catalogue.
- (iii) Register of Saleable Plaster Models.
- (iv) Register of Orders.
- (v) Ticket Stock Register.

Process of Audit

16.03. The value of the collection of the art objects in a museum transcends the market value of the collection or the individual pieces (the prices of many of which would in themselves be considerable) as pieces reflect the historical and cultural heritage of the people. It is not unlikely that some of the pieces in any collection of antiques would be irreplaceable. It is, therefore, necessary to ascertain whether there exists an adequate mechanism for controlling and safeguarding this wealth.

Accession Register

16.04. It should be seen whether there are Accession Registers for various categories of art objects. Whenever there is a purchase of antiquities Like coins, sculpture (stone and metal), manuscripts, paintings, tapestry, textiles, terracotta, pottery, utensils, clothes, etc., etc., they are immediately entered in the Accession Register. The Register should indicate the following details:

- (a) Serial number.
- (b) Brief description.
- (c) Classification of objects.
- (d) Dynasty/period to which it belongs.

- (e) Size/weight.
- (f) Quality/material used.
- (g) Price.
- (h) Date of purchase of acquisition.
- (i) The person party from whom the object has been acquired.

The register should be checked with the purchase register to see that all purchase have duly been entered in the register category-wise and all the columns have been duly filled in.

Catalogue

16.05. It should be ascertained whether there is a detailed and descriptive catalogue, preferably with photographs of the more important and valuable pieces, for the entire collection of the museum.

Such a descriptive catalogue serves the following three purposes:

- (a) It identifies each piece to enable detection of loss or its substitution.
- (b) It renders physical verification of the entire collection easy.
- (c) It is an aid to scholarship and research.

There are standard types of catalogues for each category of art objects. The catalogues in a museum need not necessarily conform exactly to the standard catalogue but should be sufficiently detailed and descriptive as regards the weight, size, material, inscriptions, general description, etc., of each of the pieces so as to render complete identification easy.

It should be seen in audit that such a catalogue of coins, manuscripts, paintings sculptures, etc., has been maintained and that it indicates, among other things:

- (i) A brief history of the object,
- (ii) dynasty/period to which it relates,
- (iii) Weight/size of the object,
- (iv) Quality/material used and its photograph. In the case of coins, the photograph of both sides should be taken with their inscriptions.

In the case of manuscripts, it should be seen that the catalogue indicates the following:

- (i) Title.
- (ii) Subject.
- (iii) Language.
- (iv) Script.

- (v) Substance.
- (vi) Date (At least approximate date of writing).
- (vii) Size.
- (viii) Accession Number.
- (ix) Number of folio.
- (x) Remarks.
- (xi) Beginning.
- (xii) Ending.

Register of Saleable Plaster Models

16.06. Plaster models are prepared at the Museum to popularize Indian art through sales to the public. It should be seen that the models made out have been entered in the register showing the price per piece fixed for sale to public. It should also be ascertained whether the price fixed is reasonable, keeping in view the cost of raw material like plaster of Paris, paints, etc. used in the models. It should also be seen that the balance of unsold pieces has been correctly worked out to prevent pilferage, etc., that the sale price of the models has been fixed by the competent authority and that price realized has been duly accounted for.

Register of Orders

16.07. It should be seen that:

- (i) The total cost of the photos/negatives, etc., sold has been recorded.
- (ii) The date of dispatch of photos/negatives has been entered.
- (iii) The cost of the articles supplied has been recovered or still due from the parties.
- (iv) It is possible to verify whether the V.P.P. has been accepted/returned by the customers.

In the absence of the above information in the register, it will be difficult to vouchsafe whether all the orders have been executed, cost therefore realized or, whether the photographs handed over to the office have actually been dispatched and received by the customer.

Ticket Stock Register

16.08. It should be seen that the tickets taken out for sale are recorded in the register, that the details of tickets unsold, etc., per day are worked and that the balance struck at the close of each day.

It should also be seen from the counterfoils of used tickets books that sale

proceeds of tickets are taken to the receipt side of the Cash Book for deposit into the treasury under the proper head.

Physical Verification

16.09. It should be ascertained whether periodical verification of the entire collection in the museum is conducted by competent persons. Meaningful physical verification is not possible without a catalogue. In the absence of a catalogue, it should be ascertained whether periodical physical verification of physical count is done with reference to the Accession Register.

It should be seen that:

- (i) Physical verification is done annually or at periodical intervals as provided in the rules/orders so as to cover all the items during a cycle and a certificate to this effect is recorded on the Accession Register/Stock Register.
- (ii) The loss noticed, if any, is brought to the notice of the competent authority and action taken to fix responsibility to make good the loss.
- (iii) Adequate steps are taken by the authorities to safeguard further losses by theft, fire, etc.
- (iv) The items found surplus at the time of physical verification are entered in the Accession Register.

Security

16.10. It should be ascertained whether there are adequate security arrangements to prevent thefts and burglaries of various items kept in the museum.

Storage and Preservation

16.11. It should be ascertained whether there are adequate arrangements for proper storage display of the collections in the museum as to prevent damage or deterioration of the pieces. Scientific methods of pest control and air conditioning of store rooms of manuscripts, textiles, tapestries, etc., are necessary for their long preservation.

Purchase of Art Objects

16.12. It should be seen that the purchases of art objects have been made most economically and that these objects reflect our historical and cultural heritage and are fit to invoke real interest in the visitors. On purchase the object should immediately be entered in the register to keep their correct account.

CHAPTER-17

Mela Accounts

17.01 . The instructions in this chapter are intended to cover the accounts of the under-mentioned major Melas, the accounts of which are locally audited by this office:--

Kumbha and Ardha kumbha Melas held at Haridwar at periodical intervals.

The above melas governed by the U.P. Melas Act, 1938 (as amended from time to time) (Act No. XVI of 1938) U.P. Melas Rules, 1940 and other rules framed for specific melas by Government. The Act and the Rules framed there under are reproduced as Annexures XVII to this chapter.

Quantum of Local Audit

17.02. Subject to any special assignments of relaxations ordered by the senior Deputy Accountant General (Inspection Civil) in any particular case, the following checks should be applied:

- (i) Verification of drawals from and deposits of revenue made into the treasury and entered in the Cash Book, with reference to the receipt books and the treasury Challans, for the two months selected for test-audit.
- (ii) Test-audit of expenditure for the selected months.
- (iii) Intensive audit of the total contingent expenditure on all major items e.g. provision of tent-age and furniture, purchases of material construction of hutments, etc.

Division of Mela Expenditure

17.03. The expenditure in connection with the Melas is incurred mainly by three departments, viz. General Administration, Medical and Public Health and Police.

Note: The audit of expenditure incurred by other departments participating in the Mela will be done along with the audit of those departments unless the magnitude of the expenditure calls for a separate audit.

17.04 . The District Magistrate of the district in which the mela is held or any person appointed by the Government as 'Officer In charge' of the Mela, is responsible for organizing and making necessary arrangements for the holding of the Mela.

[Section 4 (1) (b) (ii) and (iii) of the Act].

Mela Area

17.05. The District Magistrate or the officer-in-charge issues notifications and defines the limits of Mela area.

The Committee

17.06. The District Magistrate has to appoint a committee, the strength of members of which does not exceed 30, under Section 5 of the Act, The District Magistrate may, after consulting the committee, impose within the Mela area:

- (i) Tolls on any vehicle or animal entering or any person bringing goods for sale into such area, and
- (ii) Fees on the registration of animals sold within such area.
- (iii) He may also prescribe fees on payment of which and on fulfilling prescribed conditions, any person or class of persons may be licensed to ply any trade, profession or calling in the Mela area.

Receipts and Expenditure

17.07. All receipts and expenditure connected with the management and arrangement of the Mela are treated and accounted for as ordinary transactions creditable and debit-able under district sub-heads subordinate to the relevant minor heads in the departmental budgets of the Heads of Departments concerned. The proceeds on account of tolls, fees and rents, etc., levied or charged under the relevant sections of the Act are creditable to the major Head concerned.

[Rule 7 of Mela Rules].

Estimates

17.08. Each year, the heads of Departments concerned in consultation with the Collector or the officer-in-charge are required to prepare an estimate of income and expenditure for the Mela which is to take place in the following financial year and submit the same by the prescribed date, along with the estimates of their respective departments.

The Collector or the officer-in-charge has similarly, to prepare estimates relating to the income from and expenditure on the general management of the Mela and submit the same to the State Government in the Municipal Department.

[Rule 8 *ibid*].

Charging of Tolls, Fees etc.

17.09. Under Section 6 of the U.P. Melas Act, 1938, the Officer-in-charge of the Mela, in consultation with the committee appointed under section 5 of the Act, frames rules and imposes tolls on vehicles or animals entering or any person bringing goods for sale into the Mela area, during the period of Mela, through a gazette notification.

Similarly, under Section 7 of the U.P. Melas Act, 1938 the officer-in-charge of the mela frames the necessary rules and charges license fees for plying various trades and callings within the Mela area and for the duration of the Mela and notifies them through Gazette.

These notifications should be obtained and studied to know what are the various sources of receipts of the departments in the Mela.

17.10 . Broadly, the rules made are:

- (i) No person shall ply any profession, trade or calling in the Mela area without having paid in advance the license fees at the either seasonal or daily rates in accordance with the orders passed by the Officer-in-charge of the Mela.
- (ii) The Officer-in-charge may cancel, without compensation, the license of any persons who contravenes the relevant provisions of the Act or the rules or the orders passed there under.

The District Magistrate

17.11. The District Magistrate is generally responsible for the proper conduct of the Mela and supervises the work of the Officer-in-charge and co-ordinates the activities of all Departments working in the Mela.

[Rule 21 *ibid*].

17.12. The nature of expenditure generally incurred by the three departments, viz., General Administration, Medical and Public Health and Police, is as under:

General Administration

17.13. (i) Payment of compensation for land, with/without crops standing on it, acquired for holding the Mela.

(ii) Provision of tent-age, temporary structures, barricading, levelling of ground, cutting of banks, construction of roads, culverts and bridges within the Mela are a,

river training works, laying of pipe lines for water supply and electric constructions for road and private lighting (when last two items are not entrusted to any specific body Like Jal Nigam etc. for execution) including purchase or hiring of materials required for the purpose.

(iii) Pay and allowances of the establishment employed on Mela administration.

(iv) Grants-in-aid to social and religious organizations functioning in the Mela, and expenditure on additional facilities and amenities provided to them.

(v) Hiring of boats.

Medical and Public Health Department

17.14 . (i) Pay and allowances of staff employed on Mela Duty.

(ii) Wages and travelling expenses of sweepers, sanitary jamadars, etc.

(iii) Provision for public and private latrines and sanitation arrangements in the Mela area, procurement of disinfectants, etc.

(iv) Provision of tent-age, hutments, etc., for office and residence of the staff on duty and for the hospitals, first aid posts, etc., posts, etc. opened in the Mela area.

Police Department

17.15. (i) Pay and allowances of staff and police force on duty in the Mela area.

(ii) Fire fighting equipments, etc.

(iii) Provision of tent-age, furniture, etc., for office, police stations, outposts, fire stations, etc., in the Mela area.

(iv) Hiring of boats.

(v) Traffic control including barricading etc.

The expenditure on running of motor vehicles is a common item of heavy expenditure in all departments.

Process of Audit

17.16. Usually audit of the different departments engaged on different aspects of the mela work is done separately. Before commencing the audit, the inspection staff should study the budgets of the departments concerned with the Mela and all major items of expenditure should be selected for a detailed scrutiny. All contracts and agreements for execution of works and supplies should be carefully examined to see that the terms and conditions thereof conform to the rules and orders as laid down by

the Government. The execution of works or supplies by the contractors should be examined to see that they are in accordance with the terms and conditions of the relevant contracts and agreements. The general process of audit of receipt and expenditure as prescribed in chapter 3 will apply.

The special features peculiar to certain departments mentioned below are, however, specially commented for close attention while auditing the accounts.

(i) General Administration Department Hiring of Tents and other Articles viz., Furniture, etc.

17.17. The most important point, in these items, is the period of hire. The original records in this connection, viz., the contractor's dispatch and return advices, should be examined and compared with the contract agreements and the Register of Hiring. The total number of tents, etc., hired should be checked with reference to the distribution register of these articles and any excessive hiring of articles or unnecessary detention thereof, resulting in a loss to Government, should be specially examined. The periodical progress reports submitted by the various subordinate officials should be examined.

The above instructions also apply to Medical and Public Health and Police Departments.

Purchase of Materials and their Stock Accounts

17.18. These should be checked in accordance with the instructions given in Chapter 3.

The accounts of unused materials left over and those collected after the Mela should be specially examined with reference to the reports of the subordinates and the Stock Register, the auction papers relating to such material and the stock register of the permanent Mela go down.

Construction of Roads and other items of works

17.19. These items should be checked with reference to and in accordance with the instructions detailed in Chapter 3. A common irregularity is that no measurement books or other records of measurements are kept, in which case the periodical progress reports and the basis on which the quantity of work executed has been checked and certified, should be examined.

(ii) Medical and Public Health Departments Wages of Sweepers etc.

17.20. (i) If a system of making advances of small amounts, against the wages earned, to the sweepers is prevalent, examine all the interim payments to the sweepers with reference to the acquittance rolls, Labour Register or muster rolls where labour Register is not maintained.

(ii) The muster rolls paid during the test month with the relevant muster rolls of the same gangs relating to earlier and later months, selected at random, should be examined.

(iii) All discrepancies regarding name and parentage, age, rate of wages, etc., as different rates are prescribed for Audit minor, male, and female sweepers etc., should be examined.

(iv) The magnitude of labour engaged also creates room for inclusion of fictitious claims. The Inspecting staff should be alert for this and utmost care and discretion should be exercised.

(v) The Inspecting staff should also carefully examine if there are any cases of payments of extra wages, etc., to the recruiting jamadars or other staff as bonus or honorarium.

(vi) The payments of railway fares to sweepers upto the recruiting place, if any, should also be carefully checked to see whether there are cases of double or overpayments.

Inspection Reports

17.21. Separate inspection Reports for each concerned department should be drawn up and pursued.

CHAPTER - 18

Accounts of the National Cadet Corps

The National Cadet Corps (N.C.C.) functions under the National Cadet Corps Act, 1949 (Act No. XXXI of 1948) and the Rules framed there under:

18.01. The National Cadet Corps units in the State function under the control of Director General. He is assisted by Joint Director (Logistic) and Joint Director Training and Additional Directors at Head quarter level.

The units of National Cadet Corps are functioning in the Districts. The Commanding Officer/Training Officers are the Head and Drawing and Disbursing Officer of National Cadet Corps units. The units of the National Cadet Corps consist of Senior Divisions and Junior Divisions. Senior Divisions are raised mostly in colleges and universities and the Junior Divisions are confined to schools. So far as the Junior Division Units are concerned the officer commanding the senior Division National Cadet Corps unit under whom the Junior Division units are grouped, maintains the main Ledger Account and the local audit is conducted in his office.

