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**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (CIVIL  
AUDIT)  
ANDHRA PRADESH, H Y D E R A B A D.**



**MANUAL OF INSPECTION (CIVIL)**

**(REVISED EDITION - 2007)**

**(with addenda/modifications upto 2006)**

**ISSUED BY:**

**THE PRINCIPAL ACCOUNTANT GENERAL (CIVIL AUDIT)  
ANDHRA PRADESH,  
H Y D E R A B A D.**

## PREFACE

This edition of the Inspection (Civil) Manual has been compiled from the Inspection (Civil) Manual printed in 1976 incorporating all corrections and orders issued subsequently. It also embodies the detailed procedure for conducting audit of Government transactions at the Branches of State Bank of India and its subsidiaries. The instructions contained in this manual are supplementary to those in the various Codes and Manuals issued by the Comptroller and Auditor General of India and other authorities.

2. All members of this office in general and the staff attached to the Inspection (Civil) Head Quarters sections and Inspection field parties in particular are expected to be thoroughly conversant with the instructions contained in this Manual. No deviation from the procedure as laid down in the Manual should be made except under orders of the Principal Accountant General. The Manual should not be quoted or referred to as an authority in any correspondence outside this office.
3. LA.I section is responsible for keeping the Manual up-to-date. All orders of an important nature affecting procedure followed, have been suitably incorporated in this Manual with care and promptitude. Suggestions for improvement of the Manual are always welcome.



PRINCIPAL ACCOUNTANT GENERAL

Hyderabad

Dt:

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# CHAPTER 1

## GENERAL

### SECTION I

**1.01 Introductory:** The provisions of paras 6.1.1 to 6.4.3 to the Manual of Standing Orders (Audit), of the comptroller and Auditor-General, form the basis for the detailed procedure of conducting local audit as brought out in this Manual. The principles of efficiency audit, overall performance audit, and audit against propriety, laid down in the said Manual should also be kept in view as guidelines for local audit.

**1.02 Selection of staff to be deputed for inspection works:**

(a) If inspections are to serve their purpose and if the maximum value is to be obtained for the expenditure incurred on inspections, the inspection work should be entrusted to specially trained, competent and intelligent staff who would, in addition to exercising the routine prescribed checks, also examine the accounts intelligently and pay due regard to the principles of efficiency audit. Special attention should, therefore, be paid to the selection of staff deputed for inspection work, so that it may be ensured that inspections are conducted in a really effective manner.

*(Comptroller and Auditor General's Letter No.539/Admn/5-Rep/49, Dated 23<sup>rd</sup> March, 1950)*

(b) Although it is left to the discretion of the Prl.Accountant General to select the Inspecting Officers, the Comptroller and Auditor General considers that experienced senior Audit Officer should profitably be employed on inspection duty.

(c) As a rule, the Assistant Audit Officers/the Section Officers selected for local audit should be picked men, who have special aptitude for the work and have sufficient experience in the Central Audit Sections.

(d) As far as possible, preference should be given to Auditors who have about three years experience of inspection work.

*(Comptroller and Auditor General's D.O.NO. 5117-E1/53-58 dated 31.10.1958).*

(e) It should be ensured that the personnel of the local audit party, particularly Assistant Audit Officers/Section Officers and Audit Officers are not changed in the midst of an inspection as such changes seriously affect the efficiency of local audit.

*(D.O Letter No. 673-T.A.I/JD(TA)75 dated 5.8.76 of Additional Deputy Comptroller and Auditor General).*

### SECTION II

**1.03 Constitution and functions:** The Inspection-Civil Wing Department is constituted for the purpose of conducting local audit and inspections falling under the following categories:

- i) Inspection and local audit of transactions of the offices and institutions of Government of Andhra Pradesh and of the Central Government within the audit jurisdiction of Prl.Accountant General (Civil Audit), Andhra Pradesh, for which the Comptroller and Auditor General of India is statutorily responsible under Section 13(a) and (b) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971.
- ii) Audit of receipts (other than those done by Receipt Audit Wing) into the Consolidated Fund of India/the State and the accounts of stores and stocks of certain Government institutions undertaken under Section 16 and 17 of the Act referred to in sub-para (i) above.
- iii) Local audit of the offices of other State Governments situated within the State, undertaken on behalf of other Accountants General (Audit) under the orders of Comptroller and Auditor General.
- iv) Audit of trading, manufacturing and profit and loss accounts and balance sheets and other subsidiary registers kept in a Department under Section 13 (c) of the Act.
- v) Audit of accounts of bodies or authorities under Sections 14,15,19 or 20 of the Act mentioned in clause (I), subject to the limitations and conditions detailed in these Sections.

*(Comptroller and Auditor General's letter No. 2105-Admn.II/281-59, dated 1.9.1959 as adopted to the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.*

#### **1.04 Composition and distribution of work.**

(a) The principles and detailed procedure to be followed in the local audit and concurrent audit of commercial concerns, etc., conducted by the OAD (Commercial), are embodied in Manual of OAD Commercial while instructions for conducting the local audit and inspections undertaken by the Civil Wing are incorporated in this Manual. Similarly, guidelines for conducting efficiency-cum-performance audit are incorporated in the Manual of Efficiency-cum-Performance Audit.

(b) (i) The department is under the charge of three Group Officers, namely, Deputy Accountant General/Inspection Civil-I, Deputy Accountant General/Inspection Civil-II and Deputy Accountant General/Inspection Civil-III assisted by six Audit Officers at Headquarters. The distribution of work between the three Group Officers is available in the Annexure to this Chapter. In the supervision of field work, the Group Officer is assisted by Audit Officers (Inspection). The subordinate staff consists of (a) Inspection Parties (Civil Wing) and (b) LA Sections. The strength of LA Wing staff varies from year to year depending on the number of party days in each year required for carrying out annual audit programme based on increase/decrease in the number of offices to be locally audited, as also in accordance with the forecast of Local audit prepared at the commencement of the year.

(ii) The Inspection-Civil Wing consists of six sections (LA I to LA VI). In addition, there are two Draft Para Cells which process important cases commented in the Inspection Reports with a view to developing these into draft paragraphs.

(Authority : Office Order No. ICH-I/62-153/87-88/007, dated 17.6.87 and Office Order No. 31 dated 11<sup>th</sup> January 1988).

**1.05 Powers and functions:** The following are the administrative powers and functions of Group Officers/Inspection Civil(IC).

**A) Powers :-** (i) Sanction of all kinds of leave with allowances ( inclusive of extensions) not involving posting of substitutes to all non-gazetted personnel and sanction of all kinds of leave with allowances upto 30 days to all Group 'B' Officers including Assistant Audit Officers without substitutes.

(ii) Recommendation of Extra-Ordinary Leave and all kinds of leave in excess of 30 days to Group 'B' Officers for sanction by Group Officer (Admn).

(iii) Sanction of casual leave to Gazetted Officers in LA Sections and in field parties upto eight days at a time.

(iv) Waiver of objections: Group Officers (IC) can waive objections upto the limits prescribed and subject to fulfillment of the conditions laid down in para 7.1.16 of the Manual of Standing Orders (Audit).

(v) Approval of the quarterly tour programmes and deviations thereto in respect of Civil parties.

(vi) Approval of the annual forecast (Civil), staff requirements, revised/budget estimates in so far as they relate to Inspection (Civil), before submission to Prl.Accountant General.

(vii) The admissibility of daily allowance for continuous halt at places outside the Government Servants Headquarters during tour/temporary transfer which will be as follows:-

- 1) First 180 days - Full daily allowance.
- 2) Beyond 180 days \_ NIL.

(Government of India Ministry of Finance (Department of Expenditure) (O.M. No. 19030/5/86 E.IV dated 12.12.1986)).

(viii) Countersignature of the Travelling Allowance bills of stenographer and orderly, if they follow Group Officer (IC) on inspection tour.

(ix) Internal postings and transfers from one field party to another or from LA Sections to field party or vice versa within the overall sanctioned strength of the Inspection (Civil) Wing.

**B) Functions:-** (1) The Comptroller and Auditor General of India observed that the quality of inspection and local audit would be greatly improved, if the Group Officers (Civil), supervise the more important inspections and guide the parties on the spot. The Administrative Reforms Commission in its Report on Finance, Accounts and Audit, recommended that senior officers should be associated more effectively with the initial stages of audit operations. It has

also recommended that the Audit Department should give more pointed attention to an examination of the internal systems and procedure within administrative agencies and, where necessary, send periodical reports to Government for consideration and implementation of the suggestions for reforms.

One of the main functions of audit is to focus attention of the administrative agencies on deficiencies in the systems and procedures and to make suggestions for remedial action. Association of senior officers with the initial stages of audit operations would help strengthening and developing the necessary competence and expertise for the conduct of efficiency-cum-performance and propriety audit. Keeping in view the above factors, it is decided that Group Officers in charge of Inspection Civil Wing in the office of the Prl. Accountant General should invariably do, on an average, a minimum of seven days inspection in a month. The seven days could be relaxed by the Prl. Accountant General in respect of a supervisory officer who holds dual or extra charge or under abnormal conditions.

*(Letter No. 99/O&M/41-70 KW, dated 13.4.1971 of the Comptroller and Auditor General of India File No. 1-13/71-72 OAD Civil Headquarters and Headquarters General Circular No. 15.74-I issued under No. 171-TA.II/120-82 dated 16.2.83)*

(2) The tour programmes of Group Officers IC are prepared by LA-I Section. They are to be drawn up in such a manner that important and special items of local audit such as accounts of Governor's Secretariat, etc, are brought under his direct supervision.

NOTE:- Even preliminary observation memos should be issued over his signature to ensure that frivolous and petty observations are avoided.

*(Comptroller and Auditor General's Confidential letter No. 939 Admn. I/621-56 (II), dated 28<sup>th</sup> April, 1962).*

3 (i) He ensures through the various control registers maintained by LA Sections and the prescribed returns, that the reports are pursued properly, that effective action is taken by LA Sections for settlement of the outstanding observations and that adequate efforts are made by the field parties to settle the outstanding observations by personal contacts during the course of local audit.

(ii) General administration of the Department.

(iii) Approval of Audit Reports drafted by Audit Officers vide para 3.13 (d) Infra.

(iv) Bringing to the notice of Prl. Accountant General (Civil Audit) any serious or important financial irregularities noticed during the course of local audit of an office/institution.

(v) Selection of points of local Audit Reports for inclusion in the Report of Comptroller and Auditor General.

(vi) Supervisory charge of efficiency-cum-performance audit (Instructions regarding selection of schemes for performance audit and other matters connected with co-ordination should, however, be obtained from Prl. Accountant General).

*(Comptroller and Auditor General's Letter No.101/O&M/41-70/KW, dated 13.4.1971 read with Office Order No. EB-I/5-14/510, dated 18.11.1971)*

**1.06** The following are the duties and powers of Audit Officers of LA Sections in addition to normal supervisory charge of the respective sections.

i) Sanction of casual leave to non-gazetted staff and Assistant Audit Officers of LA Sections/field parties up to a limit of eight days at a time and approval of casual leave account of field and headquarters staff.

(ii) (a) Sanction of regular leave with allowances i.e., earned leave, half pay leave, commuted leave, leave not due etc., to the Section Officers and Assistant Audit Officers upto a maximum of 15 days at a time on the condition that no substitutes are asked for. Sanctioning leave to Assistant Audit Officer is further subject to the condition that during the period of leave of Assistant Audit Officer the Audit Officer himself/herself would not be on leave.

(b) Sanction of regular leave with allowances i.e, earned leave, half pay leave, commuted leave, leave not due etc., to all other non-gazetted Officers working under them up to a maximum of 30 days at a time without asking for a substitute.

When the day, immediately preceding the day on which a Government Servant's leave (other than leave on medical certificate) begins or immediately following the day on which his leave expires, is a holiday or one of the series of holidays, the Government Servant shall be deemed to have been permitted (except in cases where for administrative reasons permission for prefixing/suffixing holidays to leave is specifically withheld), to leave his station at the close of the day before, or return to it on the day following such holidays or series of holidays.

*(Vide Rule 22 (1)(i) of Central Civil Services (Leave), Rules, 1972).*

(iii) Recommendation of leave, other than casual leave, in excess of 30 days in respect of non-gazetted staff, for sanction by Group Officer (Admn)/Group Officer/IC.

(iv) Closing of observations in the Audit Reports on satisfactory compliance. He can also waive objections with monetary value to the extent of powers delegated in para 7.1.16 of Manual of Standing Orders (Audit).

(v) Such special duties as may be entrusted to him by Group Officers/IC.

- (vi) Final approval of draft Audit Reports which do not require the approval of Group Officers/IC and issue of all approved reports.

**NOTE:** Posting of Assistant Audit Officers/Section Officers, Senior Auditors/ Auditors, Clerks to Inspection (Civil) group are approved by Group Officer (Admn). Reversions of staff from field duty, and posting to main office in respect of Assistant Audit Officers/Section Officers, Senior Auditors/Auditors are also approved by the same officer. Posting of Audit Officers to inspection for field inspection duty and their reversion from field inspection duty are approved by Prl. Accountant General.

### **1.07 Duties and responsibilities of various categories of personnel on inspection duty**

#### **I. Local audit of Civil Offices**

##### **A. Audit Officers**

The Comptroller and Auditor General emphasised the necessity of attaching much importance to local inspection which should be conducted by competent and responsible officers as the work of the principal Audit Officers and their organisations can be adjudged from the Audit Reports prepared by them. In addition to normal supervision of the work of the Assistant Audit Officers/Section Officers/Assistants of the party and the items of original work prescribed for them, the following duties and responsibilities are entrusted to an Inspecting Officer.

- (i) He is expected to (a) guide his staff ; (b) to do a certain amount of original work himself ; (c) to examine personally with reference to the initial documents, all serious and important points raised by the field staff; (d) indicate in the allocation sheet the original work done and records seen by him in respect of all important long duration audits and also in other cases where the supervision period is for half or more of the duration of audit.
- (ii) He should make an intelligent probe into the initial records to see whether the defective maintenance or the non-maintenance of records is a camouflage to conceal fraud or misappropriation.
- (iii) He should devote personal attention to more important matters, e.g, to review the manner in which (a) the contracts are initially negotiated and later executed and
- (b) Plans and programmes of various departments are implemented. These reviews should be conducted to ascertain how far "wisdom, faithfulness and economy" are observed by the Departments.
- (iv) He should also personally scrutinise the state of accounts of the office inspected, especially the cash account.
- (v) He is not expected merely to confine himself to the routine audit and inspection work. He should take the opportunity of advising the departmental officers and accountants in matters affecting accounts, budget or the financial regularity of transactions.
- (vi) The Inspecting Officer's work of supervision consists in seeing that all the accounts registers, etc., are audited by the inspecting staff and that

necessary checks are carried out by them. He should bear in mind the general instructions laid down in Paras 6.1.3 & 6.1.4 of Manual of Standing Orders (Audit) and see that no point of importance or case of serious irregularity or defalcation escapes attention during the audit or left undiscovered. He should also discuss points of importance during the course of audit with the Head of the Office inspected and endeavor to settle on the spot as many objections as possible of the current audit as well as the outstanding points of the previous Audit Reports.

(vii) He must, however keep prominently in mind that he is concerned with the accuracy of accounts and regulation of financial procedure and not with administration. Suggestions which affect financial or departmental administration should not be included in the report unless they have been discussed with the departmental officer either personally or by demi-official reference.

viii) (a) In cases where inspections are conducted under the supervision of an officer throughout or where the concluding stage of audit is supervised by him, the officer shall write out the report himself and not leave it to his subordinates to do the drafting. This is necessary in order to enable him to apply his mind actively to everything mentioned in the report. This is also calculated to ensure the accuracy of the facts stated, the cogency of arguments applied, and moderation in and preciseness of the language used. It does not necessarily mean that the Inspecting Officers (Civil) should write the report in their own hand.

There is no objection to their sending typed copies of the reports to LA Sections concerned for scrutiny and issue. The report thus drafted, should be forwarded to the Main Office.

