

AUDIT MANUAL

FIRST EDITION



[Issued by authority of the Comptroller and Auditor-General of Bangladesh]

(Md. Mahmudul Haque)
District Fisheries Officer
PIROJPURA

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AUDIT MANUAL

FIRST EDITION
(Provisional Issue)

[Issued by authority of the Comptroller and Auditor-General of Bangladesh]

PREFACE TO THE FIRST EDITION (BANGLADESH)

This edition is an adaptation of the 1951 Edition of the Audit Manual. It includes all corrections issued up to the 16th December, 1971. Opportunity has been taken to carry out certain verbal changes due to the establishment of Bangladesh from the 16th December, 1971. Some new chapters on performance Audit, Management Audit, Audit of Financial Institutions and Statutory Public Authorities and Comprehensive Audit have been added due to changed circumstances.

2. Errors or omissions that may come to light, or suggestions regarding amendments should be brought to the notice of the Comptroller and Auditor-General of Bangladesh.

DACCA;

Dated the 22nd April, 1981.

OSMAN GHANI KHAN

Comptroller and Auditor-General.

PREFACE TO THE FIRST EDITION (PAKISTAN)

This edition is an adaptation of the 1940 Edition of the Audit Manual published in undivided India. It includes all corrections issued up to the 14th August, 1947. Opportunity has been taken to carry out certain verbal changes due to the establishment of Pakistan from the 15th August, 1947.

2. Errors or omissions that may come to light, or suggestions regarding amendments should be brought to the notice of the Auditor-General of Pakistan.

KARACHI;
The 31st March, 1951.

GHULAM ABBAS
Auditor-General.

PREFACE TO THE FIRST EDITION (INDIA)

As stated in the Preface to the Audit Code this Manual contains the more detailed and less important instructions and regulations which should govern audit procedure and which, for the most part, are based on the procedure rules contained in the Audit Code Volume I and II, First Edition (Second Reprint) 1935. The instructions embodied in this Manual are intended primarily for the guidance of Civil Audit offices. They should, however, be taken as a guide in other Audit offices though in matters of detail the rules contained in the respective Codes or Manuals of those offices will apply.

2. Besides the instructions prescribing audit procedure it has been found necessary in some cases to set out as well the connected accounting procedure in this Manual. This course has been adopted not only for facility of reference but also for the reason that in a Civil Audit office where both accounting and audit duties are performed by the same staff it is sometimes difficult to make a clear distinction between accounting and audit functions. There has, therefore, been some unavoidable overlapping between the Account Code and this Manual.

SIMLA;
The 3rd May, 1939.

E. BURDON
Auditor-General of India.

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AUDIT MANUAL

PART I

General

CHAPTER 1.—GENERAL INSTRUCTIONS REGARDING PROCEDURE AND EXTENT OF AUDIT.

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INTRODUCTORY

1. The general principles and rules of audit applicable to different classes of transactions pertaining to the accounts of the Government are laid down in the Audit Code. The instructions contained in this Manual prescribe the procedure and extent of audit to be applied to those transactions and primarily intended for application in the offices of Civil Accountants General. They should, however, be taken as a guide in other Audit offices though in matters of detail the rules contained in the respective codes or manuals of these offices will apply.

2. Subject to the relevant provisions of the Constitution of the People's Republic of Bangladesh and the C & AG's (Additional Function) Act, 1974 and save where otherwise provided in the instructions contained in this Manual, the Accountants General are responsible to the Comptroller and Auditor General for the audit of all transactions which are brought to account in the accounts kept by him.

If the Accountants General are requested by Government or any other authority to undertake audit which does not pertain to his office or regarding which the Comptroller and Auditor General has issued no orders he should refer the matter to the Comptroller and Auditor General for orders.

1. As regards the arrangements for the audit of expenditure of Audit offices see paragraph 30 of the Manual of Standing Orders.

3. As a rule, heads of offices and other Government servants who are called upon to make disbursements on behalf of Government, draw money for the purpose from Treasuries/District Accounts Offices in accordance with the provisions of the Treasury Rules and the audit conducted in respect of these transactions in post-audit in character. Pre-audit or audit before payment is exercised only in respect of such transactions which take place at the station where the Audit office is located and an arrangement has been made between the Government and the Comptroller and Auditor General that claims against Government at such stations shall be submitted to the Audit office. The necessary instructions for the audit and payment of such claims will be found in Chapter 16 (See also Article 213 of the Audit Code).

4. Central audit conducted in an Accountant General's office may be supplemented by local audit and inspections to such an extent as may be prescribed by the Comptroller and Auditor General. The system of local audit

should not, however, take the place of central audit, as the main accounts are submitted periodically to the Audit office and only the initial accounts and some subsidiary account records are required to be examined locally.

4-A. Notwithstanding various provisions in the Audit Manual regarding the duties to be performed by the Gezatted and non-Gezatted staff of the Bangladesh Audit Department, they may be required to perform any duties which may be considered necessary at any time in the interest of public service as the Accountant General may deem necessary. The Accountant General will send a report to the Comptroller and Auditor General giving his reasons for the departure from the normal rules whenever he issues any such general or particular order under this para.

COMMENCEMENT AND COMPLETION OF AUDIT

5. The audit conducted by an Accountant General will be concurrent and the check of accounts and vouchers pertaining to a month should, as a general rule, precede their entry in the relevant Classified Abstract or in the Detail Book. In order to obviate delay in the closing of the Monthly Accounts on the dates prescribed, the compilation of account may commence before audit in the case of second schedule of treasury payments, and of Public Works, Forest, Exchange and Settlement Accounts. With this exception, the general instruction indicated above may be departed from only in special circumstances and with the express sanction of the Accountant General.

The several dates on which the audit of each of the accounts, for which an auditor is responsible, may be completed by all concerned, should be fixed, and as far as possible the programme of work, which should be clearly set out in the office Manual, should be followed. No Audit Office can be considered free from arrears, unless the establishment is able to complete both posting and audit within the allotted time.

EXAMINATION OF ACCOUNTS

6. On receipt, the Monthly Account and the Lists of Payments should be examined to see that the account and the supporting schedules and other documents, as detailed in the List of Accounts, which should invariably accompany the account, have been received in a complete state. If any document are missing they should at once be the Monthly Account should be examined for verification that they are in all respects properly prepared in accordance with rules applicable to each case, and that the totals of the schedule agree with the entries in the Cash Account and Lists of Payments.

7. A list of vouchers which should have accompanied the Monthly Account but are not received up to the time of completing the audit of the Account should be prepared for inclusion in the Objection Book and the Objection Memorandum.

Note—If it is found that the Monthly Accounts or a substantial percentage of the vouchers are habitually received late, a special enquiry should be made to ascertain the reasons for the delay, and the co-operation of the Collector or the Divisional Officers as the case may be sought in applying the remedies which the Audit Office may consider advisable. It should particularly be seen in the case of a Public Works Division that the delay is not indicative of dilatory habits of Work, on the part of the Divisional Accountant, in applying the necessary check to the vouchers of Subdivisional Officers.

AUDIT OF VOUCHERS

8. The following instructions should be followed in the detailed audit of vouchers in support of payments :

- (a) See that the vouchers are in the prescribed form and that they are duly receipted by the payees and in original; that a brief abstract is given in English/Bengali signed by the drawing officer on all vouchers prepared in English/Bengali that signatures if not in English/Bengali are transliterated; and that sub-vouchers contain notes of dates of payment.
- (b) See that they are numbered with reference to the number in the List of Payments, Schedule, Schedule Docket or other account, as the case may be.
- (c) See that the details work up to the totals and that the totals are in words as well as in figures.
- (d) See that they bear a Pay Order, signed by the Treasury Officer/District Accounts Officer in the case of vouchers cashed at Treasuries/District Account Office or at the Banks or by the responsible disbursing officer in the case of other vouchers.
- (e) See that they are stamped "Paid".
- (f) See that there are no erasures, and that alterations in the totals are attested by the officer concerned as many times as they are made.
- (g) See that unless otherwise provided in the rules of Government stamps are affixed to all vouchers for sums in excess of Tk. 20, and that they are punched, but see also Rule I under paragraph 330 of this Manual.
- (h) See that no payment is made on a voucher or order signed by a subordinate instead of head of the office himself or on a voucher or order signed with a stamp, and that copies of sanctions are certified by the sanctioning officer or by an authorised gazetted Government servant.

Note—In the case of charges for which special sanction is necessary under rule [see paragraph 135(a)], no separate sanction need be insisted on if the bill or voucher on which the money is drawn is signed, or countersigned (whether before or after the money is drawn by the authority competent to sanction the expenditure, but charges of the kind in question may not be included in the same bill with other non-special items. This does not apply to the case of temporary establishments, the sanction for which should always be called for and noted in the Audit Register and the audit conducted against such sanction in accordance with paragraph 124.

- (i) In all cases in which it is prescribed that agreement should be effected between two different documents, the fact of the agreement should be noted on both the documents and the note initialled by the auditor who makes the agreement.
- (j) See that if a D.A.O.'s Office/treasury voucher be paid by transfer, it is stamped as having been so paid; that the head to which the amount is credited is noted on it; and that the credit is traced in the Cash Account when possible.

(k) See that Fund and Income Tax deductions have been correctly made.

Note—In respect of the pay bills of his own establishment and of pay bills of gazetted Government servants and pension bills paid by him after pre-audit, the Audit Officer acts as the officer responsible for paying income chargeable under the head "Salaries" and is, therefore, under a statutory obligation to deduct, at the time of payment, income-tax on the amount payable at the rate applicable to the estimate income of the assessee under the head "Salaries"—vide Income tax Act XI of 1922. In respect of other establishment, pay and pension bills, the Audit officer is not responsible for checking the correctness of the income-tax deductions but whenever such bills come under his scrutiny in the course of audit, he should always see that deductions of income-tax are not omitted in cases where such deductions should clearly be made.

(l) See that no bills for any pay or allowance not claimed within six months of its becoming due have been paid without the sanction of the Accountant General.

(m) See that stores are purchased through the agency of the Supply Department when this is required by the orders of Government and that payment for such stores is made by the Audit Officer, Supply Department, except when the amount is less than one Taka.

1. Note 3 under Article 64 of the Audit Code apply also to vouchers declared to be secret or confidential.

Note 1—The term "Voucher" should be taken to include "Sub-voucher" for all purposes of audit.

Note 2—Cash memoranda issued by tradesmen for sales against cash payment should not be regarded as sub-vouchers unless they contain an acknowledgement of the receipt of money from the purchaser as named therein for the price of the article sold.

9. Vouchers and other documents which were not received with the Monthly Account should, on receipt subsequently, be examined in detail in the same way as they should have been examined if received at the proper time; and a member of the Superintending staff should see that the necessary scrutiny has been exercised before reference to such documents is removed from the Objection Book or the Objection Memorandum, as the case may be.

Note—Here and elsewhere the term "Superintending staff" should be held to mean members of the Subordinate Accounts Service or Auditor-in-Charge.

10. After check every voucher or account should be enfaced in red ink with the word "Audited" over the initials of the auditor, and, in the case of vouchers if the calculations have also been tested arithmetically, the auditor who checked them should certify the fact by writing the word "Computed" over his initials.

Note—The Accountant General may authorise the use of perforating or endorsing stamps, impressing distinguishing marks or numbers which would indicate the persons who are responsible for the audit or arithmetical check, as the case may be. Where this system is in force, a register should be kept showing the distribution of these stamps (with the acknowledgements of the auditors and clerks concerned), and the latter should take care that the stamps are kept with care and are so used as not to obliterate or destroy any important writing on vouchers.

11. If any objection is take in audit to a voucher, or to any item in a schedule or other account, a note of the objection should be recorded thereon in red ink in sufficient fulness to make it readily understood.

EXTENT OF AUDIT

12. Whilst it is desirable that auditors and others employed on audit duties should not be at liberty to make any relaxation in audit, of their own motion, it is of considerable importance that the prescribed checks should be observed in spirit and not in the letter as opposed to the spirit.

13. In the following cases cent. per cent. audit is unnecessary and relaxation of post-audit is authorised to the extent indicated (See Article 90 of the Audit Code):—

Serial No.	Class of Vouchers.	Percentage of vouchers to be audited.	Remarks.
<i>A. Universal</i>			
1	Pay bills of gazetted Government servants and of non-gazetted Government servants who similarly draw their pay on separate bills.	50	This percentage may be increased at the Accountant General's discretion when it is felt necessary for particular classes of Government Servants whose pay conditions are complicated or where other conditions suggest the desirability of an increase.
2	Travelling allowances bills of gazetted Government servants.	50	
*3	Pay bills of those establishments the normal monthly cost of which is less than Tk. 500.		
4	Travelling allowance bills of non-gazetted Government servants of the.		
	(a) Second grade	50	
	(b) Third and fourth grades ..	25	
5	Bills amounting to not more than Tk. 500 on account of contingencies of Heads of Departments and other officers, not requiring countersignature.	25	
6	Bills amounting to not more than Tk. 500 on account of countersigned contingencies.	12½	
7	Bills amounting to not more than Tk. 1,000 on account of contingencies, other than those covered by Serial Nos. 5 and above.	50	

Note—Pay bills of these establishments, or sections of establishments on time scale of pay the numerical strength of which is ten or less and the normal monthly cost less than Tk. 500 should be audited 50 per cent. provided that the audit is conducted by numbers and against the entries of names in the fly-leaf of the Audit Register in Form 30.

Serial No.	Class of Vouchers.	Percentage of vouchers to be audited.	Remarks.
8	Pensions, bills (other than those relating to anticipatory pensions, gratuities, or lump sum payment of any kind) including those which are not sent in support of the Remittance Account <i>vide</i> paragraph 18.	16½	The selection of vouchers to be audited should be so made that all the vouchers received from a treasury/D.A.O. Office during a month are audited at the same time, and that the vouchers of each treasury are audited at intervals of not more than six months.
9	All treasury/D.A.O. vouchers (as regards arithmetical calculation).	25	
10	Arithmetical calculations in vouchers received with the Monthly Account of Divisional Officers of the Public Works Department, excluding final running account bills which should be checked cent. per cent.	10	
11	Deposit Repayment Vouchers ..	25	
12	Interest payment vouchers ..	5	
13	Refunds Vouchers (other than those which are required to be noted in the Audit office against original credit shown in the detailed statements).	10	
14	Discount Vouchers -- --	10	
15	Grants-in-aid bills under Tk.1,000 ..	25	
16	Scholarship bills under Tk.1,000] ..	16½	
17	Cheques including Personal Deposit About chilans and estate cheques.	5	
18	Posts and Telegraphs Department Vouchers.	"	
19	Cash orders -- -- --	"	These classes of vouchers need not be examined in detail by auditors but about 5 per cent should be examined by the Superintending Staff.
20	Vouchers for salt and customs Remittance (simples receipts)		
21	Vouchers in support of payments relating to (1) Revenue Survey Advances, (2) Cost of Survey marks (3) Akbari Advances (4) Loans under the Land Improvements and Agriculturists Loans Acts.		
B. At the discretion of the Accountant General.			
1	Miscellaneous payments of the Forest Department not covered by the classes mentioned above.	50	

Note 1—In the case of serial Nos.(1) to (10) in the group A—Universal, the vouchers to be audited should be selected by a branch Officers. In all other cases the selection should be done by the superintendent.

Note 2—In the case of item No. 18 the following points should receive special attention:

- (a) that the voucher has been signed by a responsible departmental officer;
- (b) that the amount of the voucher as shown in words agree with that shown in figures;
- (c) that the amount of the voucher agrees with that shown in the covering schedules and
- (d) that the voucher bears a Pay Order Officer/D.A.O. or the Bank Agent in case of direct payments and the 'paid' stamp of treasury/D.A.O. or the Bank according as it is paid at the treasury/D.A.O. office or at the Bank.

Note 3—The percentage of railway Deleted warrants subjected to scrutiny in the adjusting office is determined by the Accountant General.

Note 4.—Orders of the Comptroller and Auditor General regarding relaxation of audit which are not of universal application may be included in the Manuals of the Audit offices concerned.

14. In cases where relaxation of post audit is authorised the following instructions relating to vouchers not selected for audit should be observed:

- (a) The classification recorded on all vouchers should be checked in full and completed where necessary, and the attention of drawing officers should be drawn to instances of incorrect or incomplete classification.
- (b) The receipt of monthly detailed countersigned bills in support of abstract bills should be watched. The receipt of sub-vouchers required to be submitted to Audit along with contingent bills should also be watched; this check need not be exercised in every case but should be applied frequently at the discretion of the Branch Officer in charge of the Section.
- (c) If increment certificates are attached to the bills, the date on which the increment is actually drawn should be noted under the due date of increment of the person concerned in the column provided for this purpose in the fly-leaf of the Audit Register (See paragraph 119).
- (d) The entries in the Establishment bills and Absentee Statements received with them should be scrutinised in respect of permanent changes, e.g., retirement, transfer, deaths and consequent new appointments and for any increases or decrease of scales and requisite entries made in the fly-leaf of the Audit Register.
- (e) Transactions relating to "Objection Book Advances" should be noted in the relevant objection books and those relating to any of the broadsheets of advances should be incorporated in the respective broadsheet.
- (f) A general examination of these bills should be credited out when the classification is checked [see clause (a) above] in order to see that there is nothing irregular or peculiar on the face of them.

- (g) The vouchers should be posted in the Audit Register where one is maintained unless it is other wise provided elsewhere in this Manual.
- (h) Subject to the provisions of Paragraph 141, charges on account of special contingencies and periodical charges should be recorded in the register maintained for the purpose.

15. A record of the vouchers selected for percentage audit should be maintained in a register in suitable form, the order of selection being written by the Branch Officer or the Superintendent, as prescribed in Note 1 to paragraph 13. The auditor concerned should certify and report to the selecting officer that he has audited all the vouchers selected. The selection must be made personally by the Branch Officer in charge or the Superintendent and this duty of selection may not be delegated. In all cases the selection should be made in such a way that the bills and vouchers of every drawing (or account rendering) officer should come under audit during the year according to the proportions as the prescribed percentage may admit. But, whenever it is apparent from their state, or otherwise, that certain accounts require more detailed audit than the percentage prescribed, the orders of the Accountant General should be taken to increase, so for the time being, the percentage of the bills or vouchers to be audited.

15-A. Proposals may sometimes be made by Government for waiving of audit due to loss of relevant documents, etc. The points to be looked into by Audit when proposals for waiving of audit for any reason are referred to it by Government for concurrence, are detailed in Article 90A of the Audit Code. In all cases of doubt and of importance, from any point of view, the local Accountants-General, Comptrollers, etc., should freely consult Comptroller and Auditor General for guidance.

REVIEW OF AUDIT

16. After the Accounts and vouchers have been audited by the Auditors in accordance with the prescribed principles and rules they should be subjected to the concurrent and the post-review according to the rule prescribed in this Manual.

AUDIT OF TRANSACTIONS INCLUDED IN THE REMITTANCE ACCOUNTS

17. In regard to vouchers relating to Remittance Accounts (Exchange and Settlement Accounts) the Audit Officer of the Adjusting Department is responsible for auditing the charge to ensure (1) that it is a proper charge against a work, office, or other expenditure unit under his audit, and (2) that it has been duly sanctioned. It is not necessary for him to check the arithmetical calculations of the vouchers. See also Article 70 of the Account Code, Volume IV.

Note—If, as in the case of supplies received from another department, the admissibility of the item depends upon the authority possessed by the officer at whose instance the supplies have been received to order the supplies, the charge may be adjusted against its proper service head as one which has actually occurred but it should be examined with reference to the authority or sanctioned requested, and if necessary. Faced under objection in the same way as if the charge had been met by an actual payment by the officer concerned.

18.. As an exception to the general instructions contained in the preceding paragraph, the audit of charges in the following cases is conducted by an Audit Officer other than the one responsible for the adjustment of charge:—

Serial No.	Particulars of transactions.	Audit Officer.	Adjusting Office
1	Charges incurred in the Navy, Civil, Public Works, Railway, Posts, Telegraph & Telephones and other Departments on account of a Field Service Force.	Audit Officer of the respective Departments.	Defence Account Officer.
2	Revenue and expenditure transactions connected with works of the following Departments of the Government the execution of which is entrusted to the Public Works Department as a standing arrangement :— Military Engineer Services; Bangladesh Air Force ; Railway Department : Posts, Telegraphs and Telephones Department and Archaeological Department.	Accountant General who audits the accounts of the Public Works Department concerned (as sub-Audit Officer of the Departmental Audit Officers).	Account Officers of the respective departments.
3	<i>Deleted</i>		
4	<i>Deleted</i>		
5	Transit Pay of a Government servant lent to another Department on reversion to the lending Department.	Accountant General of the lending Government.	Accountant General of the borrowing Government.
6	Cost of printing work (including the cost of stationery used in printing done by the following presses of the Government, Commercial Departments and other paying Departments of the Governments :— (a) Government Printing Press, Dacca (b) Bangladesh Govt. Press, Dacca.	Accountant General (Civil), Bangladesh. Accountant General (Civil), Bangladesh.	Account Officer of the Department concerned.
7	The charges on account of pay, travelling allowances, etc., in cases in which a Department requisitions from another Department the services of a Government servant of a commercial department as a witness or of any other Government's servant as a technical or expert witness provided the arrangement exists under a mutual agreement between the two Departments.	Accountant General in whose jurisdiction the Government Servant Serves.	Account officer of the requisitioning Government.

Serial No.	Particulars of transactions.	Audit Officer.	Adjusting Officer.
8	<i>Deleted.</i>		
9	<i>Deleted.</i>		
10	<i>Deleted.</i>		
11	Charges on account of leave salaries and pensions paid by the Civil or the Posts, Telegraph and the Telephones Department in respect of leave and pension earned by service in the Defence Department (with a certificate prescribed in Article 170 of the Account Code, Volume IV).	Paying Civil or Posts, Telegraphs & Telephones Accountant General.	Account Officer of the Defence Department.
12	<i>Deleted.</i>		

NOTE 1—As regards audit of cheques, debits in respect of which are passed through the Exchange Account, see Article 71 of the Account Code, Volume IV.

NOTE 2—In the case of leave salaries, debit on account of which are raised against the departments under the rules of Section II in Appendix 3 to the Account Code, Volume I, the audit is carried out by the Audit Officer of the department and not by the Audit Officer of the adjusting department.

FILING OF VOUCHERS

19. After the classified Abstracts and Detail Books have been posted and the audit of vouchers and post-review completed, the voucher should be filed, a separate file being maintained for all classes of vouchers which have the same period prescribed for their retention (see paragraph 343 of the Manual of Standing Orders), so that there may be no difficulty in destroying them after the prescribed time. Within each file, the vouchers appertaining to each District (or other) schedule should be kept together, and the vouchers relating to a schedule should be arranged by minor and sub-heads and units of appropriation.

20. *Deleted.*

CHAPTER 2.—APPROPRIATION AUDIT.

General	21	Audit of Expenditure against Grants or
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GENERAL

21. The Audit against Grant and Appropriations specified in the Authenticated Schedule or Schedules of Authorised Expenditure will be conducted by the Accountant General according to the general principles and rules laid down in the Audit Code.

The procedure relating to the preparation of Demands for Grants and Appropriations, to the allotment of funds and their reappropriations and to budget matters generally is laid down in the financial rules made by Government. The powers of the various executive authorities to authorise transfer of funds from one unit to another within the same Grant or Appropriation are also set out in these rules.

AUDIT OF ALLOTMENTS

22. As laid down in Article 163 of the Audit Code the audit of orders of allotment of funds and reappropriations consists in seeing—

- (a) that an authority making allotments under a Grant or Appropriation does not allot amounts in excess of those available under the Grant or Appropriation,
- (b) that the amount appropriated is available under the unit from which it is allotted, and
- (c) that the order is issued by competent authority.
 - (i) Deleted.
 - (ii) Deleted.

AUDIT OF EXPENDITURE AGAINST GRANTS OR APPROPRIATIONS

23. For working out month by month, the progressive expenditure against each Grant or Appropriation and each unit of Appropriation a Register in Form 1 should be maintained. Each Grant or Appropriation should be assigned a page or set of pages. Under each grant or Appropriation the several sub-heads and units of appropriation should be detailed showing each the authorised provision and progressive expenditure month by month. The accuracy of the figures posted in the Register should be tested in a separate abstract, and the Register submitted to the Gazetted Officer for review.

24. Deleted.

25. In respect of Civil and Irrigation Works of the Civil Department when under the audit control of Defence Accounts Officers, the concerned Defence Accounts Officers will submit, in respect of such works, compiled accounts to the Accountant General, Works and WAPDA for incorporation in this book. In such cases the Defence Accounts Officer concerned will conduct the appropriation audit in respect of the expenditure against the units of appropriation as well as that against the total of that portion of the Grant which has been assigned to his circle. The Accountant General, Works and WAPDA should, however, audit the total expenditure against the Grant as a whole.

PART II

TREASURY/DISTRICT ACCOUNTS OFFICE AUDIT

CHAPTER 3.—GENERAL ARRANGEMENTS OF TREASURY/DISTRICT
ACCOUNTS OFFICE AUDIT DEPARTMENT

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INTRODUCTORY

26. The Treasury Audit Department is divided into small sections each with a member of the Subordinate Accounts Service in charge. A section or group which is called the Central Treasury Section or group, receives the district accounts of all treasury transactions pertaining to the Government. The remaining sections which are called the Treasury Departmental Sections are constituted on a departmental basis so that all transactions relating to a particular department may, as far as possible, be dealt with in one section.

Note.—The Central Treasury Group may conveniently be attached as a sub-section to the Book Department or to another Treasury Audit Department Section.

27. To facilitate understanding of the detailed arrangements for work done in the Treasury Audit Department, the contents of this chapter have been arranged so as to show exactly how the accounts received from treasury/D.A.O. are dealt within that Department. First are described the general duties of the District Auditor who first receives the D.A.O./Treasury Accounts. He retains these accounts and such of the connected documents as are to be disposed of by him finally and passes on the schedules, vouchers, etc., relating to departmental receipts and payments to the Departmental Auditor concerned, a brief description of whose duties is given next. Thereafter, the procedure for the audit of accounts schedules and vouchers are for making the inter-departmental adjustments is prescribed. This procedure is to be followed both by the District and the Departmental Auditors. The work of both the auditors is then to be reviewed by a Branch Officer or by a member of the Superintending staff according to the rules laid down for the current review of audit. After audit the treasury transactions are to be posted in the Detail Book and Departmental Classified as indicated in subsequent paragraphs. The work of the Treasury Audit Department completed up to this stage is further subjected to a test check by a Branch officer independently according to the rules laid down for the post-review by Branch Officer. For the purpose of this Chapter this is the last stage of the work done in the Treasury Audit Department.

DISTRICT AUDITOR

28. In the Central Section, an auditor known as the district auditor, is responsible for the adjustment of the entire treasury accounts of a district relating to financial transactions. The Accountant General may, however, arrange at his discretion that the accounts of the Government transactions are adjusted by one or two district auditor. The district auditor is also responsible for the audit of the accounts entrusted to him with the exception of departmental receipts and payments which are entered by the treasury in separate schedules and provisionally adjusted by the district auditor under the suspense head "Departmental Adjusting Account". The Audit of this departmental receipts and payments and their final adjustment under the proper heads of accounts are entrusted to clerks known as departmental auditors attached to Treasury Departmental Sections. Every schedule of departmental receipts and every second schedule of departmental payments which form part of the month's accounts working up to the general Cash Accounts should pass through the hands of the district auditor who, Accounts before passing on the schedule to the departmental auditor, must test its total against the entry in the Cash Account or the list of payments and must mark the total of the schedules, as well as the corresponding entry in the Cash Account or the list of payments, as "agreed" and initial them.

1. The detail check of deposits may be entrusted to a separate clerk but the district auditor is responsible for seeing that the lists of receipts and payments agree with the Cash Account and the lists of payments and also, if the arrangement is that he shall check the vouchers before making over the list of deposits paid, that there is a voucher complete and in due form for every recorded payment, or, if a voucher be lacking, that objection is taken and explanation demanded.

2. Income tax schedules when they are attached to the pay and establishment bills received from the treasuries/D.A.O. and other disbursing officers should be checked with the respective bills and transmitted to the Income-tax Officers concerned. This check may be entrusted to the district auditor or departmental auditor as may be found convenient.

DEPARTMENTAL AUDITOR

29. The departmental auditor is responsible for the audit and adjustment of all transactions which are entered by treasuries/D.A.O. in the departmental schedules of receipts and payments as relating to a particular department or to a particular major head of account not affecting a particular department. The bills of Gazetted Officers will, as an exception to this rule, be audited by a separate group and, in the case of larger departments, specified classes of bills or the bills relating to certain divisions may similarly be entrusted to separate auditors in the section; but the departmental auditor is still responsible for seeing that the bills or vouchers which he transfers to the separate group agree with the entries in the departmental schedules, that they are recovered after audit and that, unless separate objection Books are kept by the group concerned, any objection taken by the auditors is duly recorded in the objection Book and notified to the Treasury Officer/D.A.O. or other officer concerned.

1. Personal advances made to a gazetted officers should be passed on for audit in the same way as gazetted officers pay bills.

2. The statement of rents recoverable showing recoveries of rents from Gazetted Officers in respect of Government residences borne on the books of the Public Works Department received with the monthly accounts from not less than ten per cent of the treasuries/D.A.O. selected at random by a Gazetted Officer should be checked every month with the relevant vouchers. The selection should be so made that each treasury should come within the cycle

of audit at least once a year. In checking the statements it should specially be seen that the rates of emoluments as noted therein are correct. These statements, after verification should be forwarded to the Divisional Officer concerned. The divisional office compares these statements with the corresponding entries in the Register of Rents of Buildings and Lands to verify that the Audit office has not omitted to send any statement pertaining to that treasury/D.A.O. and takes steps to revise the assessment of rent of Government servants whose rates of emoluments have been altered by the Audit office.

Note.—The test check of statements in respect of non-gazetted Government servants of selected offices may similarly be conducted at the discretion of the Accountant General.

3. Statements received from disbursing officers of other audit circle and submitted to the Accountant General along with the divisional accounts should be sent periodically to the Audit Officers concerned for verification, and the procedure indicated in Rule 2 above should then be followed in respect of the verified statements.

4. In the case of subscribers to the General Provident Fund, the rate of pay, as entered in the schedule of General Provident Fund Deductions attached to the pay bills for June paid in July, should be checked by the Audit Sections concerned before the schedules are made over to the Fund Section.

5. The departmental auditor is responsible for pre-audit of bills payable by the Pre-audit Pay Department (Chapter 16) and for such audit against allotments as is conducted at the special request of the Executive.

6. *Deleted.*

30. The Departmental Auditor should be an experienced auditor and should be assisted, if necessary, by one or more less experienced auditors known as sub-auditors according to the heaviness of his charge. The sub-auditors should work under the direct supervision of the auditor and should be employed chiefly on work which is more or less of a mechanical nature, such as referencing the arranging of vouchers, the checking of totals and of fund deductions the posting and totalling of the Departmental Abstracts, etc. In order that they may be trained for more important duties, they should also be entrusted with the audit of some of the less important bills, such as establishment bills to which neither leave statement nor increment certificate is attached and travelling allowance bills of inferior servants. The detailed distribution of work between the auditor and the sub-auditor is left to the discretion of the Accountant General, and should be set out clearly in the office Manual. An auditor should not ordinarily be employed as a departmental auditor until he has worked for some time as a sub-auditor.

31. On receipt of the schedule of receipts or payments, the departmental auditor should test the total of every schedule or list subsidiary to the general schedule with the entries in the general schedule itself, and should mark the total of the subsidiary schedule or list as well as the corresponding entry in the general schedule as "agreed" and initial them. The first duty of the person who has to dispose of the subsidiary schedule or list is to see that the detailed entries recorded on it work up to the total thus agreed. He should therefore add up the entries in the money column and initial the total as "checked". Not until this is done is it permissible to proceed to the audit of the detailed entries.

AUDIT PROCEDURE

32. Audit should be conducted in accordance with (1) the general principles, rules and supplementary regulations laid down in the Audit Code and (2) the special procedure, applicable to each class of transactions, as set out in the relevant chapter of this Manual.

33. The auditor examining a voucher or schedule should record the necessary particulars in the proper audit register, if any, unless there is a rule to the contrary, and should examine, tick off, or correct and complete in ink the classification on the voucher or schedule. The classification should indicate the amount to be taken to each detailed head in order that the Compilation Book or Classified Abstract may be posted directly from such enfacement. In the audit enfacement he should explain any objection taken to any item in sufficient fulness to make it readily understood. The following is an example of the type of note which should constitute the audit enfacement:—

					Tk.
Charge—Headquarters Office establishment	--	--	--	--	1,976
Tahsildars and establishments	--	--	--	--	2,431
Total Amount of Bill					4,407
Admitted	--	--	--	--	4,382
Objected to	--	--	--	--	25

as per details following :—

AB, officiating for CD, officiating allowance overdrawn .. 25

Tk. 18, pay of EF newly appointed, held under objection pending receipt of Health certificate.

1. The object of the instruction is to secure that every voucher or schedule be complete and intelligible in itself, and shall formally recorded its adjustment so that a stranger at a glance, without doubt or delay, see exactly what detailed entries in the Compilation Book or Classified Abstract are covered by any given voucher or schedule.
2. The details of Classification need not be noted in the audit enfacement (I) when the headings of the bill are printing and exactly correspond with those in the Classified Abstract and (2) when the bill consists of one item only, in which case the heading, if in manuscript, should be examined and ticked off, or corrected when necessary.
3. In order to facilitate the work of auditors in classifying correctly the transactions the complete classification should be noted prominently on each page of the several audit registers, and the Superintendent who is responsible for the correctness of the classification so noted should check and attest each entry.

34. The post-audit of service payments and the examination of receipt schedules and Debt and Remittance transactions must be carried on simultaneously. No Audit office can be considered free from arrears, unless the establishment is ready to deal with statements as soon as they arrive. When the first schedule of payments is received, the audit should commence at once so that any error discovered may be notified to the office immediately concerned, or, through the Objection Statement, to the Treasury Officer/D.A.O. before the next month's payments are made. If this is delayed the same error may again be committed, the objections have again to be raised, and the work thus greatly increased.

*1. See "Note" under paragraph 562.

INTER-DEPARTMENTAL ADJUSTMENTS

35. When an item of receipt or expenditure which is properly adjustable in the Abstract of one department appears in the treasury/D.A.O. schedule pertaining to another department or head of account, the auditor dealing with the schedule should classify the amount under the detailed suspense head opened in the accounts for the provisional adjustment of the D.A.O./treasury transactions of the department which must finally receive the credit or debit. The auditor should then send an intimation of the transaction on a suspense slip in Form 3, supported by the vouchers or extracts from vouchers to the departmental auditor of the adjusting department. On receipt the latter should deal with the slips and the vouches in the same way as if they had come to him with the departmental schedules of a treasury/D.A.O.

Note.—In the case of vouchers transferred by the departmental auditor to the Gazetted Audit Department or other audit groups for audit (See paragraph 29), the auditor concerned in the Gazetted Audit Department or other audit group should whenever necessary, prepare and send the suspense slip supported by the vouchers or extracts from vouchers to the departmental auditor, who should deal with it in the same way as if the suspense slip was prepared by him.

36. The amount and other particulars of each suspense slip should be entered by the auditor preparing the slip in a Register of suspense Slip (Form 4) by carbon process in duplicate. Separate registers or separate portions of a register bearing distinctive letters must be set apart for the suspense slips relating to each detailed suspense Ledger head of the Departmental Adjusting Accounts or for each section as may be found convenient. The entries in each register should be numbered in a separate consecutive series for the year, and the number of each entry with the distinctive letter of the register should be entered in the relevant suspense slip. On completion of the Departmental Abstract of the D.A.O./Treasury portion of the Detailed Book the auditor concerned will detach the original list of suspense slips, being the top copies in the register and forward it to the section maintaining the Abstract relating to the suspense head in order to secure the certificate prescribed on the form. When the list is received back with the prescribed certificate, it should be pasted on to the corresponding carbon copy in the register.

37. Deleted.

CURRENT REVIEW OF AUDIT

38. The audit of the treasury accounts must be reviewed under the following instructions by a Branch Officer or by a member of the Superintending staff, who as he passes each voucher should place a distinctive mark (either his initials or some shorter distinctive mark) under the encasement of the voucher and against the entry, if any, in the audit register.

This review should be made immediately after audit and, wherever possible consistently with paragraph 1, before the bills are posted in the Classified Abstract or in the Detail Book.

A very important part of this review is the check of the classification.

1. In addition to the check of the classification of vouchers reviewed under paragraph 39, the Superintendent should be held responsible for the correct classification of items of over Tk. 500 but not exceeding Tk. 5,000 under any detailed head of account and the gazetted Officer for classification of similar items of over Tk. 5,000.

The cent. per cent. check of classification by the Superintending of bills of gazetted Government servants may at the Accountant General's discretion be reduced to 25 per cent., when circumstances permit.

39. The minimum percentage of bills and vouchers of each class to be reviewed concurrently and the agency by which such review is to be performed will be governed by the following instructions, the prescribed percentages being calculated on the number of vouchers subjected to audit, except in the case of items falling under (10). Unless it is otherwise expressly stated, the review will be carried out by some member of the Superintending staff as determined by local rules.

(1) Pay bills of gazetted Government servants, 15 per cent. by the Superintending and 7½ per cent. by the Branch officers.

Note. 1.—With the permission of the Comptroller and Auditor General, Assistant Superintendent may be allowed to help Superintendents in the review of bills of gazetted Government servants.

(2) Travelling allowance bills of gazetted Government servants. Cent. per cent.

(3) Pay bills of non-gazetted Government servants which are treated in audit in the same way as pay bills of gazetted Government servants.—Twenty-five per cent.; special percentages should be fixed by the Accountant General in the case of complicated bills.

(4) Establishment pay bills.—Fifty per cent of bills with leave statement or increment certificates attached and 10 per cent of others.

(5) Establishment travelling allowance bills.—Ten per cent.

(6) Abstract and contract contingent bills.—Ten per cent.

(7) Fully vouched and detailed contingent bills.—Fifty per cent. should be reviewed and in addition every bill between Tk. 1,000 and Tk. 3,000 should be reviewed by a Superintendent.

(8) Scholarships and grants-in-aid.—Ten per cent.

(9) (a) Pension payments and deposit repayments.—Eight per cent. but 50 per cent. of the gratuity vouchers should be reviewed by the Branch Officer in addition to the review of all such bills for more than Tk. 3,000 under item (17).

(b) Refunds of revenue refunds of fines discounts on stamps and interest payments.—Ten per cent.

(10) Miscellaneous payments.—To this class belong share of fees realised by Government paid to certain of its servant and other peculiar and exceptional payments. In these cases the extent to which the review is necessary is left to the Accountant General to decide with reference to the circumstances of each case.

1. See Cash items (17) to (21) of the table under paragraph 18.

(11) Cash Accounts, Lists of payments, schedules, plus and minus memoranda, Deposit registers, etc.—These should be examined in full.

(12) All bills and vouchers for more than Tk. 3,000, other than Abstract Contingent bills, Advance bills, Public Works Department bills, and Deposit vouchers, should be reviewed by a Branch Officer, unless they relate to regular monthly payments such as pay bills.

40. The Accountant General should increase the limits prescribed in the preceding paragraph, in individual cases, when necessary, either on account of the experience or untrustworthiness of the auditor or the habitual slackness of the accounts of any district, or for any other reason. The Accountant General may delegate this power to other reason. The Accountant General may delegate this power to the Branch officers in charge of sections subject to the general control of the Deputy Accountant General.

In arranging for the percentage review it will not ordinarily be necessary to count the bills of each kind received with each schedule of payments, but registers may be marked off as each representing a certain percentage of the whole, and all the bills in certain of the registers should be reviewed each month; only in the case of bills which are not entered in an audit register would an actual count be necessary. The method of selecting the registers or bills for review is left to the discretion of the Accountant General, but care should be taken to ensure, as far as possible, that the auditor shall not know what bills are likely to be left unreviewed. A record of the bills and registers actually reviewed may, at the discretion of the Accountant General be kept up in such form as may be considered convenient.

The result of reviews by the Superintending staff should be reported to the Deputy Accountant General through the Branch Officer concerned, but only important errors and serious omissions and irregularities should be brought to notice. The report should be recorded in a separate book for each Department, and should be passed finally by the Deputy Accountant General unless he considers it necessary to bring any point to the notice of the Accountant General.

41. The Branch Officer in charge of a section should scrutinise carefully every objection whether entered in an objection Statement or half margin before he passes it, cancelling or submitting for orders any to which in his opinion the provisions of Articles 248 and 254 of the Audit Code could suitably be applied. In the case of bills of the Gazetted Audit section, if the objection is not perfectly clear and intelligible, or if the Branch Officer has any doubt as to the accuracy of the objection or the desirability of its issue, he should call for the relevant bills and audit register, so that he may assure himself of the validity of the objection before he allows it to issue. In the case of other bills the scrutiny should in the main consist in seeing whether the objection is a reasonable one and whether it is worded in intelligible and unexceptionable language; it is not intended that Branch Officer should check the facts by a comparison of the vouchers, except in those cases in which he has reason to think that the facts implied by the objection are not correct, or which the objection itself is not intelligible without the vouchers. It should be borne in mind that unnecessary, meticulous or badly expressed objections not only bring discredit on audit and give rise to reasonable irritation, but also cause an increase of work both in the audit and the executive Offices. Objections raised on half margins or audit memoranda should not be treated as routine correspondence which may be issued by Superintendents. No such objection should issue over the signature of a non-gazetted officer unless the case is clearly met by one of the printed and numbered standard objections; if any manuscript addition of any kind has to be made in the printed form, it should be signed by the Branch Officer in charge. The more important objections which are likely to lead eventually to a reference

to the Head of Department or superior administrative authority should not ordinarily be issued without the approval of the Deputy Accountant General.

Note 1.—In scrutinising objections, it should be borne in mind that the discretion vested in Audit Officers by Article 248 of the Audit Code should be freely exercised.

Account Procedure

42. The district auditor, when he has completed the audit of vouchers of a list of payments with which he himself deals, should recover from the sections concerned all the bills and vouchers which were made over to them other than those relating to the departmental schedules which are provisionally adjusted under the suspense head "Departmental Adjusting Account" (See paragraph 28). He should see that the vouchers so recovered have been audited, compare them again with the list and ascertain that none are missing. He should then examine the Cash Account and the list of payments as to correctness of method of entry and verification of cash balance. The necessary notes of classification should be entry in the remarks column of these documents.

Note 1.—This procedure will be suitably modified by the Accountant General in the case of those vouchers the audit of which is permissible after incorporation in the Detail Book.

Note 2.—The Accountant General may at his discretion authorise that the bills and vouchers, other than those relating to the departmental schedule, made over to other sections for Audit need not be recovered from them and may be filed in those sections.

43. On completion of the examination by the district auditor the Cash Account, list of payments, vouchers and all supporting documents for the Audit of which he is responsible should be made over to the Superintendent of the section, who should check carefully the classification of receipts and expenditure before submitting it to the Branch officer in charge. After it is passed by the latter the Cash Account and list of payments should be made over to the poster of the Detail Book.

1. For the purpose of this paragraph, the classification entered on the vouchers and schedules which the Superintendent and the Branch Officer have checked as part of their concurrent review may be treated as checked for the purpose of this review.

2(a) Receipts and payments shown against a particular department in the Cash Account and list of payment will be taken in the first instance in the Detail Book under the minor head "Departmental Adjusting Accounting" under the Major head "Suspense Account" in Section "P-Deposits and Advances". Under this minor head a separate detailed head for receipts and another for payments will be provided for each Department and for each major head not relating to particular Department.

Note.—In the case of small departments or major heads under which the transactions are few, two or more such departments or major heads may, at the discretion of the Accountant General, be treated as relating to a single department.

(b) The credits and Debits which are posted under the above suspense heads in the Detail Book will be cleared by deduct entries under the same heads in the Departmental abstracts where the transaction are finally brought to account (see Articles 8 and 10 of the Account Codes, Vol. IV).

44. The procedure for the compilation of the departmental transactions, from the treasury schedules, the Exchanges Accounts, and Inward Settlement Accounts into the Departmental Abstracts is prescribed in Chapter I of the Account Code, Vol. IV.

POST REVIEW BY GAZETTED OFFICERS

45. The Accountant General, Additional Accountant General or his Deputy should keep a register in Form 5, of the treasury and departmental accounts with 24 monthly columns, and should, in every month, as soon as the accounts are posted and audit completed, enter against each selected unit or units the name or designation of the Gazetted Officer by whom the review of the month's account is to be made, in such a way as to ensure that the Accounts of every treasury, D.A.O., or department are reviewed by a Gazetted Officer not less than once in two years. This review should be carried out as far as possible by senior officers of the Department, and should not be entrusted to very junior officers. It should in no case be entrusted to probationers, unless for purposes of training in which case the account reviewed should not be included in the prescribed number.

The Reviewing Officer should call for all the documents relating to the particular unit or units allotted to him and subject them to a careful test audit. The scale fixed for the check by the Reviewing Officer of each class of bills should be the same as that fixed for check by the Superintendent, and half of his review work should be devoted to a recheck of the review which has already been done by the Superintending staff. The pension vouchers of each treasury are audited only twice in a year and the post review should be so arranged that a few audited vouchers come under review. The Reviewing Officer should take up the vouchers, check them with the entries in the schedules and re-audit them, should see whether the schedules have been properly dealt with by the auditors (paragraph 31), should subject the Cash Account to such audit as may be possible (e.g., the fine statements, discounts on stamps, etc.), should look into the Deposit Registers, and should check the plus and minus memoranda with the accounts. Having thus generally review the accounts, he will have the vouchers selected for review put up in the audit registers, see that they have been properly audited and due objections taken, and initial bills and registers. The most important part of the Gazetted Officer's review should be the audit of the establishment, travelling allowances and contingent bills, so as to see that no charges have been improperly passed. He should examine the registers to ascertain that they are properly kept in accordance with rules and that a sufficient check exists over both fixed and variable charges. He should see in particular that sanctions having a limited currency are noted in such a way as to secure that expenditure incurred against them will not be admitted in audit beyond the period of currency. Finally he will submit through the Deputy Accountant General a report of his audit to the Accountant General in a form to be prescribed by that officer. The report should be made in a bound book and should show only important errors and irregularities.

Note 1—Any portion of the check which is exercised by a Branch Officer in the course of his ordinary duties need not again be exercised by him or by any other officer in the course of his review. Detailed orders on this point should be inserted in the office Manual.

Note 2—If necessary, the Accountant General may select a Senior S.A.S. Accountant who is not in charge of a section of the Treasury Audit Department and may regard him as a Reviewing Officer for purposes of the Review prescribed in this paragraph.

Note 3—Local arrangements should be made for the review of charges of establishment drawn against a lump grant.

Note 4—Detailed contingent bills are of more importance than abstract bills and require the more attention. The review must be of detailed bills received during the month, the accounts of which are being checked and it is more important to see that no charges are improperly passed than to see that they are properly recorded when passed. It is not, as a rule, necessary to total the item or examine the sub-vouchers except in the case of important bills. The Reviewing Officer should be careful to see that special and periodical charges are dealt with the manner prescribed in chapter 7.

Note 5—The Reviewing Officer should also see that the vouchers reviewed have been correctly posted in the Classified Abstracts. He should also certify that some bundles of vouchers have been examined by him to ensure that the certificate of audit has been correctly recorded and generally satisfy himself that the vouchers marked for audit have in fact been audited and bear an enfacement of audit by the Auditor. The bundles of vouchers so examined should be specified.

Note 6—The entries in the Review of Audit Register indicating the completion of reviews should be verified with the Registers containing the remarks of the Reviewing Officers to ensure the correctness of the former.

46. In conducting this review, the Reviewing Officer should bear in mind the requirements of audit against property as enunciated in Articles 84 and 85 of the Audit Code.

47. A period should be fixed by the Accountant-General for the completion of a Gezatted Officer's review and its submission to him, and any failure to complete a review within this period will constitute an arrear for the purpose of the Monthly Report on arrears submitted to the Accountant-General.

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LIST OF REGISTERS

48. For the audit of pay bills of gazetted Government servants (*See Article 169 et seq of the Audit Code*) the following records should be maintained in the Audit Office :—

- (i) Audit Registers,
- (ii) Leave Account,
- (iii) Scale Audit Register, and
- (iv) History of Services.

AUDIT REGISTER

FORM AND SUB-DIVISIONS OF REGISTER

49. (a) The Audit Register is intended to be recorded for six years. Two alternative forms are prescribed—Forms 6 and 7. The former, which provided space on each folio for three years entries and thus requires the reservation of two folios for each gazetted Government servant, suitable for services, e.g., those not a time-scale of pay, whose emoluments are liable to be changed very frequently. The latter, which requires a single folio for six years' entries relating to one gazetted Government servant and provides space in each folio for frequent changes of emoluments, is more suitable for services wherein the charges are not very frequent. The Accountant-General will decide which of the two forms should be used in respect of any particular service.

(b) The account of each gazetted Government servant in the Register should be assigned a number and if the Register is maintained in Form 6 of the audit number thus assigned should be entered on both the folios reserved for him.

50. One or more volumes of the Audit Register should be set apart for the Government servants of each department, one set of volumes being maintained for Government servants of the Medical department, one for those of the Education department and so on. As an exception to this rule, it will be convenient to bring together in separate volumes the name of all members of a service, such as the erstwhile Civil Service, the members of which are liable to frequent transfers from one department to another.

Note—In the case of small departments containing a few gazetted Government servants (say not more than 10 in each department) a single Register may be maintained to record the names of Government servants of all such departments, a suitable number of blank pages being left between each initial letter and department for the record of future entries.

1. In some cases, as for instance when a Local Fund post paid for fixed allowances is held as a collateral charge by a gazetted Government servant, it may be convenient for purposes of audit that the posts, and not the names of the Government servants should be heads of the Audit Register. The names of successive incumbents with dates may be entered in the space for orders.

51. The names should be entered alphabetically, that is either each Register will proceed from A to Z for all names of the class for which it is set apart, or, if classification is not adopted, each volume will take up a certain part of the alphabet. Some blank sheets should be left after each initial for further entries during the currency of the Register.

OPENING OF REGISTER

52. New Registers should be prepared shortly before the old Registers are completed; the current Registers should be examined by an intelligent person, the names to be omitted should be cancelled with a coloured pencil, and the remaining names re-numbered according to the corrected alphabetical order. At the foot of the page containing the last name of one initial letter should be noted the number of leaves to be left blank after it for future entries.

53. All orders still in force, any unexpired leave, any transfer ordered but not carried out, must be brought forward in the new Register, and should, therefore, be marked for the copyist's guidance by the person correcting the Register.

Note—To ensure and facilitate efficient audit, the procedure prescribed above should be adopted in respect of those orders also which sanction grants renewable at intervals of the fixed number of years, such as periodical grants made to Police Officers for Uniform and Saddlery.

54. The auditor, when he passes the last month's bill, must mark and outstanding objection and see that it is brought forward in the new Register.

55. When the new Register has been prepared by the copyist, it should be laid with the old one before a Branch Officer who should see that the necessary particulars have been correctly transferred and set his initials against the "Total charge" in the first money column as authority for, and a guide to, the auditing clerk. In the column for "monthly emoluments deductions", blank lines should be utilised for charges and deductions for which there is no printed entry in the form.

NEW NAMES

56. In entering new names, or re-introducing old ones care must be taken that no pay is passed unless supported by a last pay certificate or a leave salary certificate (See Article 171 of the Audit Code) except in the case of a gazetted Government servant who is newly appointed in Government service, when a health certificate is required (Article 167, *ibid*).

57. When a gazetted Government servant takes a last-pay certificate or a leave-salary certificate out of Bangladesh, a 'nil' money column should be opened and signed, and the fact, and the date of the grant of such a certificate, should be noted in the blank space on the right hand page. This will prevent his pay being admitted until a fresh money column is opened for him in the Register. When a Government servant takes a leave salary certificate for leave in Bangladesh and draws his leave-salary outside his own audit circle the same procedure should be followed in the Audit office which audits the pay of the Government servant, if the leave salary is adjustable finally on the books of the Accountant General in whose circle the payment is made. If, however, the leave salary paid in Bangladesh has eventually to be passed on for adjustment to the original audit circle of the Government servant, a money column having at the top the name of the circle of payment entered in red ink should be opened in the Audit Register of the Audit office to whose audit the Government servant belongs, for note of the payments of leave salaries passed on to it for adjustment. When an authority for drawing leave salary within his own audit circle is issued to a Gazetted Government servant the name of the District where payment has been authorised should also be noted in red ink in the relevant money column in the Audit Register.

58. A 'nil' money column should also be opened whenever the nature of the post held by a gazetted Government servant is known to be such that a careful watch has to be kept on the salary disbursed; as, for example, when a Government servant is appointed to officiate for another during the period of the latter's leave. If the period is extended, the date in the money column should be changed. In the case of sanctions to temporary appointments of gazetted Government servants as an additional precaution, the word "stop" should be written in pencil in the payment cage of the month in which the sanction expires. A new column should be opened in pencil for reduced pay and allowances as well as for 'nil' amounts.

ALTERATION OF PAY, ETC

59. On receipt of each issue of the Government Gazette, the Superintendent will circulate it to the auditors who will pick out the items concerning them. The auditors will post these items in the Registers and obtain the attestation of the Branch Officer to these entries. All entries in the column "Gazette page" under Particulars of leave and transfer posts should be separately attested by the Branch Officer, and any omissions should be specially brought to notice and investigated at the time of the periodical reviews of audit. At the time of attesting the entries, the Branch Officer will tick off or initial the corresponding notifications in the Gazette in token of his having attested the Registers. The Superintendent of the Section will review the Gazette carefully to see whether

any items have not been entered in the Registers and obtain the orders of the Branch Officer before filing the Gazette. This work should be regarded as urgent.

When Government orders sanctioning alterations of pay, leave transfers, etc., are issued in advance of the notifications in the Gazette they should be handled in the same manner as the notifications themselves. The entries in the Register should, however, be compared with the Gazette notifications when the latter are received and the auditor should certify against the notifications concerned that he has made the necessary comparison.

After the entries have been attested by the Branch Officer and any new money column initialled by him a pay slip (Form 9) will be issued to the Government servant whose emoluments are changed. The pay slip form may be used for fixed pay posts as well as for those on a time-scale rate of pay, and it has been so worded that it may remain in force for a considerable time.

1. The number and date of their slip should be entered in the space provided for the purpose in the Audit Register.

2. In case where the change in the money column does not necessitate the issue of Pay Slip, the auditor who prepared and the Superintendent or Assistant Superintendent who examines the money column should put their initials in the space for "Advice No." below the cage of money columns.

3. An order appoints AB to act as Judge during the absence of CD; a single mark only is wanted, as the order affects only AB. But if the same order grants leave to CD and appoints AB to act for him, it has to be noted against both, and so two marks are necessary. In the case of any but a grade promotion, it should not be necessary in the note against AB to make any mention of CD whom he succeeds.

4. When a gazetted Government servant is appointed to a post for limited time the limitation should be stated in the note of the order; it can never be necessary to note that a Government servant is to act "till further orders" as a later order always cancels an earlier one.

5. After the close of each year, red-ink lines should be drawn across the spaces provided for note of orders, objections, transfers and remarks to distinguish them from those affecting payment of subsequent years.

6. The pay slip Form with suitable modifications will also be used for the authorisation of leave salary in Bangladesh.

60. A fresh Pay slip should be issued—

(1) Whenever any increment is stopped,

(2) Whenever an efficiency bar, or any other bar against the grant of a particular increment, is removed, and—

(3) Whenever there is a change of any kind in emoluments, otherwise than by accrual of an increment in the ordinary course, t.g.,

(a) When a gazetted Government servant passes outside or beyond the time-scale, or

(b) Whenever he passes from one overlapping time-scale to another or from one time-scale to another, or

- (c) Whenever he proceeds on leave of any kind or returns therefrom, or
- (d) When he is appointed to a temporary post or reverts therefrom,
- (4) Whenever the stage of the time-scale at which there is a pause is reached,
- (5) Whenever leave salary is to be authorised to a gazetted Government servant proceeding on leave in Bangladesh.

Note 1—In the case of time-scales of pay with efficiency bars at certain stages an Audit Officer will not authorise any Government servant to draw pay at a rate above the stage at which an efficiency bar is fixed until he has received a declaration from the authority empowered to make the promotion that it has satisfied itself that the Government servant in question is fit to pass the efficiency bar.

Note 2—When a Government servant is appointed for a limited period to another post, but the exact dates of making charge and of reversion are not known, the pay slip should show two rates of pay, the one commencing from the date of taking charge and the other from the date of reversion. If, however, the exact dates are known, they should be entered in the Pay Slip.

61. In the case of gazetted Government servants who are occupying or who generally occupy Government residences, the Pay slips should be made out in triplicate, preferable by carbon, and one copy should be sent to the officer responsible for making the recovery of rent to enable him to revise the assessment of rent where necessary.

62. If the rates of deduction change for any reason, or if a gazetted Government servant reverts without a new order to his former scale of pay, a new money column should be filled up and initialled but no slip notice need be issued. The date above the money column should be filled in at once only if the changed rate necessarily takes effect from the date of the orders, if a changed rate is consequent upon any previous transfer of charge, receipt of certificate of taking charge should first be awaited.

1. If there is a change in one item of deduction without any alteration in emoluments or other deductions, correction may be made in red ink without transfer of all the particulars to another money column, the date from which corrected amount is payable being noted against it.

2. Changes in the rates of subscription payable by members of the erstwhile Civil Services and Military Officers under the Family Pension Regulations of their respective services, and by subscribers to the Superior Services Family Pension Fund, should be communicated to the Treasury Officer concerned.

63. If a temporary grade promotion for a term already expired is notified in the Gazette a new money column need not be opened unless it is considered necessary. If it is not opened, the pay and allowances claimable should be named in the Pay Slip, and neatly entered in detail in the space for note of peculiar Payments, etc., in the middle of the right-hand page of the Register, with a guide letter, which may be set also: (1) in the money column temporarily affected by the order, (2) against the note of the order, and (3) in the cages provided for the months for which pay and allowances may be drawn; on payment, the date of the voucher will be noted in the cages against the letter.

LEAVE AND TRANSFER

64. On receipt of sanction to leave, either through a notification in the Gazette or Government order issued in advance of the notification; a comparison will be made of the leave sanctioned with that shown in the office copy of the leave report. The auditor will certify against the notification in the Gazette or on the Government order, as the case may be, that he has made the necessary comparison and this certificate of comparison should invariably be attested by either the Superintendent or the Branch Officer. The particulars of leave and transfer in the Audit Register will in part be filled up from the Gazette; the first two columns in every case, then the first two under "Leave" or the column under "Post". In the column "Rule under which leave is granted, and kind of leave" the nature of the leave taken should be denoted by appropriate letters, followed by the quotation of the rule under which the leave is granted; the period of absence can only be filled in after return. The date taking or making over charge can only be entered from the report of transfer, and a blank in these columns will always give warning that some further information is required and must be called for. The column "Number and date of reference" is for the record of letters addressed to the gazetted Government servant regarding joining time, objection, etc.

65. In the case of periods of leave succeeding each other, the day which reckons as the first day of each will appear in the column headed 'Begins' and that which reckons as the last of each in the column headed 'Ends'; the column "Period of absence" the filled up will show whether or not the period granted has been overstayed.

66. In the case of transfer the joining time "Admissible" and that "Taken" should be filled in when the certificate of taking over charge is received in order to check whether, and by how much, the proper joining time has been exceeded. In cases, however, where the transfer is from one station to another and the time taken in joining is less than the minimum admissible, the column "Joining time admissible" need not be filled in.

CHARGE CERTIFICATE

67. Certificates of giving over and taking charge or of going on and returning from leave, should be noted in the Audit Register immediate on receipt, and after the entries have been checked by the Branch Officer, they should be given to the poster of the History of Services and when necessary to the poster of the Register of Permanent Advances. After this they should be pasted in a separate file.

1. In cases in which the transfer of charge takes one or more days, a suitable note should be made in the column for remarks, and if the time taken is treated as duty the authority or this should also be noted.

2. In the case of transfer of charge of gazetted Government servants employed at the station of their Audit office in which the pre-audit systems in force, the relieving Government servant should be required to furnish to the Audit office specimen signatures of the relieving Government servant (See paragraph 328).

AUDIT OF PAY BILLS

GENERAL

68. The audit will be recorded under the heading "Date of Payment of Bills" in the cage of the month for which the pay is due and not of the month in which it is issued. The name of the treasury/D.A.O.'s office from which payment is taken should be entered in red ink above the date of payment, but the entry need not be repeated unless the treasury/D.A.O. Office is changed. When a payment appears in an Exchange Account or a Settlement Account, the name of the account and the month of adjustment should similarly be noted in red ink. If the amount of the bills be the same as was passed for the last month, it is sufficient to note in the Register the date of payment; if any further payment be made afterwards under new orders, the new date would also be entered, with a letter guiding the eye to an explanatory note in the space provided for it in the form and to the note of the order. If there be any change in the rate of emoluments as compared with the last month, it will be better to enter the amount as well as the date. The amount noted should be the gross amount paid including the amounts deducted for funds and overpayments recovered.

1. Suppose that in the first money column the rate of pay is shown as Tk. 400 under date 1st June, 1972 and the second Tk. 450, under date 15th February, 1973. If then, for earlier months Tk. 400 (gross) only be drawn, for later ones Tk. 450, and for February, Tk. 425, no note of amount is needed on the right-hand page in the cages for July to January; but in February's cage Tk. 425 would be entered along with the date, and in March's Tk. 450. Thus an entry without specification of amount will always be understood to be for the same amount as that last recorded.

69. After the necessary enfacement of the voucher, the auditor should lay it with the Register before the Superintendent or the Branch Officer in-charge, who will attest the enfacement and initial the Register. Particulars of any objection will be posted in the space provided in the Audit Register, and duly attested by the Reviewing Officer and the voucher will be ready for surrender to the poster of the Classified Abstract. But if the ground of objection be only non-receipt of a complete certificate of transfer of charge where the transfer involved moving to another station, no note of it need be made under, "Particulars of objection," as the absence of a certificate in such a case is shown in the form under the head "Particulars of leave and transfer."

1. When the review of bills is divided between the Superintendent and the Branch Officer, it should be so arranged, that every class of gazetted Government servants passes under the review of the latter at least once in every quarter. If two or more Audit Registers are used for one class of gazetted Government servants the arrangements for made under this rule should ensure that each of the registers will pass under the review of the Gazetted Officer at least in once four and eight months in the past of Government servants subjects to the Revised/Prescribed Leave Rules respectively.

STERLING OVERSEAS PAY

70. Deleted.

71. Deleted.

Note:—Deleted.

72. Deleted.

Note 1.—Deleted.

Note 2.—Deleted.

73. Deleted.

74. Deleted.

PASSAGE CONCESSIONS

75. Deleted.

ADVANCES TO GAZETTED GOVERNMENT SERVANTS

76. Pay and allowances advanced under proper sanction to gazetted Government servants come under audit in the same way as payments on account of pay made on due and should be entered accordingly in the Audit Register. An advance made on transfer to enable a gazetted Government servant to join his post should be debited to "Advances Recoverable" or to the relevant Remittance head, as the circumstance may require. In the event of the Government servant being transferred to another circle of audit, the amount of the advance should be reported through the last pay certificate to the Accountant-General concerned to effect recovery. On receipt of the last-pay certificate the Accountant General will note the advance in the Audit Register so that proper action may be taken (see also paragraph 282).

77. Advances for house-building and advances for purchase of conveyances should be recorded in the Audit Register and in the event of a Government servant being transferred to another department the unrecovered balance should be noted in the last-pay certificate.

78. Deleted.

79. Deleted.

80. Deleted.

81. Deleted.

RENT RECOVERIES

82. If a Government servant occupies, as a residence, a public building whether residential or not, or a building hired by Government or a portion of any such building, the rent as specified by the office of the Director of Govt. accommodation Public works Divisional office in the Statement of Rents recoverable from "Pay Bills" is recoverable from the tenant without prior reference to him. The amount recovered should be credited to the head of account indicated in the statements.