[C.A.G.S. letter No. 37 Admn. I/158-51, dated 2-1-1953 File No. CA XIII/346, Val II].

18.02. The expenditure on National Cadet Corps is financed jointly by the Union and State Governments. The expenditure on equipments (which include arms and ammunition but exclude clothing) and the pay and allowances of service officers are borne on the Defence Estimates of the Union Government.

Scope and Extent of Audit

18.03. The local audit is conducted in respect of the following accounts of the National Cadet Corps:

- (i) The accounts maintained in different National Cadet Corps units, and
- (ii) The Camp Accounts

The test-audit should be conducted in respect of the two months' accounts selected for this purpose.

Note 1 : The audit of camp accounts is arranged as soon as the camps are over. It has been laid down by the Comptroller and Auditor General that the local audit of accounts of the equipment belonging to the Central Government will remain the

responsibility of the Defence Department. The local audit staff, therefore, need not scrutinize the accounts relating to such equipment and the expenditure thereon.

[C.A.G.'S letter No. 37-Admn.I/158-51, dated 9-1-1953. file No. CA-XIII/346, Vol. II].

Note 2: The Comptroller and Auditor General has ordered that the accounts of the Junior Divisions attached to the Senior Divisions have also to be checked along with those of the Senior Divisions. The Assistant Audit Officer/Section Officers should call for the accounts of all such Junior Divisions and check them as usual. They must mention specifically the names of the various Junior Divisions, the accounts of which they have checked in the preliminary paragraph of their inspection Reports.

Unit Accounts

(A) Nature of Expenditure

18.04. The items of expenditure of the National Cadet Corps units fall mainly under the following categories:

- (1) Pay of Establishment of civilian staff of unit Offices (all the gazetted Officers of the National Cadet Corps are paid from the Defence Estimates.
- (2) Allowances and Honoraria.
- (3) Allowances for cadets (I.E. Washing Allowance, Refreshment Allowance, etc., for parades)
- (4) Contingencies.
- (5) Other Charges:
 - (a) Amenity grant for provision for sports gear, indoor games, literature, television, radios, gramophone records, musical instruments and anything that helps in the well being of Officers and cadets of the National Cadet Corps which are not supplied by the Central or State Government, organizing of unit information rooms and provision of items like notice boards, charts, maps etc.

(b) Annual Training Grants

- (i) For the purchase of Books, pamphlets or materials required for training of cadets.
- (ii) Instructional trip to places of interest.
- (iii) Any other training requisites, the provision of which is not chargeable to

Amenity Grant.

(B) Accounts Records, etc .

The following important accounts records are generally maintained by the units apart from Cash Book, Permanent Advance Register, etc.

- (1) Register of Sports and Amenities.
- (2) Register of Petrol and Oil.
- (3) Washing Allowance Account.
- (4) Refreshment Allowance Account.
- (5) Accounts of Amenities Grant and Training Grant.
- (6) Training Stores Register
- (7) Stock Register:
 - (a) Furniture.
 - (b) Miscellaneous Consumable Articles.
 - (c) Other stores.
- (8) Log Books.

Process of Audit

18.05. The inspection staff should make themselves conversant with the rules governing the various types of expenditure incurred by the national Cadet Corps, before commencing the test audit. Apart from applying the usual checks relating to the audit of expenditure, the following points should also be examined in local audit:

- (1) The Washing Allowances account should be verified to see that the scale prescribed has not been exceeded in any individual case and that proper receipts have been obtained for all payments. This allowance is paid in Cash, once a year.
- (2) The Refreshment Allowances account should be checked with the Parade Attendance Register to ensure that the allowance for each day was given only to those cadets who were actually present. It should also be seen that the scale of allowance prescribed, including the monthly and annual limits fixed, has not been exceeded in any individual case.
- (3) It should be seen that the local purchases have been made only under proper sanction. the National Cadet Corps units should also follow the same procedure as other departments in matters relating to stationery and printing. If for any reason, printing is done through private presses, it should be seen that the reasonableness of the rates has been certified by the authorised official of the Stationery and Printing

Department.

(4) It should be examined whether periodical physical verification of stocks has been conducted and the necessary certificates recorded in the Stock Registers.

(5) The accounts of Training Grants and Amenity Grants should be specially checked. It should be seen that the grants are drawn only as and when required and on the strength of authorization of the Directorate, that the expenditure out of these grants is incurred only on the objects, for which they are intended and that the scales, if any, fixed for each item are not exceeded and the expenditure is supported by proper vouchers.

Local Audit of Camp Accounts

18.06. The accounting instructions for National Cadet Corps camps issued by the National Cadet Corps Directorate, Ministry of Defence, Government of India, New Delhi should be studied before the local audit of camp accounts is taken up. The annual camps are of the following:

- (1) State Camps, and
- (2) Combined Annual Camp or Zonal Camp.

18.07 . The Camp expenditure in respect of the Annual Training Camps, Cadre Camps, etc., generally consists of the following items:

- (1) Pay of Officers for Annual Training Camp or Cadre Camp.
- (2) Traveling Allowance/Daily allowance of Officers for Camps, Civilian staff and for Cadets.
- (3) Messing allowance for officers/cadets.
- (4) Incidental expenditure, such as:--
 - (a) Payments of charges levied for accommodation, tents, electricity, water etc.
 - (b) Payments for dhobis, sweepers and for conservancy arrangements.
 - (c) Provision for lanterns and hot weather arrangements.
 - (d) Provision of materials for cleaning and upkeep of uniforms and equipment.
 - (e) Provision of amenities for cadets like newspapers, other periodicals, etc.
 - (f) Provision of amenities and other requirements for inspection.
 - (g) Provision of training items e.g. tour sets, target papers, coloured flags, etc.
 - (h) Provision of trophies, prizes etc.
- (5) Any other items of expenditure for which no specific provision has been made.

18.08. The following records have been prescribed by the N.C.C. Directorate which

are required for purposes of audit.

- (a) Supply Orders.
- (b) Contractors bills.
- (c) Payment/receipts Vouchers.
- (d) Arrival /Departure reports.
- (e) Daily Ration strengths.
- (f) Cash Book.
- (g) Daily messing expenditure statement.
- (h) Camp Stores Ledger.
- (i) Register of Security Deposits.
- (j) Attendance registers.
- (k) Stock Book.
- (l) Camp POL Accounts including mileage cards/car diaries.
- (m) Register of hired transport.
- (n) Telephone call/Rental register.
- (o) Muster Roll of camp staff.

Accounts of Combined Camps

18.09. The audit of all types of combined camps of National Cadet Corps shall be conducted by the Accountant General of the State in whose jurisdiction the Annual Camp is held, soon after the termination of the Camp and a certificate of audit indicating the share of each participating units would be issued by him.

18.10 . The Officer Commanding In-charge of such combined camps is required to open a Personal Deposit Account with the sanction of Government, to accommodate the moneys received by him from different units for the conduct of the camps. The expenditure connected with the camp will be incurred out of this account.

Process of Audit

18.11. The following points should be borne in mind and taken into consideration while carrying out the local audit of expenditure incurred on National Cadet Corps Camps. The accounts of the amounts spent should be audited in detail with reference to the rules and the paid vouchers. It should be seen that:

- (1) The accounts in respect of the camps are maintained and the registers kept in accordance with the instructions issued on the subject.

- (2) The expenditure is properly recorded in the relevant registers and supported by paid vouchers and acknowledgements.
- (3) The individual items of camp expenditure are covered by rules and sanctions.
- (4) The accounts are arithmetically correct.
- (5) The expenditure on Traveling Allowances, messing and incidental charges is within the authorized limit.
- (6) All payments are supported by receipts in proper form.
- (7) The purchases are made by inviting quotations from various dealers and the rates do not exceed the market rates prevailing in the locality.
- (8) The hiring rates of various articles are reasonable and the daily wages paid do not exceed the local rates.
- (9) The accounting procedure followed is in order.
- (10) The balance of articles after close of the camp is disposed of to the best advantage and the sale proceeds credited to Camp Account.
- (11) The advances drawn for such camps have been finally accounted for.
- (12) The Camp Accounts are closed in accordance with the directions of the National Cadet Corps Directorate and the balance amount is remitted into the treasury.

Messing Allowances to the Civilian Staff

18.12. The Civilian staff of the National Cadet Corps are eligible for messing allowance for the period as specified from time to time before and after the completion of camps. It should be seen that messing allowance has not paid to the civilian staff beyond the period specified in the instructions issued by the competent authority.

They are also eligible for daily allowance during the period of camp. It should be seen that the daily allowance has been paid according to rules and there is on excess payment on this account.

VOLUME III
ANNEXIRE I

LIST OF CONTROL RECORDS COMMON TO ALL SECTIONS

| S.No | Name of Returns | To Whom due | When due | Authority |
|-----------------------|---------------------------------------|----------------------------|---------------------|---|
| 1 | 2 | 3 | 4 | 5 |
| Bi Weekly | | | | |
| 1 | Urgent Letter Diary Weekly Returns | BO/Group Officer | Monday/ Thursday | Annexure 16 of Manual of Departmental Audit and compilation and Appendix IX of O.P.M |
| Weekly Returns | | | | |
| 1 | Calendar of Returned | B.O. | Monday | Para 42 of O.P.M. |
| 2 | Letter Diaries | B.O. | Monday | Para 118 of O.P. M. |
| | (i)Ordinary | B.O. | Monday | Para 118 of O.P. M. |
| | (ii)Urgent | B.O. | Monday | Para 118 of O.P. M. |
| | (iii)C&A.G | B.O. | Monday | Para 118 of O.P. M. |
| | (iv)G.I. | B.O. | Monday | Para 118 of O.P. M. |
| | (v)etc. | B.O. | Monday | Para 118 of O.P. M. |
| 3 | Disposal Memo of C&AG's LETTERS | Group Officer's Cell | Friday | Annexure II of Manual of Departmental Audit and compilation |
| 4 | Registers of complaints | B.O. | Monday | O.O. No.T.A /6-3 71-72/175, dated 14-1-72 |

| Monthly Returns | | | | |
|------------------------|------------------------------------|------------------------------|---------------|--|
| 1 | Auditor's Note Book | A.A.O | 1st of Month | O.O. No. O/E Admn/ dated 13-2-58 O.P.Para 31 |
| 2 | Dispatch Report | BO | 1st of Month | Para 149 O.P.M |
| 3 | Calendar of Returns | Group Officer | 5th of Month | Para 42 O.P.M |
| 4 | Register of Compilations | BO | 1st of Month | O.O. No. ITA/G/30-71-175 dated 14-1-72 |
| 5 | Register of Codes & Manuals | BO | 5th of Month | O.O.No.Rec/Lib/169, dated 15-1-72. |
| 6 | Register of Important cases | BO | 10th of Month | T.M./2156 dated 8-12-59 |
| 7 | Indent of Forms and Stationery | Forms and Stationary Section | - | Dates allotted by Forms and Stationary Section for each section GD Manual. |
| 8 | Report on Progressive use of Hindi | Hindi Cell | 10th | A.G. (A)I/Hindi Cell 17-6/109 dated 4-10-85 |
| 9 | Monthly Arrear Report | A. G. through Group Officer | 3rd | CASS-VII/Vol. VII/AR/34 dated 4-5-87. |
| 10 | Report on Late attendance | B.O. | 4th | Admn. I/17-42/21, dated 4-9-65. |
| 11 | Dictionary of References | B.O. | Sth | TM./R-156, dated 7-12-59. |
| 12 | Absentee statement | PC | 18th | CASS-VII/Leave/167, dated 25-9-85 and A.G.(A) I/12-3/526, dated 10-8-84. |

| | | | | |
|-----|--|---------------|--------------|--|
| 13. | Report on Arrears of Audit in CASS/ CAP prescribed proforma. | CASS (Coord.) | 3rd | CASS VII/AIR/AR/65, dated 6-6-86. |
| 14 | Reports of Outstanding letters | Group Officer | Once a month | Para 118 of O.P.M. |
| 15 | Statement of sanctioned posts vis-a-vis men on posts. | Admin. I | 1st week | No. Admn./Audit I/12-3(i)/455 dated 27-7-84. |

| Quarterly | | | | |
|------------------|--|-----------------|-------------------------------------|--|
| 1 | Auditor's Note Book | B.O. | 1st, Apr., July, Oct. and Jan | O.O. No. O.E./Admn./303 and Jan. dated 13-2-58. |
| 2 | Incumbency Register | Group Officer | 1st, Apr., July, Oct. and Jan | T.M. 1/M/33(ii)/13, and Jan dated. 21-5-74. |
| 3. | Weeding of old Records | G.D./Records | 10th March, June Sept., Dec | , Records/C-34/Vol. 47/dated. 28-8-64. |
| 4 | Report on Compilation/Revision updating of Manuals | C.&A.G. CASS-VI | through 3rd April, July, Oct., Jan. | C.A.G. Letter. No. 6320 & M/97-79-II, dated 23-7-84 and CASS VII/B-II/Manuals/9-84-85/78, dated 9-7-85 |

| | | | | |
|--------------------|--|---------------------------------|---|---|
| 5 | Quarterly Arrear Report | Do. | 15th April, July, Oct & Jan (To be submitted to CASS VII on 3rd Apr, July, Oct and Jan) | C.A.G. No. 1902/Admn-202/St pt. 14, dated 17-9-55 and A.G.'s orders, CASS VII /Vol.VII/AR-34/4-5-87. Oct. and Jan.) |
| 6 | Quarterly Report on progressive use of Hindi. | Hindi Cell | 10th ,Do. | A.G. (Audit) I/Hindi Cell/ 17-6/109, dated 4-10-85. |
| 7 | Departmental Order Book | B.O. | 1st Do. | Para 254 of Manual of Departmental Audit and Accounts. |
| 8 | Material for inclusion in the C.&A.G.'s Bulletin | Welfare Branch through CASS VII | 1st April, July, Oct & Jan | C.A.G.D.O, No. 1738/Re. 67-64, dated 15-9-64. |
| 9 | Issuance of Audit certificates on plan schemes | C. &A.G. through CASS "VII | 1st week April, July, oct &Jan. | C.A.G. No. 289/T.A.I./110-80-II , dated 10-3-83. |
| HALF YEARLY | | | | |
| 1 | Printing Jobs to be executed departmentally | G.D. Stationary | 1st Sept, 1st March | G.D/B/107, dated 19/08/70 |
| 2 | Report on suggestion Award | C. &A.G | 1st July , Jan | C.A.G./18 O. & M./4-7, dated 15-1-71. |

| | | | | |
|---------------|---|------------------------------------|-------------------------|--|
| 3 | Bulletin of important Orders issued by State Government. | To be circulated to all officers. | April, October | C.A.G. No. N.G.E./I 37-61. dated 15-1-60. |
| 4 | -Report on Digest of important cases | C.&A.G. through, CASS-VII | 15th March , 15th Sept. | O.O. No. N.A./6-60-5 378, dated 20-6-52 & H.A. 14-X-Vol. II 214, dated 9-9-57. |
| 5 | Statement of outstanding objections/Paras/Reports | Group Officer | 15th April, October | TMII XX/16/3420, dated 9-3-65. |
| 6 | Half yearly Report on employment of staff sanctioned for certain items of work. | Admin I | Do | C.A.G. No. 571/870-64, dated 27-2-64. |
| 7 | Half yearly statement on Grants/ loans sanctioned to Bodies outside Jurisdiction of A.G. (Audit) U.K. | D.A.C.R.New Delhi through CASS-VII | 1st June & December | CASS-VII/B-I/28/86-87/239, dated 10-2-87. |
| ANNUAL | | | | |
| 1 | Writing of confidential Report | B.O./D.A.G. Sr. D.A.G. Admn. A.G. | 10th April | Para 177 O.P.M. |
| 2 | Register of codes & Manuals . | Library | 7th Oct. | Lib/A-41/Vol. II/448, dated , 18-8-62. |
| 3 | Fair Index of volume of work. | C. &A.G. through CASS-VII | 15th Aug | No. 1113-B.R.S./43-62-Vol. VI, dated 13-6-63. |

| | | | | |
|---|--|-----------------|---------------|---|
| 4 | Weeding of old Records | G.D. | 20th February | No. Rec/972, dated Nil. |
| 5 | Continuance of Temporary posts during next financial year. | Admn. I | 1st Feb. | Admn. I/1-350/277, dated 9-4-60 |
| 6 | Proposal for non-standard to G.D. | forms G.D. | 31st May | No. GD./35, dated 24-5-63. |
| 7 | Annual Statement of Issuance of Audit Certificates on W.B./I.D.A. assisted Projects to C.&A.G. | CASS-II (Works) | 31st Dec. | CASS-VII/B-I-W.B/IDA/AC/85-86/14/119, dated 9-9-86, |