*(Comptroller and Auditor General's confidential D.O .Nos.1307/Admn.I/338-55 dated 24<sup>th</sup> June, 1955 and 388 Admn. 1/55 dated 9<sup>th</sup> December, 1955 read with Comptroller and Auditor General's letter No. 971-T.A.III 31-68, dated 2<sup>nd</sup> May 1968-file 1-13/59-60 O.A.D. Civil and also instructions issued in Annexure II to circular NO.28 Dt.31-1-97 by Principal Accountant General (Civil Audit), A.P on general instructions about drafting may be referred to).*

(b) In cases where the supervision closes before the end of audit, the Inspecting Officer may draft all the paras that could be finalized by that time and impart proper guidance and instructions to Assistant Audit Officer/Section Officer for completion of the Inspection Report. The Inspecting Officer should take particular care to ensure that the Audit Report is so drafted as to afford no grounds for complaint from the local authorities in regard to its tone or substance.

In all cases, where there is supervision throughout or on the concluding day of audit, a certificate to the effect that the report has been drafted by him should invariably be furnished by the Inspecting Officer.

(ix) He should draft paras proposed for the conventional Report of Comptroller and Auditor General taking the specific comments of the highest authority available locally and collect certified copies of the supporting

documents, all relevant information, facts and explanations on the spot.

(x) The Inspecting Officer while drafting the Inspection Report, should group the audit objections/observations contained in the Draft Inspection Report based on their nature into paras. These paras should be categorized and arranged in sequence. The category should be invariably marked in the margin along with Audit Enquiry No. and page No. of Audit Enquiry.

NOTE: Headquarters Office with a view to assess the quality of IRs, have introduced a system of ranking the performance of Audit Officers. The details of grouping of audit observations into category of paras depending on their nature and sequence of paras etc., are given in Annexure appended to the circular instructions of LA-I may be referred to.

*(CAG's Lr.No.207-Audit(AP)/16-2004 dt.22.11.2004 and circular No.LA-I/Genl/2004-05/29 dt.28.1.2005)*

(xi) He should also conduct general review of all the books of account and connected files and check all important items and some other items at random.

He should, whenever the Assistant Audit Officers/Section Officers are not available (absent either on leave or otherwise), exercise all the checks prescribed for them. The check of Cash Book in such circumstances should not be left to the auditors.

*(Confidential Circular No.O.A.D./Civil/X/1-7/67-68/42 dated 20<sup>th</sup> February, 1968, File No, 1-7/67-68/O.A.D.(Civil Headquarters)*

(xii) He is responsible to ensure that audit conducted is complete, thorough, and up-to-date and covers the transactions up to the month preceding the month in which the local audit takes place.

(xiii) Review of the position of compliance with old outstanding observations after the compliance is verified by the Assistant Audit Officer/Section Officer: He should draw special attention of the Head of Office to the outstanding observations and suggest appropriate steps for settlement of observations. The settlement of outstanding paragraphs of the earlier Audit Reports, which is one of the important duties of Inspecting Officer should be given adequate attention. The discussion and settlement of such items of observation in respect of the offices situated at a station visited by a field party, but which are not actually audited by that party, should normally be done by the Inspecting Officer himself, but no extension of the stay of the party as a whole should be necessary. Normally, additional time for the Inspecting Officer would also not be necessary, but where this is justified, he may be allowed to extend his stay at the station.

*(Comptroller and Auditor General's No 15/Admn.III/432-Admn-II/59 dated 9<sup>th</sup> January, 1960 and also instructions issued by Principal Accountant General (Civil Audit), A.P in the Annexure V of Circular No.28 dt. 31-1-97 regarding outstanding objections from previous Inspection Reports may be referred)*

(xiv) The Inspecting Officer may sanction casual leave to the members of the field party up to a limit of eight days at a time subject to the condition that no extension of time is required for the completion of audit on account of such

absence. The application for casual leave duly sanctioned has to be forwarded to LA-I Section for further action.

(xv) The Inspecting Officer should appraise the Group Officer/IC, periodically in regard to the quality of work or any special or good work done by the Assistant Audit Officers/Section Officers or Auditors of the field parties supervised by him.

(xvi) The Inspecting Officer has to perform the co-ordinating functions to achieve over-all efficiency in performance.

*(Annexure 2.9.1 of Manual of Instructions for re-structuring of cadres in I.A & A.D.)*

### **B) Section Officer/Assistant Audit Officer:**

- i) audit of the accounts of receipts ;
- ii) audit of the accounts of stores ;
- iii) examination of the cash book ;
- iv) examination of vouchers for the test months which were submitted to Central Audit and made available to the party by the headquarters, with original records, contracts, documents etc ;
- v) audit of all vouchers not submitted to Central Audit ;
- vi) verification of drawals and deposits into treasury with reference to treasury records ;
- vii) examination of the special points marked for special investigation by Central Audit.
- viii) audit of works expenditure;
- ix) accounts of stores, requirements etc, received under various foreign aid programmes;
- x) departmental Inspection Reports ;
- xi) collection of data relating to Centrally Sponsored Schemes and exercising checks in respect of these schemes (Para 42.07 of IC Manual)

### **C) Senior of the two Auditors**

- i) examination of service books, service rolls, broadsheets and ledgers in respect of P.F accounts of group 'D' staff, etc;
- ii) obtaining files containing important rules/orders issued by Government in respect of the institution under local audit and matters dealt with by it with a view to study them and also take notes from Dictionary of References maintained.,
- iii) check of disposal of previous Inspection Reports.
- iv) audit (triennial) of taccavi accounts;
- v) audit of expenditure by State Government in connection with large gatherings of political organisations;
- vi) establishment pay-bills;

- vii) travelling allowance bills;
- viii) register of undisbursed pay and allowances;
- ix) register of advances;
- x) property accounts i.e., immovable property accounts like land, buildings and other assets;
- xi) audit of pension cases of Gr 'D' and other low paid employeess.

#### **D ) Junior of the two Auditors**

- i) dead-stock registers;
- ii) register of empties;
- iii) stamp account;
- iv) register of deposits;
- v) log books and diaries of Government vehicles;
- vi) register of stationary;
- vii) register of uniforms;
- viii) register of books and periodicals,
- ix) P.F Account of Group 'D' employees.

2. The structure of the civil audit parties is two Section Officers and one Auditor, while the gazetted supervision remains the same. In such a case, the distribution of work could be as under:

#### **A) Audit Officer**

Same as those in para 1 (A) above.

#### **B) Assistant Audit Officer**

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

#### **C) Section Officer**

Items (i), (v), (vii),(viii) and (x) under "1(B) Section Officer" and (i), (iii), (iv), (v) (ix) and (x) under "(C) Senior of two auditors " para 1 (C) above.

#### **C) Auditors**

Same as at present.

### **1.08 General functions of the Headquarter staff**

LA-I Section is responsible for the following items of work:

- i) preparation of quarterly tour programmes of field inspection parties and Audit Officers.
- ii) Issue of notices of inspection to the offices to be audited.
- iii) Selection of month and transmission of copy of list of payments to field audit parties

The following procedure is laid down by Headquarters office for framing of

programmes, selection of month(s), sending of list of payments (LOP) of selected month(s) to field parties and return of LOPs to A.G(A&E)

(a) Inspection programmes should be drawn up according to head of account and treasury and not separately for each Drawing and Disbursing Officer (DDO). After the head of account and treasury have been selected all D.D.Os (due for audit in that year) drawing funds from the treasury under that head of account should be provided for in the next quarter's programme. The selection of months should be made by the Group Officer about two months before the commencement of the quarter. Care should be taken that in case D.D.O in one department operates more than one head of account all such heads of account are selected for audit at the same time.

(b) For all D.D.Os drawing funds from treasury under one head of account, the same month(s) for a particular period shall be selected for detailed audit irrespective of the periodicity of account. While selecting months for detailed check for yearly, biennial and triennial accounts etc, the month shall be selected out of the months selected for annual audit during the respective periods.

(c) As soon as selection of Head of Account and Treasury is made, LA unit concerned should requisition the relevant list of payments from concerned accounting sections of Office of A.G(A&E). All transactions listed out in the L.O.Ps should be abstracted in a separate compilation sheet listing and totalling all drawals made by each DDO. Then drawals by DDO may be totalled and agreed with the totals of L.O.Ps.

(d) Sometimes the vouchers of advances of Govt. servants debitible to M.H 7610 Loans and Advances to Govt. servants etc. are included by the treasuries in separate schedule for the M.H 7610 *ibid*. Departmental compilation section of the A.G(A&E) may be requested to certify that no sums were drawn by the D.D.Os of the department under the head 7610 *ibid* in that month and if some amounts were drawn, the details thereof should be obtained and included in the abstract of drawals by D.D.Os

(e) In view of the practical difficulties in collection and transmission of vouchers to the field audit parties for check with reference to the records of the auditee organisations under existing procedure, it has been decided by Comptroller and Auditor General in partial modification of earlier instructions to send a copy of LOPs and also schedule of drawals for the selected month(s) instead of original paid vouchers to the field parties for verification during the course of local audit of the auditee organisation.

The following instructions, however, need special attention for effective implementation of this procedure:-

(A) The requisition for list of payments etc., should be sent in time to departmental compilation sections of Accountant General (A&E) by LA.I Section.

(B) After getting the documents from compilation sections of Accountant General (A&E),LA-I Section will photocopy them as required and

send them to the field parties in accordance with the programmes drawn by them. The original list of payments, etc, should be returned to compilation section thereafter.

- (C) In cases where documents are still not received by Audit parties before the audit commences, they should prepare the list of drawals/receipts from the treasury for verification of the transaction with the records of drawing and DDOs, viz. cash book etc.

*(Comptroller and Auditor General's Circular No.5 Audit.II/92 and letter No.642-Audit II/87-87(II), dated 27-05-1992 )*

- (D) A register of sending vouchers/LOPs to local audit parties and for return of the vouchers/LOPs to accounting sections of the office of A.G(A&E) should be kept by unit concerned in the form prescribed. The register may be put up monthly to the Audit Officer in charge of the Inspection (Civil) Headquarters and quarterly to the Group Officer.

- (E) The AO/AAO/SO in charge of local audit party should furnish a certificate with the Audit/Inspection note stating that vouchers/LOPs etc., were received from Hqrs and subjected to the check as required under rules. In case vouchers/LOPs were not received, the AO/AAO/SO should clearly indicate what kind of vouchers audit had examined in the absence of vouchers/LOPs.

- (F) One copy of the LOP received for audit may also be appended with the Inspection/Audit note along with the certificate of audit.

- (iv) Editing the Audit Reports received from the field parties and check of accounts if any, attached thereto before submission to Audit Officer of concerned LA Section/Group Officer for approval.

- (v) Disposal of general issues relating to Inspection Civil.

- (vi) Maintenance of register of audits indicating the commencement and the completion of audits and the dates of audit.

- (vii) Maintenance of other prescribed registers and their submission on the due dates.

- (viii) Scrutiny of replies to the Audit Reports, issue of further remarks or taking further action on the same until all the points raised in the reports are finally settled.

- (ix) Maintenance of a register in form S.Y. 286-A relating to serious financial irregularities (noticed during the course of local audit) and preparation of draft paragraphs for inclusion in the Appropriation Accounts and the Report of Comptroller and Auditor General in accordance with the special procedure laid down for the purpose. Make necessary arrangements for audit of expenditure against sanctions of this nature during local audit and take a note in the Register. Serious defects/irregularities noticed during local audit, should be brought to the notice of Prl. Accountant General.

*(Office Order No.80-T.M.III/Rc.II(a)/21-21/73-74, dated 3<sup>rd</sup> August, 1973).*

- (x) (a) Issue of Sectional/Office orders, whenever necessary.
  - (b) Supplying the inspection parties with copies of Codes and Manuals and all important Office Orders, Circulars, etc., (including those received from other controlling sections on interpretation of rules), which are useful for inspection purposes and also particulars regarding defects noticed in Central Audit after their collection from the Central Audit Sections, so that they would be a valuable guide to the parties in conducting local audit.
- (xi) Furnishing of material required by Report Sections for inclusion in the Report of Comptroller and Auditor General.
- (xii) Maintenance of attendance register in respect of staff attached to LA-I Section as well as casual leave registers of headquarters and field staff, and disposal of applications for regular/casual leave of the staff.
- (xiii) Preparation of monthly report of arrears relating to Inspection (Civil) Wing.
- (xiv) Submission and issue of all returns on due dates and maintenance of the Calendar of Returns.
- (xv) Maintenance of Objection book in form MSO. (Audit)-10, pursuance therein of money value observations of Audit Reports such as outstanding amounts pending recovery, amounts of sales on credit, large cash balances in offices in excess of the permanent advance sanctioned, etc.
- (xvi) Circulation of the digest of important and interesting cases for the guidance of local audit parties.
- (xvii) Preparation of annual forecast of civil offices proposed to be audited in February each year, for the next financial year.
- (xviii) Calling for statements of grants-in-aid and loans to bodies and authorities from the sanctioning authorities (15<sup>th</sup> April every year).
- (xix) Calling for statements of grants-in-aid and loans to bodies or authorities from the sections concerned of Accountant General (Accounts & Entitlements) ,AP, Hyderabad) (by 15<sup>th</sup> April every year) and consolidation thereof in a register of grants-in-aid, with a view to arranging programmes of grant-in-aid audit.
- (xx) Calling for lists, from the sections concerned of this office, Accountant General (C&RA) and Accountant General (Accounts and Entitlements) and from branches of State Bank of India/Hyderabad of transactions relating to cost of conducting government business, National Defence Fund, Annuity Deposits, Compulsory Deposit Scheme, etc., with a view to arranging programmes of audit of those branches having these transactions.
- (xxi) Proposals regarding staff requirements in respect of field parties and headquarters (with reference to regular and casual work) on the basis of annual forecast, for preparation by establishment branch of budget estimates.

(xxii) Preparation of :-

- (a) Staff position statement due to Administration-I Section on the 1st of every month.
- (b) Events statements (consolidated statement for headquarters and field parties) due to Bills-III on 10<sup>th</sup> of every month.
- (c) Furnishing of all other returns and statements as and when required by Administration Sections regarding establishment of Inspection Civil.

**NOTE:** Action taken by the LA-I Section in respect of leave, transfer, posting, etc, should be notified immediately to Administration Sections concerned (Bills-I to Bills-IV including Cashier) in order to ensure accurate preparation of pay bills and up-to-date maintenance of all other records of the Administration group.

(xxiii) Transmission of records not required for current work to old records section with the period of preservation recorded on front page of each file.

(xxiv) Checking the Travelling Allowance Bills and tour advance applications of gazetted officers and non-gazetted staff of field parties with reference to tour programmes before forwarding to Bills Section concerned.

(xxv) Any other miscellaneous item of work that may arise in connection with inspections and disposal of Inspection Reports.

(xxvi) Issue of demand letters for the realisation of audit fees and watching their credit.

(xxvii) Issue of internal posting orders in respect of non-gazetted staff attached to Inspection (Civil) Headquarters Sections and field parties.

(xxviii) Processing/forwarding of applications connected with Administration Section like application for reversion from field inspection duty, etc., in respect of both Gazetted and non-gazetted staff with recommendation of Audit Officer (Inspection Civil) Headquarters/Group Officer (Inspection Civil)

(xxix) Notice and supply correction slips thereto to the field staff and Inspecting Officers. The field inspection party should also scrutinize at each inspection the relevant portion of the Manual with a view to examining whether it requires amendment in any respect and make suggestions accordingly.

**1.09 Distribution of work in Headquarters Section:** (i) Full Particulars regarding duties allotted to each individual assistant in Headquarters Section should remain on record in the duty register which should be kept in the personal custody of Section Officer (Programmes and Postings). Whenever there is a change in the incumbency of a post, the detailed duties should be communicated to the incoming incumbent and his initials obtained in the duty register, in token thereof.