1. This rule also applies to additional rent recoverable for furniture or for electric, water supply heating and sanitary installations in buildings occupied as residence. It also applies to amounts recoverable from a Government servant on account of the value of furniture or other Government property for the loss of which or damage to which he may be found responsible and to any other dues for which a Government servant may be liable to Government in respect of the residence allotted to him.

ADJUSTMENT OF THE OBJECTION

83. The auditor is responsible for watching the adjustment of objections raised on vouchers passed by him, and the Reviewing Officer when passing a new bill should see what objections are still outstanding ordinarily, recoveries will be made by short payment on a new bill, and record of such recovery should be made under "Particulars of Objection" before the voucher laid before the Reviewing Officer.

LEAVE ACCOUNT

84. Under Article 186 of the Audit Code, a leave account should be maintained by the Accountant General for every gazetted Government servant in the form prescribed therein. A similar account may also be maintained for any non-gazetted Government whose pay is audited like that of a gazetted Government servant.

LEAVE PROCEDURE

85. (a) The instructions issued by the Comptroller and Auditor General in connection with leave procedure are laid down in Appendix 4 of the Audit Code.

(b) To enable him to comply with provision of para (5) of that Appendix, the Accountant General concerned will maintain a register in Form 12-A to record the particulars of Govt. servants on transferred to Foreign Service and Leave salary contribution received, last pay certificates and authorities for drawal of leave salary.

86. (i) The leave salary of a gazetted Government servant who intends to draw his leave salary in Bangladesh should be authorised Form A. T. M-9 which may be suitably modified for this purpose. The authority should be prepared in triplicate preferably on carbon.

86. (2) (i) The leave salary Certificate of a Gazetted Govt. Servant proceeding on leave out of Bangladesh should be—

(1) In FORM 14 if he intends to draw his leave salary at the Home Treasury.

Note.—In the case of non-gazetted Govt. Servants who intend to draw leave Salary out of Bangladesh, leave Salary certificate should be in Form 14, and leave salary is to be drawn at the Home treasury.

Note 1.—Deleted.

Note 2.—Deleted.

87—Deleted

87-A. In the case of an attachment order issued by a Court in Bangladesh against a Government servant on leave out of Bangladesh the appropriate authority in Bangladesh is responsible for drawing the amounts recoverable monthly in compliance with the attachment order and remitting them to the court concerned of rule 228(2) of the Treasury Rule.

Note.—If an order of attachment is received in respect of the pay or allowances of a military officer who is for the time being in civil employ but is not borne on the Supernumerary List a representation should promptly be made to the Court that the military officer continues eligible for exemption from attachment. The attached portion of the pay and allowances should, however, be withheld from the officer until the Court's order on the preparation is received. If the civil Court still holds that its previous order of attachment is correct, a report should be made to the Defence Department where the order of attachment relates to the pay and allowances of the military officer borne on the Supernumerary List, the procedure laid down in this paragraph should be followed.

88. In leave salary authority or last-pay certificates granted to Government servants proceeding on leave out of Bangladesh or retiring from the service no entries may be made of Bangladesh pay and allowances due to them. Unless there is authorisation otherwise by the rules or orders of Government all pay, allowances leave salary and pension accruing to Government servant while in Bangladesh are payable in Bangladesh

NO-DEMAND CERTIFICATES FOR MILITARY OFFICERS IN CIVIL EMPLOY

89. Besides the ordinary last-pay certificate, Military officers in Civil employ, when about to retire from active service, are required by the Defence Department to produce a no-demand certificate from the Civil Accountant General under whose audit they are.

SCALE AUDIT REGISTER

90. A scale Audit Register in Form 22 will be maintained in Audit offices for the purpose of verification that appointments are not made in any grade or class of Government servants in excess of the sanctioned scale and that no post is abolished or held in abeyance, except to the extent authorised without the orders of the competent authority.

Note.—The maintenance of a Scale Audit Register is not necessary in respect of isolated or localised posts which are independent of each other. When the numbers of posts in a general grade or class of Government servants is very small the maintenance of the scale Register may be dispensed with by the Accountant General at his discretion, provided that adequate arrangements are made for a periodical scrutiny to ensure that no post is held in abeyance or abolished except under the orders of the competent authority.

91. The number of sanctioned posts in a grade, class, or other unit of classification is to be entered at the page or pages assigned to it, and the column "Names of incumbents" will be opened by entry in order of seniority of the names of the incumbents of permanent posts in the grade on 1st July. Such a number of lines as experience may show to be necessary should be left blank for entry of permanent promotions during the year to which the Register refers; these promotions should be entered, and the names of Government servants permanently leaving the grade should be scored out in red ink.

Note.—If in the case of any service the Accountant General considers that the posting of the Scale Audit Registers will be facilitated by entering names in alphabetical order, he may allow the posting of this Register in that manner.

92. Below the space provided for permanent incumbents should be entered the names of officiating incumbents, beginning with those actually on duty on 1st July.

93. After the end of a month entries should be made in the columns for that month, showing which incumbents were on duty during any portion of the month. Against the names of those present throughout the month the figure 1 should be written in the first column, while against the names of those present for a part of the month only the second column as shown in the Form, and in column 3 should be entered numbers beginning with 1, connecting the periods which form parts of the same chain, the same number being repeated against each part of such chain. The highest number in column 3 will thus show the number of posts accounted for by the broken periods. If this number added to the sum of the figures entered in column 1 does not exceed the number of sanctioned posts, it is clear that the scale has not been exceeded as a whole. To ensure that the scale has not been exceeded during any day of the month, the auditor should also see while entering the connecting numbers in column 3, that the dates indicating the fractions of the same chain do not overlap each other. The dates 1—6, 7—20 and 21—31, indicate that the post was filled for the whole month; 1—6, 5—20 and 21—31, that for the 5th and 6th there were two individuals drawing pay for the same post and 1—6, 9—20 and 21—31, that the post was vacant for the 7th and 8th.

Note. 1.—To facilitate the completion of the account after the end of the month brief notes indicating the changes during the month may be made either at the foot of the columns for the month, or in a separate column to be added under each month. But it is left entirely to the option of each Audit Office to decide whether notes should be made or not.

Note. 2.—These instructions do not supply in their entirety to self-contained departments or services in which officiating appointments are not allowed. The Accountant General will modify the rules to suit the requirements of each case.

Note. 3.—In the case of services which are self-contained and provide for leave reserves, it is left to the discretion of the Accountant General to close the Scale Audit Register only thrice a year, that is, once in January and twice, again in the course of the year without prescribing definitely the months in which this is to be done.

94. In the case of services in which the graded system has been abolished the Heads of Departments should be asked to indicate always the vacancy in which any appointment or promotion is made and these vacancies should be noted in a simplified Scale Register in Form 23 the names of Government servants appointed or promoted being noted below the entries in the Scale Registers at the time of audit, as shown in the illustration below :—

Suppose it is desired to check that there is no excess in the Scale Register of Superior posts in the Police Department and that the number of sanctioned posts is 40 and the number of officers actually holding superior posts at the time of opening a new Register (say 1st January, 1978) is also 40. One of the Gazetted Government servants proceeds on leave from 15th February 1978 and another begins to hold a superior change from the 17th February 1978 in the same vacancy. The entries in the Scale Register would be as follows :—

	Number of Government Servants holding Superior posts.		
Sanctioned strength	..	..	40
From 1st January 1978	..	..	40
From 15th February 1978 (Mr.proceeds on leave)			39
From 17th February 1978. (Mr.assumes charge vice Mr.on leave and so on.			40

The sanctioned strength of the services in which scale audit is reduced as above should be checked twice a year with reference to the Audit Register.

95—*Deleted.*

Note 1.—Deleted.

Note 2.—Deleted.

95-A—*Deleted.*

HISTORY OF SERVICES.

96. The History of services of gazetted Government servants is maintained by the Accountant General who audits their pay. The History of Services is issued in print on the 15th September annually or biennially as may be decided by Government and contains information down to the 1st July preceding. Copies of this publication will be furnished according to the local orders in force.

Exception.—Deleted.

1. *Deleted.*

2. *Deleted.*

3. *Deleted.*

4. *Deleted.*

Assam.—Deleted.

Posts and Telegraphs Department.—*Deleted.*

Note. 2.—Deleted.

97. The History is primarily intended for the record of all facts in the official career of a Government servant which have a bearing on pay, promotion, leave or pension.

Note 1.—Particulars of war services affecting Pay, promotion, leave or pension would be recorded in this publication.

Note 2.—Deleted.

98. The illustrative entries in the sample form (vide Form 3 of the Audit Code) explain the method of record. Leave of all kinds, absence without leave or in excess of leave or of joining time should be noted across the pages as in the specimen; and if any period be allowed to count as service or residence which would not ordinarily be allowed by the rules, or if any special privilege or disability affecting pay, pension, or leave attached to a Government servant, the fact should be noted similarly with quotation of the Government order. Service in a vacation department and vacations not enjoyed during such service may also be noted similarly. Officiating appointments, when shown, should be distinguished from substantive appointments.

1. In the case of military officers and Government servants not belonging to the erstwhile Civil Service the date of birth should be recorded at the heading. The dates of the birth of members of the Bangladesh Civil Service also be recorded if Government so direct. In the case of Military officers in Civil employ details of service in the Defence Department previous to transfer to civil employ need not be shown, but only the period of the service should be stated together with full details of all leave taken in the Defence Department.

2. Entries relating to punitive action taken in regard to a gazetted Government servant should not be made without special orders of Government. If an Audit Officer considers that such an entry is indispensably necessary for audit purposes, he should refer the question for the orders of Government who will decide what form the entry should take.

Note.—Periods of joining time ordinarily need not be recorded except in the following cases :

- (i) Joining time on transfer from or to commercial department including such joining time following leave ; and
- (ii) Joining time taken by a Government servant on transfer from an officiating post qualifying for additional pension to another such post.

99. Particular of literary works as well as honours and decorations, with the dates on which they were conferred, should be printed in italics at the foot of the page.

1. The following information may also be recorded if Government so direct :—(a) the place of education and academical degree, (b) caste, tribe and home of the family, (c) religions of Government servants ; (d) nomination of a Government servant to be a member of any of the Legislative bodies ; but no other addition should be made without the orders of the Government. There is, however, no objection to the mention of the receipt of a medal or a clasp for war service. Mention in this publication should be made of the receipt by a Government servant of the "Police Medal".

100. An interleaved copy of the last edition of the History should be used to note the subsequent changes and should be sent in original to the press as 'copy' for the next edition of the History. On receipt of notice of the appointment of a new gazetted Government servant his name should be entered immediately in its proper place in this interleaved copy. So long a gazetted Government servant is attached to a Department, though he be absent on long leave, or though for a time he has reverted from the rank of gazetted to that of a non-gazetted Government servant by the termination of an acting promotion, his name should be struck out of the History: it should be removed only on death, or retirement.

1. Deleted.

101. When a gazetted Government servant is transferred to another circle of audit, the Accountant General concerned should be furnished with a statement in Form 25 showing the pay earned by him during the last twelve complete months (or during the last three years in the case of those who elect to remain under the all leave rules) to supplement the information contained in the last printed History services. In the case of a Military officer transferred from the Defence to the Civil Department, a statement of his whole service in such detail as is required by paragraph 98 Rule 1, should be furnished for inclusion in the History of Services.

102. When a gazetted Government servant is transferred to foreign service, a copy of his record of service should be sent by the Accountant General whose duty it was to keep it to Accountant General who will account for the

contributions, and the latter will return the register (or an extract from it) duly written up to date, when the Government servant is retransferred to Government service.

CIVIL LIST

103. If in any Civil List of Officers or other publication which is issued by the Government without previous review in the Audit office any errors are discovered in course of working, they should be reported to the authority concerned, and the copy of the printed List preserved in the office should be corrected.

FILES OF CORRESPONDENCE

104. Separate personal files for individual gazetted Government servants should be opened in order to record the correspondence relating to them. All other correspondence should be recorded in separate files for each department.

COMPULSORY RETIREMENT

105. On or before the 1st September in each year, the Accountant General should if so required by Government submit to the Government a list in Form 26 of the gazetted Government servants who, during the next official year, will be due to retire on attaining the age of superannuation or on the expiry of the term of extension of service. The object of this return is to enable the Government to pass the necessary orders regarding their retention in or retirement from the service. In the case of Officers of the Defence Services, the Accountant General should annually obtain lists of the officers affected by the rule who are employed in departments and offices under his audit, and should pass no more pay to those named therein, except where it can be shown that there is authority for their continued employment.

AUDITORS' DUTIES

106. The following instructions cover the more important points requiring the special attention of auditors.

- (1) See that the payees are legally entitled to the pay claimed.
- (2) See that except in case of first appointment, every first payment to an individual, whether on account of pay and allowances or as leave salary, is supported by a last-pay or leave salary certificate, as the case may be.
- (3) See that in the case of a Government servant appointed to the service in Bangladesh, a health certificate is given. (See also Article 167, Audit code).
- (4) Record the payment in the appropriate pages in the Audit Register.
- (5) When the amount of a bill is the same that of the last month, only enter date of payment, or month of adjustment in the case of bills received with Exchange Accounts or Settlement Account, if any further payment be made, enter the amount and the new date also and place a guide letter over it, linking it with the explanatory note and the number and date of the order.

- (6) When the amount of a bill differs from that of the last month, enter the amount as well as the date, the amount being the gross amount paid, including fund deductions, income tax, recoveries of over-payments, and Provident Fund deduction.
 - (7) *Deleted.*
 - (8) Examine and check that income tax (*See note under clause (k) of paragraph 8*) and service and other fund deductions, are in strict conformity with the rules.
 - (9) In the case of a gazetted Government servant on leave—
 - (a) see that leave has been granted;
 - (b) see that it has not been exceeded;
 - (c) See that the leave salary claimed is covered by rules applicable to the case;
 - (d) See that a life certificate is attached or the bill endorsed to some well-known bankers or Agents who have executed a general bond of indemnity for the refund of any overpayment;
 - (e) See that the leave account is posted both when the Government servant applies for and when he returns from leave.
 - (10) Note all advances and excess or unauthorised payments in the Audit Register in the space set apart for objections, issuing retrenchment slips where necessary.
 - (11) Note any recoveries in the Audit Register.
 - (12) Enface the vouchers with classification and audit notes to enable the Departmental auditors to book the amounts to the correct heads in the accounts.
 - (13) Stamp them with the "Admitted" or "Objected to" stamp, as the case may be.
 - (14) Send them in their proper pages in the Registers to the Reviewing officer.
 - (15) On return from, return vouchers without delay to the Treasury Audit Department.
107. On receipt of a Gazette with the notifications regarding gazetted Government servants ticked off, the auditor will—
- (1) note all the necessary details in the Audit registers, and History of Services, and also in the Scale Register;
 - (2) issue the Pay-Slip for alterations in pay and allowances, where necessary, under paragraph 59 to 63 filling in at the same time the money columns in the Register when necessary.

- (3) when leave has been sanctioned, compare the amount of leave sanctioned with that shown in the office copy of the leave report, and prepare the prescribed letters, where necessary;
- (4) in the case of transfer, see that the report is received of making over as well as of receiving charge, note in the proper place in Audit Register, and check joining time, *see* also Rule 1 to paragraph 67;
- (5) *Deleted.*

"Annexure A"—*Deleted.*

ANNEXURE B—Deleted.

ESTABLISHMENT AUDIT

..... 121

CHAPTER 5.—ESTABLISHMENT AUDIT.

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ESTABLISHMENT BOOK

AUDIT REGISTER

111. The Audit Register will be Form 27 each page being divided by horizontal lines into four equal spaces for the record of four years' charges. A page should be set apart for the audit of each section of an establishment; the different sections will be entered consecutively, and a page for the total charge of the establishment should be left immediately after the page of the last section when the number of sections exceeds one. The sections in the Audit Register should correspond exactly with those in the establishment bill. The establishments should be arranged in the order of the major and minor heads of account, and a few pages should be left blank after each major head for the entry of any permanent establishments that may be sanctioned subsequently.

112. The Register is opened by bringing forward the detailed scale for each section, and the total sanctioned pay of the section as finally recorded in the past year's Audit Register. The details of the scale of establishment should be recorded in a fly-leaf in Form 28 inserted between the pages of the Register.

113. The "Minimum" and "Maximum" columns, both for the detailed scale as well as the sectional total, should be used only when the pay, or part of it, is progressive; and in this case each increment, as it is admitted, will be added to the total of the "Actual" column, and the pay of the post affected altered in red ink, with a note, in each case, of the month with effect from which the increment is granted. Alterations of the scale and of the actual total payable at the time, due to orders passed during the currency of the Register, should similarly be noted with quotation of the orders. All entries of orders and the totals in the money columns must be initialled by a member of the Superintending staff although he should be held responsible for the correctness of the uninitialled entries relating to individuals. Each subsequent variation of pay in respect of an individual should also be attested similarly.

1. The form of Audit Register prescribed for establishment may be adopted also for the audit of scholarships and similar allowances but only the bills selected for percentage audit need be posted in the Audit Register.

2. In the column head "orders of sanctioning authority" the last general orders sanctioning establishment, as a whole, should be quoted against the first section only. Any order passed during the currency of the Register should be noted against the particular section affected and reproduced in subsequent registers.

3. Where Tahsildars and other Government servants, who hold non-gazetted graded, posts, and are transferred from district to district draw pay in separate bills, their pay may be audited like that of gazetted Government servants and in such cases a scale register maintained. Where such Government servant draw their pay in the same bill with the other members of the establishment, their pay should be audited in the ordinary way by sections, but a scale register should be maintained to see that the total member of sanctioned posts for each grade is not exceeded.

114. The first of the four divisions of the page serves for record of the audit for the first year, after which the entries of maximum, minimum, and actual should be made after the same examination as prescribed above the second space, and the audit continued for the second year on the same page.

1. In the case of some establishments the number of partial bills, arrear bills, etc among which one month's pay is divided, is so large as to occupy, each month, more than a single page. In these cases (to which the old Audit Registers give an easy clue) more than one page will be required for the four years audit.

AUDIT PROCEDURE

115. On receipt of an Establishment bill with the treasury account its calculations should be checked arithmetically, vide paragraph 13, and reference should be made to the absentee statement, in order to see that no absence on leave causes a charge which the rules do not permit. But it will not be necessary to check the leave granted by earlier records, or the details of the bill by earlier bills, though, if any such leave appears *prima facie* to be contrary to rules, it should be examined. In posting the Audit Register, the amount shown in the column "Total" for each section minus the amount of any fines shown in the appropriate column in the establishment bill form should be entered as the net charge for each section. Below this should be written in red ink any amount due, but not drawn by reason of absence, as a check upon arrear bills (vide paragraph 120). The amount of fines shown in the establishment bill should be similarly noted in red ink to check bills preferred when fines are subsequently remitted. No subsequent claim not covered by the last two entries or by special authority to utilise savings should be admitted without full explanation of the circumstances in which it was omitted from the monthly bill, which is expected to exhibit the full claim for the month. The entries should always be begun from the top of the allotted space, in order that there may be space, for record of arrear bills, and also of sums refunded by short-drawal, which may be claimed again.

1. Orders issued by Government or other authorities regarding the emoluments of any member of the establishment (e.g., orders regarding personal pay or with holding or postponing an increment) should be noted on the fly-leaf of the Audit Register.

2. If the amount of a bill is objected to, it must still be entered in the Audit Register, and the cause of objection clearly stated on the bill.

116. When the payments have been recorded against the sections, the amount posted should be totalled and agreed with the total of the bill. The audit encasement should then be written, and the bill and register together laid before the Reviewing Officer (Paragraph 38), who should compare the totals, make such comparison of sectional charges as seems necessary, and initial both bill and Register. It is a matter of importance to remark that Establishment Audit registers run from July to June, and that pay is recorded under the month

for which it is due, not that in which it is disbursed. To take an instance:—a clerk being absent on six weeks leave from 25th June his pay for June is not drawn in for that month; but when it is claimed in August it will be passed in the Audit Register under the past year; or to take a further instance—from the pay bill for July (Paid in Aug.) is deducted the pay for June of a man who happened to be absent when it was drawn, and taking leave did not return in July to receive it; the refund will be noted in the earlier part of the Register under June and in the same place will be passed the bill on which the pay is afterwards drawn.

1. The number and month of the voucher should be quoted in the entry as shortly as possible, thus 347 would indicate voucher 34 of July.

117. Audit of pay of non-gazetted Government servants on a different scales should be conducted by numbers. To prevent double payments a certificate in the following form should be obtained from Heads of Offices on the consolidated absentee against statements—

Certified that the following vacancies have been left unfilled during the month of..... in the grades mentioned against each.....

Grade of

Ditto

Ditto

No. of vacancies.

Ditto.

Ditto.

Note—The scale of posts in each grade will be reduced by the number of vacancies and the audit will proceed against the reduced scale.

118. The audit of pay and allowances of non-gazetted Government servants of whom there are a large number in each district and who are paid in several batches during the same month should be conducted against both number and amount sanctioned for each district.

INCREMENT CERTIFICATE

119. Increment certificates attached to establishment bills, or submitted separately for pre-audit should be examined so that it may be verified that the increments claimed are according to rule and supported by facts stated and have actually accrued. The reasons why the increment is considered to be due as stated in the increment certificate should be examined with reference to the fly-leaf of the Audit Register (When names are shown there). At least one-fourth of the entries in an explanatory memorandum, stating the reasons why increment is due, taken at random must be checked with passed bills; when periods of passed officiating service are not susceptible of verification from the records of the audit office, such service may be verified the service books. In the case of certificates submitted for pre-audit, if the increments are found to be admissible under the rules, the certificate should be returned duly passed, and the fact noted in the Audit Register.

ARREAR AND ADVANCE BILLS

120. Arrear bills should be passed in the same manner against the section concerned, after reference to the note of amounts due but not drawn (under paragraph 115) the necessary addition being made to the total. For audit of advances of pay and allowances granted to non-gazetted Government servants under the financial rules made by Government see paragraph 282.

TIME-SCALE OF PAY

121. In dealing with pay bills of establishments in a time-scale of pay the general instructions contained in the earlier paragraphs of this Chapter should be followed *mutatis mutandis*. The succeeding paragraph contains special instructions for dealing with such bills but these instructions are not intended to be followed in every minute detail, and the Accountant General may at his discretion vary the minor details to suit local circumstances. He may also exercise his discretion in selecting the form or forms which should be used in his office for the audit of establishment pay bills and make such modifications in them as he may consider necessary to suit local conditions, it being borne in mind that the form or forms should provide for all the requirements of audit.

122. (1) On the introduction of a time-scale of pay in an establishment, it is of vital importance to scrutinise the calculations of the initial rate of pay and the date of next increment fixed for each Government servant borne on that establishment. On it depends the correctness of the pay to be drawn year after year until the Government servant is stopped at an efficiency bar or reaches the maximum of the time-scale. In such cases the Head of the office should be required to submit to the Audit office a detailed statement showing the calculation of initial pay of each member of the establishment in Form A annexed to this chapter. Where the initial rates of pay are dependent to any extent on service, they can be checked only with the service Books which are with the Head of Office. This work can, therefore, be best done at local inspections, but when such inspections are not possible within a reasonable time after the date of the introduction of the time-scale, the Service Books should be called into the Audit office for the purpose of the necessary check. In any case the whole or a large percentage of the initial rates and the date of next increment must be checked.

(2) In the case of the Government servant for whom records of service are maintained in the audit office and in the case of those for whom service 'books' are not required to be maintained, the audit will be by numbers only and no amounts at all will be entered in the Audit Register.

When a sanctioned cadre contains its own leave reserve, the number to be entered is the sum of those drawing duty-pay and of those drawing leave salary.

Where officiating arrangements in leave vacancies are permissible it will be necessary to record separately, the number (i) drawing substantive pay, (ii) on leave, and (iii) drawing officiating pay. When the audit is not conducted in the audit form, these can be recorded under one another with the letters S.L.O. respectively, against them thus :—

118.....S..	..	..	6.25
Vr.....L..	..	..	2.29
5.....O..	..	..	1.21

The audit check will consist in seeing that S+L and S+O are each within the sanctioned scale. Alternatively Form 29 may be used for the Audit Register.

The sums held over or refunded need not be noted in the Audit Register. The record of audit of supplementary claims should be made in the original monthly bill from which the claim was either omitted or in which it was shown as held over.

(3) The regular monthly audit in respect of all establishments will be by numbers only but except in the case of Government servants referred to in the opening portion of sub-para (2) above this must be supplementary by a nominal check twice a Year at regular intervals to be fixed by the Gazetted officer in charge. The nominal check consists in comparing the rate of pay of each individual drawn in the bill with that recorded in the leaf and should be done cent per cent. Subject to the further instructions below, the instructions below, the instructions in sub paragraph (2) above apply in this case also.

(4) In the audit of a bill it will first of all be necessary to check all the items in the bill corresponding to items in the absentee statement, and at this stage the admissibility of the leave salary and officiating pay of the men involved will come under audit. The auditor will next audit all items in the bill corresponding to the names entered in the increment certificate (Vide paragraph 119) and make the necessary entries in the fly leaf in Form 30. Then the remaining items in the bill against which there is something in the remarks column should be audited and any changes affecting the fly leaf in incorporated therein. None of the remaining items in the bill need be checked.

Note 1—The fly leaf for July of each year should be carefully checked written up with the sanctions for the creation of new posts and for extension of posts created originally for a specified period.

Note 2—When the increment claimed operates to carry a Government servant over an efficiency bar it should be supported by a declaration from the authority empowered to allow the increment that it has satisfied itself that the Government servant in question is fit to pass the efficiency bar.

Note 3—To facilitate the audit of leave salary of superior non-gazetted Government servants the establishment pay bills will be supported by a statement duly attested by drawing officers showing the calculation by which the amounts drawn in the bills. On account of leave salary have been deduced. An arithmetical check of these statements in the Audit office is ordinarily sufficient reference to previous pay bills or other connected documents being made in doubtful cases only. The audit of the leave salary drawn for subsequent months in the same spell on leave should be conducted with reference to the statements received with the first bill. In cases where under the procedure laid down by the competent authority the names of Government servants are not shown in the pay bills and leave salary statements pertaining to them are not attached to the bills, the Audit office is not expected to check the calculations etc. of the leave salary prescribed above.

(5) In cases where only one name affecting a particular cadre appears in one bill, e.g., those who draw their pay on separate bills, the simplest audit amounts practically to a nominal audit and may be conducted in an Audit Register in Form 31.

Alterations of pay and allowances will be shown in column 2 as they arise. Under the audit month the initials of the auditor are sufficient the payment is a regular one. If it is broken payment brief notes should be recorded.

(6) In the case of large establishments bills for which are drawn from more than one centre, arrangements should be made to obtain consolidated establishment lists and absentee statements for facility of audit under this scheme.

(7) As, under this scheme, the accrual of increments will be audited either against a fly leaf, a local check of increments, after the check of initial pay, which is most important, will not be necessary. In the case of Government servants whose names may be omitted from the pay bills under any rules made by Government, a percentage check in the course of local inspection may be exercised.

PASSAGE CONCESSIONS

123. *Deleted.*

TEMPORARY ESTABLISHMENT

124. When sanction is received for a temporary establishment, the requisite entries should be made in the first three columns of the Audit Register, the period for which the sanction holds good being distinctly specified in the second column below the details of the posts sanctioned, and lines should be drawn across the cages of the months previous and subsequent to such period so as to prevent admission by oversight of pay for a period in excess of sanction.

1. Temporary establishment should be entered in the Audit Register after all the permanent establishments, and not mixed up with them or separate Audit Registers should be maintained for temporary establishments where this course is considered to be suitable by the Accountant General.

Note 1—Where the power to vary details of a temporary establishment has been delegated to the head of the office, only the scale, as originally sanctioned by the sanctioning authority, should be entered in the Audit Register in order that it may be seen that the number of posts above the limit of sanction enjoined by the sanctioning authority or the number of those above the maximum limit fixed by superior authority, does not exceed the number of such posts originally sanctioned. In such cases the audit may be conducted against the total sanctioned cost of the temporary establishment.

Note 2—The procedure laid down in this paragraph applies also in the case of changes in rates. The words 'change in rate' should be entered in pencil in the column for month of change.

AUDITORS DUTIES

125. The chief points to be observed in auditing establishment bills besides those mentioned in Article 176 of the Audit Code, are to see :

- (1) that the arithmetical calculations of the bills selected for this check are correct, *vide* paragraph 13;
- (2) that the absentee statement is filled in or the "no leave" certificate furnished;
- (3) that the enhanced pay of officiating incumbents is in accordance with rules;
- (4) that a last-pay certificate is furnished for a Government servant transferred from another establishment; and
- (5) that the dates of making over and receiving charge are stated and joining time checked in accordance with the relevant service rules.

126. The ordinary procedure prescribed in this Chapter may be relaxed by the Accountant General as indicated below, in the case of bills to be post-audited :

- (a) Only 50 per cent. of the bills of those establishments the normal monthly cost of which is less than Tk. 500 should be audited, the selection of the bills for this check being made by a gazetted officer.
- (b) "sums held over" and "absentees' pay refunded" need not be recorded in the Audit Register, and if this plan is adopted, arrear and supplementary bills will also not be posted therein, the necessary record of the payment being made against the entries in the original bill.

Otherwise, all bills, whether audited or not, should be entered in the Audit Register.

PROPOSITION STATEMENT

127. In verifying the "present scale" of a proposition statement received in connection with any proposal for alteration of establishment it should also be seen that the entries regarding the "proposed scale" are within the powers of sanction of the authority to whom the statement is to be submitted and if they are not, the authority whose sanction is necessary should be specified in the forwarding endorsement.

ESTABLISHMENT AUDIT

[Chap. 5]

FORM A

[See paragraph 122(1)]

as fixed on the Government
letter(date of introduction of time-scale of pay)
, dated.Detailed statement showing the calculation of initial pay of the establishment of the
based on the orders contained in No.

Name of incumbent.	•Date of appointment from which service in time-scale counts	•Total period of service rendered in the post which counts in the time-scale.			Initial pay.	Date of next increment.	Remarks.
		Y	M	D			
					Tk.	P.	

•These columns should be suitably modified if a different basis of calculating initial pay is adopted.

CHAPTER 6—TRAVELLING ALLOWANCE AUDIT

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AUDIT REGISTER

128. The audit of travelling allowance of gazetted Government servant should be recorded in a Register in Form 32. As no details of Camp stages need be given a single line is sufficient for each voucher. The object of the journey need not be entered except in the case of (a) transfers, when the names of stations to and from which the Government servant is transferred should be specified, and (b) Journeys the Government servant.

No audit register should be maintained for the travelling allowances of non-gazetted Government servants.

AUDIT OF BILLS

129. In auditing a bill, the pay shown should be checked with reference to paybills in those cases where the amount of allowance is dependent on pay, and the daily allowance should be passed according to the rate admissible, the steamer fare by the table of fares, and the railway fare by the time-table. In the majority of cases countersignature is necessary.

Countersignature does not dispense with the necessary for formal audit with reference to rates and general conditions. Ordinarily, the countersignature by the proper authority, or the signature of the drawing officer when a bill does not require countersignature, should be accepted as final evidence that the facts of the journey on which the claim is based are correct, and that the controlling or the drawing officer, as the case may be, has exercised the scrutiny entrusted to him under the rules of the Government. Occasionally a test check should be exercised to see that these officers scrutinise the bills properly. See Article 181 of the Audit Code.

1. The arithmetical calculations should be checked only of the bills selected for the purpose *vide* paragraph 13.

2. The pay shown in the travelling allowance bills of non-gazetted Government servants in those cases where the allowance is dependent on pay, should be test checked to the extent prescribed by the Accountant General; in cases where names are not shown in pay bills the test check will be limited to seeing that the pay shown in the travelling allowance bill does not exceed the maximum pay of the grade of the post held.

3. See also Notes 1 and 2 under paragraph 135.

130. After the bills have been checked, and entered in the Audit Register in the case of bills of gazetted Government servants, they should be submitted with the Audit Register to the officer responsible for final acceptance.

APPROPRIATION AUDIT

131. The appropriation audit will be conducted either through the Classified Abstract or the Appropriation Audit Register, Form 1. Where the appropriation audit is conducted through the Classified Abstract the

Superintendent should satisfy himself that the check has been properly exercised before he passes the Clasified Abstract every month. In either case prompt notice should be taken of any expenditure which may lead to the authorised allotment being exceded at the end of the year and actual excesses should be placed under objection.

CHAPTER 7—CONTINGENT (INCLUDING GRANTS-IN-AID) AUDIT

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APPLICATION OF INSTRUCTIONS IN THE CHAPTER

132. The instructions contained in this Chapter govern the audit not only of contingent charges proper, but also of other expenditure, which according to the rules of financial procedure made by Government is to be treated in the same way as contingencies. The term contingent Charges or contingencies is used in this Chapter to cover all such charges. Certain other audit processes relating to expenditure which is sometimes treated as Contingent Expenditure are described in Chapter 14. These processes when applicable, are to be considered as supplementary to those noted below.

AUDIT OF CONTRACT CONTINGENCIES

133. The rules governing contingencies differ in the different sphere of Governments, the principal variations being in the classes of expenditure brought under the contract system and in the departments to which the system has been extended. In some cases the contract grants are placed at the disposal of controlling officers, who distribute them annually among their subordinates, reserving a small portion for subsequent allotments in case of need. No details of the expenditure, beyond such totals of the various contract items as may be required for purposes of classification, need be furnished in the bills; and disbursing officers are held personally responsible for any expenditure in excess of the contract grant until the excess is sanctioned by competent authority.

AUDIT OF SCALE-REGULATED CONTINGENCIES

134. Contingencies regulated by scale will include such charges as cost of liveries, rewards for destruction of wild animals, batta to witness and the like. The authority prescribing the scale will lay down the conditions precedent to its application in each case, making it clear whether special sanction of superior authority is necessary, whether bills must be countersigned before or after payment, and what certificates should support the bills. In accordance with the conditions so laid down, charges regulated by scale may become special, contract Countersigned or Fully-vouched Contingencies, and should be audited under the rules applicable to the particular class within which they fall. In addition, the Accountant General should satisfy himself that the charges incurred are in accordance with the scale which governs them.

AUDIT OF SPECIAL CONTINGENCIES

135. (a) In respect of Special Contingencies, the principal duty of the Accountant General is to watch the expenditure against the necessary sanction of superior authority. For this purpose a Register should be opened in Form 33 in which every order sanctioning special expenditure, including sanctions covered by the method permitted by the Note under paragraph 8(h), should be entered as soon as it is received and as each charge comes up for audit, a note of the bill in which it is included, and of the fact that it has been audited, should be made in the final columns. Where expenditure against a lump sum sanction is incurred in instalments, the progressive outlay must be watched against the sanctioned total.

To facilitate the watch of expenditure and liabilities against allotments, where such check is necessary, a note of the special charges should be made also in the relevant Contingent Audit Register (if any). When an order of sanction contains no indication of the amount or limit of expenditure sanctioned, inquiry should be made from the authority which issued it, and charges should not be passed in audit until complete sanction is received.

(b) In preparing the Register of Special Charges the following instructions should be followed:

- (1) Separate pages should be set apart for different classes expenditure and, if the entries are likely to be numerous, for different officers incurring expenditure.
- (2) Separate pages should be set apart for the record of payments authorised by other Audit Officers. The numbers and dates of the letters authorising such payments and of the corresponding authorities issued to Treasury Officer/D.A.O. should be entered in the opening columns and when the charges appear in the treasury/D.A.O. accounts they should be noted against the original entries in the Register before being passed on through the Exchange Accounts or the outward Settlement Account.
- (3) When opening a new Register, orders which are still in force should be carried forward into it from the old Register.

Note 1—The sanctions entered in the Register of Special charges will not be confined to sanctions of contingent charges proper. Special sanctions of refunds, advances, travelling allowances and the like also will be recorded in this Register and the charge audited according to the method prescribed in this paragraph.

Note 2—The entries of payments made in the Register of Special Charges in respect of the vouchers reviewed by a member of the Superintending Staff should be attested by him.

AUDIT OF COUNTERSIGNED CONTINGENCIES

BILL COUNTERSIGNED AFTER PAYMENT

136. In the case of bills countersigned after payment, the money is actually drawn on an abstract bill, and the approval of the superior authority as indicated by its countersignature, is subsequently received by Audit on the monthly detailed countersigned bill. Both the abstract bill and the detailed monthly bill require scrutiny in audit.

137. (a) On receipt of the abstract bill, scrutiny should be limited to seeing that it is signed by an officer authorised to sign such bills, that the summations are correct and that there is nothing extraordinary or unusual in it. Thereafter, the usual audit enforcement should be made upon the bill, and the amount paid at the treasury/District Accounts Office or the Bank or passed for payment in pre-audit, should be entered, in a Contigent Audit Register. Except in the case covered by clause (b) of this Paragraph, the Register will be in Form 34, and a separate folio will be assigned to each disbursing officer or departmental officer or department under the major head of account concerned, the folios being arranged in the serial order of major and minor heads. The total amount paid or passed for payment on each abstract bill should alone be taken into the Register, the object of which is to provide, a record of the payment of each bill and each entry should be initialled and dated by the auditor. Details, if required will be available from the Compilation Sheets. After entry of each bill in the Audit Register, the items subjected to objection on their merits, should be entered in the Objection Book, see paragraph 574.

(b) In the following cases, Form 34 should not be used—

- (1) Bills for contingent charges which have to be audited against the unit of appropriation for the whole country need not be entered in an Audit Register. The expenditure as a whole will be watched against allotment through the Consolidated Abstract, and the receipt of each detailed bill and payees' receipts through the Objection Book or a separate subsidiary register, as the case may be. See Note under item 1 "General", paragraph 521.
- (2) Bills of the Forest Department should not be entered in an audit register; but if they contain any special contingencies, the latter should be treated as prescribed in paragraph 135 above.

Note 1—The maintenance of the Audit Register in Form 3-4 is left to the discretion of each Accountant General who will be guided by local requirements.

Note 2—When an amount drawn in a previous month of the current year is refunded in cash, it should be shown in red ink as a minus entry in the Audit Register, and the progressive total for the month should be adjusted accordingly. Repayments in cash or by short drawal in bills of amounts drawn in a previous year should not be taken in reduction of expenditure of the current year, but should be brought to account as prescribed in Article 22 of the account Code, Vol. IV.

138. (a) It is most undesirable to allow indefinite delay in the audit of contingent charges, and the Accountant General should therefore watch very carefully the submission of monthly detailed bills and direct the attention of countersigning officers to cases of undue delay.

(b) On receipt of the monthly detailed bill, it should be carefully checked on the principles laid down in Article 199 of the Audit Code. In addition, the auditor should satisfy himself:—

- (1) that the bill is duly countersigned:
- (2) that the charges included in it cover the amounts drawn from the treasury/D.A.O. and are classified as in the abstract bills: differences or disallowances should be noted for recovery, and adjustments should be made, if necessary, on account of misclassification; and

- (3) that details of charges are given where necessary. He should further apply the special procedure prescribed elsewhere in this Chapter, to any Special or scale—regulated Contingencies and any periodical charges which may be included in the bill.

(c) Except on points covered by clause (b) of this paragraph, the Accountant General should not disallow any items included in a countersigned bill which are within the powers of sanction of the countersigning officer. He should, however, draw the attention of the latter to any expenditure which seems questionable or, in comparison with like charges elsewhere, excessive in respect of rate, price or amount and may, if he deems it advisable, specially address the Government on the subject.

(d) When the auditor has completed his audit, and has ticked off each item supported by a voucher in token of his having seen and passed the voucher he should record his audit endorsement, passing the bill or objecting to it, upon the bill itself. He should then make the corresponding or partial adjustment both in the Audit Register and the Objection Book, unless some item in the detailed bill itself is objectionable.

BILLS COUNTERSIGNED BEFORE PAYMENT

139. Where countersignature is required before payment, there will be no abstract bill, but payment will be made on a detailed bill. In that case, the first entry should be made in the Contingent Audit Register when the detailed bill is received. The audit should then be conducted and the entries in the register completed, as prescribed in paragraphs 137 and 138. The auditor will, of course, make no entry in the Objection Book unless some item in the detailed bill itself is objectionable.

AUDIT OF FULLY-VOUCHED CONTINGENCIES

140. Payment of fully-vouched contingencies will be made on detailed bills. No audit registers need be maintained for the record of these bills except in cases where the Accountant General is requested by the Government to audit the charges of individual disbursing officers against a lump sum appropriation placed for the purpose at the disposal of a single higher authority. The actual audit should be conducted as in the case of bills countersigned before payment.

It is the Accountant General's duty to challenge extravagant rates, prices or amounts in charges not otherwise objectionable in character and to refer for orders any item of expenditure which is positively objectionable or even of doubtful propriety. A charge should not, however, be held to require the special sanction of Government merely because it is unusual in the sense that it does not occur at frequent intervals. A clock in a Commissioner's office may be a necessary article of furniture, though the need of replacing it may not arise for years. When the need does arise, the expenditure may be readily passed on the Commissioner's signature if the price be, on the face of it, reasonable.

141. Sanctions to recurring contingent charges are noted in the Register of Periodical Charges in Form 35, each payment as it is audited being posted with the necessary references in appropriate monthly columns. Ordinarily the Register should be used only in cases in which sanctions other than those of the disbursing or countersigning authorities are involved.

Unless there are separate allotments for such charges, they should be posted in the contingent audit register (if any) also. The audit to be applied will be that prescribed for the particular class of contingent bill in which the charges appear.

Note 1—When the pay of inferior servants is treated as contingent expenditure, it need not be entered in the Register of Periodical Charges.

Note 2—Periodical Charges such as water rates, conservancy taxes, etc., do not require the sanction of a higher authority when they are assessed by competent authority and the assessment is certified by a Public Works Divisional Officer or the Departmental Officer concerned according as the buildings are or are not borne on the books of the Public Works Department. Such charges should not, therefore, be entered in the Register.

CHARGES FOR SUPPLIES MADE BY OTHER DEPARTMENTS

142. If the cost of supplies made by one department to another has to be adjusted by accounts adjustment in the accounts of the latter, it will be shown by the officer supplied in the statement of account at the end of contingent bill in which the charge is adjusted. It should then be entered separately in red ink in the Contingent Audit Register, where such registers are maintained, and particulars of the duplicate invoice, which will be attached to the bill, should be entered in the column for number of voucher. The progressive total in the Audit Register, if any, and in the Consolidated Abstract should include the cost of supplies. The adjustments for such supplies should be made in the Classified Abstract by the method prescribed in Article 13 of the Account Code, Vol. IV, either on the receipt of statements from supplying officers under its own audit or on the appearance of debits in Exchange Account or inward Settlement Account. In either case, the fact and the month of adjustment should be noted in the audit Register, if any, against the entry of supply if the latter has already been posted from the contingent bill of the officer supplied. If it has not been so posted, a fresh entry should be made in the Register in the column for the current month, and the officer supplied should be asked to include the charge in the Statement of account of his next contingent bill.

CHARGES FOR WAGES OF COOLIES

143. In the case of offices the accounts of which are not audited locally, contingent charges on account of wages of coolies engaged on manual labour and paid at daily or monthly rates should be passed in audit on the authority of a certificate signed by the disbursing officer to the effect that coolies were actually entertained and paid.

A call should be made for some of the paid muster rolls in each quarter and they should be checked for verification that they were properly maintained. The Accountant General should lay down in his local manual how the selection should be made.

144. *Deleted.*

Note—Deleted.

GRANTS-IN-AID

145. An audit register of grants-in-aid in Form 41 should be maintained in respect of each department. Immediately on receipt of a sanction to a grant, it should be audited as laid down in Chapter 3 of Section IV of the Audit Code. If admitted in audit, it should be entered in the relevant portion of the Audit Register and the entry attested by a member of the Superintending staff. An order of payment, if necessary, should then be issued in Form 42 and its number and date noted in the appropriate column of the Register.

Note 1—A new Register should ordinarily be opened every year, into which should be brought forward all entries in the old Register relating to recurring grants which are still in force. These entries should be attested in the new Register by a member of the Superintending staff.

Note 2—For any department in which the number of grants-in-aid is small, the same Register may continue in use for a number of years, separate sets of pages being allotted for the transactions of each year. In this case also, entries relating to recurring grants should be brought forward at the beginning of each year to the new set of pages and attested has provided in Note 1.

Note 3—When local scrutiny of certain classes of grants-in-aid is conducted, a separate note of the sanctions relating to those classes should be kept for the information of the Inspecting staff.

Note 4—For the record of the audit of periodical payments of grants-in-aid the procedure prescribed in paragraph 141 should be followed; but the Register should be kept in Form 41.

Note 5—In cases where it is found difficult to summarise the conditions and limitations within the limits of the column 10 of the Register of Grants-in-aid, as a matter of detailed procedure, the conditions and limitations may be noted separately and reference made in column 10 of the form to such separate record.

146. When a voucher comes up for audit, it should be audited against the relevant sanction, as recorded in the Audit Register, and a note of payment made in the Register, but see item (16) under paragraph 13. The audited bill should then be submitted for review with the Register to the Officer responsible for final acceptance.

147. If conditions are attached to a grant, a reference to any documents furnishing information as to their fulfilment should be recorded in the appropriate column of the Register and attested by the dated initials of the auditor.

APPROPRIATION AUDIT

148. Contingent charges should be audited against allotment as prescribed in Chapter 1 of Section IV of the Audit Code. The Superintendent should review the charges, comparing the amounts expended with the allotment through the Contingent Audit Register or the Consolidated Abstract or the Appropriation Audit Register in Form 1, as the case may be. He should bring to notice any case in which the expenditure appears likely to exceed the provision and should place excess expenditure, if any, under objection.

Note—The Government have directed that, when a countersigning officer passes a monthly bill in which the monthly proportion of the allotment is exceeded he should report to the Accountant General that he is satisfied that the excess is rendered necessary by special circumstances.

CHAPTER 8.—PENSION AUDIT

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VERIFICATION OF SERVICES

Erstwhile Civil Services of Pakistan

149. The necessary report upon the service and active service claimed by a retiring member of the Erstwhile civil service of Pakistan in his application for permission to resign and for an annuity or gratuity will be made by the Accountant General (Civil). If the Government servant is, when the application is made, under the audit of another Accountant General, the information necessary for the report will be obtained from that Accountant General.

OTHER SERVICES

150. (a) On receipt of pension papers, the portion therein relating to the calculation of qualifying service should be checked with the entries in the service book. It is not necessary to refer to Audit Registers or vouchers in order to verify dates of alternation of pay or of appointments or dates of leave or of suspension. The dates stated for these in the service statements may be assumed to be correct if they agree with the entries in service books. The date of birth should also be checked with the service books when the service book is not forthcoming, it should be seen that the particulars given in the "calculation of qualifying service" have been collected in the manner laid down in Art 915 of the Civil Service Regulations.

PENSION AUDIT

(b) The statement should show all periods of leave taken except casual leave, or a certificate should be given to the effect that no leave (other than casual) was ever taken. If, however, any period of leave is inadvertently omitted

from the statement, the omission should be supplied by the Audit office by referring to the Service Book of applicant for pension.

(c) It is not intended that at time of pension verification a reaudit should be undertaken by the Audit office of the leave salary drawn by a retiring Government servant during his service or, that a check should be exercised as to the correctness of the leave granted to him.

1. In this connection, see paragraph 572.

(d) The officer in charge should himself check the verification of one or two entries in each case, and the verifying clerk will note the fact of verification (with date) in the establishment books.

(e) For verifying the services of gazetted Government servants, the printed History of Services should be used. If part the service be non-gazetted, such part should be verified from the Establishment Returns service book.

(if in existence) should be examined and it should be seen whether contribution the period of service claimed for such employment should be verified from the record of pension contributions received and the broadsheet of pension continuous (if in existence) should be examined and it should be seen whether contribution for that period has been recovered.

PENSION REPORTS

151. Accountants General should arrange for the speedy disposal of verifications and reports required in connection with applications for pension and for gratuities, which are invariably to be treated as urgent.

A register of applications for pension should be kept in each Audit office showing date of receipt and of final disposal of each.

Note—In order to prevent the possibility of double claims, a note should be made in the Service Book by the Audit Office to the effect that a pension of a certain amount was admitted on a certain date.

152. Deleted.

153. Except under orders from Government the Accountant General should as a rule, decline to advise upon any questions connected with the claim of a Government servant to pension until he retires or is about to retire.

PREPARATION OF PENSION PAYMENT ORDERS

154. Except in case for which other special arrangements may be sanctioned, periodical personal payments which do not come under the category of Pay and Allowances should be made only upon pension Payment Orders issued from the Audit office in Forms 43 and 43-A or Forms 44 and 44-A or in the case of payments made by the Pre-audit Pay Department in Form 45 or 46.

155. An order granting a pension should, on receipt, be checked with the final report submitted by the Audit office, and posted in the proper register, which with the final report should be laid before a Branch Officer, together

with the Government order and the pension Payment Order, for his signature. He should certify the issue of the latter, and the correctness of the entry, but putting his initial in the column of date. See also Articles 205 and 206 of the Audit Code

1. The last pay certificate received with the application for pension should be filed with the office copy of the report to Government. No pension payment order should be issued until a last pay certificate is produced to the Accountant General. Where the person retiring from the service has been paying premia or subscriptions to the Postal Insurance Fund by deduction from his pay bill, the amount of deduction to be made monthly should be noted in the pension payment order.

2. On receipt of the order sanctioning a pension the Accountant-General should issue the pension payment order forthwith but not more than a fortnight in advance of the date on which the officer is due to retire. He should also watch the receipt of the report from the Head of the office or Department [see article 92(2) of the Civil Service Regulations of the erstwhile Central Government] about any event occurring prior to officers actual retirement which may necessitate the re-calculation of the amount of pension involving the issue of a revised Pension Payment Order, if necessary.

3. Deleted.

REGISTERS OF PENSIONS PAYMENT ORDERS

156. (a) The pension payment orders issued to pensioners should be recorded in the Register in Form 47. Separate registers should be kept, where necessary, for "special pensions" (*vide* paragraph 157), for "Assignments and Compensations" for "Charitable Allowances".

(b) Save as provided in rule 2 below when a pension is transferred to another treasury/D.A.O., it should be brought a new on the Register of pension payment orders, and a fresh number assigned to the payment order. When both parts of an order are returned for cancellation, the fact and the cause must be recorded in the Register, with the date of death or transfer. Old cancelled orders may be destroyed after issue of the new ones; so also may those of deceased pensioners after the heirs have been paid.

1. In the case of pension transferred from one treasury to another it will be well, in cases of re-entry on transfer, to make the entry in the red ink and to omit all the particulars in all the columns but those of No. and date of pension payment order, name of pensioner, monthly amount, and place of payment, noting across the blank spaces "see No. above."

2. When sufficient space is left on the reverse of the pension payment order for note of payment and the payment order is in good condition and the transfer is made within the country, it should be endorsed, rather than renewed, the entry in the Register of Pension payment Orders being corrected accordingly. The number of pension payment ordered not be altered.

REGISTER OF SPECIAL PENSIONS

157. (a) Pension which are not granted for life, but are subject to some special condition (e.g., that are to cease on marriage, or at a given age, or under any given circumstances) are not to be entered in the same register with other

pensions, but should be recorded and audited in special registers of their own; and all pensions payment orders of such pensions will bear the letter's in addition to the number.

(b) In the Register of Special Pension Payment Orders, and also in the Audit Register of Special pensions, an additional column should show "Limitation of pension", which must be stated as precisely as possible for instance, such entries as "to determine is twenty years," or "to last till twenty-one years of age", must not be allowed, as in such cases the precise date of termination can be ascertained and should be entered.

(c) In all cases where the determination of the pension cannot be fixed for a precise date, the payment can be admitted only upon a certificate in each case that the event (whatever it is) which terminates the pension has not happened.

AUDIT REGISTER

Form of Register

158. The Audit Register for pensions payable in the interior will be in Form 48. The Register will be bound in volumes of convenient size, embracing one or more districts, and paged continuously. A sufficient number of blank spaces should be left under each district to accommodate the additional entries, which grant of new pensions, or transfer of old ones from other districts, will make necessary during the six years currency of a Register; and each new name should be brought on the district Register on the first vacant line at the time the pension Payment Order is issued. The number entered against each pensioner will be that of his Pension Payment Order, and every entry of a pensioner must be initialled by a Branch Officer, after comparison with Pension Payment Order Register. When entries are transcribed from an old Audit Register to a new one, the entries so transferred to the new Register should be similarly attested by a Branch Officer.

When a pension ceases to be payable, or is transferred to another treasury, the unused cases for dates of monthly payments should be cancelled and the cause noted across them.

1. If any pensions have remained undrawn without any explanation being forthcoming regarding them for three years the entries may be omitted when opening new Pension Audit Registers.

2. Deleted.

3. Deleted.

ENTRY OF REMARKS

159. The register should be so printed as to allow ample space in the column "Remarks" for all entries which can be necessary in the case of pensions paid at a treasury/D.A.O. in the interior; these would be ordinarily only the fact of cancellation of the order with its cause, the date of death, the receipt of death-roll, and the payment of any arrears to heirs. If a Government servant re-appointed after obtaining compensation pension does not surrender his pension, note of the post to which he is appointed and its monthly pay should be made in this place; if the pay of the new post does not allow the pensioner to draw his whole

pension, the full amount granted should be struck out in red ink and the reduced amount entered; in opening a new Register, both amounts with note of the post should be brought forward in the same way.

When there is sufficient blank space in the right hand page, the fact of cancellation should be noted across it instead of the Remarks column, but if the necessary note cannot be made on the right hand page for want of space, the blank column should always be scored through in red ink.

AUDIT PROCEDURE

160. As permitted in paragraph 13 only a small percentage—approximately 16 $\frac{2}{3}$ per cent. of the payment vouchers relating to pensions (not gratuities or anticipatory pensions) received from treasuries need be audited every month, the selection for the check being made by a Gazetted Officer in such a way as to ensure that all the vouchers received from a treasury/D.A.O. during a month shall be audited at the same time, and that the vouchers of each treasury/D.A.O. shall be audited at least twice in each year.

161. Vouchers in supports of payment of arrears of pension which the Treasury Officer/D.A.O. is not authorised to disburse without special sanction should, when they are to be audited be examined to see that such sanction is in existence.

1. When dealing with applications for payment of arrears the Audit office should require a certificate from the Treasury officer/D.A.O. stating the date of the last payment and the name of the month to which it related.

162. The process of audit will be simply to ascertain that the necessary documents support and justify the charge in the pension bill, and then to record the date of payment in the proper column of the Register. The bill or schedule whether audited or not, should, however, show clearly, as in the case of other vouchers, the detailed heads to which the charges are debitable. Unaudited vouchers need not be posted in the Audit Register.

PENSIONS PAID BY PRE-AUDIT PAY DEPARTMENT

163. For pensions paid by the Pre-audit Pay Department the audit Register will be kept in Form 49. All payments shall be pre-audited but it will not be necessary to maintain a file of pension payment orders as in treasuries, the purpose being served by the Audit Register, payment entries where in will be initialled by a Gazetted Officer. The signature of the pensioner should be taken for comparison, in the column "Name of pensioner."

Note—When a male pensioner is specially exempted by Government from personal appearance the fact should be noted in the Register, and in all cases of non-appearance of a male pensioner a note should be made in the Register of the form in which proof was given, within each year, of the pensioner's continued existence; e.g. "Pensioner visited such and such officer on, " and the initials of the officer verifying the fact should be put against the note.

GRATUITIES

164. Form 50 will serve at once for a Register of the grant of gratuities and for their audit; on receipt of the order granting the gratuity and after check with the report of the Audit office, the first six columns should be filled up immediately and the order to pay it issued in Form 51. The voucher must be the receipt of the person legally entitled to the gratuity, not that of the head of the office or department in which he formerly served. The amount of gratuity to be refunded by a person re-employed should be noted in the Audit Register, and the fact of re-payment of gratuity should be noted in Remarks column when re-payment is completed.

1. Every quarter the Gratuity Register should be examined, and those gratuities which have remained unpaid more than three months noted, the District Officers/D.A.O. concerned being addressed concerning them, and note of the reference made entered in the last column of the Register.

ANTICIPATORY PENSIONS

165. (a) Special Audit Register should be opened in Form 49 in which should be entered on the left side the orders for Anticipatory Pensions and gratuities passed under the relevant Service Rule (Columns 6 to 10 being left blank), and on the right side, month by month, the payments made against them. The orders should be entered for the whole country in consecutive order, and when final adjustment of the payment is made against the final order granting the pension or gratuity, full note of it should be made in the Remarks Column.

(b) This Audit Register must be reviewed by the Accountant General personally every half-year (beginning of July and beginning of January in order that he may see that no undue delay has occurred in the final settlement of the cases.

1. When the final pension or gratuity is sanctioned, it should be dealt with in the Pension or Gratuity Audit Register as converting the anticipatory order, and not as being in continuation of it, and the order issued for payment of anticipatory pension recalled.

2. It is not necessary that an Anticipatory Pension Payment Order should be recalled before the final order is issued. All final Pension Payment Orders must, however, be forwarded to the Treasury Officers/D.A.O. concerned under cover of a special letter in Form 52. The subsequent return of the Anticipatory Pension Payment Order, as contemplated by that letter, should be carefully watched through the Special Audit Register of anticipatory pensions, in the "Remarks" column of which the date of issue of the final and the date of return of the anticipatory orders should be noted over the initials of the Branch Officer in Charge.

COMMUTATION REPORTS

166. The procedure for commutations of pensions and the responsibilities of Accountants General in connection with reports on these are laid down in the relevant Regulations issued by the Government. Modifications to suit local circumstances are described in the relevant Manual of the Accountant General concerned.

POLITICAL PENSIONS

167. A separate Register in Form 47 should be maintained for the record of Pension Payment Orders issued in respect of political Pensions.

168. The Accountant General should, before he issues Pensions Payment Orders for political pensions, require information regarding the parentage, residence, date of birth, height and any personal marks facilitating identification of the pensioner, and should enter these particulars in the Pay Order.

1. Deleted.

169. Deleted.

1. Deleted.

2. Deleted.

170. The procedure for the audit of other pensions as described in this Chapter will apply *mutatis mutandis* to the audit of political pensions provided that the audit registers for such pensions will be separate from those for other pensions.

1. If any Political pensions have remained undrawn without any explanation being forthcoming regarding them for six years, the entries may be omitted when opening new Pension Audit Registers.

SPECIAL ANNUAL ENQUIRIES

171. All Accountants General are required by 15th November each year, to make out lists of the pensioners, whether political or service, paid from each treasury/D.A.O. whose age is shown in the Audit Register to be over seventy; and to send each list to the Treasury Officer/D.A.O. concerned, with the request that the continued existence of the pensioners may be rested by special enquiries.

AUDITOR'S DUTIES

172. The following are important points for the attention of auditors:

1. (a) See that the vouchers are in proper form.

(b) Check the details and the income tax deductions (see Note under clause(k) of paragraph 8).

(c) See that stamps are affixed when necessary and punched.

(d) See that, except in the case of pensions of persons who die before the issue of a Pension Payment Order, no pension is paid for which a Pension Payment Order has not been issued, and that only pension actually due has been paid; also that sanction has been obtained for payment of arrears.

(e) See that the certificate that no pay was received from any Government office is invariably signed in the case of Service Pensions.

(f) See that, when a pensioner does not appear in person, a life certificate is attached.

(g) See that certificates are furnished in evidence of the continued title to pension. In the case of pensions terminable on marriage—

(i) See that the prescribed certificate is submitted every half year;

(ii) Conduct a full audit of the pensions paid in April and October in Addition to the test-audit carried out under the provisions of paragraph 13;

- (iii) make a note of the receipt of the prescribed declaration in the Audit Register of Special pensions; and
 - (iv) see that the Treasury Officer has furnished particulars and date of last payment in the case of pensions for which declarations have not been furnished in the months of April and October.
 - (h) Record the payments in the proper registers—Political, Superannuation, or Special, as the case may be.
 - (i) Enface the vouchers, showing clearly the detailed head or heads to which the pension should be debited.
 - (j) Stamp them with the "Admitted" or "objected to" stamp.
 - (k) Send them in their proper places in the Register to the Reviewing Officer.
 - (l) In case of a pension payable by the Presaudit Pay Department compare the signature with that given in Audit Register.
2. On the death of a pensioner see that the pension payment order is returned for cancellation.
3. Note deaths and transfers in the Audit Register and Pension Payment Order Register; and have the notes attested by a Gazetted Officer. The entries in these registers should be scored through in red ink when a person is permanently removed.
4. Note Anticipatory Pensions in a separate Register which should be laid before the Accountant General twice a year (beginning of July and beginning of January.)

173. *Deleted.*

174. *Deleted.*

175. *Deleted.*

176. *Deleted.*

177. *Deleted.*

178. *Deleted.*

CHAPTER 9—INTEREST PAYMENT AUDIT.

Audit by Accountant General 179 Lists for the Public Debt Office, 180.

AUDIT BY ACCOUNTANT GENERAL

179. The audit of the interest vouchers by the Audit Department under Article 210 of the Audit Code will be conducted in the following way. The auditor should see—

- (1) that the amount entered in the voucher as amount of half-yearly interest is really one half-year's interest upon each amount stated to be the amount of each Note;
- (2) that the total amount due is the half-year's interest multiplied by the number of half-years entered in the column provided for the purpose ;
- (3) that the amount due as shown in the voucher is correctly totalled, and the total correctly carried into the schedule of interest payments from the treasury/D.A.O. (From T.A. 35 of the Account Code, received Volume II), and into the proper column of it ;
- (4) that the receipt is properly signed, either by the person named as the holder or by his representative ;
- (5) That income-tax at the maximum rate is deducted from the amount of interest due, unless the owner of the security has produced, with his receipt for the interest, a certificate signed by the Income-tax Officer authorising exemption or levy of a lower rate.

Vouchers in which the signature of the disbursing officer or of the payee, or the particulars of the loan, or the numbers, or the capital sum of the several notes, or the number of half-years for which interest was paid, are wanting, should be returned for correction.

LISTS FOR THE PUBLIC DEBT OFFICE

180. After this has been done, for each of the two schedules of payments, the auditor should put aside the schedules and total all the vouchers by loans, and number them consecutively for each loan, in blue pencil in the upper right hand corner to each bundle should be added a covering list, in Form 56, of which the totals must be checked so that it may be seen that they agree with the total debits in the month's accounts against each loan.

Note.—Bearer bond coupons and stock interest warrants should not be included in the lists of vouchers for interest payments on promissory notes, but there should be separate covering lists for each class of vouchers, viz., vouchers for interest payments on promissory notes, stock interest warrants, and bearer bond coupons.

181. The vouchers, together with the covering slips, should then be sent for further audit to the Public Debt Office of the Bangladesh Bank within the jurisdiction of which the treasury/D.A.O. is located.

(i) Deleted.

(ii) Deleted.

(iii) Deleted.

(iv) Deleted.

Note.—Deleted.

182. These lists should not, however, be sent one by one, but should go together, as soon as completed, with a covering statement in Form 57 (i) or/57 (ii) as the case may be, which is due for transmission on the last day of the following month.

CHAPTER 10—AUDIT OF SERVICE, PROVIDENT AND OTHER FUNDS

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PART I—SERVICE AND OTHER FUNDS

General.

183. Transactions pertaining to the following funds are adjusted under the appropriate head of account in the books of the Account Officer mentioned against each. Transactions arising in other accounts circles are passed on the Account Officer concerned, monthly through the Exchange Accounts under the relevant rules in the Account Code Volume IV, except that, in the case of Postal Insurance and Life Annuity Fund recoveries of premia from pay and pension bills are credited to the Accountant General, Posts, Telegraphs and Telephones with whom the Civil Account Officer exchanges accounts. The Civil Account Officer, who is responsible for maintaining the accounts of the Fund should audit the transactions pertaining to the fund in accordance with the general principles enunciated in Article 103 of the Audit Code and the detailed instructions laid down in this part.