(a) Basic control Records peculiar to Inspection Civil Sections

Weekly

| | | | | |
|---|---|------|--------|-------------------------------|
| 1 | Diary of Inspection Reports | B.O. | Monday | Admin I/114, dated 23-3-68 |
| 2 | Registers of Transmission of vouchers and A.E. Rs files to Audit Parties. | B.O. | Monday | O.A.D (M) Prop,18 dated 18-5- |
| 3 | TA. Bill Diary (IC. VII) | B.O. | Monday | DAG's order dated 21-8-64 |
| 4 | TA. Advance Diary | B.O. | Do. | Do. |

Monthly

| | | | | |
|---|---|---------------|------------|----------------------------|
| 1 | Diary of Inspection Report | Group Officer | 1st Monday | O.O. No. 50, dated 22-3-50 |
| 2 | Progress Report on clearance of A.I. Rs | B.O. | 1st Week | OAD(M)/XIII- |

| | | | | |
|----|--|---------------------|------------------|---|
| | (Separately of each company) | | | 41, dated 23-5-62 |
| 3 | Register of Watching receipt and issue of A.I.Rs. | Do. | Do. | OAD (M)/XIII M1372, dated 30-1-62 |
| 4 | Objection Book | Do. | 29 th | Para 268(3) of OAD Manual |
| 5 | Register of special points | Do. | 5 th | OAD(M)-64-XIII Misc 933-2650 dated 21-9-68 |
| 6 | Register or serious financial and other important irregularities for preparation of D.P. | Group Officer A.G. | 10th month | Para 268 of OAD Manual |
| 7 | Register of Embezzlement and De-falcation | B.O. | 15 th | OO. No. A&A/45, dated 23-7-54 Para 1-28 of OAD Manual |
| 8 | Register showing Superficial bad and B.O./Group Officer 7th defective work done by field parties | B.O./ Group Officer | 7 th | Sr. D.A. A.G.I.C. Order, dated 2-11-73 |
| 9 | TA. Bill Diary (IC. VII) | Group Officer | 1st week | DAG (OAD) order, dated 27-08-69 |
| 10 | Sanctioned strength vis-a-vis men on posts | Admn through B.O | 2nd | Admin I/II/138 Vol. XXI-230 dated 4-10-66 |
| 11 | Register to keep watch centrally over | B.O. | 7 th | OO No OAD(M) XIII-836/2540, |

| | | | | |
|------------------|---|---------------|---------------------------------|--|
| | case of explanation called for from SO/AAO/Auditors. | | | dated 13-9-68 |
| 12 | Register of outstanding requisitions | S.O./A.A.O. | 11 th | OO.No. Record C-12-Vol 15 dated 28-4-87 |
| 13 | Register of monthly notes to DAG's Group Officer circular to Inspecting-Officers/Parties | Group Officer | 7 th | Sr. DAG (I.C) 163, dated 2-11-73 |
| Quarterly | | | | |
| 1 | Register of special points | Group Officer | 5th of Apr., July, Oct, Jan. | OAD(M)/64-Xif 833, dated Oct. 21-9 . |
| 2 | Register for watching Receipt and issue of A.I.Rs. | Do. | 10th of Apr., July, Oct. & Jan. | OAD(M)/XII-1323, dated 30-5-72. |
| 3 | Progress Register of AIRs (Separately for each Group). | Do. | Do. | Do. |
| 4 | Report of outstanding Inspection Reports and Objection showing position of six months old Items (State Government). | B.O | 10th of May, Aug., Nov. & Feb. | Control/100 dated OAD(M)/XII-413, dated 30-5-62. |
| 5 | Report on outstanding Requisitions (IC VII)c. | B.O. | 10th of Apr., July, Oct. & Jan. | Records/C-12-Vol. 4-51, dated 28-4-67. |

| | | | | |
|---------------|---|-------------------------|------------------------------|---|
| 6 | Reports regarding persons Admn. against whom disciplinary cases for professional lapses are outstanding and against whom disciplinary proceedings are contemplated. | Admn | 30th June, Sept, Dec., March | Admn./10-103 Vol. 1V/6434,. dated 9-2-82. |
| 7 | Report regarding persons who have completed 5/3 years service in a Coord/Section. | Admn | 1st Apr., July, Oct., Jan. | DO.. No. Admn. D-1/8502, dated 28-3-73. |
| Annual | | | | |
| 1 | Drawing of skeleton Programme for ensuing year. | A.G | 1st week Feb | App III in OAM(Manual |
| 2 | Calling and sending of material from omnibus Draft Paragraphs for inclusion of Audit Report. | Report Section | 31st Aug | Do. |
| 3 | Statement of outstanding Reports | report section | Do. | Do. |
| 4 | Programme of Local Audit conducted under the supervision of Audit Officers for the immediately preceding financial year. | Director for Inspection | 30th April | DI/DO.No. 409-Inso 28-27 dated 3-6-87 |

| (b) Basic Control Records peculiar to Autonomous Bodies Coordination | | | | |
|---|--|----------------------------------|--|---|
| Weekly | | | | |
| 1 | A.I.Rs Diary | B.O/Group Officer | Each Monday Fortnightly | Admn. I/114, dated 23-3-68 |
| Monthly | | | | |
| 1 | Register of Special points | B.O/Group Officer | 8 th of each monthly/ quarterly | OAD(M) 64-XII-Misc 933-2650 dated 21-9-68 |
| 2 | Progress Register of A.I.R and paras | B.O/Group Officer | 8 th /qtrly | OAD (M) 13-413 , dated 23-5-62 |
| 3 | Draft Para Register | Group Officer | 1 st of each month | Orders of the AG, dated 12-1-87 |
| 4 | Report on Progress of Audit | Do. | 5 th each month | Do. |
| 5 | Progress Report of A.I.R | HQ officer through Group Officer | 1 st week of the month | Do. |
| 6 | Cycle Register | Do. | Do. | Appendix III of OAD Manual |
| | Monthly Progress Report indicating the position of certification of accounts and preparation of separate audit report of State Autonomous Bodies required to be laid before State Legislature. | HQ officer through Group Officer | 7 th of each month | |
| 7 | Monthly Arrear Report | A.G. | 10th of each month | CASS-VII/Vol V AR 34, dt 4-5-87 |

| | | | | |
|------------------|--|------------------------|-------------------------|---|
| 8 | Register of Potential Draft Para | Goup Officer | 1st week each month | Para 2-68/47 of OAD Manual |
| Quarterly | | | | |
| 1 | Tour Programme of Field Parties | Group Officer | Qty Apr,July,Oct,Jan | Orders of the AG |
| 2 | Selection of units by the A.G. for discussion of Draft AIRs with Head of the institution | A.G. | Qty Apr,July,Oct | Para 7.1 of H.Q.D.O., dated 29-4-85 |
| Yearly | | | | |
| 1 | Skeleton Programme of Audit | B.O. | 1st week April | Appendix III of OAD Manual |
| 2 | Annual statement in respect of Autonomous bodies auditable u/s 19(2), 19(3) & 20(1) of C&AG. DP.C Act, 1971 | HQ office | 20th Jan | CAG.s letter 94 T.A.-I RGL-II 93-97 , dated 2-2-79. |
| 3 | Review of periodicity of entrustment of audit of non-commercial Autonomous bodies auditable under section 19(2), 19(3) & 20(1) of C&AG. DP.C Act, 1971 | Do. | 15th sep | CAG's letter No 18 Audit II/1985 and No., 857 AuditII/9-84, dated 22-5-85 |
| 4 | Tour programme of Local Audit | Do. | 30th April | CAG's No. 409 Insp. 28-87 dated 3-6-87 |
| 5 | Relaxation of periodicity of audit of units auditable under section 14(1) | C.A.G., through .D.A.G | 1st week of April | DAG. A.B. order |

| | | | | |
|---|--|--|------------|---|
| 6 | Return showing progress made in relaxation to audit under section 14 and 15 of C&AG DPC Act, 1971. | C.A.G | 20th April | HQ circular No. 39 Audit II 18-85, dated 21-11-85 |
| 7 | Letters to Finance Deptt/Concerned Deptt, of State Government to furnish the list of bodies/authorities to whom Grants/Loans were paid during the proceeding financial year. | All Departments and Secretary of State Govt. | 15th April | Para of Annexure 10 of CAG letter No. 149 T.A. I/50-69 Vol-II, dated 2-3-74 |
| 8 | Letters to autonomous bodies regarding completion of annual account and its submission for the proceeding financial year. | To all Autonomous bodies/authorities | 15th april | Report (C) 311-75/Vol I, dated 18-1-77 |
| 9 | Sending of materials for Draft Paras for inclusion in the Audit Report. | Report Section | 20th Sept. | No. Report /N-5 F-261, dated 12-8-68 |

ANNEXURE II

[(Referred to in Para 2.65 (1)]

**REGISTER FOR WATCHING THE RECEIPT AND ISSUE OF
INSPECTION REPORTS**

(SY-336)

FORM OF REGISTER

| S.No. | Name of the office Inspected | Names of the Inspecting Officers and staff | Month upto which the Account is now audited | Date of Audit From..... To..... | Date of receipt of Draft Report from the Inspecting Officer | Particulars of reminders issued in case of non receipt of I.R. 81 |
|-------|------------------------------|--|---|---------------------------------|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | | | |

| Date of receipt of draft report | Date of submission to Account Officer/Dy. Accountant General (I.C.) | Date of approval | Date on which sent or type | Date of return from type | Date of issue | Reference to progress Register | Remarks |
|---------------------------------|---|------------------|----------------------------|--------------------------|---------------|--------------------------------|---------|
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | | |

ANNEXURE III

[(Referred to in Para 2.65 (2))]

**REGISTER FOR WATCHING THE PROGRESS OF SETTLEMENT OF
INSPECTION REPORT**

(SY-328)

FORM OF REGISTER

| S.No. | Name of the office Inspected | Items Nos. of the Register for watching the Receipt and Issue of Inspection Reports | Date of completion of Audit | No. and date under which report was issued | Due date of Receipt of reply | No. and date of reminders etc | Date of receipt of first reply |
|-------|------------------------------|---|-----------------------------|--|------------------------------|-------------------------------|--------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

| Date of Issue of further audit remarks/reminders | Further correspondence | | Paras outstanding after six months of the issue of the report | | Date of closure of the Report with ref. to File No. | Remarks |
|--|------------------------------------|--|---|---|---|---------|
| | Date of receipt of further replies | Date of issue of further remarks/reminders | No. of paras in the Inspection Reports | Date of settlement with reference to File No. etc | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | |

ANNEXURE IV

[Referred to in Para 2.65 (4)]

**REGISTER OF SERIOUS FINANCIAL AND OTHER IMPORTANT
IRREGULARITIES FOR PREPARING DRAFT PARAGRAPHS FOR
AUDIT REPORT**

FORM OF REGISTER

| S.No. | No. and date of Inspection Report | Name of Office | Name of controlling officer and the department of Govt. | Nature of irregularity | No. and date of the letter in which brought to the notice of the office inspected/controlling officer/Department | No. and date of monthly note in which brought to the notice of the Accountant General | Further Correspondence |
|-------|-----------------------------------|----------------|---|------------------------|--|---|------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

| Date of sending the draft paragraphs to Report section | Further development | Remarks |
|---|----------------------------|----------------|
| 9 | 10 | 11 |
| | | |

ANNEXURE V

[Referred to in Para 2.65(4)]

FORM OF REGISTER OF DRAFT PARAGRAPHS

| S.No. | Particulars of Draft Paragraphs | File No. | Inspection Report on | Para No. | When sent to Report Section | Further Development | Remarks |
|-------|---------------------------------|----------|----------------------|----------|-----------------------------|---------------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

ANNEXURE VI

[Referred to in Para 2.65(5)]

REGISTER FOR SPECIAL POINTS TO BE LOOKED INTO AT THE TIME OF NEXT AUDIT

FORM OF REGISTER

| S.No. | Month of last audit | Particulars of item to be investigated | Auditor | section Officer | Branch Officer |
|-------|---------------------|--|---------|-----------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | | |

ANNEXURE VII

[Referred to in Para 2.65(6)]

**REGISTER FOR WATCHING THE RECEIPT AND TRANSMISSION OF
VOUCHERS AND OTHER RECORDS TO THE AUDIT PARTIES**

FORM OF REGISTER

| S.No. | Name of the office to be inspected | Date of inspection | Date of sending requisition to the Departmental Audit Section for vouchers etc. | Date of receipt of vouchers etc from the Departmental Audit Section | Months selected for detailed audit by the departmental Audit Section | Date of despatch of vouchers to the audit party | Date of receipt of vouchers old A.I.R.s etc. from the Audit Party |
|-------|------------------------------------|--------------------|---|---|--|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

| Dates of the Returns of the vouchers to the departmental audit sections | Date of Receipts of the Inspection Reports | Action taken for the Non Receipt of the Inspection Report | Remarks |
|---|--|---|---------|
| 9 | 10 | 11 | 12 |
| | | | |

ANNEXURE VIII
(Referred to in Para 2.52)
PROFORMA AUDIT INSPECTION REPORT

Registered Post:

Office of the Accountant General (Audit), Uttarakhand, Dehradun

Inspection Report Forwarding Memo

(For use by the inspecting Officer or Asst. Audit Officer while submitting draft Audit Inspection Report and other document to Inspection Civil Headquarters).