(ii) Besides the duty register, a separate staff position register is maintained in Headquarters Section which serves as continuous record of the duration of service of the Gazetted Officers as well as non-Gazetted staff

posted to Inspection (Civil) Headquarters/field parties. Particulars regarding date of proceeding on leave, return from leave (other than casual leave), reversion from field inspection duty to Headquarters, date of relief in previous Section, date of reporting to Headquarters Section, transit days, etc. should also be noted in the remarks column of this register. Whenever there is change in the incumbency, the date of relief of the outgoing incumbent and the date of joining of the incoming incumbent should be invariably noted in the “remarks” column.

**1.10 Responsibility for keeping the Inspection (Civil) Manual upto date:**

The Section Officer, General Wing of Inspection (Civil) Headquarters Section will be responsible for keeping this Manual up to date. He should put up draft corrections as soon as any rules, orders or other communications affecting the contents in the manual come to notice, and supply correction slips thereto to the field staff and Supervising Officers. The field inspection parties should also scrutinize at each inspection the relevant portion of the Manual with a view to examining whether it requires amendment in any respect and make suggestions accordingly.

**ANNEXURE**  
**(Referred to in Para 1.04)**

<b>Name &amp; Designation of Group Officer</b>	<b>Department</b>
Deputy Accountant General/IC.I	Education, Medical, Health & Family Welfare, Insurance & Medical Service, Indian Medicine (Department of AYUSH), Marri Channa Reddy Human Resources Development Institute, Reserve Bank of India, Cooperation, NCC, Sainik Welfre, Public Libraries, Cultural Affairs, Archeology & Museums, Youth Services, Labour - Secretariat Departments - Higher Education, School Education, Youth Advancement, Tourism & Culture, Information Technology & Communication, Health, Medical and Family Welfare, Labour, Employment and Training, other offices which were not transferred to other sections, Technical Education, Raj Bhavan, State Election Commission, Minorities Commission.
Deputy Accountant General/IC.II	AP Khadi and Village Industries Board, Hydrabad Metro Water Supply and Sewerage Board, ITDAs, EPTRI, APVVP, AP Legal Services Authorities etc., Sports Council, DRDAs, Regional Rigs Workshops, Universities - Secretariat Departments and Heads of Departments - Grantee Educational Institutions, Municipalities, Municipal Corporation, Dist SC Coop. Service Finance Corporation, APCO, Markfed, Horticulture Development Agency, Girijan Coop. Corporation at Visakhapatnam, Spinfed, etc., Municipal Administration & Urban Development, Environment, Forests, Science & Technology, Kendriya Vidyalaya, Navodaya Vidyalaya, All India Radio, Doordarshan Kendra, DD maintenance centers, ESI Corporation, EPF organization etc.
Deputy Accountant General/IC.III	Social Welfare, B.C Welfare, Fisheries, Police, Judiciary, Legal, Metrology, Handloom & Textiles, Industries, Sericulture, Commerce & Export Promotion, Women Development & Child Welfare, Disabled Welfare, Fire Services, Tribal Welfare, Employment & Training, Weaker Sections Housing programme, Horticulture, Information and Public Relation, Dr.Marri Chenna Reddy Human Resources Development Institute - Secretariat Departments – Social Welfare, Home, Industries & Commerce, Animal Husbandry & Fisheries, Minorities Welfare, Women Development, Child Welfare and Disabled Welfare, Revenue, Agriculture & Cooperation, Civil Supplies, General Administration Department, Marketing, State Excise (expenditure reports), Endowments, Prisons - Secretariat Departments - Finance, Planning, Protocol, Public Enterprises, Energy, Revenue, CMs Relief Fund, Law, Food, Civil Supplies & Consumer Affairs, Agriculture & Cooperations, Officer-in-charge (records), Non-Indian State Forces, Registration & Stamps (Expenditure Reports of SRA/AG(C&RA)), Survey & Land Records (Expenditure Reports of SRS/AG(C&RA)), other misc. departments, APPSC, AP Bhavan and other State Govt. offices at New Delhi.

## CHAPTER 2

### RULES OF PROCEDURE FOR INSPECTION WING-FIELD STAFF

**2.01 General:** The field staff is responsible for conducting the local audit of institutions selected for such audit from year to year and submission of draft Inspection Reports to headquarters. The remaining work of editing, issuing, etc., of reports is carried out by LA Sections. The rules and orders contained in Manual of General Procedure apply mutatis mutandis to the staff attached to Inspection (Civil) as well, except where otherwise laid down in this Manual.

**2.02 Conduct of field staff:** All officers and members of field staff, while on inspection should on no account put themselves under obligation to any members of the office, the accounts of which they inspect and should not ask for or obtain free, any supply of service. Such conduct is calculated to detract them from their independence and the proper discharge of their duties. A request for arranging accommodation will not, however, be considered as an obligation.

**2.03 Attitude of field staff:** The field staff while yielding on nothing they consider to be part of their official duty, should be very careful to avoid any misunderstanding or friction with the local officials with whom they come in contact. Their attitude should be of one who has come to assist and not merely to criticise. If they avoid frivolous objections and convince the officers by the manner in which they go about their work that they are not there to complicate the procedure but to simplify it, they will meet with little difficulty and receive full co-operation. They should bear in mind that unnecessary, and badly-expressed objections, not only bring discredit to Audit and cause annoyance to the local officials and also increase the work at both the ends. The inspecting staff should, therefore, maintain a strictly detached, dispassionate and technical attitude in day-to-day conduct of their work. Nothing should be done to hamper the evolution of the complementary roles of Audit and Administration, either by the use of extravagant language or by the attitude that Audit alone is the keeper of nation's financial conscience.

*(Comptroller and Auditor General's D.O.Lr. No. Ps. 588/56, dated 23<sup>rd</sup> October, 1956).*

**2.04 Composition of field parties:** It has been decided by the Comptroller and Auditor General that the following norm may be kept in view while determining the composition of inspection parties for Civil inspection.

Major parties consisting of two Assistant Audit Officers/Section Officers and one Auditor may be allowed for the inspection of main departments of Government, Heads of departments etc.

In the case of audit under Section 14/15 and Section 19/20 of Comptroller and Auditor General's DPC Act, 1971 the parties may consist of two Assistant Audit Officers/Section Officers and Two Assistant Audit Officers/Section Officers and one Auditor.

**2.05 Designation of staff while on outside audit duty/Inspection duty:**

The Comptroller and Auditor General has ordered that the practice of designating the staff doing local audit work as Test-Audit Accountant/ Test-Audit Assistant should be discontinued. The S.A.S Accountants, S.G. Auditors and U.D.Cs referred to as Section Officers, S.G. Auditors and Auditors, should be referred to as Assistant Audit Officers/Section Officers, Sr. Auditors and Auditors respectively, irrespective of the place of their postings.

*(Circular O.O.No.E.B.I/8-12/71-72/506 dt.10<sup>th</sup> November 1971)*

**2.06 i) Attendance:** The field staff should attend the office the accounts of which they audit, during its regular office hours.

**ii) Holidays:** The field staff may, while on tour, avail of the holidays specified in the copies of tour programme furnished to them, provided the state of their work permits them to do so.

**iii) Attendance register:** The Assistant Audit Officer/the Section Officer of each party is supplied with an Attendance Register wherein he and his assistants should mark their daily attendance. The register should be submitted to the Inspecting Officer, whenever the work of the party is supervised by him.

**iv) Maintenance of tour diaries:** According to the instructions of Comptroller and Auditor General the staff in the inspection parties should maintain register of tour dairies in Form Sy.324 indicating details of the work done on each working day and weekly extracts therefrom should be sent by them on every Monday to LA-I Section. To ensure strict adherence to the instructions of Headquarters Office, the register of tour diaries maintained by the Assistant Audit Officers/Section Officers and Auditors should be closed weekly on every Monday and the reference no. and date on which the weekly extract is sent to Headquarters should be recorded in the register. The register should be submitted to the Inspecting Officer for review daily whenever there is supervision and the weekly extract should also be countersigned by him after necessary scrutiny in detail.

The receipt of the weekly extracts of tour diaries from field parties shall be watched by the Headquarters through the check register of weekly diaries in Form No.S.Y.325 and a monthly review report submitted to Group Officer (Inspection Civil) on 10<sup>th</sup> of subsequent month along with the register.

*(Letter No. 173-O&M/12-75-I, dated 24.9.75 and No.766.TA.I/137-80, dated 16.8.80 of the Comptroller and Auditor General, Circular No.18, dated 7.11.75, Nil dated 9.11.78, dated 24.7.79, No.16 dated 10-9-1980 and No.6 dated 6/1981)).*

**(iv) Performance Report by field parties:** Inspecting Officers of the field parties are required to furnish a Performance Report in the proforma prescribed below through a D.O. letter addressed to the Group Officer/IC-I to assess the contribution of each member of field party and for watching their performance. The performance report has to be furnished invariably after completion of each office audited. Failure to furnish the report will be viewed seriously.

*Proforma for furnishing the Performance Report*

Name of the office audited	Period of audit	Name(s) of the official(s) SAO/AO/AAO/SO/ Supervisors/Sr.Ar/Ar	No.of AE's issued and by whom	No.of Part II(A) paras incorporated in the Report	No.of Part II(B) Paras incorporated in the Report
(1)	(2)	(3)	(4)	(5)	(6)

No. of TAN Paras	No.of AEs dropped	No. of old Paras outstanding in the previous reports (year-wise) which were reviewed	No.of old paras recommended for dropping	Remarks
(7)	(8)	(9)	(10)	(11)

*(LA-I Circular No.LA-I/Vrs/2000-2001/7 dt.18.8.2000)*

**2.07 Maintenance of files in field parties:** (a) The Assistant Audit Officers/Section Officers of all parties in Inspection - Civil Wing should strictly adhere to the following instructions regarding maintenance of files in field parties.

- i) The copies of orders issued by Government, Heads of Departments, etc. and other circular instructions issued by LA.I Section from time to time should be filed department-wise and in an omnibus stock file.
- ii) Whenever an Assistant Audit Officer/Section Officer is transferred from the party, he should hand over the files along with Codes, Manuals, office box, calculator, etc., to the relieving Assistant Audit Officer/Section Officer under intimation to LA.I Section.
- iii) The relieving Assistant Audit Officer/Section Officer should clearly mention in his charge report to LA.I Section that he received all files, etc, from his predecessor.
- iv) A case register should be maintained by all the parties wherein the particulars of files maintained by the party are to be entered. A register of Codes and Manuals should also be maintained and kept up-to-date. The certificates of handing over and taking over should be recorded after the last entry in each of these registers.
- v) The Inspecting Officer while supervising the work of the parties should ensure that the instructions mentioned above are scrupulously adhered to.

*(Circular No. Office Order No. OAD/Civil/XII/38-1/68-69/51, dated 10<sup>th</sup> March, 1969, File 38-1/68-69, OAD. Civil Headquarters).*

b) The General Unit of LA.I Section is responsible for up-to-date and proper maintenance of stock (guard) file of Office Orders/Circulars, issued from time to time, which should be serially numbered. The Assistant Audit Officers/Section Officers of field parties, whenever they touch Headquarters, should scrutinise the stock file maintained by the General Unit in Inspection

(Civil) Headquarters Section to ensure whether they are in receipt of all the Office Orders/Circulars, etc. Copies of Circulars/Office Orders, if any, wanting may be obtained from the Headquarters Section so as to make the party's file up-to-date. The Assistant Audit Officers/Section Officers of field parties should, after the scrutiny of the stock file of Inspection (Civil) Headquarters, record their dated signature in a register maintained for the purpose (by the General Unit) in token of scrutiny of the file.

The register should be submitted to the Branch Officer once a month along with the stock file of Office Orders/Circulars.

*(Office Order No.OAD.I/XII/38-Misc/70-71/22, dated 23<sup>rd</sup> November, 1970-File 38-Misc/70/72,O.A.D.Civil Headquarters).*

**2.08 i) Movement of field parties:** The movement of the field parties should be strictly regulated according to the approved programmes. Any deviation in the adherence to the approved programmes of Inspecting Officers and parties should receive the prior approval of the Group Officer/ IC.

**ii) Relief of persons on inspection duty:** Inspecting Officers/ Assistant Audit Officers/Section Officers are directed not to make changes in personnel of the party on the basis of information conveyed to them orally by any person. In case of urgency or doubt, Headquarters section may be contacted by Telephone or Telegram for prior confirmation of the action proposed to be taken.

*(Circular no 40 dated 29.11.82)*

**2.09 (i) Timely submission of applications for leave:** Applications from the staff on tour for casual leave or regular leave should be submitted to LA.I Section duly recommended/sanctioned by the Inspecting Officer (if available at the camp) sufficiently in advance, as it would be otherwise difficult for LA.I Section to make suitable alternative arrangements where necessary. No member of the field party should leave the camp until sanction of the leave is communicated by Headquarters. If any member has to avail leave during the course of inspection for sudden and unforeseen reasons approval to the grant of leave should be obtained from the Headquarters telegraphically on the date the leave is applied for. Any case of relaxation in the performance of duties or unauthorized absence during the course of inspection would be mentioned in the confidential report of the Officers and staff concerned and viewed seriously.

*(Comptroller and Auditor General Letter No. 766-TA.I/137-80, dated 16.8.80 communicated in Circular No.116, dated 10.9.80 vice also circular No.8, dated 18.5.79, 14, dated -8-1965, and 12, dated 24.6.79).*

ii) While at Headquarters also, any leave application for casual leave or regular leave should be submitted in advance and that no application should be considered unless it is supported by an assurance that his work will be attended to by the other member available and that the approved programme will be adhered to without extension of time or additional staff.

*(Circular No. 38 dated 20.2.81).*

**2.10 Contingent charges incurred by the audit parties:** At the end of every month, the audit parties should submit to the Main Office (OE.I Section) a bill for the actual contingent expenditure incurred by them during the previous month in connection with (i) cost of official telegrams sent to Main Office, (ii) transportation of Government records from one station to another during the course of tour and (iii) conveyance charges for encashment of bank drafts received from Main Office towards pay and allowance and travelling allowance etc., of the field staff. The claim on account of cost of telegrams should, however, invariably be supported by the money receipts issued by the Telegraph Office. The bills are scrutinized and admitted by OE.I Section after obtaining the approval of Group Officer (Admn) and then made over to the cashier for remittance of the amount to the Assistant Audit Officers/Section Officers concerned.

**2.11 Public Postage Stamps:**

(a) The Public Postage Stamps will be supplied to the field parties by LA-I section on a written requisition/indent signed by SAO/AO or AAO/SO/Supervisor and the receipt of the stamps has to be acknowledged in the stamps Register of LA-I section.

(b) Each field party has to maintain a stamps Account Register and entries made on each transaction has to be signed by the Supervising Officer of the party.

(c) A certificate along with detailed account of stamps received and utilised (despatch no., date, amount) has to be furnished to LA-I Section and on receipt of the same stamps for the rest of the programme will be issued.

(d) (i) Whenever an official maintaining the stamps account is transferred from one Civil Party to another or called back to Headquarters for any reason, the stamps account register should be handed over to the other member of the Civil Party.

(ii) If the entire party is grounded, the registers maintained by the party i.e., stamps account register, respatched registers and other registers, should be submitted to LA-I section and the stamps account and utilisation certificate also furnished on the same date.

(e) All the aforesaid registers and office copies should be handed over to LA-I Section on the closure of each financial year for test-check by ITA Section.

If the need is assessed in time and timely action is taken to get the stock of stamps replenished, there would hardly be any occasion to borrow stamps from local offices.

*(Circular No.LA-I/Vrs/PP stamps/22 dt.11.2.2004)*

**2.12 Economy in expenditure on telegrams and trunk calls:** Telegrams should be issued only on occasions of extreme urgency. Ordinarily, in view of the fast air-mail services available in the country, no telegrams should be necessary, if a letter superscribed with the appropriate priority marking or an express letter can serve the purpose. Similarly, the use of trunk/telephonic

calls in preference to telegram or express letters should be resorted to only rarely and when absolutely necessary. In the context of the imperative need for economy in Government expenditure, it is necessary that special care should be exercised in regard to expenditure under these heads so as to ensure maximum possible economy. As far as possible, telegrams should be sent in preference to trunk calls and express letters in preference to telegrams.