Name of Fund.	Account Officer in whose books the transactions are adjusted.	Authorised to whom the certified lists are sent.
(1) Erstwhile C.S.P. Family Pension Fund and Superior Services Family Pension Fund.	Accountant General (Civil)	Accountant General (Civil).
(2) Bangladesh L.M.S. Family Pension Fund.	Controller of Military Accounts.	Controller of Military Accounts.
(3) Postal Life Insurance and Life Annuity Fund.	Accountant General, Posts, Telegraphs and Telephones, Dacca.	General ranges, Postal Life Insurance.

Note—Deleted.

184. The certificates list should furnish the following particulars when necessary, the remarks column of the list being utilised for the purpose :

- (i) the reasons for recovery of subscriptions in any particular case, or for recoveries for broken periods;
- (ii) in the event of subscriber being transferred to another audit circle, the designation of the Audit Officer to whose jurisdiction the subscriber has been transferred and the date up to which recovery has been made from him prior to his transfer;
- (iii) the period of leave granted to a Government servant and the date up to which his subscription has been or will be recovered.

185. The credit, in an Exchange Account, of a fund subscription should always quote the certificate list in which the subscription shown thus *vide* certificate list of (Account Officer) for (month).

Erstwhile Civil Service of Pakistan.

Family Pension Fund and Superior Service.

Family Pension Funds.

Superior Services (India) Family Pension Fund.

186. The Accountant General (Civil), should keep proper record of recoveries on account of each subscriber and see that correct subscription are realised. The subscription payable should be communicated by him to the Government servants concerned.

187. *Deleted.*

188. *Deleted.*

189. *Deleted.*

190. *Deleted.*

191. *Deleted.*

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192. *Deleted.*193. *Deleted.*194. *Deleted.*195. *Deleted.*196. *Deleted.*197. *Deleted.*198. *Deleted.*199. *Deleted.***POSTAL LIFE INSURANCE FUND**

200. Premia and subscriptions are paid either in cash or by deduction from pay or pension bills, but all cash receipts take place at the Post Offices only, and not at the treasuries Civil Audit Officers have accordingly only to deal with the deductions from pay or pension bills. These deductions are to be credited to the Exchange Account between Civil and Posts, Telegraphs and Telephones.

The certified lists should be prepared in Form 64.

MILITARY AND MEDICAL FUNDS

201 Any receipt on account of the (abolished) Military Orphan and Medical Funds should adjusted in the central Section of the books of the Civil Accounts Officer concerned under "XLIV—Receipts in aid of Superannuation, etc". Pensions and certain other miscellaneous charges payable out of these funds should also be accounted for finally under "55—Superannuation Allowances and Pensions" in the Central Section of the books of those officers, care being taken to see, that the vouchers have been audited by the Defence Officer or to have them so audited.

202 Adjustments of any short or excess recovery should be made under the instructions of the Defence Account Officer concerned, but it is not necessary to number 'C' the accounts of Defence Services with any transactions which do not originate therein. Any amounts objected to by the Defence Account Officer should be held under objection in the Civil Department until the objection is satisfied.

203 *Deleted.*204 *Deleted.***PART. II—PROVIDENT FUNDS****Introductory**

205 The instructions in this part of the Chapter lay down the procedure which the Accountant General should follow in conducting the audit of Provident Fund transactions prescribed in Article 103 of the Audit Code. The Provident Funds to which this Part is applicable are Government Provident

Funds within the meaning of the Provident Funds Act, 1925 and detailed below. The procedure prescribed in this part is applicable to these Provident Funds so far as they are not inconsistent with the provisions of the Provident Fund Rules themselves.

- (i) General Provident Fund.
- (ii) Erstwhile C.S.P. Provident Fund.
- (iii) Deleted.
- (iv) Contributory Provident Fund.
- (v) Other Miscellaneous Provident Funds, *vide* Footnote 317 in the list of Major and Minor Heads of account of Receipts and Disbursements.

Note—In so far as the General and Contributory Provident Funds are concerned the Provident Fund Rules, mentioned above include any rules framed by the erstwhile Central Government, Provincial Governments and Chief Commissioners in applicable to the subscribers concerned.

The legal position in regard to the provisions in the Provident Fund Rules has been dealt with in the "Memorandum explanatory of Government Provident Fund Rules *vis-a-vis* the law on the subject" which has been prepared by the Government in consultation with their legal advisers. The memorandum, as stated in the preface thereto, is not exhaustive and exceptional cases may arise which are not covered by the instructions in the Memorandum but it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

ADMISSION

206 On receipt of an application in the prescribed form, the eligibility of a new subscriber should be tested in the Fund Section (in consultation, if necessary, with the Audit Section concerned) with reference to the relevant rules. If he is found eligible, an Account Number should be assigned to him in the General Index Register (*vide* paragraph 208) and communicated to him direct or through the head of his office according as he is a gazetted or a non-gazetted Government servant.

207. As soon as it comes to the notice of an Account Officer, either through the prescribed report from the executive authorities to the Audit Officer concerned or otherwise, that a particular Government servant belongs to the class of compulsory subscribers to a Fund, he should see that subscriptions are recovered from him as required by the rules of the Fund.

208. The General Index Register, Form 65, should be maintained separately for each Department and each such register should have an alphabetical index prefixed to it. There should be a separate series of numbers for each department with distinctive letters prefix to them, e.g. for the Police and A.J. for the Administration of Justice Department. When new departmental numbers are assigned to old subscribers, the new departmental number should be shown as numerator and the old number as denominator in the Index Register so that their past records may be traced easily whenever required.

NOMINATIONS

209. As soon as a Government servant starts subscribing to a Fund, the Account Officer should endeavour to secure that the subscriber furnished a nomination as required by the rules of the Fund.

NOTE—DELETED.

210. The nomination should be kept under lock and key in the personal custody of the Branch Officer in charge of the Fund Section and verified once in three years under the supervision and directions of a Gazetted Officer.

211. When a revised nomination is received, the superseded one should be cancelled and returned to the subscriber.

SUBSCRIPTIONS

212. When a subscription is paid for the first time or a revised rate is adopted, it should be seen that the amount of subscription is within the minimum rates prescribed by the rules of the Fund. In the case of subscriptions paid subsequently, it should be seen that the amount paid agrees with the rate adopted in the first month of the year except when a variation of rate is allowed during the course of the year under the rules of the Fund. For all months of the year it should also be seen that all compulsory subscriptions are paid except when an exemption is allowed. Whenever a subscription is discontinued by a subscriber, it should be seen that the discontinuance is permissible.

Note—Any overpayments or short payment of subscription to the Fund in any one month may be adjusted by deduction from, or addition to, the subscriptions in the subsequent months where ever possible. There is however, no warrant for refusal of cash payment or recovery if a subscriber so desires.

TEMPORARY WITHDRAWALS

213. The audit of temporary withdrawals consists in seeing the following points among others :-

- (i) that the advance has been sanctioned by a competent authority;
- (ii) that the amount sanctioned is covered by the balance at the credit of the subscriber;
- (iii) that the conditions under which the advances can be granted under the rules of the fund are fulfilled; and
- (iv) that recoveries on account of principal and interest are being made regularly.

Note—The reasons for drawal of an advance from General Provident Fund should be mentioned in the remarks column of the ledger card Form 69.

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214. A register in Form 66 should be maintained for the purpose of recording the sanctions to temporary withdrawals from the Fund and for seeing that recoveries on account of principal and interest are being made regularly as laid down in paragraph 213 (iv). As an alternative, Form 67 may be used for the record of sanctions and the scrutiny of refunds of temporary withdrawals made from the ledger direct. In Account Offices where fund accounts are maintained by the machine method, the following procedure should be observed—

- (i) When a sanction is received for a temporary withdrawal, the number of instalments in which recovery is to be made the amount of each instalment and the month of last recovery should be entered in the "Remarks" column of the ledger card.
- (ii) The regularity of the recovery of the advances should be watched in the course of monthly audit of ledger cards of live accounts (*vide* paragraph 231).
- (iii) 10 per cent. of the cards in which advances are outstanding should be examined by the auditor and 5 per cent. by the Superintendent. The card should be selected that the outstanding cases of all Government servants are brought under this review not less than once a year. The Branch Officer in charge of the Fund Section should conduct a general review every month.
- (iv) A record of review should be maintained in the form below :—

District or Department or office.	Number of active accounts, i.e. where postings are made.	July, 19....				And so on for other months.
		Examiner or Auditor.		Superintendent.		
		No.	Initials.	No.	Initials.	
		1	2	3	4	

Withdrawals for Payment of Premium towards Insurance Policies

215. Before the financing of a policy from a provident Fund is allowed the Account Officer should see that it is acceptable under the rules of the Fund.

216. In the case of policies financed from Provident Funds, the Account Officer should satisfy himself by a reference to the Company at the time the policy is delivered to him:

(i) that no prior assignment of the policy exists; and

(ii) that the policy is not otherwise encumbered.

Such enquiries need not be made, however, in the case of a policy which is expressed on the face of it to be for the benefit of the wife of the subscriber or of his wife and children or any of them.

No other special steps should be taken by him subsequently to ascertain whether these policies has lapsed or have become encumbered but when concrete evidence comes to notice of a policy having lapsed or having become encumbered enquiries should be made and the exact position ascertained; but if such a policy is merely deposited with the Account Officer (and is not assigned) he should, as a matter of precaution, inform the Company that the policy has been so deposited and ask that any dealings involving it should be communicated to him (the Company may refuse to accept such a notice but this action should always be taken notwithstanding).

In the case of policies financed from the erstwhile C. S. P. Provident Fund, the check prescribed in the Rule 15(3) of the erstwhile I. C. S. Provident Fund Rules should be continue to be applied by the Account Officer about once a year even after the premia are no longer financed from the Fund until it has been ascertained that a policy has matured or lapsed. This check will be applied only against the lapsing of a policy.

217. A Stock Register in Form 68 should be maintained to keep a record of policies which have either been assigned to the President or delivered to the Account Officer. The policies should be verified annually and on a change in the Branch Officer in charge, and the result of verification should be recorded in the Register. If there has been a verification on the change of the Branch Officer in charge, the next annual verification may be made one year after such verification.

218. All premium receipts of the Company received by the Account Officer for scrutiny should be endorsed in the following words, "No abatement of Bangladesh income-tax is admissible," with a view to safe-guarding Government from double exemption from Income-tax.

MANTENANCE OF PROVIDENT FUND ACCOUNTS

General

219. The Provident Fund Account of a Government servant should be maintained by Account Officer of the department in which the Government servant has a permanent lien. If the Government servant has only a provisionally permanent lien but no permanent lien, the Fund Account should be maintained by the Account Officer of the department concerned on whose cadre he has the provisionally permanent lien. If he has no lien of either kind the account should be maintained by the Account Officer of the department in which he is borne at the time.

Note—All credits and debits in respect of the fund transactions of a subscriber should be brought to account in the books of the Government by the Account Officer who maintains the subscribers account.

Note 2—Except in cases otherwise decided by the Controller and Auditor General, for the purpose of this paragraph, the Account Officer, purpose of this paragraph, the Account Officer will ordinarily be the Account Officer in Bangladesh who brings to account the pay of the Government servant concerned but in respect of a Government servant whose pay is not accounted for in Bangladesh books, the Account Officer would be:—

- (a) in the case of a Government servant who proceeds on deputation out of Bangladesh, the officer who accounted for his pay immediately before he proceeded on deputation, and
- (b) in the case of Government servant who is transferred to foreign service, the officer who watches the recovery of his foreign service contribution.

220. Fund transactions arising in one account circle which are adjustable in another account circle should be passed on to the Account Officer of the latter circle, monthly through the Exchange or Settlement Account, as the case may be.

COMPILATION OF PROVIDENT FUND ACCOUNTS BY THE MACHINE METHOD

Ledger Cards

221. The accounts of subscribers should be maintained in loose ledger cards in Form No. 69, one card being opened for each subscriber. When a Government servant is a compulsory subscriber, the word "Compulsory" should be noted prominently on his ledger account, and the entry attested by the Superintendent. The fact of the receipt of declaration in favour of a nominee should also be noted on the top of each page and the entry attested by the dated initials of the Branch Officer in charge. In the case of Cash payments either of subscription, refund of advance or on accounts of realisation of the proceeds of a policy, the date of receipt should be noted invariably on the account. In cases of withdrawals for Insurance payments and substitution of premiums for subscription to the Fund, a reference to the item No. in the Stock Register of Insurance policies and brief notes showing the amount of subscription substituted should be given prominently on the account and such references or notes should be carried forward from year to year. Stoppages of subscription should also be recorded on the ledger accounts.

222. Ledger cards, being originally records, should be kept in locked cabinet duplicate keys of which will remain in the possession of the Examiner and the correspondence clerk concerned or of the person nominated for the purpose under the orders of the Branch Officer in charge. The cards of one department should be kept in a locked cabinet separate from those of another department and arranged either in serial order of Account numbers or by districts, as the Accountant General may decide. The cards of subscribers who have discontinued their subscriptions should be kept separately from the live cards arranged according to serial numbers, while the closed cards, *i.e.*, the cards of subscribers whose fund accounts have been finally closed and payment made should be kept separately from the cards of subscribers who have discontinued subscription.

A card should never be taken out from the cabinet for reference without a proper mark (a thick paper slip with the No. and reasons for removal recorded thereon) being left in the place from which it is removed. A manuscript transit register with the following columns should be maintained so that the submission of a card to the Superintendent or Branch Officer and its return may be watched.

- (1) Date of submission of cards.
- (2) Name of District.
- (3) Account Number.
- (4) Initials of the Superintendent.

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- (5) Initial of the Branch Officer.
(6) Initial of the Auditor.

Note—This requirement may be relaxed, at the discretion of the Head of the Account Office in cases where Ledger Cards are taken out of the cabinet for being submitted to the Superintendent for review of the refund of advances provided they are returned to the Cabinet on the same day.

223. A record of the closed accounts should be maintained in a Register of Closed Accounts Form 70.

POSTING OF ACCOUNTS

224. The following are the sources from which the fund accounts are posted:—

- (i) Covering Schedule (one for each district) in the following form supported by the corresponding fund schedules:

No. of voucher.	Amount recovered.
-----------------	-------------------

Total.

Total verified with the Departmental Abstract and all fund schedules are attached:

Auditor.

ADD total of cash

Recoveries.....

Grand total.....

Examiner, Fund Section.

Note—The amounts of cash recoveries are added by the Examiner, Fund Section after the consolidated compilation mentioned in paragraph 225 has been made and before the covering schedules are made over to the Machinist for posting.

- (ii) Schedules of cash recoveries by districts either supported by fund schedules or themselves containing all the necessary information in respect of the subscribers concerned.
- (iii) Schedules, supported by vouchers, of withdrawals received from treasuries.
- (iv) Separate covering statements in respect of credit and debit items in Exchange or Settlement Accounts supported by fund Schedules and vouchers of withdrawals, respectively.

- (v) Statement similar to those in item (iv) in respect of fund transactions appearing in the Transfer Ledger Abstracts maintained by auditors other than the departmental auditors.

The documents mentioned at item (i) should be passed on by the department auditors to the Fund Section after the entries in the Fund Schedules have been compared with the deductions made from the pay bills and the certificate of agreement has been recorded on each schedule. An additional certificate "Pay for 30th June also checked with the bills," should be recorded on the schedules attached to pay bills for June and attested by the Superintendent. The documents mentioned at items (ii) to (v) should be passed on by the auditors concerned to that section with a Similar certificate of agreement with the Cash Accounts, List of payments, etc., as the case may be. The fund section should see that all the necessary information required for audit purposes is furnished in the fund schedules.

225. On receipt of the documents mentioned in paragraph 224, a consolidated compilation of credits should be prepared by districts and by departments in the Fund Section. The total amount of recoveries both in cash and by deduction from bills should be shown in lump against each district and under the department concerned. Similarly all items of receipts appearing through Exchange or Settlement Accounts or Transfer Ledger Abstract should also be consolidated this compilation.

A similar compilation of debit should also be prepared in the Fund Section. This Compilation should be completed on or before the date on which fund schedules are received from the departmental sections, so that work relating to posting of ledger cards is not retarded.

226. When all the covering schedules (supported by the fund schedules) relating to a department have been received in the Fund Section, they should be arranged in the alphabetical order of the districts in the Country or in the order in which these appear in the Departmental Classifies Abstracts. The Record Keeper should then collect together from the cabinet all the relevant ledger cards including those in respect of which recoveries have been made in cash and arrange them in the order of subscribers in the fund schedules and pin together the vouchers of withdrawals to the ledger cards concerned. If he comes across a case where the ledger card of a subscriber exists in the bundle of another department, he should simply encircle the entry in the Fund schedule concerned. If the Record Keeper should have omitted to do so and the card is found to be wanting by the Machinist in the course of posting the ledger cards, *vide* paragraph 228, he should encircle the amount in the schedule and write against it "Unposted".

227. Two Registers (Outward and Inward) in respect of each department should be maintained for record of full particulars of subscriptions recovered from Government servants transferred from one department to another. The items encircled in the fund schedule (*vide* paragraph 226) should be posted by the Machinist in the Outward Register of the department. He should also transcribe the entries therefrom into the Inward Registers of other departments concerned and intoken of his having done so, he should record a monthly certificate in his Outward Register to the effect that all the items contained

therein have been properly entered in the Inward Registers concerned. The Superintendent should trace 10 per cent. of the entries appearing in the Outward Register of other departments concerned.

228. The fund schedule and the ledger cards duly arranged in the manner indicated in paragraph 226 should then be taken up by the Machinist for posting. He should make entries with regard to withdrawals in the fund schedules concerned from the vouchers of withdrawals which should have been pinned to the ledger cards concerned by the Record Keeper, arrange his totalisers as below and proceed to operate with reference to the entries in the fund schedules.

Opening Balance Dummy	Subscription live,	Refunds of withdrawals live,	Withdrawals live,	Closing Balance Dummy,	Cross live,
-----------------------------	-----------------------	------------------------------------	----------------------	------------------------------	----------------

Before inserting the card in the machine he should compare the number and the name with the entry in the schedule and take action, with reference to any card found wanting as indicated in paragraph 226 supra. The current year's balance alone should be shown in the closing balance column of the ledger cards, *i.e.*, the current years balance should be kept quite distinct from the last year's balance which, after the annual accounts have been completely proved, should be posted against the entry "Balance on 30th June" in the remarks column of the ledger card form. Under this procedure, the opening and closing balances in the ledger card will, where the amount of withdrawal taken by a subscriber is in excess of his current years balance, become minus balances. In the case of final payments, the Machinist should, however, type in the opening balance column the balance of previous month as also the closing balances of last year.

229. If the posting is done correctly, the "cross" totaliser will be cleared when the closing balance has been posted and the Machinist should see that this is invariably the case. Any mistake in posting should be settled by him before he proceeds to the next card. When the schedules of a district including those relating to cash recoveries have been posted, he should, after taking into account any unposted items, compare the total on his totalisers with the consolidated figures on the district covering schedule (vide paragraph 224 (i) in respect of subscriptions and refunds of withdrawals and with the figures in the consolidated compilation of debits (vide paragraph 225) in respect of withdrawals. After this agreement has been effected, the figures on the totalisers should be cleared by the Machinist by carrying them on to a Master Card, Form 71, one for each department. In this way the entries relating to the schedules of all the districts (including those relating to the Exchange and Settlement Accounts and Transfer Ledger Abstracts which for this purpose should be treated as transactions of separate districts) should be posted, proved and brought on the Master Card which will thus collect the figures, for the country and these in their turn should be agreed with the Book Department figure. In case where the number of subscribers in a department is so large that it cannot be dealt with by one Machinist, each Machinist should use a separate Master Card and the totals of One Master

230—231] AUDIT OF SERVICE, PROVIDENT & OTHER FUNDS [Chap. 10

Card should for purposes of proving the accounts be transcribed to the other Master Card. In this way figures relating to a department will be collected in one Master Card.

230. The posting in the ledger cards of items appearing in the departmental inward register should be made in the ordinary way without their being brought on to the Master Card as such figures are not necessary for purposes of agreement with the Detail Book figures of the departments concerned. The Examiner or the auditors, as the Accountant General may decide, should examine that all the items have been posted, so that no difficulty is experienced in the quarterly agreement of balances (*vide* paragraph 232).

AUDIT OF LEDGER CARDS.

231. (i) At the time of posting accounts, the Machinist should keep before him a typed or printed list in the following form :—

District.	Irregular subscription or refunds.	Non-recovery or irregular recovery of advances.	Reasons of non-credits.	Remarks.
-----------	------------------------------------	---	-------------------------	----------

In the course of posting, as he comes across an item open to objection for one reason or another, he should simply jot down in the list the number of the ledger card concerned under the particular column affected. These lists should be by groups of districts according to the grouping made for purpose of distribution of work amongst auditors.

(ii) When the posting work is completed, all fund schedules and the ledger cards concerned should be made over to the auditors for audit and check of postings together with the lists mentioned in clause (i) above.

(iii) Immediately on receipt of these documents, the auditor should first proceed with the audit of ledger cards noted by the Machinist in the list mentioned in clause (i) above and write down the necessary objections for communication to the drawing officers concerned or in cases of discontinuance of subscriptions record the reason on the ledger card concerned. It should be noted that the agreement of opening balance of the current month with the closing balance of the previous month in each ledger forms part of audit. It is essential to see that the Machinist has correctly posted the opening

balances as there is no device in the machine which will throw up a mistake if any is made, of this nature. This check will facilitate the quarterly and annual verification of balances.

Note.—Under the compulsory GPF scheme a subscriber can discontinue his subscription only during leave. The reason for the discontinuance of subscriptions, recorded on the ledger card or the missing credit traced and posted before the close of the monthly account.

(iv) 10 per cent of the postings in the ledger cards which should be selected under orders of the Branch Officer in charge should be checked by the auditor with reference to the entries in the fund schedules and while he does this he should exercise all the audit checks including check of opening balances in respect of these postings and issue the necessary objections to the disbursing officers. If the Machinist has carefully prepared the list mentioned in item (i) above there should be no defects left to detect except those relating to mistakes made in posting the opening balances.

(v) The remaining ledger cards should be audited independently without reference to fund schedules. The main object of this audit will be to check the opening balances with the previous closing balances. No review by Examiner is necessary.

(vi) The Examiner should see and certify that all items appearing in the outward registers have been entered in the inward registers concerned and that all the items appearing in a departmental inward register have been posted in the ledger cards concerned.

QUARTERLY VERIFICATION

232. At the end of each of the first quarter, i.e., after compilation of September, December and March accounts, the Machinist should compile the balances of all the cards in a department (including those which were closed during the currency of the quarter the accounts of which are being verified) in Form 72. He should do this by posting in the quarterly statements the last year's balance and the current year's balance separately from each ledger card. The totals of the balances, collected automatically by the totalisers, will be cleared by posting the figures shown by them in quarterly statements. The statement so completed should be agreed with the figures in the Proof Sheet (Form 73), which should be posted from—

- (1) The Master Cards for the three months of the quarter;
- (2) Registers of inward and outward items; and
- (3) The separate compilation of interest on accounts closed during the quarter.

There will be no quarterly verification after June, i.e., for the last quarter, but only annual verification together with interest calculation for the year.

ANNUAL CLOSING

233. (1) The posting of June transactions into the individual accounts of subscribers should be taken up by about the middle of July and completed by the middle of August. The work of calculation of interest due on each account should be commenced slightly before the completion of June postings and completed within a month. The interest calculation made by each auditor with the help of interest tables should be checked independently by a separate auditor. The amount of interest for the year as well as total deposits, refunds and withdrawals should be posted in the space provided for the purpose in the remarks column of the ledger card and the closing balance for the year worked out in respect of every ledger card. 20 per cent of the calculations should be checked in detail by the Examiner and 10 per cent by the Superintendent.

Note.—Interest short or excess credited to a Provident Fund in the account of a previous year should be readjusted by addition to or deduction from the interest adjustable in the accounts of the year in which the error is detected.

(2) Side by side with the above process, the Machinist should prepare a balance compilation (in duplicate), Form 74, from the completed cards, cut the duplicate copy of the balance compilation statement into slips, and paste them on the forms of Annual Deposit Account of subscribers; *vide* Paragraph 252. He should satisfy himself that all the relevant ledger cards relating to a department have been collected including those which were closed during the currency of the financial year the accounts of which are under verification.

234. As the entries relating to a ledger card are posted in the balance compilations statement, the Machinist should see with reference to the cross totaliser that the closing balance as given by the machine agrees with the closing balance already worked out in the ledger card and that the cross totaliser is cleared as soon as the entry is made in the closing balance column.

235. After the despatch of the annual accounts of subscribers (*vide* paragraph 252), the balances consolidated in Form 74 should be agreed in the same way as in the case of quarterly compilation but with an additional factor, i.e., interest.

COMPILATION OF PROVIDENT FUND ACCOUNTS BY THE
HAND METHOD.

LEDGERS

236. The accounts of subscribers should be maintained in the ledger in Form 75, one complete folio being allotted to each subscriber. The instructions in paragraph 221 equally to the accounts maintained in this form. When the account of a subscriber is closed, the date of, and the reason for, the closure should be noted in the ledger, as well as in the Index Register.

237. There should be a separate ledger for each unit of account. The pages of each ledger should be numbered consecutively in one series and the number assigned to the account of each individual should be the same as the

number of the page in the ledger on which his account is recorded. In addition to the particulars for which space has provided at the top of the account an indication either by hand or by seal with a rubber stamp, whether the account relates to a compulsory or optional subscriber, should be given prominently and the entry attested by the Superintendent, as it is made. The fact of the receipt of declaration should also be noted on the top of each page and the entry attested by the dated initials of the Branch Officer in charge.

POSTING OF ACCOUNTS AND THEIR AUDIT

238. The instructions in paragraphs 224 and 225 apply *mutatis mutandis* to the posting of Accounts under the Hand Method. On receipt of the schedules, vouchers, etc., relating to a unit of account, the poster should after satisfying himself that the schedules pertaining to a particular account have been completely received, post the transactions in the relevant columns of the ledger. Any irregularity, omission or discrepancy noticed in the course of posting should be recorded in the schedule concerned and communicated to the Government servant concerned through the prescribed objection statement.

239. Ten per cent of the postings in the ledger should be reviewed by the Examiner each month. The review should be so arranged that every depositor's account is checked at least one a year.

VERIFICATION

240. A Broadsheet in Form 76 should be maintained separately for each ledger. Each Broadsheet should be posted direct from the accounts in the ledger and the monthly totals calculated therein verified with those in the District or Departmental Abstract. Discrepancies between the District or Departmental Abstract and the Broadsheet figures should be recorded in an Explanation Sheet on Differences in Form 77 and the adjustment of differences watched through that Sheet. An Abstract (page) of Difference Form 78, should also be maintained to watch the monthly progress of adjustment of differences.

241. After all the district and departmental Broadsheets have been verified, the total credits and debits for the month as worked out in each of them should be entered in a consolidated Broadsheet which should also be maintained in Form 76, the particulars of the several Broadsheets instead of the account numbers being entered in the first column. The total monthly credits and debits as worked out in the consolidated Broadsheet should be agreed with corresponding totals in the Detail Book. The consolidated Broadsheet should be submitted monthly to the Officer in Charge.

ANNUAL CLOSING

242. The instructions in sub-paragraph (1) of paragraph 233 apply *mutatis mutandis* to the annual closing of accounts under the Hand Posting Method. The interest figure in each individual account, including interest paid during the year on closing accounts, should be posted in the Broad sheet

relating to that particulars ledger account and the total of the unit Broad sheet carried to the consolidated Broadsheet. Immediately after the accounts for June Final are closed, the balance at credit of each subscriber on 30th June including interest for the year should be worked out in the ledger as well as in the unit Broadsheets and the totals of the latter compared and agreed with the figures in the consolidated Broadsheet where closing balance of each unit Broadsheet should be calculated similarly. Necessary modification in the figures of balances up to June final account should be made in the unit and consolidated Broadsheet after the closure of the June supplementary accounts. After both the unit and consolidated Broadsheets have been squared, the closing balance as per consolidated Broadsheet should be verified with the figures in the Book Department. The individual closing balances in the district Broad-sheets should also be verified with those in the ledger before they are carried over to next year's Broad-sheet as opening balances.

TRANSFER OF ACCOUNTS

243. When a subscriber is transferred permanently to another accounts circle with transfer of his permanent lien, the balance at his credit in the Provident Fund account should be passed on to the latter accounts circle. A copy of the subscriber's ledger account together with his Declaration form in original and the Insurance policy or policies (if any) should be forwarded to the Account Officer of that Accounts Circle. Any sum withdrawn under the Fund rules and which remains to be recovered should also be communicated.

SPECIAL PROCEDURE FOR CONTRIBUTORY PROVIDENT FUND

244. The Contributory provident Fund Accounts should be maintained in the ledger, Form 79, where ledger accounts are posted in manuscript. In cases where machine methods are adopted for the purpose the accounts should be maintained in Form 69 with suitable manuscript additions and alterations.

245. When contributions are adjusted at the end of the year, these should be posted in Broadsheet, Form 76, against the respective account number, in a separate line from that of the subscriptions a distinguishing line, if thought necessary being used. Interest on contributions should similarly be posted separately from that on subscriptions. At the time of annual closing of the Broadsheet, the closing balances of deposits and Government contributions should be brought out separately.

246. *Deleted.*

247. *Deleted.*

248. *Deleted.*

249. *Deleted.*

250. *Deleted.*

251. *Deleted.*

ANNUAL ACCOUNT STATEMENT TO SUBSCRIBERS

252. Copies of their respective annual accounts should be despatched in Form 80 or 81 to the subscribers (according as they are Gazetted or non Gazetted Government servants), not later than (1) the 30th Sept. in cases in which there are no Exchange Account transactions and (2) the 15th Nov. in cases where subscriptions are adjusted through Exchange Accounts.

Note.—Particulars of the months for which credits are missing should be given in the annual account statement of subscriber.

PERIODICAL REVIEW

253. A review of the Provident Fund Accounts should be conducted at intervals of 3 years after the despatch of the annual accounts. The scope of the review should be as follows :-

- (i) to see that there are no cases of omission to open ledger accounts or cases where double accounts have been opened for the same subscriber : for this purpose, a census of the ledger cards (where fund Accounts are maintained by machine posting) should be taken and agreed with the number of subscribers to the Fund, including subscribers who have discontinued their subscriptions;
- (ii) to check in detail one month's credits in the ledger accounts of each department with reference to the schedules the selection of the month for each department being made by a Gazetted Officer;
- (iii) to examine generally the credits for the remaining 11 months appearing in the ledger accounts and to see that the reasons for non-recovery or irregular recovery (short or excess) of advances all subscriptions are properly recorded therein;
- (iv) to check the debit postings of the whole year with reference to vouchers;
- (v) to see that the balances are correctly carried forward. In conducting the review it should be seen that—
 - (a) the instructions in paragraph 221 are observed,
 - (b) the accounts of subscribers who have ceased to be in service have been promptly closed and refunds authorised,
 - (c) there has been no omission to issue supplementary refund orders in cases where credits have been undischarged,
 - (d) there has been no omission to transfer the balances of the subscribers who have quitted service to "Unclaimed Deposits" in June Final accounts under the rules of the Fund,
 - (e) the subscriptions are within the minimum limits, and
 - (f) all final payments in excess of Tk. 10,000 have been correctly made.

CHAPTER 11—DEPOSIT AUDIT

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RECEIPT REGISTERS

254. The Extract Registers of Receipts of Deposits (Form T.A. 43 of the Account Code, Volume II), after being reviewed, should be filed in district files, the repayment columns for months already passed being first scored through to prevent errors.

Note.—The scoring through of the columns for the months already passed may be dispensed with at the discretion of the Accountant General.

AUDIT OF PAYMENTS

255. The Extract Repayment Registers (Form T.A. 44 of the Account Code, Volume II), as received, should be checked after the necessary comparisons are made between the vouchers and the entries to the Register, paragraph 28, and the repayments examined in the course of being posted in the proper column of the Receipt Registers or Clearance Registers against the entries of receipt. If the repayment exhausts the balance at credit of the item, a line should be drawn from the last repayment entry to the total repayment column in which the total repayment should be entered; if the repayment does not exhaust the credit, it will be found convenient to enter the balance in pencil under the last repayment. At least 8 per cent. of these postings should be examined by some one other than the clerk who made them, and the examination should be extended to be amount in the third column of the Extract Register of Repayment as the amount or balances of the original deposit. See also Article 105 of the Audit Code.

1. See items (11) and (17) to (21) under paragraph 13.

CLEARANCE REGISTER

256. The Receipt Registers of any year provide for the entry of repayments made during the same and the next account year. After that, the balances which do not lapse under the rules of Government will be detailed in the Clearance Register received from treasury (Article 125 of the Account Code, Volume II). The items in this Register must—first be agreed by the Superintendent of the section himself with the balances worked out against the several entries in the original Extract Receipt Register, and then the latter should be laid aside and future repayments recorded only in the Clearance Register. Space is provided in this for record of repayments for two more years, and any outstanding balances after that will ordinarily lapse to Government.

1. This return should be scrutinised in detail by branch officer, and a half margin, memorandum should be prepared, in which should be noticed every item of which the receipt or unduly prolonged retention is in anyway remarkable. This memorandum should be sent to the Treasury Officer/D.A.O. in order that he may give his explanation and return the paper in original for further consideration, action and record.

257. An intelligent supervision of the work of his section by the Superintendent is the chief security for its efficiency, and one important method of exercising this supervision is the examination of the Clearance Register and Statements of Lapses. That this examination may be complete, it is necessary that it should be carried out before the registers and statements are made over to the deposit checkers. The balances to be carried forward into the Clearance Registers and Statements of Lapses should be first worked out in the Receipt and Clearance Registers in use by the Auditors concerned, and then compared by the superintendent with the new Clearance Registers and Statements of Lapses received. The result of this examination will furnish the Superintendent with a good indication of the character of the work of his section.

PROOF OF POSTING

258. When the repayments of any month have been posted in the Receipts Registers and the Clearance Registers, in the column for the month, totals should be made in the four years' registers in use, and these totals carried separately into the proper column of the proof-sheet, Form 82-A total should be made on the latter in red ink of the figures for each district, and this should be agreed with the total of the Repayment Register of the district for the month, and ticked off by the deposit checker in token of the agreement. The summation of the red ink district totals will give the provincial total of repayments during the month, and it should be compared with the charge in the Detail Book and marked "Agreed" by the Superintendent, Book Department. The postings on the receipt side of the Proof-sheet made from the Receipt Registers should similarly be totalled and the provisional total for each month agreed with the Detail Book. After the close of the year the necessary entries in the last five columns of the proof-sheet should be made and the closing balances thus worked out should be agreed with the opening balances of the new Clearance Register.

Note.—At least 8 per cent. of the totals of the repayments posted in the Receipt and Clearance Registers should be recast by some one other than the deposit checker who originally made them. It would be well too for the Superintendent himself occasionally to examine the totals in this way.

STATEMENT OF LAPSES

259. On receipt of a Statement Lapses (Form T.A. 49 of the Account Code, Volume H), the Superintendent must effect an agreement in detail between the amounts reported for credit by local officers and the balances worked out in the original Extract Receipt Registers or in the Clearance Registers to which the balances were transferred. The balances lapsing must be entered in these Registers as well as in the proof-sheet in the column headed "Lapsed and Credited to Government" and the statement after verification the Superintendent will be used for the preparation of the necessary transfer entry crediting the amount to Government. The particulars of the entry should be noted upon the statement.

1. See paragraph 257.

REFUND OF LAPSES

260. When application is made for refund of a lapsed deposit a note of it should be made against the entry of the deposit in the Statement of Lapse, which has already been tested by the method prescribed in paragraph 259. The

officer who signs the order for refund should also initial the entry of refund order in the Statement of Lapses. The fact of payment should be noted in the number book of the orders Form 83 and the Superintendent should initial the entry in the prescribed column.

Note.—1. In the case of repayments of deposits which are made after the original District Registers of Receipts have been destroyed the Audit of the refund will be confined to seeing that a lapsed deposit of the particular amount in question, is actually outstanding in the Statement of Lapses, the verification of the claimants' title to the refund being left to the authority who signs the application for refund.

Note.—2. In case of lapsed deposits paid without pre-audit by the Accountant General under orders of Government, a note of the refund should be made against the entry of the deposit in the Statement of Lapses. It should also be seen that the item was really received was carried to credit as lapsed and drawn by a person who might have drawn it any time before the lapse.

PLUS AND MINUS MEMORANDUM

261. The deposit checker must be careful to see that the receipts repayments and balances are correctly brought forward in the plus and minus memorandum attached to the deposit accounts, *vide* Article 120 of the Account Code, Volume II, and specially that any lapsed items are correctly written off. He should also see that the closing balance for June agrees with that of the proof-sheet.

262. *Deleted.*

PERSONAL DEPOSITS

263. The audit of repayments in the case of personal deposits is confined to seeing that there are proper vouchers in support of the amount repaid, and that the repayments do not exceed the balance at credit of the particular account.

264. When civil or other Courts bank with the treasury, themselves submitting the detailed accounts of deposits, the auditor, besides auditing these detailed accounts, must agree the totals of the receipts and payments with the figures reported from the treasury.

DEPOSITS OF LOCAL FUNDS

265. The receipts and payments at treasuries on account of Local Funds having banking accounts with Government are reported by Treasury Officers D.A.O. in plus and minus memoranda (See Article 120 of the Account Code, Volume II). The entries in these memoranda should be checked by the auditor, special attention being paid to balances as a precaution against any fund over-drawing its account see Article 105 of the Audit Code. Overdrawals should always be brought to the notice of Government.

266. The memoranda should then be posted in Broadsheets, one for each minor head under "Deposits of Local Funds", in Form 84.

The total figures for receipts and payments for the whole country as shown in the respective Broadsheets should then be agreed monthly with the Detail Book.

267. If Government has ruled that expenditure incurred in the Public Works Department on the execution of works on behalf of a Local Fund should be debited to the "Deposits of Local Funds" or if receipts in connection with Local Fund Works are realised by Public Works Officers, such charges and receipts should also be taken into account in working out of the balances of the Deposit of Local Funds, suitable alterations being made in the forms of plus and minus memoranda and of Broadsheets. The net additions to or deductions from the balances of each Fund on account of expenditure and receipts referred to above should be intimated to the Treasury Officer/D.A.O. so that he may correct his memoranda and also to the administrators of the Fund.

1. Arrangements should in addition be made for communicating to the administrators of Local Funds the details of the transactions in the Public Works Department when such transactions increase the balances under "Deposits of Local Funds".

CHAPTER 12—AUDIT OF LOANS AND ADVANCES

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SUBSIDIARY LOAN REGISTER

268. The Accountant General will keep two Subsidiary Loan Registers in the annexed Forms A and B for the audit of all loans made by Government to Public or quasi-public bodies and to individuals, except Revenue Advances (See Paragraph 279). Form A will be for those loans which are repayable by direct credit of the repayments to the principal of the loan, and Form B for those which are repayable by payments into a Sinking Fund. In both cases a separate page should be set apart for each loan. Before posting recoveries, whether of principal or interest, into the Classified Abstract, the auditor will obtain the initials of the poster of the Loan Register against the entries in the treasury account to show that they are correct. The poster of the Loan Register, after reference to the Detail Books will make the necessary postings from the treasury accounts, and also post into a broadsheet the total amount recovered or paid for each loan. The total in the broadsheet should be certified monthly by the Book-keeper, while the register as well as the broadsheet should be reviewed monthly by the Gazetted Officer in charge.

Subsidiary Register of Loans of Tk.....
 sanctioned for.....in orders of Government of.....,
 No....., Dated.....

Chap. 12]

AUDIT OF LOANS AND ADVANCES

FORM A

Conditions of Loan

"To bear interests at.....per cent. to be paid (Half) yearly on.....and to be repaid by (half yearly instalments of Tk.....in additions to accruing interest) or (within.....years) or (in.....equal interest).

DATE AND VOUCHER		ACCOUNT OF PRINCIPAL OF LOAN			CALCULATION OF INTERST ON PRINCIPAL		ACCOUNT OF INTERST DEMAND		
Date.	Voucher.	Advance.	Repay-ment.	Balance.	Period.	On advances.	On repay-ments.	Amount due.	Amount paid and credited to interest.
1972		Tk.	Tk.	Tk.		Tk. P.	Tk.	Tk.	Tk.
July 16th	Balance	..	..	50,000	2 year	1,000.00	..	..	..
August 1st	..	..	..	..	..	..	..	1,270	..
August 5th	7	5,000	20,000	55,000	164 d. 128 d.	889.14	280.09	..	270
Sept. 10th	..	..	..	..	..	..	..	..	..
Sept. 16th	..	..	..	35,000	61 d.	33.07	..	..	..
Nov. 16th	18	5,000	..	40,000	..	..	..	..	700
Dec. 1st.	..	..	..	..	..	..	..	..	200
Total	..	..	..	..	..	1,123.09	280.9	1,270	1,170
1972									
January 16th	..	To arrear Interest due Tk. 1,270 less Tk. 1,170							100.00
		Interest due on arrear interest, namely—							
		Tk. 1,270 at 6 per cent. for half year.							38.01
		less Tk. 270, for 168 days.							7.07
		Tk. 700, for 122 days							14.01
		Tk. 200, for 45 days							1.08
		Net due							
		To interest accrued on principal							15.01
		less Tk. 280.09—842.12							842.12
October 16th	Balance			40,000	½ year	800.00	..	257.13	..

1. In this example the rate of interest is taken at 4 per cent., and the days for its payment are supposed to be July 16th and January 16th. The first, second, and fourth sections record actual transactions and require no remark. In the third section, "Calculation of Interest on Principal", the figures show the amount that accrues and falls due upon the next periodical day. On the Balance of Tk. 50,000 half a year interest or Tk. 1,000 will fall due on January 16th; on the rest the amounts are calculated upon the number of days from the date of the transaction till the end of the half-year; the actual amount due on January 16th is the difference between the two columns.

2. On the periodical fixed day the account is made up in the manner shown, and the balance of principal Tk. 40,000, and of interest, Tk. 957-13-0 due from the debtor, is calculated and set forth in the manner indicated.

3. It is not thought worthwhile to set apart—separate special columns for calculation of interest due on arrear interest. The calculation, however, is made, as shown in the above specimen, exactly the same way as on the principal, though the rate per cent. is usually higher.

4. The sum of Tk. 20,000 in the foregoing example would not, in practice, be entirely credited to principal, but it is so entered here in order to illustrate how the account may be made up under various possible contingencies.

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AUDIT OF LOANS AND ADVANCES

FORM B

Loans repayable by payment into a Sinking Fund

DATE AND VOUCHER.	ACCOUNT OF PRINCIPAL OF LOAN.		CALCULA- TION OF INTEREST ON AD- VANCES.		ACCOUNT OF INTEREST DEMAND.			Date	Particulars	ACCOUNT OF BALANCE.			CALCULATION OF INTEREST.			
	1	2	3	4	5	6	7			8	9	10	11	12	13	14
	Date	Voucher	Amount Advanced.	Balance	Period	Amount	Interest due	Interest realised	Balance			Payments into sinking Fund.	Periodical credit on account of interest.	Total Balance	Period	Amount

269. The columns under "Date and Voucher", "Account of Principal of Loan" and "Account of Interest Demand" in the Register referred to in the preceding paragraph should be filled in as soon as the transactions are reported from the Bank sheet or the Cash Account or the transfer entry for the adjustment of the periodical interest on the Deposits of the Sinking Fund is made. The calculation of interest will be made at the same time. It will be observed that these columns show the interest that will be chargeable on the next periodical day, and that the amount of interest deducted from them is not actually debitable against the borrower until the next periodical day.

1. A loan bears interest for the day of advance, but not for the day of repayment.

270. The Subsidiary Loan Register will give the Accountant General the means of seeing that both interest and instalments are repaid on the due date, and, in case of delay, he should at once address the officer who is in direct communication with the debtor or charged with the administration of the property or of the Corporation to which the loan is made. The debtor should be warned either by this officer, or, if the loan is not on any district account, by the Accountant General, when any payment, either of interest or of principal is about to fall due from him, but omission to give this warning gives the debtor no claim to exemption from the consequences of default.

LOAN EXPENDITURE BY PUBLIC WORKS DEPARTMENT

271. In cases where the loan expenditure is, under special orders, to be conducted and controlled by the Public Works Department, the amounts debitable to the several loan accounts will appear in the monthly Account through the Accounts of Divisional Officers.

272. The amounts will be recorded in the Subsidiary Loan Register prescribed above, and will bear interest as though they had been advanced on the last day of the month in which the expenditure actually appeared in the Monthly Accounts.

The Accountant-General should keep Government informed of the progress of outlay to enable it to watch and take notice of any tendency to exceed the amount of the loan and check it in due time as far as possible.

PAYMENTS IN DISCHARGE OF LOAN

273. Nothing may be credited as repayment of principal or into the Sinking Fund so long as any sum is due on account of interest unpaid.

1. Interest for any half-year (or year) is not "due" until the end of the half-year (or year) during which it accrues.

PERIODICAL MAKING UP OF THE ACCOUNT

274. After all entries up to, but not including the date on which interest becomes due have been made, a line will be drawn across the page. First the interest account of the past half-year must be made up by deduction of the amount paid on account of interest from the demand on that account entered in the "Amount due" column, and by bringing down "Balance of interest due".

Then a calculation must be made of the interest to be demanded on any over-due interest of the previous half-year. Lastly, in the case of Register in Form A, the second and third columns of the "Calculation of Interest on Principal" must be totalled, and the excess of the total of the second over the total of the third carried into the "Amount due" column. The total interest due and the total principal due will then be made up, and the account will be opened for a new period. The account of the Sinking Fund in Form B, will be similarly completed, at the same time, the amount of interest due being credited at the end of the period.

1. If interest is payable yearly, instead of half-yearly, the account will be made up only once a year.

275. A copy of the account as thus made up, and of the new statement of demand, should be sent to the debtor.

SINKING FUND

276. Moneys paid to a Sinking Fund for repayment of loan should be credited to the head "Sinking Funds for Loans granted to Local Bodies", and entered in the Register in Form B, prescribed in paragraph 268. Interest will be allowed in these deposits at the same rate as the loan itself bears. The interest payable on these deposits should be credited to the Sinking Fund by deduction from the receipt on account of interest on the loan. When the total balances of the Sinking Fund becomes equal to the amount of the loan, the credit under the head "Sinking Funds for Loans granted to Local Bodies", and the debit under "Loans to Municipalities, etc.," should be written off against each other.

DEFAULT

277. The occurrence of default in payment either of principal or of interest in respect of loans the detailed accounts of which are kept by the Accountant-General should be reported without delay to the authority by which the loan was sanctioned. (See Article 108 of the Audit Code.)

RETURNS

278. The Accountant-General will submit to Government periodical returns showing the details of the loans and advances borne on his books, under the head "Loans and Advances by the Government" in such form and on such dated as may be mutually agreed upon.

REVENUE ADVANCES

279. Revenue Advances include takavi advances, under the Land Improvement Acts, and any other advance, which Revenue Officers are allowed or directed to make in connection with Land Revenue, Agriculture, or Famine, under any Act of the Parliament, or under any order of Government. The Audit Office will keep a record of these advances in Form 85 and will see that the transactions conform to the rules governing them. It should also check the payment against the allotment for each officer authorised to make such advances.

Note—Payments on accounts of sanctioned loans will be recorded in the Subsidiary Loan Register *vide* paragraph 268.

280. A record of interest bearing advances to Government servants, viz., House Building, Motor Car, etc., advances sanctioned and paid under proper authority should be kept in Form 86, which should be regulated with reference to the rules governing such advances. Other advances recoverable in large number of instalments and their recoveries will be recorded in Form 87.

Note.—The above records in respect of the transactions relating to his own office shall be maintained by the Audit Accounts Officer concerned and also by the Audit Officer of the Accounts Office declared under Para 30 of the Comptroller and Auditor General's M.S.O.

The payment and recoveries shown in these Broadsheets (Forms 86 and 87) should be reconciled monthly with the figures shown in the Detail Books, any discrepancies between the two sets of figures being noted on separate pages, which should be set apart at the end of the Broadsheets, in order that their eventual adjustment may be watched. The fact that this monthly verification has been made should be recorded on the Broadsheet itself month by month at the time it is submitted to the Branch Officer.

The Audit objections relating to his own office shall be registered by the Accounts Officer concerned and not by the Audit Officer declared under paragraph 30 of the Comptroller and Auditor General's M.S.O. The latter shall watch compliance with the objections through office Memorandum.

281. In order to check the grant of a second House-Building Advance for one and the same house, in contravention of rules, an alphabetical Index of the names of Government servants to whom such advances have been granted should be maintained in the following form :

Name of Government Servant	House for which advance is granted		Year of payment.
	Town	Detailed Address	

One Index Register should continue for 10 account years, after which a fresh Register should be opened. In auditing a bill for house building advance, it should be ascertained by a reference to this Index that the Government servant to whom the advance has been granted has not previously received a similar advance for the same house.

282. Advances of pay and travelling allowances made under proper sanction to a Government servant on transfer to enable him to join his post or in other circumstances will be debited to the head "Advances Repayable", or if the Government servant is proceeding to another audit circle (except on reversion to the lending department) the debit will be passed on to the latter circle for adjustment, *vide* Article 36 of the Account Code, Volume I. These advances will be recorded by the adjusting Accountant General in the relevant columns of the Objection Book, through which their recoveries will be watched.

In the case of Government servant taking advances of pay and travelling allowance, on reversion to the lending Department, the procedure will be as follows:

- (1) The Accountant General of the borrowing department should be responsible for adjustment of the recoveries as the advance will remain outstanding in his books, and
- (2) The Accountant-General of the lending department should be responsible for effecting recovery of these advances. On receipt of the last pay certificate in the case of gazetted Government servants or of a separate intimation of the grant of the advances in the case of non-gazetted Government servants, from the Accountant General of the borrowing department, the Accountant General of the lending department should take the items in his Objection Book without making any accounts adjustment and watch the submission of the adjustment travelling allowance bill and the recovery of the advance of pay granted by the borrowing department. The amounts of the advances instead of being taken to the column "Advances Recoverable" should be taken to the column "For other reasons" under the heading "Items adjusted but awaiting clearance" in the Objection Book.

283. Advances for law suits finally debited against the department concerned under Article 36 of the Account Code, Volume I, should be recorded in the Objection Book as "Items awaiting clearance" for want of payee's receipts, etc. Refunds of amounts remaining unspent out of these advances should be watched in the Audit Office, but not the actual recoveries that may eventually be due from the parties concerned.

284. *Deleted.*

285. *Deleted.*

PERMANENT ADVANCES

286. Permanent advances should be recorded in a Register in Form 88, intended to last for four year. The Register should be a standing list of all sanctioned permanent advances by names of Offices, a separate page or pages being set apart for the offices in each district. As personal responsibility can be enforced by the receipts of the actual incumbents which are on the file, the names of the holders of advances need not be entered in the Register. The advances should be consecutively numbered and the acknowledgments should be marked with corresponding numbers and filed in proper order. On receipt of a new acknowledgment it should be numbered with the Register

number of the advance and filed in the place of the old acknowledgment which should be torn out of the file. A charge report containing an acknowledgment of permanent advances should not, however, be destroyed; it should be preserved for the period prescribed by the Accountant General.

287. If the amount of any advances be increased or reduced in the course of the year, the amount in the column for the current year should be altered in red ink on the appearance of the credit or debit for the difference in the treasury account. The total for the column will be corrected at the end of the year. If new advances are sanctioned, they should be entered at the bottom of the district list in the order of the charges appearing. The monthly credits and debits in Form 89, and 90, respectively should be compared with the Detail Book figures through the broadsheet, which will, after completion, be submitted every month to the Branch Officer in charge. At the end of the year a single total for the old, corrected and new advances will be made, the aggregate of which for all the districts worked out in the broadsheet at the end of the Register will agree with the closing Ledger balance of the year.

288. The amounts of the advances as standing on 30th June should be entered afresh in the money column for the next year and a total made for 1st July.

289. Sanction to permanent advances—accorded by the Heads of departments are audited to see—

- (1) that the officer sanctioning the advance is a recognised Head of a department, or Commissioner of Division;
- (2) that there is no specific order of Government withholding from him the power to sanction permanent advances;
- (3) that the advance is intended not for his own office, but for a subordinate office;
- (4) that the amount sanctioned does not exceed the limit recommended by the Audit Office of fixed by Government either for an office or for the sanctioning authority; and
- (5) that these advances are not multiplied unnecessarily.

290. A test check of these advances should be conducted occasionally in order to see that the amounts held by various disbursing officers are not in excess of their normal monthly requirements.

CHAPTER 13—REMITTANCE AUDIT

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REMITTANCE CHECK REGISTER

291. For the check of local remittance, a Register will be maintained in Form 91. The first part of the Register will record the cash remittance between treasuries/D.A.O.'s within the country. Thereafter separate sheets should be set apart for remittance between treasuries/D.A.O.'s and each of the departmental officers (other than Public Works and Forest Officer) rendering accounts to the Accountant General, such as those of the Customs, Opium and other Departments and small coin depots. For such of these departments in final account with the Accountant General as both send cash to Civil Treasuries and also draw cash thence to be credited by themselves and accounted for, two sheets will be required, one for the debits of Revenue Treasuries to be answered by departmental credits, and the other for departmental debits to be met by credits in the treasuries. For departments, whose transactions are settled through Remittance Accounts, such sheets will not be necessary.

1. The check on foreign remittances is effected in the office of the Accountant General Bangladesh Revenues, *vide* Article 78 of the Account Code, vol. IV. Each civil Accountant annually should also maintain a suitable Browsableheet in respect of the transactions arising in his jurisdiction to watch reconciliation of the discrepancies that may arise between the figures of Foreign Remittances reported by the currency officers and those accounted for in the monthly account.

2. The procedure for checking Public Works and Forest Remittances is describes in Chapter 21 and 26 respectively.

POSTING THE REGISTER

292. On receipt of a list of payments, as soon as the schedules and vouchers for miscellaneous payments have been checked with it, and before audit commences, all debits on account of remittances should be posted in the Remittances Check Register by the district auditor concerned. Similarly on receipt of the Cash Account, the first operation should be to post the acknowledgments of remittances in the same Register against their respective debits. In the rare case of a credit preceding a debit, it should be posted against the first vacant line of debit and should be pointed out to the auditor in whose account the debit must be traced, in order that he may keep a watch over it and the answering entry in the proper place.

DIFFERENCES

293. When the credit does agree with the debit, the auditor who posts the credit must bring the difference to the notice of the auditor who deals with the account in which the debit appears, in order that he may take necessary action

for its adjustment. The unadjusted balance will be carried forward, and the adjustment, when made, should be noted in the Remittance Check Register.

Note.—In the case of remittances between treasuries/D.A.O.'s list of unadjusted debits and credits is made out by the Audit Office and entered in the details of remittances in transit in the Cash Balance Report which is forwarded to the Currency officer of the Bangladesh Bank for verifications. Any discrepancy in the list of remittances in transit brought to light by the Currency Officer should be reconciled in correspondence either with him or with the treasury/D.A.O. concerned.

AGREEMENT WITH DETAIL BOOKS

294. As soon as the posting of the Detail Book is commenced, the district auditor should total the debits and credits in the Remittance Check Register, both the remittances between treasuries/D.A.O. and for departmental remittances, and the several totals of the debits and credits must be agreed with the corresponding totals in the Detail Books. The unadjusted debits and credits should then be carried forward in full detail to the Check Register of the next month after comparison, in the case of remittances between treasuries/D.A.O. with the information regarding them given in the local Cash Balance Reports or with the list of local remittances in transit verified by the Currency officer *vide* note to paragraph 293.

1. If any remittance has remained outstanding for an unduly long time, enquiries should be instituted.

AUDIT OF BANGLADESH BANK REMITTANCES

294-A. The audit of Bangladesh Bank Remittances will be confined to seeing:

- (1) that the total of the issues including exchange as reported by treasuries/D.A.O.'s in the daily schedules is credited to the Bangladesh Bank and the total of the payments as reported in the daily schedules of treasuries/D.A.O.'s is debited to the Bank.
- (2) that there is a voucher for each entry in the schedules of payments and the amounts agree; and
- (3) that the net receipts or payments for the month under the head "Bangladesh Bank Remittances" for the who's account circle as worked out in the Detail Book agree with the corresponding adjustment for the month made by the Bangladesh Bank against the balance of the Government.

The responsibility for the checking of encashments of individual telegraphic transfers and drafts against the corresponding drawings will rest with the Bangladesh Bank.

AUDIT OF MILITARY TREASURE REMITTANCES

294-B. On receipt with the Cash Account of the Lists of Military Treasure Remittance drawn, the total drawings on each Military Treasure Chest will be credited to the Exchange Account with the Defence Account Officer concerned under Head I. The debits on account of the remittances appearing in the Inward Defence Services Exchange Account should be posted against the respective items in the relevant List in the appropriate columns. If an item remains outstanding for an unduly long time, steps should be taken for its clearance.

CHAPTER 14—MISCELLANEOUS AUDIT

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SPECIAL CHARGES

295. The register prescribed in paragraph 135 affords the means of recording the audit of specially sanctioned charges, whether reckoned as contingent expenditure or not.

REFUNDS

296. In the audit of charges for refunds, the principal points to be examined are that they have been made under sufficient authority and that they are supported by duly receipted vouchers in proper form. These vouchers should contain a certificate that the refund has been noted against the original credit in the Departmental accounts; they should also contain the signature of the Treasury/D.A.O. or sub-Treasury officer attesting the original credit into the Treasury/D.A.O. by single items or in a lump sum.

In cases where full details of the revenue under the head are given in the treasury accounts or other documents as rendered to the Audit Office, a note should be made against the item of receipt in the original accounts received from the treasury/D.A.O., so as to prevent a double claim; but in cases where the credit is shown in the treasury accounts in a lump sum, as in the case of Land Revenue, Excise, Taxes on Income, etc., no note need be made against the aggregate credits.

1. For refunds of fines, the note should be made in the statement of fines in those Audit offices where this statement is still received from the Court.

2. Refunds of the value of spoilt stamps are checked against entries of corresponding receipt in the plus and minus memorandum. No check can, however, be exercised over the refund of stamps duty allowed by Civil Courts.

3. Refunds of the value of unclaimed currency notes credited to Government may be made on a certificate from the Currency Officer of the Bangladesh Bank showing the date on which the amount was credited to Government, and stating that it is payable to the claimant; but in every case the order for refund requires the sanction of the Accountant General. Wherever any sums are credited to Government on account of unclaimed currency notes, the Bangladesh Bank will furnish a list giving particulars of the notes of which the amounts are composed. When any refund is sanctioned, it should be noted against the corresponding entry in the credit list.

4. In the case of refunds of Customs revenue it is the duty of the Officer in charge of local audit to see—

- (1) that the refunds are sanctioned by competent authority and are in accordance with the provisions of the Sea Customs Act;
- (2) that proper entries have been made in respect of refunds and drawbacks on the original documents of receipts on which they have been allowed, e.g. bills of entry, shipping bills, register of miscellaneous receipts, etc;
- (3) that they are otherwise in order.

When refund vouchers accompanying the list of payments of the customs treasury are received in the Audit Office, it should be seen—

- (1) that the payment order is correct.
- (2) that, arithmetically, the voucher is in order, and
- (3) that it bears a legal quitance and is stamped, if necessary.

5. When the paid voucher for the refund of passport fees realised in postage stamp is received in the Audit Office a note of the refund with sufficient particulars should be made (against the item of original credit if available) in the periodical report of statement specified in the certificate of the officer authorising the refund.

DISCOUNT ON STAMPS

297. The discount is entered in a schedule against each item of sale and a receipt is signed by the vendor on or apart from the schedule, the application of the proper rate of discount, being usually certified by the D.A.O. In others, a bill for the discount, in an abstract form, is sent to the Accountant General through the competent authority whose countersignature is the Accountant General's authority for admitting the charge.

PAYMENT OF FEES

298. A Government servant's share of fees for work done for private bodies paid into the Government treasury under the rules made by Government is payable only after pre-audit. The bill on which the claim is preferred is received in the Audit office through the Treasury Officer/D.A.O. concerned with details of the amount held in deposit in the treasury/D.A.O. account recorded on it the record being attested by the Treasury Officer/D.A.O. These credits should be traced and verified before the payment is authorised in the usual manner—c.f. paragraph 296.

CALCULATION OF THE AVERAGE RATE OF EXCHANGE

299. The calculations of the monthly average rate of exchange mentioned in Article 230 of the Account Code, Volume IV are subject to pre-audit by the Accountant General, Civil. To enable him to carry out the necessary test check the daily Bangladesh Telegraphic Transfer rates on London are communicated to him direct by the Bangladesh Bank.

CALCULATION OF NET PROCEEDS OF TAXES ON INCOME

300. The proceeds of taxes on emoluments are to be ascertained from the income tax returns. For this purpose each Income tax Officer will furnish the Audit Office before the close of the accounts for the year with the figures for that year for the detailed heads (i) taxes on emoluments. On receipt of these figures arrangements should be made immediately by the Accountant General to test check the necessary entries in the accounts. A test check of about 5 to 10 per cent of assesseees should be sufficient. For the proper discharge of this duty it may be necessary for Audit to scrutinise the papers on the files of the Incometax Officers.

CHAPTER 15—VERIFICATION OF BALANCES

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GENERAL

301. As laid down in Article 93 of the Audit Code an important part of the duties of Audit is to review and verify the balances under Debt heads and outstandings under Remittance heads as disclosed in the books of Accounts Offices at the close of the year. The results of this verification are embodied in the report on the Finance Accounts as "Review of Balances" vide Article 275 of the Audit Code Accountants General should take steps to clear the outstanding balances and to settle any discrepancies noticed in them as promptly as possible and to settle any discrepancies noticed in them as promptly as persons by whom they are owned or from whom they are due wherever it is required. No such acceptances are necessary in regard to ordinary advances, but it should be ascertained how far they are believed to be really recoverable.

The "Review of Balances" of the Government will be included in the report on the Finance Account by the Accountant General, Civil. For the preparation of this report the several Accountants General will send to the Accountant General, Civil, "Review of Balances" relating to the Accounts kept by them. A copy of this Review should simultaneously be sent to the Comptroller & Auditor General to enable him to see whether the Accountants General are taking the necessary action required of them.

Note:—The personal responsibility of the Accountant General for the Appropriation and Finance Accounts and the reports on them extends also to the work connected with verification of balance which should be complete in time for inclusion of "Review of Balances" in the report on Finance Accounts.

302. Soon after the completion of the report of Finance Account or issue of Review of Balances a list should be drawn up of all the cases in which any action is still required, and a report of any subsequent reconciliations which may be effected and acknowledgement of balances which may be received should be made to the Comptroller & Auditor General in the first week of April following. Discrepancies in balances that may remain unsettled after the submission of the supplementary report should be watched carefully and their reconciliation reported to the Comptroller & Auditor General in the first week of July and October and by the 15th January of the Second year following that to which they relate. Each quarterly report should deal not only with the outstanding items of the last Review of Balances but also with all outstanding items of previous years remaining unsettled.

Note.—As a rule, discrepancies reported in the "Preview of Balances" of one year should be settled before the review of the next year is submitted. If any discrepancies still remain unsettled they should be distinctly shown. And any delay in the adjustment of old items should be specially explained.

303. The following paragraphs give directions as to the verification required in several cases and indicate what is required in the cases not specifically mentioned.

DEPOSITS OF SERVICE FUNDS

304. The balances should be compared and reconciled with those in the accounts sent in by the Trustees or Managers. There are sometimes large differences owing to Trustees crediting in their accounts of the year interest which is not really payable to them till July 1st.

BALANCES OF PROVIDENT FUNDS

305. The balances of Provident Funds according to the Ledger should be verified with broadsheets and communicated to the subscribers.