No. /AIR No.....Dated.....

1. Name of Office/Unit inspected

- (a) Draft inspection Report Part II Sec. 'A' pages..... to.....
- (b) Draft Inspection Report Part II Sec. 'B' pages..... to.....
- (c) Audit Memos ls pages to.....
- (d) (i) Note sheet containing day-to-day acknowledgement of the Audit Memos ls issued page No's.....
- (ii) The reasons for submitting the report late if the draft Audit Inspection Report has not been dispatched within 3 days completion of audit.
- (e) Proforma-I Statement of work done and records and document examined by each member of the party at page.
- (f) Proforma-II Statement showing contributions made by I.O. & A.A.Os and each member of the party at page.....
- (g) Proforma-III Result of the verification of compliance of the previous Inspection Report and Test Audit Note at Page.....
- (h) Proforma-IV Result of scrutiny of points marked by the Central Audit Section of Hqrs. for investigation locally at page
- (i) Proforma-V Revision of Establishment Audit Procedure.....
- (j) Proforma-VI Treasury verification certificate at page.....

- (k) Proforma-VII Service Book and Leave Account checking certificate at page.....
 - (l) Proforma-VIII Other information
 - (m) Proforma-IX Form of certificate.....
 - (n) Note regarding amendment to the Inspection Civil Manual at page.....
 - (o) Commercial/ Proforma Accounts from pages..... to.....
 - (p) Previous Inspection Report File No./ Files No.....
 - (q) Vouchers for selected month.....Number of vouchers.....number of lists of payment etc; if any
 - (r) Test Audit Note at page.....
 - (s) Memo of settled objections at page.....
 - (t) Other documents to be specified in detail.....
 - (u) Note on result of review receipt of the unit and items audited at page..... ..
2. Whether the documents required from the headquarters were received in time and checked in audit. (Give details of documents if not receive/received late).
 3. Whether all the documents required by the audit were produced by the office inspected (if not mention details in Proforma-II).
 4. Whether the system of accounts and codes prescribed and the periodical administration report or any other Government publication containing the accounts of income and expenditure for the institution were studied by the staff?
 5. State the month or months accounts test audited by the party in details.
 6. Whether compliance of the previous Audit Inspection Report. Test Audit Note and Memorandum of settled objections and all points marked for verification by the next audit was verified (Give result of verification in Proforma III).
 7. Whether the points marked for local investigation by the Central Audit Section, other than the points of the previous Inspection Report, etc., were examined? Report result of scrutiny in Proforma- IV.
 8. Indicate the serial number of paragraphs of the Draft. Inspection Report modified or deleted as a result of discussion with the Head of the Office inspected.

Reasons for modification or deletion of the paras should be briefly recorded against the para concerned in the Draft Inspection Report.

9. State the precise amendment to the Inspection Civil manual, if necessary, give paragraph number of the manual and attested copies of the relevant orders.

10. (a) State the months in respect of which 50% of the entries since last audit in cash book relating to receipt of the cash have been verified with reference to the respective counter-foils of the receipt books.

(b) State the period in respect of which 10% arithmetical inaccuracy of cash book has been checked since last audit.

For Asstt. Audit Officer :

I. Do you consider any reduction or increase in the time allowed for this unit necessary in view of the work load involved? If so, give reasons supported by full date.

Asstt. Audit Officer

Camp.....

Party No.,

Dated.....

For Inspecting Officer:

2. Do you agree with 12 above? Any additional reasons for agreeing with 12 above? In case of disagreement, your reasons.

3. Do you consider the inspection of this unit fit for gazetted supervision ? If not your reasons.

4. Do you think that there is any irregularity/para which can be fruitfully investigated similar units in other district ?

5. Do you think if necessary to increase or decrease the days provided for gazetted supervision ? If so, give reasons.

6. Remarks by the Inspecting Officer, when the audit is a supervised one (in giving his remarks the Inspecting Officers will state whether the audit party has discharged its duty thoroughly and whether any of the prescribed checks have been omitted from being exercised by the party.

Camp.....

Inspecting Officer

Dated.....

PROFORMA I

Name of the office inspected..... List showing day-to-day Work done and records and documents checked by each member of the party including Inspecting Officer (Date-wise position to be indicated): -

| Date | SRI inspecting Officer | SRI AAO | SRI Auditor |
|------|------------------------|---------|-------------|
| | | | |

.....

FULL SIGNATURE

.....

FULL SIGNATURE

.....

FULL SIGNATURE

PROFORMA II

Name of the Office Inspected..... Member's contribution to Audit Memos and paras in AIR

| I.O's Contribution | | AAO Contribution | | Ar. Contribution | |
|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Audit Memos | Corresponding Para | Audit Memos Pages | Corresponding Para | Audit Memos Pages | Corresponding Para |
| | | | | | |

N.B: Where Audit Memos Is have not matured into a para the word Nil should be written in the corresponding Para column.

PROFORMA III

Name of the Office Inspected..... Give the details of objections which could be verified with reason.

| Previous Audit Inspection Report Sl Number of Paragraph | Reasons | Previous Test Audit Note Sl No. of Paragraph | Reasons | Previous Memorandum of settled objection Paragraph | Reasons |
|---|---------|--|---------|--|---------|
| | | | | | |

Certified that all other paragraphs not mentioned above have been suitably complied with and may be treated as finally settled.

A.A.O

Inspecting Officer

PROFORMA III-A

Certified that all the outstanding AIRs paras of previous years pertaining to this office were reviewed by me ab initio and discussed with the Head of the Office. Result of the discussion is as under:

| Report outstanding and discussed | | Settled | | Balance outstanding even after discussions | |
|----------------------------------|------------|---------|------------|--|------------|
| AIRs | Paras No.s | AIRs | Paras No.s | AIRs | Paras No.s |
| (i) | | | | | |
| (ii) | | | | | |
| (iii) | | | | | |
| (iv)... | | | | | |
| Total No. | | | | | |

Inspecting Officer

PROFORMA IV

Name of the Office Inspected.....Result of scrutiny of points marked by Central Audit section Headquarters.

Points to be examined in brief Comments as a result of scrutiny

Asstt. Audit Officer

Inspecting Officer

PROFORMA V

(REVISED ESTABLISHMENT AUDIT PROCEDURE)

Name of the office inspected From..... To.....

Certified that — (a) In addition to audit of pay and allowances drawn in the pay bills of establishment (both non-gazetted and gazetted officers) for the month/months selected for test audit, 20% of

- (i) Cases of Increment sanctioned to the Member of establishment.
- (ii) Cases of fixation of pay and promotion or reservation, efficiency bar cases during the period covered by audit have been checked.

(b) Cases of drawal & disbursement of leave encashment during the period covered by audit have been checked.

(c) Office copies of bills and acquittance Rolls have been checked.

(d) Also certified that nominal check was conducted in respect of pay bill of establishment for month/months selected for test check with reference to initial and primary records and relevant orders necessitating the regularisation of pay and allowances, increments, promotions, leave suspension etc.

(e) Transactions arising under the additional Emoluments (Compulsory Deposit) Act. 1975 have been checked.

(f) The vouchers of scholarships payments contingent voucher pertaining to special charges periodical charges Grants-in-aid vouchers over time allowances Bills and gazetted vouchers (pay and TA. Bills) have also been checked.

Asstt. Audlt Officer

Inspecting Officer

PROFORMA VI

Examiner's Circular No. /9483, dated 1st March, 1955, file No. OA/XII-389

Form of Treasury Verification

"Certified that I have obtained a corrected list of Items shown as deposited into treasury in the cash book of (Designation of the Officer.....) for the month of.....have linked the some with the relevant entries in the records of the treasury Office and found them to be correct/incorrect subject to the following observations.

"Certified that I have obtained a complete list of bills drawn by (Designation of the Officer).....during the months.....from the records of the Treasury Officer and linked them with the entries on the receipt side of the cash book for the months of..... and have found them to be correct/incorrect subject to the following observations".

.....

Signature in full of the A.A.O/ Party No.

PROFORMA VII

Form of Certificate

Certified that service books (list enclosed) of all the employees of the Office audit for whom service books are required to be maintained have been checked including the service Books and leave accounts of all Government servants due to retire during the next five years.

Certified that the following audit endorsement has been made in the Service Books so checked :

"The Service book of Shri..... (Name & Designation) has been checked for the period from to on (date when checked). The entries have been verified and found correct. The following discrepancies have been noticed (as the case may be).

The names of the official whose service books have been checked alongwith the total number service books in the office are given in separate list enclosed. Also certified that correctness of the pay, allowances and increment allowed to the individuals from time during the period to which the check of service books relates, has been checked in the Service Books required for scrutiny.

.....
Asstt. Audit Officer

.....
Inspection Officer

.....
Auditor

Detailed list at Page No.

Party No

Name of Office Audited

Period of audit.

PROFORMA VIII

Name of the office Inspected.....certified that to be given by the Inspection Officer (where supervised) in respect of a thorough review of receipt heads vide office Order No. OAD(M)/DA-XIII/842, dated 7-5-1969.

(1) Certified that a thorough review of receipt heads pertaining to this office specially With regard to the following points has been carried out and a report sent separately through the Zonal Audit Office/Inspecting Officer in case of supervised audits :

(a) The adequacy or otherwise of the machinery of collections.

(b) The extent of arrears in recovery of the receipts/demands fallen due.

(c) State of Accounts.

(d) Cases of frauds, losses, embezzlements, etc. of the receipts/recovery.

(e) Cost of commodities and services rendered compared with sale proceed where possible to bring cut sales etc, as less than cost or other types of losses being suffered on receipt.

(f) Regular recovery of sums due and their check against demand.

(g) Credit stores received into the accounts.

(2) Certified that I have thoroughly examined Site accounts records of stores and stock and arrangement for their periodical physical verification and the objection found have been incorporated in the paragraph of Inspection Report. [O.O. No. OAD(M) 7132, dated 9-12-83 & OAC(M); XII-692/2936, dated 17-6-1964]

[O.O. No. OAD(M) XIII-544/54(661, dated 7-11-1964).

(3) Certified that the compliance of the instructions contained in para 3 of the CAG's confidential letter No. 8372-Admn. I/107/60 regarding reduction of income tax from sales has been verified.

(4) Certified that the instructions contained in O.O. No. OAD(M)/14/31/21 dated 4-4-64 about efficiency-cum-performance audit of scheme have been compiled with and the audit observations have been incorporated in paragraph..... of Inspection Report.

(5) Certified that I have 100% checked the C.P. Fund Accounts of Class IV Govt. Employees during local audit and irregularities noticed have been incorporated in paragraph of Inspection Report.

[O.O. No. OAD(M) XIII-625/7866, dated 30-12-64 read with O.O. No. OAD(M) XII/628/328, dated 16-4-1964].

(6) Certified that a test check of 25% Annuity Deposit and Payment Transaction was conducted. The 3 months covered under this test check we....., and.....

[O.O. No. OAD(M)/XIII-723/2111, dated 26-8-1966 read with O.O. No. OAD(M)/XIII/228-66-67/6897, dated 12-11-1967]

(7) Certified that I have attached separate Annexure with requisite no. of copies whether statistical information was required to be supplied alongwith the draft Inspection Report.

(8) Certified that leave salary of Class IV, Govt. Servants whose, Name do not appear in establishment pay bill has been checked to extent of 3% since last audit.

[O.O. No. OAD(M)OA/XIII-845/pilot-file/68-69/6096 dated 28-8-1968].

(9) Certified the correctness of the pension under the triple benefit scheme has been checked to the extent of 25%/2_{1/2}% of the total No. of cases in the case of degree & Training College Primary Schools, Junior Schools and Higher secondary Schools.

(10) Certified that in addition to the instructions contained in Para 6.01 to 6.04 of Inspection Civil Manual relating to audit of PLA in respect of all deposit transaction have been adhered to and observation made during local inspection are enclosed with the present report.

Inspecting. Officer

PROFORMA IX
FORM OF CERTIFICATE

Certified that individual ledger account (List enclosed) of all the employees of the office audited for whom ledger accounts are required to be maintained have been checked to the prescribed percentage.

Certified that the entries have been verified and found correct major deficiencies noticed have been included in the Inspection Report. The other deficiencies have either been settled on the spot or included in the supplementary Test Audit Notes.

Certified that the names of the officials whose ledger accounts have been checked alongwith the total number of employees in the office are given in a separate list enclosed.

Certified that increase of repayment the repayment has actually been made on or after the due date and that the amount of deposit repaid together with the interest thereon has been calculated in accordance with the provisions of the Act.

.....
Inspecting Officer

.....
Asstt. Audit Officer

.....
Auditor

Party No.....

Detailed list at Page No.....

Name of Office audited.....
Period of audit

ANNEXURE IX

(Referred to in Para 3.17(a) + (b))

MAINTENANCE OF STOCK BOOKS

The following rules are promulgated to govern the maintenance of inventories of Government property (excluding landed property and building) in all Government and semi-Government Offices and institutions and are subject to the general rules contained in paragraphs 256-259 of the Financial Hand Book, Vol V Part I. They apply to all offices and departments but are not intended to replace the detailed rules on the subject and the forms prescribed there under which exist in the Agriculture, Industries, Excise, Opium, Forests, Jails, Public Works (Buildings and Roads and Irrigation Branches), Departments, or are prescribed in the Printing and Stationery, the Court of Wards, the Stamp, the Opium and the Resource Manuals:

Rule 1: A stock book of Government property shall be maintained in every Government office and institution including semi-Government Office and institutions.

Note: The word "Office" in these rules should be interpreted to mean every Office, which has its separate provision for the purchase of articles required for Government use, whether it is situated in an independent building or even in common with any office in the same building. For instance, a subordinate judge's court shall be deemed to be a separate office, as it is independent of the office of the district judge. On the other hand, courts of deputy collectors will not be considered to be separate offices, as they are part of the Collector's Office and have no separate provision for the purchase of articles required for Government use. All articles purchased out of the allotment sanctioned for an office should be entered in the stock-book maintained by that Office, irrespective of the fact whether the articles purchased are meant for use in the Head Office or in one of its subordinate offices. It will be sufficient for subordinate offices to maintain an up-to-date list of articles received by them for their use. This list will facilitate the periodical verification prescribed by rules 10 and 11 of these rules.

Rule 2: Separate stock-books shall be maintained for :—

- (a) Dead-stock, viz; furniture, plant and machinery and other fixtures,
- (b) live-stock and consumable and perishable stores.

Rule 3 : (1) Stock-books of dead-stock shall be maintained in the form given in Appendix 36 in the manner explained in the instruction appended to the form.

(2) Stock-books of live-stock and consumable and perishable stores may be maintained in the same form with such modification and adaptations as may be necessary to suit requirements.