*(G.I.M.F. O.M. No. F.14(6)-E Co-ordination/67, dated 31<sup>st</sup> July, 1967 communicated in Comptroller and Auditor's Endt. No. 1761-NGE. 1/3, 312-65, dated 18<sup>th</sup> August, 1967 and Circular No. O.A.D Civil/X/1-7/67-68/24, dated 13<sup>th</sup> October, 1967-File No. 1-7/67-68, O.A.D. (Civil) Headquarters).*

**2.13 Acknowledgement of communications by field staff:** All communications sent to the Assistant Audit Officers/Section Officers in-charge of field parties/Inspecting Officers from Headquarters should be promptly acknowledged.

*(Circular No.O.A.D Civil. I/X/1-7/65-66/14, dated 18<sup>th</sup> August, 1965).*

**2.14 Production of identity cards:** The members of field parties should invariably keep their identity cards/badges with them during the inspection duty also for production to the departmental authorities or in Bank as and when asked for to satisfy the genuineness of the audit party.

*(Circular No.34, dated 21.11.78 and O.A.D.I/Misc 78-79/2 dated 20.11.78).  
(Circular No. O.A.D Civil/X/1-3/68-69/17, dated 23<sup>rd</sup> July, 1968, File No.1-3/68-71 of O.A.D. (Civil) Headquarters).*

**2.15** A consolidated list of approved places of stay other than places of duty is available in Inspection (Civil) Headquarters Section. The party members are required to make enquiries about the availability of facilities for stay at the place of duty or at a place nearest to the place of duty other than the approved place indicated in this list in case of non-availability of facilities for stay at the duty point and intimate Main Office for making necessary changes in this list.

In cases where there are no lodging facilities at the place of duty, and for which approved place of stay is not found in the list, similar enquiry should be made and they should make a request individually for permission to stay at a place other than the duty point indicating in detail the reasons for a such a stay giving the distance from duty point to the place of stay.

*(Circular No.LA.I/Prog.unit/87-88/Circular, 32 dated 18.11.87).*

**2.16 Suggestions for improvement in Audit and Accounting procedure:** The Inspecting Officers/Assistant Audit Officers/Section Officers of the field parties should consolidate suggestions from the staff members for improvement in the audit and accounting procedure and forward the same to Group officer/IC so as to reach by the 25<sup>th</sup> of every month to enable him to consider the same. The suggestions should be really good, resulting in definite financial and /or administrative improvement or economy.

*(Office Order No.O.A.D/Civil/XII/38-2/67-68/16, dated 4<sup>th</sup> August, 1967-File No.1-7/67-68 of O.A.D. (Civil) Headquarters).*

## CHAPTER 3

### PROCEDURE IN HEADQUARTERS SECTION

#### SECTION - I

#### **Programmes, intimations, period of accounts to be audited and selection of months for test-audit.**

**3.01 a) Frequency of local audits:** The general principles underlying the instructions, issued by the Comptroller and Auditor General regarding frequency of local audits, imply that it should not be undertaken when the amount of expenditure to be audited is really small, and that the aim should be to conduct local audit in rotation of all accounts in which the cost of audit as compared with the expenditure to be audited is not dis-proportionately high. It is, nevertheless recognised that even accounts involving low expenditure and institutions situated within close proximity to headquarters should be locally audited or if there are several such accounts in one place even at some distance from the headquarters, it would still be desirable to audit them. The instructions do not contemplate that the accounts of any particular office should be left out of the purview of local audit, unless the office is situated singly at a great distance from the headquarters, and the expenditure to be audited is disproportionately small. Complete absence of local audit of the accounts of any particular office incurring substantial expenditure may in the event of misappropriation or other serious irregularities because of corrupt official and/or negligence of Administrative Officers evoke unwarranted criticism against audit.

**(b) A comprehensive list of all offices:** A list of Central and State Government Offices to be locally audited should be drawn up and maintained in Inspection (Civil) Headquarters (LA-I) Section. Although it may not be practicable to take up local audit of all the sundry offices with the available staff, it should, nevertheless, be ensured that no important office incurring substantial expenditure is left out of the list, and among others as many offices as can conveniently and without disproportionate expenditure be audited locally are also included in the list. The list should be reviewed every year for being kept up-to-date. Annual audit may be necessary only for offices incurring heavy expenditure while in respect of other offices intervals between two successive audits may be longer than one year according to the importance of each office.

**(c)** Due to enormous increase in the number of offices consequent on expansion of government activities in various directions, the expenditure on local audit is also on the increase. A large number of new offices are likely to be established in the coming years. There is undoubted necessity of the offices being locally audited, but a judicious review of the periodicity of audit of the existing offices can release some manpower to meet the situation, without materially impairing the efficiency of local audit, so that it can be utilised on local audit of new offices.

While the existing periodicity is considered sufficient under normal conditions, the Prl.Accountant General may vary this, if special circumstances in the State justify such variation. It is not necessary to approach Comptroller and Auditor General for approval.

(d) On this principle, early in January each year, the programme of local audit should be drawn up for the next financial year in such a way that every office may come under local audit in rotation, the periodicity of audit of each office being determined on the merits of each case. The programme of local audit for a financial year should, however, be drawn up after due consideration of the availability of requisite and duly qualified staff for the purpose.

(e) The programme so drawn up should then be communicated to the Finance Department of the State who should be asked to suggest if they want any other office to be included for any special reason in the list for the year. In finalising the list, consideration may be given to the suggestions of State Government. If the suggestions of State Government cannot be implemented within the resources at disposal, it may be necessary to postpone the audit of some other comparatively less important offices to a subsequent year. The copy of the programme thus finalised may be sent to the Government concerned for information.

*(CAG's D.O. No.2675 Admn.II/705-55, dated 31<sup>st</sup> December, 1955-File No.1-13/68-70 of O.A.D. (Civil) Headquarters).*

(f) Copies of the programmes of local audit both at the preliminary and final stages should also be simultaneously sent to the Administrative Department concerned for the State Government or to the Expenditure Divisions concerned of the Ministry of Finance (Department of Expenditure) in addition to the relevant Administrative Ministries in the case of Central Government Offices, as the case may be.

This is in keeping with the emphasis laid by Audit on the financial responsibility and accountability of Administrative Departments and Ministries.

*(CAG's Lr.No. 57-Admn.I/158-57,II dated 14<sup>th</sup> March, 1958 and 975-T.A.I/191-69, dated 2<sup>nd</sup> July, 1969 addressed to all State Accountants General, File No. 1-13/68-70 of O.A.D.(Civil) Headquarters).*

Note: A list of Associate Finance Divisions in the Ministry of Finance Department of Expenditure and the Ministries/Departments to whom they accredited is incorporated in Annexure I to this chapter.

*(G.I.M.F Dept. of Expenditure Memo-No. F.I(64)-E(Co-ord.)/69, dated 9<sup>th</sup> April 1970 copy received with Letter No. F.I (62)-E (Co-ord.)/70, dated 14<sup>th</sup> June 1971-File No.1-13/71-72 of O.A.D.(Civil) Headquarters).*

**g) Audit Planning:** It is a plan for the year or years ahead of the activities that an office requires to undertake on regular basis by utilising the manpower optimally with special thrust on more important units and at the same time not ignoring relatively unimportant units or taking them up for audit with less frequency. Auditing standard 11.2 promulgated by the C&AG in May 1994

requires that the Audit Organisation should prepare, plan and prioritise inventory of audit assignments with reference to outlays, contemporaneous relevance and administrative and socioeconomic importance as well as quality and quantity of available audit resource and skills.

An efficient audit plan would involve interalia:

- (a) de novo examination of periodicity of audit and duration of individual audits,
- (b) prioritization of audit assignments,
- (c) matching the available audit resource with the audit requirements and
- (d) acquiring in depth knowledge on the auditee organisation and developing appropriate data base.

In the AG's (Audit) conference held in July 1993 following suggestions on prioritization were noted for general guidance:

- (a) Audits necessary for certification as sole auditor of accounts including Finance and Appropriation accounts.
- (b) Audit under Section 19 of CAG's (DPC) Act, 1971
- (c) Audit under Section 20 of the Act *ibid*
- (d) All India reviews and local reviews.
- (e) Audit under Section 13,16 and 17 of the Act *ibid* likely to give rise to paragraphs for Audit Reports.
- (f) Audit under Section 14 and 15 of the Act *ibid* likely to give rise to paragraphs for Audit Report.

The requirements at (a), (b) and (c) are mandatory and admit no flexibility. The requirement of (d) should be the next charge on available audit resources. The remaining audit resources should be utilised on audit mentioned at (e) and (f) after carefully reviewing the necessity and potential of each audit assignment and number of party days required for it, priority being accorded to audit of accounts of DRDAs as huge amounts of grant-in-aid are released to these agencies.

The key to planning efficient audit is in understanding the auditee organisation and its environment as prescribed in Auditing Standards 8.3 *ibid*.

Necessary data bank and documentation covering reports of various committees, study reports, Plan/Budget documents, news paper and journal clippings etc. should be carefully built up under functional heads or subjects wise; as these will be of immense help in planning for audit and for detailed audit. It should interalia contain complete details of the programme covering the objectives, financial and fiscal targets, performance standards, time schedule for the different components of sanction and copies of sanctions, etc

*(HQrs Circular No.4/Audit plan/94 No.822 (Aud.Plg) 93-94 dt.22.12.94).*

**3.02 (a) Forecast and skeleton programmes:** The requisite particulars for this purpose regarding continuance of the existing offices, creation of new offices, changes in location, etc., are called for by Inspection (Civil) Headquarters Section (Programme Unit) from (i) Head of Departments and (ii) Central Audit Sections on or about the second week of November each year. Material required for the local audit of grants-in-aid paid to private institutions in excess of minimum prescribed by Central and State Governments is also called for from the Central Audit Section while the material for audit of transactions relating to National Defence Fund, Compulsory Deposit Scheme, Annuity and Fixed Deposits, etc., is called for from the local head offices of the Banks concerned in the first week of April each year. This forecast is submitted to the Prl.Accountant General for his approval through the Group Officer (Inspection/Civil) on the 15<sup>th</sup> of February each year. The forecast should especially be directed to ensure the deletions and additions in the list of offices to be locally audited, intensification of existing audits, reduction of party days, etc., whenever necessary, so that the time of the staff available should be utilised to the best advantage and not frittered away on points of minor importance. Any important change made by the Prl.Accountant General should be reported to the Comptroller and Auditor General. The annual forecast as approved by the Prl.Accountant General is later split up into quarterly programmes for the various field parties and Inspecting Officers and drawn up under the orders of the Group Officer (Inspection Civil).

A Programme Cycle Index Register also called Programme Register of Local Audits in Form S.Y.336 should be maintained by the LA-I Section to show, department-wise (i) the names of offices, (ii) location, (iii) periodicity of audit, (iv) party days allotted, (v) date of last audit, (vi) when due for next audit and (vii) remarks. Separate pages may be set apart in this register for each category of audit, i.e., annual, biennial, triennial, quadrennial. The Register should contain suitable columns to record the dates of audit for three years after which it should be revised and prepared afresh.

(b) This register forms the basis and permanent record of the inspection of the various offices carried out by Inspection (Civil) and should be maintained carefully. The month of actual audit in subsequent years should be accurately posted against each office with a view to obviating chances of double booking.

(c) With the help of the Programme Cycle Index Register, and forecast as approved by Prl.Accountant General, a district-wise programme register for the particular financial year, is prepared to indicate district-wise (i) names of offices (along with location) due for local audit in that particular financial year, (ii) periodicity of inspection, (iii) particulars of last audit, (iv) month in which local audit is actually arranged in the current year and (v) party number to which the particular audit is assigned. This register has to be prepared afresh every year in March.

(d) The detailed quarterly tour programme of field parties and supervisory programmes of Gazetted Officers are chalked out by the programme unit of Inspection (Civil) Headquarters Section with reference to the annual forecast approved by Prl.Accountant General, the Programme Index and the District

wise Programme Registers. For the purpose of administrative convenience, the programmes are chalked out quarterly, the year being divided into four quarters for this purpose, viz., April to June, July to September, October to December and January to March.

(e) Whenever, under the orders of competent authority, any particular audit is suspended or its periodicity is altered or any new audit is taken up, the necessary corrections or additions should be made immediately in the Programme Cycle Index Register as well as the District-wise Programme Register.

(f) The column "date of last audit" in the registers in question should be filled in against each item recorded therein, as soon as an event occurs relating to such audit. Thus, when an item is included in the programme of local audit, the date fixed for local audit should be entered in pencil in the first instance, and inked over in District-wise and Programme Cycle Index Registers when the date expires and the local audit is carried out. Again, if an audit is postponed to a future date at the instance of the office to be audited, or due to abolition or shifting of an office, the facts should be noted in a register called the Register of Cancelled Audits as well as the District-wise and Programme Cycle Index Registers for guidance. The entries to this effect in these registers should be posted up to date so that they may provide correct information about the audits done and those remaining to be conducted during the year and then it would be materially helpful in chalking out the programmes. The programme for each quarter should be chalked out not later than 5<sup>th</sup> of the last month of the previous quarter.

(g) The tour programmes of the field parties including Inspecting Officers should indicate the following particulars: (i) Party No, Names of Section Officers and Auditors attached to the party, (ii) names, Code No. and locations of offices to be locally audited, (iii) particulars regarding periodicity and last audit, (iv) duration of audit, (v) dates of commencement and termination of each audit, (vi) particulars regarding transit dates, if any, for periods of transit from one station to another, (vii) names of Gazetted Officers who will supervise the programmes of local audit (wherever applicable) and (viii) closed holidays. The supervisory programmes of Gazetted officers should indicate the (i) names and locations of offices to be supervised (ii) number of party days allotted, (iii) number of supervision days allotted, (iv) duration and particulars of supervision i.e., first, middle, last or full, (v) number of party to be supervised and (vi) particulars of transit dates, if any, for periods of transit from one station to another. No separate programme is necessary in case where the officer has to supervise only two parties. A copy of the programme of the parties supervised will serve the purpose.

(h) The quarterly tour programmes of field parties are approved by Group Officer (Inspection Civil). Deviations which are inevitable due to non-existence or abolition of offices, etc., have to be approved by D.A.G/Audit Officer, IC (Headquarters). A consolidated list of such deviations is submitted to Group Officer (Inspection Civil) for his post facto approval. Deviations involving policy decisions, etc., are, however, submitted to Group Officer/IC)

forthwith and his orders obtained thereon. The programme of Inspecting Officers are approved by the Group Officers (I.C). No hard and fast rules can be laid down in regard to chalking of the programmes, but the fulfillment of the following requirements should be ensured.

- (1) An office should normally be scheduled for audit in the month and year in which it is due for local audit in accordance with the cycle of local audits.

There may be institutions due for local audit in a particular year but which cannot be taken up for various reasons. A list of all such arrear audits should be drawn up in December every year at the time of preparation of the tour programmes for the fourth quarter and these institutions should be taken up for audit in the first instance in the course of the subsequent quarters. The extent to which such arrear audits have been provided for should be indicated while submitting the draft programmes for every quarter to Group Officer (IC) to take a decision about judicious distribution of the available staff, reduction of frequencies and duration of audit to ensure that audits of all important institutions are taken up on priority basis and less important audits are rescheduled with lesser frequencies viz., Triennial or Quadrennial or even once in five years. The idea will be that audit of all offices, however infrequently it may be done, will be completed once in five years.

- 2) Certain periods are not suitable for local audits as indicated below, and care should be taken to avoid arranging programmes of local audit during the periods in question as far as possible.