DEPOSITS

306. For deposits which are recorded in detail in Registers of Receipts of Deposits the total receipts and repayments are posted from that form monthly into the proof-sheet, Form 82. At the end of the year the cross totals of the receipts and repayments posted into the monthly columns of the proof-sheet should be made and the balances struck separately for the different districts for each of the four years shown in the form. The balance of the first year will, except for any deposits not allowed to lapse to Government for special reasons, be posted in the column "Credited to Government", and should be compared with the total of the Statement of Lapses of the district concerned. The balance of the third year should similarly be compared with the total of the Clearance Register. The grand total of the Column, "Balance of 30th June", should be agreed with the Ledger balance of the class of deposits concerned.

1. For public Works Deposits, see Paragraph 322.

2. In the case of deposits of Trust Interest Fund the balance on account of interest payable should also be agreed with the total of unpaid payment orders.

307. The balance of personal deposits must be verified by addition of the separate balances shown in the returns for June (as checked) by the Audit Office, and it must be seen that they are, in each case, supported by a certificate from the Administrator of the personal ledger account stating that the balance claimed by him is of a named amount. He will also furnish detail of his outstanding cheques in order to explain the difference between his balance and that admitted by the Treasury Officer/D.A.O. in his plus and minus memorandum.

It should be verified (1) that no personal ledger account was opened except with the sanction of competent authority, (2) that the accounts were properly operated upon and there was not debit balance in any of them, (3) that the

correctness of the balances has been certified by the parties concerned, and (4) that the details of the personal ledger accounts work up to and agree with the balances in the Ledger.

DEPOSITS OF LOCAL FUNDS

308. The balances worked out in the Broadsheets prescribed for Deposits of Local Funds in paragraph 266 each year should be communicated to (and, if necessary, accepted by) the officers charged with the administration of the Funds.

ADVANCES RECOVERABLE AND SUSPENSE ACCOUNT

309. The accuracy of the balances brought forward in the Objection Books for non-public Works Transactions and those shown in the Broad-sheets of balances under Advances Recoverable and Suspense is to be tested in the manner laid down in paragraph 582 and 586. The Ledger balances should be credited to certified to agree with the total of the balances shown in those Broad-sheets.

310. In the case of advances to cultivators and similar advances which do not enter the Objection Book, the balance should be proved by obtaining from each local officer, who has authority to make such advances, and acknowledgement that the amount outstanding against him on the books of the Accountant General is the same as that shown as recoverable upon the registers and accounts kept by him.

1. Acknowledgments of advances to meet payments for compensation for lands taken up for public purposes should be obtained from the District Officers.

2. For Takavi Works Advances, see paragraph 322.

PERMANENT ADVANCES

311. The amount remaining unadjusted upon each district (and other) account in the register (Form 88) must be verified by means of annual acknowledgements from the officers concerned. The aggregate of the outstandings should be worked out from the register and tallied with the Ledger balance (Paragraph 287).

312. Deleted.

LOANS AND ADVANCES

313. The Ledger balance should be verified against the outstanding principal of the loan shown in the subsidiary Loan Registers. It should also be seen whether the conditions of each loan have been fulfilled and whether the balances due at the end of the year (or if, in the case of any loan, another date of making up the account) have been communicated to, and not been challenged by the debtors. This verification may be separately reported to the Government vide paragraph 278.

1. As regards advances to cultivators and other advances of which the detailed accounts are kept by departmental officers, See Paragraph 310.

2. In the case of house-building advances, advances for purchase of motor cars and other conveyances and similar interest bearing advances to Government servants, annual acknowledgment should be obtained from each Government servant that he accepts, as due from him, the balance of the advance worked out in the Audit Office. It should also be seen that instalments in repayment of these advances have been regularly recovered.

CASH REMITTANCES

314. The balances under the cash remittance heads are composed of credits unadjusted by debits, and debits unadjusted by credits. The details of these unadjusted items should be extracted from the Remittance Register (Form 91) and the extract should show the month to which each item belongs. The net balance of each class of remittances should agree with the balance of the corresponding Ledger head.

PUBLIC WORKS REMITTANCES

315. The balances under public Works Remittances are reconciled with the ledger in the manner prescribed in paragraph 484.

BANGLADESH BANK REMITTANCES

316. As the receipts and payments on account of Bangladesh Bank Remittances are required to be cleared with the Bank daily and in the accounts of the month in which the transactions originate, there should ordinarily be no balance under the head "Bangladesh Bank Remittances" at the close of the year. If any outstanding balances should occur, prompt action should be taken for its adjustment. The circumstances which led to the balance and the action taken for its clearance should also be explained in the report on the Finance Accounts of the years.

317. *Deleted.*

318. *Deleted.*

OTHER REMITTANCE HEADS

319. The outstandings under the Settlement Accounts and Exchange Accounts should be verified in accordance with the rules prescribed in Chapter 8 and 10 respectively of the Account Code, Volume IV.

CASH BALANCES

320. The duty of watching the balances in the Bank and treasuries/D.A.O. and sub-treasuries devolves on the Ministries of Finance or on the Accountant General if the Government so desires. For the purpose of accounts the cash balance in the books of the Accountant-General will be reconciled each month with the Cash Accounts rendered by Treasury Officer/D.A.O. and with statements of closing balances received from the Central Accounts Section of the Bangladesh Bank. As regards balances in the Bank the process of reconciliation will be as follows:—

(a) The head 'Bangladesh Bank Deposits' on the books of the Accountant General will contain three sub-heads, namely—

(1) Bangladesh Bank Deposits—Treasury.

- (2) Bangladesh Bank Deposits—Headquarters.
- (3) Bangladesh Bank Deposits—Central Accounts Office, Bangladesh Bank.

At Dacca the daily sheets of the Bank are rendered to the Treasury Officer/D.A.O. the net remittances to and from the Bank will be taken to the sub-head Bangladesh Bank Deposits—Treasury”.

- (b) For facility of reconciliation the statement of balances rendered monthly by the Central Accounts Section of the Bangladesh Bank will show separately—
 - (i) net transactions during the month at each Branch of the Sonali Bank operating at District and Subdivisional Headquarters of the country.
 - (ii) net transactions at the Branch of the Bangladesh Bank operating at Divisional headquarters.
 - (iii) Deleted.
- (c) The net debits and credits under (i) will be reconciled by the Accountant-General with figures accounted for under the head Bangladesh Bank “Deposits—Treasury”. The cash Account of each Treasury/D.A.O. will contain a certificate of the Treasury Officer/D.A.O. that the net amount debited or credited under the head Bangladesh Bank Deposits—in his accounts of the month agrees with the net disbursements or net receipts and disbursements received from the Branches of the Bank. In effecting this reconciliation allowance has to be made for transactions in bank sub-treasuries towards the close of a month which, except for the accounts for Jute are not brought on the treasury accounts till the accounts of the next month.

The figures under (ii) will be verified in the same way with the net adjustment of the accounts under the head “Bangladesh Bank Deposits—Headquarter or where necessary with the adjustment under the sub-head “Bangladesh Bank Deposits—Treasury”.

The net debit or credit under the head “Bangladesh Bank Deposits” verified in the manner indicated above will be transferred before the accounts of the month are closed to the head “V-Cash Balances—Deposits in the Bangladesh Bank”. The balance under this head at the end of the month will then be checked with the Balance on the books of the Bank as shown in the statement of balances rendered by the Central Accounts Section of the Bangladesh Bank. The fact of the reconciliation will be noted in the monthly accounts rendered by the Accountant-General to the Government.

1. The procedure indicated in this paragraph should apply *mutatis mutandis* for the reconciliation of balances on 30th June.

Note.—Deleted.

321. The opening cash balance of each departmental account is agreed, month by month, by Audit Sections concerned with the closing balance of the previous month, and it is seen that the closing balance is certified to have been verified by some responsible officer in accordance with the prescribed rules.

A monthly statement should be prepared from departmental accounts in order to work out the closing balance. It should be compared each month, by the Book Section, with the debit balance of the Ledger head "Civil Departmental Balances" and the agreement should be certified by it.

PUBLIC WORKS BALANCES

322. The following balances in the accounts of the public Works Department should be verified in the manner described below:—

- (i) *Deleted.*
- (ii) Transactions under the heads Public Works Deposits and Takavi Works Advances are reconciled with the Ledger, month by month, through the Broadsheet in Form III, *vide* paragraph 393. Their balances are similarly reconciled at the end of the year.
- (iii) The closing cash balances of Divisional Officers as given in their Monthly Accounts for June are verified individually in the Works Audit Department with the original Cash Balance Reports, Form P.W.A.2, for that month, received from the Divisional Officers, and the aggregate of these balances should be reconciled with the balance in the Ledger.

The General review of the balances should be on the lines of certificate 3 of Form P.W.A. 46.

CHAPTER 16—PRE-AUDIT PAYMENTS

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PRE-AUDIT SYSTEM

323. Claims upon Government, payable at sections where Audit Offices are located, are for the most part submitted to the local Audit Office for pre-audit (Article 213, Audit Code), and are paid under the rules in Appendix 5 to chapter 5 of Section IV of the Audit Code either in cash or by an order upon the Bank.

324. The instructions in this Chapter apply to the other Audit offices as far as circumstances permit.

GENERAL PROCEDURE

325. The Pre-audit Pay Department is responsible for receiving, and for making payment of the claims of all local Civil Departments, and of similar claims of the Public Works Department in respect of other than works expenditure.

On receipt of a claim it should be sent to the section which audits the payment of similar claims made at treasuries/D.A.O. and the payment should be made after the claim is audited and passed by that section.

1. In the case of payments to non-officials either on behalf of Government or any local authority on account of fees, commission, bonus, remuneration or reward of any kind necessary intimation, together with the addresses of the payees, should, at the time of actual payment, be sent to the Income-tax Officer concerned if the amount of each payment is not less than Tk. 250.

2. (a) In most offices, the arrangement is that, in exchange for every bill presented, a brass token bearing a number is given to the person who presents the bills by the receiving clerk in the Pre-audit Pay Department. This number is noted by him on the bill, which is not returned to the payee but is transferred to the Audit Section concerned. When the passed bills are received back from the Audit Section, the number of the token is noted from them on any cheque prepared for payment. The cash is paid or the cheque is handed over to the person who presents the brass token and gives the particulars of the amount and payee of the bill. The receipt and issue of tokens is recorded in a Register of Token in Form 93. The cashier should verify daily the stock of tokens in hand after taking into account the unredeemed numbers. This verification is entered merely as a numerical check and the object is to see first, for the number of tokens that are not in hand, an equal number of bills exists in the office. A certificate of this verification should be recorded in the Register of Tokens and should be put up to the Branch Officer in charge.

(b) The Superintendent should see daily that, for all bills paid during the day whether in cash or by cheque, and for bills returned unpaid, the corresponding tokens have been received back. He should record a certificate in Form 99 to this effect, and the certificate should be shown daily to the Branch Officer in charge.

(c) On the 20th of each month, a detailed census of all tokens in hand should be taken by the Superintendent in a Register in Form 100 and the result reported to the Accountant General. For the purpose of this census enquiry should be made from different sections in Form 101.

326. After the passed bills have been received back from the Gazetted Officer, they should not be sent from one section of the office to another except in locked boxes. Whether the despatch be transfer from the Audit Section to Pre-audit Pay Department, or from the cheque writer to the Gazetted Officer and back, or any other transfer. All transfers between the Audit section and the Pre-audit Pay Department should be noted in a Transit Register.

AUDIT

327. The Audit section should conduct the audit of bills presented for Pre-audit and payment on the same principles and with precisely the same formalities as are observed in the case of bills received with the treasury accounts for Post-audit, care being taken that the two classes of bills are kept separate from each other.

328. Specimen signatures of officers drawing bills-pay or contingent should be obtained and pasted in the proper pages of the Audit Registers, and each auditor should, on receipt of a bill, first of all see that the signature on the bill agrees with that recorded in the Audit Register. The specimen should be attested by the full dated signature of the Branch Officer and a rubber stamp should not be used for the purpose.

Note 1.—On a transfer of charge between Government Servants, the relieved Government servant should send to the Audit office the required number of specimen signatures of the relieving Government servant. The auditor will see that the signature of the relieved Government servant is correct and then paste the specimen signature of the relieving Government servant into the Audit Registers, cancelling the previous ones.

Note 2.—In cases where a personal assistant or any other Government servant is entitled to sign bills "for" a superior officer, specimen signatures of the Government servant so entitled should be obtained and utilised as above.

329. After the bills have been examined and recorded and the audit encasements and the amounts passed for payment (in words and figures) written on them by the auditor, they should be laid before the Gazetted Officer in charge with the audit registers. The officer will examine the bill, compare the signature of the drawing officer with his specimen signature in all cases and, if satisfied of the correctness of the charges, initial or tick off the entries in the registers and pass the orders for payment. The bills will then be returned to the Pre-audit Pay Department.

Note.—Care should be taken the paid vouchers received from treasuries are kept separate from bills presented for payment after pre-audit.

PAYMENT BY CHEQUE

330. If payment is to be made by cheque, the passed bill will be transferred to the cheque writer, who will prepare a cheque for the net amount in the special form for pre-audit cheques putting his signature after the word entered. He will note the number of the cheque conspicuously on the bill, enter the amount

in the Register of Cheques Drawn (Form 102) and lay the cheque and the bill together before the Branch Officer in charge. This officer will tick off the number of the cheque, see that its amount agrees with the amount passed, and then sign the cheque and stamp the bill "Cheque drawn" the passed bill together with the cheque should then be sent to the Cash Department which will date the cheque at the time of delivery. After delivery the Cash Department will attach the payee's acknowledgement to the bill, stamp it as 'paid', write the voucher number on the upper right hand corner of the bill and enter the payment in the Register of cheques Delivered (Form 103). The cheque will be paid by the Bank and charged in the relevant schedule of Accountant-General's cheques paid attached to the bank's daily account. (See paragraph 338).

1. When two or more bills are payable to the same person, a single cheque should be issued for their aggregate amount, though the particulars of each bill should be entered separately in the Register of Cheques Delivered (Form 103). In such cases a stamped acknowledgment for each bill should not be demanded; a single stamped receipt is sufficient. Each such bill may, if necessary, be stamped in the Audit Office with a rubber stamp indicating that the relevant receipt is included in the receipt attached to such and such a bill, the number being entered in manuscript.

2. Duplicates of lost cheques are, in some cases, issued on forms differing from the original only in that in word "duplicate" is printed across them in red.

3. The completeness and regularity of an endorsement on a bill should be examined in accordance with the rules made by Government in this behalf.

PAYMENTS IN CASH

331. Bills to be paid in cash should, on being passed, be made over to the cashier, who, if the voucher be in order, duly passed; and receipted should stamp the bill paid, pay the net amount, write the voucher number on the upper right-hand corner of the bill, and enter the payment in his cash Payment Register (Form 104).

Note.—Bills for pensions may be paid in cash, up to a limit of Tk.250 in each case.

332. For the payment of these claims a fixed imprest is allowed, and if this runs short during business hours, a cheque, also in the special form for Pre-audit cheques may be drawn to replenish it. The Branch Officer in charge should check the entries in the Register of Cash payment with the vouchers, and should also see that the amount of the cheque agrees with the total of the Register, before he signs it. The voucher for this cheque will be in Form 105.

1. Before issuing such a cheque, it will be well to note on the voucher above described total it covers all cash payments—up to "0" Clock",)but on a day on which small payments are expected to be numerous and soon to exhaust the imprest, a further amount may be drawn by a cheque when office opens and if the result be that the cash balance at the end of the day is not reduced to the amount sanctioned for the fixed imprest, the fact must be reported to the Accountant General, and the surplus shown separately on the final agreement slip (Paragraph 337).

333. Deleted.

334. The fixed imprest will be borne on the accounts as permanent advance and will be counted and certified by the Gazetted Officer in charge on the last day of each month. The certificate initiated by the Accountant General should be filed with cash balance reports.

CLOSING FOR THE DAY

335. At the close of each day amount of fixed imprest must be made by cheque drawn by the Gazetted Officer in charge in his own favour, so that the cashier may always close with a balance equal to the fixed imprest in cash and cheques; before signing the cheque, the Gazetted Officer in charge will apply the same test as are laid down in paragraph 332.

336. The Branch Officer in charge should take up the Register of Cheques Drawn with the cheque book, see that the numbers of the cheques in the Register are consecutive, and ascertain that no more forms have been removed than are accounted for by entries in that Register. He will initial the counterfoil of the first unused form (the first to be used on the next day), and by turning back to the last initials (those on the first used form of the expiring day) will ascertain how many forms have been removed.

337. The entries in the Registers of Cheques Delivered and the Cash Payment Register (Forms 103 and 104) should be summed as each column is filled up. A final total, expressed in words and figures, should be made at the end of the day, and the voucher, with memoranda in Form 4 of the Account Code, Volume IV, for payments, showing the aggregate amount of the payments, in words and figures, should be forwarded to the section which has to prepare the Debt Head Classified Abstract to pre-audit pay Department, the cheque and cash memoranda and vouchers being kept distinct. Ordinarily, a single memorandum for each class prepared at the close of the daily payments, will be sufficient; but on days when the payments are numerous it is convenient to make up the totals and forward the vouchers two or three times during the day, and when more than one memorandum is thus prepared, the aggregate amount paid from the commencement of business must be shown in each, in words and figures. (See also Article 36 of the Account Code, Volume IV).

1. The amount of the cheques issued in replenishment of the fixed imprest must be included from the aggregates reported in these slips.

2. The Branch Officer in charge need not, of course, count the vouchers before signing the slips, nor is it absolutely necessary for him to await the return of one such slip before forwarding another packet of vouchers.

3. The vouchers, if numerous, are transferred in parcel at intervals, in order that the check list described in Article 36, Account Code Volume IV may be written up more promptly.

SCHEDULE OF CHEQUES PAID

338. The Bank will send the paid cheques daily to the Accountant General together with schedules for the payments showing the number and the amount of each cheque; and the whole amount of each schedule will be shown in the relevant daily Bank sheet item "Pre-audit cheques paid".

POST-AUDIT

339. The schedule of payments relating to each department together with the relevant vouchers should be sent to the Departmental Audit Section concerned as laid down in Article 38 of the Account Code Volume IV. On receipt of these documents the Audit Section will examine them as prescribed

in paragraph 28 and will conduct a final post-audit of these payments. This will consist of the following checks:

- (a) that the pay order is genuine;
- (b) that the endorsements on the bills are in order;
- (c) that a final receipt for that full amount passed in audit has been received from the drawer of the bill in the prescribed form;

Note.—In the case of bills for the pay and allowances of gazetted Government servants the receipt of the drawer's banker or agent may be accepted as a final receipt. In such a case, however, the bill should be endorsed by the drawer with a distinct pay order in favour of his banker or agent which order need not be stamped.

- (d) that the messenger has signed the final receipt, except when the payment has been made by crossed cheque sent through the post; and
- (e) that the Cash Department has signed the certificate of payment.

Note 1.—Until the audit has been completed as above, payment should be held under formal audit objection. Such objections should in most cases be cleared before the account for the month is audited and very few objections for want of vouchers should therefore find a place ordinarily in the Objection Book.

Note 2.—A Register in Form 106 should be maintained in the Audit Section for the record of final post audit of pre-audit bills. The final post-audit must be reviewed by a member of the superintending staff to the extent of 2 per cent. of the payments.

Note 3.—The instructions in this paragraph will also apply mutatis mutandis to vouchers and Schedules received from the Bank.

OUTSTANDING CHEQUES

340. The paid cheques returned daily by the Bank should be compared with, and ticked off in, the Registers of Cheques Delivered (Form 103), and from this a list of outstanding cheques (showing number and amount) should be made up and totalled weekly the total being expressed in words and figures. The preparation of this list should on no account be left to, a member of the Pre-audit Pay Department. The entries in the list should be checked and the total attested by a Superintendent, before it is submitted to the Accountant General for him to post his Check Registers (Paragraph 341). The balances for the last day of the month should be agreed with the Ledger balances and the agreement certified by the Superintendent, Book Department.

1. If any cheque appears to be unduly long outstanding enquiries regarding it should be made of the holder; and if it cannot be traced, it may be stopped, and the charge which it represents cancelled and adjusted. The number of the cheque in the outstanding list will sufficiently indicate any such exceptional cases.

2. The most convenient form of the daily schedules will probably be that of a book as the maintenance of an outstanding list of cheques renders it unnecessary to record the details of the cheques paid.

ACCOUNTANT GENERAL'S CHECK REGISTER

341. A register in Form 107 will be maintained by the Accountant General showing the daily issues and encashment of pre-audit cheques and the balances of unpaid cheques at the end of the week. The register will be kept in the custody of the Accountant General but may be posted by a Superintendent or other nominee of the Accountant General, other than one connected with the pre-audit Pay Department or the Department responsible for the preparation of the list of outstanding cheques.

The weekly comparison as indicated in the form will be made by the Accountant General himself.

A monthly comparison should also be made with the balances in the Registers of outstanding cheques at the end of each month. The balances in the Accountant General's register should also be verified independently with the Ledger balances in the Book Department and not to this effect recorded in Form 107.

PART III—PUBLIC WORKS AUDIT**CHAPTER 17—GENERAL ARRANGEMENTS AND METHODS OF WORKS**

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INTRODUCTORY

342. The instructions in this part are intended primarily for the Works Audit Department which is responsible for the audit of and accounting for those transactions of the Public Works Department, which are brought to account by Divisional Officers of the Department in accordance with the directions in the Account Code, Volume III and the Financial Rules of the Government. Subject to such exceptions as may be authorised by the Accountant General with the previous concurrence of the Comptroller and Auditor General, the instructions in this part should be followed by other departments or sections the Audit Office entrusted with the audit of and accounting for the works mentioned in Article 4 of Account Code, Volume III.

343. The instructions in this part are supplementary to the general directions contained in the Audit Code and the rules in Chapter I of this Manual which are applicable to the works Audit Department unless there be something repugnant in the subject or context and except to the extent that they are modified by the instructions hereinafter prescribed.

OFFICE ARRANGEMENTS

344. The Works Audit Department should be divided into small sections, each with a Superintendent in charge. The primary responsibility for the audit of the accounts of Public Works Divisions, and other work connected therewith, rests with auditors who should be experienced clerk or Junior Divisional Accountants. The actual distribution of work, which should be set out clearly in the office Manual, will be settled by the Accountant General according to local requirements. The employment of auditors to assist senior auditors should be governed by the following considerations :

- (1) The responsibility for audit should, as far as possible, be undivided.
- (2) As a general rule, a auditor should not be employed as an senior auditor until he has the requisite experience.
- (3) A senior auditor as he gains experience should be entrusted with more important work.

1. An Accountant, selected for holding the charge of a Works Audit Section, must have had adequate training in the duties of the Divisional Accountant in a divisional office.

345. The auditor is primarily responsible for all audit work in connection with the accounts of one or more divisions allotted to him. He will audit the monthly accounts and periodical returns received from those divisions and deal with all returns, statements and correspondence connected with the audit.

AUDIT PROCEDURE

346. The work of audit should be taken up immediately on the receipt of the Monthly Accounts. After the preliminary check prescribed in paragraph 347 has been exercised, the auditor should examine the several schedules, schedule dockets, vouchers, etc., received in support of the Monthly Account to see that they are in all respects prepared in accordance with the rules applicable to each case, and then audit them in detail in accordance with the general, as well as special, instructions prescribed in the relevant Chapters of the Manual.

347. The following additional points should receive attention :

- (a) In respect of all transactions other than payments in cash and receipts of cash, it is important to ascertain that each debit item is counter-balanced by one or more credit items, and *vice versa*.
- (b) In the case of all credits (whether cash receipts or transfer credits) which represent either (1) sale-proceeds of stores or other property, or (2) their transfer value, it should be seen further—
- (c) that the disposal of the property has been authorised by competent authority, and
 - (ii) that the full value (including supervision or other charges leviable under rule) of the property has been accounted for, or if there is a loss, that the loss has been sanctioned by competent authority.
- (d) All schedules and accounts should be checked arithmetically.
- (e) In regards to accounts with balances, it should be seen that the opening balances of a month are brought forward correctly from the previous month, in such detail as the prescribed form of the account requires.
- (f) In cases in which the figures of one account should work into another account, the two accounts should be reconciled with each other.

348. The auditor examining a voucher or schedule should record the necessary particulars in the proper Audit Register, unless there is a rule of contrary. In token of this he should initial all the documents from which the Register is posted and obtain the initials of a member of the Superintending staff appointed for the purpose, in all cases where, under the instructions in paragraph 353, the latter is required to initial. For this purpose, a suitable enfacing stamp may be used, *vide* paragraph 10.

Note.—Here and elsewhere in this part, the term "Superintending staff" should be held to mean only S.A.S. Accountants and Accountants and such Divisional Accountants as may be attached to the Audit Office.

349. The Audit Registers and Note Books (*vide* Chapter 18) should be written up at the same time as the audit of the voucher or schedule is being conducted. (See paragraph 5).

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350. All corrections made in the Monthly Account, or in any of the schedules, should be advised to the Divisional Officer through the Audit Note (Paragraph 532), for the correction, after verification, of the relevant records of the division.

351. The Supplementary Account of the year should be dealt with in audit, as far possible, in the same way as the Monthly Account of one of the months of the year. It should be borne in mind, however, that there can be no cash transactions in this account, nor any actual transactions of Stock, and that transfer transactions are permissible only to the extent indicated in Articles 199 and 236 of the Account Code, Volume III.

APPROPRIATION AUDIT

352. (a) It is an important function of audit to see that, in all cases falling under Article 161 of the Audit Code, the progressive expenditure does not exceed the divisional allotment sanctioned for individual works or items of expenditure, or for group of works or items of expenditure. The Works Audit Register affords facilities for conducting this check. If, in any case, the up-to-date expenditure is in excess of allotment, or is not—covered by allotment, a suitable entry should be made in the objection Statement, except when such expenditure is not open to audit objection under the Financial Rules of the Government.

(b) The Works Audit Department is not responsible for the check of expenditure against the grants for the whole country.

(c) In cases, not covered by clause (b), in which two or more Divisional Officers are authorised to incur charges relating to a unit of appropriation against a lump sum allotment places for the purpose at the disposal of a single higher authority, and the Accountant General, at the request of the Government, has undertaken to audit the collective charges against the allotment, he will prescribe the arrangements for conducting the necessary check. It will be necessary in such cases to collect the audited expenditure figures of the divisions concerned in suitable summaries; in doing so, the general rules laid down in Chapter 2 of the Account Code, Volume IV, should be observed.

CURRENT REVIEW OF AUDIT

353. The audit of the Monthly Accounts of Divisional Officers must be reviewed by a member of the superintending staff. This review will comprise the following duties in addition to any others that the Accountant General may prescribe:

- (1) He should examine generally all the vouchers and initial after full review ten per cent. of the total number of vouchers the audit of charges relating to which is recorded in Part I of the Works Audit Register including therein all vouchers for amounts exceeding Tk. 1,000 each.

1. If all vouchers attached to a schedule docket are review, it will suffice if the schedule docket is marked "Vouchers reviewed" over the initials of the Superintendent.

2. The instructions in paragraph 33 regarding the check of the classification of vouchers in the Treasury Audit Department apply *mutatis mutandis* to the vouchers of the Works Audit Department.

- (2) He should review all special charges and credits, the audit record of which is kept in Parts II to V of the Works Audit Register, and in evidence of this review he should initial the entries in the Register, as well as the vouchers and the account entries audited. The check should not be confined to the entries made in the Register by the auditor. When the vouchers and accounts are reviewed generally, it should be seen that no transactions pertaining to these parts of the Register have escaped the auditor's examination.
- (3) All schedules leading to the Monthly Account, and the account itself, should be examined and it should be seen generally that no important points have escaped the auditor's scrutiny and that the several accounts have been written up correctly. The prompt adjustment of outstanding of all classes should receive special attention.
- (4) A percentage of the entries made by the auditor in Part I of the Works Audit Register should be checked, the items examined being marked or initialled in the schedule concerned, but see paragraph 385.
- (5) The entries made by the auditor in Part I of Works Audit Register should then be reviewed completely for verification that all charges not covered by allotment or technical sanction are challenged.
- (6) Lastly, the Audit Note, and the Objection Statement prepared by the auditor should be examined so that it may be seen that the remarks made or objections raised are all in order. He should neatly edit them and add, in his own writing, any remarks or objections which he finds necessary as the result of his scrutiny.

354. The following points should receive the Superintendent's special attention:

- (a) Expenditure on all large works, in connection with which any contract has been sanctioned by an authority higher than the Divisional Officer, should be reviewed completely, month after month, till completion, even though during a month no payment may have been made in connection with the contract. In this review it should be seen *inter alia* that all transactions, which should have been treated as pertaining to the contract, have been so treated, and that, in connection with the contract, there is no disregard of rule or want of attention to the interests of Government, requiring action on the part of the Audit office. The Financial Rules regulating the grant of advances to contractors and issue of materials to them should be borne in mind specially and payments to sub-contractors should be scrutinised jealously. It should be particularly seen in the case of final bills that the date of actual completion of work is duly checked with the stipulated one (Column 5 of Part III of the Works Audit Register).
- (b) The spirit of the instruction in clause (a) should also be observed generally in the audit of vouchers, especially contractors bills, relating to other works and services.

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- (c) In cases where the value of stores issued is recoverable from a contractor, or he has received a "secured advances" [vide Article 9 (32) of the Account Code, Volume III] on the production of stores, it should be seen as far as possible, that whenever a payment is made to him in respect of the particular items of work, on which the stores were expended to be used, a recovery of the value of the stores used in the construction is made from him simultaneously in accordance with rule.
- (d) A special watch should be kept over the disposal of materials, the "Issue Rates" [Vide Article 9(18) of the Account Code, Volume III] for which are known to be appreciably below the market rates, so that practices likely to put the State to loss may be challenged, if they come to notice.
- (e) If it is noticed that the application of any rule, limiting the recovery of the rent of a public building occupied by a Government servant to a prescribed percentage of his emoluments, has the effect of lowering the rent of the building to a figure appreciably below the standard rent as fixed under rule, the matter should be examined from the point of view of audit against propriety, with reference to clauses IV (a) and V of Rules 45A and 45B of the Fundamental Rules or the corresponding Service Rules of Government.
- (f) In the case of running account bills for works executed on lump sum contracts it should be seen that the method stated to have been employed for estimating the value of work done is not *prima facie* open to objection.

355. After reviewing the audit, if the Superintendent finds that the encasement of audit made by the auditor on the Monthly Account is in order, he should initial it, and submit the account (complete with enclosures) to the Branch Officer in charge for his review. The Audit Note and the Objection statement, as well as the Works Audit Register and the Objection Book, should also be put up with the account.

356. The Branch Officer should examine generally the monthly Account and all the supporting schedules but he need scrutinise only the vouchers for amounts exceeding Tk. 10,000 and a percentage of the others, initialling those scrutinised. The Works Audit Register and the Objection Book should be inspected, and it should be seen generally that the auditor and the Superintendent have performed their respective duties carefully. The results of their audit should be scrutinised and, if everything is found to be in order, the audit encasement on the Monthly Account should be signed.

357. The Branch Officer in charge of a section should scrutinise carefully every objection whether entered in an Objection Statement or in an Audit Note, before he passes it, cancelling or submitting for orders any to which in his opinion the provisions of Articles 248 and 254 of the Audit Code could be applied suitably. In this scrutiny the instructions laid down in paragraph 41 should also be borne in mind.

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358. Objections raised on objection statements, audit notes, half-margins or audit memoranda should not be treated as routine correspondence which may be issued by Superintendents under paragraph 40(c) of the Manual of standing orders. The instructions contained in paragraph 41 should be followed in communicating objections.

359. Both the Branch Officer and the Superintendent, when reviewing the accounts of Divisional Officers, should bear in mind specially the requirements of audit against propriety, vide Articles 84 and 85 of the Audit Code. They should see further that Divisional Accountants appear to have attended to their audit and account duties satisfactorily. Should there be any evidence of slackness or disregard of prescribed rules or procedure, on the part of the latter; or should the accounts of the division especially the Monthly Account, be found to contain habitually errors of other than trifling nature, the Deputy Accountant General should be informed, and suggestions for the issue of the necessary admonition or for other action should be made to that officer.

COMPLETION OF AUDIT

360. The audit of the divisional accounts of a month should ordinarily be completed in time to enable the Book Section to include them in the Civil Account of the same month; where this is not possible the procedure authorised in paragraph 5 may be followed. Without the approval of the Accountant General, no account may be omitted from the civil Account of the month to which it relates.

POST REVIEW OF AUDIT

361. The Accountant General should arrange for a post review of Divisional Officers, accounts in such a way as to ensure that the accounts of every division are reviewed at least twice in two years, once by a Branch Officer and once by a member of the Superintending staff. The Accountant General or his Deputy should keep a suitable register for this purpose, and every month, as soon as the accounts are posted, should indicate therein the names of the persons by whom a review of the accounts is to be made, and the names of divisions which each should review.

362. The Reviewing Officer should subject the complete accounts and vouchers to a careful test audit. The scale fixed for the check is as follows:

- (a) *For Gazetted Officers.*—The same as that fixed for the current review by the Superintendent (Vide paragraphs 353 and 354), and one half of the review work should be devoted to a re-check of the review which has already been done by the Superintending staff.
- (b) *For Superintending staff.*—Complete re-audit of the work done by the auditor, without a re-check of the review which has already been done by the Superintending staff.

It should be seen that the accounts and vouchers have been audited properly and due objections taken. The Works Audit Register and the Objection Book should be examined so that it may be seen that they are kept properly in accordance with rule, and that a sufficient check exists over charges as well as

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outstanding items. The Branch Officer should initial the documents and registers in the same way as the Superintendent is required to do in respect of the current review, and when the review is made by the Superintending staff, the procedure will be the same as that prescribed for observance in the original audit by auditors.

363. The Reviewing Officer should submit, through the Deputy Accountant General, a report of his audit to the Accountant General, in a form to be prescribed by that Officer. The report should be made in a bound book and should show only important errors and irregularities. Defects of procedure should receive special attention.

364. The work of post review should be carried out, as far as possible by senior members of the office, and should not be entrusted to very junior Gazetted Officers. If it is entrusted to probationers, for purposes of training the account reviewed should not be included in the prescribed number.

365. Any portion of the check which is exercised by a Branch Officer in the course of his ordinary duties need not be exercised again by him or by any other officer in the course of his review. Similarly, any portion of the current review or check which is exercised by a member of the Superintending staff need not be exercised again by him or by any other member of that staff in the course of post review. Detailed orders on this point should be inserted in the Office Manual.

366. If necessary, the Accountant General may select one Senior Accountant who is not in charge of a section of the Works Audit Department, for purposes of the post review.

367. A period should be fixed by the Accountant General for the Completion of a Gazetted officer's review and its submission to him, and any failure to complete a review within this period will constitute an arrear which should be treated as prescribed in paragraph 28 of the Manual of Standing Orders.

MISCELLANEOUS

368. If the accounts work of a division falls into arrears, or if there are signs of any confusion therein, the matter should receive the prompt and careful consideration of the Accountant General, who should not only move the Divisional Officer (or the higher authorities of the Public Works Department, if necessary) to take necessary steps to remedy the defects, but also suggest for consideration such remedies as may appear suitable, and if necessary render such temporary help as he may be in a position to give. In serious cases it may be advisable for the Deputy Accountant General or a Branch Officer to visit the divisional office and to discuss the situation personally with the Divisional Officer and the Divisional Accountant.

369. Whenever a Divisional Accountant is relieved of his duties in a divisional office, it should be seen that the memorandum referred to in paragraph 270 of the Manual of Standing Orders is received from the Divisional Officer. This memorandum should be reviewed by the auditor and the Superintendent for the division, and laid before the Deputy Accountant General for orders. Points requiring action on the part of the Audit Office should be taken up promptly.

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370. When a minimum period for the preservation of an initial or compiled account record in a Divisional or Subdivisional Office has not been prescribed in the rules framed by the Government for the destruction of records, Divisional Officers are required to obtain the approval of the Accountant General before destroying that record. If any of the records proposed to be destroyed are connected with works or other accounts in progress, or are likely to be required at a future date for audit purposes, the Divisional Officer should be advised to postpone their destruction. Such advice should be offered only with the approval of the Accountant General and as far as possible, the periods of preservation prescribed for corresponding records of the Audit Office, vide paragraph 343 of the Manual of standing orders, should be taken as a guide.

1. This criterion should also be applied in the scrutiny of any rules as regards destruction of records which the Government may propose to introduce.

2. Copies of subdivisional cash books or of other account records which Subdivisional Officers submit to the Divisional Office should be treated as original account records, and not as copies, as the Divisional Officers' accounts rendered to the Audit Office are based on such copies and not on the original thereof.

CHAPTER 18—AUDIT REGISTERS AND NOTE BOOKS

Works Audit Register—

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WORKS AUDIT REGISTER

FORM

371. A register in Form 108, Works Audit Register, should be maintained separately for each divisional office, to serve as a collective record of all sanctions relating to the audit of transactions included in divisional accounts, and of the audit conducted against them during a year. This Register is divided into five parts: I—Sanctions to Works, II—Sanctions to Fixed Charges, III—Sanctions to Contracts, IV—Orders of Special Recoveries, and V—Miscellaneous Sanctions.

1. The audit is entrusted to the Works Audit Department, the Procedure prescribed in Chapter 7 should be observed. separate registers of Special and Fixed Charges (paragraphs 135 and 141) will be replaced by parts II and V of the Works Audit Register.

SANCTIONS TO WORKS

372. Part I of the Register deals with all sanctions and orders relating to a work as a whole and with the expenditure recorded against it. In this part are entered all works executed in the division, of the Government departments, divisions and offices, non-Government works, and manufacture operations workshop jobs and other works and items of expenditure debitable to stock and tools and plant.

373. Works should be grouped in this part of the Register so that all works falling under a unit of appropriation, as well as those falling under a detailed head of account may be brought together. Separate folios or sets of folios should, therefore, be reserved for each such division. The folios so reserved should be arranged in the prescribed order of minor and detailed heads subordinate to each major head.

374. The entries of the month's expenditure under each of the groups and detailed heads mentioned in paragraph 373 should be totalled monthly and in which a lump sum allotment is required, under rule, for any group.

the progressive expenditure of the year should also be worked out and noted underneath, in blue or green ink. At the close of the year, the year's total for each detailed head should also be worked out and noted in the column for "Remarks".

375. Part I, thus written up, will show month by month, the progress of expenditure on each work, as well on each group of works for which there is a separate allotment. If there are any other heads of accounts for which there is a separate allotment in any division, one or more folios of Part I of the Register for that division should be set aside for the record of the monthly progress of expenditure on such heads. Entries on these folios should be made, in respect of both allotment and expenditure, in the same way as those relating to works, the figures of expenditure being taken from the Classified Abstract of Expenditure, Form P.W.A. 41, or other schedules pertaining to the accounts of the division. In respect of suspense heads, if the allotment is only for the net charge under the whole minor head "Suspense" the months' expenditure to be posted in Part I will be the figure described as "Net Debit to Suspense" in Form P.W.A. 41. But, if there is a separate allotment for each suspense head, the form of Part I will not suitably: in this case, the form may be modified suitably. The form of the Broad-sheet (Form III) may be used with advantage (a line of the form being reserved for each suspense head), provided that two columns are inserted in it, one for the net allotment, and the other for the permissible limit of the balance, (*i.e.*, the opening balance of the year *plus* the allotment).

376. Under each detailed head of account, all entries relating to the working estimates of the same project should be grouped together in the Works Audit Register, and the figures of sanctions and expenditure should be totalled, so that the total expenditure on the project under each head of account, may be known at any time.

377. The following points should receive special attention in connection with Part I.

(1) *Column 1.*—"Serial Number".—Entries under each detailed head of account should be numbered in a separate series. A number should be assigned to a work, and an entry should be made in respect of it, as soon as any sanction or order of allotment relating to it is received, or expenditure on it appears in the divisional accounts.

(2) *Columns 3 and 4.*—"Sanctioned detailed estimate".—(a) Technical sanctions to working detailed estimates should be entered in these columns. The entry of the amount of a supplementary estimate should be preceded by the letter "S" in red ink, and underneath the amount should be drawn a line and below it should be noted the total amount of the sanctioned estimates. The amount of a revised estimate should be preceded by the letter "R", which should also be in red ink orders of competent authorities passing excess over technical sanctions should also be noted in these columns and the entry of the amount, preceded by the letter "E" should be put within brackets, so that it may be distinguished from entries relating to sanctioned detailed estimates.

(b) In cases in which, in accordance with any rule, the preparation of detailed estimates for annual repairs to buildings has been dispensed with by

competent authority, the entries in these columns will be in respect of the standard lump sum limits of cost prescribed from time to time. Similarly, if the preparation of a detailed estimate for a petty purchase or manufacture of tools and plant, or for the manufacture or collection of stores, is necessary under any rule, the amount of the expenditure authorised by competent authority should be treated as the amount of the technical sanction to a detailed estimate.

(c) If a substantial portion of a work has been abandoned, the estimated cost of the abandoned portion should be deducted from the estimated cost of the whole work, and the net operative amount of the estimated worked out.

(5) *Columns 5 and 6.*—"Allotment".—These columns are intended for a record of orders of appropriation and re-appropriation. In cases in which funds are allotted for each work, individually, the order will be noted against the work concerned; in other cases, it will be noted in a suitable place assigned to the total of the group of works included in the unit for which a lump sum allotment is made. In the case of non-Government works and isolated works executed on behalf of other divisions, departments, the entries in these columns will be in respect of the gross amount of the deposit received, or, if there is no deposit, of any limit prescribed for expenditure to be incurred during the year, *see also* clause 5(a) below and paragraph 411.

(4) *Column 8.*—"Permissible limit of expenditure to end of the year".—This column, like columns 4 and 5, should not be used in respect of works for which no individual allotment is required by rule. Nor should it be used in the case of works started during the year, as any allotment shown in column 5 will be the limit for the progressive expenditure to the end of the year.

(5) *Column 10.*—"Full name of work".—(a) In the case of works which are assessable to percentage recoveries on account of establishment, tools and plant, etc., the work should be broken up into two parts—one relating to the charges on the work proper and the other to the percentages thereon—and all entries of sanction, allotment and expenditure should also appear in two parts (*vide* Note 2 on Form P.W.A. 27) though only one serial number will be assigned to the work.

(b) In the case of works of manufacture, the "outturn" should also be recorded, the entries being made in a separate line below those relating to the "Operation".

(6) *Columns 11 to 24.*—"Expenditure".—Entries should be made in these columns only when there is any transactions during a month, and whenever an entry is made, the expenditure of the month should be entered in black ink, and underneath it should be noted, in blue or green ink, the expenditure to date. The figures should be prefixed by a red ink *minus* sign when they represent *minus* expenditure. When the expenditure on a work is incurred for the first time, the progressive expenditure need not be entered. When it is entered for the last time, *i.e.*, when the work is reported as "completed" a line should be drawn through the space for the remaining months of the year, and the word "Completed" noted against it in the column for "Remarks".

(7) *Column 26.*—"Remarks".—In this column should be noted any remarks or orders for which no column is specifically provided, e.g., note of the account of work having been closed, (see clause 6 above), financial sanctions and administrative approval when they are communicated to Audit, notes of verification and transmission of completion reports, notes of orders relating to the clearance of expenditure on "Land, Kilns, etc." (*vide* Article 158(b) of the Accounts Code, Volume III), etc., etc.

OTHER SANCTIONS AND ORDERS

378. Parts II to V of the Register deal with all other sanctions and orders, including those relating to special charges, recurring or non-recurring, debitable to the sanctioned detailed estimates of works the accounts of which are maintained in Part I.

SANCTIONS TO FIXED CHARGES

379. Part II relates to sanctions to periodical charges, whether in connection with work-charged establishments or on other services.

SANCTIONS TO CONTRACTS

380. In part III should be registered only such sanctions relating to contracts for works, supplies, carriage, etc., as are communicated by authorities higher than the Divisional Officer. Unless a special agreement is drawn up in any case, the form of the agreement used be quoted in column 8, and in column 7 should be set forth, as briefly as possible, all the terms and condition which it may be necessary to apply in audit. If these particulars cannot be registered satisfactorily, the Gazetted Officer may in writing authorise the detailed audit to be conducted against the original orders of the sanctioning authority. In such a case the orders should be preserved carefully in a special guard file, and in column 7 of the Register it will suffice to quote merely a reference to the pages of the file.

1. Leases, and other similar agreements, under which payments are to be made to Government by the parties concerned, should not be entered in this Part, but the necessary notes of recoveries should be made in Part IV.

ORDERS OF SPECIAL RECOVERIES

381. Part IV is intended to facilitate a watch over special recoveries of all kinds, which may be ordered by competent authorities, or promised by the Divisional Officer, whether as the result of audit enquiries and objections or otherwise, *see* also Article 235 of the Audit Code and Rule 1 to paragraph.

1. The term recovery as used in this clause includes not only receipts and recoveries creditable to revenue heads, but also receipts and recoveries taken in reduction of expenditure. Thus anticipated credits on account of sale-proceeds of materials received from dismantled buildings, and of surplus materials and plant of closed or abandoned works, should be watched through this Part. Similarly, credits to the 'sub-head' Land kilns, etc., of the suspense head "stock" should also be watched through this Part, the orders passed by competent authority about the mode of clearance (*vide* Article 158(b) of the Accounts Code, Volume III) of expenditure debited to the sub-head being noted in it for the purpose.

(b) Under this instruction, orders relating to recoveries on account of rent will also be entered in this part, but as soon as the first entry giving effect to the orders appears in the divisional schedule of Rents of Buildings and Lands, the entry in this Part should be closed, with a suitable remark attested by a member of the Superintending staff.

Note—The entry which is required to be made in Part IV of the Audit Register under this clause may, however, be dispensed with, if new revised standard rents are noted and attested in the Schedule of Rents in the Audit office on receipt of sanctions.

(c) Similarly, orders relating to recoveries which have to be watched through the account "Miscellaneous P.W. Advances" should be noted in this Part to be watched until the entry can be closed on the necessary debit appearing in the Divisional Schedule of Miscellaneous P.W. Advances, Form P.W.A. 32.

(d) In respect of recoveries from contractors, only such of them should be entered in this Register as cannot at once be brought to account in the Ledger, *vide* Article 152 of the Accounts Code, Volume III.

(e) But in cases in which the Contractors' Ledgers and the schedules of Rents of Buildings and Lands are not audited centrally (Article 233 of the Account Code, Volume III), all special recoveries ordered or promised in connection with these accounts should ordinarily be noted in Part IV, as also all charges recoverable from contractors which may be noticed in the course of the audit of divisional accounts. The Accountant-General may, however, prescribe an alternative procedure, with the approval of the Comptroller, and Auditor General, the point to ensure being that debts due contractors may not be overlooked. See also Article 86(h) of the Audit Code.

(f) No entry need be made in this Part in respect of recoveries watched through the Objection Book.

MISCELLANEOUS SANCTIONS AND ORDERS

382. Part V is intended primarily for all other sanctions and orders against which audit of expenditure brought to account by Divisional Officers may have to be conducted, *e.g.*, sanctions to local purchase of imported stores. Sanctions to remissions of revenue may also be entered in this Part.

CURRENCY OF THE REGISTER

383. The Works Audit Register should be closed annually, and sanctions and orders which are still effective should be carried forward to the following year's Register (with all necessary particulars in respect of the expenditure already incurred against them), the entries being attested by a member of the Superintending staff as in the case of fresh entries. This action cannot, however, be taken completely until the Supplementary Accounts of the year have been audited. But it is permissible, in anticipation of this event, to transfer to the new year's Register such items of the old Register as have to be subjected to audit in connection with the divisional accounts of the new year. In such cases, the audit of transactions appearing in the Supplementary Accounts will of course be recorded in due course in the old Register, and it will, therefore, be necessary (1) to effect all consequent corrections in the

entries transferred to the new Register, and (2) to review, where necessary, the audit previously conducted.

1. Entries relating to works on which no expenditure has recorded for six months continuously need not be carried forward at once to the next year's Works Audit Register, unless the recorded expenditure is in excess of the estimate, but an enquiry should be made of the Divisional Officer whether the accounts of the work should not be considered as closed. The entries should be transferred ultimately if the account is reported to be open still.

384. To reduce the clerical labour connected with the opening of new Registers every year, the Accountant General may introduce two-yearly or three-yearly Registers, if desired. For this purpose it will be permissible to insert extra inner leaves or to adopt any other device, and even to alter the prescribed arrangement of columns.

CHECK OF POSTINGS

385. The Accountant General will make suitable arrangements for ensuring the accuracy of the posting in the Works Audit Register. As regards Part I, if the check of postings and totals is entrusted to a clerk, it will be a cent per cent check, but if the work is entrusted to a member of the Superintending staff, a ten to fifteen per cent check, conducted intelligently, may suffice. For Parts II to V, no special check by a member of the clerical establishment will be necessary, as all the entries are required to be examined by a member of the Superintenden staff, *vide* paragraph 353.

REGISTER OF LAND CHARGES

386. A register in Form 100, Register of Land Charges, should be kept so that the Land Award Statements which are submitted to the Audit office under the rules of Government by officers making the award under the Land Acquisition Act, may be checked. The Branch Officer in charge should review this Register once a month and enquire into the causes of delays in the disposal of the statements.

REGISTER OF PROJECT ESTIMATES

387. In the case of projects for Civil works where Public Works Officers are authorised to accord technical sanction to the various component parts separately, with reference to the provisions made therefor in the administratively approved estimate, a register in Form 110 should be opened, so that all sanctions to estimates (in respect of Works Expenditure) sanctioned against the project estimate may be watched against the provision for works expenditure in the project.

1. In respect of charges for Establishment, Tools and Plant and Suspense, audit is not conducted against the provision made in the project.

388. A set of pages of the Register for each project should be set apart for each head of the sanctioned classification against which the sanctions to working estimates are to be watched in accordance with the rules defining the powers of Divisional Officers and other authorities to sanction such working estimates. Every sanction to a working estimate should be noted in the Register, a progressive total should be struck against it so that the total sanctions

to date against the project provisions under the head concerned may be available; and it should be seen that the provision is not exceeded. In respect of savings and excesses, the Register should be corrected (from time to time as the accounts of any working estimates are closed or excesses are authorised or savings resumed by competent authority)—(1) by a suitable adjusting entry in columns 5 to 8, and (2) by the entry of the excess or saving, as the case may be, as a *plus* or *minus* entry in columns 1 to 4, as if it were a fresh working estimates.

389. If a substantial portion of work has been abandoned and an intimation of the fact has been received in the Audit office in any form, the estimated cost of the abandoned portion (which should be ascertained from the sanctioning authority) should be deducted from the estimated cost of the whole work as shown in the Works Audit Register and in Form 110, so that the net operative amount of the estimate may be worked out. Audit of actual expenditure on the work should thereafter be conducted against this reduced limit.

390. Whenever the total sanctions registered on the several folios are summarised to bring out the total liabilities against the amount of the project estimate, excesses over estimates, which may be under objection at the time, should not be overlooked.

391. If any technical sanctions are received which relate to the detailed estimates for sub-works of a project which has to be but has not yet been technically sanctioned as a whole after it has been administratively approved, these should also be registered. It should, however, be seen—

- (i) that the aggregate of the sanctions to detailed estimates does not exceed, at any time, the amount administratively approved for the whole project, and
- (ii) that, until the project estimate itself is sanctioned, the technical sanctions to the detailed estimates are accorded only by the authority competent to sanction the estimate for the whole project for an amount equal to the amount of the administrative approval.

392. All entries in this Register should be attested by the Superintendent, who will be responsible that no sanction or order which must be posted in this register is entered in the Works Audit Register without the necessary entries being made simultaneously in this Register. The Register should be submitted monthly to the Branch Officer for inspection.

BROAD-SHEETS OF BALANCED HEADS

393. As it is necessary to prove the accuracy of the monthly transactions under each suspense and balanced head, and of the balances under the heads "deposits" and "Takavi-Works Advances", by a comparison of the results brought out in the divisional schedules with the Detail Book and the Ledger, a Broad-sheet should be maintained in Form III which should be submitted

monthly to the Branch Officer in charge after the reconciliation has been effected.

394. *Deleted.*

395. Broad-sheets of transactions passed through the Remittances heads should be maintained as described in Chapter 25.

NOTE BOOKS

396. A Note Book, in suitable form, should be maintained by each auditor for notes of all points which have to be kept in mind as requiring action to be taken, but which cannot be noted in any part of the Works Audit Register. Each entry should be made concisely but in full detail, so that the action to be taken may be readily understood. A note, with necessary references, should be made against each entry, in due course, to indicate the action taken, so that all points still requiring attention may be known at any time. The Note Book should be reviewed monthly by the Superintendent.

397. A separate Note Book should be maintained by each auditor in which he should keep a note of all points noticed from time to time in the course of central audit and ordered to be brought to the Inspecting Officer's notice. It should be seen that all the points entered in the Note Book are reported to the Inspecting Officer in due course as required by paragraph 680.

1. It may also be arranged that similar points noticed by other audit sections are communicated to the auditor in the Works Audit Department to be noted by him.

Chap. 19] AUDIT OF VOUCHERS AND SCHEDULE DOCKETS [398—402

CHAPTER 19—AUDIT OF VOUCHERS AND SCHEDULE DOCKETS

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GENERAL

398. When the audit of schedule Dockets and accompanying vouchers is conducted, the instructions given in paragraph 424 in respect of transactions with contractors should be specially borne in mind.

SCHEDULE DOCKETS

399. Schedule Dockets in Form P.W. A 24 should be examined so that it may be seen—

- (1) that, except in respect of unvouched charges (*vide* Article 232 of the Account Code, Volume III), there is a voucher complete and in due form in support of every charge,
- (2) that necessary particulars of all cash refunds are given and do not indicate any financial irregularity,
- (3) that all other credit entries (*i.e.*, all transfer credits) are counter-balanced by one or more items of charge in other schedule dockets or schedules,
- (4) that the net charge of the month is correct arithmetically and agrees with the corresponding entry in the schedule concerned, and
- (5) that each docket bears the initials of the Divisional Accountant.

VOUCHERS

400. When the check mentioned in paragraph 399(1) is applied to vouchers, the general instructions given in Articles 86 and 215 of the Audit Code and paragraph 8 should be followed unless there be something repugnant in the subject or context; and the Treasury and Financial Rules relating to the preparation and completion of vouchers and the special points enumerated in the following paragraph should be borne in mind.

401. It should be seen that every voucher bears the dated initials of the Divisional Accountant in token of the preliminary check which he is required to conduct under Article 215 *et seq.* of the Audit Code.

402. In the case of a running accounts bill, which is not the first bill of a series relating to an account, it should be seen, by reference to the last previous bill, that all "up to date" and other figures which are dependent upon the entries in that bill are correct, and, in token of this check, the auditor should note on the previous bill (with his dated initials) the number and date of the bill under audit, and on the latter he should set his initials in red ink against the reference to the former.

403—409] AUDIT OF VOUCHERS AND SCHEDULE DOCKETS [Chap. 19

403. In respect of payments to contractors whose contract agreements have been sanctioned by authorities higher than a Divisional Officer, it should be seen, as far as possible, that there are no unauthorised deviations from the rates of payment and other relevant conditions of the agreement, as communicated by the sanctioning authority. After audit, the number of the voucher, with the name of the account month, should be entered in the Works Audit Register against the entry of the sanction. In the case of final bills, the date of actual completion should be noted in column 5 of Part III of the Register when it should also be seen that the work was completed within the stipulated time.

404. In respect of payments to other contractors, whether on a first and final bill or on a running account bill, it should be seen generally that the value of work done, or supplies made, does not exceed the limit up to which a Divisional Officer is authorised to accept a tender for a contract.

405. If any charge requires special sanction (*vide* Articles 230 and 234 of the Audit Code), it should be seen that such sanction exists, and the charge should be noted against the entry of the sanction in the Works Audit Register.

406. In respect of charges on new supplies of tools and plant it should be seen that the articles for which payments have been made have been brought on to the relevant numerical account (submitted to Audit) under the rules of Government correctly on the authority of the voucher or account pertaining to the charge.

407. In respect of vouchers in support of compensation for land acquired, the special instructions in paragraphs 419 to 421 should be observed.

408. Vouchers which are received as accompaniments to a Schedule Docket which supports a whole schedule and not merely an item in a schedule should be compared individually with the relevant items of the schedule concerned, and it should be seen that all the vouchers required in support of each item have been received. It should be seen further that the total of all charges of the schedule, excluding works expenditure for which separate Schedule Dockets exist, agrees with the net charges of the Schedule Docket.

SCHEDULE DOCKET FOR PERCENTAGE RECOVERIES

409. The instructions in the foregoing paragraphs do not apply to the Schedule Docket for Percentage Recoveries. Form PWA 25, this Schedule Docket should be checked simultaneously with the schedules relating to the expenditure on the works which are assessable to percentage recoveries on account of "Establishment", "Tools and Plant", and "Accounts and Audit" charges. It should be seen (1) that the charges shown in Form P.W.A. 25, under each of these heads, are calculated correctly in accordance with rule, (2) that in the expenditure schedule concerned the total amount of these charges has been debited correctly to the account of each work, and (3) that the credits on account of recoveries under each of the three heads are brought to

account correctly in accordance with the directions in Articles 69 and 72 of the Account Code, Volume III, thus:

- (i) "Establishment recoveries" as "Deduct Percentage recoveries" in the Classified Abstract of Expenditure, Form P.W.A. 41 or as "Recoveries of Expenditure" in the Schedule concerned, Form PWA 9, as the case may be,
- (ii) "Tools and Plant" recoveries as "Deduct recoveries" in the Classified Abstract of Expenditure, Form P.W.A. 41 or as "Recoveries of Expenditure" in Form P.W.A. 9, as the case may be,
- (iii) "Accounts and Audit recoveries" as a *minus* debit to the major head "26—Audit" in the Schedule of Debits to Miscellaneous Heads of Account (Form P.W.A. 40) or as a credit to "XLVI—Miscellaneous Fees for Government Audit" in the Schedule of Credits to Miscellaneous Heads of Account (Form P.W.A. 40).

CHAPTER 20—AUDIT OF WORKS ACCOUNTS

Works Schedules:

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WORKS SCHEDULES

GOVERNMENT WORKS

410. The procedure for the audit of the Schedules of Works Expenditure Form P.W.A. 27, relating to Government works is as described below :

(a) The expenditure of the month relating to each work should be checked—

- (i) in respect of the works expenditure, with the audited net charges as shown in the relevant schedule Docket, Form P.W.A. 24, and
- (ii) in respect of percentage charges, if such charges are recoverable under the rules, with the figure shown in the schedule Docket, Form P.W.A. 25 and then posted in Part 1 of the Works audit Register against the entry for the work.

1. In case in which Schedule Dockets (Form P.W.A. 24) are not required to be submitted under the provisions of Note 1 to Article 211 of the Account Code, Volume III, it should be seen that the necessary certificate has been recorded by the Divisional Accountant against the relevant item in the Schedule of Works Expenditure.

(b) To this figure should be added the progressive total as previously recorded in the Register, and the progressive total for the month, thus worked out should be entered in it below the month's expenditure, and it should be seen at the same time that it agrees with the figure shown in the column for "Total charges up to date" in the schedule.

(c) It should also be seen that the progressive total does not exceed either of the two limits of expenditure, viz.—

- (1) The amount of the sanctioned detailed estimate, as noted in column 4 of the Register, and
- (2) If, under rule, an allotment is required to cover the expenditure of the year on the work—
 - (i) the permissible limit of the expenditure to the end of the year (as set forth in column 8 of the Register), if it is a work which was in progress at the end of the previous year, or
 - (ii) the allotment of the year given in column 6 of the Register, if it is a work started during the year.

(d) If the work is shown in the schedule as completed, a note to this effect should be made in the Register, and in case it is an original work connected with a residential building, it should be seen that the action towards the fixing or revision of rent is taken in accordance with the rules of Government.

(e) The several totals shown in the schedule should then be checked and agreed with the corresponding figures as worked out in Part I of the Works Audit Register, *vide* paragraph 374 and it should be seen that the progressive total for each group, for which there should under rule be a separate allotment, does not exceed that allotment as recorded in column 6 of the Register.

DEPOSIT WORKS

411. The Schedule of Deposit Works, Form P.W.A. 33, should be checked as follows:—

- (a) The works detailed in Part I of the schedule should first be taken up.
- (b) The month's deposit (if any) for each work, as shown in column 5, should be posted in column 6, "Amount of Allotment", of the Works Audit Register (the name of the month being quoted in column 5, "Authority") and a line should be drawn below this entry, and underneath it should be worked out the deposit up to date.
- (c) The deposit up to date, as shown in column 6 of the schedule, should then be agreed with the corresponding figure in column 6 of the Register.
- (d) The month's expenditure should be agreed with the audited net charges as shown in the Schedule Docket, and the figures then posted in the appropriate monthly column of the Register, as in the case of works appearing in the Schedule of Works Expenditure (paragraph 374).
- (e) The progressive expenditure should then be audited and it should be seen that it does not exceed either the amount of the estimate or that of the up to date deposit as recorded in the Register. If the progressive expenditure exceeds the up to date deposit for a work, it should be seen that the figures of the excess (*i.e.*, both the month's excess and the excess up to date) are shown correctly in columns 10 and 11 of the schedule as debitable to the head—"Miscellaneous P. W. Advances".
- (f) If the work is shown as completed, a note to this effect should be made in the Register in the manner described in Clause (6) of paragraph 377, and it should be seen that the Divisional Officer has taken action under the Financial Rules of Government to refund the unexpanded balance of deposits or to effect recovery of the amounts spent in excess of the sums deposited, as the case may be. In cases of omission on his part, his attention should be invited to the relevant rules and the adjustment should be watched specially until the necessary plus or minus entry in column 5 of a future schedule. (*vide* Note 1 to Article 219 of the Account Code, Volume III) settles the account of the work finally.

412. If any report of the progress of expenditure on a Deposit work accompanies the schedule for transmission to the responsible administrator of the work (*vide* Note 2 to Article 230 of the Account Code, Volume III), it should be verified and forwarded without delay.

413. When the account of a Deposit work is settled finally, the Superintendent should see that the word "Closed" is written in red ink against the entry of the up to date deposit in column 6 of the Works Audit Register. So that subsequent expenditure against the deposit may no longer be admitted in audit. He should attest the entry.

414. Part II of this schedule, if it is received monthly, should be checked and it should be seen that all works which were included in the previous month's schedule, but do not appear in Part I of the current month's schedule, have been detailed correctly. If this Part is not received monthly, then whenever it is received it should be seen that it shows, with correct particulars all unsettled Deposit works of the Works Audit Register, other than those which appear in Part I for the month.

TAKAVI WORKS

415. Entries in Part I of the Schedule of Takavi Works, Form P.W.A. 36, should be checked and posted in the Works Audit Register, in the same way as those in Part I of the Schedule of Deposit Works, the realisations being treated as deposits. After all the entries including totals, etc., have been checked, the entries leading to the closing balance of the account, Takavi Works Advances, as shown in the abstract appearing on the lower left hand corner of the form, should be verified and the opening balance agreed with the closing balance of the previous month's schedule.

1. When a realisation is credited in this schedule by debit to the minor head—"Advances to Cultivators", it should be seen that the acceptance of the debit by the authority concerned, accompanies the schedule docket.

416. Part II of the schedule should be checked and it should be seen that all Takavi works which were included in the previous month's schedule but do not appear in Part I of the current month's schedule, have been detailed correctly.

WORKS CONNECTED WITH STOCK

417. The audit procedure relating to the charges on manufacture operations and on other works connected with Stock, as brought to account by Divisional Officers in the Schedule of Debits to Stock, Form P.W.A. 28, is described in Chapter 22.

UNAUTHORISED WORKS

418. When, under the departmental regulations made by Government, an intimation is received from an officer of the Public Works Department that he is incurring an unauthorised liability on a work, the Audit Office should bring the facts instantly to the notice of the Competent Authority so that authority may take requisite steps either to stop the work or to regularise its execution.