Rule 4 : (1) The initial purchase of every article shall be mentioned in the stock-book.

(2) Fully priced stock-book must be maintained and periodical revaluation of each article out and therein in a separate column added to the form for the purpose, only in cases where-

(a) the property is intended for a Government commercial undertaking, or (b) it is desired to distribute the cost over works, or

(c) a charge is to be levied on private persons or bodies.

The values so recorded should not be materially in excess of the market value.

Note: For the purpose of this rule the market value of an article may be taken to be the value according to the rates contract for the Stores Purchase Department for that year, for that article or for an article of a similar description. If the Stores Purchase Department has not entered into contract for that article, the market value will be the price of the article or one of a similar description at which it can be pro-cured in the nearest important market centre. The value should be inclusive of carriage and incidental charges, and reasonable allowance should be made for wastage, breakage and depreciation,

Rule 5 : Stock books should ordinarily be maintained at or near the site of the property concerned. The head of the office may at his discretion allow a departure from this general principle for special reasons and may also direct the maintenance of additional consolidated stock-books.

Rule 6 : (1) Transactions must be recorded in the stock-book, as soon as they occur.

(2) The ministerial head of the office should verify at the end of every month with reference to the contingent register and inventories of articles received from other offices (if any) that all purchases made and articles received from other offices during the month have been duly recorded in the stock-book.

Rule 7 : To fix the identity of the articles and for purposes of verification, every article should, practicable, be marked with a number of, suitable label and a

corresponding mark or number shown against the respective entry in the stock-book.

Rule 8: A distribution list of Government property, especially of furniture, should be maintained to show its distribution amongst the various officers and sections of the office. An up-to-date list of the furniture and other Government property allotted to each office or room should be kept hung up in that office or room to enable a check with the actual stock or furniture at the time of annual verification.

Rule 9: (1) Articles must not be held in excess of the requirements of a reasonable period.

(2) Perishable and consumable stores that have remained unutilised in stock for over a year should ordinarily be considered to be surplus, unless the head of the office considers it desirable to treat them as otherwise.

(3) The Officer-in-charge should make a report of surplus articles to the competent authority, classifying them as either serviceable or obsolete. That authority will issue orders as regards (i) the further retention or distribution to subordinate offices, or sale of articles which are serviceable, (ii) the condemnation and sale of obsolete articles and (iii) the write off of their value when required.

(4) All losses must be duly recorded immediately as they occur or are brought to light, and formal sanction of competent authority taken.

Rule 10 : (1) The gazetted officer-in-charge of the officer should carry out periodical inspections at least six monthly in the case of perishable and consumable stores and once a year in the case of other articles, unless special reasons justify a departure from This rule.

(2) He shall verify the articles with the book balances and sign a certificate on the stock-book of having done so. He shall also check whether the ministerial head of the office has carried out monthly verification prescribed by rule 6(2).

Note: In making this verification the officer may take help from some official or officials, provided that the verification is not entrusted to a low-paid subordinate or to a person :

- (i) who is the custodian, the ledger-keeper or the accountant of the stock and stores to be verified or is a nominee of or is employed under the custodian, the ledger-keeper or the accountant or

- (ii) who is not conversant with the qualification, nomenclature and technique of the particular class of stores to be verified.
- (3) He shall carry out this verification in the presence of the official responsible for the custody of the Government property, or a responsible subordinate deputed by him.
- (4) He shall immediately bring to account all discrepancies noticed and make necessary corrections.
- (5) He shall have a statement prepared of all losses and disposals of property, of shortage and damages as well as of unserviceable articles to be condemned, and submit the same to the authority competent to write-off the loss or order the condemnation. Serious losses or shortages as well as any matter requiring general orders should be brought to the notice of Government.
- (6) All important losses may be analysed as (a) due to depreciation and (b) otherwise, and should be grouped under the following heads :
 - (a) Losses due to depreciation accordingly as they are due to (i) normal fluctuation of market prices, (ii) wear and tear, (iii) lack of foresight in regulating purchases, and (iv) neglect after purchase.
 - (b) Losses not due to depreciation accordingly as they are due to (i) theft, (ii) neglect, (iii) act of God, or (iv) anticipated losses on account of surpluses of obsolete stores or of purchases in excess of requirements.

Rule 11 : Subordinate officers should carry out annual verification in a similar manner and forward their certificates of verification to their superior officers for their information.

Subject : **Maintenance of Stock-book of Government property.**

I am directed to invite a reference to the rules regarding the maintenance of stock-books of Government property issued with G.O. No.3123-XVIII-340-30, dated November, 24, 1934*, and to say that under rule 10 of these rules the gazetted officer-in-charge of the office should carry out periodical inspection at least six months in the case of other articles, unless special reasons justify a departure from this rule. It has been noticed by the Board that the verification of the Stock is often neglected in district offices and in some districts it was not carried out for years with the result that a No. of untraceable articles had to be written-off thus causing

unnecessary loss to Government. In order to ensure observance of this rule, I am to request you to record May 1 every year a certificate on the stock books showing:-

- (i) the name of the gazetted officer who carried out the prescribed verification;
- (ii) the date on which this was done.
- (iii) the result of verification.

***Note :** For this G.D. see para 801 of the Manual of Government orders, reproduced as item (1) above.

(3) Responsibility for audit of purchase of stores from U.K. and other foreign countries. These charges can be classified broadly under :

- (a) Stores obtained direct from firms abroad on F.O.B. basis subject to inspection by the Director General, India Stores Department, London or the Indian Supply Mission, Washington (Cf. Art. 215, Account Code, Vol. IV).
- (b) Stores purchased through the agency of the Director General, India Stores Department, London, or the India Supply Mission, Washington, (Rules 7 and 7A of Appendix 9 of general Financial Rules, Vol. II); and
- (c) Food grains, fertilizers etc. purchased through other agencies.

In respect of (a) above, a reference is invite: to this office circular letter No. 11-Admn. II/ 244-51 dated 10-11-51, wherein it was prescribed that the duty of auditing the contracts and the payments made against them should devolve on the Audit Officers in India. (Vide also in this connection Government of India, Ministry of Finance O. O. No. 14013/ E.G. 1/55 dated 22-6-55). In exceptional cases where the direct payments by the High Commissioner of India in United Kingdom or by the India Supply Mission, as the case may be, are authorised for such direct purchases of Stores, the necessary authority for payment along with one copy of the contract should be sent by the Accounts Officers in India to the paying authorities. The bills should be prepared in duplicate. The original vouchers retained by the overseas paying authorities with reference to which the Director of Audit in United Kingdom or the Audit Officer in United States of America should audit the Payments. The Remittances Account or the Accounts of the India Supply Mission or the Accounts sent to the separate Account Officers be accompanied by the duplicate copy of Vouchers, so as, to enable the Audit Officer in India to carry out the necessary final audit of the payments in all respects.

In regard to (b) above, the Director of Audit in United Kingdom or the Audit Officer in United States of America should be responsible for audit of both contracts and payments,(vide also the Ministry of Finance, OM referred to above).

For both above categories of purchases of stores the Audit Officer of the consignee in India should audit the expenditure against the sanctions issued by the competent authority in India and should also exercise the checks prescribed in Article 143 et seq of the Audit Code, read with Appendix 2 *ibid.* in relation to the audit of subsidiary account of Commercial undertakings as well as of the departments/offices where the Comptroller and Auditor General has agreed to undertake audit of stores. As regards (c) above, the Director of Audit, India Accounts, United Kingdom and the Audit Officer in United States of America will be responsible for the audit of tenders, contracts and payments when the purchases are made through the High Commissioner for India in London and the India Supply Mission, Washington, respectively, and the contracts therefore are entered into in these countries. If the contracts are entered into by the Ministries of the Government of India or the State Govt. of India and the payments therefore in United Kingdom or United States of America, are authorised by the concerned accounts officer in, United States of America as the case may be will only audit the payments with reference to the authorisations etc. The audit officer in India will then be responsible for the audit of sanctions, tenders and contracts, if the contracts are entered into in India and the payments therefore are made in this country the Audit Officer in India will be responsible for the audit of both sanctions tenders, contracts etc. and the connected payments.

[Extract from letter No. 1294-AdmnII/244-Admn 51 Pt. VI, dated 10-9-55/12-9-55 from the Comptroller and Auditor General of India, New Delhi to all Accountants Generals and Comptrollers etc.].

ANNEXURE X

Referred to in Para 3.15

POSTAGE CHARGES, FAX AND TELEPHONES

(1) Communications regarding applications from officers for leave of absence. or for appointments, are very rarely required in the public interest and messages relating to such matters should not be sent at Government expense, unless it is known without doubt that such communication is required in the interest of the public service, desired to receive a reply by fax, he should pay for the reply himself.

The Accountant General, Uttarakhand has been authorised to recover the cost of fax of a private nature sent at Government expense from the officers concerned direct in cases in which he considers it proper to do so. He is required to furnish Government with an annual statement showing misuse of service postage stamps by Government Officers.

[GO. N. 1995/III-583(i)-43, dated July 12. 1943. GO. No. 43./III-593(2-4)-50, dated October 11, 1952].

(2) Rules for the installation of telephones in Government buildings are contained in paragraph 40 of Appendix X of Financial Hand Book, Volume V, Part1. It should be noted that under that paragraph the previous sanctions of Government has to be obtained for the installation and intimation given by Government that the necessary funds have been allotted. Such sanction by Government is required for every installation except where authority has been delegated as given in the Note below that paragraph.

Where a telephone bill is received for an amount in excess of the prescribed limit it is for acceptance and to be passed for payment by book transfer by the Head of the Office in the form printed on the reverse of the bill. Where a charge for private trunk calls is included in such bills it is to be similarly accepted and paid by the Head of the Office, in the first instance and then the amount due for the private call or calls is subsequently realised from the officer concerned and recouped to Government by deposit under the relevant head.

In the case of bills not exceeding the prescribed limit payment is to be made in cash or by cheque and not by book adjustment. Here also the amount payable for

private trunk call bills will be recovered from the officer concerned and recouped to Government.

Officers who are granted official telephone connections must be scrupulous and invariably see the payment for private calls is accurately and promptly made.

[State Government endorsement No. 4479/III-510-51, dated August 18, 1952 modified vide endst. No. 7587(3)/III-510-1951 dated 23-9-54 and G.I. Ministry of Communications (Post and Fax), circular letter No. T.R. 2-33/53 dated 24-7-52 modified by circular letter of even No. dated 2-8-54]

Cost of Registration of Agreements etc.

The cost of registration in the absence of an agreement to the contrary will be borne in the same way as the stamp duty; thus in the case of the lease, by the leasee, to the case of a conveyance, by the grantee in the case of mortgage, by the mortgagor. There is no exemption in favour of Government.

Entertainments

Ordinarily expenditure should not be incurred on entertainments at Government institutions. It however, the circumstances are such that the incurring of some expenditure is unavoidable then the prior sanction of Government must invariably be obtained before the expenditure is incurred. Government will take serious notice of any instance in which expenditure is incurred from public funds for entertainments without prior sanction and the officers concerned will also be held personally liable for any such expenditure incurred.

[GO. No. A-1-778/X-2(2)-1949, dated March 29, 1950].

Copy of G.O. No. 1414(i)/XVIII, dated the 24th October, 1953 from the Government of U.P. Industries (C) and Excise Department.

I am directed to say that for some time, Government had under consideration the question whether the livery should be taken back from the inferior Government servant at the time of retirement, if it has not been used for its prescribed duration. It has now been decided that in those cases where the livery or blanket has been used for less than half of its prescribed duration, it should be taken back and re-issued to another inferior servant entitled to get it. While in other cases, it should be allowed to be retained by the retiring Government servant. I am further to say that no new livery or blanket.

ANNEXURE XI

(Referred to in Para 8.06&8.09)

STOCK BOOKS—MAINTENANCE OF

[Extract from letter No. XII-737-34, dated 4-10-51 from Dy. I.G. (H.Q.) to all S.P.'s].

In every district the Reserve Inspector should maintain a stock book in the manner prescribed in the rules.

The stock book should show the receipt and disposal of all Government property in the charge of Police Officers in the district. Whenever any new article is purchased, it should immediately be noted in the Stock book by the Reserve Inspector. Superintendents of Police vide instruction contained in para 362 ibid (Police Office Manual) should not admit charges in respect of the articles purchased in the contingent register until the articles have been noted in the stock book by the R.I. When an article is returned to store from an office or Police station etc. it should be registered afresh, the original entry being cancelled by cross reference. When an article is destroyed, sold or transferred without being returned to store (Police Lines) information should be sent to the Reserve inspector who should make the necessary entries in the stock book.

The gazetted Officers should check the list maintained in each Police Station, Outpost and Office etc. during their inspection and point out discrepancies. If any alteration in the list is necessary it should be brought to the notice of the R.I. for necessary correction. The Station Officer is strictly forbidden to make any addition or alteration in the list. After the close of a financial year, the Superintendents of Police, should also personally scrutinize the stock book and append a certificate that all the articles noted in the stock book have been checked by him. Similarly a list of the articles of furniture supplied to the Police Hospital will be maintained by the R.I. and noted in the stock book.

ANNEXURE XII

[Referred to in Para 8.18(VI)]

PURCHASE OF PETROL AND DIESEL ETC.

[Extract of G.O. No. -1-1550/ -10(27)82. dated 30-5-1983]

Regarding purchase of Petrol/Diesel it was observed that 1% credit charge was being paid along with the cost of Petrol/Diesel to the firms. This is not admissible as there is no such provision in rules.

Head of Departments/Offices have been authorised to draw an advance up to Rs. 5000 at a time for making cash payment for purchase of Petrol/Diesel according to their need.

Second advance can only be drawn after adjustment of the first advance. The drawing officer should certify on the advance bill that previous advance of Rs. (in words.....)which was drawn vide Bill No.....Vr. No..... dated..... and sent to the Accountant General.

The advance drawn for purchase of Petrol/ Diesel should not be utilised on any other head.

The total advance drawn in a financial year should not exceed the budget allotment.

ANNEXURE XIII

(Referred to in Para 11.02)

CHAPTER XXIV OF REVENUE MANUAL VOL. II-NAZIR'S ACCOUNTS

13.01. (1) The following rules have been made by Government as to the manner in which the accounts of the nazir in district offices and the naib-nazir at tehsils shall be kept and scrutinized. They do not relate to other miscellaneous registers, of which a number have ordinarily to be kept up by each nazir.

(2) In these rules unless there is something repugnant in the subject or context the word "Nazir" means "Naib-Nazir at the tehsil" also.

(3) The nazir will also write up the contingent registers and prepare the bills of contingent expenditure.

13.02. The Nazir shall keep the following accounts in the forms noted against each :—

(i) Account of the consolidated permanent advance in Form I (RD. Form Nos. 238-239).

(ii) Account of sale of property ordered by the courts in Form II (RD. Form Nos. 240-241).