Department/Office	Unsuitable period
1. Treasuries and State Banks.	Rush periods-first or last weeks of a month or last week of September and March
2. Survey of India (Party Offices)	Non-recess period, i.e, August to April.
3. Schools, Colleges and Courts	Vacation periods

NOTE: Local audit of offices during last fortnight of March: Prl.Accountant General has ordered that the existing practice of conducting local audit of offices in Inspection (Civil) group during the last fortnight of March may continue. If, any institution makes a specific request based on pressure of work for postponement, the request may be considered for issue of necessary deviation wherever feasible. However, care should be taken to see that as far as possible, offices of the Heads of Departments, Secretariat Departments, Regional Offices, etc., are not marked for audit during this period (last fortnight of March).

(O.O No. O.A.D./Civil/XII/38-1/68-69/1, dated 3<sup>rd</sup> April, 1969).

- 3) As far as compatible with the requirements elucidated above, all local audits to be carried out in a particular station or area and due in that quarter should be conducted in a single visit to ensure maximum economy in travelling allowance. Normally, the movement of parties should follow

the shortest and direct routes, and there should be no overlapping or retracing of the same route by the same party.

- 4) To ensure maximum output as also economy in time transit days for field parties and Inspecting Officers should be allowed on Sundays and non-prominent holidays whenever feasible.

*(Lr.No. 14 (4)-E(Co-or) I/67, dated 21<sup>st</sup> July, 1967 from G.I.M.F Dept. of Expenditure addressed to all Ministries/Departments etc., filed in confidential case regarding regulation of D.A for halts exceeding ten days \_ of O.A.D (Civil Headquarters).*

- 5) Supervised audits should be sandwiched between non-supervised audits in such a way that the Inspecting Officer may be able to supervise the important audits at a particular station in a single visit in each quarter.
- 6) Climatic conditions and accessibility of places to be visited should also be taken note of in programming local audit, i.e., remote and inaccessible spots should be visited in seasons of fair weather. Similarly days when summer and winter are severe at the various places in the State should be made out and kept on record. Localities known for extreme heat during summer as Kothagudem, Ramagundam, etc., and agency areas where winters are severe, are to be covered in inspection in winter and summer respectively.

*( Orders of Sr.D.A.G (Inspection Civil) dated 27<sup>th</sup> June, 1973).*

- 7) The programme should be drawn up in such a manner that one party may not visit the same station more than once in a particular quarter.
- 8) Care should be taken to ensure that field parties are not ordinarily required to stay at a particular station in excess of thirty days.
- 9) No field party should remain away from headquarters for more than two months.
- 10) The same party may not inspect an office on two successive occasions.
- 11) The office of the Controlling Officer should first be taken up for local audit, when several of his subordinate offices are also to be visited, unless it involves extra expenditure on T.A.
- 12) Where, in any office, stores and stock accounts are to be audited, the programme of local audit should not be arranged, before such accounts are made ready. Wherever possible, a previous enquiry should be made as to the readiness of these accounts prior to fixing up the inspection of the offices concerned.
- 13) The local audit of Regional/Local Offices of E.S.I Corporation, State Social Welfare Advisory Board and Family and Child Welfare Projects and Kendriya Sanskrit Vidyapeet if and when taken up under the provisions of Comptroller and Auditor General's (DPC) Act should invariably be completed by July in respect of the first three institutions and by end of August in the case of last institution.

- 14) The periodicity of local audit of G.P.F Accounts of Group 'D' employees of the Central Govt. should synchronise with the local audit of the offices concerned, i.e., when the normal audit of an office is taken up, the audit of the G.P.F accounts of respective Group 'D' employees should also be conducted.
- 15) It should also be ensured that the G.P.F accounts of Group 'D' employees of the Central Government working in an office which does not come under the purview of local audit in view of the comparatively meager amount of expenditure incurred by it, are produced for local audit at convenient intervals at one of the offices located in the same station at the time the latter office is taken up for local audit.

*(CAG's Lr.No. 1354-T.A.II/64-65, dated 21<sup>st</sup> August, 1964 - received with secret letter No. 4727-T.A.II/217-69, dated 3<sup>rd</sup> January, 1970).*

- 16) **Supervisory programmes:** Immediately on drawing up the tour programmes of field parties, the supervisory programmes of Inspecting Officers for the quarter should be chalked out.

While preparing the supervisory programmes the following consideration should be borne in mind.

- 1) Gazetted supervision should be provided in all cases where it is obligatory and for all other important audits.
- 2) All new items of audits taken up by the audit parties (except the minor and unimportant ones) should be supervised as far as possible.
- 3) All important items of audit should be adequately supervised either in one or more spells.
- 4) The supervision should be arranged, as far as practicable towards the close of audit to enable the Inspecting Officer to settle on the spot, the observations made during local audit, to the extent possible, and to discuss the draft Audit Report with the head of the office.

**3.03 Duration of audit :** (i) Though it is not proposed to lay down the duration of audit for various types of offices, it is very essential that the existing time allocation should be closely reviewed. A review of the time allocation should, therefore, be made every third year, after taking into account the comments of the field staff, and in consultation with other Accountants General, wherever necessary, in order to ensure that time allowed for each inspection is not more than adequate.

The duration of local audit should not ordinarily exceed 50 working days. In all cases in which it is considered absolutely necessary to allow a local audit party more than 50 working days, full facts of the case with a detailed justification should be reported to Headquarters office."

*(D.O Letter No. 673-T.A.I/JD(TA)75, dated 5.08.76 of the Additional Deputy Comptroller and Auditor General).*

- (ii) Before an Audit party proceeds to a particular Institution/Office for

conducting important/long duration audit, all the members of the party should be briefed by a Senior Officer/Group Officer from Headquarters about the functions, nature and extent of activities and the magnitude of the financial transactions of the Offices/Organisations to be inspected. The inspection staff may also be provided with suitable guidelines on the salient points to be examined during such audits. The audit party should contact the Headquarters to receive such instructions as stated above before the commencement of important/long duration audit inspections.

*(D.O.Letter No. 184-T.A.I/13-80, dated 6.3.80 of the Joint Director, Comptroller and Auditor General's office).*

### **3.04 Review of frequency, duration etc., of local audit :**

In order to facilitate the review of the frequency, duration, etc., of local audits, the Inspecting Officers and Asst. Audit Officers/Section Officers of the field parties should record in a separate report, their impressions regarding the state of accounts and the time required for its audit and make suggestions for increasing or decreasing the extent of local audit of the institutions inspected by them. There may be some offices where improvement in the maintenance of accounts have taken place in which case it is but proper that the frequency and quantum of local audit are reduced. Where the offices have shown no marked improvements or where there are other special circumstances which call for such action, it would be necessary to intensify the local audit of the institutions concerned. It should, however, be noted that the object of the report and its review in the Main Office is to ensure that the limited manpower at our disposal is utilised to the maximum advantage. In any office, where the Inspecting Officer, Asst. Audit Officer/Section Officer of the party finds that the time allowed for local audit is in excess of the requirements, he should instantly bring the fact to the notice of Headquarters for considering a reduction in time. Similarly, if he finds that the transactions in any office are too small even to justify the expenses of a local audit, he should report the facts to Headquarters Section for orders. The factual position in this regard should invariably accompany the Inspection Reports sent to the Main Office by the field inspection parties.

### **3.05 (A) Deviation from tour programmes, and extension of time for local audit:**

The time allowed for local audit should not be exceeded without the prior approval of Group Officer (Inspection-Civil) and the time schedule should be adhered to scrupulously. The Assistant Audit Officers/Section Officer in charge of the field parties should be in a position to gauge the quantum of work in a day or two after the commencement of local audit, and any extension of time, found necessary, should be applied for immediately. In applying for extension of time in any particular case, the circumstances which render the extension necessary should be fully narrated for consideration and orders. It should be especially noted by the field staff that extension of time will not be granted as a matter of course in all cases. When extension of time is absolutely necessary, it should be applied for sufficiently in advance, with the definite recommendations of Inspecting Officer (in the case of supervised

inspection) so that orders of Group Officer on the application for extension of time may be communicated in time before the extension is availed of. Unauthorized extension of time will entail forfeiture of daily allowance unless the case for extension is sanctioned by Group Officer/IC. The programme as scheduled should be adhered to by making extra efforts, if necessary.

**NOTE :** The local audit of an office undertaken should not be left unfinished on the plea that time allotted is insufficient. The field parties should promptly initiate action as above and obtain the required extension lest it should lead to deputing another party to complete the unattended items of work.

*(Circular No. O.A.D .I/X/1-13/65-66/2, dated June 1966).*

**(B) Requests for postponement of audit:**

Requests for postponement of the programmes of local audit are considered only in exceptional circumstances. In case, where the departmental office fails to produce the records on the scheduled date, the Section Officer/Inspecting Officer (if the audit is supervised) should ascertain the reasons for non-production of records in writing. In cases, where an office is abolished or shifted to some other station, the party should take up the audit of the next item of programme, if the next office on schedule is located at the same station, or proceed to the next station, in accordance with the scheduled programme, under telegraphic intimation to Inspection (Civil) Headquarters section in this regard, instead of staying at that station awaiting instructions from Headquarters Section to obviate waste of party days. A comprehensive note in regard to the movement of the party along with sufficient proof of the circumstances, leading to the non-production of records etc., should then be sent to Headquarters Section for post facto approval of the deviation in the party's tour programme.

*(O.A.D.Civil Headquarters Circular No. O.A.D./Civil/X/1-3/69-70/15, dated 21<sup>st</sup> July, 1969 and OAD/Civil/X/1-11/70-71/35, dated 28<sup>th</sup> January, 1971 - File No.s 1-3/69-70 and 1-11/70-71 of O.A.D.(Civil) Headquarters Section)*

**NOTE:** The Assistant Audit Officers/Section Officers of field parties should collect information as and when they touch the Headquarters of the district regarding shifting, merger, abolition of offices, etc., within the district which warrants changes, in the programmes of local audit already scheduled not only for their parties but also for other parties covering the district. If they find it expedient they may have to send the information telegraphically.

*(Circular No. O.A.D /X/1-7/65-66/14, dated 18<sup>th</sup> August, 1965).*

**(C) Computation of arrears in respect of local audits not conducted and their exhibition in the quarterly reports on the state of works:-**

Arrears in respect of local audits scheduled in the forecast but which were not actually conducted during the year should be completed at the end of the year with reference to programme for the year and exhibited in the report on the state of work for the year or quarter ending March of each year. The arrears, however, need not be carried to the subsequent quarterly reports.

When deviations are made from the approved programmes to provide for certain special and urgent items, requiring investigation, the time

consumed for such special investigation should be shown separately in the arrear report and not deducted from the arrears of inspection, scheduled but not conducted.

(C.A.G's Lr. No. 111-Admn.II/286-62, dated 18<sup>th</sup> January, 1963 and Lr.No.1095-Admn-II/282-62 dated 21<sup>st</sup> June, 1965)).

### 3.06 Intimation of the dates of local audit:

(a) Intimation of local audits should be issued by the Programme Unit of Inspection (Civil) Headquarters Section at least two months in advance before the date of commencement of audit (vide Form I given in Annexure II to this section) to the head of the office to be inspected. A notice to the departmental office about programme of local audit, is provided for so that the required documents may be kept ready for audit, as otherwise the time of the field staff is liable to be wasted.

A surprise inspection of the cash of an office wherein temporary misappropriation is suspected is, however, a different matter and no previous notice of inspection need be given. Such inspections may, in view of the absence of the notice, have to be confirmed to the limited purpose of check of cash and of the books relevant to that purpose.

(Comptroller and Auditor General's D.O No. 70-Admn.I/54, dated 26<sup>th</sup> July, 1954 read with CAG's No. TA.II/222-82 dated 7.9.82)

(b) The other forms of intimation relating to audit of grants and loans for specific purpose under section 15 of the Comptroller and Auditor General's (DPC) Act. Panchayat Raj Institutions, Compulsory Deposit Scheme, National Defence Fund, Annuity Deposits and Fixed Deposit Schemes, etc., at the branches of State Bank of India/State Bank of Hyderabad, etc., are also incorporated as Forms II,III, respectively in Annexure II to this chapter.

(c) Intimation regarding local audit of accounts of Government Secretariat is to be authenticated by Audit Officer, Inspection (Civil) Headquarters Section. While the other intimations are signed by Assistant Audit Officer/Section Officer (Programme Wing) of Inspection (Civil) Headquarters.

NOTE 1: While advising the District Agriculture Officers regarding dates of local audit, the names of depots selected for test-check should be specified in the intimation, and a copy of the intimation, should also be endorsed to the Section Officer of the field party concerned.

NOTE 2: The under mentioned particulars should invariably be collected by local audit parties on the 1<sup>st</sup> day of audit of accounts of authorities or bodies U/S 15 of CAG's (DPC) Act, 1971.

- 1) Whether the grant is sanctioned by the Central or State Government.
- 2) Reference to sanction order.
- 3) Recurring or non-recurring.
- 4) Amount sanctioned during the year (separately by Central or State Governments).

- 5) Amount actually paid to the institutions during the year.....
- 6) Purpose of the grant.

Copies of intimations sent to the grantee institutions should invariably be given to Assistant Audit Officers/Section Officers of the field parties concerned.

- (d) After the preparation of the quarterly programme a copy of each of the complete set of programmes should be furnished to :
- 1) Bills Sections.
  - 2) Cashier.
  - 3) Deputy Accountant General (Inspection/Civil) (Personal Copy)
  - 4) Senior Deputy Accountant General (Administration).
  - 5) Units of Inspection (Civil) Headquarters section dealing with receipts/despatch of documents.
  - 6) O.E.I
  - 7) Central Audit Coordination Section.

### **3.07 i) Period of accounts to be locally audited:**

(a) The period of accounts to be locally audited is the period (a) upto the month preceding the month in which inspection/local audit takes place from the last audit, the period so covered should invariably be indicated under "Scope of Audit". The first audit of an institution should, however, cover the accounts from its inception or at least the accounts of the last three years.

*(CAG's orders dated 20<sup>th</sup> November, 1964-File No.38-6/64-65)*

(b) The local audit and inspection should be complete and thorough in respect of the transactions covered by them. It would be a pity if frauds and misappropriations failed to be detected by audit are detected by administrative authorities in the accounts relating to a period covered by local audit. The field staff should bear this fact in mind and must be vigilant and searching in their work.

*(CAG's D.O Lr.No. Nil, dated 6<sup>th</sup> June, 1955-and Dy.CAG's D.O.No.1307-Admn.I/388-55 dated 24<sup>th</sup> June, 1955 read with CAG's Confidential. D.O No. 2045-Admn.III/479-60, dated 5<sup>th</sup> December, 1960).*

**ii) Field staff not bound to confine their investigation to the nominal period prescribed for audit:** The field party or Inspecting Officer need not confine their investigation to the nominal period prescribed for audit. They may pursue a transaction to any period when a serious irregularity is noticed.

**3.08 Selection of months for test audit :** (a) The selection of the months of account for detailed check during local audit should be governed by the following principles.

Nature of Audit	No.of months for which detailed check should be conducted.
1. Half yearly and annual audit except when they are taken up for the first time.	One month's accounts
2. Biennial and first audits	Two months accounts (one month to be selected from each financial year).
3. Triennial and Quadrennial audits	Two months accounts (one month to be selected from the financial year immediately preceding the local audit and another month from the other 2/3 years).

(AG's Orders dated, 4<sup>th</sup> July, 1964 File No. 38-6/64-65 O.A.D (Civil) Headquarters).

**(b) Selection of Sub-Units/Subordinate Offices for test-check:**

The marking and selection of independent sub-units/subordinate offices such as Primary Health Centres, Government Hostels etc., will be done by Inspection (Civil) Headquarters and communicated to field parties along with the programme itself. If any difficulty is felt in auditing the accounts of the unit marked, Inspecting Officers/Assistant Audit Officers/Section Officers may mark another sub-unit and communicate the fact to Headquarters Section immediately for incorporation in the relevant records.

(Circular No.22, dated 19.8.1976).