LAND AWARD STATEMENTS

419. On their receipt, land Award Statements should be checked arithmetically and it should be seen that there is no doubtful point requiring a reference to the Land Acquisition Officer. Particulars of the statements should then be entered in columns 1 to 6 of the Register of Land Charges, Form 109.

420. The procedure to be observed in the Audit Office in the disposals of the Statements will be such as may be prescribed by the Accountant General with reference to the rules made by Government for the payment of compensation for land taken under the Land Acquisition Act. The audit of the payments made against the awards should be noted in the Award Statement against the dated initials of the Superintendent, and the entries in Register of Land Charges should be similarly attested.

421. The Superintendent should see that delays in the completion of Award Statements, caused by the non-receipt of connected vouchers, are investigated at frequent intervals. If an item remains unpaid for an unusual length of time and the cause of the delay is not known, before any reference on the subject is sent out of the office it should first be ascertained from the audited accounts that the payment has not actually been brought to account.

ACCOUNTS OF PROJECT ESTIMATES

422. Whenever any expenditure on a sub-work of a project is placed under objection as not being covered by technical sanction or being in excess of it, and it cannot be known readily that the expenditure is less than the savings on the project estimate as indicated by the register in Form 110, a suitable summary of all the actual charges booked against the project in the Works Audit Register should be prepared and it should then be seen whether or not the project estimate, as a whole, has been exceeded. Once a project estimate has been exceeded, the total expenditure on the project should be similarly determined month by month until the excess is removed.

1 If the works in connection with a project are entrusted to two or more divisions the figures of all the divisions should be taken together for the purpose of this paragraph.

423. *Deleted.*

CONTRACTORS' ACCOUNTS

424. (a) Before the audit of vouchers is taken up, the opening balance of all accounts in the Extract from the Contractors' (Ledger Form P.W.A. 43, should be checked with the previous month's Extract.

(b) Then, whilst the vouchers and schedule dockets are being checked (*vide* Chapter 19), it should be seen—

- (1) in respect of every Running Account Bill, or Account of Petty Contractors, that the month's transactions are posted correctly in the Ledger, and that the closing balances as detailed in the Ledger are correct;

- (2) in respect of all vouchers, that charges (if any) debitabie to the account of a contractor other than the payee have also been debited to the proper Ledger account on the authority of the vouchers; and
- (3) that all recoveries and cash realisation from contractors, and debits to them on account of stores issued, are taken to their respective accounts.

(c) Next, about ten per cent. of all First and Final Bills, other payment vouchers of contractors, not being Running Account Bills, should also be traced into the Ledger.

(d) Finally, each Ledger account should be checked arithmetically and it should be seen at the same time that—

- (1) besides the entries checked in pursuance of the instructions in clause (a) to (c) above, there are no entries other than (i) debits on the authority of muster rolls not submitted to audit, *vide* Article 232(b) of the Account Code, Volume III, and (ii) debits and credits in respect of First and Final Bills which have not been traced into the Ledger;
- (2) the debit and credit entries mentioned in (1) (ii) above counter-balance each other in respect of each bill; and
- (3) the details of the closing balance of each account work up to the total.

(e) Generally it should be seen that the rules relating to contractors' accounts, as prescribed in the Account Code, Volume III and the Financial Rules of Government have been observed, and that there is no indication of a transaction pertaining to a running account having been settled on a form of bill not permitted to be used for the purpose.

WORKS ACCOUNTS BALANCE

425. The audit of the works accounts for June should not be considered as completed until Form P.W.A. 46, Annual Certificates of Balances, has been received, and certificates No. 4, in that form, relating to works accounts has been examined and it has been seen (1) that it is complete in all respects, (2) that the closing balance of the accounts for "Contractors", under each of the three heads into which this account is divided, agrees with the total of the balances as per audited Extracts from Contractors' Ledgers, Form P.W.A. 43 and (3) that the certificate does not indicate any deviation from rule requiring action on the part of the Audit Office. Large fluctuations in the balances may form the subject of special enquiry.

CHAPTER 21—AUDIT OF REMITTANCES

General	426	Settlement and Exchange Accounts ..	436
Transfers between Public Works Officers	427	Transmission of Advices of Transfer Debit	434
Public Works Remittances	429	Certificates of Audit	439

GENERAL

426. In the audit of the remittance transactions appearing in the Schedule of Debits (and Credits), relating to Remittances (Form P.W.A. 39), it should be seen first of all :

- (1) that transfer adjustment is permissible in respect of each item;
- (2) that transfers on account of the cost of work done by Divisional Officers for other parties are supported by detailed Schedules of Works Expenditure, Form P.W.A. 27, prepared in accordance with the rule in the Account Code, Volume III;
- (3) that transfers on account of revenue realised, for the department "&" whose works are carried out as a standing arrangement, *vide* paragraph 439, are similarly supported by detailed schedules in the prescribed Form P.W.A. 9;
- (4) that Advices and Acceptances of Transfer, Forms P.W.A. 19 and 20, have been exchanged by Divisional Officers, with the parties concerned, only in the cases in which this is authorised; and
- (5) that the necessary authority of the Audit Office exists in all cases in which a transaction should not be brought to account without it.

The special points, which also require attention, are enumerated in the following Paragraphs.

TRANSFERS BETWEEN PUBLIC WORKS OFFICERS

427. The head "Transfers between Public Works Officers" is intended for transactions between Public Works Officers (including Civil Officers acting as Public Works Disbursers) rendering accounts to the same Accountant-General. Each auditor is responsible that, for every debit or credit, as the case may be either the corresponding credit or debit has been brought to account by the division concerned (in the same month or in an earlier month) or the auditor of that division has been warned to, watch that it is brought to account in due course. With this object, transfer transactions of this class appearing in all the divisional schedules (debit as well as credit) of a month should be paired, auditors being required to write the word "Agreed" in red ink against the entries in each other's schedules.

428. For items which cannot be paired, the procedure should be as described below:

- (i) If the corresponding entry appeared in an earlier month, the auditor concerned should certify this by writing the words "Adjusted in _____" against the entry in the schedule under audit (see also paragraph 483);
- (ii) If the corresponding entry is still awaited, the auditor concerned should keep a suitable note to aid him in watching it, and, in token of this, he should write the word "Noted" against the entry in the schedule under audit;
- (iii) Items awaiting adjustment [*vide* clause (ii) above] should be reviewed monthly, and if any of them remain unsettled for more than two months, step should be taken in correspondence with the Divisional Officer concerned; so that the items are either adjusted or withdrawn before the close of the year.

PUBLIC WORKS REMITTANCE

429. The head "Public Works Remittances" is intended for transaction of Public Works Officers with Treasury/D.A.O. and other officers of the Civil Department (including the Forest Department) within the same circle of accounts and with officers (including Treasury Officers/D.A.O's in other Circle of Account) in cases where the transactions originate in those circles. This head comprises the following three divisions:

- (i) Remittances into Treasuries/D.A.O's, *i.e.*, cash remitted by officers of the Public Works Department of Treasuries/D.A.O's in accounts with the same Accountant General;
- (ii) Public Works Cheques, *i.e.*, cheques drawn by officers of the Public Works Department on Treasuries/D.A.O's in account with the same Accountant-General, and cashed at those treasuries;
- (iii) Other Remittances, *i.e.*, transfer transactions between officers of the Public Works Department on the one hand, and officers of Civil Departments (including the Forest Department) in account with the same Accountant General or officers (including Treasury Officers/D.A.O's) on other circles of account in cases where the transactions originate in those circles, on the other.

¹ Remittances into, and cheques drawn on, treasuries in account with another Accountant General, are treated as transactions originating in the account circle of that Accountant General.

430. The head "III. Other Remittances" is sub-divided into:

- (a) Items adjustable by Civil Officers; and
- (b) Items adjustable by Public Works Officers.

Transactions pertaining to non-Public Works head of account, which originate in the accounts of Divisional Officers of the Public Works Department, but, under rule, cannot be adjusted under those heads by Divisional Officers in their Schedules of Miscellaneous Heads of Account (*vide* Note 2 below Article 225 of the Account Code, Volume III), are classified under head (a) of "Other Remittances". But when a transaction relating to the Public Works Department originate in the Civil section of the accounts whether on the authority of Treasury/D.A.O. or other departmental account rendered to the Accountant General or, on the authority of the Settlement or Exchange Accounts received by him, and it is not classifiable under one of the Public Works revenue or expenditure heads, transactions under which are permitted to be adjusted direct on the Accountant General's books, it is, debited or credited, as the case may be, to "Other Remittances" under head (b). A responding debit or credit of either class is allocated under (a) or (b), according as the original transaction (credit or debit) is classified under (a) or (b).

431. In respect of the divisions "I. Remittances into Treasuries/D.A.O's" and "II. Public Works Cheques" of the head—"Public Works Remittances", it is sufficient to see that the totals shown in the schedule are supported by the necessary details in the Schedule of Monthly Settlement with Treasuries/D.A.O's Form P.W.A. 26 relating to the treasuries within the Account Circle.

432. In the audit of the Schedule of Settlement with Treasuries, Form P.W.A. 26, the points of importance to be seen are:

(a) For Part I—

- (1) that the figures in line 4 are supported by original Consolidated Receipts of Treasury Officers/D.A.O's;
- (2) that the closing difference (line 5) of the month is, in respect of each treasury/D.A.O., equal to the difference between the figures in line 5-A and 5-B; and
- (3) that at the close of the year there is ordinarily no difference.

(b) For Part II—

- (4) that the figures in line 4 are supported by the original Certificates of Issues signed by Treasury Officer/D.A.O's;
- (5) that the difference in line 5 is, in respect of each Treasury/D.A.O. supported by the necessary details; and
- (6) that at the close of the year there is ordinarily no difference except on account of cheques issued up to 30th June cashed by that date.

433. As regards the division "III. Other Remittances", the special points requiring attention are:

- (i) that all items are classified correctly as original or responding;

- (ii) that the head "(a) Item adjustable by Civil Officers" is operated on only in respect of such original items as cannot, under rules, be accounted for in the Schedule of Debits (for Credits) relating to Miscellaneous of Account; and
- (iii) that the transactions under the head "(b) Items adjustable by P.W. Officers relate only to the transaction on account of remittances into, and cheques drawn on, Treasuries/D.A.O's in another account circle (including Military Treasure Chests), to such responding debits or credits as are adjusted on the authority either of a special intimation given by the Accountant General or of a general arrangement authorised by him.

434. If any responding item is stated to have been brought to account provisionally, the objection raised by the Divisional Officer should be examined and it should be seen that it does not indicate any deviation from rule, either on his own part or on that of the other party to the transaction, requiring any action on the part of the Audit office. In the case of transactions classified under the division "Other Remittances" the objections of Divisional Officers should be communicated to the clerks who keep the Objection Books for such transactions, and who are, therefore, responsible for watching their clearance. In all other cases, the auditor should see that the objection is settled in due course.

435. Auditors are responsible for watching the expenditure adjustment of all items intimate to Divisional Officers for response. To enable them to discharge this responsibility the auditors concerned should be required to keep a note of all intimations sent out to Divisional Officers. Delays in adjustment should be investigated.

SETTLEMENT AND EXCHANGE ACCOUNTS

436. It should be seen that only transactions originating in the division appear under the heads "Exchange Accounts" which are used for such transactions as are adjustable in another accounting circle.

Note—Transactions on account of cheques drawn or, or remittances made to, treasuries/D.A.O's are treated as transactions originating at those treasuries/D.A.O's and not as originating in the division, vide Note Below Article 16 of the Account Code, Volume III.

437. After audit, the name of the exchange Account to which each item classified by the division under the head "Exchange Accounts" pertains should be noted against it by the auditor in red ink.

TRANSMISSION OF ADVICES OF TRANSFER DEBIT

438. If an Advice of Transfer Debit, Form P.W.A. 19, has been received with the schedule, under Note to Article 183 of the Account Code, Volume III, it should be transmitted, as soon as the schedule is audited to the division concerned for necessary certificate (signed by the Gazetted Officer in charge), in respect of charges for which vouchers are not attached to the advice should accompany it.

CERTIFICATE OF AUDIT

439. After the schedules have been audited, a certificate in Form 113 should be prescribed in respect of each original item representing the cost or work done by Divisional Officers on behalf of other divisions, departments, except in cases of works, carried out as a standing arrangement, for whose receipt and expenditure trans/actions the Accountant General will act as the Sub-Audit Officer on behalf of the Audit Officer concerned.

440. This certificate, signed by the Gazetted Officer in charge, should be disposed of as indicated below:

- (a) When the transaction relates to the head "Transfers between Public Works Officers", the certificate should be sent to the Divisional Officer on whose behalf the work was done, and he should be asked to respond to the transfer.
- (b) When the transaction relates to the head, "III-Other Remittances", the certificate should be made over to the clerk keeping the register for the clearance of transactions under this head.
- (c) When the transaction relates to Settlement or in Exchange Account, the certificate should be passed on to the clerk preparing the onward Settlement or Exchange Account concerned.

CHAPTER 22—AUDIT OF SUSPENSE HEADS, DEPOSITS AND TAKAVI ADVANCES

General Instructions	441	Miscellaneous P.S. Advances ..	456
Stock	448	Deposits	451
Purchases	450	Takavi Works Advances ..	452

441. The audit of the schedules relating to the several suspense and other balanced heads of account (see below) consists not only applying the ordinary procedure of audit of expenditure and receipts to the month's debit and credit transactions under these heads, but also in seeing (1) that the unadjusted balances under these heads are correctly carried forward severally, from month to month, (2) that these balances continue to represent *bona fide* assets or liabilities of Government capable of being realised or settled, as the case may be, and (3) that satisfactory action towards such realisation or settlement is being taken by Divisional Officers. In this audit, the rules of the Account Code, Volume III and the Financial Rules of Government relating specially to these accounts should be borne in mind.

**STOCK, PURCHASES, MISCELLANEOUS P.W. ADVANCES,
WORKSHOP SUSPENSE, DEPOSITS TAKAVI WORKS ADVANCES.**

442. Generally it should be seen that the account of each of these heads is so detailed that the clearance of each distinct item may be watched independently. But the account of stock is an exception to this rule, as in addition to the values brought to account in Forms P.W.A. 28 and 29 there are quantity accounts of all articles borne on stock which are kept and submitted under the rules of Government and have to be scrutinised periodically and reconciled with the value accounts. It is not sufficient to see that the balance carried forward, from month to month, under one of these heads is correct, it is an important function of Audit to see that the balance relating to each individual item, work or job, is kept distinct and correct, and that the balances of the several items, etc., relating to each head of account make up the aggregate balance recorded under that head.

1. This instruction should be specially borne in mind when the account procedure for the head "Workshop Suspense" is prescribed, *vide* Articles 168 and 174 of the Account Code, Volume III.

443. The accuracy of the details leading to the balance under each head should be verified monthly, or otherwise, according to the rules applicable to each case, *vide* paragraph 393.

444. In course of the review of the balances, it should be seen that no item remains unadjusted longer than is reasonably necessary for its clearance in the ordinary course, with due regard to the rules applicable to each case. Delays in adjustment should ordinarily form the subject of an enquiry through the Audit Note (Paragraph 532) but special cases may be taken up, with the Divisional Officer or higher authorities, by correspondence also; and when the delays become serious, or the Divisional Officer's replies to audit enquiries do not establish that adequate action is being taken towards clearance, the items remaining unadjusted should be brought on to the Objection Book, *vide* paragraph 544.

445. The audit of the schedules for the closing months of the year should receive special care, so that, as far as possible, the balances at the close of the year may be reduced and items open to objection may be removed from them. The audit of the schedule for June should not be considered as completed until Form P.W.A. 46, "Annual Certificates of Balances" has been received, and certificates Nos. 1 to 3 of it have been examined and reconciled with the schedules.

446. At the close of the year the balance of each of the suspense accounts subordinate to the minor head "Suspense" under the different major heads of expenditure should be worked out independently; to and from the balance of the previous year should be added and subtracted respectively the total debits and credits of the year as per Departmental Consolidated Abstract, and the resultant balance agreed with the balance worked out in the broad-sheet.

447. The following Paragraphs deal with some of the more important points to be looked into when the monthly schedules of some of these heads are examined.

STOCK

448. The Schedule of Debits to Stock Form P.W.A. 28 should first be checked and its expenditure figures posted in the Works Audit Register, generally in the manner prescribed for schedules of Works Expenditure, the points of difference being as follows :-

- (1) in cases in which a detailed estimate can be dispensed with under rule; that the expenditure as authorised by competent authority may be accepted as the amount of a sanctioned detailed estimate.
- (2) the figures of "outturn" from manufacture operations, as shown in Columns 4 and 5 of the schedule, should also be posted in the Works Audit Register, the progressive figure being checked in the same way as progressive expenditure; and
- (3) When a manufacture operation is shown as completed, it should be seen that the Divisional Officer has taken action, in accordance with Article 163 of the Account Code, Volume III, to adjust the difference between the progressive figures of "operation" and "outturn"; in cases of omission, his attention should be invited to the rule and the matter pursued until the difference is settled and the account of the manufacture closed, when a suitable note (attested by a member of the Superintending staff) should be recorded in red ink in the column for "Remarks".

449. The Stock Account, Form P.W.A. 29, should then be taken up. The second part, "Detailed Accounts of Issues" should be examined first. The section of this part relating to "Issues to Works, etc." should be agreed with the relevant entries in all the Schedule Dockets of the month, and the remaining issues should be traced from the several accounts as indicated in the form part I should next be checked. It should then be seen that the closing balance of Stock, excluding any items of the sub-head "Manufacture", which are not debitable against the sanctioned reserve limit of stock, does not exceed that limit.

PURCHASE

450. In the alternative schedule, Form P.W.A. 31, if any transaction is shown in respect of an item which was omitted in the previous month's schedule the last entry should be traced and a remark connecting it with the entry under audit should be made against it in red ink.

MISCELLANEOUS P.W. ADVANCES

451. In the audit of the schedule of Miscellaneous P.W. Advances, Form P.W.A. 32 a distinction should be observed between items which represent regular transactions correctly pertaining to the head Miscellaneous P.W. Advances, and items which indicate either a disregard of any financial rules, or losses, retrenchments and errors awaiting adjustment. The clearance of items of both classes should be watched vigilantly and items of the latter class should be registered in the Objection Book.

DEPOSITS

452. The special points requiring attention in the audit of the Schedule of Deposits, Form P.W.A. 34 or 35, are the following:

- (a) In respect of "Deposits for work to be done" it should be seen that the necessary details in support of this item are given in a Schedule of Deposit Works, Form P.W.A. 33, the instructions for whose audit are given in paragraphs 411 to 414.
- (b) If the schedule of Deposits shows that any of the deposit items have been converted into any form of interest bearing security, it should be seen that in respect thereof the certificate printed at foot of the schedule has been recorded correctly.
- (c) When the alternative form (Form P.W.A. 35) of the schedule is checked, previous entries should be traced in the manner indicated in paragraph 450, etc.
- (d) When the Schedule for June is checked, it should be seen that lapsed deposits have been duly credited to the Government in accordance with the rules made by it, *vide* Article 170 of the Account Code, Volume III.
- (e) The schedule for June should be accompanied by an Account of Interest Bearing Securities in such form as may be prescribed locally, *vide* Article 239 of the Audit Code, Volume III. The Account should be checked in detail, it being seen specially (1) that all conversions of deposits into interest-bearing securities, as shown in the Deposit Schedules of the year, have been brought to account, (2) that the transactions relating to the return or retransfer of securities to depositors are supported by proper acknowledgement of the depositors, and (3) that in respect of the balances at the close of the year the necessary certificates of the Divisional Officer or sub-divisional Officers, as the case may be, have been received.

TAKAVI WORKS ADVANCES.

453. The Abstract appearing on the lower left hand corner of the Schedule of Takavi Works, Form P.W.A. 36, is the Schedule indicating the monthly state of the Debt head "Takavi Works Advances". The instruction for its audit are given in paragraph 415.

Chap. 23] AUDIT OF OTHER MONTHLY SCHEDULES AND ACCOUNTS [454—458**CHAPTER 23—AUDIT OF OTHER MONTHLY SCHEDULES AND ACCOUNTS**

Schedule of Revenue Realized	...	454	Schedules of Debits (and Credits) relating to Miscellaneous Heads of Account	..	459
Schedule of Refunds of Revenue	...	457	The Monthly Account	..	460
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SCHEDULE OF REVENUE REALIZED

454. The audit of this schedule should be conducted mainly with reference to the general directions contained in Articles 139 to 142 of the Account Code, and the instructions in the following paragraphs, subject always to the financial rules of the Government, and the provisions of service rules in regard to rents of Public buildings (including installations, etc.) recoverable from persons occupying them.

Note—If under the rules of Government separate schedules of Rents of Buildings and Lands are submitted to the Audit Office, the detailed procedure regarding their audit will be prescribed by the Accountant General in consultation with Government and incorporated in the local Manual.

455. To see that all revenue, or other debts due to Government, which have to be brought to account in the Public Works section of the accounts (*vide* Article 20 of the Account Code, Volume III), are correctly and promptly assessed, realised and credited to the public account, is primarily the responsibility of the Divisional Officer. But it is also the duty of the Audit Office to see that revenue and other receipts of which it has cognisance (either through any entries in the public account or otherwise, *e.g.*, through orders as special recoveries received from competent authority) are brought to account by the Divisional Officer.

Note—Recoveries towards clearance of charges which are outstanding in any accounts schedules or in the Objection Book will be watched those documents. All other recoveries will be watched through Part IV of the Works Audit Register, *vide* paragraph 381.

456. The correct classification of receipts should receive the same attention as the classification of payments, even though the receipts may not be susceptible of audit check. Not only should each item of receipt be classified under the major, minor and detailed heads to which it pertains, but, in cases in which separate revenue accounts of projects are kept, the receipts relating to each project should be kept distinct. See also paragraph 457.

SCHEDULE OF REFUNDS OF REVENUE

457. Refunds of revenues are usually classified in the same detail as revenue receipts, but the total amount of refunds should be taken in reduction of the total revenue receipts under the major head concerned. The audit of these refunds should be conducted as laid down in Article 131 of the Audit Code.

458. In dealing with the Extract from Registers of Refunds of Revenues (Form P.W.A. 9), it should be seen, in respect of each refund, that the amount refunded was available from the original receipt to which it pertains,

458—462] AUDIT OF OTHER MONTHLY SCHEDULES AND ACCOUNTS [Chap. 23

and a suitable note specifying the amount refunded, should be recorded against the entry of that receipt in the relevant receipt schedule. If the refund is one made by the Divisional Officer in compliance with the orders of a court of law remitting a fine previously credited to Government, it should be seen that the original order of the court accompanies this schedule (*vide* Note 3 to Article 230 of the Account Code, Volume III), and the order should also be quoted against the original receipt entry of the fine.

**SCHEDULE OF DEBITS AND CREDITS RELATING TO
MISCELLANEOUS HEADS OF ACCOUNTS**

459. In the audit of Schedules of Debits (and Credits) relating to Miscellaneous Heads of Account, Form P.W.A. 40, it should be seen specially that the instructions given in Note 2 to Article 225 of the Account Code, Volume III, have been observed, and if the classification of any items is not given in full in the column "Head of Account" the auditor should complete the entries by nothing the detailed classification in that column in red ink. For items representing expenditure on works *e.g.*, those relating District Funds and Local Loans, it should be seen that they are supported by detailed schedule in Form P.W.A. 27.

1. The use of the schedule, Form P.W.A. 40 should be authorised, in respect of any class of transactions, only when the Works Audit Department is in a position to deal with them finally in audit and no audit proceedings on the part of any other section are necessary.

THE MONTHLY ACCOUNT

460. After the various schedules and accounts have been checked in accordance with the instructions in the proceeding Chapters and Paragraphs, it should be seen that the totals of the schedules concerned correctly work into the Monthly Account Form P.W.A. 42.

461. Item No. 32 "Cash Balance diminished/increased", of the Monthly Account should then be checked and it should be seen that it is equal to the difference between the closing cash balance of the month (as ascertained by the Divisional Officer on the Monthly Account or on the Report of Scrutiny of Accounts, as the case may be) and the opening balance of the same month (shown in the Monthly Account), which should be checked with the previous month's closing balance.

1. The Memo of Miscellaneous Cash receipts paid into Treasuries/D.A.O's and the Divisional Officer's "Certificate of Cash Balance" recorded on the reverse of the Monthly Account should be examined and it should be seen that they do not indicate any deviation from rule.

462. All the items of receipts and disbursements shown in the Monthly Account having thus been tested, the two totals of the account should then be checked arithmetically; if they agree with each other, the account is proved and should be passed for an amount equal to the total of the column for "Disbursements" excluding the increase (if any) in the cash balance. The audit endorsement, stating the amount passed both in words and figures, should be recorded in red ink on the Monthly Account, over the signature of the Gazetted Officer.

Chap. 23] AUDIT OF OTHER MONTHLY SCHEDULES AND ACCOUNTS [463—466

1. It is not necessary to send a formal intimation of audit to the Divisional Officer as the result of audit will be communicated to him in the form of the Audit Note and the Objection Statement (*vide* paragraph 552).

463. Any item in the Monthly Account found to be incorrect should be corrected in red ink, and if, in consequence of such correction or for any other reason, the account does not balance, the difference should be brought to account thus—

- (i) if the total receipts are more than the disbursements, the difference representing a shortage in the account should be brought on to the Schedule of Miscellaneous P.W. Advances, Form P.W.A. 32, by a suitable entry, necessary corrections being made not only in that schedule but also in the Classified Abstract of Expenditure, Form P.W. A. 41, and the Monthly Account itself;
- (ii) if the total disbursements exceed the receipts, the difference, representing a surplus, should be brought on to the Schedule of Deposits, Form P.W.A. 34 (or 35) by a suitable entry, necessary corrections being made only in that schedule and the Monthly Account.

With these corrections, the Account will balance as if there were no error in it or in any of the supporting schedules.

464. In the Monthly Account and the List of Accounts are not signed by the Divisional Officer, and the Divisional Officer's Report of Scrutiny of Accounts, Form P.W.A. 45, is not received within ten days of the receipt of the accounts, it should be called for, a suitable remark being at the same time made in the Audit Note which should not be withdrawn until the report is received and found to be in order.

1. If it is noticed that the Monthly Account of a division is received habitually over the signature of the Divisional Accountant, the fact should be brought to the notice of the Inspecting Officer when proceeding to inspect the accounts of the divisional office, *vide* paragraph 680.

465. *Deleted.*

466. The grants and allotments of the year for all works and services lapse on the last day of June. The annual maintenance and repair estimates also lapse on that date, unless the Government has prescribed any other month of the year as the last month of the working year for any class of such works. All expenditure brought to account in Divisional Officers' account towards the close of the year, especially during June should, therefore, be scrutinised with vigilance, and it should be seen (1) that the charges against the allotment and estimates of the year then closing, as brought to account, are regular, (2) that the liabilities and assets of one year are not brought to account in another year, (3) that, in order to secure compliance with the provisions of these restrictive rules, the Divisional Officers have not employed irregular method of dealing with the liabilities and assets of the year as may either have caused actual loss or expense to Government, or any possibility result in loss or extra expense or any be otherwise detrimental to financial efficiency.

467—468] AUDIT OF OTHER MONTHLY SCHEDULES AND ACCOUNTS [Chap. 23

1. In the audit of the accounts of other months of the year also, as well as at local inspections of Public Works Offices, these points should be borne in mind.

467. If the June accounts of any division, or the Statement of cheques issued during June [*vide* Article 234(b) of the Accounts Code, Volume III] received from it, indicate an unusual and serious rush of payments towards the close of that month, it is necessary to investigate the causes and the effects of the rush and the hurried payments which it must have involved.

468. The closing cash balance of the Monthly Account for June will be supported by the original reports and the certificate mentioned in Article 234 (a) of the Accounts Code, Volume III. It should be seen that these documents have been received and that the balances certified therein are equal, in the aggregate, to the closing cash balance as shown in the Monthly Account.

Deduct Items adjusted—

						Tk.	
December ..	--	--	--	--	--	000	} 000
January ..	--	--	--	--	--	000	
February ..	--	--	--	--	--	000	
March ..	--	--	--	--	--	000	
Amount outstanding at end of March	..	..	..	..	..	000	
Amount outstanding as per Ledger	..	..	..	..	..	000	

484. At the close of the year, there should be no balance under this remittance head, and with this object, the list of outstanding items should be reviewed monthly towards the close of the year, and steps should be taken, in correspondence with Divisional Officers, to have all transfers adjusted or withdrawn, before the accounts of the year closed. See also Article 185 of the Accounts Code, Volume III.

PUBLIC WORKS REMITTANCES

485. The detailed classification of the head "Public Works Remittances" is given in paragraphs 429 to 430.

486. The procedure for dealing with heads I.—Remittances into Treasuries/D.A.O's and III.—Public Works Cheques is as follows. As the divisional Schedules of monthly Settlement with Treasuries/D.A.O's, Form P.W.A. 26, are checked, BROADSHEETS in Forms 116 and 117 should be posted from them in respect of transactions (cheques and cash remittances respectively) with treasury in account with the Accountant General. Each BROADSHEET, when completely posted, should be totalled, and its totals agreed with the corresponding figures in the Ledger. At the close of the year, the outstanding differences should represent merely the accounts of cheques drawn up to 30th June remaining uncashed by that date, and cash remittances in transit on that date. All other differences should from the subject of enquiry and be adjusted before the accounts of the year are closed.

1. This monthly reconciliation, so far as the Civil figures for each Treasury/D.A.O's are concerned, is made on the basis of Treasury Officers/D.A.O's monthly certificates received with the accounts of Public Works Officers. If the month's total, thus, arrived at, for "Cheques cashed at treasuries/D.A.O's" or Remittances acknowledged by Treasury Officers/D.A.O's as the case may be agrees with the corresponding figures in the Detail Book, no reference to treasury/D.A.O. schedules will ordinarily be necessary, but in case of difference, a detailed comparison of the Treasury Officers/D.A.O's certificates with the schedules should be made and the discrepancy traced.

2. The procedure for dealing with the transactions (cheques and cash remittances) of Public Works Officers with treasuries/D.A.O's in account with another Accountant General is described in paragraph 489.

487. Debits and credits under head III.—Other Remittances (a) items adjustable by Civil Officers, which appear in the accounts of Public Works Officer, should be adjusted in the Civil section of the accounts in the same way

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INWARD RETURNS

REGISTER OF STOCK AND TOOLS AND PLANT

469. When the periodical Registers of Stock and Tools and Plant are kept and submitted to the Audit Office under the rule of Government, they should be subjected to such audit checks as the Accountant General may prescribe with the concurrence of Government. Among other points it should be seen—

- (1) that the previous audited Register is received back with it and is found to be complete in all respects, and no entries in it have been tampered with;
- (2) that the closing balances according to the previous audited Register are correctly brought forward in the Register under audit and that the results arrived at in the latter as the closing balances are correct;
- (3) that there is a record of stock having been taken within the previous twelve months by some responsible officials whose names and designations are specified;
- (4) that no defect or irregularity in the mode of keeping the detailed value accounts of stock is indicated either by any of the important discrepancies in the rates for individual articles, or by the surpluses and deficit under the total values of the sub-heads of Stock, for this purpose, the Future Issues Rates of articles should be compared not only with the Current Issue Rates but also with the Market Rates; and
- (5) that the shortage (if any) are not large and that there is no undue delay in their adjustment.

470. After audit, a suitable audit endorsement should be recorded on the Register over the signature of the Gazetted Officer, and the Register should be returned to the Divisional Officer, accompanied, if necessary, by an Audit Note and an Objection Statement. At the same time the previous audited Register should be returned for final record.

1. An office copy of the Audit Note should be retained in the Audit Office.

COMPLETION REPORT

471. When a Completion Report or Statement of Works is received under the rules of Government, the expenditure noted therein should be verified with the figures recorded in the Works Audit Register and the documents should be

forwarded to the Competent Authority. The accounts of the works should then be closed, if this has not already been done, and if there is an excess over the sanctioned estimate requiring sanction, the receipt of the sanction should be watched through the Objection Book under the instructions in Chapter 28.

472. *Deleted.*

473. *Deleted.*

474. *Deleted.*

475. *Deleted.*

476. *Deleted.*

477. *Deleted.*

478. *Deleted.*

B. *Deleted.*

479. *Deleted.*

480. *Deleted.*

OTHER ANNUAL STATEMENTS

481. As soon as possible after the close of the year, the following annual statements should be prepared and forwarded to the authorities concerned, on such dates as may be settled locally:

Serial No.	Information to be furnished.	To whom submitted.
1	Detailed schedules of revenue and expenditure of the Public Works Department (in such detail as the Government may require) these schedules are ordinarily the same as those referred to in Serial No. 6 of annexure to Chapter 21 of the Accounts Code, Volume IV.	Government.
2	Financial details to be embodied in the Administration Report on the Public Works Department (in such form as the Government may prescribe in consultation with the Accountant General).	Public Works Department of the Government.

1. The Schedules for Establishment and Tools and Plants (pertaining to Statement No. 1) should be supported by the necessary details showing the distribution of such charges over major heads, in accordance with the relevant rules.

as similar transactions of inward Exchange Account. The procedure prescribed in the Accounts Code, Volume IV in respect of the adjustment of non-Public Works transactions of inward Exchange Accounts should be observed; with such local modifications as the Accountant General may deem advisable, the object being not only to keep a watch over the clearance of each item but also to test the total uncleared balances under this head month by month, and to ensure the absolute adjustment of all items within the account of each year.

488. All debits and credits under head III.—Other Remittances (b) Items adjustable by Public Works Officers should, for purposes of settlement be sub-divided into the following three classes:

- (i) remittance into, or cheques drawn on, treasuries/D.A.O's in other accounting circles (including Military Treasure Chests);
- (ii) transactions in respect of which Advices and Acceptances of transfer are exchanged direct with officers of other accounting circles; and
- (iii) miscellaneous Public Works items.

489. In respect of items of class (i) Broad-sheet in Form 116 (*vide* paragraph 486), should be kept in the Works Audit Department, separately for each account circle, as the responsibility for watching the clearance of the transactions devolves primarily on the Audit Officer with whom the Public Works Officers are in account.

Note—The monthly totals of these broad-sheets should be reconciled thus:—

(i) Cash remitted by Public Works Officers	} With the corresponding figures in Detail Book.
(ii) Cheques issued by Public Works Officers	
(iii) Remittances acknowledged by Treasury Officers/D.A.O's.	} With the totals of the relevant credits and debits (as the case may be) in the inward Settlement or Exchange Account concerned.
(iv) Cheques cashed at treasuries/D.A.O's	

Differences in respect of (i) and (ii) would indicate errors of accounting which should be traceable within the office. If any difference is found in respect of (iii) or (v), the entries in Schedule concerned, received with the inward account, should be compared in detail with the relevant postings in the Broad-sheet and the discrepancies traced and settled, in communication the Accountant General concerned if necessary.

490. Similarly, in respect of transactions of class (ii) a Broad-sheet in a form similar to Form 115 should be taken up with the Divisional Officer concerned through Audit notes or correspondence as the Accountant General may consider necessary.

491. All debits and credits of class (iii), which appear in the Civil section of the Accounts whether on the authority of Treasury/D.A.O. or other Departmental Accounts rendered to the Accountant General or on the authority of the Settlement or Exchange Account received by him, should be

collected in a register (separately for debits and credits) in Form 118 and full particulars of each transaction should be intimated, in suitable form, to the Divisional Officer concerned to enable him to respond to the transaction.

492. The clearance of debits entered in this Register should be watched, on the basis of responding credits and debits as shown under this head in the audited divisional Schedules of Remittances, Form P.W.A. 39. It should be remembered that unless special steps have been taken towards expeditious settlement of items responded to by Public Works Officer, the earliest month in which an item will be responded to in the ordinary course is the second month following that in which the original debit or credit appeared in the Civil section of the accounts. As in the case of transactions under head (a), it is essential that not only should the adjustment of individual items be watched closely, but also the total uncleared balances should be tested month by month, and all transactions of a year should be settled before the accounts of the year are closed finally.

SETTLEMENT AND EXCHANGE ACCOUNTS

493. The detailed procedure for watching the clearance of original transactions classified by the division under the head "Exchange Accounts", *vide* paragraph 436 will be the same as is followed in respect of the corresponding transactions appearing in the Treasury Accounts/D.A.O. Accounts.

PART IV—FOREST AUDIT**CHAPTER 26—FOREST AUDIT**

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CASH ACCOUNT

494. The accounts of receipts and disbursements which are rendered by Divisional Forest Officers in the forms prescribed in Chapter VII of the Account Code, Volume III, should be checked so that it may be seen that the disbursing Officers have rendered correct accounts of the transactions in their charge and that all the subsidiary accounts correctly work up to the Cash Account in Form F.A.I.

CHARGES

495. All vouchers in support of payments should be examined in the same manner generally as payment received from treasuries D.A.O's. Charges should be examined with reference to sanctions and allotment, therefor, and it should be seen that generally advances and recoverable payments are covered by proper authority.

496. Works and conservancy charges beyond the powers of sanction of the Divisional Forest Officer, either because of their nature or their amount, should receive special attention, and it should be seen that the requisite sanction exist and that it has not been exceeded without proper authority. Audit Registers in Form 33 and 35 prescribed for Special and periodical charges (paragraphs 135 and 141), with such modifications as may be considered necessary, should be maintained for this purpose.

497. A point of special importance in connection with works and conservancy charges is that when expenditure on a work is spread over two or three months, the total expenditure up to date should be watched against the sanction. It should also be seen that the allotment for the head of account, or any other prescribed unit of appropriation, is not exceeded. (See also Chapter 2). Care should be taken that works forming parts of a single scheme, even though sanctioned piecemeal, are ground together in order that it may be verified that the whole scheme has received the sanction of competent authority and that the aggregate expenditure does not exceed the amount of the sanction without proper authority.

498. Charges recorded under the head "Establishment" are subject to the ordinary rules and procedure of audit relating to such charges.

499. With reference to the particulars furnished in the vouchers, in the Classified Abstract of Revenue and Expenditure (Form F.A. 5) and in monthly lists of sanctions received from the Conservator, it should be seen that the

charges are correctly classified, and in particular that the allocation under "Capital" and "Revenue" is in accordance with the prescribed rules. In cases of doubt the required information should be obtained from the Departmental Officers, so that the charges may be classified correctly.

REMITTANCES

500. The monthly extract from the Registers of cheques (Form F.A. 2) received from Divisional Forest Officers should be completed in respect of dates of encashment of CHEQUES at the treasury of register suitable. From should be maintained for checking the credits in the accounts of Divisional Forest Officer with the corresponding debits in the treasury accounts on account of cheques paid. The difference between two sides of account should be proved by the details of uncashed cheques, as brought out in the extracts from the Register of cheques and individual items, if outstanding for more than three months should be settled by reference to the Divisional Forest Officer.

501. Similarly, the remittances to treasuries/D.A.O's as shown in the monthly Schedules of Remittances (Form F.A. 6) should be reconciled with the schedules received direct from treasuries D.A.O's and the consolidated Treasury/D.A.O. Receipts received through the Divisional Forest Officers and the debits in the Forest accounts should thus be checked with the corresponding credits in the treasury/D.A.O. accounts, a register in suitable form being maintained for the purpose of this comparison. Differences should be settled promptly by correspondence with the Divisional Forest Officer or the Treasury Officer/D.A.O. as may be necessary.

502. Debits and credits arising out of inter-divisional adjustments, where permissible under Article 245 of the Account Code, Volume III should be set against corresponding credits and debits respectively. Ordinarily, when such transactions are paired, a note of agreement should be recorded in red ink by the auditors of both the divisions against the relevant entries in the Cash Accounts: but if the number of transactions is large, a suitable register may be prescribed, in addition, to facilitate watch over unadjusted transfer.

503. Transactions with other departments should be classified as pertaining to the Remittance or Settlement Account concerned according to the rules laid down in the Account Code. Items passed through the inward Remittance Accounts, which are adjustable on the Forest Divisional Books should be dealt within the manner prescribed in Note 1 to Article 108 and Note 2 to Article 138, Account Code, Volume IV. The clearance of the head forest Remittances should be watched in a Broadsheet as prescribed for Public Works Remittances.

1. Transactions between Forest and Public Works Officers of the same Audit circle whether originating in the Forest or Public Works Accounts, should be classified under the head. "Public Works Remittances."

LEDGER ACCOUNT

504. The Abstract of 'Contractors' and 'Disbursers' Ledger (Form F.A. 8) should be checked so that it may be verified that all the transactions pertaining thereto have been correctly posted, and that the opening and the closing balances are correct. The closing balances should be reviewed for check that the

514. Again, for an efficient review of objections and of the progress of their clearance, it is desirable to keep the objections of each official year separate, even though their clearance may be effected in a subsequent year.

1. In the case of progressive expenditure such as that on works under construction in the Public Works Department, an objection to excessive expenditure should be held to relate to the year in which it was first raised in audit, even though further expenditure may be incurred in a subsequent year.

515. All records of audit objections maintained in the Audit office should be written upon with care, and watched closely both by the Superintendent and the Branch Officer. Even though the Objection Statements have not actually been despatched, an objection once raised can be removed from the records of objections only after a Branch Officer or a member of the Superintending staff has examined that due authority exists for the removal of the objection and put this initials against the item concerned in token of his having done so.

516. As far as possible, the entry of an objection, whether in the Objection Book or in the Objection Statement or Audit Note, should be fully descriptive, so that ordinarily there should be no necessity of referring again to the voucher or account concerned.

CLEARANCE OF OBJECTIONS

517. The adjustment of each individual objection should be watched through the prescribed records until clearance or withdrawal, as the case may be.

518. The Accountant General should look to the Branch Officer and the Deputy Accountant General for the progress of adjustment, and unremitting personal attention to this duty on the part of the Branch Officer is indispensable.

519. When an objection once raised has been withdrawn, either on reconsideration or in the light of information which was not available previously, the disbursing Officer or other authority to whom the objection was originally addressed should be informed forthwith, as, otherwise, he remains responsible unnecessarily for the removal of the objection.

MONEY VALUES OF OBJECTIONS

520. If in order to make a collective presentation, whether to controlling authorities or to the pertinent of (1) the results of audit and (2) the progress of the clearance of audit objections, it is found necessary to express the records of objections in money values, money columns should be opened therein for this purpose. There are however, classes of objection which cannot be suitably expressed in money value, or which if so expressed, do not give an adequate or fair statement of the degree and extent of deviation from rule. It is permissible therefore, to omit values altogether in certain cases; in other cases where values alone are misleading, other particular may be recorded in addition or values may be dispensed with altogether, as may be settled in consultation with the Ministry of Finance.

521. Money values should be recorded in respect of objection of the classes enumerated overleaf or similar objections,

GENERAL

(1) Want of vouchers (if not received when the relevant accounts are under audit)

Note—In order to comply with the demands of Government for statistical information, a separate subsidiary register may be maintained for the record of objections for want of payees receipts. Objections for want of detailed bills also should be recorded in this register in the absence of any other register prescribed for the purpose, see paragraph 137. This register should be examined every month and the total amount outstanding hereinafter the end of the second month (third month in the case of payments made in remote localities following that to which the objections relate should be transferred to the main Objection Book without any details beyond the Serial number or other indication that may be necessary for identification. This procedure may, at the discretion of the Accountant-General, be extended to other definite classes of objection of a similar nature, provided that such objections do not involve substantial deviation from rule.

(2) Want of sanction to advances, losses, etc.

(3) Want of sanction to special charges.

(4) Want of any other specific sanction required by rule.

(5) Overpayments and short recoveries.

(6) Delays in the recovery of sums due to Government, if not recorded within a reasonable period, which may be prescribed locally in respect of each class of debt.

(7) Expenditure placed under objection on grounds of financial priority.

(8) Want of allotment of funds.

(9) Excess over allotment.

FOR PUBLIC WORKS TRANSACTIONS ONLY

(1) Want of sanctioned estimate

(2) Excess over sanctioned estimate

(3) Want of financial sanction to works

(4) Want of administrative approval

(5) Excess over administrative approval

(6) Expenditure of Deposit works debited to Miscellaneous P.W. Advances.

(7) Excess over sanctioned limit to reserve stock.

522. Money values need not be indicated in the records of objections of the following classes:

(1) An objection which takes the form of a simple direction for future guidance or of a call for a document the absence of which is not likely to affect the amount admissible.

(2) Stamp not affixed on a voucher otherwise complete.

(3) Delays in the settlement of debts due by Government.

relevant rules and orders governing their clearance are observed. Outstanding balances which are not cleared within a reasonable period should form the subject of special enquiry.

The instruction in paragraph 545 apply *mutatis mutandis* to Forest Advances.

REVIEW OF AUDIT

505. The rules in Chapter 3 apply to both the concurrent and the post Review of the audit of Forest Officers' accounts.

ABSTRACTS AND SUMMARIES

506. The rules for the preparation of Forest Abstracts and Summaries are prescribed in Chapter 2 of the Account Code, Volume IV.

RESULTS OF AUDIT

507. The results of audit of bills and accounts should be communicated to the Divisional Officer in Objection Statements in Form 119 or 120, the latter form being used in those Audit offices in which the system of combined Objection Book and Objection Statement is in force. The Objection Statement will be returned in original, within the prescribed time, through the conservator.

A list should be forwarded by the Accountant General to the Conservator each month showing the dates on which the Objection Statements were sent to each divisional office. The list will be completed and sent back to the Accountant General by the Conservator after all the Objection Statements for the month have been returned.

508. Objections will be registered and dealt with generally in accordance with the rules in Chapter 29.

PROGRESS REPORTS

509. Monthly reports of the progress of revenue and expenditure, if required by Conservators, should be furnished to them in such forms as may be prescribed by Government to suit local requirements. An annual summary may similarly be sent, if required.

PART V—RESULTS OF AUDIT

CHAPTER 27—OBJECTION IN AUDIT

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INTRODUCTORY

510. Subject to the general principles and rules laid down in Section V of the Audit Code the procedure for communicating the results of audit to the proper executive and controlling authorities should be as described in Chapter 28 and 29, which pertain to the Public Works and other transactions respectively. The general instructions common to both classes of transactions are stated in this chapter.

REGISTRATION OF OBJECTIONS

511. Objections and observations arising out of audit should be communicated at the earliest opportunity, but objections should first be registered in detail in the prescribed records maintained in the Audit Office.

1. The instructions in this Chapter apply generally to all objections arising out of audit whether conducted centrally or locally. As an exception, objections against disbursing officer which have arisen out of local audit, but cannot be expressed in money values need not be registered in Objection Books.

2. More instructions for future guidance need not be registered in the objection books maintained in the Audit Office. If the pursuance of an objection indicates the need of prescribing a new procedure for general observance, such procedure should be communicated by a general letter and not by any form or statement intended solely for the communication of objections.

512. The instructions requiring the registration of all objections arising out of audit are subject to the qualification that objection which are trivial or have been waived by Audit Officers under any of the provisions of Articles 243 and 254 of the Audit Code should not be included in Objection Books, though a separate office record of objections waived should be maintained for production at the inspection of the Comptroller and Auditor General.

Note—The maintenance of a separate record may be dispensed with in the case of objections waived under Article 243 (1)(a) of the Audit Code.

513. Subject to any specific instructions contained in the Manual it is left to the discretion of each Accountant General to follow the method of maintaining the record of objection in such manner as may be considered suitable according to local requirements. It is not necessary to keep objections separately by major heads, but on this point, Accountant General should comply with any express requests of the Government.

- (4) Habitual delays in the submission of account returns, vouchers, etc.
- (5) Fictitious adjustments and manipulations in accounts, unless an actual loss has resulted.
- (6) Deviations from rule which are indicative of disregard or evasion of rule; but do not represent charges incurred without proper sanction.
- (7) Excess over allotment for Public Works Suspense heads when an assurance is received from competent authority that the excess is temporary and will not affect the net allotment for the year. (If, in the absence of such an assurance, the money value of the objection has been registered, a minus entry should be made in the money column for objection on receipt of the assurance.)
- (8) Errors in accounts, vouchers, etc., which do not indicate any deficit or surplus.
- (9) Instructions, and other remarks, regarding the form of accounts, etc.
- (10) Demands for information not received.
- (11) Enquiries and remarks on doubtful points.
- (12) Remarks calling attention to minor errors of procedure.
- (13) Payment of Grants-in-aid when a certificate of utilisation is awaited from the Inspecting Officer.

OVERLAPPING OF OBJECTIONS

523. When a single transaction relating to a work or distinct object of expenditure becomes upon to two or more objections, and it is customary to maintain the statistics of each of the classes of the objections separately, the several objection on the transaction should be booked separately, as if they relate to different transactions. This feature of the system of registration should, however, be borne in mind, and in all statistics and report where in the money values of objections of several classes may be commented upon, or presented, collectively, every effort should be made to make due allowance for the exaggeration caused by this overlapping of objection, and the existence of the overlapping, and the steps taken to remedy it, should be mentioned prominently.

1. The Accountant General may, in the case of non-Public Work transactions, permit all objections on a transaction to be recorded under a single head—the most serious, on provided that suitable safeguards are adopted in order that (a) the removal of each of the objections may be watched, and (b) the general accuracy of statistics relating to objections may be maintained.

(2) The detailed procedure for eliminating exaggerations due to the overlapping of objections may be prescribed by the Accountant General. It should be set out clearly in the Office Manual.

524. In some cases, it will be found impracticable to make allowance for the elimination of exaggerations, e.g., when a Public Works Department voucher, relating to a number of works, is not received in audit, and the amount of the total expenditure covered by it is held under objection “for want of voucher”, one or more parts of it may relate to expenditure on works which is separately

held under objection for, say, "excess over estimate", and "excess over allotment", and it may not, therefore, be possible, without introducing a system of complicated registration, to determine the amount by which the separate objections "for want of voucher" will cause an overstatement of the total objections. In such cases, it will be found advisable to exclude from all collective statistics the whole figure relating to a particular class of objections and to mention this fact prominently in all reports and statements connected with the statistics.

OBJECTIONS TO INSUFFICIENT OR IRREGULAR SANCTIONS

525. There is a class of important objection which cannot be omitted from collective reports or statistics, but must be excluded from the ordinary records of the objection booked against disbursing officers. These are objections to insufficient or otherwise irregular sanctions accorded by any authority above the disbursing Officer. A record of these objections should be kept in special Registers in Form 121. A separate Register should ordinarily be maintained for the record of objection relating to irregular sanctions of the Administrative Ministry (other than the Ministry of Finance) and it should be reviewed periodically by the Accountant General. The Accountant General shall, at his discretion, determine the number of registers to be maintained for similar objections relating to sanctions accorded by other authorities and prescribe the manner in which the registers so maintained should be reviewed periodically. Correspondence relating to such objections should be addressed to the authority who accorded the sanction. The disbursing Officer or officers should, however, be informed simultaneously that the sanction has been held under objection. If at any time before the removal of the objection it is considered necessary to retrench the amount disbursed, such retrenchment order shall be communicated to the disbursing officer through the sanctioning authority.

PERIODICAL ABSTRACTS OF OBJECTIONS

526. If a Government so desires, abstracts of outstanding objections should be prepared in suitable Form and submitted to it or to any authority specified by it on such dates as may be settled in consultation with the Ministry of Finance. See Article 244 of the Audit Code.

FINANCIAL IRREGULARITY

527. The instructions relating to the preparation of the Appropriation Accounts and Audit Reports are given in Chapter 30. The detailed procedure for the registration of special irregularities and for collecting such statistics as may be required for the preparation of the Audit Report may be laid down by the Accountant General. See also Article 241 and 253 of the Audit Code.

528. A record on the alphabetical card index system may, at the option of the Accountant General, be maintained, in Form 122 against the name of each Government servant responsible, of all serious financial irregularities with which his name is connected. If he is the head of an office inspected by an officer of the Audit Department, a note of the state of his accounts as adjudged at the inspection should also be made in this form. This record should be treated as confidential. If well maintained, it would give a valuable indication

of the attention paid by Government servants to accounts and audit principles, and would not only make it easy for the Accountant General to advise Government in matters indicating the need for disciplinary action, but also facilitate compliance with any enquiries that the Ministry of Finance or the Public Accounts Committee may make of him in such matters.

Note—The auditor who makes the entries in the card index and the Superintendent and Branch Officer who examine them should attest the entries by placing the dated initials in the column provided for the purpose.

AUDIT OF EXPENDITURE AGAINST GRANTS, APPROPRIATION, AND UNITS OF APPROPRIATION

529. In regard to objections for "Wants of allotment of funds" and "Excess over allotment", it should be remembered that objections falling under these heads are capable of being looked at from two distinct points of view. In cases in which the further orders of a controlling authority will be sufficient to regularise the actual expenditure, there is a financial irregularity the clearance of which has usually to be watched by the Audit office on behalf of the Executive Government. But, inasmuch as an irregularity under either of these heads may cause a deviation from the Grant or Appropriation as specified in the schedule of Authorised Expenditure, there may (but not necessarily will) exist a financial irregularity the clearance of which has to be watched by the Audit office on behalf of the Parliament. This distinction should be observed and made clear, where necessary, when preparing any reports of statistics which are likely to be laid before the Parliament or the Public Accounts Committee.

530. The scope of expenditure against provision of funds is defined in Chapter 1 of Section IV of the Audit Code. The objections raised should always be expressed in money value (paragraph 521), separate records being maintained in connection with—

- (i) Audit on behalf of the Parliament, and
- (ii) Audit on behalf of the Executive Government.

1. The maintenance of a separate Objection Book in respect of objections covered by (i) above is not necessary, as the notes of excess over Grants and Appropriations are required to be made in a separate register maintained *vide* paragraph 665 for the purpose. For (ii) above, a separate Objection Book should, however, be maintained if Government requires that such excesses should be reported to it. Forms 124 and 127 may be utilised for the purpose after alteration of the headings where necessary. The Accountant General has full discretion to decide which sections or section should maintain the Objection Book.

531. Objections relating to allotment of funds are removed, during the course of the year, on receipt of orders regarding the necessary allotment, reappropriation or a Supplementary Grant as the case may be. As stated in Article 56 of the Audit Code, no allotment or reappropriation within the Grants of a year can be authorised at any time after the expiry of the year. In consequence of this rule, objections for "want of allotment" and "excesses over allotment", if the official year has closed, cannot be met by the issue of a formal

order of appropriation. Subject, however, to any rule laid down by the Ministry of Finance, such objections may, at the request of competent authority, be removed formally, provided—

- (i) that there are known savings from which the necessary reappropriation could have been made if the year were still current.
- (ii) that, if there are no such savings and the expenditure, under objections is subject to the vote of the Parliament, either there is no net excess over the grant concerned requiring the vote of the parliament, or, if there is such an excess, it is held separately under objection for (a) inclusion in the Appropriation Accounts and Audit Report, and (b) watch for the receipt of the intimation regarding the grant of the necessary excess vote of the Parliament.
- (iii) that, if there are no such savings and the expenditure is not subject to the vote of the parliament, either there is no net excess over the Appropriation concerned requiring regularisation or if there is such an excess, it is held separately under objection for (a) inclusion in the Appropriation Accounts and Audit Report, and (b) watch for the regularisation in the manner provided in the Legislative Rules.

Objections on the ground of "Want of allotment" or excess over allotment may be removed on submission to Government, of the Appropriation Accounts and Audit Report in which they are included.

CHAPTER 28—OBJECTIONS ON PUBLIC WORKS TRANSACTIONS

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OBJECTION STATEMENT AND AUDIT NOTE

532. In the matter of communication to Divisional Officers of the results of the audit of divisional accounts, a broad distinction should be observed between (1) Objections to the substance of the accounts on the score of deviation from financial rules or standards of financial propriety, on the one hand, and (2) miscellaneous remarks, observations and enquiries on minor matters, and objection to the form of the accounts and vouchers, as distinguished from their substance, on the other. The former should be entered in an Objection Statement, Form 123, and the latter in an Audit Note, the form of which may be prescribed by the Accountant General.

1. Objections arising out of the Audit of Public Works transactions not passing through the accounts of Divisional Officers are not dealt with in the Works Audit Department.

533. The Accountant General will prescribe the detailed instructions regarding the classification of audit objections and remarks for the purpose of paragraph 532, but the general instructions given in paragraphs 534 to 537 should be observed in all cases.

534. The objects to be achieved are:

- (a) that all irregularities in transactions, as well as other points arising out of the examination of accounts and vouchers, should be registered, in one shape or another, unless they are trivial or the objection has been waived by competent authority; *vide* paragraph 512;
- (b) that they should be intimated at once to the Divisional Officer, and thereafter pursued until they are regularised or explained satisfactorily; and
- (c) That the Superintending Engineer should be given an opportunity of reviewing, month by month, in respect of each division, through the Objection Statement relating to it—
 - (i) each irregular transaction which cannot be regularised without his orders or those of a higher authority as soon after its occurrence as possible;
 - (ii) all irregular transactions collectively which unless there be further expenditure subsequently, can be regularised under the orders of the Divisional Officer himself, but regarding which no evidence of the issue of such orders has reached the Audit Office; and

- (iii) such of the other points raised in audit as may be considered important or indicative of serious disregard of rule.

The reports mentioned in (c) (i) and (ii) above should be confined to irregular transactions noticed in the accounts of the division audited during the month, though in respect of each item reported, the total amount held under objection (including the amount of any previous objections) should be indicated in the report.

The points mentioned in (c) (iii) above will be reported at once to the Superintending Engineer only if the amounts involved are considerable, or the deviation from rule is serious; ordinarily, matters falling under this category should be reported to him only when it is noticed that they are not receiving adequate or prompt attention from the Divisional Officer.

535. In the preparation of Audit Notes, a distinction should be observed between (1) remarks and observations indicating errors of omission or commission, on the part of the Divisional Accountant, in the compilation or preliminary examination of the accounts and (2) points relating to the substance of the transactions brought to account. As far as possible, points for which the Divisional Accountant appears to be wholly responsible and points for which the disbursing officers or other executive officials are responsible, wholly or in part, should be recorded in separate section of the Audit Note. Further details of the procedure for the preparation and disposal of Audit Notes may be prescribed by the Accountant General who may also prescribe the form for it. See also paragraphs 357 and 359.

536. All objections entered in the Objection Statement must be recorded simultaneously in an Objection Book, Form 124 and the general instructions in paragraph 563 observed. Of the objection entered in the Audit Note, only those should be brought on to the Objection Book for which the maintenance of a money value record is necessary; *vide* paragraphs 520 to 522. Such items should be marked "Obj." in red ink in the Audit Note, so that when they are cleared, on the return of the Audit Note, the need for the adjusting entry in the Objection Book may not be overlooked or, the Accountant General prefers a money column may be inserted in the form of the Audit Note.

537. As soon as they have passed by the Gazetted Officer, the Objection Statement and the Audit Note should be sent to the Divisional Officer for his explanations and replies with the remarks that the latter should be returned direct and the former through the Superintending Engineer so that he may add his comments and orders.

OBJECTION STATEMENT

538. The Objection Statement is divided into two parts :

- I. Objections regarding estimates and allotments for works.
- II. Miscellaneous objections.

539. In Part I, only objections of the following main classes should be registeted, the entries of amount being made in the separate money columns provided for the purpose :

- (1) Want of sanctioned estimate, (2) Excess over sanctioned estimate, (3) Want of Allotment, and (4) Excess over allotment. The first entry in this part should be in respect of the total amount of objection outstanding in the Objection Book under each of the four classes named, and it should be made in red ink, thus total up to date amount of expenditure held under objection on these grounds, including that pertaining to works detailed in this part.

Note—If the rules of Government so authorise¹, and subject to a limit prescribed by it expenditure on repairs may not be placed under objection for want of allotment during the first few months of the financial year.

Then, should be set forth objections of these four classes noticed in the audit, if the accounts of the month to which the Objection Statement relates, and when this is done, objection which are still within the powers of the Divisional Officer to remedy may, with advantage, be set out together at the commencement, preceded by the following remarks made in red ink in column 3 of the form :

List of works progressive expenditure on which has not yet exceeded the limits of the powers of the Divisional Officer to sanction on an estimate, or pass as an excess, as the case may be, but regarding which no intimation of the sanctions or order of the Divisional Officer or higher authority has reached the Audit Office.

Next, should be detailed, under another red ink heading, all other objections of these four classes i.e. objection which it is known definitely cannot be removed without the order of the Superintending Engineer or higher authority.

540. Objection of the classes "For want of estimate" and "For excess over estimate" may not always be indicative of irregularity on the part of the disbursing officer, as he may be acting under the orders of superior authority. In order that objections for which he is personally responsible may be distinguished from those which should not be booked against him personally, these two heads may be suitably sub-divided into two each if the Government desires this distinction to be brought out in any reports or statistics of objections.

541. Part II deals with all miscellaneous objections not entered in the Audit Note. In this part objections should be divided into two classes (1) vouchers awaited, and (2) other items, a money column being reserved for each. The first entry, which should be in red ink, should be as follows :

**TOTAL AMOUNT OF OBJECTIONS AWAITING ADJUSTMENT
INCLUDING THOSE RELATING TO THE ITEMS DETAILED IN
THIS PART**

Below this should be detailed the items to be reported specially; those, relating to previous month's accounts should be shown separately from those arising out of the accounts of the month to which the Objection Statement

primarily pertains, and necessary particulars of each objection should be stated concisely, but clearly, in the column provided for the purpose :

1. In the case of "vouchers awaited", the number as well as the amount of vouchers not received in the Audit Office should be stated, and the objections relating to the accounts of one month should be kept distinct from those connected with the accounts of another, *vide* paragraph 535.

2. In respect of unsettled objections of previous months which may be included in the Objection Statement under paragraph 544, the particulars of the objection should include a brief history of the objection itself. An entry in the money column will be necessary only if the money column of the "Objection Book" is written up, *vide* paragraphs 520 to 522.

542. The amounts of objection when entered in the money columns may be expressed in the nearest Taka.

543. The last three columns of both parts should be left blank—the first two for the explanation of the Divisional Officer, and the remarks of the Superintending Engineer, respectively, and the last column for the record, on the return Statement, of the action taken by the Audit Office on reviewing the Statement (paragraph 547).

WATCH OVER OBJECTIONS

544. In respect of individual objections entered in the Objection Statement, the Audit Office will exercise the necessary watch through the Objection Book which should therefor, be reviewed closely by the Superintendent and the Branch Officer when reviewing and passing the Monthly Accounts Delay in setting an objection or circumstances which have come to light since it was raised in its report to the Superintending Engineer even though such action was not taken originally. Such objections should be brought to the notice of that officer, either through the Objection Statement then going out or otherwise. Items which have remained unsettled in spite of two or more reports to the Superintending Engineer, or are otherwise serious or important, should be reported specially to higher authority.

545. Advances and Advance payments which have been made under proper authority, and debts due to Government which do not indicate any financial irregularity, should not be placed under objection or entered in the Objection Book with the object of watching recovery or adjustment otherwise. The realisation of such assets is watched separately through one of the accounts prescribed in the Account Code, Volume III, or this Manual, and an entry in Objection Book is necessary only when there is a real objection *e.g.*, for want of sanction, for want of necessary certificate and so on.

546. Each auditor is responsible that objections which arise out of (1) the audit of periodical returns, and (2) the Audit inspections of Public Works offices, are duly brought on to the Objection Book, before the objections are intimated to the Divisional Officers concerned, in all cases in which the maintenance of a money value record of the objections is necessary; *see also* Rule 2 to paragraph 511.

547. Objection Statements on return, should be reviewed by the Gazetted Officer who, if necessary, will make a further reference, by letter, to the Superintending Engineer, or address higher authority, before filing the Statement. Any sanction or orders recorded by the Superintending Engineer or the Divisional Officer on an Objection Statement should be scrutinised and noted, as soon as possible, in the Works Audit Register, and any objection removed thereby should, at the same time, be adjusted, *vide* paragraph 557.