(iii) Account of receipt and charges of diet money of prisoners under the United Provinces Tenancy Act (XVII of 1939) and of witness, etc., in revenue and criminal cases in Form III (RD. Form Nos. 242-243).

(iv) Account of miscellaneous receipts and payments in Form IV (RD. Form Nos. 244-245).

(v) Account of sums received by the Nazir for deposit into treasury as Government receipts in Form V (RD. Form Nos. 246-247).

(vi) Account of service postage stamps in Provincial Form No. 52.

(vii) Daily abstract of Nazir's accounts in Form VII (RD. Form Nos. 25).

(viii) Account of private subscriptions in Form No. 2 of Financial Handbook, Volume V part I (See paragraph 1427 A below).

13.03. (i) The first five accounts are complete in themselves and render a separate detailed cash account unnecessary. The daily abstract No. VII shows at a glance how much the nazir receives and pays daily, the balance in hand and the total amount in his possession. Register No.1 contains the same payments as are

entered in the registers of contingent charges maintained by the Nazir under paragraph 173 of the Financial Hand Book Volume V, Part I and can be checked accordingly. Advance made under rule 6, paragraph 67 Financial Hand Book Volume V, Part I need not be entered in any of the registers, but the Nazir shall, in every case keep an acknowledgement of the sum advanced until it is accounted for. Necessary entries in regard to contingent charges shall be made in register No.1. when the proper voucher for the expenditure actually incurred is produced. An advance on account of the fare of an inferior servant, who is required to travel on Government work, shall be recovered from the amount drawn on his travelling allowance bill. With a view to keep a watch over the advances made the Nazir shall maintain a note book in manuscript under the headings given below and shall obtain the signature of the Officer-in-charge in column 7 of the amount has been finally adjusted. .

(2) As regards register No. III the following instructions should be followed:-

(i) In respect of every payment made on a process issued from headquarters in accordance with paragraph 1062 of Chapter XLIV, the acknowledgement of the process-server, shall be taken in column 23 of the register and the number of the process in the register of processes, in Form 1 of Chapter XLIV shall be entered in column 24.

(ii) If the payment is made direct to the party Concerned the nazir shall make a report to that effect on the original copy of the summons, and the paiyee's acknowledgment shall be taken in column 23 of register No.III, as also below the nazir's report on the summons.

(iii) A similar procedure shall be adopted as regards payments made by naib-nazir's at tehsils.

(iv) Whenever any item of diet money is, for any reason, returned undisbursed by a process-server, the nazir or naib-nazir shall immediately recredit the amount in his register No.III and issue a receipt in the prescribed form to the process-server returning the money. He shall then endorse a note to this effect in the original copy of the summons and take it with his register to the Officer-in-charge of his accounts, who shall verify and initial and date the recredit in the accounts and sign the endorsement on the summons, which shall then be returned at once to the court concerned.

(v) In hill districts if the original summons is not available, the nazir or naib-nazir shall prepare a report giving the particulars of the summons and recredit. The Officer-in-charge of his accounts shall verify the recredit as above and shall then sign the report, which shall then be returned at once to the court concerned, and attached to the original summons.

(vi) Whenever any item of diet-money entered in register No. III remains undisbursed, and a refund is ordered by the court concerned to the party by whom the money was deposited, the payment shall be made by means of postal money order the amount of the commission being deducted from the amount due for refund. If, however, the party concerned is present at headquarters or at the tehsil, the nazir or naib-nazir shall make a formal report to the presiding officer or to the tehsildar or the naib-tehsildar in-charge if the tehsildar is absent and ask for orders as to whether payment shall be made direct to the claimant or through the post office. If the order (which shall invariably be given in writing) for direct payment to the claimant, the nazir or naib-nazir shall make payment accordingly and shall take the payee's acknowledgement both in column 23 of register. No. III and below the order of payment.

(vii) All items, which remain undisbursed on the last working day of the month should be deposited in lump sum by the nazir into the Government treasury under the deposits" as items of revenue deposit. The items comprising the balance be deposited will continue to be shown as outstanding in the Nazir's register No. III till they lapse under the normal operation of the rules.

(viii) The nazir should make payments in the next month out of the money received by him during the month or if no receipts have come in, out of his permanent advance which will be recouped by him in the ordinary way under a refund order to be issued by the collector or on his behalf by the Officer-in-charge of the nazarat against the deposit mentioned above. The items comprising the balance deposited into the treasury under sub-paragraph (vii) should be filed monthly, with the treasury figures of the progressive balance in deposit and this balance should be certified by the treasury officer also.

(ix) The nazir should also maintain an account of the deposits made into the treasury and the amounts drawn there from under refund orders.

(x) In all cases in which direct payment is ordered, it shall be incumbent on the officer ordering such payment to satisfy himself that the claimant is without doubt the party to whom the payments is due.

13.04: Registers Nos. I to VIII will be made up and totalled at the close of each working day.

13.05. Every sum of money received or paid by the nazir, no matter how small the sum, or for how short a time it remains in his hands, must be entered in one or other of the present bed registers.

13.06- A. All bills relating to payments made out of the permanent advance duly endorsed for payment to the nazir shall be treated as cash by him and directly entered in register No. 1 (Account of the consolidated permanent advance). As soon as a bill duly endorsed for payment to the nazir is received by the nazir he shall fill up column 1 to 4 of the register and present it to the drawing officer for his initials in column 4(a). The drawing officer shall not put his signature on the bill below the words "Received payment" until he has, at the same 1 columns 4(4) and 5 shall be filled in by the nazir When the bill is cashed. Bills shall be treated exactly like cash by all inspecting officers and the nazir shall produce before them either the bills or cash in their place. If a bill is disallowed in whole or in Part the amount disallowed shall be shown on the disbursement side and the details of the disallowance shall be given in the remarks column.

13.07 Except as provided in paragraph 13.07A no sums should be placed in deposit with the nazir which are not legitimately connected with the duties of his office or which can be credited to the treasury or be otherwise disposed of Without passing through his hands. Monies are occasionally received by the nazir which he has to pay away almost immediately or which he cannot immediately pay into the treasury for want of some detail. Such receipts should be entered in register No. IV. The following is a list, but not an exhaustive list, of this class of receipts :

- (a) Money received for payment to heirs of deceased persons.
- (b) Copying charges when received by money order in the hill districts of Nainital, Almora and Garhwal.
- (c) Decreed amounts that cannot be paid away for want of correct invoices.
- (d) Unclaimed money-orders (Eventually creditable to Government).
- (e) Examination fees received by money orders not immediately creditable for want of details of payees.
- (f) Prisoner's property pending details from the jail.
- (g) Emigrants property.

- (h) Money received on account of court compounds.
- (i) Amounts withdrawn from the public account and deposited With the nazir for disbursement such as compensation money, diet money received from other districts etc.
- (j) Amounts which are payable to the parties or are intended for expenditure on some specific objects such as publication charges, demarcation fee, medical fee etc.

Against each item in this register the date or dates on which the money is paid away must be entered in the column provided for the purpose. Disbursement of such items must be shown in the same register.

The unspent balance of items falling under (j) above should be credited to "revenue deposit" at the end of the month in the manner prescribed for diet money in paragraph 13.03. Similarly the outstanding balance of items falling under (i) above should also be refunded into the treasury if not disposed of within six months from the date of receipt.

Note- The items of receipts which do not relate to the public account e.g. sale proceeds of dangal tickets, should not enter the nazir accounts.

13.07 A As an exception to paragraph 13.07 private subscriptions collected with the approval of Government may be placed in deposit with the nazir and accounts maintained in accordance with the following instructions:-

- (i) The nazir shall maintain a cash-book in Form No. 2 of Financial Handbook, Vol V, PartI in which all receipts and payments pertaining to such private subscriptions shall be regularly recorded. If there are more funds than one to be handled at a time, separate pages will be allotted in the cash book for each fund and an abstract account for all funds will be maintained in the same form. All such private funds should be kept in a separate cash box and not mixed up with Government money.
- (ii) All sums whether received in cash or through cheques or by money order should be immediately entered in the Cash-book under the initials of the Officer-in-Charge and deposited, as far as possible, on the same day in the Post Saving Bank or in the Imperial Bank or , if there is no such bank, in any other reliable bank. The procedure laid

down in paragraph 13.10 will be observed in the case of Private funds also.

- (iii) In case expenditure has to be incurred out of the receipts relating to any such fund, the sum required will be withdrawn from the post office or from the bank as the case may be, under the orders of the Officer-in-Charge and payments made in the same day and under the same rules as per Government money.
- (iv) The Officer-in-Charge of nazarat should supervise the accounts of private funds as frequently and strictly as those of Government funds, as he is personally responsible for their custody and disbursement.

13.08. All sums, including the amounts which are creditable directly to the revenue of the province, such as rent of shops, sale proceeds of waste paper, price of arms or of condemned articles of furniture, etc., which should be paid into the treasury and are received by the nazir after the treasury has been closed, must be paid into the treasury on the morning of the next working day. The entries of receipt and payment will be made in register No. V Receipts which cannot be credited under a head of revenue for want of particulars may, at the end of the month, be credited as "revenue deposits".

13.08-A. The nazir should prepare a consolidated memorandum in respect of diet money (register No. III) and items coming under category (i) in paragraph 1427 for the whole month.

The consolidated memorandum, so prepared, should be forwarded by the District Magistrate to the treasury officer who will submit it to the Accountant General, Uttarakhand, with the monthly accounts, and along with his certificate of verification of the figure shown against item (3). The total receipts and payments of the month should be entered in the registers of nazir as well as of the treasuries.

13.09. Whenever the total sum in the hands of the nazir or naib-nazir at a tehsil (from whatever, source derived) exceeds the amount of his security by Rs. 20 or Rs. 10, respectively, the whole sum in excess should be placed in a separate box and kept under double lock in the treasury strong room till the following morning.

13.10. The nazir, or in the case of tahsils, the naib-nazir shall give a receipt in Form No. 1 prescribed under paragraph 26, Financial Hand Book Volume V, Part I, for every sum received by him except those drawn in recoupment of the permanent

advance or received through money orders or cash order. Money orders or cash orders. Money orders or cash orders will be acknowledge by the Officer- in-charge or by the tahsildar, as the case may be, who will get the amount entered in his presence by the nazir or the naib-nazir in one or the other office registers and will initial such entry of the registers before he signs the money order or cash order form. If the payment is of a sum in excess of Rs. 100/- the receipt shall be counter signed by the Officer-in-charge.

13.11. District Officers shall arrange for the daily examination and check of the nazir's accounts by a gazetted officer, who will also verify the cash in hand at irregular intervals, and at least once a week. This duty may ordinarily be handed over to the treasury Officer where there is one belonging to the Subordinate Accounts service, Class I. The account of service postage stamps kept under Chapter XLIX should also be examined monthly and the entries in column 3 compared with those in column 9, 10 and 11 of nazir's register. No. VI. The register Nos. I to VII shall be checked and the nazir's cash balance counted once a month by the District Officer.

The daily examination and check of the Naib-Nazir's accounts at tahsils shall be made by the tahsildar, unless he has specially assigned this duty to the naib-tahsildar with the sanction of the District Officer. In any tahsil where there is no naib-tahsildar the daily examination and check shall, during the absence of the tahsildar, be performed by some responsible official to be named by the District Officer, but the tahsildar shall, on return, satisfy himself as to the correctness of the examination made during this absence.

The Officer-in-charge of nazir's account in the district office and the tahsildar or the naib-tahsildar at the tahsil, shall from time to time check a few items of payment to process servers shown in register No. III, by referring to the register of processes in question were actually given to the process-servers concerned for service.

Note: In sub-divisions where accounts relating to the office of the sub-divisional officer are maintained separately from those of the tahsil, the District Officer shall entrust to some responsible officer the duty of checking the former.

13.12. Commissioners shall satisfy themselves on inspection that the nazir's accounts are regularly kept, and that only items which should find a place in them are entered.

13.13. At the end of every quarter the nazir at Headquarters and the naib-nazirs at tahsils shall prepare a statement with full particular of the items which have been outstanding in their books for more than three months. The head-quarters statement shall be submitted through the office superintendent and Officer-in-charge of the nazir's accounts, and the tahsil statements through the tahsildar (or, in his absence, through an assistant) to the District Officer, who shall cause the statements to be circulated to the officers responsible for the adjustment of the outstanding items and direct that immediate steps shall be taken for the clearance of such outstanding. It shall be the duty of the office superintendent to watch the disposal of the statements which are in circulation and promptly to bring to the notice of the District Officer all cases of avoidable delay in the settlement of outstanding items with view to suitable disciplinary action being taken against the officials responsible for such delay. In order that the District Officer May be in a position easily to watch the progress made in the disposal of outstanding items all such items as are included a second time in the quarterly statement shall be shown therein in red ink and shall continue to be so shown in the statements until they are finally disposed of.

In no circumstances shall any item be allowed to remain outstanding in the nazir's or naib-nazir's accounts for a period exceeding three years except under the special orders of the District Officer. Therefore, whenever it appears that this period will be exceeded in respect of any item the office Superintendent shall be responsible for bringing the facts regarding it especially to the notice of the District Officer, who shall make a personal inquiry into the cause of the delay and take such further steps as may be necessary either for the refund of the money to the person by whom it was deposited originally or have it placed in deposit in the treasury.

13.14. Before making any payment the nazir shall see that the voucher is complete and in order and shall also see that provisions of paragraph 174, Financial Hand book, Vol. V Part I, are complied with in respect of the registers of contingent charges maintained by him under paragraph 173 *ibid*. He should particularly see that the officer ordering the payment has personally written the amount covered by each voucher in words as well as in English figures and has attached his full signatures to the voucher.

All sums exceeding Rs. 100 should be paid by the nazir in the immediate presence of the Officer-in-charge of the nazarat. The bills of corporate bodies like district and municipal boards and important limited companies like electric supply

companies may however, be paid at their offices through Government servants, The limits of which Government servants should be entrusted to carry public moneys should be regulate as follows :

- (1) A peon in permanent Government service, upto Rs. 100.
- (2) A peon over 20 years' service upto Rs. 200.
- (3) A peon who has furnished security of not less than Rs. 50, or two ordinary peons in permanent Government service upto Rs. 500/-
- (4) Two peons who have furnished security, as in clause (3) above, or an official in permanent Government service of not less than two years standing, whose pay is Rs. 25 per mensem or over, upto Rs. 2000/.
- (5) An official in permanent Government service whose pay is not less than Rs. 50/ per mensem and peon in all other cases.

In special or emergent cases, however, the nazir may, at his discretion, deviate from the rule, but in all cases his personal responsibility will continue.

Note 1- Where register No. III of diet money is kept by the naib-nazir, all payment orders should be laid at the close of the day before the nazir or the naib tahsildar, who shall check the items disbursed and cross references and affix his initials in columns 14 and 25. All the payment orders shall, placed before the Officer-in-charge or tahsildar next morning and, the-Officer-in-charge or talisildar will check a few items personally and, initial such entries.