(c) In case of local audits in arrears for more that 4 to 5 years, the selection of months for detailed check be enhanced suitably, preferably one month's check of cash book for each year of audit keeping in view the importance of auditee units, transactions involved and defalcation of Government cash if found during check of cash book depending upon the availability of staff and at the discretion of the Prl.Accountant General.

(CAG's Circular letter No. 16 Audit II/91 No 1415-Audit II/5691, date 4.12.91).

**3.09 Scholarship payments :**

The scholarship payments should be checked during the local audit of the Departmental offices. One month in each financial year may be subjected to audit including the month selected for test check of vouchers. In case there are no scholarship transactions in the month/months selected for test check, some other month/months where there are scholarship transactions should be selected by the party. It should also be specially ensured that a proper system exists in Departmental offices for keeping a continuous record of all sanctions and payments there against and that acquittances have been received and filed.

## SECTION II

### 3.10 Transmission of vouchers etc by LA-I Section to field parties.

For transmission of vouchers etc the procedure laid down in para 1.08 (iii) of this Manual should be followed.

In view of the existing safeguards in Central Audit and further considering the practical difficulties in collection and transmission of General Provident Fund vouchers, it has been decided by Comptroller and Auditor General in partial modification of earlier instructions, that the Provident Fund payment vouchers need not be taken up for local verification with cash book.

*(Comptroller and Auditor General's Letter No. 364-TA.I/225-73, dated 30.5.74 and Circular No. Officer Order No. 11. dated 23.7.1974).*

### 3.11 Documents necessary for local audit :

(a) The under mentioned documents should invariably be supplied to the Assistant Audit Officer/Section Officer of the party/Inspecting Officer concerned (as the case may be) sufficiently in advance of the date of commencement of local audit, as otherwise the efficiency of local audit is liable to be impaired in the absence of the same.

1) The previous Audit Report with the connected notes and papers together with list of outstanding paras and paras dropped subject to verification during next audit.

NOTE: A thorough review of these reports should be conducted in Headquarters Sections beforehand and all possible assistance should be rendered on the following lines to the field staff, to facilitate compliance with the above instructions:

- (a) Statement of outstanding objections and objections dropped subject to verification in next audit should be prepared or should be referred to if there is already one on hand ;
- (b) A synopsis regarding the important points that require specific investigation in the light of the previous reports.

2) Intimation of the month or months and names of subordinate offices selected for test-audit by the Branch Officer of the audit section concerned along with connected vouchers including vouchers received through Inward Settlement/Ex-change Accounts adjusted during the months and also relating to loans, Personal Deposit account and Provident Fund payments for the selected months.

*(Fund payments for the selected months (CAG's Lr.No. 2928-TA I/563-68, dated 23<sup>rd</sup> August 1968).*

3) Memorandum of special or important points requiring special attention or examination on the spot furnished by Central Audit :

4) A list of outstanding objections raised in Central Audit with a brief indication of the points relating to each objection for possible settlement by the Inspecting Officer, (Civil).

(CAG's Circular No. 1784-Admn.I/173-61(II), dated 8<sup>th</sup> August 1962 referred to in CAG's D.O.No. 51-TA (O&M) 11-65, dated 5<sup>th</sup> January, 1965 file No.IV-45/64-65-71, O.A.D (commercial).

**b) Necessary reference books, Accounts , Manuals etc.,**

The documents sent for local audit should be utilised as follows :

- (1) Any point in the previous Audit Report marked for the current audit should be investigated. If the point was settled since the last audit, this should be recorded with due attestation on the previous report. Otherwise, it should be included in the current report and a certificate should also be recorded in the previous report that all outstanding paras therein are included in the draft Audit Report.
- 2) The points, required by Central Audit to be verified in local audit, should be investigated in detail and the report thereon should be sent directly to the Audit Officer of the "Central Audit" section, copy thereof being enclosed to the Audit Officer (Inspection Civil) Headquarters section also.
- 3) Establishment vouchers received from Central Audit should be verified, in detail with the initial accounts (Pay bills, Acquittance rolls, etc) in the local office.

**c)** The Inspecting Officer and his assistants should always set their dated initials on all vouchers, accounts and documents in the course of their scrutiny.

Note: Cases of non-production of vouchers, accounts and documents required for audit should be prominently mentioned in the Audit Reports.

### SECTION III

#### **3.12 Receipt and disposal of Audit Reports :**

**(a)** The receipt of the draft IRs within the prescribed time limit, i.e., within 5 days of the completion of local audit is watched in Inspection (Civil) Headquarters Section. The Section Officers of Headquarters Section are responsible for ensuring prompt receipt of Audit Reports and for obtaining specific reasons for delay, in respect of belated receipt of reports, through timely issue of reminders. On receipt, the documents should, after noting in the Register for Watching Receipt of Draft Inspection Audit Reports, be diarised serially in the Report Purport Register mentioned in para 3.23 (B)(iii) and passed on to the Auditors concerned. As soon as the report is received the auditor should check up whether:-

- (i) all the audit enquiries have been received in-tact,
- (ii) report and the rough notes are properly page-numbered,
- (iii) cross reference to audit enquiries and annexures are given in the margin against each para,
- (iv) statements if any, furnished both in the body of the report and in the annexure are arithmetically accurate,
- (v) the particulars of dates of conduct of local audit and dates of

supervision agree with those in the schedule of tour programmes (the fact of having ensured this agreement should be recorded in the editing slip),

- (vi) the forwarding document is properly filled in, and
- (vii) all the certificates required to be given by the parties are furnished.

(b) After exercising the above mentioned checks, the report should be submitted to the Assistant Audit Officer/Section Officer along with the preliminary check memo in form given in Annexure III for further scrutiny and submission to Audit Officer/IC Headquarters Sections and Group Officer/IC. The Auditor should not take more than one working day for this purpose.

(c) The draft IRs should be carefully scrutinised to see that "-

- (i) items of the previous Audit Reports marked for "next inspection" are duly brought over to the current reports, if not finally disposed of ;
- (ii) important points which are likely to go into the Audit Report are specially brought to the notice of the Senior Deputy Accountant General (Inspection Civil);
- (iii) audit is carried out to the extent necessary, and
- (iv) the report is discussed with the Head of the Office.

(d) The principles laid down by the Comptroller and Auditor General in his No. 300-Admn.II/185-54, Part-II, dated 2<sup>nd</sup> March, 1955 should also be borne in mind. If there are any corrections, they should be shown to the Section Officer of the field party and Inspecting Officer after issue, for note and further guidance. (Secret Note No.300-Admn.II/185-54, dated 2<sup>nd</sup> March, 1955 from Comptroller and Auditor - General.).

### **3.13 Time limit for the issue of Audit Report and for first reply :-**

- (a) Audit Reports should be issued within one month from the date of completion of the local audit.
- (b) (i) It should be made clear in the letter covering the Audit Report issued to the Department that the first reply should be received within a month of its issue. As the timely submission of reports is of vital importance, the time-limit prescribed for issue of Audit Report should be strictly observed.

*(CAG's Circular No. 1895-Admn.III/268-60, dated 20<sup>th</sup> September, 1960 read with Secret letter No. 964-TA,I/98-71, dated 12<sup>th</sup> April, 1971 File No. IV 45/64-71 O.A.D. (Commercial) Headquarters Section).*

For this purpose the following time table should be adhered to:

5 working days for the receipt of the draft Inspection Report from the Audit Party (The draft IR is expected to be discussed with the Officer-

in-charge before the closing days of inspection).

5 working days for the Section to submit the report.

4 working days for Gazetted Officers to pass the report.

10 working days for typing and issue of the report

Total 24 working days or say one month.

*(Hqrs. Lr.No.125-Audit(AP)/109-95 dt.2.8.2004 and LA-I Circular No.PAG(CA)/ LA-I/Genl/2004-05/11 dt.31.8.2004)*

- (ii) CAG desired to reduce the period of one month to less than 3 weeks by strict monitoring at the level of Group Officer.

*(Lr.No. 282-Audit-II/83-85 Dated 19.2.86).*

In order to achieve the desired result, it has been decided that Inspection (Civil) Headquarters Sections would submit to Prl.Accountant General through the concerned Group Officers on 7<sup>th</sup> of every month a report (as given below) on issue of Inspection Reports in respect of audits conducted in the preceding month.

Name of auditee unit	Dates of audit conducted	Dates of receipt of draft IR in Hqrs	Date of submission of IR to the Group Officer	Date of IR passed by Group Officer	Date of issue of IR	Brief reasons for delay
1	2	3	4	5	6	7

*(CAG's Office Circular letter No. 823-(Aud.Plg) 105-95, date 3.11.1995).*

- (c) The compliance of the above time table should be watched through resubmission, within a week after the issue of each Audit Report, of the preliminary check memo to the Brach Officer attending to the marginal remarks if any and indicating the dates of transmission to Type Section, receipt from Type Section, date of issue etc. In all cases where the Audit Reports were not issued within the time limit prescribed in sub-paragraph (a), the reasons for the delay should be clearly indicated in the space provided for this in the preliminary check memo and the memo submitted to Group Officer (Inspection Civil) also.

- (d) The reports drafted by Audit Officers are vetted and approved by Senior Deputy Accountant General (Inspection Civil) before issue, while the reports of local audit conducted by AAO's/SO's are also vetted by DAG/Sr.AO at his level, unless there are important points to be bought to the notice of the Group Officer/IC. Reports, which are specially marked for the Prl.Accountant General by the Senior Deputy Accountant General (Inspection Civil) should be submitted to the Prl.Accountant General for his approval before issue.

- (e) The fair copies of Audit Reports, as finally issued to the Administration or Head of the Office inspected, after scrutiny and vetting in

the Headquarters Section, should be formally signed by Group Officer/IC or A.O/LA Headquarters, as the case may be and worded "I forward herewith the report on \_\_\_\_\_". The report proper should also be duly attested list it should give an impression that the Audit Report which is being sent, is a copy and not the original. If more than one copy is sent, the forwarding letter should make it clear that the Audit Report on the accounts of the office locally audited is being sent with the required number of spare copies.

*(CAG's Letter No.76-Tech. Admn.I/385-65, dated 14<sup>th</sup> January 1966 and Secret D.O No. 418-Admn.I/66-557, dated 9<sup>th</sup> February, 1959).*

NOTE: Necessary entries at the various stages of receipt/disposal of the reports should be made in the Register for watching the receipt and issue of Audit Reports and Progress register of settlement of Audit Reports.

### **3.14 Despatch of Reports to departmental authorities :**

(a) In addition to the copy or copies sent to the Head of the Office or institution locally audited a copy of the report should also be sent simultaneously to the next higher authority and /or Head of the Department and their/his attention invited specially to any important items or serious irregularities or other points requiring his special attention if the next higher authority happens to be an official other than the Administrative Ministry/Department of Government. It is for this office to consider the necessity of forwarding a copy of the Audit Report to the Ministry or Department, in whole or in part. It is not necessary for Audit to send a copy of the Audit Report to the Administrative Ministry/ Department separately unless a request is made by the Ministry or Department.

*(CAG's Letter No. 2205-Admn.II/608-Admn.I/58, dated 11<sup>th</sup> September, 1959-Govt. U.O Note F.D.No. 136853/Accounts/58-5 dated 1<sup>st</sup> April, 1959-and CAG's Letter No. 468-Admn.II/608-Admn.I/56, dated 1<sup>st</sup> January, 1960).*

(b) The return of the Audit Reports with the replies of the Departmental Officers to the objections taken therein should be watched by Inspection (Civil) Headquarter Sections.

(c) The following procedure should be adopted for issuing reminders in the case of non-receipt of prompt replies to the Audit Reports and rejoinders, and in regard to particulars necessary for drafting a para for inclusion in Comptroller and Auditor General's Report.

- 1) First reminder- after two months from the date of issue of the Audit Report.
- 2) Second reminder-after three months from the date of issue of the Audit Report with a copy to the Head of the Department.
- 3) Third reminder-demi-officially, after four months from the date of issue of the Audit Report, to the Head of the Department with a copy to Government. In regard to important cases the demi-official reminders may be issued over the signature of Group Officer (Inspection Civil).

- (d) Demi-official reminders should be issued thereafter at intervals of one month. Delay over six months should be reported to Government.
- (e) Further remarks on Audit Reports:-
- (1) First-reminder - after one month from the date of issue of further remarks.
  - (2) Second reminder - after two months from the date of issue of further remarks.
  - (3) Third reminder-demi-officially - after four months from the date of issue of the audit remarks to the Head of the Department. In regard to important cases the demi-official reminders may be issued over the signature of the Group Officer /IC.
  - (4) Demi-official reminders, should be issued at intervals of one month; thereafter delays over six months should be reported to Government.
  - (5) In regard to items noted in the Register of Financial Irregularities for considering draft paragraphs for inclusion in the appropriation accounts, the matter should be taken up even in the first instance with the Head of the Department. Care should be taken to ask for all the particulars necessary to finalise a para. Reminder should be issued over the signature of Group Officer (Inspection Civil) every fortnight.
- (f) Other correspondence not covered by item (i) above:
- 1) First reminder - after one month from the date of issue of the letter over the signature of the Branch Officer.
  - 2) Second reminder - after two months from the date of issue of the letter.
  - 3) Third reminder - after three months from the date of issue of the letter demi-officially to the Head of the Department. In respect of important cases the demi-official reminders may be issued over the signature of Group Officer/IC.
  - 4) Demi-official reminders should be issued at intervals of fifteen days thereafter. Delays over six months should be reported to Government.
- ( OO.No. O.A.D. (Civil)/34-I/59-60/23, dated 29<sup>th</sup> December, 1959).
- 5) No replies to the points included in the audit notes need be called for. The number of points contained in each audit note may be recorded in the register maintained for this purpose in the Inspection (Civil) Headquarters Sections of the Main Office. The action taken by the departmental officers on the points mentioned in the audit note should, however, be scrutinised by the Assistant Audit Officer/Section Officer conducting the next local audit and the number of points settled, communicated by him to the Main Office for recording the progress in clearance in the said register.

### **3.15 Receipt of replies from departmental authorities to the Audit Reports :**

(a) Replies to the Audit Report on the accounts of the subordinate offices should be transmitted through the Heads of Departments to the Prl.Accountant General to enable the Heads of Departments to scrutinise replies carefully and to give necessary instructions to the subordinate officers for avoiding recurrence of the mistake and strict compliance with the rules.

*(Govt. of A.P. F.D. Memo No. 61845/Acts/58-1, dated 11<sup>th</sup> July, 1958).*

(b) Similarly, replies to the Audit Reports on the accounts of the Heads of Departments should be routed through the appropriate department of the Secretariat in the Government who scrutinise and forward the replies to this office with their remarks.

*(Govt. Finance Dept. U.O.Note No.136856/Accounts/58-5, dated 1<sup>st</sup> April, 1959).*

### **3.16 Disposal of replies to Audit Reports:**

The receipt of replies to the reports with the comments of the Head of the Department/Government should be watched. The replies to reports should be scrutinised and a review submitted to Group Officer (Inspection Civil) together with a draft of letter for approval conveying further remarks where necessary to the Head of Office for compliance and report. Further correspondence on important and controversial points should be made with the Head of Department or Government.

Note 1 : The work of receipt of replies and the disposal of the same, in respect of the Inspection Reports of P.W. Divisions is done by I.R.Cell Sections, respectively.

NOTE 2 : All cases of important irregularities, overpayments, suspected frauds, embezzlements, etc., and cases reported to Government, and the Head of the Department should be vigorously pursued till they are suitably settled under the orders of the Group Officer (Inspection Civil) who may obtain the orders of the Prl.Accountant General, wherever considered necessary. Routine observations on the rejoinder to the Audit Report should be issued over the signature of the Branch Officer. Efforts should be made to finalise cases of fraud, embezzlement, etc., by preparing suitable draft paras without waiting for their settlement.