1. It should be seen that the explanation and replies of the Divisional Office are signed by the Divisional Officer himself and not by the Divisional Accountant, and that if a statement contains a sanction or order which is to be the authority for the removal of an objection or the passing of a transaction in audit, the sanction or order, as the case may be, is signed by the competent authority.

OBJECTIONS ON PUBLIC WORKS TRANSACTIONS

548. A suitable register should be maintained in the Works Audit Department through which can be watched the prompt disposal of Objection Statements and Audit Notes. The Superintendent should review this register weekly and take any action that may be necessary and at least once a month the register should be laid before the Branch Officer.

1. Office copies of Audit Notes may be dispersed with the original documents are written up legibly and do not contain many corrections and office notes.

549. It should be remembered that the Objection Book has not corresponding Ledger head in the Accounts, and consequently any item which appears in it must have been taken to some prescribed head of account, the entry in the book being nothing more than a reminder that it has only be adjusted provisionally. The auditor and the Superintendent will be responsible that all entries are made with due care, so that the book may at all times present a complete and accurate record of all objections raised, of their clearance effected on receipt if the necessary order, explanation or information, and of the balances outstanding.

OBJECTION BOOK

550. The object of the Objection Book, Form 124 are (1) to serve as a continuous record of the objections and clearances of items placed under objection during and to end of each month separately for each division, (2) to afford a ready means of reviewing the outstanding objections, and (3) to facilitate the compilation of such statistics of objections as may be required from time to time.

551. Objections connected with the settlement of Remittance Accounts transactions should not be entered in the Objection Book, as a separate book is provided for them (*vide* Article 110 and 142 of the Account Code, Volume IV).

552. A set of pages of the Objection Book should be reserved for each distinct class of objections of which a separate record may be required for any purpose. The main classification of objections is given in paragraphs 538 to 541. The head "Miscellaneous" is usually divided into a number of convenient parts

(one of which will always be "For want of vouchers") according to local requirements, e.g., "For want of sanction to special charges", "Overpayments and short recoveries, and "Delays in the adjustment of debts due to Governments". In cases in which the Audit office is required to verify the existence of the necessary administrative approval to works (*vide* Articles 231 and 232 of the Audit Code), it will be necessary to open two more heads, *viz* (1) For want of administrative approval, and (2) For excess over administrative approval.

553. A set of pages of the Objection Book should be reserved for notes of overlapping objections (paragraphs 523 and 524).

REGISTRATION OF OBJECTIONS

554. Under each head, the objection relating to each distinct transaction should be treated as a separate item, and serial number should be assigned to it. When the collective expenditure on a work or an object of expenditure is placed under objection, the whole work or object should be treated as one item. In the case of works, etc., the transaction relating to which are of a progressive character all subsequent objections should be held as relating to the same item, unless the nature of the objection required it to be registered as an objection of another class.

555. The amount placed under objection during the month in respect of any item should be noted against it in black ink in the appropriate column of the month concerned and below this entry should be noted in green ink (as the denominator of a fraction the numerator of which is the entry of the amount placed under objection during the month) the progressive total of the amounts placed under objection to end of the month. In the case of objections classed as "Miscellaneous" full particulars of the objection should be placed on record. In the case of items, for which the money columns are not required to be filled in (*vide* paragraphs 520 to 522), the auditor will set his initials in the amount column of the month in which the item has been placed under objection. The postings of all items placed under objection should be verified by the Superintendent at the time of his concurrent review of the accounts of the month, and in token of this, after the entries of the month have been abstracted he should initial the entries in the abstract (*vide* paragraph 558).

1. If the case of any objection the money value of which was not recorded originally it transpires subsequently that it should be recorded, the total amount under objection at the time of the discovery should be entered against the item concerned in the money column of the current month, with a suitable explanation in the column "Remarks", which should be attested by the Superintendent.

2. Objections regarding "Vouchers awaited" should be recorded in the Objection Books as two items, *viz*. (1) number of awaited vouchers, and (2) amount of awaited vouchers, the objections relating to the accounts of different months being shown under different groups. The numbers may be written in red ink or otherwise distinguished so that they may not be included in the amounts when total are struck.

CLEARANCE OF OBJECTIONS

556. An objection should be removed as soon as the necessary sanction voucher, or document is received, or when the audited accounts shown that the expenditure under objection is adjusted or recovered, or when the delay, defect or

doubt, as the case may be, has ceased to exist or has been explained. The removal of an objection should be indicated in the Objection Book by an entry of the amount adjusted in the column "Amount cleared" for the month following that of which the accounts were last audited, the progressive total of adjustments being also noted, at the same time, in the manner prescribed for the posting of the amounts placed under objection. In the case of items, for which the money column of the objection was not filled in, the adjustment should be indicated merely by the initial of the auditor in the column for the month concerned. As a precaution against error, a red ink line should be drawn across the page in all the remaining columns. In the case of objections classed as "Miscellaneous", (*vide* paragraph 538), the reference to the order, account, voucher or other document on the authority of which the objection has been removed should also be noted in the column provided for the purpose.

1. Brief notes of, or references to, all correspondence or other action taken towards clearance of any objection should be kept in the column "Remarks" of the Objection Book.

557. All entries regarding the adjustment of objections should be attested by the Superintendent. In respect of objections removed by sanctions and orders, or by accounts, vouchers or other documents the examination or acceptance or which can be completed before the receipt or audit of a monthly account, the Superintendent will be responsible that the adjustment is effected without delay and that the adjustment entry is attested by him at the same time as any sanction, or order, is noted in the Works Audit Register (*vide* paragraph 547). Adjustments dependent upon the receipt or audit of a monthly accounts should be made as soon as the awaited event takes place.

MONTHLY CLOSING

558. After the Superintendent has completed the concurrent review of the accounts of a month (*vide* paragraphs 353 to 355) all entries in the columns "Amount placed under objection" and "Amount cleared" for the month should be totalled, separately for each class of objections, and a general abstract should be prepared in a separate section of the Book. The Superintendent should examine and initial this abstract.

1. The progressive total of each class of objections should be carried forward from month to month and the unadjusted balance from year to year, but in respect of objection relating to allotments, *see* paragraphs 559 to 560.

ANNUAL CLOSING.

559. The Objection Book should be closed annually and the balances of outstanding objections (except those in respect of allotments *vide* paragraph 560) should be carried forward to the following year's Book, the entries being attested by a member of the Superintending staff. In the Objection Book of the new year, all such items should be noted (in relevant groups), in a separate section thereof. If the outstanding balances thus brought forward relate to two or more years, the balances of each year should similarly be registered in a separate section. This action, however, cannot be taken completely until the Supplementary Account of the year has been audited but it is permissible in anticipation of this event to transfer to the new year's Objection Book such items of the old Book as may be affected by the accounts of the new year audited before the Supplementary Accounts. The Superintendent is, however,

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responsible that any correction due to the Supplementary Account are carried out nearly in the new Objection Book, in due course by *plus* or *minus* entries, as the case may be, made with suitable remarks.

560. Unsettled objection for (1) "Want of allotment" and (2) "Excess over allotment" should not be carried forward to the new year's Objection Book but the Branch Officer in charge should see that necessary action has been taken in accordance with paragraphs 529 to 531.

CHAPTER 29—OBJECTIONS ON OTHER TRANSACTIONS

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OBJECTION STATEMENT

FORMS AND PREPARATION

561. In most cases audit objections should be intimated direct to the disbursing or other responsible authority in special printed audit memoranda and other half-margin forms. The Treasury Officer/D.A.O. should be addressed only when recoveries have to be ordered, or in respect of objections for the removal of which he is directly responsible. Such intimations, together with important Treasury/D.A.O. irregularities and directions or enquiries arising out of account, should be sent to him through Objection Statement (Form 125). The auditor should have before him, at the time he deals with the accounts or vouchers, the requisite Objection Statements, special printed audit memoranda and other half-margin forms, and should write these up, as each point requiring notice becomes evident during the course of his scrutiny of the accounts and audit of the vouchers. All objections, whether communicated directly to responsible authorities, or to the Treasury/D.A.O.'s should be entered in the Objection Book. A Register of half-margins should be kept up in each audit section showing the issue, return and disposal of these audit memoranda and half-margins.

Note 1—All copies of retrenchment orders issued to Treasury Officers/D.A.O.'s should be forwarded simultaneously for the information of the persons affected, direct in the case of gazetted and non-gazetted Government servants who draw their own bills and through the head of the office in the case of other non-gazetted Government servants.

Note 2—Printed audit memoranda and other half-margin forms should be dealt with in the same manner as the Objection Statement.

562. There should be two Objection Statements for each month—one relating to the first schedules of payments (which ought to reach the Treasury Officer/D.A.O. before the end of the month as a guide to him in his next month's payments), and the other to the second schedules and the Cash Account. The auditor will be responsible for seeing that the objections which arise upon that part of the audit work which he has transferred to another section (paragraph 28) are duly entered in the Statement before despatch, unless a separate Objection Book is kept by that section.

Note—The Accountant-General may at his discretion arrange in order of time, etc. all the processes of the work to be done in connection with the first schedules of payment subject to the restriction that in no case shall the completion of the work including the review of audit and issue of audit objections, be delayed the 10th of the following the month. Important objections should, however, continue to be sent out as soon as they are detected. The Accountant General, Civil, is allowed 15 days extra for the completion of the work connected with the 1st Schedules received from those Treasuries or D.A.O.'s office which are situated in remote localities.

DESPATCH

563. Each Objection Statement will issue in original, over the signature of a Gazetted Officer, after the review of audit and objections prescribed in paragraphs 38 to 41. Before despatch (which must not be delayed) the objection must be nearly posted into the Objection Book (Form 127) by the auditor. Each Superintendent should keep a memorandum book for note of the Objection Statements which he passes; should ascertain daily that all have gone out, and should take precautions to secure the entry in the Objection Book of all the items in the passed statement, whether or not their amounts are carried into any money column.

DISPOSAL AND RETURN

564. The return of the Objection Statements must be watched with equal care. They are due to be returned by the Treasury Officer/D.A.O. within the time prescribed under Article 242 of the Audit Code and he should not be allowed to keep them back on the ground that one or two of the objections require further enquiry. These can be extracted for separate disposal, while the other items are replied to.

AUDITOR'S RESPONSIBILITY

565. The auditor is responsible for the prompt disposal of the Objection Statement when returned. If a recovery is ordered, or a sum is debited under Advances Recoverable against a named Government servant, he is responsible for watching the recovery. Though the Government servant concerned be transferred to another department, the item will not be removed from the Objection Book of the old to that of the new department, but a note of the transfer will be made, it will, of course be noted on the Last Pay Certificate by the Officer in charge of the Treasury/D.A.O. from which he last drew pay and may also, with advantage, be intimated to the one who will pay him in future. On the occasion of a transfer of a gazetted Government servant against whom

an order of retrenchment has issued, the auditor concerned should ascertain what amount is still outstanding, and should send a slip of warning to the new Treasury Officer/D.A.O.

1. If it is necessary to make a recovery from a Government servant who has passed under the jurisdiction of another Accountant-General warning should be given on the Last Pay Certificate or by a special letter if the certificate has already issued. In such cases the objection should entered in the Objection Book but with a note that requisition for recovery has been sent to the new Audit Office.

RETRENCHMENT SLIP

566. The consideration whether the pay and allowances drawn are admissible involves disallowances of improper claims and watching the recovery of money improperly drawn. When it is considered necessary to order the recovery of any erroneous payment, the Accountant General should send warning to the Government servant or the head of the office concerned by a slip in Form 126, in which the ground of the retrenchment should be stated clearly (an advice being sent invariably to the Treasury Officer/D.A.O. at the same time). This slip will give the Government servant retrenched an opportunity of forwarding to the Accountant General an explanation which may cause the recovery to be dispensed with. The withdrawal of modification of an order for recovery should be communicated both to the Treasury Officer/D.A.O. and the Government servant concerned.

567. On similar slip should be noticed short payments or overdeductions; they should be noted, too, for future guidance in the Objection Statements, but need not be entered in any money column of the Objection Book, for the Audit Department has done its duty when it has warned a Government servant that he has a further claim, and cannot compel him to prefer it. See Article 252 of the Audit Code.

OBJECTION BOOK FORMS AND CONTENTS

568. The Objection Book (of which there must be one for each Treasury/D.A.O. for Departmental Account) are the permanent office record of entries which have been made in the Objection Statements prepared upon the examination of each schedule of payments and of the Cash Account. But, besides these objections, they contain also note (1) of all amounts debited under Advances Recoverable, (2) of all amounts credited or debited of suspense, and (3) of items adjusted out not cleared, even though not under objection. They are kept in Form 127 and the objections are detailed under the following heads:

Advances Recoverable.

Receipts.

Payments.

Items adjusted but awaiting for final clearance.

Service payments for recovery.

Unlike the others the first two have corresponding Ledger heads. It is imperative that entries pertaining to two months accounts should not be entered on the same page.

1. When the gazetted Government servants' bills or other classes of bills are audited by separate sections, separate Objection Books may be kept in those section.

2. For objection in respect of appropriation audit see paragraph 530.

569. The amount of entries which may not require action by the Treasury Officer/D.A.O. though noted for his future guidance (e.g. overcharges of fund subscriptions, should not be posted in any money columns, and the money columns under "Mode of adjustment" may be scored through.

ADVANCES RECOVERABLE

570. Under "Advances Recoverable" will appear payments which may be classified as "Advances Repayable" under Article 36 of the Account Code, Volume I. Neither loans to municipalities or private persons made under orders of the Government and bearing interest, nor advances to cultivators (lakavi), nor permanent advances, nor special classes of advances need appear here, as they are recorded in separate Registers.

1. If large or frequent advances are made under the operation of any general rule, the Accountant General should arrange special procedure for auditing, watching and recovering them.

571. This column will show also advances made in other audit circles (paragraph 282) and advances which enter through formal transfers in account, the entries will thus differ from those of the Classified Abstracts by the amounts of these two classes though the total of the broad-sheet will agree with that of the Detail Books which will include transfers.

572. After the Objection Books for June have been closed, it may be found necessary in the June Final accounts to adjust amounts already placed under Objection or to place fresh items under objection. In opening the Objection Book for the new year, separate pages should be provided, after the pages containing the entries of the outstandings of the previous year, to record the objection raised in June Final. Similarly, in the Adjustment Register there should be a separate page or pages for the record of adjustments made in June Final. The entries in these records should be totalled monthly at the time of closing the Objection Book for subsequent months, and the net debit or credit resulting therefrom should be worked out and added to or deducted from the balance of the Objection Book for the month, so as to work out in a separate entry at the foot of the Objection Book the correct balance of objections outstanding at the time. Unless they are the direct outcome of transactions incorporated by book adjustment in the general accounts for June Final, the adjustments in respect of outstandings of the previous year need not be included in the Adjustment Register of June Final (Form A.T.M. 128) but may be carried out in the new year. The above procedure will be followed till the accounts for June Final are closed. When the accounts for June Final are closed, the separate objections and adjustments under the heads, "Objection Book Advances" and "Objection Book Suspense Account" should be totalled, and the total posted into the June Final column of the Broad-sheet (see paragraph 582) for the past year, and the correct closing balance worked out. The difference between these totals should also be added or deducted, as the case may be, at foot of the June Objection Book for the past year, so as to make its balance agree with the Broad-sheet and the Ledger. This agreement should be made and certified by the Superintendent.

Note 1—Items under objection, the amounts of which are not entered in the money column of the Objection Books, need not be transferred to the Objection Book for the new year until the June Final accounts are closed. The settlement of any such items prior to that date should be noted in the old Objection Book.

Note 2—The transfer of other outstanding items to the new year's Objection Book may at the discretion of the Accountant General be deferred until after the close of the June Final accounts, the adjustments made in the meantime being noted against the entries in the old Objection Book.

SUSPENSE ACCOUNT

573. Under "Suspense Account" are provided two columns, one for credits and one for debits, but no item should be taken under this head, except with the special sanction of the Branch Officer in charge. See also Article 37 of the Account Code, Volume I.

In the column for "Receipts" will appear only sums shown for credit to a debit head, but imperfectly described. Any item of revenue receipt, of which full particulars are not given, must be taken of the credit of the minor head "Miscellaneous", under the revenue head to which it appears to belong. But such items must be rare; nor does the fact that they have been so credited and included in the aggregate receipts of the month relieve the Accountant General of the duty of ascertaining by correspondence what their real nature is and of transferring them to the credit of the proper head by debit to the head originally credited; they may be made the subject of special correspondence with officers concerned, but must, in all cases, be noticed in the Objection Statement and their amount entered in the column of the Objection Book headed "Items adjusted but awaiting final clearance".

In the "Payments" column will appear items not only of charge for which such particulars are not given as will enable the audit office to classify them properly but also charges written back on disallowance from the Exchange Accounts or charges disallowed from the inward Settlement Accounts which are not susceptible of final adjustment against some other head.

ITEMS ADJUSTED BUT AWAITING FINAL CLEARANCE

574. The third head will contain those items, to which technical objection is taken, unexplained receipts (see Paragraph 573), Payments on abstract contingent bills not covered by countersigned bills and in fact all items which cannot be admitted finally in audit. It will be observed that this column has no corresponding Ledger head and consequently any item which appears in it must have been taken to some prescribed head of account, the entry here being nothing more than a reminder that it has only been adjusted provisionally.

1. If Extract Registers of Deposit Receipts do not arrive in time for audit before closing the Objection Book, the amount shown in the Cash Account should be noted in the third column of the Objection Book but no entry need be made in any money column. When registers of payments are not forthcoming, their amounts should be dealt with in the same manner. Particular care must be taken to write off these objections when the registers are received.

2. Cash remittances, even though a complete voucher is absent, should not be entered in the Objection Book at all, as a separate register is provided for them. Deficiencies in such remittances will, however, come in the ordinary course into the Objection Book as "Advances Recoverable".

SERVICE PAYMENTS FOR RECOVERY

575. In the last column will appear all sums taken against service heads for which orders of recovery have issued. For, when a payment is made on account of a completed service on a proper voucher the fact of the payment is not altered because some portion of it represented an overcharge. The payment must be accepted and must be recorded against the Grant or Appropriation for which it was made; but at the same time it should be recorded as under objection.

1. The amount of gratuity to be refunded under the rules of Government by a person re-employed should be noted in the Audit Register for recovery. Recoveries will be credited to the Government. The fact of the complete refund of the gratuity should also be noted in the History of Service according as the person concerned is a gazetted or a non-gazetted Government Servant.

ADJUSTMENT REGISTER

576. As the objectionable items are adjusted in whole or in part—

‘Advances’, by credit to Advances Recoverable,

‘Suspense’, by credit or debit to that head,

‘Uncleared items’ by being cleared,

‘Service payments for recovery’ by recovery or by removal of the objection,

the adjustment is to be posted in the Adjustment Register (Form 128), and also against the original item in the Objection Book.

577. The mode of adjustment adopted with reference to each item will be shown in the column “How adjusted”; and the Superintendent or Assistant Superintendent will initial each entry in proof of his having examined and found it correct in every particular.

1. If an advance or suspense item debited in district or department as it recovered in district or department B, the adjustment of it must be recorded in the Adjustment Register and Objection Book of district or department A only. This is another source of difference between the Objection Book and the Classified Abstract *vide* paragraph 571.

578. In the Objection Book, in the column of amount under “Mode of adjustment”, will be entered each successive fragment disposed of; each entry in the Adjustment Register must have its distinct answering entry in these columns, and both entries will be initialled by the Superintendent at the same time.

1. In the case of objections against which no amounts are entered in the money column of the Objection Book, no entries should be made in the Adjustment Register.

2. The entry in the Objection Book of each adjustment may be certified by the initials of the Superintendent, provided that the entry is made in the Adjustment Register clearly, and in all cases in which the order communicating the objection has not been completed with fully, on the authority of an order signed by the Branch Officer in charge. The Branch Officer will, as a course, review not only the Objection Book, but also the Adjustment Register at frequent intervals.

579. If, in the case of items awaiting clearance, a real objection is afterwards found to exist (*e.g.*, recovery is ordered of part of the charge), only the part cleared will be entered, and the rest will still remain outstanding till disposed of.

Care must be taken that the real objection, when found, is duly communicated to the Treasury Officer/D.A.O. or other authority or Government servant, and noted in the Objection Book below the original objection or as a foot-note to it.

580. But if the explanation of the items shows that it belongs to the "Advance Recoverable" or "Suspense" class (e.g. a deposit repayment is objected to for want of a voucher, which, when it is received, turns out to be for a less amount than the charge), the item will be adjusted so far as regards the column "Awaiting clearance", but again be brought on the Objection Book, in the new month under "Advances Recoverable" or "Suspense". Reference will be made both in the adjustment and in the new objection to the transfer entry by which the amount is debited to the new head.

CLOSING OF OBJECTION BOOK

581. After despatch of the Objection Statements on the second Schedules of Payments and the Cash Account, the money column in the Objection Book should be totalled, the balance of the past month should be added, the totals of adjustment should be made in the Adjustment Register and entered in the Objection Book and the balance struck. The Superintendent will sign the certificate at the foot of the page or last page of the Objection Book for each month which will be closed and balanced on the 29th of the following month.

1. The difference between the totals under "Advances Recoverable" in the Objection Book and in the Classified Abstract is explained in paragraph 571. In the same way the totals under "Suspense" differ by the items written back on disallowances from the Exchange Accounts (Paragraph 573). There will be differences when an item adjusted in the accounts of one district or department is entered in the Adjustment Register of another (see rule 1 under paragraph 577). The Superintendent will sign the certificate after personal inspection of the Adjustment Register of the other district or department.

2. The outstanding balance in each column of the Objection Book is to be carried forward from month to month and from year to year.

3. The A.G.(C) is allowed one month extra for closing his Objection Books, which should be closed and balance on the 29th of the second month.

4. The due date for closing the Objection Books relating to Forest Accounts is the 6th of the second month following that to which the accounts relate.

BROAD-SHEET OF ADVANCES AND SUSPENSE

582. A Broad-sheet in Form 129 is maintained of the debits, credits, and balances under the heads "Objection Book Advances" and "Objection Book Suspense Account". The debits and credits are posted monthly from the Objection Book and Adjustment Register and their totals are agreed monthly with the posting in the Ledger and Broad-sheet submitted to the Branch Officer in charge for inspection. The opening balances are brought forward from the past year's Broad-sheet after the correct balances are worked out in it in the column for June Final as stated in paragraph 572. The monthly balances in the new year's Broad-sheet can then be struck and will agree with the Ledger balances month by month.

As the original entries under Suspense receipts are wholly unconnected with the original entries of charges under Suspense, there should be one Broad-sheet for Suspense receipts and one for payments.

All the balances shown on the Broad-sheets of Advances and Suspense should, for purposes of verification and control, be resolved monthly into the items of actual transaction, which should be reviewed completely by the Gazetted officer in charge. A list of item more than 3 months old showing *inter alia* the reasons for delay in their clearance and the action taken to expedite their clearance should be drawn up monthly and submitted to the supervisory officer (Deputy Accountant General) for review. The items more than 6 months old will similarly be reviewed monthly by the Accountant General himself. It is not necessary that the above review by the supervisory officer or the Accountant General should cover all the broad-sheets each month. On the other hand the monthly review should be so arranged that each of the broad-sheets in question comes under review once in a quarter. The same procedure should apply *mutatis mutandis* to the reconciliation and clearance of the differences between the figures in the Broad-sheets and the Ledger.

Note 1—The drill mentioned in sub-para 3 above regarding the monthly review of items outstanding for more than 3/6 months will apply equally to all that may be required to be maintained in the audit and accounts offices. The detailed procedure of how this drill is to be gone through in actual practice may be laid down in the relevant Manuals of the Accountant General's office.

Note 2—The accounts of Advances Recoverable and Suspense upon the Ledger should be broken up into as many detailed heads as are convenient for the purposes of audit and account. One of these heads should be "Objection Book Advances" or "Objection Book Suspense Account" and the balance of it should be agreed with that of the Broad-sheet made up as prescribed in this paragraph.

BROAD-SHEET OF DEPARTMENTAL ADJUSTING ACCOUNT

583. For each detailed Ledger head subordinate to the Suspense head "Departmental Adjusting Account", the departmental auditor will maintain a Boardsheet should be posted monthly from the schedule of receipts and the Broad-sheet should be posted monthly from the schedule of receipts and the second schedule of payments of each Treasury/D.A.O. and from the suspense slips representing items transferred from other sections. The adjusting entries, which will be *minus* credits or *minus* debits, should be posted from the Departmental Abstract and the difference worked out. The net total difference for the audit circle should be agreed with the postings in the Ledger and a memorandum of reconciliation prepared as shown in Form 130, wherein the progressive difference from the beginning of the year will be resolved into the individual items of which it is composed. The Superintendent will then sign the certificate at the foot of the Broad-sheet, which should be submitted to the Branch Officer in charge, with the memorandum of reconciliation not later than the 10th day of the second month following the month to which the Broad-sheet relates.

Note—If the number of suspense slips received in a section is sufficiently large, a receipts register may be maintained in a suitable form, and the total amount transferred through the suspense head as worked out in that register may be posted as a single original entry in the Broad-sheet.

The Branch officer and the Superintendent should exercise special care to see (1) that the adjustment of the credits and debits to the Departmental Adjusting Accounts is not neglected, (2) that the clearance is effected in the accounts of the month to which the transaction relates and (3) that in any case no difference is allowed to remain unadjusted for more than one month.

WATCHING AND TESTING ABSTRACT OF OBJECTIONS

584. An abstract in Form 131 must be attached to each Objection Book. The previous year's balance posted in the first column on the opening of the book. With the preliminary balance in last year's abstract as detailed in the list prescribed in paragraph 586. Later on their will be corrected in red ink into the June Final balance as worked out in the last year's Objection Book and Abstract of Objections. The other entries in the first column will be made at the closing of each month. The adjustments of each month should be distributed over the period of objection from the information in the Adjustment Register and posted in the proper line at the time of closing the book for the month.

REVIEW OF OBJECTIONS

585. It is the duty of the Gazetted Officer concerned to watch carefully all outstanding objections. Items left unsettled for three months and six months should be entered in separate parts of the same Register. A summary of all relevant correspondence should be recorded against each item in the second part (six monthly outstandings) and all subsequent correspondence should also be recorded. The Register should be submitted to the Branch Officer at least once in each month. On the occasion of each such submission he should review carefully all items in the second part. Items in the first part he should review at least once in every quarter.

Note—If the results of the review enjoyed by paragraph 582 are satisfactory disclosing very few items the Accountant General may at his discretion dispense with the review of outstanding objections through this Register and have the individual items entered in the quarterly analysis.

LIST OF OUTSTANDINGS

586. A list must be made up annually, for each district or department or sectional Objection Book, of all the items outstanding at the close of June Final arranged in chronological order (that is in the order in which they appear in the Objection Book) and in the same form as the Objection Book. The total of each district or department list should equal, and must be compared with, the balance struck at the bottom of the column or preliminary balance in the abstract prescribed in paragraph 584 in the Objection Book, and the comparison should be made and initialled by the Superintendent after agreement of the Advance Recoverable and Suspense balance with the June preliminary balance in the Broad-sheet mentioned in paragraph 582.

The list should be inserted in the new Objection Book as part of it.

Note—The list may at the discretion of the Accountant General be made up after the close of the June Final Accounts (*see* Note 2 to paragraph 572), and the procedure described in the paragraph modified suitably.

OBJECTION ON TRANSACTION APPEARING IN INWARD REMITTANCE ACCOUNTS

587. The procedure laid down in this Chapter will apply to the upkeep of Objection Books and Adjustment Registers in respect of items appearing in the Inward Remittance Accounts which are held under objection.

Combination of Objection Statement and Objection Book

588. An alternative plan by which the Objection Book is replaced by the file of original Objection Statements on their return from the Treasury/D.A.O. has been tried with success in some Audit offices, and it may be adopted by any Audit office at its option.

The Objection Statement is drawn out in Form 132, which adds to the ordinary Objection Statement the adjustment columns of the Objection Book. It also contain on the final sheet of the objection on the second Schedules of Payments the closing entries of the Objection Book.

As under this plan the Objection Statement must contain all the objections hitherto entered in the Objection Book, even objections for want of detailed bills and those communicated to the officers concerned by separate audit memoranda should be included in it.

1. This scheme need not be applied to objections raised by Special Audit Branche (e.g. Gazetted and Pension Audit), or by the Account Current Branch where district arrangement is not observed.

Every adjustment should be recorded at once in the Adjustment Register and also in the Objection Statement. If, however, any adjustment cannot be entered simultaneously in the latter owing to its not having been returned by the treasury/D.A.O. a distinguishing mark should be placed against the item in the Adjustment Register, in order that the record may be copied into the Objection Statement on its return.

The Abstract of Objections (Form 131) will be maintained under this alternative plan also. This abstract and the Adjustment Register will be closed on the 29th of the month, as laid down in paragraph 581. The closing entries will be made in the final sheet of the objection on the second Schedules of payments on its return from the treasury/D.A.O.

CHAPTER 30—INSTRUCTIONS FOR THE PREPARATION OF APPROPRIATION ACCOUNTS COMMERCIAL ACCOUNTS, FINANCE ACCOUNT, AUDIT REPORT AND GENERAL FINANCIAL STATEMENT.

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NATURE OF REPORTS TO BE PREPARED

589. As explained in Article 258 (1) of the Audit Code, while article 128 (I) of the constitution of the People's Republic of Bangladesh imposes on the Comptroller and Auditor General the duty of reporting on the accounts section 4 of the Comptroller and Auditor General (Additional Functions) Act, 1974 prescribe that the Comptroller and Auditor General form the accounts kept by him prepare and present annually both Appropriation Accounts and Finance Accounts. In addition he is required to prepare and submit a compilation of the Commercial Account on the basis of Manufacturing, Trading and Profit and Loss Accounts, Balance-Sheet and any other accounts that are kept by the Ministries/Divisions and offices of the Government, Statutory public authorities, public enterprises and local authorities with his Audit reports prepared in each case, in pursuance of the provisions of sections 5 and 6 of the Comptroller and Auditor General (Additional Functions) Act, 1974 as amended by the Comptroller and Auditor General (Additional Functions) (Amendment) Act, 1975. The Comptroller and Auditor General is also required to prepare and submit annually a general financial statement incorporating a summary of the accounts of the Government, Statutory public authorities, public enterprises and local

authorities for the last preceding year and the particulars of their balances and outstanding liabilities and containing such other information as to their financial position as the President may direct to be included in the statement pursuant to the provisions of section 7 of the aforesaid Act of 1974 as amended by the Act of 1975 *ibid.* These Accounts together with the reports are respectively called the "Appropriation Accounts and the Audit Reports"; Commercial Accounts and the Audit Report, and the "Finance Accounts and the Audit Report". The nature and object of these Accounts and Reports are explained in Chapter 2 of section V of the Audit Code. With reference to Article 132 of the constitution and sections 4, 5, 6 and 7 of the Comptroller and Auditor General (Additional Functions) Act, 1974 these Accounts and Reports are submitted by the Comptroller and Auditor General to the President who shall cause these reports to be laid before the Parliament. Under the existing arrangements the "Appropriation Accounts and Audit Reports" and the "Commercial Accounts and Audit Reports" are examined by the committee on Public Accounts.

EXTENT OF APPLICATION OF THESE INSTRUCTION

590. Except where the contrary is specifically provided or appears from the context the general instructions contained in this chapter and in chapter-2 of Section V of the Audit Code apply to all officers who prepare Appropriation Accounts, Commercial Accounts, Finance Accounts, General Financial statement and Audit reports. The special instructions regarding the Form and arrangement of these Reports are given in the subsequent paragraphs and in the "Skeleton Draft Appropriation Account" and "Skeleton Draft Finance Accounts" (printed separately).

Instructions relating to the preparation of the Appropriation Accounts and Audit Reports of the P. T&T. Department, Railway Department and of the Defence services are given in the Manuals of the Audit Officer concerned. Similarly the special instructions for the preparation of Commercial Accounts and Audit Reports are laid down in the Manual of the Commercial Audit Department.

RESPONSIBILITY FOR PREPARATION

591. As stated in Article 258 of the Audit Code there are Four separate Appropriation Accounts of the Government, viz, Defence, Railway, Posts, Telegraph and Telephones as well as for other departments of the Governments. The Appropriation Accounts relating to Civil Department (Except Railway, P. T&T. and Defence) will be prepared by the Accountant General (Civil) and of the Posts, Telegraphs and Telephones Department by the Accountant General, Posts, Telegraphs and Telephones, Defence services by the Military Accountant General and the Railways by the Financial Adviser and Chief Accounts Officer, Bangladesh Railways. Three separate compilations of Commercial Accounts on the accounts of (1) Statutory Public Authorities relating to works. (2) Government Commercial undertakings, Nationals Industries and Commercial Institutions and (3) Local Authorities and Statutory Public Authorities (other than these relating to works and commerce) are prepared respectively by the Accountant General (Works and WAPD), Director General Commercial Audit and Director-General Local and Revenue Audit.

The Audit Reports on the accounts should be prepared in seven separate compilations as under—

- (i) Audit Report on the Accounts of the Government of Bangladesh (Civil Departments) by the Accountant General (Civil).
- (ii) Audit Report on the Accounts of Post, Telegraph and Telephones by the Accountant General, Post, Telegraph and Telephones.
- (iii) Audit Report on the Accounts of the Defence Services by the Military Accountant General;
- (iv) Audit Report on the Accounts of Railways by the Director General, Railway Audit;
- (v) Audit Report on the Accounts of Statutory Public Authorities and Local Authorities relating to works by the Accountant General (Works and WAPDA);
- (vi) Audit Report on the Accounts on the local Authorities and Statutory Public Authorities other than those relating to Works and Commerce by the Director General, Local and Revenue Audit;
- (vii) Audit Report on the Accounts of the Government Commercial undertakings, Nationalised Industries and Commercial institutions by the Director General, Commercial Audit.

Instructions regarding the distribution of responsibilities of preparation, printing and publication of the above audit report are described in Appendix 6 of Audit Code.

Note—If there is any doubt about the particular Appropriation Account and Audit Report in which a financial irregularity should be included the deciding factor should be the source from which the funds irregularities applied were provided, that is to say, the irregularity should be brought to the notice of the Parliament through the Audit Report of the Department which actually provided the money.

592. Like the Appropriation Accounts and Audit Report there is a Finance Account and Audit Report for the Government. There is only one compilation containing the Finance Account for all the transactions of the Government of Bangladesh including those of the Civil (including P.W.D.), Defence services, Railways and Posts, Telegraphs and Telephones Departments. The Finance Account is prepared by the Accountant General (Civil).

593. In order to enable the Accountant General (Civil) to prepare the documents referred to in two preceding paragraphs, all other Accounts and Audit officers should supply him with the necessary material concerning the receipts and disbursements with which they have dealt in such form and detail as the Accountant General (Civil) may require for the preparation of Appropriation Accounts, Finance Accounts and Audit Reports. The Accountant General (Civil) is authorised to edit such materials before including it in the report, and if he considers this to be desirable, to omit any portion of it. Irrespective of the responsibilities of other Audit officers with reference to the instructions in this chapter, the Accountant General (Civil) as the compiler

of the Appropriation Account, Finance Account and Audit Reports of the Government should take steps to ensure that all comments of an adverse character which it is proposed to include in the Appropriation Accounts or Finance Accounts or Audit Reports are shown in draft in the first instance to the departments concerned of the Government, unless there is clear evidence to show that such comments have already been communicated by Audit officers concerned direct to the appropriate departments of the Government.

Note—The material prescribed in this paragraph should be prepared very carefully. The responsibility for the accuracy of facts and figures it contains will devolve upon the officers furnishing. When, however, the material is originally prepared by Audit officers subordinate to the officer who forwards it to the Accountant General (Civil), the officer forwarding it is expected to edit it and to take the entire responsibility for its contents.

594. The dates for submission of the material mentioned in paragraph 593 will be settled in consultation between the supplying officer and the Accountant General (Civil) as the latter is responsible for the punctual submission of the Reports. The material should be supplied in duplicate, but should not be printed. One side only of the paper should be used, so that one entire copy may be placed on record for future reference when the other has been cut and pasted as may be convenient.

595. *Deleted.*

GENERAL INSTRUCTIONS FOR THE PREPARATION OF THE ACCOUNTS AND REPORTS.

596. The more important instructions which should be followed in the preparation of Appropriation Accounts, Commercial Accounts, Finance Account and Audit Reports are contained in Chapter 2 of Section V of the Audit Code. As stated in paragraph 590 these Accounts and Reports should follow respectively the models of the "Skeleton Draft Appropriation Accounts and Audit Report" and the "Skeleton Draft Finance Accounts and Audit Report" and also follow the instructions issued from time to time by the Comptroller and Auditor General. It should be understood, however, that these models are illustrative and it is open to the Accountant General to modify or amplify them as may be necessary to suit the material which from year to year it falls to him to handle. In two respects, however, there should be no substantial departure from the model, viz. (a) the order of arrangement of subject and (b) the tabular statements for the exhibition of figure. No subject heading should, however, be given in either of these accounts and Reports when there is nothing under it to bring to notice.

597. The points to be borne in mind in preparing the Appropriation Accounts, Commercial Accounts and Audit Reports are mentioned in paragraphs 598 to 649 and those in connection with the preparation of Finance Accounts and Audit Reports in paragraphs 650 to 653 below.

APPROPRIATION/COMMERCIAL ACCOUNTS AND**THE AUDIT REPORT****Title Of The Compilation**

598. The compilation relating to the accounts of Government should be described on its title page as the Appropriation/Commercial Accounts of Accounts the name of the Government being printed at the top. The title page should be printed in the manner indicated in the Skeleton Draft Appropriation Accounts and Audit Report and also in the manner prescribed from time to time by the comptroller and Auditor General.

The Audit Reports on the Appropriation/Commercial Accounts are published separately.

FORM AND ARRANGEMENT**Appropriation Accounts And Audit Report.**

599. As indicated in the preceding paragraphs the Appropriation Accounts should be prepared in the following arrangements:

- (i) Prefactory Remarks;
- (ii) The Appropriation Accounts with explanatory Notes and Audit comments;
- (iii) Annexures A and B, the Annexure A being meant for giving the cases of financial irregularities remaining unfinalised in respect of transactions accounted for in a previous year concerning which further information has become available and transactions in a later concerning which it is desirable that the Government should possess early knowledge, and Annexure B for exhibiting a list of Departments which have not conducted the physical verification of Stores in their charge and have not furnished the requisite certificates to the officer concerned.

A detailed description of the nature of the information to be given in part I and instruction relevant thereto are given in the 'Skeleton Draft Appropriation Accounts and Audit Report'. Similar information in regard to the matters connected with part II is given in paragraph 604 *et seq.*

The Audit Report on the Appropriation Accounts should be prepared in accordance with the following arrangements:

- (i) Prefactory Remarks;
- (ii) General review of the results of Audit;
- (iii) Points outstanding from the previous reports.

COMMERCIAL ACCOUNTS AND AUDIT REPORTS

599-A. The commercial Accounts should be prepared in the following manner prefatory Remarks.

Part I

Relating to the accounts of Government Commercial undertakings:

- (i) General Review;
- (ii) Accounts, Review and Audit comments.

Part II

Relating to the accounts of statutory public authorities, public enterprises and Local authorities:

- (i) General Review;
- (ii) Accounts, Reviews and Audit comments.

The Audit Reports on the commercial Accounts should be prepared in accordance with the following arrangements:

- (i) Prefatory Remarks;
- (ii) Introductory;
- (iii) General Review;
- (iv) General Remarks and Audit certificates;
- (v) Audit Reports.

The commercial Accounts should be printed as on Appendix to the Audit Report.

600. The Appropriation Account and Audit Report of the Posts, Telegraph and Telephones should in addition contain a review of Finance of that Department. This review should be prepared by the Director-General, Bangladesh Post Office and the Chairman T&T Board but should be audited by the Accountant General and an audit certificate duly signed by him attached.

SUBJECTS FOR INCLUSION

601. The more important subjects which should be included in these Accounts and Reports are detailed in Articles 263, 264 and 267 of the Audit Code and the manner in which relevant comments should be drafted is indicated in Articles 265 and 267 *ibid*.

Some illustrations of the principal types of irregularities and other matters which, subject to the terms of the relevant rules in chapter 2 of section V of the Audit Code, may be included in the Appropriation/Commercial Accounts and Audit Report are given below.

- (a) Any expenditure on a service which has not been duly authorised in Authenticated Schedule of Expenditure.

Note—In the absence of an authoritative definition of the term "new service" the Accountant General should be guided by such case law as may have been evolved by the committee on public Accounts concerned; and in doubtful cases he should take the orders of the Comptroller and Auditor General.

- (b) Any reappropriation required to be brought to the notice of the Public Accounts committee under the rules referred to in Article 258(2) of the Audit Code.
- (c) If the Ministry of Finance has so required or agreed, any expenditure on an object disapproved by the Parliament or requiring, but incurred without obtaining, its approval.

Note—The Ministry of Finance will keep the Accountant General informed of all such cases.

- (d) Any important expenditure incurred without necessary sanction or contrary to a valid conditions or restriction imposed by Parliament.
- (e) Any large claim against a foreign Government, local body or other outside party which has been outstanding for an unduly long time.
- (f) Any irregularity connected with a contract, *vide* Articles 124 to 129 of the Audit Code.
- (g) Remissions of revenue (except land revenue remissions) and abandonments of claims to revenue, which are required to be reported to the Audit office by Heads of Departments, losses of Government money or property (whether or not recorded as expenditure in the Appropriation Accounts.)

Note—All losses or deficiencies etc., of an important or unusual character relating to the particular appropriation account should be mentioned in the notes at the end of that account irrespective of whether the loss, deficiency, write off or nugatory expenditure is actually debited in the account or not. When any such case is mentioned, it would ordinarily be sufficient to give only a brief statement of the circumstances which led to it without any criticism, audit comment, demand for disciplinary action, etc. A marked tendency to increase of losses extraordinary or uneconomical payments or claims to compensation, however, will form the subject of comment.

In the case of losses of stores, the test of importance should be net value after crediting any sums recovered and not the gross value of the stores lost. Small losses by fire, or in transit or in other circumstances beyond the control of any responsible person need not be mentioned in the account; but a heavy loss will probably lead to an increased charge and consequently a note explaining the charge may become necessary.

All important cases of remissions and abandonments of claims of revenue in the Railways, Posts, Telegraphs and Telephones Departments above a certain fairly high monetary limit to be fixed by administrative authority should be mentioned individually.

- (h) Any extraordinary or apparently unnecessary expenditure, such as—
- (1) Payments made as acts of grace,
 - (2) Compensation paid for damage sustained,
 - (3) Payments in excess of amounts admissible under contract or rule.
 - (4) Payments necessitated by failure to enforce the terms of a contract, and
 - (5) Irrecoverable balances of advances payments made on account of service, etc., which were ultimately not rendered.
- (i) Any uneconomical or apparently wasteful expenditure due to—
- (1) the inception of works without adequate investigation of their utility or feasibility.
 - (2) the execution of works by a Government agency which lacks the ability or the facilities to execute them properly.
 - (3) the unsatisfactory working of Government commercial undertakings.
 - (4) the fixation of the rents of residential buildings; and
 - (5) other similar causes.
- (j) Any irregularity in connection with the withdrawal and disbursement of money, designed to bring expenditure into closer accord with allotments such as—
- (i) withdrawal of money in advance of requirements, particularly towards the close of a financial year, and
 - (ii) postponement of payments which are due and fully matured.
- (k) Any important irregularity in the realisation of revenue—
- (1) Any instance of the absence of administrative regulations and procedure sufficient to secure a proper and effective check upon monetary transactions.

*Note:—*Any serious delay in the issue of necessary financial or account rules (statutory or non-statutory) by a Government should receive suitable notice in the Audit Report, unless the Accountant General considers that the rules to be framed are not so important as to cause any serious loss of efficiency, or is satisfied that there will be no further delay. When making any comments, he should, however, state the causes of the delay, particularly in cases in which it would be unfair to comment without indicating the causes.

INSTRUCTIONS FOR DRAFTING COMMENTS OR IRREGULARITIES

602 Subject to the general instructions contained in chapter 2 of Section V of the Audit Code, the following instructions should be observed in drafting comments on irregularities to be included in the Appropriation Accounts and Audit Report.

- (i) Relevant points bearing directly upon the nature and extent of the irregularities should alone be mentioned and the comment should be based on facts and not on inferences. Date should be given when they are necessary for a clear presentation of the case. It is unnecessary to give a narrative account of the discovery of the irregularity.
- (ii) If, in any case, it is absolutely necessary to refer to any correspondence with the Comptroller and Auditor General or with the executive Government, the subject matter of the correspondence should be summarised, as briefly as a compatible with clear exposition. Similarly, if it is necessary to refer to the infringement of any rule, whether statutory or not. The gist of the rule should be concisely summarised and the actual or possible effect of the violation on the financial interests of the Government clearly explained.
- (iii) In reporting cases of financial irregularity, extravagant expenditure incurred or savings effected at the instance of Audit, the actual amounts involved should as far as possible, be stated. Otherwise figures should not be given unless they are necessary for a clear presentation of the case.
- (iv) The name of the official personally responsible for an irregularity should not be mentioned, and his designation should not be cited if that gives an unmistakable clue to his identity. Subject to such preservation of anonymity, the report should indicate the status of the official responsible.
- (v) Care should be taken to avoid asperity in comments. The use of such words as "fraud" or "embezzlement" which denote crime should also be avoided unless the crime has been proved. It would generally be sufficient to use some colourless word, e.g., "loss" in such cases.
- (vi) The wording of a comment, should ordinarily make it clear whether it relates to a voted or to charged item.
- (vii) Unless in any case it be otherwise prescribed in this Chapter, it is not necessary for the Accountant General to obtain the approval of the Comptroller and Auditor General before making a comment; but doubtful and difficult cases may be freely referred to him and his advice may be sought when necessary.
- (viii) Case may arise in which it may not be possible or advisable to give publicity to the full details of an irregularity by including them in the Report. If the details which may properly be published are considered inadequate to enable the Comptroller & Auditor General to judge of the gravity of the case, further information should be furnished to him, by confidential letter if necessary.

PROCEDURE FOR DEALING WITH IRREGULARITIES, ETC.

603. As stated in Article 268 of the Audit Code, it is very desirable that the Government should be given an opportunity to make such observations and comments as it thinks fit to make before important cases of financial irregularities

are included in the Appropriation Accounts and Audit Report. As further stated in that Article, the procedure for reporting such cases to Government should be such as May be settled between the Accountant General and the Ministry of Finance of the Government.

- (1) (i) In handling reports on irregularities connected with the accounts which come under his audit, the Accountant General (Civil) should adopt the following procedure :
 - (a) If the subject is administered directly by a Ministry, he should in the first instance, submit his report on the irregularity to Ministry concerned. If the action taken by that Ministry is not considered adequate, he should make a report to the Ministry of Finance.
 - (b) If the subject is administered through a Local Administration he should address his first report to that Administration and also send a copy simultaneously to the Administrative Ministry concerned and the Ministry of Finance of the Government.

Note—The procedure prescribed for the Accountant General (Civil), should also be adopted by the Accountant General. Posts, Telegraphs and Telephones.

(II) Deleted.

- (2) In respect of such cases; i.e., cases likely to be mentioned in his audit report or in the notes appended to the Appropriation Accounts themselves, draft paragraphs should be prepared during the course of the year as soon as the necessary preliminary investigation of the case has been completed or reaches an advanced stage, and a copy of the draft paragraph should be supplied at once for consideration and comments to the Administrative authorities to whom the reports were addressed.
- (3) Similarly, after comments from the administrative authorities and the Ministry of Finance have been received, the final draft of the paragraph for the Appropriation Accounts or the Audit Report should be prepared without waiting for the compilation of the Appropriation Accounts or the Audit Report, and copies should be supplied to the same authorities. The above instructions apply *mutatis mutandis* to the Commercial Accounts and Audit Report compiled by the Director General, Commercial Audit, Director General, (1) Local and Revenue Audit, and Accountant General (Works and WAPDA).

INSTRUCTIONS FOR THE PREPARATION OF APPROPRIATION ACCOUNTS

604. The following instructions should be observed in connection with the preparation of Appropriation Accounts.

605. **Grand Summary**—Prefixed to the Appropriation Accounts, there should be a grand summary of the appropriation results of the year compiled in Form 133.

606. Below the grand summary should be given an audit certificate in the following Form unless the Audit officer deems it necessary to suggest a modification of it as a result of the audit conducted under his direction. No modification in this certificate should be made without prior consultation with the Comptroller and Auditor General.

"The account above has examined under my direction in accordance with the provisions of Article 128 of the constitution and Sec. 5 of the Comptroller and Auditor General (Additional Functions) Act, 1974. I am assured that my officers have obtained all the information and explanation that they have required and according to the best of my information I certify that the account is correct subject to the observations in the report."

Dacca

Comptroller and Auditor General
of Bangladesh.

The.....

The above instructions apply *mutatis mutandis* to the Commercial Accounts and Audit Report compiled by the Director General, Commercial Audit, Director General, Local and Revenue Audit and Accountant General (Works and WAPDA).

607. **The Appropriation Accounts**—As the standard form of Appropriation Account, the Comptroller and Auditor General has selected Form 134 which should be compiled with due regard to the instructions attached to it.

608. There should ordinarily be a single appropriation account for each grant voted by the parliament, including charged appropriations connected with the service for which the grant is voted, and for the complete appropriation authorised for each wholly charged head of expenditure. If however, the Committee on Public Accounts or the Ministry of Finance desires that two or more accounts should be prepared in respect of a single big grant, this may be done, as abstract of the complete grant being prefixed to the separate accounts. For the purposes of appropriation audit, a grant so divided should continue to be treated as a single grant, and transfers from services falling under one of the appropriation accounts to services falling under another should be treated as transfers within a grant.

Note—In cases of this kind, it will ordinarily be desirable to press for the instruction of a new grant to cover that part of the expenditure which it is proposed to exhibit in a separate appropriation account.

609. The Appropriation Accounts should be arranged serially by grants and appropriations, the distinguishing number of each grant or appropriation with its name being printed at the top of each page which deals with it. If a particular account deals with charged items only, or voted items only the fact should be prominently recorded upon its face.

610. Below the title of each account which forms the subject of comment in the Report the words "See also the Audit Report" should be printed in thick type. To facilitate reference in such cases, an index should be carefully prepared and inserted at the end of the compilation.

611. Where the Appropriation Accounts relate wholly or in part to transactions, the audit of which devolves upon an Auditor other than the Accountant General who prepare the report on the Appropriation Accounts, the latter should obtain an Audit certificate in respect of such transactions included in the Appropriation Accounts. The Certificate should as far possible, be in the form given below :

"I have examined the above account and according to the best of my information as a result of a test audit of the books and consideration of explanations given to me the account is correct subject to the observations in report on the Accounts"

If, however, the result of the test audit conducted under his direction lead the Accountant General to a different conclusion, the certificate should be modified accordingly.

612. If so desired by the Finance Ministry, the compiling officer should send to each authority responsible for controlling expenditure against a grant an advance copy, in manuscript or proof, of the appropriation account of the Grant.

613. Sub-heads.—An appropriation account should be detailed, not necessarily by the minor or other subordinate heads of account prescribed for the classification of expenditure in the general accounts, but by such sub-heads as may be locally selected for the purpose. These sub-heads should be arranged as far as possible, under the major and minor heads of the General accounts classification.

614. The selection of sub-heads for the Appropriation Accounts rests with Finance Ministry but that Ministry will not ordinarily, without the consent of the Comptroller and Auditor General, prescribe sub-heads under which expenditure cannot be compiled from the general accounts without a change of classification in the latter. A contemplated prescription of this kind should therefore, if the Government desires to press it, be referred by the Accountant General for the orders of the Comptroller and Auditor General. Similarly if, the selection of sub-heads in such as to make it difficult, though not impossible to apply the essential principles of Appropriation audit, the Accountant General, should represent to the Finance Ministry the desirability of revising them in the next years estimate. If the Finance Ministry do not accept this proposal, the advice of the Comptroller and Auditor General should be sought.

615. While it is for the executive Government to select the sub-heads, the Accountant General is entitled to criticise the selection in his Report if it is such as to hamper appropriation audit or to obscure the presentation to the Committee on Public Accounts of the true results of the year. (See Note

under Article 52 of the Audit Code). In offering such comments, the following points, among others, should be borne in mind.

- (a) A single sub-head should not cover expenditure so large or activities so various as to necessitate extensive analysis in the explanatory notes.
- (b) On the other hand, excessive sub-division into sub-heads is undesirable, as it adds to the bulk of the compilation and tends to distract the attention of the reader from essential points.
- (c) Such items as recoveries taken by deduction from expenditure and outlay on grants-in-aid should, if of appreciable size, be accommodated in separate sub-heads.
- (d) Lumpsum deductions for probable savings should preferably be shown under separate sub-heads.

616. The figures relating to each selected sub-heads should be separately compiled in the Appropriation Accounts. The explanatory notes, if any, relating to each sub-head, should, as prescribed in paragraph 619, be printed immediately below the relevant line of figures.

617. The figures of expenditure entered in the Appropriation Accounts must be the final figures of the year under report, as they stand after the general accounts have been closed. Every effort should be made to include in them all changes made by entries in the supplementary accounts for June, as it is of the utmost importance that the figures of the Finance Accounts of the Government should tally exactly with those of the Appropriation Accounts. Such agreement must be effected before the general accounts of the year are closed, and no change should be made in the Appropriation Accounts if it cannot be incorporated in the Finance Accounts by the Comptroller and Auditor General.

618. **Notes on the Accounts.**—The explanatory notes on the Appropriation Accounts should be prepared by the officers compiling the accounts.

619. The notes explanatory of each sub-head should be printed immediately below the relevant line of figures and the column or columns to which the explanation relates may be mentioned at the commencement of each note.

620. The main object of the note under a sub-head is to explain divergencies (1) between the allotment for the sub-head originally voted or authorised and its final figure as modified by supplementary provisions, surrenders, withdrawals and reappropriations, and (2) between that final figure and the actual expenditure under the sub-head.

621. The responsibility for furnishing the necessary explanation rests upon the officer compiling the accounts. If he finds it necessary to collect information from departmental officers, he must make his own arrangements for doing so, invoking, if necessary, the assistance of the Finance Ministry. Even where his explanations are based upon such information, he will be understood, in the absence of specific statement to the contrary, to endorse the departmental explanations and except them as correct.

622. (a) It is unnecessary to explain the reasons for individual reappropriations, withdrawals, surrenders or supplementary provisions unless—

- (i) they are of appreciable size, or
- (ii) the expectations with which they were made or obtained have fallen notably short of fulfilment.

(b) Trivial discrepancies between the final figure of the allotment for a sub-head and the actual expenditure under it need be explained. If possible, an agreement should be reached with the Government and the Committee on Public Accounts, prescribing a money limit, possibly modified by a percentage limit, below which discrepancies may be disregarded as trivial. These limits should not, however, prevent important matters of principle from being mentioned.

623. In drafting explanations the following instructions should be observed—

- (i) Brevity should be carefully studied and unnecessary repetitions avoided. Information should be supplied in the simplest form compatible with the object of bringing the facts clearly to the notice of the authority which authorised the supply to funds.
- (ii) General terms should not be employed. It is, for example, not adequate explanation of saving on the purchase of stores to state that "fewer stores were purchased". The reason for the smaller purchases should be given.
- (iii) Criticism should be avoided. Its proper place is in the audit comments which follow the accounts and notes. Attention may, however, be drawn to any misstatement contained in a departmental explanation which it is found necessary to reproduce.

624. The following points should be borne in mind in explaining discrepancies.

- (i) The provision under the sub-head is the unit voted by the parliament. If there is no appreciable saving or excess on the sub-head as a whole, it is unnecessary, in the absence of very special circumstances, to explain discrepancies in respect of items falling within the unit.
- (ii) In explaining uncovered variations between the final grant or appropriation and the actual expenditure, the reasons why it was impossible to surrender unwanted funds or to obtain an additional provision should be fully set forth.
- (iii) If variations are due to several causes, the approximate amount due to each these should be stated.
- (iv) In explaining savings, those which are due to temporary postponement of expenditure should be distinguished from the result of economy, retrenchment or deliberate abandonment of projected schemes. If a service or work for which provision was made in the budget is

deliberately abandoned in order to make funds available for expenditure for which no such provision was made the fact should be mentioned.

- (v) Comments should be made, where necessary, upon failure to realise "Probable Savings" for which allowance was made in the budget.

625. When a variation under a sub-head cannot be explained in a note of reasonable brevity, the explanation should be incorporated in an appendix to the account, a reference to this fact being made in a note below the sub-head.

626. If there is a net excess over a total Grant or Appropriation, the main reasons for the excess should be summarised in separate note at the end of the account. A similar course be followed when the percentage of total savings is notably high.

627. In addition to explanations of variations between authorised provisions and expenditure, it is frequently desirable to supply other information in the explanatory notes. The following are examples of such information :

- (a) Although the Appropriation Accounts do not deal with receipts, cases often arise in which there is some correlation between important items of expenditure and the corresponding receipts, which may be expected to vary in proportion to each other. If this expectation is for any reason not fulfilled, the reason should be explained, unless it is fully apparent from a subsidiary statement or account attached to the Appropriation Account.

Note—The appropriation for Defence Service is a net one, i.e., the total net expenditure on Defence Service after deducting receipts is limited to the amount appropriated for these services. The Appropriation Accounts of Defence Services should include an examination of the receipt side of the account also, though not in great detail, in order that the Appropriation Accounts may completely fulfil their function.

- (b) If recoveries of expenditure are not shown under a separate sub-head, but the expenditure, less the recoveries is exhibited as a net figure, the notes should show the gross expenditure and the gross recoveries, both estimated and realised, with appropriate, comments on variations.

Note—This is an exception to the general rule set forth in paragraph 624 (i) above.

- (c) If important items of expenditure are mutually so related that variations in one of them should normally affect another, the actual figures of all should be set out in the notes and comment made upon notable divergences.
- (d) If a debit to a particular account is offset by a credit elsewhere the fact should be stated in the notes.
- (e) If similar feature of different appropriation accounts are explained by a single cause or series of connected cause, a note should be inserted in some suitable place exhibiting the cumulative effect of such cause or causes, and a reference to this note should be made in dealing with each of the accounts concerned.

- (f) On the completion of a special scheme or other temporary object of expenditure, which is of appreciable importance, suitable remarks regarding its unadjusted assets and liabilities should be made in the note below the relevant sub-head. If any stores or other classes of property were acquired by charge to the grant for the scheme, the actual or intended disposal of such property should be explained and any deficiencies noted or losses incurred should be mentioned. When an institution or department has been closed or transferred to another department the effect upon the accounts of the closure or transfer should be indicated.
- (g) When any important immovable property is purchased relinquished or exchange for other property, such details of the transaction as may be known should be incorporated in the note below the relevant sub-head. Thus in the case of sale, particulars of original cost may, if available, be given, and compared with the sale-proceeds and with any estimate which may have been included in a project estimate.
- (h) Where the Appropriation Accounts are not compiled by the Audit Officer the compiling officer should endeavour. When drafting his explanatory notes, to anticipate and meet any comments which the Audit Officer may be expected to offer upon the figures of the sub-head concerned.
- (i) In general, it should be remembered that it is desirable to give an explanation of every transaction which cannot be presumed to have been contemplated by the Parliament or the Government when voting or allotting the funds from which it was financed.

SUBSIDIARY STATEMENTS AND ACCOUNTS

628. In respect of certain classes of expenditure, it is desirable to attach to the Appropriation Accounts, Subsidiary Statements and Accounts. Examples of these are given in the following paragraphs.

629. **Statements of New works**—(a) In the detailed budget estimates provision is ordinarily made for individual works if the expenditure upon them is expected to exceed a prescribed monetary limit; and in addition, funds are provided in lump of minor items of works expenditure and, in some cases, for unforeseen charges also. Expenditure on individual works is not, however, as a general rule, shown separately in the appropriation accounts, the outlay being shown as a whole against one or more sub-heads.

(b) In order to bring out the extent to which the approved programme of expenditure has been followed, detailed statements in form 136 should be appended to the Appropriation Accounts. A separate statement of this kind should be appended to each account which deals with appreciable expenditure upon new works; and if necessary such statement should be sub-divided. Thus, outlay upon new Civil Works should be exhibited separately under the four headings "Building", "Communications", "Miscellaneous" and "Tools and Plant

New supplies" and the portion dealing with "Buildings" may itself be subdivided to such extent as the Finance Ministry may desire. Similarly, Irrigation works should be sub-divided into "Works"; "Extensions and Improvements" and "Tools and Plant—New Supplies".

(c) Notes should be included in each statement in Form 136, explaining marked variations between the estimated and actual expenditure upon individual works or groups of works, as the case may be. Examples of suitable notes are appended to the specimen form.

630. Statements on similar lines may at times be usefully employed in setting out the progress of Expenditure arising out of a concerted programme of outlay upon objects other than new works, such, for example, as political or other mission or a scheme of inquiry or reorganisation.

631. **Trading Accounts.**—Trading Accounts are designed to show the commercial results of undertakings of a quasi-Commercial character which are financed, directly or indirectly, out of public funds.

632. The Director General, Commercial Audit will make arrangement to incorporate in the relevant Commercial Accounts the Trading and Profit and Loss Accounts and Balance Sheets of Government Commercial undertaking/Ministries/Departments and/or such other accounts as may be prescribed in consultation with the Ministry of Finance. Such accounts should ordinarily set out, in addition to the figures of the year under report, those of the year immediately proceeding it.

633. Similarly in respect of quasi-Commercial undertakings, the officer compiling the accounts should move the Finance Ministry to decide the nature and form of the subsidiary accounts and statements, if any which should be appended to the Appropriation Accounts. The orders of the Comptroller and Auditor General should, however, be taken if the decision of the Finance Ministry involves a substantial change in the form of any regular account or a material departure from any general form prescribed for a similar purpose with the approval of the Comptroller and Auditor General.

634. Every Trading Account included in the Commercial Accounts should bear the signature and designation of (1) the officer in immediate charge of the undertaking, (2) the accountant or other person responsible for the book-keeping and the compilation of the accounts and (3) the officer responsible for their audit. The last named officer should append a Certificate of audit in such form as may be prescribed for the purpose. In case of statutory corporations, their published accounts will be included in the Commercial Accounts alongwith the names signatories to this account.

635. **Stores Accounts.**—The Appropriation Account of a grant covering expenditure on the purchase of stores which will be brought gradually into use furnishes no evidence that the stores actually purchased were really required and that they have been properly utilised. Irregularity in the disposal of public stores is equivalent, to irregularity in the handling of public money. In order, therefore, that the appropriation account of such a grant may be complete. It

is desirable that it should be supplemented by a Store Account showing the transactions in connection with stores actually carried out during the year. This is particularly desirable where the value of Stores is considerable.

636. There is another reason for regarding a Store Account as the necessary complement of the appropriation account in such cases. The appropriation account is no guide to the adequacy of stocks. If it shows a saving or an excess over the appropriation for purchase of stores, the real nature of such saving or excess cannot be determined without reference to the condition of the stock account at the beginning and end of the year. The latter alone can show the true extent of the drafts actually made upon the stock in hand. A Store Account is, therefore, essential if it is desired to keep a watch over the actual consumption of Stores.

637. The Store Accounts of departments of undertakings not under the audit to the Audit Department should not be applied to the Appropriation Accounts/Commercial Accounts without the consent of the Finance Ministry. The officer compiling the Appropriation Accounts/Commercial Accounts should ask for such consent where the extent of the stocks purchased or held renders this desirable.

638. Stock Accounts should be in such form as may be locally prescribed for the purpose, and should give the following information.

(a) The values of—

(i) the opening balance, (ii) receipts during the year, distributed, if so desired, over principal sources of receipt; (iii) utilisations, sales and other disposals during the year, (iv) depreciations, shortages, etc., written off during the year and (v) the closing balance.

(b) The results of stock verification and of revaluation, if any.