Note 2- In sub-divisions. where accounts relating to the office of the sub-divisional officer are kept separately from those of the tahsil, the District Officer shall nominate an official before whom register No III of diet money, together with all payment-orders, should be laid at the close of the day for checking under the foregoing note.

13.15- It is not necessary to maintain in Commissioner offices a separate-permanent advance register or a Cash book in form 2 prescribed by rule 68 of the Financial Hand book, Vol. V, Part I.

13.16. The nazir should maintain a register of demand and realization relating to the court compounds in manuscript in the following form. He should keep it uptodate and submit to the Officer-in-charge for check and examination once a month.

ANNEXURE XIV
(Referred to in Para 10. 01)

NAZUL RULES

PART I

Definition of Nazul

1. For the purposes of these rules, "nazul" means any land or building which, being the property of Government, is not administered as a State property under the control of the Land Reforms Commissioner or the Forest or the Canal Department, or is not under the control of the Military, Postal, fax, Railway or other purely Central Government Department.

The Tarai and Bhabar estates in the Nainital District, the Garhwal Bhabar estates in the Garhwal District and the Kausani Soliders' Settlement in the Almora and Garhwal districts are also not nazul for the purposes of these rules.

Record of Nazul

2. For the rules regarding the maintenance of a register of nazul by the Land Records Department, Chapter XI- of Boards Circular 3-VII should be seen.

Payment of Government Share of the Income of Nazul into the Treasury

3. It is also Collector's duty to see that the Government share of the income of such nazul is duly paid into the treasury. The demand on account of sales and leases which require outside sanction can be checked from his register and he should require the local authorities to intimate to him, all other receipt or demands of which government is entitled to a share under the rules referred to in rule 3.

Departmental Management

4. Nazul in the occupation of a department of the State Government shall be by that department.

The following instructions shall be observed in the lease or sale of nazul which is in the occupation of a department of the State Government .

Sale or Lease of Nazul Land

5. The sale or lease of nazul shall in all cases be carried out under the Collector's orders and when it is proposed to lease or Sell nazul, in the

Occupation of any department, other than the Revenue Department, the nazul shall be transferred to Collector for the purpose of lease or sale:

Provided that before the nazul in the occupation of a department is transferred to the collector for disposal it shall be the duty of the department concerned to ascertain whether the nazul in question is required by any other department of Government.

6. The proposal to put a plot to sale or to lease it for building purposes shall be submitted for previous sanction to the State Government if the estimated value exceeds Rs. 2,500. In such case the terms of sale or lease as finally arranged shall be subject also to confirmation by the State Government, unless the terms have already been set forth in the proposal for sale or lease and have been approved. Copies of orders sanctioning sale of nazul property shall be forwarded to the Accountant General, Uttarakhand.

Note: The estimated value of plot shall ordinarily be taken at twenty times the annual value and shall include the value of any building standing on the plot, if the building is the property of Government.

7. No plot if it forms a continuous part of a large area of nazul, shall be sold, except with the previous sanction of the State Government.
8. In all cases, whether of sale or of new leases or of renewal of leases which have expired without option of renewal, which involve a concession in favour of the vendee or the leasee. e.g., in which it is proposed to fix the sale price or the rent at a rate lower than the prevailing market rate or in which it is proposed to sell or lease the land without holding a public auction or inviting public tenders, prior approval of state Government shall be obtained before sanction even though such cases, owing to the value of the land being within the limits laid down in the rules, could otherwise be, sanctioned without reference to the State Government

Lease for Gardening Purposes

8 A- Lease of small stretched of land of not more than half an acre in area, which are not suitable for building purposes and are required for gardening purposes, shall be for a short period not exceeding seven years and shall be subject to the following conditions:

- (1) Lease of the land shall be terminable on three month's notice by the collector of the district without payment of any compensation to the lease, and

(2) The leasee shall not have the right to raise any construction on the land, except a temporary boundary wall not more than five feet in height and a temporary shelter for chaukidar or mali with the previous sanction of the Collector of the district in writing which shall be removable by the leasee on the termination of his lease without payment of any compensation of him.

No such land shall however, be leased for gardening purposes except by inviting application from public and drawing lots. The rate of rent in the case of such lease will be half of the prevailing annual rental for similar land leased out for building purposes and no premium will be charged. In the case of such lease where no similar land has been leased out for building purposes, the rate of rent may be determined by the Collector in accordance with the prevailing market rates:

Provided that in the case of strips of land contiguous to buildings or building compounds, may be leased without inviting application from the general public to the owner of the adjacent house of compound, on similar conditions. Strips of land separated from buildings or building compounds by narrow lanes not open to vehicular traffic, shall be treated as contiguous of their adjacent buildings compounds:

Provided further that the Collector of the district shall be the competent authority for granting a lease under this rule and the sanction of the State Government will not be necessary.

17. The sale of nazul shall ordinarily be by auction. The Collector may, for reasons to be recorded, refuse to accept the highest offer or may, after recording his reasons, sell otherwise than by auction when a plot is sold no rent shall be reserved.

Lease for charitable Purpose

18. Ordinarily no lease or sale of nazul land at concessional rates shall be allowed for purposes other than charitable purpose, such as for hospitals, educational institutions and orphanages, and the concession so allowed shall not exceed half the annual rental in the case of lease or half the total market value in the case of sale:

Provided that, subject to the condition that the total amount of concession does not exceed 10,000 in value, in place other than big cities the rate of concession may exceed the limit aforesaid in the case of the following categories of institutions:

- (i) Girls schools and other educational institutions for women having a popular managing body.
- (ii) institutions engaged in the uplift of Harijans and their housing and education:

Provided also that, subject to the condition that the total amount of concession does not exceed Rs. 15,000 in value in "KAVAL" towns, and Rs. 3,000 in other towns, the rate of concession may exceed the limit aforesaid in the case of educational institution proposed to be started by local bodies in connection with the compulsory Primary Education Scheme of the Uttarakhand Government.

Explanation

For the purposes of this rule the expression "big cities" means Dehradun, Haridwar, Almora and Rudrapur, and includes any other town declared as such by the State Government.

19. Notwithstanding anything contained in rule 18, the State Government may sanction a lease or sale on nazul land for such purposes and at such rates as it may having regard to the special circumstances of the case consider proper.

Assessment of Rent

25. In the case of all leases, whether for building or for other purposes, the collector may assess such rent as may appear to him proper, having regard to the circumstances of the plot itself and to the market value of similar plots in the neighbourhood, or he may put the lease up to auction.

26. In the case of all leases for land belonging to a state road, whether such lease is executed on account of an encroachment or otherwise the basis of rent assessment shall be the frontage and distance from the edge of the metalled surface of the road.

"Frontage" in this rule means the length measured on the centre line of the metalled surface between perpendiculars to the centre line of the metalled surface from the extreme angular points of encroachment and if the encroachment be situated at a place where the centre line of the metalled surface is one curve then frontage shall

mean the distance measured on a tangent to the curve of the centre line of the metalled surface between perpendiculars to the tangent from the extreme angular points of the encroachment.

Note: In all cases of encroachment the encroached shall have the right of removing the encroachment in preference to executing a lease.

Renewal of Lease

27. When a lease is renewed or when the rent payable under a perpetual lease is revised, the Collector shall similarly have regard to the circumstances of the plot and to the market value of similar plots in the neighbourhood and may enhance the rent by an amount not exceeding 50 per cent of the rent Payable during the period immediately preceding the revision. In the case of a plot of which the estimated value exceeds Rs. 2,500 the leasee may appeal against such enhancement to the Commissioner, whose order shall be final.

Note: The estimated value for purposes of this rule means twenty times the proposed rent.

Execution of Deed of Sale or Lease

28. Every deed of sale or lease shall be executed in duplicate by the Secretary to the State Government or the Collector, as the case may be who has sanctioned the sale or lease. At the time of execution the vendee or leasee shall be given the duplicate copy of the sale-deed or lease. If the sanction of the State Government is required, three copies of the deed shall be submitted. Deeds of sale and lease will be executed in the forms approved by the State Government, copies of which can be obtained from the Superintendent, Printing and Stationery, Uttarakhand.

Note 1: As the duty on the duplicate is payable by Government under Section 29(d) of the Stamp Act, it will be exempt from payment of stamp duty under Proviso (1) to section 3 of the Stamp Act read with clause (d) of Section 29 of the Stamp Act.

Note 2: Under paragraph 230 of the Legal Remembrance's Manual, it is incumbent on every officer of a Government Department to have every deed prepared and examined by the Government Conveyance, for which standard form cannot be used without material alteration before it is executed.

29. The deed of sale or lease shall in all cases be stamped by the transferee or leasee. The duplicate copy prescribed under rule 28 shall not be stamped. The deed of sale or lease under these rules should be registered.

Deposit of Purchase Money or Premium

30. It shall be a condition to every sale and to every lease with premium that the purchaser or leasee shall immediately upon conclusion of the sale or lease make a deposit of 25 per cent of the purchase money or premium and shall pay the balance on or before the fifteenth day after the conclusion of the sale: Provided that the Collector for due and special cause may extend the period for payment of the balance.

31. If the deposit is not made or if the balance is not paid within the prescribed period, the Collector may, notwithstanding anything in rule 32, declare the sale or lease to be cancelled, may again put the plot to sale or lease, and may declare the deposit to be forfeited to Government.

32. In the case of a sale or lease, the terms of which are under rule 14 subject to confirmation by the State Government, the money paid by the purchaser or leasee shall be held by the Collector in deposit until orders are received. If the terms of the sale or lease are confirmed, the moneys shall be credited to Government if they are rejected the moneys shall be refunded to the purchaser or leasee.

Sale or Lease by Auction

33. In the case of a sale or lease by auction all the conditions of the sale or lease shall be published in the auction notice and shall also be read out before the auction begins. In the case of a sale or lease otherwise than by auction, the conditions shall be brought to the notice of the purchaser or leaser before conclusion of the transaction and the fact that this has been done shall be recorded.

PART II

RULES REGARDING NAZUL ENTRUSTED TO THE MANAGEMENT OF LOCAL BODIES VIZ. MUNICIPAL AND DISTRICT BOARDS AND-NOTIFIED AND TOWN AREA COMMITTEES.

Resumption by Government

34. Should nazul be at anytime resumed by Government, the compensation payable therefore shall be limited to the amount (if any) paid to Government by the local body for obtaining the management, together with the cost of present value, whichever shall be the less, of any buildings erected or other works executed on the property by the local body with the sanction of the State Government.

The Powers of Management conferred upon Local Bodies are restricted by the following conditions.

35. The proposal to put a plot to sale or to lease it, shall be submitted for previous sanction to the State Government if the estimated Value exceeds Rs. 2,500 and to the Collector in other cases. The terms of sale or lease as finally arranged shall be subject also to confirmation by the Government or the Collector, as the case may be, unless the terms have already been set forth in the proposal for sale or lease and have been approved, Copies of orders sanctioning sale of nazul property shall be forwarded to the Accountant General, Uttarakhand.

Note: "Estimated value" shall be taken as twenty times the annual value of the plot and shall include the value of any building on the plot, if the building is the property of Government.

Concession in the Sale or New Leases of Renewal of Lease.

36. In all leases, Whether or Sale or of new lease or of renewal of leases which have expired Without option of renewal, Which involve a concession in favour of the vendee or the leasee, e.g. in which it is proposed to fix the sale price or the rent at a rate lower than the prevailing market rate or in which it is proposed to sell or lease the land without holding a public auction or inviting public tenders. Prior approval of the State Government shall be obtained before sanction, even though such cases. Owing to have value of the nazul being within the limits laid down in the rules, could otherwise be sanctioned without reference to the State Government.

Sale of Lease of Nazul by Public Auction or by Inviting Public Tenders.

37. No land shall ordinarily be sold, except for the purpose mentioned in rule 49, or leased except by public auction or by inviting public tenders. When tenders are called for a list of the tenders shall be submitted along with the application for sanction. Where a public auction has not been held or Public tenders invited, the Board shall state its reasons for entertaining private offer and the method adopted by it in fixing a fair price or rent for the land.

Occupation of Nazul by a Local Body for its own Use.

38. No nazul shall be occupied by the local Body for its own purposes, such as the erection of buildings, without the previous sanction of the State Government.

Remission of Arrear of Nazul Rent

39. No arrear in excess of Rs. 10 of the rent of nazul shall be remitted, except With the sanction of the Collector, or, if the amount of arrear exceeds Rs. 200, of the State Government.

Prohibition of the grant of perpetual lease

40. The granting of a lease in perpetuity in respect of any nazul land on any terms is prohibited.

Occupation of Nazul without Authority

41. Where nazul has been occupied without authority, the occupier may be called on to show cause why he should not pay such rent as may be fixed by the Collector on the recommendation of the local body. Inquisitorial proceedings should, however be avoided and where, by long custom nazul is held free of rent and occupied by tenants of a monthly rental value of Rs 2 less, the rent to be fixed should be a purely nominal sum at least should be given for a nominal premium, free of rent for so long as building in reasonable repair exist on the site.

Lease on a Nominal Premium Free of Rent

42. When a lease is given for a nominal premium free of rent, letters of assignment shall be executed by, the occupier in favour of the State Government.

Maintenance of Register for Nazul Property Entrusted to a Local Body

43. The local body shall maintain a register of all nazul entrusted to its management. One page shall be given to each piece of property and a plan of the property shall be given at the opposite page. The property shall be recorded in the following order : (a) building sites; (b) other plots; and every piece of property shall be entered under one or other of the above classes.

Note:- the state Government will give exemption from the operation of the rule required separate plans for each plot in cases where compliance is shown to involve needless labour and expense, if satisfied that adequate plans are in existence.

Examination and Verification of Registers

44. The local body shall, periodically, but not less than once a year, cause the register to be examined and the examining officer shall be required to certify that the record is correct. After such verification or whenever required to do so by the Collector, the local body shall send the register to the Collector for comparison with the register maintained in his office.

Receipts from Nazul

45. Receipts from nazul are of three kinds:

- (a) process of sales of lands, buildings, and trees and premia on leases,
- (b) rents from leases, and
- (c) miscellaneous receipts, such as tehbazari receipts, fees for permission to occupy public places temporarily, weighment or market dues, proceeds of sales of grass and the produce of trees.

Explanation: Tehbazari means a charge levied by or on behalf of the owner of ground on the vendors of articles in a market, either in money or in kind, for temporary occupation of either in open or under sheds of stalls .

Credit of Sale Proceeds and Government Share in the Slate Revenues

46. The proceeds of all sales and, unless specially exempted from this provision by the State Government, the premia (if any) on leases must be credited at once in full by the local body to State Government.

The local body shall also credit to State revenues one quarter of the gross annual demand on account of the leases of nazul. The whole payment should be made within three months of the end of the financial year, i.e. the amount due for 1938-39

would be payable by June 30, 1939, at the latest. If rent for more than one year in respect of any leases is realized in advance Government share of it must be paid forthwith. No share of miscellaneous receipts or of the proceeds of the sale of trees which have been planted by the local bodies will be credited to State Revenues.