### **3.17 Filing of Audit Reports :**

All rough notes, Audit Enquiries and Draft Audit Reports should be filed and in one file the office copy of the report as issued to the Department/Government and further correspondence thereon should be filed separately. The time-limit for destruction of records applicable to the Audit Reports would apply to the corresponding file of rough notes also.

*(O.O.No. O.A.D./Civil/XII/38, 13/70-71, dated 5<sup>th</sup> July, 1971-File No. 38-13/70-71 O.A.D (Civil Headquarters).*

### **3.18 Report to Government on outstanding Audit Reports:**

(a) All Audit Reports outstanding for more than six months should be reviewed and reports thereon should be sent to Government on 1<sup>st</sup> August and

1<sup>st</sup> February listing out in each outstanding paras of the various reports as were outstanding to end of December and June, respectively.

(b) To enable the Administrative Ministries to have a better appreciation of the types of audit objections remaining outstanding for dealing with them promptly and effectively, the objections to be included, in the half-yearly lists due to the Administrative Ministries as per the Ministry of Finance, O.M.No.F-27(7)-E.G.I/53, dated 19<sup>th</sup> December, 1953 and in similar yearly and half-yearly returns due to State Government should be grouped under the following broad categories, besides being prepared Office-wise or Department wise as at present.

- i) Want of sanctions to establishment or to continuance of establishment.
- ii) Want of sanctions to miscellaneous and contingent expenditure.
- iii) Want of sanctions to estimates or excess over sanctioned estimates.
- iv) Want of detailed contingent bill, vouchers, payees receipts, stamped acknowledgments or other documents.
- v) Advances not recovered and adjusted within the prescribed period.
- vi) Want of agreements.
- vii) Non-recovery of overpayments or amounts disallowed in audit.
- viii) Irregularities in payments with reference to contracts.
- ix) Want of sanctions to write-off of losses or irrecoverable amounts.
- x) Objections raised on grounds of financial propriety, and
- xi) Other reasons

*(CAG's Letter No. 669.T.A.I/71-67 II, dated 16<sup>th</sup> May, 1969-File No. IV-45, 64-71 O.A.D(Civil) Headquarters).*

c) "All important audit objections and paras of Inspection Reports which have not been included in the Audit Report may be brought to the notice of the Head of the Departments and Administrative Secretary concerned demi-officially quarterly/half-yearly. These objections should be discussed by the Senior Deputy Accountant General/Deputy Accountant General with the Heads of departments and by the Prl.Accountant General with the Administrative Secretary concerned with a view to seeking their early settlement".

*(CAG's Circular No.29.T.A.I./82-No. 962-T.A.I/45-Vol.II dated 2.8.82-File No.G.I.-100/81-83).*

NOTE: For this purpose, the field parties should indicate the important para numbers and possible draft paragraph numbers in the preamble of the Draft Inspection Reports sent by them. The editing units of LA Sections have to classify them accordingly in the Points-cum-Progress Register maintained by them and communicate important paras to the Heads of Departments and Administrative Department concerned on the due dates for discussion by Group Officer (IC)/Prl.Accountant General.

### **3.19 Clearance of outstanding audit objections/paragraphs of Inspection Reports.**

A review of the outstanding objections/paragraphs of Inspection Reports has to be conducted by the editing units periodically for the clearance of these items with reference to the guidelines issued by the Comptroller and Auditor General as detailed below:

- a) Paragraphs where departmental views have not been accepted may be discussed with the concerned Secretary to Government at the level of Group Officer and pursued further if they are likely to be mentioned in the Audit Report, otherwise these having been reported to Government may be dropped.
- b) Paragraphs which have lost significance with the passage of time may be dropped.
- c) Paragraphs relating to initial and subsidiary accounts in Audit Reports may be clubbed with or merged in the paras on the same points in the latest reports. Paras which were dealt with the subject matter vaguely or where no specific action or rectification or improvement has been suggested, may be dropped.
- d) Paragraphs containing objections on grounds of propriety but not likely to be included in the Audit Report either because the amount involved is not much or the impropriety is not serious and which have remained outstanding for more than 2 years may be removed from the list of outstanding paras after bringing them to the notice of the Secretary of the concerned Departments.
- e) Objections remaining outstanding for more than 8 months from the date of issue may be reviewed and joint meeting with the concerned Departmental Officers and Accounts Officers may be arranged for linking up of the records/papers sent by former (especially in regard to objections outstanding for want of payees receipts and detailed contingent bills) and settlement. The objections remaining outstanding even after informing the Heads of Departments/Administrative Departments and those which are significant, may be proposed for inclusion in the Audit Reports.
- f) Petty items and other items for which details are not available can be dropped. In respect of items where the audit observation is not accepted by Government, the Prl.Accountant General can either mention these in the Audit Report or drop the items depending upon the magnitude and nature of these observations. Objections on accepted overpayment and disallowances, the departments can be pressed to expedite the recovery. Items which have become irrecoverable can be reported to Government for regularisation after necessary investigation.
- g) Power of waiver of petty objections should be exercised " ab initio" freely.

h) Significant observations involving substantial amounts or gross lapses or failures of system can be commented upon in the Audit Report individually or collectively. Where assurance is given by the Government for regularisation, the items can be dropped.

*(CAG's Circular No. 22-TA.I/82-No.748 - TA -3/45-82, dated 19.6.1982 File No. GI-100/81-83).*

### **3.20 Action by Heads of Departments :**

(i) Immediately on receipt of the half-yearly statements referred to in Para 3.18(a)\_the Head of Department should address the concerned Drawing Officers to clear all the audit objections expeditiously. He should obtain from the Drawing Officers, by the 5<sup>th</sup> of every month, reports showing the details of objections cleared during the previous month and those awaiting clearance and explanation for delay in clearance of outstanding items. The Heads of Departments should closely watch receipt of the monthly reports, review the progress in clearance of objections and issue suitable instructions to the Drawing Officers. He (the Head of Department) should also forward to the concerned Secretary to Government by the 15<sup>th</sup> of every month a consolidated report showing the extent of clearance achieved during the previous month with reference to the previous half-yearly report received from the Prl.Accountant General and the reasons for the non-clearance of the remaining outstanding items together with action taken for their clearance.

#### **(ii) Action by the Administrative Department of Government :**

The Secretary to Government, in the Administrative Department, should nominate a senior officer of the Department to ensure prompt attention to audit objections. It shall be the responsibility of that officer to review critically the monthly reports received from Heads of Departments and assess the progress in clearance of objections and the adequacy of action taken by the Heads of Departments. He shall also pay special attention to the half-yearly list of important objections sent by the Prl.Accountant General and pursue action thereon until final clearance of the outstanding items. He should submit his report of the review to the Secretary to Government, who would communicate to the Heads of Departments his assessment of the position and give suitable instructions to them for further clearance. Copies of his communications to the Heads of Departments should be forwarded to the Finance Department and the Prl.Accountant General.

It should be examined during the local audit of the office of Heads of Departments, whether the instructions issued by Government have been properly implemented or not.

*(Circular No. Memo No. 68940-A/764-Rev/68, Dated 14<sup>th</sup> November, 1968 of the Government of Andhra Pradesh, Fin(Dept) Circulated in O.O.No.O.A.D./ Civil/ XII/38-I/68-69/1172, Dated 31<sup>st</sup> December, 1968 File No-38-I/68-70 Vol.I of O.A.D. (Civil) Headquarters).*

NOTE: Powers and jurisdiction of the Special Officer of the Government of Andhra Pradesh for the clearance of Audit Objections: The Special Officer appointed by Government of Andhra Pradesh for the clearance of Audit Objections shall have full powers to dispose of the audit objections of the following types on the spot in a manner satisfactory to Audit.

- a) Delay in the collection of departmental receipts and remitting them into the treasury and utilisation of such receipts for departmental expenditure.
- b) Security Deposits not obtained from persons entrusted with cash and stores (after the omission has been rectified).
- c) Withdrawal of funds from the treasury at the close of the financial year apparently for avoiding lapse of budget provision and actual utilisation of the funds at a later date.
- d) Non-verification of stores periodically as required by rules, delay in completing action on shortages and non-disposal of obsolete and unserviceable stores (after the omission have been rectified).
- e) Splitting up purchase orders and estimates apparently with a view to avoiding sanction of higher authorities

*(G.O.Ms.No. 263 Fin (Audit Objection) Department , Dated 6<sup>th</sup> October 1965 of Government of Andhra Pradesh Circular No. O.A.D./Civil XII/47-II/66-67/31, dated 17<sup>th</sup> February, 1967-File 47-11/66-67/, O.A.D (Civil Headquarters).*

### **3.21 Files required by audit for reference :**

Files required by the Audit Officers for the preparation of audit paragraphs should be readily made available to them. If the contents of the file or any part of it is "Secret" or "Top Secret" the file should be sent, specifying this fact, to the Prl.Accountant General by name who then deal with it in accordance with the standing instructions for the handling and custody of such documents.

*(Circular Momo No. 68940-A/764(Rev)/60, dated 14<sup>th</sup> November, 1968 of Government of Andhra Pradesh (Fin) (Rev) Dept. Circular No A.O. Cell/14-2/67-69/12, dated 8<sup>th</sup> December, 1968-File No. 11-1-/68-69 of Report Section).*

**3.22** The following instructions are issued in this regard by Comptroller and Auditor General.

- 1) Files dealing with policy matters may be called for by Audit only where it is considered absolutely necessary. The decision to requisition such files for scrutiny in audit should be taken at a fairly high level, preferably by the Prl.Accountant General himself and in any case, not lower than by a Senior Deputy Accountant General.
- 2) The files may reveal contradictory views expressed at various levels on various matters before final decisions were taken. In such cases Audit should not make unfair use of such contradictory views/opinions expressed in the

course of formulation of policies by citing them legal or financial advice rendered in a case may, however, be cited where necessary, if it had been overlooked or ignored in arriving at the impugned final decision without good and sufficient justification at the time when the final decision was taken.

3) Audit should so far as possible judge the executive actions on the basis of the facts available to executive authorities at the time decisions were taken and should not normally take into account facts or circumstances which were not known at the time of decisions taken.

4) A contention may be raised in some cases that files requisitioned by Audit contain matters of such secrecy that it may not be in public or national interest to disclose them in Audit Reports. Such files should be obtained and examined at the level of the Prl.Accountant General or Director as the case may be. Whenever it is considered that the matter should find a place in the Audit Report, though the Government might advise against making a mention of the same in the report on the ground that national or public interests would suffer or be jeopardized thereby, full details should specifically be brought to the notice of Comptroller and Auditor General's office demi-officially at the appropriate level so that the orders of the Comptroller and Auditor General may be obtained before commenting on the case in the Audit Report. In cases where it is decided not to mention the irregularity in Audit Report, it would be desirable to report the matter to the Secretary and Minister concerned personally, in writing through a demi-official letter together with a note prepared, in the same manner as a draft para, supported by a key. It should, however, be ensured that petty objections having no consequential potential are not raised.

5) In interpreting tax law and rules, if Audit does not agree with the views or orders of the Government, the matter should be taken up with the Head of the Tax Department, Board of Revenue or Government rather than with lower authorities. Before the dispute on the interpretation given by the Executive is taken up with the aforesaid higher authorities, the case should be considered at a sufficiently high level. The views of the Law Ministry (and of the Law Department of the State Government) should normally be accepted in matters of interpretation of law but cases in which the legal opinion goes against judicial decisions or is otherwise considered unreasonable or incorrect on the face of it, should be reported to the Comptroller and Auditor General for examination and advise before being challenged.

*(Comptroller and Auditor General's Secret Letter No. 1115-TA.I (RGL/10-76, dated 21.11.78).*

## SECTION IV

### 3.23 Registers maintained in Headquarters sections :

The following register should be maintained in Headquarters Sections:

#### A. Register for noting points to be examined during local audit:

This register is maintained for noting points which should be examined during the course of local audit. When in the course of day to day work, other sections come across points which merit examination in local audit, full particulars relating thereto should be furnished to Inspection (Civil) Headquarters Section. Cases so reported for examination in local audit are included by the Inspection (Civil) Headquarters Section in this register. The outstanding points from previous Inspection Reports are also to be briefly noted in this register, after a prescribed period, say three months before the next inspection. Not more than one entry should be attested by the Section Officer. The register should be submitted to the Branch Officer on the 5<sup>th</sup> of each month.

Extracts from this register are sent to the Inspecting Officer along with the connected file or Inspection Reports for his examination and report. On receipt of his report, the points are dealt with in the usual manner and the final disposal recorded against each point in the register under the dated initials of the Section Officer giving reference to the orders on the connected file.

NOTE: The points in this register which could not be finalised through next local audit, should not be cleared but should be watched till their final clearance or settlement of the issue involved in a subsequent local audit.

At the time of monthly closing of this register, an abstract should be drawn up indicating the number of items pending as on date of closing.

*(Order No.O.A.D./Civil/XII/Misc/29, dated 1<sup>st</sup> January, 1971-File Misc, 38/70-72/ O.A.D (Civil) Headquarters).*

#### B. Improving quality of Inspection Reports registers to be maintained by Headquarters Section.

Copies of the Local Audit/Inspection Programmes of each Quarter, duly updated should be submitted to the Prl.Accountant General through the Secretary on the 10<sup>th</sup> April, July, October and January. While submitting programmes care must be taken to single out those items of the programme which were not actually carried out stating the reasons there for, items in respect of which the Inspection/Local Audit Reports are yet to be issued, and with suitable remarks against the relevant items where the "Report" portion is Nil. At the same time, audits which were not included in the quarterly programme originally drawn up, but subsequently programmed and carried out due to deviations from the original programme should also be included with adequate reasons for such inclusion. The Inspection Reports selected for test check should be promptly submitted for perusal and review and observations on each report should be attended to promptly and a compliance report furnished to the Secretary and to the AO/Report.

A register in suitable proforma is to be maintained noting therein the reports selected for test check, the observations arising out of the test check and note of follow up action taken on the same. The date of submission of the programme for selection, the date of completion of review by Prl.Accountant General and the date of compliance with the observations of Prl.Accountant General have to be indicated in this register.

(I.A.U/C.A.C.D.II/88-89/Office Order No. 14, dated 6.7.1989).

For effective implementation of the above instructions the following registers will be maintained by the L.A Sections in the proforma prescribed below.

(IAU.LA.I/Genl/69-170/89-90 Office Order No. 53 Dt.7.8.89).

**(i) Proforma of Register of IR's selected for test check of Prl.A.G**

(Register to be maintained by L.A-I/Programmes).

Sl.No	Updated programme for the Qtr ended (indicating the period as I,II,III,&IV Qtr/year due	Date of submission by programme unit to Prl.A.G, through Secretary	Inspection Reports selected by Prl.A.G No./Details of office period of Audit.	Section which has to pursue the I.R's till their finality.	TR.No.../ Date intimation sent to concerned sections.	Date of submission of Reports to	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

**(ii) I.R's selected and pursuant action by Sections**

(Register to be maintained by Sections in I.C. Wing).

Sl. No	I.R/Case No.if any as intimated for test check by LA.I (Programmes)	Date of submission of I.R's to Prl.A.G	Date of receipt of registers with remarks of Prl.A.G	Gist of observations of review by Prl.A.G	Action taken by the Section	Reference No./Date in which "Report Section was intimated"	Attestation by A.O of LA .Hqrs.Sn concerned	Remarks if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

**(iii) Report Purport Register:** The Report Purport Register should be maintained in the following manner.

1. Purport No. and date:
2. Civil Party Number from whom received:
3. Name of the office:
4. Dates of audits:
5. ....From .....To
6. Date of submission to Branch Officer/Sr.DAG (Inspection Civil):
7. Date of approval by B.O/Sr.DAG. (Inspection Civil):
8. Date on which sent to Type Section:

9. Date of receipt from Type Section:

10. Date on which marginal remarks are cleared.

Each item in the Report Purport Register should be rounded off and attested by Assistant Audit Officer/Section Officer only after the resubmission of the preliminary check memo to the Branch Officer/Group Officer (Inspection Civil)

**(iv) Points cum-Progress Register of Settlement of IRs:** This register should be maintained in each unit of the Headquarters Sections for watching replies to Audit Report from departmental authorities after it's issue from Headquarters Sections.