(c) The agency employed for such verification and revaluation. Where, as in the case of Salt and opium stores, the stocks are large and of a more or less homogeneous character, the accounts may with advantage show quantities and, if possible, rates in addition to values.

It may be advantageous to exhibit stores balances by categories, and this method will be specially helpful when high balances have to be explained.

639. As in the case of Trading Accounts, Store Accounts should bear the signature of the officer in immediate charge of the stores and of the accountant responsible for the preparation of the accounts. If, the audit of the Store Accounts has been entrusted to an Audit officer, an audit certificate should be signed by the latter. When an account not under such audit is appended to the appropriation account the explanatory note under the relevant sub-head mention this fact.

640. **Accounts of Expenditure from Grants-in-aid.**—Separate Accounts of expenditure, by grants, from grants-in-aid should be appended to the Appropriation Accounts in cases where the submission of an audited account or

the subjection of the accounts of expenditure to Government audit is made a specific condition of the grant. All such accounts should be signed by the granted or by his responsible accountant and should bear a certificate of audit.

641. Where grants-in-aid are sanctioned for expenditure on the public service by, or under the control of a Government official, separate accounts of such expenditure should not be attached to the Appropriation Accounts unless the Ministry of Finance so desire.

642. **Accounts of Depreciation and other Reserve Funds.**—Where a Depreciation or other Reserve Fund has been instituted for a particular department or undertaking of Government, the accounts of such funds should be appended to the Appropriation Accounts, in such form as may be prescribed for the purpose by the Comptroller and Auditor General.

643. **Accounts of lump sum provisions.**—Where a lump sum provision is made in a grant or appropriation, for distribution by reappropriation over different sub-heads of the grant or appropriation, it is desirable, if the transactions are numerous to append to the Appropriation Accounts as statement showing the actual, utilisation of the provision. If the transactions are comparatively few, it should ordinarily be possible to deal with them in the explanatory notes under the relevant sub-head.

644. **Explanations of complicated Accounting procedure.**—Where it is desired to give a detail explanation of complicated accounting procedure, such as the nature and meaning of a particular Suspense head, this should ordinarily be done in an appendix attached to the Appropriation Accounts. It is desirable to avoid over-loading the explanatory notes below the sub-heads.

645. Whenever a statement account, review or report bears the signature and designation of the officer preparing it, the date and the name of the station also should be mentioned.

AUDIT COMMENTS

646. Appended to each Appropriation Account should be Audit Comments of the Accountant General. These should deal with the Appropriation Account itself and with any subsidiary accounts statements or appendices attached to it, similarly audit comments of the Director General, Commercial Audit on the proforma Accounts of each commercial institution as well as on the accounts of statutory corporations, etc., should be printed in the Commercial Accounts.

Note—In cases where subsidiary accounts subject to audit are incorporated in the Administrative Reports of the Departments concerned, but not appended to the appropriation account, the audit comments below the appropriation account will, in addition, mention whether the subsidiary accounts have been audited by the Accountant General concerned and also the general results of such audit, i.e. either that the results are satisfactory or other appropriate remarks.

647. The comments should deal with irregularities of the types described in paragraph 601 and with those connected with budgeting or control over expenditure, where these have not been deemed of sufficient importance to justify

inclusion in the general review of the results of audit. They should not ordinarily contain remarks about the improvement or deterioration in budgeting or control of expenditure but whenever it is though necessary or justifiable to express a definite opinion (instead of leaving the facts to speak for themselves) that there has been 'improvement' or 'deterioration' in budgeting or control of expenditure, such comments should be very carefully tested first for correctness in the light *inter alia* of the other sides explanation. Comments of this kind should not be made on a superficial view, say, of a net percentage figure.

Note—The main test of the efficiency of expenditure control is the extent to which there exist, at the close of the financial year, differences between expenditure and authorised provision under individual heads or sub-head, unrectified in the case of excesses by the provision of additional funds and, in the case of savings, by surrender to the Finance Ministry. The statistics of expenditure placed under objection also shed a valuable side-light on the efficiency of control. Any comments made should be illustrated by facts and figures, and should be directed mainly at establishing the need for security of methods of control. As apparent misuse of delegated powers of reappropriation is, however, a subject for legitimate comments.

648. The following among other matters, may with advantage be mentioned in the comments:

- (i) instances of postponement to a latter year of payments or adjustments which should have been made during the year under report;
- (ii) instances of payments or adjustment carried over from a previous year;
- (iii) important assets awaiting realisation and the progress made in realising them; and
- (iv) progress made in the recovery of recoverable expenditure including such expenditure regularly debited as final outlay.

649. As indicated in paragraph 639, an Audit Officer cannot certify to the correctness of the Stores Accounts where the audit of stores transactions of the department concerned has not been entrusted to the Comptroller and Auditor General and unless a Store Account has been audited in detail and with care it is difficult to comment on it with authority. The Audit Officer may, however, assist the Public Accounts Committee in their investigation into the stores transactions by comments on some aspects of these transactions in the Appropriation/Commercial Accounts. Comments may, for example, deal with the following points:

- (1) Whether the closing balances as disclosed in the Stores Accounts appears to have been excessive.
- (2) Whether the amounts written off by way of depreciation, shortages, etc. during the year appear to be abnormally high.
- (3) Whether the stock verification and revaluation, if any, has been made by proper authorities.
- (4) In a case the Public Accounts Committee has desired that the Stores Accounts should indicate surplus Stores, if any, the Audit Officer may comment in cases where such surplus appears to be abnormal

and after enquiry from the departmental officers he may also be in a position to say whether adequate measures are being taken to dispose of the surplus.

The foregoing list is by no means exhaustive and what is really desired is that all Audit Officers should continuously realise that they are expected not merely to reproduce the Store Accounts but to audit them with reference *inter alia* to the points mentioned above. No comments need, however, be made in the Appropriation Accounts unless there is anything special to be said, Remarks such as "the closing balances appear to be suitable" or other equally colourless remarks do not help any one and may even be misleading and dangerous, as they may lead the Public Accounts Committee to refrain from investigation in a case where a correct appropriation of the position can be formed only after examination of the departmental witness.

FINANCE ACCOUNTS AND AUDIT REPORT

Title of the compilation

650. As in the case of Appropriation Accounts, the Finance Account relating to the accounts of Government should be described on its title page as the "Finance Accounts (year of accounts)", the name of Government being printed at the top. The title page should be printed in the manner as indicated in the "Skeleton Draft Finance Accounts".

Form and arrangement

651. As indicated in the "Skeleton Draft Finance Accounts", the Finance Accounts and Report should be divided into two Sections as described in Article 275 of the Account Code, Volume IV.

Instructions for preparation

652. A detailed description of the nature of the information to be given in each Section and instructions relevant thereto are given in the body of the "Skeleton Draft Finance Account and Audit Report", Articles 275 of the Audit Code and paragraphs 301 to 302 of this Manual. In reviewing the balances under various heads the following information should be furnished:

- (1) a statement of each ledger balance which is to be explained;
- (2) an explanation of the nature and conditions of the liability involved in it;
- (3) a statement of the nature of detailed accounts kept of the transactions connected with it, and how far the final results of these detailed accounts work up to, and agree with, the balance on the Ledger; and
- (4) information as to whether the person or persons by whom the balance is owned or from whom it is due, admit its correctness, and if they do not, where the difference lies: this would not apply to such items as deposits or ordinary advances, but it should be explained how far the latter are believed to be really recoverable.

653. *Deleted.*

General Finance Statement**Title of the Compilation**

653-A. The General Financial Statement relating to the accounts of the Government and Statutory Public Authorities, etc., should be described on its title page as the "General Financial Statement of Year of Account", the name of the Government being printed at the top. The title page should be printed in the manner as indicated in the "Skeleton Draft General Financial Statement."

Form and arrangement

653-B. During pre-liberation period the Comptroller and Auditor General had to compile a publication named. "The Combined Finance and Revenue Accounts of the Central and Provincial Governments in Pakistan" in pursuance of the provisions of Articles 277—280 of Account Code, Vol. IV and para 11(4) of the Audit and Accounts Order of the erstwhile Government of Pakistan. In Bangladesh the Comptroller and Auditor General has been entrusted with the duty of preparing a "Government Financial Statement" in lieu of "Combined Finance and Revenue Accounts" under the provisions of Article 128 of the Constitution of the People's Republic of Bangladesh and Section 7 of the Comptroller and Auditor General (Additional Functions) Act, 1974 and this statement is required to be submitted to the President pursuant to the provisions of Article 132 of the Constitution.

The main object of this compilation is to present to the President a general summary of the accounts of the Government, statutory public authorities, public enterprise and local authorities showing in brief the particulars of income and expenditure/profit and loss and balances and liabilities for the year under report. The detailed accounts of Government and these institutions are separately published in "The Finance Accounts" and "The Commercial Accounts and Audit Report".

The General Financial statement should be prepared in the following arrangement—

Prefactory Remarks.

Introductory.

Part-I.

(Relating to the Accounts of Government).

General Remarks.

Accounts and Reviews.

Part-II.

(Relating to the accounts of Statutory Public authorities, Public enterprises and local authorities).

General Remarks.

Accounts and Reviews.

Instructions to be followed in the preparation of the Accounts and Report for press.

654. In preparing these Accounts and Reports for press, every endeavour should be made to keep the cost of printing at the lowest level consistent with the presentation of a clear, intelligible and readable production. The following points, in particular, should be borne in mind—

- (a) Before a report is sent to press, the general arrangement of its printing should be carefully considered, and the instructions given should be sufficiently clear and precise, particularly, in respect of the matter referred to in clause (g) below to obviate the necessity of calling for a second proof. The manuscript should be legibly type-written and should be sent in its final form.
- (b) The size of each report should be "royal octavo".
- (c) Expenditure charged on the revenues of the Government should be printed in bold type.
- (d) Index letters for foot-notes should be printed in the definite order from the top to the bottom columns and from left to right of the statement.
- (e) Heads of Accounts against which there are no figures should not be printed. A head without figures on one side of the account may, however, be printed when the same head has figures against it on the other side of the account.
- (f) Deduct figures appearing in detailed accounts of revenue and expenditure by minor heads of part A of the Finance Accounts should be printed with minus sign before them.
- (g) Different distinctive types should be employed in printing the heading of main and subordinate heads in part 'B' of the Finance Account.
- (h) Paisa should be omitted from all figures. Elsewhere than in the Appropriation Accounts, it will frequently be convenient to express sums in thousands of Taka. When this is done, the usual prefix should be omitted and it should be explained, in a prefatory note to the Report, that figures not preceded by this sign represent thousands of Taka.
- (i) *Deleted.*
- (j) A balance account with no more than two or three entries on the credit side and very numerous entries in the debit column occupies an unnecessary amount of space. Instead of printing it as a tabular statement it will often be possible to divide it into three separate statements, recording respectively balance, receipts and issue, on the line of the example given below :

STATEMENT I—Balance.

					Taka.
Balance on 1st July, 1972	..	--	..	..	2,68,325
Receipts (Statement II)	..	--	--	--	6,41,455
					<u>9,09,780</u>
Issues (Statement III)	..	--	..	--	7,48,345
Balance on 30th June, 1973	--	--	--	--	<u>1,61,435</u>

STATEMENT II—RECEIPTS

Twenty items (set out in detail)

STATEMENT III—ISSUES

Twenty items (set out in detail)

(k) Unnecessarily large spacing between lines, and unnecessary blank should be avoided.

(l) A single set of totals will suffice for each Appropriation Account, even if it covers several pages. It is unnecessary to "carry forward" page totals.

655. No more copies of these Accounts and Reports than are really necessary should be printed. The number required for the use of the Government should be ascertained from the Ministry of Finance. The number of copies required by the Comptroller and Auditor General is stated in paragraph 656. The compiling officer himself should estimate his requirements for his office library, for circulation among his establishment and for supply to the officers with whom he exchanges publications. A number of copies may be offered for sale if the Government so desires.

**SUBMISSION OF THE ACCOUNTS AND REPORTS
TO THE COMPTROLLER AND AUDITOR GENERAL**

656. Proof and final copies of the Appropriation/Commercial Accounts and Audit Report should be submitted to the Comptroller and Auditor General so as to reach him on or before the dates mentioned below. The number of final copies required in each is also indicated.

Name of the Appropriation commercial Accounts & Audit Reports.	Due date of proof copies.	Due date of final copies.	Number of final copies.
1. Appropriation Accounts of the Govt. of Bangladesh (Civil Departments).	15th January of the year following the financial year to which the Accounts relate.	28th February of the year following the financial year to which the Accounts relate.	Fifteen
2. Audit Report on the Accounts of the Govt. of Bangladesh (Civil Departments).	15th February of the year following the financial year to which the Accounts relate.	15th March of the year following the financial year to which the accounts relate.	Twelve
3. Appropriation Accounts of the Posts, Telegraph and Telephone Departments.	15th February of the year following the financial year to which the Accounts relate.	15th March of the year following the financial year to which the Accounts relate.	Twelve.
4. Audit Report on the Accounts of Posts, Telegraph & Telephone Departments.	15th March of the year following the financial year to which the Accounts relate.	15th April of the year following the financial year to which the Accounts relate.	Twelve.
5. Appropriation Accounts of the Defence Services.	15th March of the year following the financial year to which the Accounts relate.	15th April of the year following the financial year to which the Accounts relate.	Twelve.
6. Audit Report on the Accounts of Defence Services.	15th April of the year following the financial year to which the Accounts relate.	15th May of the year following the financial year to which the Accounts relate.	Twelve.

Names of the Appropriation Commercial Accounts and Audit Reports.	Due date of proof copies.	Due date of final copies.	Number of final copies.
7. Appropriation Accounts of Bangladesh Railway.	15th May of the year following the financial year to which the Accounts relate.	15th June of the year following the financial year to which the Accounts relate.	Twelve
8. Audit Report on the Accounts of Bangladesh Railway.	15th June of the year following the financial year to which the Accounts relate.	15th July of the Second financial year after the financial year to which the Accounts relate.	Twelve
9. Audit Report on the Accounts of Statutory Public Authorities re- lating to works.	15th January of the year following the financial year to which the Accounts relate.	15th February of the year following the financial year to which the Accounts relate.	Twelve
10. Appendix to the above Audit Report (Commer- cial Accounts).	15th February of the year following the financial year to which the Accounts relate.	15th March of the year following the financial year to which the Accounts relate.	Twelve
11. Audit Report on the Accounts of the Govt. Commercial undertak- ings, Nationalised Indus- tries and Commercial Institutions.	15th January of the year following the financial year to which the Acco- unts relate.	15th February of the year following the financial year to which the Accounts relate.	Twelve
12. Appendix to the above Audit Report (Commer- cial Accounts).	15th February of the year following the financial year to which the Accounts relate.	15th March of the year following the financial year to which the Accounts relate.	Twelve
13. Audit Report on the Accounts of the Local Authorities and Statutory Public Authorities other than those relating to work and Commerce.	15th January of the year following the financial year to which the Accounts relate.	15th February of the year following the financial year to which the Accounts relate.	Twelve
14. Appendix to the above Audit Report (Commer- cial Accounts).	15th February of the year following the financial year to which the Accounts relate.	15th March of the year following the financial year to which the Accounts relate.	Twelve

The due dates for submission of proof and final copies of the Finance Accounts and Reports to the Comptroller and Auditor General are given in Article 276 of the Account Code, Volume IV. The Comptroller and Auditor General requires fifteen copies of Finance Account and Audit Report.

The heads of all Audit and Accounts Offices and all concerned have to follow the above programme strictly in submitting the proof and final copies of the Appropriation/Commercial Accounts, Audit Reports and Financial Accounts and Reports to the Comptroller and Auditor General. If for any special reasons, the due date for the submission of any of these Accounts and

Reports to the Comptroller and Auditor General cannot be observed, the fact should be intimated to him as soon as possible, in any case, the intimation should reach him on the due date prescribed for submission of proof copies.

The Comptroller and Auditor General requires two proof copies in all cases.

Note 1—The Finance Account and Audit Report will be printed finally only after the discrepancies noticed by the Comptroller and Auditor General in the course of checking the proof have been settled and the Appropriation Accounts brought to final shape. An intimation of the final settlement of discrepancies will be sent to Accountant General by the Comptroller and Auditor General in the case of the Finance Account, as well as the Appropriation Accounts. If no discrepancies are noticed, the Accountant General will be informed accordingly. The Appropriation Accounts should be considered to have been brought to final shape when the corrections made in the Finance Account as a result of the Comptroller and Auditor General's comments on the proof copies of the Finance Account have been carried out in the corresponding figures in the Appropriation Accounts and the latter have been arranged and sent to press for proof. The final printing of the Finance Account should not be held up by Accountant General pending receipt of the Comptroller and Auditor General's comments on the proof copies of the Appropriation Accounts after the figures in the Finance Account have been finally corrected.

Similarly, the Appropriation Accounts and Audit Report will be printed finally only after the discrepancies noted by the Comptroller and Auditor General in the course of checking the proof with the Finance Account of the Government have been settled. There should be no corrections in the figures of actual expenditure shown in the Appropriation Accounts after the Finance Account have been sent for final print.

Unless, otherwise directed by the Comptroller and Auditor General for special reasons which will be communicated to the Accountant General separately, his orders for final printing of the Finance Account and the Appropriation Accounts after the stages indicated above will not be necessary.

In the Railways and Defence Appropriation Accounts, however, the check of actuals prescribed above is conducted by the Director General, Railway Audit and Military Accountant General. The information of the reconciliation of the two sets of figures sent by these officers to the Railway Board and the Military Accountant General should be regarded as having issued on behalf of the Comptroller and Auditor General and as meeting the requirements of this note.

Note 2—*Deleted.*

Note 3—*Deleted.*

Note 4—Two copies of Appropriation/Commercial Accounts and Audit Reports should bear the writer's signature in original. The space for the Comptroller and Auditor General's signature in these two copies as well as in the copies of Finance Account and Audit Report should be left blank and the Comptroller and Auditor General will put his signature in original in these copies.

Note 5—The Accountant General/Director General, Commercial Audit, in charge at the time when the Report is printed off finally is responsible for it and should therefore sign it.

557. These Accounts and Reports should be forwarded to the Comptroller and Auditor General with a covering letter in which Accountant General/Director General should mention points in their Reports which they consider to be most important. No discussion of these points in the letter is necessary but the Accountant General/Director General should furnish in it such further information on any subjects included in the Reports which is to incorporate there. This letter should also mention if any, included in the Appropriation Accounts and Audit Report at the request or with the concurrence of the Ministry of Finance which might otherwise have been excluded from it.

Copies of these Accounts and Report may be supplied to the Ministry of Finance in advance of their transmission by the Comptroller and Auditor General, for such preliminary action as they consider necessary but the stipulation should be made that the copies should be used for purely departmental purposes and not supplied to members of the Parliament or other non-officials until the document is signed by the Comptroller and Auditor General and formally submitted to Government.

658. As soon as possible after the submission of final copies to the Comptroller and Auditor General, the Accountant General should ascertain from the Government and communicate to Auditor General the date on which the Government will lay its next budget estimates before the Parliament in order to enable the Comptroller and Auditor General to submit the Accounts and Report to the Government before that date. He should also arrange that a copy of the Reviewed Estimate of the following year and of the Budget together with a copy of the Budget Speech of the Finance Minister for the second succeeding year is supplied to the Comptroller and Auditor General.

659. Correction slips should not be issued for errors and misprints discovered in the Appropriation/Commercial Accounts and Audit Report after their presentation to the committee on Public Accounts unless they are important. When, however, a correction is issued, it should be issued in the name of the Accountant General/Director General who is responsible for the preparation of the Report. The Comptroller and Auditor General requires one copy of corrections in excess of the number of copies of the Accounts and Report supplied to him.

PUBLICATION OF THE ACCOUNTS AND REPORTS

659-A. Accountants General will year by year take such steps as are open to them to see that presentation of the Accounts and Report to the Parliament is prompt and that publication also is not delayed. The fact of publication will be reported to the Comptroller and Auditor General at once and an additional copy of each Accounts and Report furnished to him; this copy will be placed in the Press Room of the Bureau of Public Information, Government of Bangladesh.

CONSIDERATION OF THE ACCOUNTS AND REPORT BY PARLIAMENT.

660. The procedure which the Parliament follow in dealing with these Accounts and Reports may be prescribed in the Rules of Business. The following points may also be noted in this connection.

661. In considering the Appropriation/Commercial Accounts and Audit Report the Committee on Public Accounts does not function as an executive body. It has no power, even after the most minute examination and on the clearest evidence, to disallow any item of expenditure or to issue any kind of order. It may offer advice upon any question arising out of the Accounts or Report, but its function is advisory only, and its finding must be cast in the form of recommendations to the executive Government or to the Parliament.

662. The Accountant General/Director General who prepared the Appropriation/Commercial Accounts and Audit Report should be present in person at such meetings of the Committee on Public Accounts as he may be invited to attend. His presence is in all cases desirable, and particularly at those meetings at which evidence is taken; but it will rest with the Ministry of Finance of the Government to secure the issue of the invitation. If no invitation is received, the matter should be reported to Comptroller and Auditor General.

663. *Deleted.*

664. In those cases in which the detailed proceedings of the meetings of the committee on Public Accounts and of the evidence give thereat are published the Accountant General/Director General should keep a record of all engagements and promises which he may make in the course of the proceedings, in order to ensure that they are duly honoured. In other cases, the printed proceedings should constitute such a record.

665. As laid down in Article 276 of the Audit Code, it is the duty of the Finance Ministry of the Government to communicate the orders of Government on matters arising out of these Accounts and Report but the Accountant General who initially prepared the Reports is responsible for watching the action on them and should maintain a suitable register for the purpose (see also Article 277 and 278 of the Audit Code.).

666. A reports on the manner in which these Accounts and Report are dealt with by Government and Parliament should be submitted to the Comptroller and Auditor General. These reports should contain information on the following points :

- (1) The actual method of election of members of the Public Accounts Committee and the Chairman.
- (2) The actual composition of the Public Accounts Committee, i.e. whether it includes any members of the opposition.
- (3) The time when the Public Accounts Committee sits and also whether the accounts (Appropriation/Commercial and Finance) were made available in any way to the Parliament or the public before the sitting of the Public Accounts Committee.
- (4) The manner in which the accounts are treated by the Public Accounts Committee and the attitude displayed towards audit criticism.

- (5) The disposal of the report of the Public Accounts Committee by the Parliament.
- (6) The time and manner of the presentation of the Finance Account to the Parliament.

Essentially the object of this report is to ascertain whether the Public Accounts Committee plays effectively its part in the scheme of Parliamentary Financial Control.

PART VI

INSPECTIONS AND LOCAL AUDIT

CHAPTER 31—INSPECTIONS AND LOCAL AUDIT

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GENERAL

667. As explained in Chapter 8 of Section III of the Audit Code Central Audit conducted in Audit office has to be supplemented for certain purpose by inspections and local audit of transactions of certain Government institutions and offices. These inspections and local audits should be conducted by a selected staff of the Audit office consisting of several peripatetic parties.

INSPECTIONS

668. The necessary instructions in accordance with which inspections of Public Works offices and treasuries are conducted are given in Chapters 32 and 33. If in addition to these instructions any detailed or supplementary instructions are considered necessary for the guidance of the Inspecting Officer such instructions should be prescribed in the local manuals. (See also paragraph 713)

The use of any form of questionnaire is prohibited. The Inspecting Officer will remain responsible for the efficiency of the inspection work as a whole, though in accordance with the local instruction or local usage, some of the items of works may be entrusted to the subordinate staff.

LOCAL AUDIT

669. The classes of accounts with which the Local Audit staff has to deal are so varied that it is not possible to lay down any general rules and instructions Which may be applicable to all local audits. The instructions in this Chapter and elsewhere in this Manual mention some of the important matters to which attention should generally be given by the Local Audit staff and the Officer in charge of that staff. The detailed instructions for their guidance should be included in the local manuals.

670. It should be borne in mind that the essential object of accounts of any institutions is to present a definancial picture and that an intelligent audit is impossible unless there is some consideration of the general financial picture as well as investigation of the details of the transactions, the mass of which work to the financial result. The Local Audit staff should, therefore, before taking up the audit of any particular institution study the system of accounts and books prescribed to see why they have been prescribed and how far they fulfil the desired end. They should consult the periodical administration report or any other Government publication where the accounts of income and expenditure of the institution appear, so that they may obtain a correct perspective of the financial side of the institution and make their audit both intelligent and useful instead of allowing it to become merely a process of checking register in a disconnected and mechanical way.

671. As laid down in Article 21 of the Audit Code the primary function of Audit is to verify the accuracy and completeness of accounts. All possible attention should, therefore, be devoted to the examination of initial records and accounts. Initial records such as Cash Book, etc. should be invariably checked with the counterfoil of receipts and the treasury remittance books. It should also be ascertained whether the Treasury Rules are being properly followed by the departmental officers.

The local audit of expenditure should be of a limited character. It should be seen (a) that the vouchers not required to be sent to the Audit office are kept on record duly cancelled; and (b) that entries in the local accounts are properly vouched. It should also be examined that expenditure on contingencies, works, etc., is being properly regulated according to the financial rules and the accounts indicate no laxity in supervision and control.

672. The Local Audit staff should also examine the leave accounts and Service Books of the non-gazetted Government servants/employees in the office and institutions visited by them to ensure that they are kept in a satisfactory manner. A small percentage, say 5 to 10 of all leave accounts, should be checked and cases of the irregular grant of leave should be noticed. In the case of offices which are not inspected locally, the leave accounts of non-gazetted Government servants should be checked when the Inspecting staff visit for other inspection the headquarter stations of the area within the jurisdiction of which those offices are located. The local check can be supplemented by the central check where the work is much in arrears. The leave accounts of such persons as are likely to retire before the next inspection takes place should be checked carefully.

673. The balance sheet and the profit and loss accounts of commercial concerns require special attention. In theory the settlement of the form and contents of the balance sheet is the responsibility of the management and the function of Audit is restricted to reporting upon it. In practice, however, the balance sheet is almost invariably submitted to Audit for approval before it is finally settled. Audit should see that the balance sheet satisfies the following conditions:

- (i) it should be properly drawn up;
- (ii) it should be true;
- (iii) it should be correctly stated;
- (iv) it should be in accordance with the books; and
- (v) it must not convey a misleading impression of the state of affairs of the concern.

The first second and fourth of these conditions should not present any special difficulties, and if the first four are complied with, the last will almost certainly be fulfilled.

674. Whether a balance sheet is in accordance with the books, and whether that is stated therein is true, are generally questions of fact capable of verification; but the difficulty arises when in audit it has to be decided whether the various items are correctly stated as this is frequently a matter of opinion. Before a balance sheet can be regarded as correctly stated, it must conform to sound

accounting principles. What is true is not necessarily correctly stated for instance it may be true to state that stock is taken at cost but it would not usually be correct to take it so, if at the date of the balance sheet there has been a fall in market value. It will be the duty of Audit to call attention to such points in the Audit report.

675. When the Officer in charge is present at the audit of a commercial concern he should attend personally to the more important matters, for instance, he should himself do a considerable portion of the Cash Book audit, examine the vouchers for large amounts and for unusual charges and check the postings of these amounts into the General Ledger. He should personally vouch the Journal paying particular attention to depreciation, bad debts, work in progress valuation of floating assets, reserves and all indirect charges and check the postings to the General Ledger. He should himself conduct the audit of sanctions. He should check the Trial balance with the ledger accounts, and see that all accounts are properly ruled off and that only the Balance Sheet items remain.

In the absence of the Officer in charge in these duties will devolve on the Superintendent.

CHAPTER 32—INSPECTION OF PUBLIC WORKS OFFICES.

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INTRODUCTORY

676. The Accountant General should arrange for the inspection and test audit of the accounts of each Public Works division, by a Gazetted Officer of his establishment, according to a programme of inspections the principles of which are settled from time to time in consultation with the Comptroller & Auditor General. Ordinarily heavy and important divisions should be inspected once in a year.

1. Ordinarily junior Gazetted Officers with less than five years' service should not be entrusted with this work, otherwise than as assistants to a senior Officer.

677. The Inspection Officer should be assisted, at the inspection of each divisional office, by a staff adequate to complete the inspection of any office, the work of which is not exceptionally heavy, within six days. The staff must include at least one experienced accountant. Inspection work is important and requires special qualifications and the staff should be selected carefully.

678. The work of test audit and inspection should be conducted ordinarily at the headquarters of the Divisional Officer, but it is open to the Accountant General to require the account records of a few subdivisions or subordinate offices, every year to be inspected in the offices concerned.

679. The Divisional Officer should be given sufficient notice of the probable dates of inspection and requested (i) to obtain from his subordinate offices, the necessary books, papers, etc., which should be specified, and (ii) to be present at his headquarters to meet the Inspecting Officer in time to discuss the results of the inspection with him.

1. In the case of many records, a general scrutiny has to be applied to all entries made therein since the date of the previous inspection. In some cases, it may be sufficient to require the records of a shorter period to be produced; in others it may be desirable to ask for the production of documents covering a longer period, e.g., Works Abstracts for a few works. Again, it may be advisable to name certain records specially. The records required for production should be selected by the Inspecting Officer himself, who should take care not to disclose the name of the month, the accounts of which it is proposed to test audit, nor to specify (without simultaneously retaining a few other works) the works the accounts of which are to be examined in detail.

If important records are produced at an inspection, every possible step should be taken to secure their production. If such efforts are unsuccessful, the omissions should be mentioned specially in the report and such records should be obtained for examination in the Audit office if such examination is considered to be necessary.

2. Whilst it is desirable to give Divisional Officers enough time for the collection of the necessary records, the notice of the inspection should not be longer than is necessary for the purpose. The tour programmes of Inspecting Officers should be treated as confidential until the notice of the inspection is addressed to the Divisional Officer concerned.

680. The following documents should be supplied to the Inspecting Officer from the Audit office:

- (i) a complete set of the audited accounts for one month, with schedule dockets and vouchers, and also foils of paid cheques relating to the accounts of that month;
- (ii) one or two abstract travelling allowance bills of the division cashed during any month at the Treasury/D.A.O. at which the Divisional Officer is authorised to present establishment bills, if the Government has not authorised the submission to the Audit office of the journals of lower subordinates and members of the petty establishment;
- (iii) the last annual Account of Interest-bearing Securities as well as the last periodical returns of Stock, and Tools and Plants, if still in the Accountant Generals office, where any such accounts and returns are rendered to the Audit Office, and
- (iv) a memorandum, signed by the Deputy Accountant General, of points noted from time to time since the previous inspection as requiring special attention or examination on the spot (*vide* paragraph 397), e.g. delays in the clearance of any arrears in work or of any outstanding suspense or other balances.

681. The Deputy Accountant General should single out one major work, or two minor works, whether completed or in progress, for a complete analysis and examination of their accounts since commencement, and supply to the Inspecting Officer all Schedule Dockets (with vouchers) relating to such works.

1. The Inspecting Officer will, be at liberty to analyse in detail the accounts of any other work or works, in case he finds this desirable on the spot but he should report his reasons to the Deputy Accountant General.

OBJECTS OF INSPECTION

682. The primary objects of this inspection are (i) a test audit of such accounts voucher, etc., as are not audited in the Audit office or as cannot be checked completely except at a local audit, (ii) an examination of the initial accounts from the accounts rendered by Divisional Officers are compiled, or on which they are based, so that it may be seen that those accounts are properly maintained in the prescribed forms, and (iii) a view of the work of the Divisional Accountant posted by the Accountant General so that it may be seen that the Accountant discharges his duties with efficiency. See Article 149 of the Audit Code.

TEST AUDIT OF ACCOUNTS OF ONE MONTH.

683. All unvouched, cash and transfer entry charges, as shown in the Schedule Docket taken from the Audit office, should be audited in detail. It is not sufficient that the total amount of such charges should agree with the total of the vouchers produced for examination. It should be seen (1) that there is on record a voucher correct in all respect in support of each item of expenditure for which a voucher is not required to be submitted to the Audit Office (*vide* Article 232 of the Audit Code, Volume III) and which appears in the several Cash Books and the Transfer Entry Book, (2) that the charge is in order, (3) that it is traceable into the schedule Docket concerned and (4) that in the Schedule Dockets there are no items treated as unvouched charges, which should not have been so classed. It should be seen in particular that all the vouchers were checked by the Divisional Accountant at the proper time and duly cancelled as required by Article 215 of the Audit Code and the Financial Rules of Government.

684. The audited vouchers of the selected month, taken from the Audit office should be examined so that it may be seen (1) that the quantities for which payments have been made are traceable, with the supporting details, in the records of measurement quoted in the vouchers, (2) that in each case, the record of measurement itself is in order, (3) that the rates at which payments were made for the several times of works or supply as shown in a voucher are in accordance with the terms and conditions of the relevant agreement, indent, or order, etc. and (4) that those terms and conditions had been duly sanctioned by competent authority before the liability was incurred and are not open to any objection from an audit point of view.

685. The foils of paid cheques brought from the Audit office should be checked in detail with counterfoils, Cash Books and vouchers so that it may be verified that payments have been made actually to the persons entitled to them. The endorsement and acknowledgements of the payees on cheques should be examined intelligently as to whether they give rise to any suspicion of a fraudulent payment. The endorsements on the paid cheques should be connected with the acquittance on the relevant voucher or vouchers and *inter alia* it should be investigated whether any divisional employee figures in them. The Inspecting Officer himself may exercise the scrutiny prescribed in this paragraph for may entrust it to his staff. The fact of the necessary scrutiny having been exercised should be recorded in the office notes relating to the inspection.

Note—The Accountant General may at his discretion prescribe that only a percentage of the paid cheques of the selected month should be checked as laid down in this Paragraph, the percentage to be prescribed should not, however, be less than 10 per cent.

686. (a) It should be seen next that, if any of the vouchers and transfer entries of the month, including those taken from the Audit office, affect the Stock Account, or the accounts of works, the charges against or credits to those accounts are shown correctly under the appropriate sub-head or suspense account and in the Contractors' Ledger or the materials account concerned. If any charges relate to collection of road metal, the corresponding entries in the Road Metal Return kept under the rules of Government should be traced.

(b) All transfer entries involving the rectification of errors should be examined and it should be seen (1) that the rectification was necessary and in order, and (2) that the original error does not disclose a defect in the system of accounting or indicate any financial irregularity.

687. The Stock accounts of the selected month should be examined and it should be seen that they are maintained in accordance with rule, the points of special importance being (1) that the quantities of both receipts and issues have been taken to account correctly, (2) that both receipts and issues are valued correctly, and (3) that the issues to works have been classified under the appropriate sub-heads or suspense accounts and carried to the ledger or materials accounts concerned.

688. After the Works Abstracts of the month have been checked, the total charges on each work should be agreed with the total of the relevant Schedule Docket, and it should then be seen that the Works Abstracts have been posted correctly into the Register of Works and that all entries in the latter were reviewed by the Divisional Officer at the proper time.

GENERAL EXAMINATION OF ACCOUNTS

689. The initial accounts of cash and stock, the measurement books, muster rolls and detailed accounts of works, for the entire period covered by the inspection, should be examined generally and it should be seen that they are maintained, and checked, in accordance with the prescribed rules, and that the writings do not indicate any attempt to tamper with the records or to evade the requirements of rules. The recorded transactions should be surveyed intelligently, and, if necessary, doubtful and abnormal items should be examined closely. Points requiring special attention are detailed in the following Paragraphs. The more important items of work, to which the Inspecting Officer should devote his personal attention, are given in Annexure 'A' to this Chapter. He should also bear in mind the directions contained in Article 152 of the Audit Code.

690. **Cash Books.**—(a) It should be seen specially that all receipts of cash as shown in the counterfoil of Receipt Books, which have been used by the Divisional Officer, or which are still in Subdivisional Offices, are traceable, under proper dates and with correct particulars, in the cash book. In respect of counterfoil of receipt books used by officers other than the Divisional Officer, which have already been recorded after check by the Divisional Accountant, only a small percentage of the items need be traced.

(b) Next, it should be seen that the entries in the current month's cash books are correct, and that the resultant book balances agree, in each case, with the cash in hand plus the amounts of imprests and temporary advances, which should be supported by the latest acknowledgements of the officers concerned, as recorded in the last accounts of elsewhere (*vide* Article 234 of the Account Code, Volume III). The verification of the actual balances of cash is not incumbent upon the Inspecting Officer and it should always be dispensed with in cases in which the officer in charge of the cash chest is not present at the station. See also Article 151 of the Audit Code in this connection,

if in any case the cash balance pertaining to a Cash Book is counted, a simultaneous count of all cash balances (with relevant accounts) in charge of the disbursing officer or other custodian of the cash chest is desirable.

A note of the count, specifying the amount counted both in words and figures, should be made in the Cash Book or account concerned.

(c) It should also be seen that all recent transactions relating to new imprests and temporary advances, or to additions to existing ones, are in order and that the memorandum of uncashed cheques, etc., as recorded in the divisional cash book of a selected month is correct in all respects.

691. Stock Accounts.—Subject to the general directions in Articles 143 to 147 of the Audit Code, the Accountant General will determine the audit procedure with the concurrence of the Government. Such a procedure should, however, provide for the examination to the accounts in the following respects :

- (a) It should be seen (i) that issues of stock materials to works are classified correctly under the two categories "Issues to Contractors" and "Issues direct to Works" (Article 126 of the Account Code, Volume-III) that the rules of Government are observed in respect of "Issues to Contractors" and that contractors are charged correctly in all cases and do not derive, directly or indirectly, any unauthorised monetary benefit or aid in consequence of any arrangements in force, (ii) that there is no unnecessary accumulation of stock materials of any class; and (iii) that "Issue Rates" and "Storage Rates" are fixed in accordance with the rules prescribed by Government.
- (b) A few selected items of stock which were certified by the Divisional Officer in the Register of Stock, as having been verified, should be examined in detail so that it may be seen that both the quantity and value accounts thereof were duly corrected in accordance with the recorded results of the verification.
- (c) It should be ascertained that action has been taken with regard to the adjustment of profit and losses due to revaluation, stock-taking or other causes, and these are not indicative of any serious disregard of rule, and that adequate action has been taken as to the disposal of surplus and unserviceable materials.
- (d) All important items of new purchases should be examined and it should be seen that the purchases have been made to the best advantage of Government either by invitation of tenders or through comparison of quotations from different markets dealing with the stores purchased.
- (e) A few items of market rates filled in the Register should be examined so that it may be seen that they are based on the latest quotations or other reliable informations.

692. **Measurement Books.**—It should be seen specially (i) that a few records of measurements, selected at random, are correct arithmetically, and (ii) that the arrangements in force for the taking of measurements, and for the checking of measurements taken by officials of low standing, and the results of the check measurements, are not such as to indicate laxity of financial control.

693. **Muster Rolls.**—The points to be seen specially are (i) that the disbursement of the labour charges, and with it the certification of the disbursements, is not entrusted, as a rule, to officials of a low standing; (ii) that there is evidence that the record of attendances is checked, at intervals, by responsible officers of the subdivision; and (iii) that the cost of labour is not so largely in excess of the value (at current rates) of the work done as to indicate either loss to Government or need for closer financial control.

694. **Accounts of Works.**—The following points should receive special attention :

- (i) whether there has been any tendency to keep the accounts of works open longer than necessary; if cases are found in which there has been apparent delay in the closure of the accounts, some charges should be scrutinised for verification whether they indicate any tendency to utilise savings towards unauthorised expenditure;
- (ii) if cases of marked excess over estimated rates or amounts are found some such cases should be examined for verification that there has been no financial irregularity or serious error in accounting;
- (iii) whether abandonment of work, as evidenced by smaller quantities executed than were estimated for has been accompanied invariably by corresponding savings in cost;
- (iv) whether material modifications of or deviations from the sanctioned estimates of large works or projects have received the sanction of Competent Authority;
- (v) whether the sub-head "Contingencies" of works the accounts of which are kept by sub-heads, contains charges not pertaining to this sub-head;
- (vi) whether charges on accounts of work-charged establishment are in order;
- (vii) whether the arrangements in force in regard to "Advance Payments" and "Secured Advances" to contractors are such as not to involve risk of loss to Government, or as not to permit unauthorised aid to contractors;
- (viii) whether all balances in the suspense account "Secured Advances" are covered by duly executed indentures which are on record in the divisional office;

- (ix) if materials has been purchased for issue to contractors whether the prescribed rules have been observed;
- (x) a few old items outstanding in the Suspence account "Contractors—Other transactions" should be examined and any delay in their adjustment investigated it being seen in particular that there has been no omission to mark the necessary recoveries in cases in which any "On Account" or "Advance" payment has been made to the contractor in connection with the work;
- (xi) if the sub-head "Additional Charges for Materials issued to Contractors" (*vide* Article 127 of the Account Code, Volume-III) has been opened in the accounts of any works the accounts of which are kept by sub-heads, a few charges falling underr this category should be examined for verification that they were correctly debitable to Government and not to the contractor concerned.
- (xii) the materials accounts of a few works should be examined so that it may be seen that, without sufficient reasons, materials are not collected in excess of the requirements of works, that charges debitable to contractors are not shown in materials accounts, that the rules relating to the verification of materials are observed, and that differences are adjusted in accordance with rule;
- (xiii) whether the outturn from manufacture operations is priced at rates fixed by competent authority in accordance with rule, and whether, if there is a loss or likelihood of a loss on any operation, the cause at work have been investigated and it has been seen that they do not indicate any financial irregularity or the fact that the departmental operations are less economical than acquisition of materials by purchase would be; and
- (xiv) if any closed accounts of completed or abandoned works were reopened, the debits or credits booked against the reopened account should be scrutinised specially and it should be seen that no irregularity has been committed.

695. The Works Abstracts, and connected accounts relating to one or two selected works (*vide* paragraph 681) should be examined in detail from the commencement, and all transactions recorded in them should be analysed and, if necessary, compared with the details of the sanctioned estimates,, and with contract agreements, measurement books, stock accounts and other relevant documents, including the schedule dockets (with vouchers) brought from the Audit office.

696. (a) The accounts of interest-bearing Securities should be examined and it should be seen that the rules relating to them are observed and that a few entries of the register maintained for the purpose should be compared with those in the Cash Book or other account, and *vice versa* with the object of ascertaining that the register is maintained correctly. The securities certified in the accounts or periodical returns, as being on hand, should be verified by inspection as far

as possible, and it should be seen, in respect of such of them as are not produced for inspection, that there are in existence either the original acknowledgements of the depositors bearing dates subsequent to the dates of the last accounts, or the acknowledgements of the authorised custodians, as the case may be.

(b) It should also be seen that the Divisional Accountant applies a similar check at his inspections of subdivisional offices.

697. If the Contractors' Ledger (monthly extracts) is not required to be submitted to the Accountant General's office for audit the transactions covered thereby should be audited at the inspection (see Article 233 of the Account Code, Volume-III). The following registers should also be audited at the inspection if under the rules of Government they are required to be so audited :

Register of Rents of Buildings and Lands (Monthly extracts).

Register of Stock.

Register of Tools and Plant.

The extent of the audit to be applied to these Registers and the procedure to be observed in each case, will be settled by the Accountant General in consultation with the Government and laid down in his Manual.

698. (a) All accounts, records not specifically mentioned in paragraphs 683 to 698 should also be examined generally and it should be seen—

- (1) that the prescribed procedure and forms are in use,
- (2) that they are kept up to date, and
- (3) that there are no financial irregularities or serious errors.

(b) Further, it should be seen generally—

- (1) that the clearance of Suspense and other balances receives proper attention,
- (2) that transfer entries in rectification of errors are in order,
- (3) that the arrangements for the control of expenditure against allotments are satisfactory, and
- (4) that, if there was any abnormal rush of expenditure towards the end of the financial year, it did not involve any financial irregularity, actual loss, manipulation of accounts, or relaxation (actual or probable) of the procedure prescribed for the measurement of work or supplies, or for the examination of the claims of contractors and suppliers before payment.

(c) The accounts and documents enumerated below should receive special attention :

Register of Cheque (all Receipt) Books, Register of Measurement Books, Standard Measurement Books, Road Metal Returns, Contract Agreements, Register of Transfers awaited, and Service Books of subordinate establishments.

1. Advices of transfer Debit received from other divisions should be inspected in particular and it should be seen that any minus debit advice were signed by the Divisional Officer concerned personally.

699. If there is a workshop attached to the division, the system of accounts in force should be reviewed and it should be seen (1) that it is in accordance with the procedure prescribed, (2) that it is suitable, and (3) that the proforma accounts are maintained with reasonable accuracy.

700. For the purpose of verification of the correctness and genuineness of the entries in the office copy of the Monthly Account and the supporting registers and office copies of schedules, number of selected entries should be compared with the corresponding entries in the original accounts taken from the Audit office, and *vice versa*.

REVIEW OF DIVISIONAL ACCOUNTANTS' AUDIT

701. The Divisional Accountant is charged with certain audit functions, and with the responsibility for inspecting periodically the accounts of sub-divisional offices, on the spot, *vide* Articles 215 to 228 of the Audit Code. The procedure observed by him in discharging these duties, and the results achieved, should be reviewed by the Inspecting Officer, who should further consider a) the Objection, recorded in the Register of Divisional Accountant's Audit Objections, Audit Code, Form 6, record his remarks against each item, and note for incorporation in his Inspecting Report, for report to the Accountant General, or for other suitable action, any objection which, after discussion with the Divisional Officer where necessary, the Inspecting Officer decides not to withdraw. When an objection is withdrawn, he should record (quoting rules if possible) the full reasons for taking such action.

1. A few cases of leave granted to subordinates should be examined and it should be seen that leave was not granted in any case before the applicant's title to it was certified by the Divisional Accountant and that the certificate was in order.

2. The audit applied by the Divisional Accountant to Travelling Allowance journals should be reviewed generally and it should be seen that they are scrutinised with care and before payment. In regard to any Abstract Travelling Allowance Bills brought from the Audit office (*vide* paragraph 680) it should be seen that in support of every claim for which a journal was not submitted to the Audit office there is no record, in the divisional office, a journal duly countersigned by the controlling authority, and checked by the Divisional Accountant. These journals should be rechecked as a test of the accuracy of the Divisional Accountant's audit.

3. It should also be seen with reference to the prescribed rules that standard rents, as well as the allowances fixed for maintenance and repairs which are due to be reviewed during the period under audit were reviewed punctually and revised where necessary, a test check being applied to the calculations in a few cases for verification of their accuracy.

ARREARS

702. Any arrears or confusion, in the account work of the division should receive the special attention of the Inspecting Officer, who, in consultation should also be seen that irregularities brought to notice at the previous inspection, as well as those noticed by the Divisional Officer or the Superintending Engineer at their respective inspections of offices, have been remedied, and that the correct procedure is being observed in respect of all matters the procedure relating to which was considered defective previously.

INSPECTING OFFICER'S REPORTS

703. The result of the inspection should be drafted in three documents, viz :

(i) Inspection Report, Part I :

Observations relating to important points and cases of serious financial irregularities which are generally brought to the notice of the higher authority, and the replies to which are routed through the next higher authority;

(ii) Inspection Report, Part II :

Observation relating to irregularities not so important as to brought to the notice of the higher authority, but important to be pursued with the head of the office inspected; and

(iii) Test Audit Note :

Observation relating to minor points settled on the spot at the instance of Audit on reading corrections on the part of the head of the office inspected.

The Inspection Report, as well as the Test Audit Note, as soon as signed, should be forwarded to the Deputy Accountant General. They should be accompanied by a note by the Inspecting Officer enumerating the items (if any) of the Inspection Report which involve considerable losses, writes off or infructuous expenditure or other irregularities of great importance. He should be careful to obtain all relevant facts in connection with each such item and discuss it specially with the Divisional Officer, if possible, and in the note he should state that he has done so.

704. The inspecting officer should submit to the Deputy Accountant General a confidential report, written in his own handwriting, on the work and qualifications of the Divisional Accountant, as judged mainly by the quality of the work done by him during the entire period covered by the inspection, especially by the results of the audit checks applied by him. No opinion on the work of the Accountant should be expressed in the Inspection Report.

1. The inspecting officer should form an opinion as to the Divisional Accountant's knowledge of the rules and procedure relating to audit and accounts. It should be seen that the Divisional Accountant's personal copies of the codes and other books of reference supplied to him are correctly posted up to date.

2. The Accountant General, if he desires, may require the Inspecting Officer to submit similar reports on any clerks of the division who, with the permission of their official superiors, have offered themselves as candidates for appointments under the control of the Accountant General.

DISPOSAL OF REPORTS

705. Both the Inspection Report and the Test Audit Note should be examined generally in the Works Audit Department, before they are sent out of the office, and under the orders of the Deputy Accountant General remarks which are not in order should be expunged or modified and those which are not considered to be sufficient importance should be transferred from the Report to the Note.

706. The Test Audit Note should then be sent to the Divisional Officer for remarks and return, and points raised in it should be dealt with and settled in the manner prescribed for audit Note; *vide* Chapter 28.

707. The Inspection Report should also be forwarded to the Divisional Officer, but in a tabular form providing separate columns for the record, against each item, of the replies and explanations of the Divisional Officer, of the remarks of the Superintending Engineer, and of the final disposal by the Accountant General. The Divisional Officer should be requested to return the report, within a specified period (which should be fixed under the orders of Government), through the Superintending Engineer. A copy of the report should be sent simultaneously to the latter and his attention invited specially to any important items or to serious irregularities or other points requiring special or prompt attention. A copy of the report, as sent to the Superintending Engineer, should be forwarded, at the same time, to the Government for information.

708. If, on a consideration of the note by the Inspecting Officer mentioned in paragraph 703, it is held that any item in the Inspection Report is of such importance that it might find a place in the Appropriation Accounts and Report, it should form the subject of special correspondence with the Divisional Officer or the higher authorities.

709. The Inspection Report should be treated as an Objection Statement and dealt with in the manner laid down in paragraphs 511 and 546. In the ordinary course, therefore, only those items will be reported to the Government which the Superintending Engineer is unable to, or does not, settle to the satisfaction of the Accountant General, or which it is necessary to report in view of possible inclusion in the Appropriation Accounts and Report or for any other special reason. It is open, however, to Government to require that the explanations of the Divisional Officer and the remarks of the Superintending Engineer shall be forwarded to it for perusal; in such cases the tabular form of the Inspection Report and the procedure indicated in paragraph 707 should be amended suitably.

ANNEXURE A*(See Paragraph 689)*

The Audit Officer inspection a Public Works Division should devote his personal attention to all the items of work specified in Articles 152 and 153 of the Audit Code and paragraphs 701 to 704. He should also personally carry out the following items of work :

- (1) Review of all regular contracts and of a percentage of other agreements, made since the last inspection.
- (2) Review of the Register of revenue, other than rents, including a review of the procedure for its assessment and realization, special attention being paid to cases where a falling off is noticed in the revenue derived from any particular property but see Articles 139 to 142 of the Audit Code.
- (3) Review of the system and extent of check-measurements by Divisional and Subdivisional Officers and review of the check of measurement books by Divisional Accountants.
- (4) Review of the balances of stock, the system of acquisition of stores and of stores verification, but see Articles 143, 145 to 147 of the Audit Code.
- (5) Review of the Accounts of manufacture operations as prescribed in paragraph 694 (xiii).
- (6) Review of the banking arrangements, to see that they are generally satisfactory.

Note—It should be seen in particular—

- (a) in whose custody the current cheque books are kept and by whom the cheques are filled in;
 - (b) What stock of blank cheque books and receipt books is in hand, where the books are kept, and what account is kept of them; the balance of books in stock should be verified; and
 - (c) whether the certificate of count of cheques is duly recorded by the Drawing Officer on each cheque book.
- (7) Review of the cash book on the lines indicated in Paragraph 690, including a review of the arrangements for the custody of cash and of withdrawal of money from the cash chest.
 - (8) General review of the accounts of works; the nature and extent of detailed scrutiny being left to the Inspecting Officer's discretion.
 - (9) Review of the following registers and accounts, the nature and extent of the check being left to the discretion of the Inspecting Officer :
 - (a) Muster Rolls.
 - (b) Transfer Entry Book.

- (c) Suspense and Deposit Registers.
- (d) Schedule of rates.
- (e) Register of rents of buildings and lands.
- (f) Establishment Work.
- (g) Monthly accounts.

1. It is within the descretion of the Accountant General to add other items to the list according to local needs and circumstances. It is also open to the Inspecting Officer to extend his personal scrutiny to any other points which in his opinion require such scrutiny.

CHAPTER 33—INSPECTION OF TREASURIES

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INTRODUCTORY

710. The accounts of important treasuries/D.A.O.'s office will ordinarily be inspected twice in a year by an Audit & Account's Officer deputed from the Audit office, Treasuries/D.A.O.'s office which need special attention may, however, be visited more frequently if it is so settled between the Accountant General and the Government and less important treasuries/D.A.O.'s are inspected once in a year. The sub-treasuries are inspected once in two years. Special inspections may be made and the time table of inspections varied, at the discretion of the Accountant General, as circumstances may from time to time require.

711. The Inspecting Officer should be assisted at the inspection of each treasury/D.A.O. by a staff adequate to complete the inspection of any treasury/D.A.O. the work of which is not exceptionally heavy within three days and the period of inspection for exceptionally heavy treasury/D.A.O. are 4 days and for sub-treasuries 2 days. Previous notice of the dates of inspection/treasuries is not necessary. As far as possible, it is desirable to avoid visits to a treasury office/D.A.O. on days on which the treasury work is known to be heavy, e.g., when the accounts/returns are due to be prepared for submission to Audit, or bills to be examined and paid.

712. The Inspecting Officer should be given a memorandum of points (1) noted from time to time since the previous inspection, in the course of the work of the Central office, as requiring special attention or examination on the spot (e.g., delays in the clearance of any arrears in work or of any audit objections) and (2) for enquiry into which at an inspection the desire may have been expressed by the Currency Officer and the Manager of the Bangladesh Bank in charge of Public Debt work of the Government.

1. The Deputy Accountant General should ascertain semi-officially from the Currency officer and the Manager of the Bangladesh Bank in charge of the Public Debt work, a few days before the proposed date of inspection, whether there are any special points which those officers may wish to be investigated on the spot by the Inspecting Officer.

713. The procedure to be observed by Audit Officer at the inspection of treasuries/D.A.O. cannot be prescribed in detail. The general principles to be observed are stated in Chapter 8 of Section III of the Audit Code and in the following paragraphs. Consistently with these, Accountant General may lay down working instructions for the guidance of Inspecting Officer.

INSPECTION

714. An important function of the Inspecting Officer is to see that the arrangements for the custody and registration of treasuries/D.A.O. are perfect and complete, that cash and other vouchers and stocks of forms of bills, cheques and Public Works receipt books are handled strictly in accordance with rule, and that the arrangements in force, for dealing with tenderers of money and claimants for payments, are business like.

1. It should be seen (1) that the treasure has given adequate security covered by a proper bond, and that the bond is registered and kept in safe custody, and is tested periodically as may be prescribed, and (2) that the prescribed certificates of the suitability of strong rooms are obtained periodically from the authorities of the Public Works Department.

715. At treasuries/D.A.O. whose cash business is conducted by the Bank, it should be seen that the procedure prescribed for observance by the Treasury Officer/D.A.O. is followed correctly, and that there are no deviations from the prescribed procedure on the part of the Bank. If any deviations are detected they should be brought to notice through the Inspection Report (Paragraph 725).

1. The Inspecting Officer is not required to inspect the Bank.

716. It is a point of importance to ascertain that the rules and orders relating to coins, currency and remittances of treasure are clearly understood by the Treasury Officer/D.A.O. and his staff, and duly observed in practice.

1. It should be seen whether Currency chests have been opened at all sub-treasuries where these are likely to be useful.

717. With reference to the rules regarding the deposit of Government securities with Treasury Officers/D.A.O. the Inspecting Officer is required in addition to any other action that may be found desirable, to see that the registers and forms prescribed the receipt and disposal of the securities have been correctly maintained and to verify the securities in custody with the entries in the register concerned.

718. The procedure observed in the examination of claims for payments of all kinds should receive special attention, and by the application of a few test checks where possible, it should be seen whether the various prescribed checks are exercised strictly, and with intelligence, whether the prescribed registers are properly maintained and whether there is evidence to indicate that the Treasury Officer/D.A.O. does exercise in actual practice all such checks as he is required to exercise personally under the rules of Government. With this object, it will be necessary TO REVIEW some of the objections on which bills and other claims presented by drawing officers may have been returned for completion, alteration, etc., and in the course of this examination it should also be seen whether there is any tendency to raise frivolous and vexatious objections which hamper administration and create friction between the treasury and other offices.

719. It should be seen that specimen signature of all drawing officers are properly recorded and that the signatures are referred to by the Treasury Officer/D.A.O. as well as by his staff, before they pass vouchers for payments. "It should also be seen that proper arrangement exist for the record of the attested specimen impressions of the special seals received by the Treasury Officer/D.A.O. from the Accountant General, etc. and that the special seals embossed on all order and authorities for payment received as also the signatures of the officers issuing those orders and authorities are verified by the Treasury Officer/D.A.O. and his staff before making payments". In the absence of any other evidence, a personal enquiry should be made by the Treasury Officer/D.A.O. and a note of his reply should be placed on record.

720. The procedure observed for the identification of pensioners and for verification of their continued existence should be examined in particular. In the case of pensioners who are specially exempted by Government from personal appearance at the treasury/D.A.O. the Inspecting Officer should satisfy himself by conducting a test check that a note of the form in which proof is given, within each year of the continued existence of such pensioners is recorded on the Pension Payment Orders.

721. The procedure for dealing with cheques, the encashment of which is subject to the limitation of assignments, letters of credit, etc., should be examined specially in order to ensure that the rules are complied with.

TEST AUDIT

722. If under the orders of the Comptroller and Auditor General, the Central Audit of any class of payment vouchers paid at treasuries/D.A.O. is relaxed and a test audit has been prescribed, this should be conducted at the inspection. For this purpose, the original vouchers and other accounts documents requiring examination or verification should be brought from the Audit office and the check thereof exercised previously in the Treasury Officer/D.A.O. should be reviewed completely.

1. The selection of the vouchers, etc., to be test-audited should be made under the orders of the Accountant General.

2. Pension payments are subjected in the Audit Office to a percentage check only (paragraph 16). One month's vouchers should, therefore, be test-audited at the treasury/D.A.O. inspections. As this check will be conducted against the Pension Payment Orders (Treasury Officer/D.A.O. portions) filed in the treasury/D.A.O. it will be necessary for the Inspecting Officer to assure himself that these orders are genuine, that they do not appear to have been tampered with, and that, if any of them are orders issued by the Treasury Officer/D.A.O. himself in renewal of original orders of the Audit Office, they are true counterparts of the originals. It should be seen in particular that pensioners in arrears have not been paid without the necessary sanction.

723. The records connected with objections raised by the Audit office should be reviewed closely. It should be seen that they receive due attention. If they are indicative of defective procedure in the Treasury/District Accounts Office or in any of the Government offices dealing with the Treasury /District Accounts Office, the defect should be brought to the notice of the authorities concerned. The Retrenchment Register should be examined in particular and it should be seen that it is properly maintained and that no avoidable delay ordinarily occurs in effecting recoveries.

724. Arrears in the submission of account returns should be rare. Should there be any, they should receive the special attention of the Inspecting Officer. In any case, it should be seen that irregularities brought to notice, and instructions given, at the previous inspection have been remedied and that the correct procedure is being observed in respect of all matters the procedure relating to which was considered defective previously.

INSPECTION REPORT

725. The results of the inspection should be set forth in a brief Inspection Report, which will be in two parts, one relating to currency resource and public debt matters and the other dealing with other points. Points of minor importance should be settled personally on the spot, or communicated to the Treasury Officer, in the form of an Audit Note.

Note 1.—Each part will consist of 3 documents, viz.:

(i) Section (A).

Observations relating to important points and cases of serious financial irregularities, which are generally brought to the notice of the higher authority and the replies to which are routed through the next higher authority.

(ii) Section (B).

Observations relating to irregularities not so important as to be brought to the notice of the higher authority but important enough to be pursued with the head of the office inspected, and

(iii) Section (C).

Observations relating to minor points settled on the spot at the instance of audit or needing correction on the part of the head of the Office inspected.

726. The Inspection Report should be completed before the Inspecting Officer leaves the Treasury/District Accounts Office and it should not be signed until after the Treasury Officer has been given an opportunity of reading and discussing it and suggesting any omissions or modifications. If the Collector is present at headquarters, any important point in the Report should be generally discussed with him, if possible.

727. The Inspection Report, as soon as assigned, should be forwarded to the Accountant General. It should be accompanied by a note by the Inspecting Officer enumerating the items of the Report which involve considerable losses, or other irregularities of great importance. He should be careful to obtain all relevant facts in connection with each such item and discuss each item specially with the Collector (or with the Treasury Officer/D.A.O. in his absence) and in the note should state that he has done so.

728. The Inspection Report should be examined in the Treasury Audit Department and any remarks contained in it which are not held to be in order, or are not important enough for inclusion, should be sent to the Collector and a copy of the first part of it to the Currency Officer in whose jurisdiction the treasury/D.A.O. is situated.

729. If, on a consideration of the note by the Inspecting Officer, referred to in paragraph 727, it is held that any item in the Inspecting Report is likely to find a place in the Audit Reports, it should form the subject of special correspondence with the Collector or the higher authorities.

730. The Collector will pass such orders as he considers necessary in the report and send a copy to the orders to the Accountant General, and a copy of

the orders on the first part to the Currency Officer. The Currency Officer will forward his copy of the report and of the orders thereon to the Accountant General indicating whether so far as matters dealt with by the Bank are concerned the action taken is adequate or whether any further action is required. The Accountant General may refer to the Commissioner of the Division any matter brought to notice in the report which he considers should receive attention of the Commissioner or in respect of which he considers that the action taken by the Collectors is inadequate. He should report to the Government all important irregularities and points which are not settled by reference of the Commissioner. Any point of importance affecting the Government should be brought to the notice of the Government through the Comptroller and Auditor General. If the Government desires, the general results of the inspections and the final orders passed thereon shall be summarised by the Accountant General and submitted to it. The summary may be included in the Accountant General's annual review on the working of treasuries if such a review is, under local arrangements, submitted to the Government. (See Article 257 of the Audit Code).

CHAPTER 34—PERFORMANCE AUDIT.

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731. The audit of the accounts of corporation/projects carried out by Public Auditors whose responsibility is to certify the Annual Accounts are mostly directed towards procedural matters with a little examination of the financial aspects. The Government Auditors conduct audit of these annual accounts on test check basis which is of the nature of super-imposed audit. There is a good scope for these auditors to bring out cases of financial irregularities in addition to pointing out procedural defects, commenting on internal audit system and detecting cases of omissions/Commissions of Public Auditors but because of limited audit carried out by them nothing more than some financial information in respect of a year's accounts is brought to light.

732. Neither of the two audits, however, provides an opportunity to know whether the schemes approved by the Government for implementation under the supervision and control of the corporations have been correctly implemented, whether the time limit and cost schedule provided in the scheme have been observed properly and above all, whether the scheme, after switching on to operation, has been functioning successfully or has so far proved a failure. In order to enable the Government to ascertain these facts a Performance Audit in the nature of post-commissioning study of a project may be carried out. The work may be so arranged that a reasonable number of projects are subjected to Performance Audit every year. This audit may provide an opportunity to the Government to know the progress of heavy development expenditure incurred and to take suitable measures for controlling the situation and deciding future course of action.

733. The techniques to be employed to conduct Performance Audit will obviously vary from one project to another depending upon the nature of the project. Keeping in view the necessity of adopting methods suitable for the project concerned the audit may be carried out on some broad lines as enumerated below :

Examination of Scheme

734. The scheme should be thoroughly examined to see—

- (i) Whether the scheme was financially sound and economically feasible.
- (ii) Whether the estimates of cost were worked out correctly or understated in order to make the scheme financially attractive to have easy approvals keeping room for revision after the scheme was put into execution.
- (iii) Whether the income on the other hand was over-estimated to give the scheme the look of a financially sound project.
- (iv) How far the changes in the cost of the scheme on each revision (which is invariably the case everywhere) was justified by the event necessitating the revision.