Exception: In Haridwar the premia obtained from nazul leases will be appropriated in full by the Hardwar Municipal Board. The proceeds will, however, be credited not to the general municipal fund but to the fair fund.

Note: Land revenue assessed on nazul lands under the management of local bodies which have under cultivation, should be the first charge on the collections, after which the balance of the total demand will be treated as the gross annual demand of nazul income to be divided as usual three-quarter and one-quarter between the local body concerned and Government.

Explanation: In cases where a property is only partly nazul gross annual demand, for the purposes of this rule, shall be that share of the whole income which the Collector may determine to be derivable from the nazul part of the property.

For example, when the board owns a building erected on nazul land under its management, the gross annual demand shall be the rent of the land alone, as determined by the Collector.

47. In return for the labour and expenses of management including cost of litigation and local body is entitled to credit to its fund the balance of the gross annual income. Failure in collection shall not justify the local body in crediting to Government less than one fourth of the total annual demand on account of rent for leases, Where the local body is unable for any special reason to collect the whole demand, application for remission of payment of the amount due may be forwarded to the State Government with a full statement of reasons for failure in collections. Pending receipt of orders from the State Government however, the whole of Government share must be credited to the State Government revenues and any deduction allowed by the State Government may be taken into account in crediting the Government share in the following year.

ANNEXURE XV
NATURE OF CHECKS

| Name of record | Nature of checks to be exercised | Quantum recommended |
|----------------------------------|--|---|
| I . Main Cash Book | (i) Arithmetical accuracy One month. (ii) Carry forward of balances (iii) Tracing of receipts (iv) Tracing of payments (a) Establishment (b) Works expenditure (c) Other expenses | One month Two months other than month selected for arithmetical accuracy. Two months One month. Two months and all payments in excess of Rs. 10,000. One month and all payments of Rs. 5,000 and above.. |
| 2. Subsidiary Cash Books | For all types of work detailed above | Same month as for-main Cash Book |
| 3. Establishment payment records | (i) Correctness of pay fixation from time to time (a) Basic Pay of above Rs. 1000 (b) Rs500—1000 (c) Less than Rs. 500 (ii) Correctness of monthly drawal (iii) Correctness of TA paid (iv) Verification of acquittances | All cases 25 per cent 20 percent For one month for all cases. One month for all cases plus special scrutiny -of all claims of top official. One Month 25 per cent of the cases in rotation |

| | | |
|---|---|--|
| | (v) Leave account and service records | |
| 4. Payment of wages | | |
| 5. Office contingencies regulated | (I) Scale- (a) Correctness of Scales. (b) Correctness of payments | General scrutiny 2 months. 2 months and all claims in excess of Rs. 1000 each. |
| 6. Purchase of Stores Single purchase costing. | (i) For general sanction, procedure of purchase, arithmetical accuracy acquittances etc. (a) Over Rs. 25000 (b) Rs. 10000-25000 (c) Less than Rs. 10000. (ii) Posting in stock account for purchase issues etc including correctness of acknowledgement etc. (iii) Physical verification, review of stock position, losses etc | All cases 25 per cent 10 per cent 2 Months General |
| 7. Contract payments for works etc. | Checks to be exercised will include examination of plans and estimates, tenders, contract agreements, execution, measurements etc. (i) Contract value exceeding Rs. 2 lakhs. (ii) Contract value more than Rs. 50,000 and upto 2 | (A) All cases (A) 50 per cent (A) 20 per cent |

| | | |
|--|--|---|
| | lakhs. (iii) Contract value more than Rs. 20,000 to 50,000. (iv) Contract value upto Rs. 20,000 | (B) 10 per cent |
| (Note : The extent of scrutiny of Measurement Book and other related records can be decided locally with due regards to facts of each case.) | | |
| 8. Records connected with loans | (i) Terms and conditions (ii) Execution of bonds and safe custody. (iii) Actual payment vouchers and their safe custody. (iv) Postings in loan ledgers (v) Correctness of balances and interest calculations. (vi) Acknowledgement of balances (vii) Maintenance of loans ledgers, review of loan files etc. | General Scrutiny of all cases. 20 per cent of cases. 20 per cent. 2 months. 10 per cent. 10 per cent. General critical review. |
| 9. Revenue collections | (i) Correctness of assessment and recovery (ii) Tracing of receipts in subsidiary registers (iii) Issue of notices for recovery and pursuance | 10 per cent plus individual Cases in excess of Rs. 1000. 2 months. 1 month plus general review. |
| 10. Ledger postings | Tracing from cash book and other records. | 2 months plus general scrutiny of all. |

| | | |
|---|---|--|
| 11. Journal entries | Arithmetical accuracy | 1 month general scrutiny of all. |
| 12. Bank Reconciliation | (i) Correctness (ii) Review of items and action taken. | As on Last day of the Financial Year. General Critical Scrutiny. |
| 13. Suspense Transactions | | General Scrutiny. |
| 14. Investments | | |
| 15. Sundry Debtors | (i) Acceptances of balances. (ii) Posting of recoveries. (iii) Pursuance of old cases | 10 percent 1 month General Scrutiny.. |
| 16. Trial Balances receipts and payments A/Cs. Income and Expenditure Accounts Balance sheet. | Correctness of entries with reference to subsidiary ledgers and other records. | All items. |
| 17. Charging of Depreciation | (i) Principle (ii) Correctness of charging. | General Scrutiny all if items are not otherwise suitable percentage to be locally decided. |
| 18. Account of Utilisation of Government Assistance. | | General Scrutiny |

ANNEXURE XVI
QUANTUM OF AUDIT

I—Checks to be exercised on the transactions relating to the (percentage of a month's vouchers) month selected.

| Sl.No. | Item of Work | Proposed quantum of audit the local audit party |
|---------------|--|--|
| 1. | Pay bill of G.Os and N.G.O's | 25% |
| 2. | T.A/L.T.C. bills | 25% |
| 3. | O.T.A. bills | 25% |
| 4. | Tuition fee, Children Education Allowance | 25% |
| 5. | Medical bills | 25% |
| 6. | Pay fixation cases of G.O's | All cases relating to selected month@ |
| 7. | Pension cases (including Commutation) of G.O's and N.G.O's | 25% @ |
| 8 | Vouchers for pension, gratuity and Commutation | 25% |
| 9. | Payment on account of loans and advances to Govt. servants . | 25% @ |
| 10. | Withdrawals and advances from G.P. Fund | 25% (including tracing of payments in the ledger)@ |
| 11. | Contingencies, grants-in-aid Scholarships and other miscellaneous payments | 50%- over Rs 50,000 25% Ts. 10,001—Rs. 50,000 10 %Rs. 10,000 or less |
| 12. | Cash Book of P.A.O | 100 % of the month selected @ |

| | | |
|-----|---|---|
| 13. | Contract entries | -- |
| 14. | Loss involving Rs. 1,000 or more less than Rs. 1,000] | -- |
| 15. | G.P Fund Accounts | Included in the general reviews of account records. |

@Efficiency of internal audit units will also come under check.

II—Extent of checks to be exercised on records etc. covering the period since last inspection.

| Sl.No. | Item of Work | Proposed quantum of audit the local audit party |
|--------|--|---|
| 1 | First payment of Provident Fund | 25% of cases finalised upto tracing of payments. |
| 2. | Scrutiny of accounts/payments, records | A critical review of the records right from compilation to consolidation of accounts (receipt and payments) and other records connected with payments should be conducted to check that these records required to be maintained are properly kept. (This includes review of accounts record maintained in the Principal Account Office). |
| 3. | Periodical Accounts Adjustments | Correctness of all adjustments should be checked. |
| 4. | Bank Reconciliation | To check that bank reconciliation has been done for the month and the outstandings analysed and explained. |
| 5. | P.A.O | |

III. Checks to be exercised for examining the efficiency of Internal Audit Units.

- (i) Critical review of the reports of the Internal Audit Units to see that no serious financial irregularities or lacunae in the accounting procedures have escaped their deduction.

- (ii) Review of the adequacy of the action taken by the P.A.O. for remedying the defects pointed out by the Internal Audit Units.

IV. General review of control records to be done once in three years.

Besides ensuring that the undermentioned registers and records are maintained according to the instructions contained in the Finance Ministry's 'Civil Accounts Manual' under the Departmentalised Accounting System, the extent and frequency of control and checks exercised by the Pay and Accounts Officer should be looked into for their adequacy.

1. Stock Register of cheque Books and Accounts of cheque forms.
2. Cheque Register of outstanding pre-check cheques.
3. Register of insufficient or otherwise irregular sanctions.
4. Objection Book and Adjustment Register.
5. Register of final post check of pre-check bills.
6. Register of R. B. Deposits.
7. Register of Private Sector Bank Suspense.
8. Register of inward claims.
9. Register of outward claims.
10. Appropriation Audit Register.
11. Expenditure control Registers.
12. Broadsheet of Provident Fund, Register of unposted items, etc.
13. Register and Broadsheet of long term advances to Government Servants.
14. Broadsheet of P.A.O. Suspense (Receipt and Payments).

ANNEXURE XVII

(Referred to in Para 17.01)

THE UNITED PROVINCES MELAS ACT, 1938

(As amended up to-date)

[United Provinces Act No. XVI of 1938 (Passed by the Legislature of the United Provinces)]

Received the assent of the Governor of the United Provinces on February 24, 1939, and was published under Section 75 of the Government of India Act, 1935, on March 4, 1939.

An Act for the control of Certain Melas WHEREAS it is expedient to make provision for the proper regulation of melas other than those held under the authority of local boards, It is hereby enacted as follows :

(i) This Act may be called the United Provinces Melas Act, 1938.

(ii) It extends to the whole of Uttarakhand.

2. This section and section 3 shall come into force at once the Governor may, by notification in the Uttarakhand Gazette, direct that all or any part of the Act shall come into operation in any area in the Uttarakhand where melas are held for such period as may be specified in such notification.

3. (i) "Melas" means, a religious fair or other religious gathering of the public other than

(a) a mela or gathering held under the authority of a local board; or

(b) a Muslim religious gathering held in connection with, a dargah or shrine.

(ii) "District Magistrate" means the District Magistrate of the District in which a meta is held; or, if the area of a mela lies in more than one district; such District Magistrate as the State Government may appoint for the purpose of this Act Provided that in relation to the kumbh Mela and Ardh Kumbh mela held at Haridwar the powers of the Distriet Magistrate under this Act shall vest in the officer in charge of each such Mela: Provided further that such Officer in charge may delegate any of the Said powers or any either power as Officer in charge under this Act, not being the power under Section 5, to an' Additional Officer in charge appointed by the State Government for such Kumbh Mela or Ardha Kumbha Mela.

(iii) "Officer in charge" means a magistrate or any person appointed by the State Government to perform the duties of an Officer in charge.

(iv) "Mela area" means the area of a mela as defined by the District Magistrate. 5. The District Magistrate, shall, in accordance with such rules as may be framed by the State Government in this behalf, appoint a committee to assist the Officer in charge in the performance of his duties.

6-. The District Magistrate may, after consulting the Committee appointed under Section 5, by rule, impose within the mela area,

- (i) Tolls on any vehicle or animal entering, or any person bringing goods for sale into such area; and
- (ii) Fees on the registration of animals sold within such area.

7. The District Magistrate, may, by rule, prescribe fees on payment of which and conditions subject to which any person or class of persons may be licensed to ply any profession, trade or calling in the mela area:

8. (1) The Officer in charge may allot sites for any person or class of persons or for any purpose not repugnant to the religion with which the mela is connected and may fix such rent for the site as may appear to him reasonable.

(2) Without prejudice to the generality of the power conferred by sub-section (i), the Officer in charge may allot sites for the following in particular:

- (i) Religious societies of the persuasion with which the mela is connected.
- (ii) Social and other Societies and Organisations.
- (iii) Kalpabasis.
- (iv) Officials.
- (v) Market places
- (vi) Latrines, urinal and rubbish heaps.
- (vii) Bathing places.
- (viii) Recreation and entertainment, and
- (ix) Agricultural, industrial and other exhibitions and demonstrations.

9. (1) The State Government may make rules generally for carrying out the purposes of this Act, and in particular for

- (i) the establishment of a mela fund,
- (ii) providing what expenditure shall be defrayed,
- (iii) sanitation in the mela area, such rules shall be published in the Gazette.

(2) The rules made by the State Government under the preceding sub-section shall be laid before the legislature.

(3) Subject to the rules made under sub-section (i) of the District Magistrate may make rules to provide generally against the outbreak or spread of fire, and particularly for the following purposes:

- (i) providing for the safety of buildings and structures put up in the mela. and of articles brought in the mela,
- (ii) prescribing conditions subject to which huts and other structures may be constructed including limits to the height of such huts or structures and the area of which they are to be built and distances between them,
- (iii) providing for the supply of sand and jars of water at each but or elsewhere, and
- (iv) restricting the use of fires, for cooking or for any other purpose.

10. In the event of an outbreak of fire, the Officer in charge may order the demolition of any structure if in his judgement its demolition is necessary or expedient for preventing the fire from spreading, and no suit or other proceeding shall be instituted for an act done or purporting to be done in good faith under this section...

11. Any person who

- (a) makes any unauthorised construction, or
 - (b) Uses any unauthorised place as latrine, urinal or rubbish dump, or
 - (c) plies any profession, trade or calling without a licence obtained under the provisions of section 7 or commits a breach of the conditions of such licence, or
 - (d) Contravenes any of the provisions of the Act or of any rule made under the Act,
- Or
- (e) disobeys any order or direction in writing lawfully shall be punishable on conviction with a fine which may extend to Rs. 1,000 and where the offence is a continuing or recurring one with a further fine which may extend to Rs. 100 for every day after the date of the first conviction during which the offender is proved to have persisted in such offence.

12. The Officer in charge may remove any unauthorised construction, and the cost of such removal may be recovered from any person making the construction an arrear of land revenue.

13. (1) All rules made by the District Magistrate under sections 6, 7 and 9 shall be published in the Uttar Pradesh Gazette.

(2) Any person who has any objection to any such rule, may within 30 days of such publication, prefer his objection to the State Government and the State Government may confirm, modify or set aside such rule.

14. (a) If any person fails to pay within the time allowed by the Officer in charge, the rent fixed under Section 8(1) or the cost referred to in section 12, or any part thereof, the Officer in charge may forward to the Collector a over his signature, specifying the amount due from such person, and the Collector shall give such person an opportunity to prefer any objection as may be made, proceed to recover the amount entered in the certificate or such amount if any, as he may find to be due, as arrear of land revenue. If the collector finds that no amount is due from such person, he shall return the certificate to the Officer in charge with his findings.

(b) The District Magistrate may order the ejectment from the site allotted of any lessee or licensee who contravenes any rule made by the District Magistrate under this Act.

(15) The State Government may by notification in the Gazette-delegate the power conferred on it under section 4(iii) or 13(2) to any authority subordinate.