- (v) Whether the revision became necessary due to incorrect planning and design before starting the work.
- (vi) Whether the scheme was thoroughly examined by the Government before approving it and whether at the time of each revision the scheme was subjected to detailed scrutiny before according approval.

Execution of the Scheme

735. The whole process of execution of the scheme should be thoroughly examined to ascertain—

- (i) Whether the execution of the scheme was allowed to be delayed much beyond the target date.
- (ii) If the time schedule of executing individual works as proposed in the scheme was adhered to.
- (iii) Whether the Government or the Corporation concerned exercised any control on the progress of execution. If any progress reports were submitted what action was taken thereon.
- (iv) Whether there was any budgetary or financial control on the execution of the scheme.
- (v) Whether the Government exercised any control on the cost of the scheme and whether it insisted upon the cost being kept within the sanctioned limits.
- (vi) Whether any attempts were made for avoiding or curtailing excess expenditure on some individual items of work.
- (vii) Whether adequate technical personnel as provided in the scheme were actually employed and if not what effect it had on time schedule of execution.
- (viii) Whether the various stages of the implementation of the scheme were properly worked out.
- (ix) Whether undue changes in designs and plans and additions and expansions were made during the course of execution resulting in delay in the completion and increase in the cost of the scheme.

Working of the Project

736. The working of the project for a few years since the project switched on to production should be studied. The study may be conducted on the following lines.

- (i) It should be examined to see the level of production achieved from year to year as compared to target provided in the scheme.
- (ii) It may happen that some items of production exceeded the targets while others were far behind the schedule. In that case the progress of achievement, in each case, should be examined.

- (iii) A thorough scrutiny should be made to see whether the target could not be achieved due to defects in planning and design, bad workmanship, late delivery of orders, non-availability of market for inferior quality of goods produced/high price of furnished goods, non-availability of raw materials, etc.
- (iv) If any remedial measures had been taken to raise the level of production so as to reach the target, the adequacy of the same should be checked.

Analysis of Financial Results

737. The financial results of the working of the project for a few years since it went into production should be critically analysed.

Loss—If the project sustained losses all possible reasons therefore should be thoroughly examined on the following broad lines.

(i) Unutilized capacity

738. Generally this is a regular cause for loss in almost all industrial concerns. Accordingly to what extent the idle capacity has contributed to the loss should be worked out for the project as a whole as well as for individual items of production. The reasons for which the target of production could not be achieved resulting in the non-utilization of capacity should be investigated and located.

(ii) Overhead expenses

739. This is another important factor which generally contribute to the loss. The method adopted for changing overhead expenses has, therefore, to be examined very carefully as under :

- (a) To what extent salaries and allowances of the Administrative and Technical staff constitute the overhead and whether a portion of it was due to employment of more staff than actually required to run the project efficiently.
- (b) What portion of total overhead is represented by Indirect wages of labour not identified with any job and how far this is due to surplus labour.
- (c) To what extent repairs and maintenance of Plant and Machinery and vehicles, advertising and publicity charges number of cars maintained, have affected the overhead expenses.
- (d) The effect of entertainment expenses and depreciation charges on overhead should be examined.
- (e) If there was any increase in overhead expenses from one year to another how far it was justified.

- (f) To what extent expenditure on fuel, electricity, telephones, stationery, postage, insurance, internal transport, etc., have influenced overhead charges.

(iii) Factors related to production

740. Each of the following factors which generally affects the production, marketing, etc., is required to examine carefully to ascertain the extent to which any or all of them contribute to the loss—

- (a) Faulty management decisions.
- (b) Wrong estimates.
- (c) Lack of control on the use of the material.
- (d) Lack of control on labour.
- (e) Lack of co-ordination between Estimating, Production and Accounting Departments.
- (f) Bad workmanship.
- (g) Late delivery.

(iv) Shortage of Working Capital

741. There may be shortage of working capital necessitating heavy borrowings and payment of interest. All possible reasons for shortage of working capital viz over-capitalisation, huge accumulation of stores, Sundry Debtors, etc. should be examined.

(v) Lack of Supervisory Control

742. Whether there was any lack of effective control should be examined.

(vi) Lack of Co-ordination between the Government and the Corporation relating to this project.

743. It should be checked whether there was any such lack of co-ordination and how far it affected the working of the project and its financial results.

(vii) Purchases

744. The purchase of raw materials should be examined to ascertain—

- (a) Source of purchase;
- (b) Method adopted for purchase;
- (c) How far economic purchase was made;
- (d) Whether quality of materials was ensured;
- (e) Whether purchase was made much in excess of requirement;

- (f) Whether the purchase was spread throughout the year and how it affected economic purchase and quality;
- (g) To what extent any defective purchase or transit arrangement contributed to the loss.

(viii) **Sales**

745. The sales of finished products should be examined to ascertain—

- (a) Market for sale;
- (b) Method adopted for sale;
- (c) What measures were taken to ensure highest sale price;
- (d) If the product was exportable what steps were taken to explore foreign market and maximise export;
- (e) How far the sale was affected due to bad quality of products and late delivery.
- (f) Whether there was any theft or pilferage in the process of delivery.
- (g) Any other cause which contributed to loss in handling sales.

(ix) **Lavish and excessive expenditure**

746. It should be examined to see how far the management exercised restraint in the incurrence of expenditure. There are cases such as inauguration expenses, Bonus, use of luxurious and costly fittings by Manager, Chief Accountant and other officers, holding of occasional parties, etc., on which there is enough room for observing economy.

(x) **Arrangement of costing**

747. It has to be seen whether there was any proper costing arrangement.

There may be some more factors, viz., demurrage, wharfrent, theft of raw materials, stores and finished products, break-down of plant and machinery, which contribute to the loss. All these factors should be examined.

Profit

748. The project may show profits either from the inception or after a few year's work. In that case also the audit should be conducted on the lines mentioned above to ascertain how far careful control over various factors could restrict the charges and thereby could yield more profits that actually earned.

Recommendations

749. It is also essential that suitable recommendations for the improvement in working and earning profit should be offered by audit.

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INTRODUCTORY

750. With the development of the profession of accountancy, the management used to requisition the services of auditors to detect errors and frauds. Later on they were asked to suggest ways and means to prevent the commission of errors, frauds and manipulation of accounts. By and by the area of the functions of the auditor expanded and the statutory auditor was required to state whether the balance-sheet and the profit and loss account were properly drawn according to the Companies Act and that they represent a true and fair view of the state of affairs of the company. Now-a-days the auditor is required further to examine and report whether or not the personal expenditure has been charged to the account properly; whether the prices paid for the stores, raw materials or other components are reasonable or not; whether the rate of interest and other terms of loan in the case of concerns engaged in manufacturing, mining, processing is reasonable or not and so on.

751. But in spite of all these enactments and precautions, the statutory auditor never goes into the question whether the policies laid down by the management are properly carried out or not; whether any improvement in running the business can be made in order to maximise the profits or to eliminate the wastes. He is not expected to make any suggestion as to whether centralisation or decentralisation of the management is advantageous or not; he is not concerned whether a change in the system of running the business is beneficial to the concern.

752. The internal auditors who are appointed by most of the large Companies, are expected to fulfil all these functions as stated above. It is, however, observed that the internal auditors confine their attention to financial aspect for the prevent and detection of errors, frauds and manipulations, etc. But today the business has become so large and complicated that many of the unhealthy situations which arise as a consequence can be attributed to the basic defects of the organisational structure and the ineffective type of the organisation. Here lies the necessity of the management auditor who pays attention to all the factors of production and to the elements of costs which are very important in the business world of today.

753. Due to keen competition in the business world today, the management of the industrial organisations want to minimise the cost of production which

is possible by eliminating wastes, avoid bottlenecks and to utilise fully the manpower as well as the plant and machinery and so on. In order to achieve these objectives, management now-a-days recruit auditors from the fields other than that of accountancy. Such a person is called management auditor.

754. The area of management consultancy services has been deceiving growing attention from auditors in recent years. Highly specialised techniques as operational research, statistical sampling, electronic data processing and production control, etc., has made it difficult for business concerns to maintain competent staffs for all these spheres. Mostly the limited companies are governed by the Board of Directors whose duties are onerous. If the company is successful, the directors get a vote of thanks and a word of praise. If anything goes wrong, they are invariably criticised in spite of the carefully laid down plans which their shrewdness and experience could conceive. The directors cannot pass on the blame on any other person when the things go wrong for the Board could not possibly have control on the events which no one could have foreseen, e.g., the information furnished to them by the management may not be sufficient or may even be incorrect. There is only one channel of communication between the Board and the rest of the organisation and this is the managing director. Again the directors have to take immediate decision on the information or the figures furnished and they have to accept such information. As such, there is no time to investigate the correctness or otherwise of the information furnished. Thus whatever information is given to them, has to be accepted. Under the circumstances they cannot delay a full discussion and take the decision which may ultimately go wrong.

755. The auditors are often called upon to advise the firm as to how to minimise waste, bottlenecks, breakdowns and maximise the production of quality goods. The object of management consultancy service is to improve the organisational operations. The Management Audit has thus become an obvious necessity.

DEFINITION OF MANAGEMENT AUDIT

756. Management Audit is an independent appraisal activity for the review of control of managerial functions so as to ensure compliance with the organisational objectives, policies and procedure and the management methods and purposes. Management Audit may be defined as a method to evaluate the efficiency of management at all levels throughout the organisation, or more specifically, it comprises the investigation of a business by an independent body from the highest executive level downwards, in order to ascertain whether sound management prevails throughout, and to report as to its efficiency or otherwise, with recommendations to ensure its effectiveness.

OBJECTIVES OF MANAGEMENT AUDIT

757. The objects of Management Audit may be summarised as under :—

- (1) To reveal defects or irregularities in any of the elements examined by the management auditor and to indicate what improvements are possible to obtain the best results of the operations of the concern.

- (2) To assist the management to achieve the most efficient administration of the operations.
- (3) To suggest to the management the ways and means to achieve the objectives if the management of the organisation itself lacks in the knowledge of efficient management.
- (4) To aid the management at all levels in the effective and efficient discharge of their duties and responsibilities.

DISTINCTION BETWEEN THE STATUTORY AUDIT AND MANAGEMENT AUDIT

758. (1) The statutory auditor examines the historical records of the past performance while the management auditor appraises and reviews the past as well as looks to the future with view—

- (a) to the assesment of the policy and planning, whether these are best and suitable for attaining the objective;
- (b) to see whether the policy as laid down was or was not followed;
- (c) to appraise the performance of the executives ;
- (d) to measure the performance of the business and compare the actual results with the targets;
- (e) to analyse the date and various variations to find the cause of such variances; and
- (f) to suggest remedial and appropriate action to achieve the target.

2. The statutory auditor reports as the financial position of the organisation on a particular date and whether the financial statements show a true and fair view of the state of affairs of the company while the management auditor reports the performance of the management during the particular period and suggests ways and means to achieve the objectives in future, if they have not already been reached.

(3) The statutory auditor does not examine the question whether the management has been active or not while the management auditor appraises the activities of the management to find out whether they have been efficient.

(4) The statutory auditor looks only at the history of financial transactions while the management auditor goes beyond the financial records into the operating areas with the aid of improving the future business operations.

(5) The duties of management auditor include critical examination of the organisational structure and charts, manufacturing process, production planning and schedule, adherence to the prescribed overall efficiency as result thereof while the statutory auditor is mainly concerned with the financial aspects of the organisation.

PROCEDURE FOR CONDUCTING MANAGEMENT AUDIT

759. In order to achieve better results of management audit, it should be conducted by a term of experts because, a variety of skills cannot be expected

to be possessed by one or two individuals. The members of the team should have proper training. The team should also have a full backing from the top management to enable it to fully appraise the various areas of management.

760. To start with the details of the organisation and its plans, if any, should be studied carefully. The following matters should be examined:—

- (1) It should be seen whether the plan, as laid down by the management, is suitable and practicable.
- (2) If the plan, as laid down by the management, is found to be suitable and practicable, whether it has been able to achieve the objective.
- (3) The position of the organisation *vis-a-vis* other organisations in the same field should be studied.
- (4) The following questions should be asked to collect the necessary information, such as—
 - (a) What is the economic outlook;
 - (b) Whether the organisational structure is adequate;
 - (c) Whether the controls are efficient and accurate;
 - (d) Whether the protective methods are adequate;
 - (e) Whether the compliance with the plans, policies, procedures, etc., are being followed;
 - (f) Whether there are variations between the plans laid down and the actual performance or there are variations between the results of the previous year and the current year and if so, what are the causes of such differences;
 - (g) Whether the manpower and equipment are properly utilised;
 - (h) Whether there are bottlenecks, and if so, what are the causes thereof;
 - (i) Whether there has been any breakdown, and if so, what were the causes thereof;
 - (j) Whether the methods of operations are satisfactory;
 - (k) Whether any irregularities have been committed, and if so, who committed such irregularities;
 - (l) Whether there is any internal friction between the executives, and so on.
- (5) It may be necessary to examine documents or other information in writing in order to confirm the information already collected by asking questions.

- (6) After obtaining the necessary information it should be correlated very carefully so that meaningful conclusions may be drawn.
- (7) The actual performance of the organisation should be compared with—
 - (a) the standard laid down by the top management;
 - (b) the performance during the previous year.
- (8) If considered necessary, graphs, flow charts, etc., may be prepared to show the activities.

OUTLINES OF MANAGEMENT AUDIT

761. After completion of preliminary work detailed in the preceding paragraphs the audit should be conducted on broadlines as stated below :—

- (1) **Organisation:** The audit team should study the structure of the organisation to see whether the distribution of responsibilities are proper and suitable for smooth functioning. The team should examine organisation charts, if any, and it should be seen whether careful attention has been paid to the principles of good organisation.
- (2) **Plans and objectives:** The plans and objective should be examined and may be discussed with the management. It should be seen how far the plans are suitable for execution and whether the objectives have been achieved.
- (3) **Policies and practices:** The audit team should find out whether the policies laid down are properly adhered to and whether and improvement can be made to the existing policies to make them more effective.
- (4) **Systems and Procedures:** The audit team should study the systems and procedures with a view to find out whether there are defects in them and if so, whether there is any scope for improvement.
- (5) **Controls:** It should be seen whether the controls are adequate and effective. If not, what steps may be taken to bring effectiveness.
- (6) **Operations:** The audit team should ascertain whether there is any loophole in the working of the organisation in connection with the manufacturing process which hinders the achievement of the maximum production. If this is the case, the auditor should suggest ways and means to overcome these drawbacks and difficulties.
- (7) **Layout and physical equipment:** The existing layout should be studied in order to see whether any improvement can be made therein to take maximum advantage of it. Similarly in regard to physical equipment whether better and greater use of modern physical equipment can be derived.

- (8) **Personnel:** The auditor should see whether manpower is fully utilised and if not, what can be done to increase productivity. It should be seen whether there is co-operation between the workers and the management and how better and improvement relationship between them be established.
- (9) **Regulations:** It should be examined whether the organisation complies with not only its own rules and regulations and the Companies Act, but also those of the municipal and local authorities.

762. The audit team should bear in mind the following points while conducting audit:

- (1) The team should look for irregularities committed.
- (2) It should be seen whether there has been any conflict and any disagreement amongst the members of the management about the planning, objectives and function.
- (3) The audit team should pay special attention to the cost element and obtain complete details in regard to this element.
- (4) The auditor should be alert for weaknesses in the organisation system, methods, controls, objectives and personnel.
- (5) The team should go deeper into details if it comes across any incomplete, inaccurate or inadequate data or statement.
- (6) It should be seen whether procedures, policies, etc., are properly followed.
- (7) It should be examined whether or not duties and responsibilities are being carried out.
- (8) It should be examined whether the manpower, equipment, material, etc., have been fully utilised.
- (9) The audit team should pay attention to any bottlenecks, wastes unnecessary work, lack of co-ordination and other defects in all the areas of study.

763. The management audit team has to perform manifold, duties including checking of transactions of all kinds depending upon the nature of the organisation. If the management audit is satisfied as to the condition of the general management of the business he may proceed to check the items on the following lines.

(1) Production :

- (a) **Purchase:** Whether the materials of right specification and right quantities were bought at right time and at correct price.
- (b) **Planning:** Whether receipt of customers orders and execution thereof were done promptly.
- (c) **Processing:** The Manufacturing process should be critically analysed. The factory workshop should be inspected to see whether it is clean.

materials are not lying on the gangways as to hinder the free movement of the workers and thus causing delay.

- (d) *Storage*: Whether proper inspection of materials before storage, was done, whether storage conditions will damage or deteriorate the materials, whether placed properly, safety measures, etc.
- (e) *Internal transport and despatch*: movement of materials: whether quick or delayed; packing problems: whether packing cases regularly supplied or not.

2. Distribution :

- (a) *Sales records*: Whether adequate sales records are maintained, whether sales service is satisfactory, selling costs.
- (b) *Sales Policy*: Critical examination of sales policy sales agents, sales depots, sales reports from the agents and depots are required.
- (c) *Service*: Whether there have been complaints from the customers, after sale service; whether interest of customers is wanting; whether goodwill of the concern is maintained.
- (d) *Publicity*: Whether scrap book is maintained in regard to publicity; is media for publicity satisfactory; whether results of advertising analysed.
- (e) *Sales Control*: Whether orders are executed promptly; whether there are complaints by customers re-delay; whether there are complaints regarding quality of goods and so on.

Similar checking should be conducted in regard to market research, accounts, finance, personnel, Budgetary control and so on.

CONCLUSION

764. As shown in previous paragraphs the scope of management audit is very wide. The methods to be adopted for conducting this audit will vary from one institution to another depending upon the nature and position of work of the organisation under audit. The management auditors have, therefore, to be well trained in the principles and practice of Accountancy, Management, Economics, Law, Statistics, Psychology and related subjects. The overall efficiency of this audit will depend primarily upon the management auditors as to how they handle the audit work how cleverly and tactfully they extract the information, how they conduct investigation and how the data collected is analysed.

765. The subject "Management Audit" is so vast that it is hardly possible to give complete outline about its importance and procedure for conducting this audit. A general outline is given above. The auditors have to equip themselves with the current and up to date knowledge on the subject to achieve better results.

Note.—In order to help the readers to acquire a working knowledge on Management Audit a brief general outline on the subject "Management Accountancy" is given in Appendix II. In framing this Appendix the book "Management Accountancy" by J. Batty has been consulted for general review.

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INTRODUCTORY

766. The main object of Government audit is to present before the management and the Government an accurate statement of the position of affairs together with a report as to whether the accounts fully and fairly disclose the correct representation of facts. In order to do this, audit has to examine the accounting procedures and financial regulations of the institution audited and to check the accuracy and completeness of accounts.

The audit should be conducted on broadlines as indicated below :

SCHEME OF THE PROJECT CONCERN

767. The scheme of the project as sanctioned by the Government/National Economic Council should be examined to see—

- (i) Whether it was executed within the time schedule provided for in the scheme and if not, reasons therefor should be checked.

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- (ii) Whether the execution on the scheme was completed at the cost estimated in the scheme. Any excess over estimated cost should be investigated to find out causes and whether the excess was regularised.
- (iii) How far the delay in execution and increase in expenditure affected the attainment of the objective of the project concern.

OPERATION OF THE PROJECT/CONCERN

768. (i) In the case of a manufacturing concern the results of trial production and commercial production should be examined to see how far it has been effective to the attainment of target production. In the event of failure to achieve the target reasons therefor should be scrutinised.

(ii) In the case of trading concern the progress towards achievement of objectives, the policy followed for the trading, etc., should be examined. It has to be seen if there was any failure of the business as a whole or of some items reasons for the failure should be ascertained.

PURCHASE

769. (i) Whether the procedure followed for the purchase conformed to the universally accepted principles on the subject.

(ii) Whether purchase of raw materials and stores disclosed any gross irregularity/loss due to purchase of materials of wrong specification, inferior quality, high price, wastage in transit from purchase centre to factory, etc., should be examined.

(iii) It should also be seen whether purchases were made in excess of requirement leading to the deterioration of materials due to long storage, blockade of capital, etc.

LABOUR

770. (i) The labour policy followed should be examined as far as practicable

(ii) Wages structure, payment of overtime, employment of labour in excess of requirement, etc., should be carefully examined.

COST OF PRODUCTION

771. (a) Cost per unit should be ascertained and compared with previous one or two years.

(b) Various factors of production, viz., labour, materials, overhead should be carefully checked.

(c) Overhead has to be specially examined to see—

- (i) Whether importer/excess use of materials has increased the overhead
- (ii) Whether labour has been employed in excess of normal requirement raising thereby the rate of overhead.

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- (iii) Whether excessive use of fuel, power, rent, etc., has raised the rate of overhead.
- (iv) Whether demurrage/wharfage arising out of failure to clear goods in time has been included in overhead.
- (v) Whether miscellaneous charges not really related to production have been charged.
- (vi) To what extent repairs and maintenance of plant and machinery and vehicles, advertising and publicity charges use of cars, etc., have influenced the overhead.

COST OF SERVICE

772. (i) In respect of Transport Corporation cost of transport per passenger unit quantity of goods should be ascertained and it should be examined how far various items of expenditure, etc., have influenced the cost.

(ii) The cost per unit should be compared with previous years to see how it fluctuated.

SALES

773. The sales of finished products should be examined to ascertain:

- (i) Whether there was a good market for the product and whether the price was profitable.
- (ii) Whether there was any loss due to bad quality, late delivery, etc.
- (iii) Whether there was any theft or pilferage in the process of delivery.
- (iv) Whether sales were made on competitive basis.

COST OF SALES

774. (i) The cost of sales should be examined carefully to see how far it influenced the profit/loss.

(ii) How it compared with previous years and reasons for the changes.

(iii) Whether various items constituting cost of sales were proper and justifiable.

FIXED ASSETS AND DEPRECIATION

775. The accounts of fixed assets shown in the Balance-Sheet should be checked to see whether they were correctly accounted for. The rates and method of depreciation should also be checked thoroughly.

BOOK DEBTS

776. The book debt should be checked to ascertain—

- (i) The age of each debt;
- (ii) To what extent they were bad and doubtful of recovery.
- (iii) What action had been taken for their recover. The justification for writing off of bad debts, if any, should also be examined.
- (iv) Whether adequate provision for bad and doubtful debts was made.

RECEIPTS

777. (i) It should be ascertained whether adequate regulations and procedures have been framed to secure an effective check on the assessment, collection and proper allocation of revenue and to see by detailed check if such regulations and procedures are being followed.

(ii) It should be examined what checks are imposed against the commission of irregularities at the various stages of collection and accounting.

(iii) If the regulations prescribed any scale or periodicity of recoveries Audit should see that there was no duration without proper authority from such scale or periodicity.

(iv) It has to be seen that no amounts due to the institution were left outstanding without sufficient reason. In case of any dues becoming irrecoverable it should be seen that proper steps were taken for adjustment after thorough investigation and fixing responsibility, if any.

STORES AND STOCK

778. (i) It has to be examined how far regulation framed by the institution for purchase, receipts, issue, custody, condemnation, sale and stock-taking were well devised and carried into effect.

(ii) It should be ascertained that the accounts of stores were correctly maintained and balances worked out properly.

(iii) It should be checked if store were held much in excess of requirement for a reasonable or prescribed period leading to the blockade of capital and what measures were taken to dispose of the excess.

(iv) It is to be seen that the accounts of unserviceable and obsolete stores were correctly maintained and proper action for their disposal was taken in time.

(v) It is an important function of audit to ascertain that the articles were counted periodically and otherwise examined to verify the accuracy of the balance in the books. Audit is also authorised to assume responsibility for the physical

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verification of stores and has the right to investigate balances of stores if any discrepancies in stores accounts suggest that such action is necessary. It has, therefore, to be seen that the system of verification adopted by the institution was adequate and proper and that discrepancies found on stock-taking were properly investigated and adjusted.

(vi) The method adopted for valuation of closing stock of finished goods/stores should be examined to see if it was correct and proper and whether the balances shown in the accounts represented correct position.

OTHER IMPORTANT PROBLEMS

779. (i) **Payment of Bonus** : This item needs examination keeping in view the working of the particular institution. Bonus is paid either as an appropriation of profit or as a compensation for material-saving in labour. It has, therefore, to be examined whether the payment of bonus made was really justified in the circumstances in which the institution worked. The scale of bonus and correctness of payment should also be checked.

(ii) **Cost of experts/stores received under Foreign Aid** : It should be seen whether technical advice and machineries, etc., received free of cost from foreign aid giving agencies were accounted for the order to make the accounts of the institution realistic.

(iii) **Sports activities** : It should be examined whether the amount spent on this item was actually justifiable keeping in view the financial position of the institution as well as the necessity for providing recreational facilities to the employees.

(iv) **Fixation of emoluments** : Audit should be also scrutinised in the cases of fixation of pay and allowances of the officers/employees on test check basis.

(v) **Income Tax** : In order to maintain the uniformity in all the institutions it is desirable that income tax for the period under audit is charged before arriving at net profit. It should be examined in audit that income tax was paid and accounted for in the accounts of the period to which it relates.

INTERNAL AUDIT

780. It should be seen whether there was any system of internal audit in the institution and if so, the work done by internal auditors should be scrutinised to see how far it was adequate. In case of non-existence of Internal Audit reasons therefor should be ascertained.

OMISSIONS/COMMISSIONS OF EXTERNAL AUDITORS

781. Under the Acts/Ordinances of various statutory corporations, the Comptroller and Auditor General has been empowered to give direction to the External Auditors of the corporations in regard to the extent and method of their audit subject to the provisions of the Companies Act. In course of Audit

of the accounts of the corporations and projects under them it should be examined whether the audit conducted by the External Auditors was satisfactory. All omissions on their part should be brought out discussed informally with them in order to obtain their view-point.

ADDITIONAL POINTS TO BE SEEN IN CONDUCTING AUDIT OF BANK CONCERNS

782. (i) Whether the overdrafts sanctioned were within the powers granted to the Managers and whether they were allowed on verbal sanction from the Head office Executives and subsequent confirmation were not obtained. It is also to be seen if there was any security against the overdrafts.

(ii) (a) In case of bad debts written off or if there was a proposal for writing off bad debts it has to be examined why the amount could not be recovered, and if the bad debts were due to any favouritism, careless loan policy, negligence on the part of management, etc.

(b) In the Bank accounts sometimes bad and doubtful debts written off are not exhibited in profit and loss account separately. In audit, therefore, such figures should be traced and examined on the lines mentioned in such clause(a) above.

(iii) In case of loans and advances—

- (a) Whether appropriate documents setting forth the condition for payment and realisation in default got executed before allowing loans and advances to the party;
- (b) Whether the loans and advances were granted to the parties in accordance with the credit facilities scheme approved by the Government;
- (c) Whether recoveries were being watched and in case of default prompt action had been taken for ensure recovery;
- (d) A few cases should be checked completely to see whether loans were given to the parties entitled to receive, title to the properties offered as security was correct, the property was free from encumbrance, etc.

(iv) (a) In case of loans against stock of imported merchandise, whether the goods were pledged, kept under lock and key in the Bank's godown and verified occasionally by an officer of the Bank, keeping evidence of verification in godown register.

(iv) (b) It should be seen if any merchandise was lying in bank's godowns for a long period for not taking delivery of the goods on payment of loans by the parties concerned. If the bank had disposed of any auction any goods for non-delivery each such case should be examined to see that the disposal was made by auction according to the recognised principles and to determine that maximum receipts were obtained and that there was no loss due to negligence, wrong policy and improper auction.

(v) In case of advances against hypothecation of stock whether there were agreements governing the terms and conditions, submission of stock reports at regular intervals and verification of the godown. It should also be seen if the goods were readily saleable and not perishable and if the insurance policy covering the stock was in force.

(vi) If the Bank has investments it is necessary to examine—

(a) Whether Bank maintained security register and Investment ledger;

(b) Then quality of investment, *i.e.*, whether income producing or not.

(vii) The trend of profit and loss of the bank should be checked and a comparative study with past 3/4 years should be made. Instances of over-accrual of income and expenses, if any, cost of advertisements, etc., should be checked.

(viii) It should be seen if—

(a) cash Account was maintained in the general ledger with daily position of total receipts and payments;

(b) whether cash was in safe limits fixed for the branch concerned;

(c) how was excess cash dealt with; and

(d) whether the bank paid drafts before receipt of advice.

(ix) The system of internal audit and audit by Bangladesh Bank should be examined.

(x) The service rules and other orders regulating pay and allowances should be examined. It should be seen if medical allowances were paid as per Govt. orders dated 29-7-72 and whether entertainment allowance was utilised for the purpose for which it was granted. Some pay-fixation cases should be examined on test check basis.

(xi) It should be examined whether Letter of Credit accounts were adjusted.

(xii) Section 25 of the Bangladesh Banks (Nationalisation) Order, 1972 (President Order No. 26 of 1972) provides that "after making provisions for bad and doubtful debts, depreciation of assets and such other matter as may be prescribed, every new bank may, out of its net profit, establish a reserve fund and any surplus remaining thereafter shall be paid to the Government". It has to be seen in audit whether this provision has been correctly followed and if not reasons therefor should be scrutinised.

(xiii) Section 31 of the Bangladesh Banks (Nationalisation) Order, 1972 provides that "all laws relating to banking and banking companies shall, subject to such adaptations and modifications as may be made from time to time shall be applicable to new bank". It should be examined in audit whether the requirements of such provisions have been complied with.

AUDITIONAL POINTS FOR AUDIT OF INSURANCE CONCERNS

783. (i) It should be examined as to whether—

(a) the minimum reserve has been kept;

(50 per cent of net income of a year for fire and miscellaneous insurance and 100 per cent in the case in marine).

(b) the minimum security margin has been kept.

(Assets should exceed liabilities by Tk. 50,00,000 or 10 per cent of net premium income whichever is higher):

(ii) It is to be checked if any premium was collected after commencement of risk and if so, reasons therefor should be checked.

(iii) Whether requisite amounts/securities were deposited into Bangladesh Bank?

(iv) Whether the commissions paid to the agents were within the admissible limit?

(v) In case of loan or advance, if any, granted to any Manager, Director or any other officer, it has to be seen whether appropriate documents setting forth the conditions for repayment and realisation in default got executed before allowing loans and advances.

(vi) Whether the management expenses including commission, etc., were disproportionate to the resources of the concern?

(vii) Whether the agents accounts have been kept in prescribed form and checked in audit?

(viii) Whether agents balance has been written off?

(ix) The premium received should be checked with reference to receipt books, copies of insurance policies, over notes, etc.

(x) The investments should be verified.

(xi) The receipts of interest, dividend, etc., on investments should be verified.

(xii) The commissions paid to agents should be vouched.

(xiii) The claims paid should be vouched with reference to claims register, cancelled policies, counterfoils of cheque books, the receipt sent by the claimant, surveyor's certificates, repairer's bill, correspondence confirmation sent by insured and any other documentary evidence available.

(xiv) The re-insurance cases should be thoroughly checked.

(xv) It should be seen whether the requirements of Insurance Act been satisfied in all cases.

(xvi) Whether the revenue accounts and balance-sheets of the concern conform to the provisions of Insurance Act?

- (xvii) The life fund should be scrutinised.
(Excess of income over expenditure).

(xviii) If any actuarial valuation of liabilities for life business has been made?

(xix) Is the life fund sufficient to cover the liabilities on life policies?

(The difference of the actuarial valuation of life policy liabilities and the life fund is the profit or loss of an insurance business).

(xx) Whether at least 55 per cent of the concern's liability of life policies been covered by investments in approved securities?

(xxi) If there is any Insurance Fluctuation fund it should be checked.

(xxii) It should be seen whether there was any system of internal check and, if so, whether it was adequate.

CHAPTER 37—COMPREHENSIVE AUDIT

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INTRODUCTORY

784. It is increasingly realised in many countries, that strictly financial information is not sufficient to inform Government management and decision maker about the achievements and failures in carrying out Government Programme. Various financial ratios which guide managers in making private sector decisions have far less relevance to Government Management which must make decisions also about social welfare and human resources. The Government Programmes should be examined for efficiency, economy and effectiveness. This type of auditing is comprehensive considering programme outputs such as housing units built, educational credits subsidized for workers employed as the determinants of success. The comprehensive audit allows auditors to speak knowledgeably about the management of Government programmes and it makes their report more useful.

In developing countries where indiscipline, ineffectiveness, non-adherence to cost and time schedule, unconsciousness about wastage, etc., are very rampant the progress of implementation of Government programmes and working thereof after switching on to operation are very likely to suffer badly, resulting in the non-attainment of social and economic objective, for which the Government programmes are launched in each country. Accordingly the necessity of conducting comprehensive audit in developing countries is very vital.

METHOD OF AUDIT

785. The method to be followed for conducting comprehensive audit should invariably ensure the observance of universally accepted principles of auditing and in addition to make a study of the programme/scheme under audit for economics feasibility, efficient and smooth implementation and pointing out deficiencies in time for quickly adopting remedial measures. Unlike private sector every programme undertaken in public sector is intended to bring about economic and social upliftment of the citizens, removal of poverty, illiteracy diseases and all sorts of backwardness. The attainment of these objectives requires long term planning and successful implementation in different phases

and as such the programmes of Government activities have to be carefully chalked out taking into consideration available resources of men and material. Keeping all these factors in mind the method for conducting comprehensive audit has to be devised so as to achieve the maximum results. To begin with the audit may be started right from the framing of Government programme/scheme and conducted phase-wise till its complete implementation. The audit may be conducted on the following general lines keeping scope for modification depending upon the nature of scheme and progress of implementation.

EXAMINATION OF PROGRAMME/SCHEME

786. The Programme/Scheme should be examined to see—

- (i) Whether it is financially sound and economically feasible.
- (ii) Whether the estimate of cost have been worked out correctly of understated in order to make the programme financially attractive to have easy approval.
- (iii) Whether the object of the Programme/Scheme has been clearly defined and to what extent it is intended to ameliorate suffering of the people or creating new facilities in the relevant sector.

IMPLEMENTATION OF PROGRAMME/SCHEME

787. The whole process of implementation of the programme should be carefully examined to ascertain—

- (i) Whether the implementation schedule has been so devised as to complete the work of each phase within the estimated time.
- (ii) Whether as a pre-requisite to (i) above necessary action for inviting competitive tenders, finalisations of tenders, acquisition of materials, etc., have been taken with utmost promptitude.
- (iii) Whether arrangement has been made to utilise the best season of the year for execution of work.
- (iv) Whether proper financial control has been ensured.
- (v) Whether provision of funds has been made in time.
- (vi) Whether attempts have been made to complete work-phase-wise well ahead of the schedule and if so, with what results.

REVIEW OF PROGRAMMES

788. (i) The implementation of the programme should be constantly reviewed by the management to locate the defects in planning progress of implementation etc., if any so as to take precautionary measures in time.

(ii) The difficulties experienced in executing the programme should be guarded against.

(iii) Audit has to see if any procedure of such review has been prepared and action has been taken accordingly.

Financial Result

789. The financial result of implementation should be examined phase-wise. The rules for Government auditing should be applied to examine the transactions. If the scheme involves earning of revenue it has to be seen if suitable measures have been taken for prompt realisation of the same and credit to general revenues.

General

790. (i) While the principles of Government auditing have to be applied in general in conducting comprehensive audit the modern techniques of audit followed for auditing commercial and Industrial undertakings should be applied here with suitable modifications in order to make a performance study of Government programmes to assess the attainment of objective of each programme.

(ii) The principles of audit against propriety should play an important role in conducting comprehensive audit.

(iii) It should be checked whether there has been any lack of coordination among the different Ministries/Departments of Government in the matter of implementation of the programme and how far it has affected the work and financial result.

(iv) It has to be seen whether there was any lack of supervisory control and if so with what results.

(v) It is equally important to ascertain whether after implementation of the scheme the operation and maintenance of the project were being done properly.

(vi) The scope of comprehensive audit is very wide. While the instructions given above will provide guidelines for the work, the audit team will have to conduct the work very tactfully in order to be able to collect all informations necessary for his audit and make observations thereon very carefully so as to achieve the best result in the prevailing circumstances.

APPENDIX I—Deleted.

APPENDIX II

[See Note 1 below paragraph 765 of this Manual]

MANAGEMENT ACCOUNTANCY**Growth of Management Accountancy :**

Management accountancy is a wide and diverse subject. It is the blending together into a coherent whole, financial accounting, cost accounting and all aspects of financial management. The complexities which exist in this age of large scale production make personal supervision and calculation of profit or loss on each transaction quite impossible. More and more dependence must inevitably be placed upon information accumulated by accountants, not only for seeing what has happened, but also to predetermine what should happen.

Because of management's reliance upon accounting information the correct training of accountants is of vital importance. Information collected and presented to management should be in the form most suitable for solving particular problems while ensuring long-term stability and maximum profitability. From these needs management accountancy has grown.

Definition :

Management Accountancy is the term used to describe the accounting methods, system, and techniques which, coupled with special knowledge and ability, assist management in its task of maximising profits or minimising losses.

The accounting methods, system and technique are those designed to meet the specific needs of the business concerned. They should collect and record the information in the manner most suitable for assisting management in its work.

The "special knowledge" mentioned above covers the use made of the principles and practice of Management, Economics, Law, Statistical Method, Psychology and related subjects. The management accountant has to be able to apply his knowledge of these subjects to the field of accountancy.

Management Accountancy is the general term employed to describe the financial policy, philosophy and strategy and the appropriate application of suitable financial planning and control accounting system.

There are many disciplines which join together to form management accountancy. It is important to note that in the past too much emphasis had been placed upon historical facts and not enough on future possibilities and plans. The latter are essential requirements for successful business management, and constitute an indispensable feature of management accountancy. The post-operation figures and subsequent analysis are still essential but the emphasis on pre-planning and the subsequent control by the use of feed back techniques and comparison with standards make this new system much more useful than financial accounting could ever become.

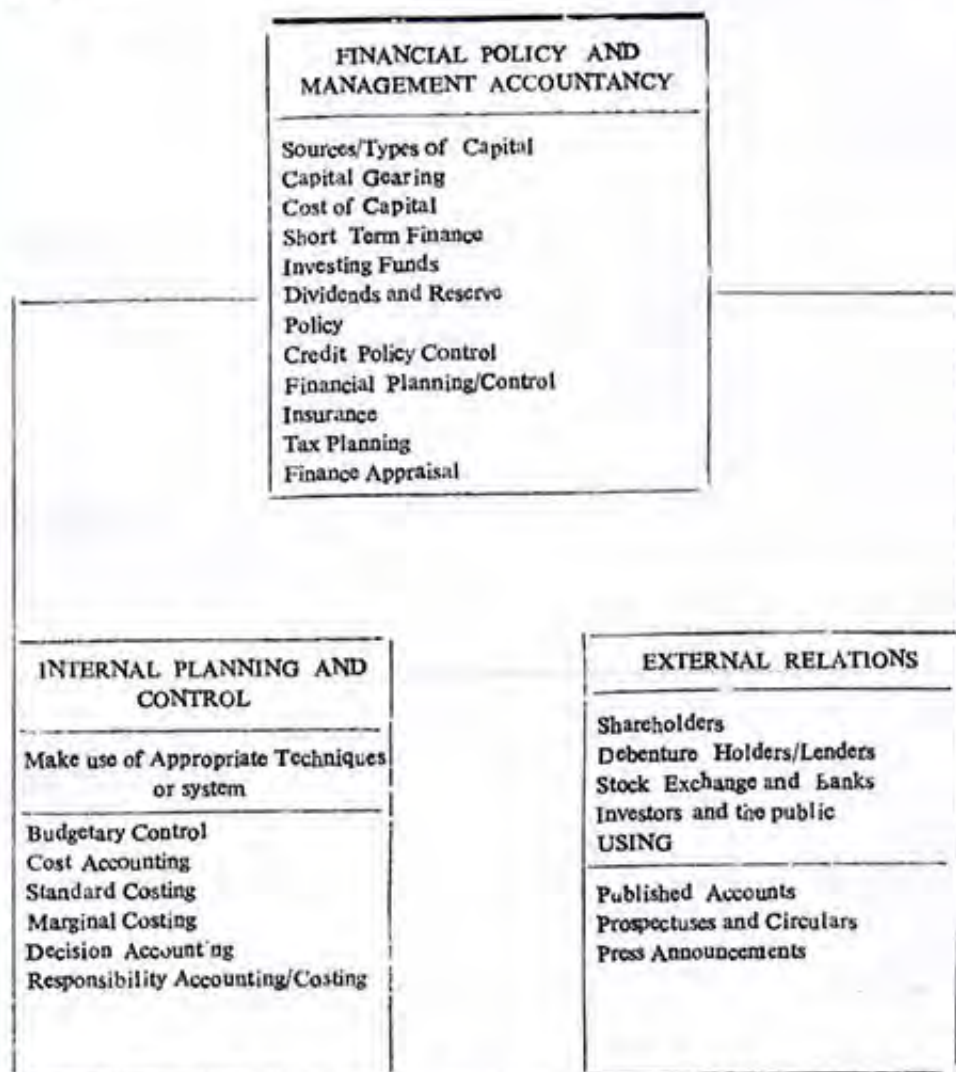


Fig. 1. Management Accountancy as a Total System Concept.
(As stated by J. Batty in his book "Management Accountancy").

A guide to the comprehensive nature of management accountancy may be seen from the chart shown above (Fig. 1 Management Accountancy as a Total System concept). This is a simplified version of the various techniques and systems which are involved in the subject.

The static picture shown by conventional financial accounting has restricted the use of accountants within management. With the integrated management accountancy approach there should be positive pre-planning backed by an

analytical review of the figures presented. What do these mean? Is the capital structure the most appropriate? Is the gearing unsuitable at the present time? Do the accounting reports notify significant deviations from plans quickly enough? What action, if any, is taken on the variances revealed? These and other analytical questions should be raised as appropriate, ensuring that the financial information is pertinent to the management of the business.

How the function will be organised depends upon the requirement of the business at a specified time. The nature and style of the operations and management; degree of competition; complexity and size; and the importance of the information and how it is being used, are some of the many variables which affect the design of the system. A possible break down into responsible is given later (Fig. 2). On that chart the assumption made is that matters affecting financial policy will be dealt with by the Financial Director in liaison with the Board and Chief Management Accountant.

PROCESSES OF MANAGEMENT

A clear understanding of the processes of management is essential. The relationship of each to the management accountancy functions should also be understood. There are seven major processes involved in managing:

1. **Forecasting**—deciding what should be done, *i.e.*, determining;
2. **Planning**—policy and formulating plans to achieve the desired objectives.

Management accountancy is able to make valuable contribution to these processes. Sales, production, cash, and related forecasts can assist the Board and management in determining policy and making plans. Alternative courses of action can be converted into terms of costs, prices, revenue and profits. The plan which is likely to result in the target profit can be chosen. The advisability of obtaining fresh funds will also come from the information supplied by the management accountant. When making decisions management may be guided by accounting data; marginal costing and other techniques can all be utilised as a tool of management. All this adds up to corporate planning and strategy, which are meaningless without management accountancy.

3. **Organising**—establishing a framework in which responsibilities are defined and lines of authority are laid down.

The total profit obtained, expressed as a percentage on capital employed, should show the effectiveness of the organisation used. However, management accountancy goes further than this in establishing a sound organisation. With its emphasis upon budget and cost centres and the location and controlling of responsibilities and costs there should emerge a more efficient business structure. Moreover, the examination of system and procedures to make them efficient before a standard costing system can be installed can result in

great benefits. The work of internal audit and organisation and methods departments can also bring increased efficiency. Keeping methods and procedures under constant review makes workers and procedures under constant review makes workers and management alert to possible improvements.

4. **Motivating**—establishing sound leadership and getting the most out of employees through a high standard of morale and co-operation.

A sound management system, backed with adequate communication, makes better managers. This, in turn, should lead to greater confidence in leadership with more effective motivation.

5. **Co-ordinating**—weaving together the segments of business into a coherent whole in such a way that all parts operate at the most efficient level and produce maximum profit.

Production and sales must go hand-in-hand; financial resources should be adequate to meet planned requirements; material purchases should be related to current needs; planned capital expenditure and future expansion have to be co-ordinated. These are only a few examples; there are others. The essential co-ordination can come through budgetary control, which is an integral part of management accountancy.

6. **Controlling**—the systematic appraisal of result to ensure that actual and planned operations coincide or, if there are any deviations, the carrying out of corrective action.

Great emphasis is placed upon the control function. This is natural, because without control there can be no adherence to the plans. Management accountancy plays a principal role in controlling performances and costs. Detailed control is obtained through standard costing, whereas functional and departmental control comes from the operation of budgets. These systems incorporate the extensive use of departmental operating statements and thereby bring about effective communication and control.

System design to cover material, labour, and overhead control come within the scope of the management accountancy system.

Measurement of the overall effectiveness of the policies, plans and management is provided by the Profit and Loss Account and Balance Sheet. These, too, impose a control through the share-holders, creditors and public at large. The share-holders expect adequate dividends, creditors expect to be repaid, and the public are customers and potential investors. Decisions made by any of these groups can affect the present and future operations of a company. It must depend upon them to some extent for finance or revenue from sales. The published final accounts may be the only ambassador representing a company to a particular share-holder, creditor, or other party. For this reason alone it seems very desirable that the preparation and publication of final accounts should be just as much a part of the management accountancy function as internal control.

7. **Communicating**—transmitting instructions and information within the organisation and to outside customers, suppliers and others. Management accountancy plays an important part in the communication process. Operating results may be incorporated into reports and statements. Cost of processes and jobs emerge from the costing system. Shareholders, creditors, and the general public are kept informed through the medium of the published accounts. Simplified accounts and balance sheets can be issued to employees to show them what measure of success is being achieved.

Information is vital to all levels of management; without it there is likely to be stagnation. The manager who is making a decision normally wants to be sure that his knowledge is complete. This is possible only through the effective presentation and interpretation of the accountancy information and use in appropriate circumstances. Recognition of the importance of communication is stressed by the development of Management Information systems in many companies.

These definitions of the management processes have been kept as brief as possible. Nevertheless, they should show how management accountancy and the management functions are very much related. Indeed, it is possible to go further and say that management accountancy is an internal part of business management. In all phases of the latter decisions have to be made and, although these necessarily involve intuition, experience, and judgement, all these processes are assisted in a material fashion by facts relating to costs, prices, and the economic environment.

The management accountant draws on the subject of economics for guidance on how prices and interest rates are determined, why finance is difficult or relatively simple to obtain, and why other phenomena behave in a certain way: in short, for information of on the mechanism of the economy. Determination of optimum output, the fact that capital invested has to be used in the most effective manner and the concept of maintaining capital in tact in real terms are all aspects which have received beneficial contributions from economists. There is no doubt that many more benefit can emerge from the co-operation of accountants and economists, particularly when the latter are employed in industry on forecasting sales and other trends.

The legal aspects of business are also a part of the management accountancy framework. There must be compliance with statutory requirements so far as they affect business decisions. The raising of finance is affected by the Companies Act, and the regulations of the Stock Exchange. What from published accounts should take is also dictated by the Companies Act, as is also the the question of the duties of the external auditors, so far as the objectives of a company are concerned, no action should be taken which is *ultra vires* the Memorandum of Article of Association.

Full use should be made of the techniques of statistical method graphs, charts, and pictorial representation all assist in making information clearer and easier to assimilate. The fact that information should be edited to suit

the needs of each specific problem has long since been recognised in the theory of statistical method and is one of the major principles of management accountancy. Division of overhead costs into their fixed and variable elements is accomplished by the use regression charts and the application of least squares, both of which being to the field of statistical method. The separation of costs in this way is an indispensable part of a system of marginal costing. Operational research, the collection of data and their application to solving business problems, owes much of its modern state to the work of statisticians. Again, use is made of this technique often in a simplified form in management accountancy.

Psychology enters into the processes of control, communication, and motivation. The control being exercised is not purely of costs, but rather of the sections of people who are responsible for costs. This fact is often overlooked with a resultant deterioration in worker-management relationships. Cost control is necessarily a problem, and the most suitable methods of presenting the facts should be employed so that antagonism is avoided. In recent times the behavioural aspects of planning and control have received more attention from writer on management accountancy.

FRAMEWORK OF MANAGEMENT ACCOUNTANCY

In the previous section the use of various disciplines within the framework of management accountancy is outlined. These subjects, together with the techniques of cost Accounting Financial Accounting, and Budgetary Control, from the Structure of Management accountancy. What is essential is the total integration of system, procedures, from designing, and related matters into a complete, co-ordinated system.

PRINCIPAL SYSTEM AND TECHNIQUES

There are many financial and cost accounting system contained in the management accountancy framework. Here a summary is given:

1. Financial Policy and Accounting :

Financial policy determines how a business is to be financed, whether by Equity or Preference Share capital, and the extent to which reliance is to be placed upon long-term or short-term borrowing. In addition the credit and discount policies to be followed have to be determined.

Public companies have a duty to publish accounts which company with the requirements of the Companies Acts. These are intended primarily to safeguard creditors and shareholders.

Tax planning is important especially for the multinational business which has to take advantage of the regulations which operate in different countries, thus minimising the total tax payable by the company.

2. Historical Cost Accounting :

Historical cost accounting is so called because it concerns itself with the recording of actual costs on or after the date when these are incurred. There are two basic costings—system-job costing and process costing. Actual costs are an essential part of the most modern standard costing system, but by themselves they are of very limited value.

3. Standard Costings :

Standard Costing is a technique which uses predetermined standard cost and controls through variances. It is the most effective method available for controlling performances and costs.

4. Marginal Costing and Responsibility Costing :

The most important feature of Marginal Costing is the division of cost into those which are marginal (variable) and those which are fixed. The latter are not apportioned to cost centres or products as under an orthodox costing system; instead, they are charged against sales revenues within period in which they are incurred. This division of the costs and their application in an appropriate manner is extremely useful in showing management the effect of decision, particularly those connected with short-term utilization of production capacity.

Responsibility costing attempts to combine the best feature of marginal costing and absorption costing.

5. Budgetary Control

Budgetary control shows policy and plans in financial terms, thereby establishing responsibilities by means of budgets, and co-ordinating and controlling through the budget committee and suitably drafted departmental operating statements and reports.

6. Decision Accounting

The comparison of alternative course of action may be facilitated by the use of cost data. The latter may be collected as part of a routine or to deal with a special problem when it arises (an ad hoc investigation). Strictly speaking, this is not a separate system. It calls upon all other system to produce information which indicates to management the project likely to maximise profit or minimise loss. Decision on capital expenditure, whether to make or buy, what price to charge, whether to subcontract, and other important matters, may all be assisted by the employment of accounting information. A few words on the role of decision making are very appropriate at this stage.

One of the most important functions of top management is to make decisions. Irrespective of the method employed, decision-making implies a choice from a number of alternatives. In fact, there are two basic selections. First, there is the selection of the particular field in which the final decision is to be made if production is to be increased, then the labour force may be enlarged or new machines may be introduced; if sales are to be expanded, then the initial choice

is between employing more salesmen or intensifying the advertising or other sales publicity. Once an initial selection has been made, the second choice must follow; if machinery is to be purchased the question is what type of machinery?

The comparison of alternatives may be done deliberately, in which case, to reduce uncertainty to a minimum, the use of figure is essential. How each alternative may affect output, costs or other important factors, and finally profit, has to be determined.

Another approach to decision-making is by the trial and error method. A decision is made intuitively and plans are put into operation. After a time, when the effect of a decision are becoming known, action may be necessary to improve the situation. So the procedure goes on a trial is made and, if there is an apparent error, corrective action is taken. Intuition may again be used to decide the necessity for further action. When dealing with complex issues—commonplace in a large company there are only a few men who can emerge successfully from the use of intuitive methods alone. Some men are able to analyse a situation, and know which way to go in order to improve the position. However, at times this can be rather like driving a car on a dark road without light; one wrong move and the outcome can be serious. Without facts and figures to the problem in hand there is great danger that an important fact may be omitted from the reasoning, with disastrous results.

When making decisions, management should consider the risks involved, and if the extent of the risks is calculable, the advisability of insurance coverage should be considered. The accountant is often in the best position to assess whether insurance should be obtained.

7. Control Accounting

Again this is not strictly a separate accounting system. Standard costing and budgetary control have within their own control mechanisms—variance analysis, reports and statements, and the stimulation of action.

In addition, there is the control afforded by internal check, internal audit, statutory audit, and organisation and methods work.

It is in this field that the management accountant has scope to display ingenuity in the analysis, interpretation, and presentation of information to all levels of management.

8. Revaluation Accounting

Revaluation or replacement value accounting is concerned with ensuring that capital is maintained in tact in real terms and profit is calculated with this fact in mind.

9. Management Information systems

With the introduction of electronic data processing and computers there has been considerable development in thought on Management Information Systems. These integrate all sub-systems within the individual business so that information

is available on all aspects of planning, co-ordination and control. Much more has to be done before fully comprehensive systems are available which begin with the defining of company objectives and go on to give detailed plans and then likely consequences. Subsequently, control is exercised through a systematic approach which incorporates "feedback" and responsive action from manager.

Within the framework of management accountancy these nine functions should operate in an integrated fashion. In the exercise of his duties the management accountant will operate and co-ordinate each aspect, being guided in the way matters are dealt with by the principles which have been developed by the accountancy profession. These principles are as accountancy conventions.

CONVENTION OF MANAGEMENT ACCOUNTANCY

Over the years many conventions of accounting have been developed. These relate to both financial and cost accounting. Here they are all taken together as the "rules of the game" of management accountancy. They are the foundation stones upon which any accounting system should be built; in addition they are the guide-posts to sound practice. If the management accountant ignores these conventions he fails in his duties; his work will tend to be less effective and he will certainly be out of step with his profession. For convenience the conventions are summarised as follows:

1. *Accounting concerns itself with the affairs of the business:*

This means that the accountant is conversed with recording the transactions relating to the business and not to persons as individuals.

2. *Costs and revenues should be matched as possible:*

This is not easy to follow. How are advertising costs to be matched against sales revenue? What proportion of fixed assets (depreciation) should be written off each year? These and other questions have to be answered satisfactorily otherwise the calculation of profit is unrealistic and not as accurate as it should be. There can be no absolute accuracy; the arbitrary division of the life of a business into accounting years make approximation inevitable. The management accountant has to endeavour to match costs and revenues in the best possible manner and thereby avoid a serious mis-statement of profit.

3. *The calculation of profit should allow for all possible losses and disregard any unrealised gains:*

This rule generally means that profits is shown at lower rather than a higher figure. This tendency to adopt the most conservative attitude means, that there is no danger of more profit than that really earned being taken out of the business as dividends. Moreover, the rate of profit on capital employed tends to be lower, and management is not beguiled into thinking that efficiency is on a higher plane than is really the case.

4. *Only profits which have been actually realised are recognised (linked with 3):*

Put in other words, only when a sale has been completed can it be said that a profit has been earned. If goods have not been sold there can be no profit. Any stocks held should not be valued at a figure which is greater than cost or other acceptable valuation. However an important exception maturing stocks, such as wine, timber, whisky, and other commodities which have to be held for a number of years before being sold. Another variation from the general rule is where there is a large contract or job which takes many years to complete. In both cases it may be permissible to anticipate a profit for each year. As is usual though, there will be conservatism displayed in estimating the figure. Two-thirds of the expected figure may be taken, thereby making due allowance for any possible fall in value of the stocks or the contract.

5. *Consistency in methods, procedures and principles employed:*

There are at least two good reasons why consistency is essential. The first is that management is concerned with seeing the state of efficiency and trend of result. If methods are changed there will be difficulty experienced in deciding the comparison of result, from period to period, really mean. In fact, if methods are changed too frequently, or if a single change is made of an important method, the results shown before and after the change may be quite incapable of being validly compared. The second reason, linked with the first, is the need to calculate profit in a manner which shows the true operating results of the accounting year. Changing basis of accounting is one way of "window dressing" the profit. Thus, for example, a change in the method of valuing work-in-progress or raw materials has the effect of varying the method of calculating the profit.

Consistency is also essential for the normal day-by-day control departmental managers. If methods are changed too frequently there can be no faith in the results obtained. Any deviations from moral efficiency are unlikely to be given the attention they deserve. Departmental managers, foremen, and others may tend to regard the figures as a reflection of the accountant's manipulative talents, rather than showing the true state of affairs.

6. *In cost accounting only the normal costs should be treated as the costs of producing, selling and distribution:*

This means that expenditure has to be divided into: (a) normal costs, and (b) abnormal or exceptional costs. The latter are written off to Costing Profit and Loss Account. Examples are: the costs of idle facilities due to a recession; loss due to obsolescence where this is unusual; loss incurred due to holding stocks of materials when there is a drastic fall in prices.

The purpose of this convention is to show costs of products which reflect normal realistic conditions. In this way the efficiency of producing and selling is portrayed in the product costs.

7. *The accounting records are kept as objective as possible:*

This rule also applies to accounting reports and statements. Both the records and the reports should be based on objective facts and evidence and not affected by personal biased opinions. The management accountant are free from prejudice and can be interpreted correctly without undue difficulty.

In addition to the conventions given above, which are accepted generally throughout the accountancy profession, the following additional conventions are now regarded as an essential part of management accountancy. Not all these enjoy general acceptance, but there seems no doubt that this condition is not far away.

8. *Accounting information, records, reports, statements and other evidence of past, preset, or future results should be designed and compiled to meet the needs of the particular business and/or specific problem:*

This implies a certain flexibility of system. Then a particular problem is to be solved the system should be capable of producing the relevant data. If necessary, there must be departure from double-entry principles. Accounting and operational research principles should be linked together. Information should be accumulated and then presented to solve problems. The accounting information should be modified and adapted to meet each need whenever possible. However, it is important to remember that if this principle is carried too far the cost of the management accountancy system may become excessive. It is partly for this reason that a systematic, rather than an *ad hoc* method, is used for accumulating costing data.

9. *The "principle of exception" is followed when presenting information to management:*

This assumes that plans are predetermined and then actual results are compared with expected results. If there are no deviations there is no necessity to report. When there are variations from predetermined plans management is informed precisely of what is going wrong. In this way, the information presented to management is kept to the minimum, yet at the same time all important facts are being revealed. What is more, management has less to read and study and, therefore, should have more time to take action.

10. *Costs are best controlled at the points at which they are incurred "Control-at-source accounting":*

Recognition of this convention is acknowledged through the preparation of departmental operating statements and the design of costing systems which control individual workers, material issues, and the usage of services. The inculcation of cost consciousness is also an essential part of this convention.

11. *A profit cannot be said to be earned unless capital is maintained in fact in real terms (Accounting for inflation):*

This convention recognises that the monetary unit is not stable. Attempts to overcome the effects of change in the value of money have been made via revaluation accounting, but as yet there is no general acceptance of the theory. However, there is strong evidence that more and more accountants are modifying their views to meet the dynamic state of business and the economy.

To some extent the reluctance to accept complete revaluation accounting principles is no doubt due to the convention which decrees objectivity (7 above). Historical costs that have actually been incurred; they are fact, not conjecture. Revaluation accounting introduces estimates and opinions and so the argument runs is undesirable. There is no denying these facts. However, management accountancy must meet the needs of the times; if there is inflation, it cannot be ignored. Management cannot afford to ignore any conditions which affect the profit-earning capacity of the business. In other words, the accounting system must serve management, and if a convention threatens to shackle progress then it should be modified.

12. Return on capital employed is used as the criterion for measuring the efficiency of the business. For this purpose the capital employed should be calculated by reference to current replacement values.
13. Management accounting systems and related forms should be used only as long as they serve a useful purpose.
14. There should be integration of all management information, so that fullest use is made of the facts available and, at the same time, the accounting service should be provided at minimum cost.
15. Overhead costs should be apportioned to cost centres and absorbed to products on the basis of benefits received for fixed costs or responsibilities incurred for variable costs. This method or methods selected should bring about the desired result of recovering the overheads in the most equitable manner.
16. Management Accountancy should endeavour to show whether or not the resource of the business are being utilised in the most effective manner.
17. When tracing responsibility a clear distinction be made between those costs which are controllable and those which are uncontrollable by the management of the business or department concerned.
18. Management accountancy should seek to anticipate problems and prevent them. There should be forward-looking approach, and actual costs should be employed only as measures of achievements realised. This principle recognises the importance of budgetary control and standard costing.

19. The most appropriate means of accounting, recording, and presenting the accountancy information should be selected. This normally implies that mechanisation should be adopted as much as possible. It does not mean that every business should employ a computer. The machines selected should be of a size and type that can economically be employed by the particular concern to deal with its own problems. If there is insufficient work for a computer, then clearly this should not be acquired.

20. *Personal contact with departmental manager, foreman, and others cannot be replaced entirely by reports and statements:*

This convention recognises once more that cost control involves people. Furthermore, planning, co-ordination, motivation, and communication are all improved by maintaining personal contact. Quite often this essential condition is secured through budget, cost reduction, and other committees. Obviously, though, because of the time-consuming aspect of attending committees, the number of these has to be kept to reasonable dimensions. Accordingly, personal contact with production, sales, and other functional personnel by means other than committees will be essential. Works accountants, cost accountants and cost clerks should all participate in this liaison; it should not be left simply to the chief management accountant.

ORGANISATION FOR MANAGEMENT ACCOUNTANCY

The organisation of the management accountancy system should be designed for the particular business. It should be capable of providing the information required for all levels of management in order to achieve maximum efficiency.

A typical Organisation Chart for large organisation is shown below (Fig. 2). This illustrates the principles involved in achieving the necessary control and co-ordination of all functions through the Chief Management Accountant.

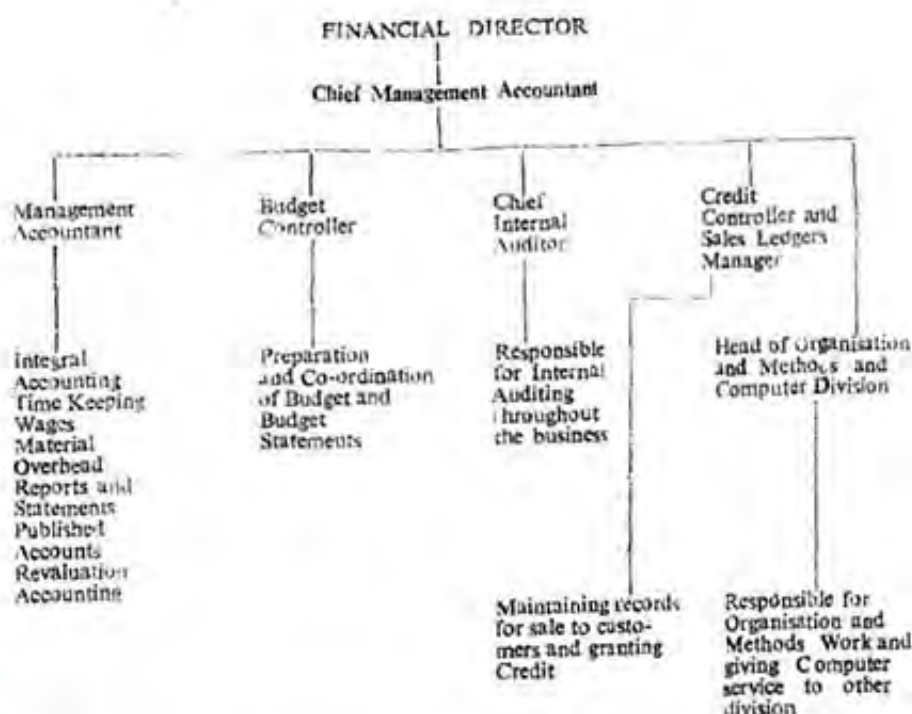


Fig. 2.—Organisation for Management Accountancy (As given by J. Batty in his book "Management Accountancy")

In practice, many variations will be found. Furthermore, if a company is divisionalised, having factories in different locations, an extension, of the chart would be necessary to show how each division fits into general pattern. Possibly the necessary link would come through a works accountant being located within each division.

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This index has been compiled solely for the purpose of reference and no expression used in it should be construed in any way as altering the rules.

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