This Register should be maintained with the following columns and the information should be noted in the appropriate column of the Register.

Gist of the Para	Date by which first reply has to be received	Actual date of receipt of reply	No. and date of reminder issued	Issue of further reminders
(1)	(2)	(3)	(4)	(5)

This register should be closed and submitted to Audit Officers/IC Headquarters Sections on the first of every month and submitted to Group Officer for review.

*(Circular No.LA-I/Genl/1999-2000/18 dt.29.2.2000)*

**(v) Register of draft paragraphs for incorporation in the Comptroller and Auditor General's Report:** This register should be maintained with the following columns.

File.No. and subject	Para in brief	Wanting particulars	Action taken	A.O.	Sr.D.A.G	Action taken	A.O.	Sr.DAG
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Such items of observation in the Audit Report as are found worth incorporation straight away in the conventional Report of Comptroller and Auditor General are entered in this register. The register aims at collection of material wanting expeditiously on a priority basis and processing of the draft paras for inclusion in the Report of Comptroller and Auditor General. It should be submitted to Group Officer/Prl.Accountant General through the Group Officer on the 21<sup>st</sup> of every month.

*(O.O.No. O.A.D (Civil)/34-1/59-60/25, dated 30<sup>th</sup> December, 1959 and D.P.Cell Note dated 2.1.96)*

**(vi) Register of serious financial irregularities:** Items of observations as brought out in the Audit Reports which disclose serious financial irregularities, and also those which may eventually (though not in the first instance) require comment in the Report of Comptroller and Auditor General due to absence of remedial action by Department are pursued to their finality, through this register as a measure of a special action. The register is divided into four parts to pursue clearance of the different kinds of objections as under.

- Part I : For procedural irregularities (other than losses and those involving breaches of financial propriety).
- Part II : For extra statutory remissions and abandonment of claims to revenue.
- Part III : For losses, including defalcations, and
- Part IV : For irregularities involving breaches of financial propriety.

The irregularities noted in this register should be pursued separately through special letters with departmental authorities and the Government upto the receipt of final orders thereon or till they become ripe for draft paragraphs for incorporation in the Report of the Comptroller and Auditor General. When these items reach the stage of inclusion in the Report of the Comptroller and Auditor General they are transferred to the Register of Draft Paras and are cleared in this register.

NOTE 1: The Assistant Audit Officers/Section Officers of the Headquarters section will ensure that the names of Auditors/Assistant Audit Officers/Section Officers credited with detecting serious financial irregularities during the course of local audit are noted in the Draft Para Register/S.F.I Register/Register of Audit Activity, etc., for facility/of future reference.

NOTE:2: Any adverse comments made by Branch Officer/Group Officer (Inspection Civil) should also be brought to the notice of the Branch Officer so that suitable entries may be taken against the person/persons concerned in a register maintained by him for this purpose.

*(Section Order No. O.A.D./Civil/XII/Misc/29, dated 1<sup>st</sup> January, 1971-File 38-Misc, 70-72 Unit XII Inspection (Civil) Headquarters).*

**(vii) Objection Book:**(a) The activities of Audit department should not end with the presentation of Audit Report. Audit should keep a continuous watch on the action taken by the Administration on the irregularities and defects pointed out therein. This will, inter alia, enable Audit to ensure that -

- 1) effective action is taken by the Administration in rectifying defects, etc.,
- 1) disciplinary action has been taken against the officials responsible for the irregularities and losses and
- 2) cases under the consideration of Administration and those sub-judice are finalised expeditiously and adequate action taken.

*(CAG's D.O Lr.No. 838-Rep/71-51,II, dated 18<sup>th</sup> August, 1953).*

(b) The action to be taken by Audit in the matter of pursuance of the objections should be on the lines indicated in paras 7.1.10 to 7.1.12 of M.S.O (Audit).

A separate Objection Book should be maintained in the Inspection (Civil) Headquarters Sections for recording observations raised in local audit and money value should also be assigned as far as practicable.

(c) The following are the categories of money value observations which should be registered in the Objection Books maintained in Inspection (Civil) Headquarters Sections.

- 1) Outstanding dues to Government on account of credit sales made by the departments and other outstanding dues in respect of which accounts are kept by the department for the purpose of effecting recoveries, provided they are pending for over two years from the date of expiry of the period allowed for payment.
- 2) Recoverable amounts which have been omitted to be included in the departmental records for watching recovery as well as under assessments of amounts due.
- 3) Advances including loans made by departmental agencies not debited to a debt, deposit or advances Head of Account provided they are pending for over one year after the last instalment fell due for payment.
- 4) Specific cases of shortages in departmental balance of stock for which responsibility was not fixed and action for recovery was not taken.
- 5) Want of vouchers, sub-vouchers and payee receipts.
- 6) Want of sanctions to advances, loans etc.
- 7) Want of any other specific sanction required by rule.
- 8) Expenditure placed under objection on grounds of financial propriety.
- 9) Want of allotment and excess/over allotment.
- 10) Expenditure on 'defunct works' debited to Miscellaneous Works Advances.
- 11) Excess over sanctioned limit of reserve stock in PWD.

*(CAG's Letter No.1047-T.A.I/687-64, dated 7<sup>th</sup> April, 1965-File No. 47-1/65-66 O.A.D (Civil) Section and LA-I Circular No.LA-I/Genl/1999-2000/22 dt.29.2.2000).*

NOTE: The Objection Books should be closed by all the units, and submitted to the Audit Officers (Inspection Civil) Headquarter Sections on the 29<sup>th</sup> of every month.

**(viii) (a) Maintenance of Ojection Books in respect of Autonomous/ Statutory Bodies set up under specific Acts of Parliament/State Legislature:** The audit of accounts of autonomous bodies entrusted to the Comptroller and Auditor General under the relevant Acts or other orders setting up these bodies is conducted in accordance with same general principles and rules as are prescribed to regulate the audit of Government accounts. Hence, the recording of observations in the Objection Book would be necessary in respect of observations arising out of the audit of Government undertakings not coming within the purview of Commercial Audit.

(b) The Objection Book and Adjustment Register should be maintained by Inspection (Civil) Headquarters sections in Form M.S.O (Audit)10, (Audit)12 respectively.

*(CAG's Letter No. 692-T.A.I/635-66 dated 1<sup>st</sup> March, 1967-read with Circular No.O.A.D.I/47-I/65-66 dated 29<sup>th</sup> March, 1967 File No. IV-45/64-71 of O.A.D Commercial Headquarters effective from 1967).*

NOTE: Money value observations should figure in the quarterly arrear reports and accordingly in the monthly reports of state of work also wherefrom the material for the quarterly reports is collected.

**(xi) Register of Special Audits :** A separate Register of Special Audits should be maintained incorporating full particulars regarding i) name of the office, ii) reasons for undertaking special audit, iii) authority for taking up audit, iv) period covered by audit, dates of audit etc.,

**(x) Register for watching recovery of Audit Fees:** The realisation of audit fees should be watched through the Register in Form Nos S.Y.338. Columns 1 to 11 of the Register should be filled in on receipt of the Audit Report relating to the Institution from which the fees is recoverable. A demand notice is to be issued to the Head of the Institution concerned, requesting him to deposit the amount into local Treasury or Sub-Treasury. On receipt of intimation of the fact of remittance into Treasury, the same is got confirmed by tracing the recovery into the Monthly Treasury Account and the remaining columns of the Register should be filled in and put up to the Audit Officer (Inspection-Civil) Headquarters. The register should be closed by the Headquarters Sections LA-2 and LA-5 and submitted to the Audit Officer (Inspection-Civil) Headquarters Section on the 5<sup>th</sup> of every month.

**3.24(i) Production of official documents in a Court of a Law :** In each case, when a Government servant is summoned to a Court to produce official documents for the purpose of giving evidence, the Prl.Accountant General would consider, in the light of the instructions contained in Annexure to Chapter-II of M.S.O(Admn.) Volume I whether the records (original copies, rough memos, etc.,) asked for by the Court are such that privilege should be claimed. Only in such cases where the Prl.Accountant General is of the opinion that privilege should be claimed, the matter may be referred to the Comptroller and Auditor General explaining the grounds on which it is considered necessary to claim privilege.

*(CAG's Letter No. 868-Admn.I/154 -63 dated 2<sup>nd</sup> April, 1963).*

NOTE: In this connection Note below para 96 of M.S.O (Admn) Volume I may be referred to.

**(ii) Impounding of documents :** According to the instructions issued in Comptroller and Auditor General's Letter No.C/9/321/Admn.I/53-PT.III dated 23.11.1954, in the case of frauds suspected during local audit of the accounts of the departmental offices, the original documents were to be taken away by the inspecting parties after furnishing an acknowledgement to the Head of the Office and returned after taking photostat copies in the Audit Office to the Head of the Office, in case it was clear that personally he was not involved in

the fraud, or to his superior in all other cases. This position was reviewed and it was decided by the Comptroller and Auditor General in August, 1976 that the responsibility of the Audit Department would be over by taking note of the original documents in question and bringing the matter to the notice of the superior departmental authorities.

Accordingly, it would not now be necessary for the inspecting parties to bring the documents relating to cases of suspected frauds to the headquarters for taking photostat copies. The field parties should however, ensure that all cases of suspected frauds that come to their notice during local audit and details of particular document on the basis of which fraud is likely to be established are promptly brought to the notice of next superior authority and wherever necessary, to the Head of the Department.

The field parties should, however, obtain a copy of the voucher or other document in question duly authenticated by departmental authorities wherever possible and in cases of difficulty they may be attested by the Inspecting Officer /Assistant Audit Officer/Section Officer.

*(D.O.Letter No. 684 - TA.I/164 - 75 dated 2<sup>nd</sup> August, 1976 of Joint Director (TA) of the Comptroller and Auditor General's office and Circular No.23 dated 3.9.1976).*

**iii) Treatment of requisitions to members of this office to appear as witnesses before Investigating Officers, etc.:** The Audit Reports issued by this office, represent collectively the views of this office as a whole and not those of any particular member. Appearance of member as witness is, therefore not desirable.

**(iv) Acceptance of summons:** It is bounden duty of the parent Ministry/Department notwithstanding the change of nomenclatures to accept the writ summons/notices served by a Court of Law and in case of doubt to accept the same first and forward to the department concerned immediately and process the matter expeditiously in usual manner.

*(O.M.No.F.22(4)/71-J, dated 30<sup>th</sup> March, 1971 from the Solicitor to the G.I Ministry of Law (Department of Legal Affairs) addressed to all Ministries/Department of G.I. Communicated with Endt. No. 38/22/71/Judl.B., dated 13<sup>th</sup> April, 1971 of G.I , M.H.A File No.F 17/68-72/Vol.II of T.M.I. Section).*

**ANNEXURE I**  
(Vide Para 3.01 (f))

Copy of letter No.I(64)-E(Co-ord)69, dated 9<sup>th</sup> April, 1970 from Government of India (Ministry of Finance) to all Accountants General.

I am directed to invite a reference to the office of the Comptroller and Auditor General Letter NO. 33-Tech. Admn.I/240-69, dated 5<sup>th</sup> January, 1970 addressed to all Accountants General and copy endorsed to this Ministry and to forward herewith a list of the Associate Finance Divisions and the Ministries/Departments to whom they are accredited as desired by the Comptroller and Auditor General.

Sl. No.	Name & Address of the Associated Finance Division.	Ministries/Departments to whom associated.
1.	Ministry of Finance, (Department of Expenditure), Defence Division, South Block, New Delhi.	1. Ministry of Defence and Service Headquarters.
2	Ministry of Finance (Department of Expenditure), Establishment Division, North Block, New Delhi.	1. Secretariats of All Departments of Ministry of Finance, i.e., Department of Expenditure, R&I.R.A and Banking. 2. Indian Audit and Accounts Department. 3. Defence Accounts Department. 4. Staff Inspection Unit.
3.	Ministry of Finance (Department of Expenditure), Communications Division, Sardar patel Bhavan, New Delhi.	1. Department of Communications. 2. Ministry of Information and Broadcasting.
4.	Ministry of Finance (Department of Expenditure), Foreign Trade and Tourism Division, Udyog Bhavan, New Delhi.	1. Ministry of Foreign Trade. 2. Ministry of Tourism and Civil Aviation.
5.	Ministry of Finance (Department of Expenditure), Works and Health Division, Nirmal Bhavan, New Delhi.	1. Ministry of Health and Family Planning and Works, Housing and Urban Development. 2. Ministry of Home Affairs. 3. Delhi Administration.
6.	Ministry of Finance (Department of Expenditure), External Affairs and Education Division, South Block, New Delhi	1. Ministry of External Affairs. 2. Ministry of Education and Youth Services.

Sl. No.	Name & Address of the Associated Finance Division.	Ministries/Departments to whom associated.
7.	Ministry of Finance (Department of Expenditure), Labour and Rehabilitation, Division, New Delhi.	<ol style="list-style-type: none"> <li>1. Ministry of Labour, Employment and Rehabilitation</li> <li>2. Ministry of Law.</li> <li>3. Department of Social Welfare.</li> <li>4. Planning Commission.</li> <li>5. Dept of Parliamentary Affairs.</li> <li>6. Miscellaneous Secretaries, viz., Lok Sabha Secretariat, Rajya Sabha Secretariat, President's Secretariat, Vice-President's Secretariat and Prime Minister's Secretariat.</li> <li>7. Dept. of Cabinet Affairs.</li> <li>8. Dept of Statistics.</li> </ol>
8.	Ministry of Finance (Department of Expenditure), Transport and Power Division, North Block, New Delhi.	<ol style="list-style-type: none"> <li>1. Ministry of Shipping and Transport.</li> <li>2. Ministry of Irrigation and Power.</li> </ol>
9.	Ministry of Finance (Department of Expenditure), Petroleum and Chemicals Division, North Block, New Delhi.	<ol style="list-style-type: none"> <li>1. Ministry of Petroleum, Chemicals, and Mines and Metals.</li> </ol>
10.	Ministry of Finance (Department of Expenditure), Steel and Heavy Engineering Division. (i) Udyog Bhavan (New Delhi). (ii) F.M.O. Branch, North Block.	<ol style="list-style-type: none"> <li>1. Ministry of Steel and Heavy Engineering.</li> <li>2. Subordinate offices of the Department of Economic Affairs and Revenue and Insurance of Ministry of Finance.</li> </ol>
11.	Ministry of Finance (Department of Expenditure), Food and Agriculture Division, Krishi Bhavan, New Delhi.	<ol style="list-style-type: none"> <li>1. Ministry of Food, Agriculture, Community Development and Co-operation.</li> </ol>
12.	Ministry of Finance (Department of Expenditure), Industry and Supply Division, New Delhi.	<ol style="list-style-type: none"> <li>1. Ministry of Industrial Development, Internal Trade and Company Affairs.</li> <li>2. Ministry of Supply.</li> </ol>

**ANNEXURE II**

Form No.I

Forms of Intimations (referred to in Para 3.06 (a))

Top Priority

Office of the Principal Accountant General (CA)  
Andhra Pradesh, Hyderabad-500 004

dated .....

By Registered Post

To

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Sir,

I am to inform you that Shri.....Section Officer of this office will inspect and test-audit the accounts of your office from .....to .....and to request that he may be afforded all the facilities in carrying out his work:-

1. It would be desirable if you make it convenient to be present on the last day of the inspection so that any points of doubt or importance may then be personally discussed with you.
2. I request you to give in particular such directions to your staff as may be necessary to ensure that all the documents which will be required during the inspection shall be in readiness and the objections communicated by the Section Officer/Inspecting Officer are taken up promptly for settlement. It may, in any case, be ensured that replies are furnished within 24 hours and at any rate before the last day of inspection. (vide Circular Memo No. 159/55-56/Accts/58-2, dated 24<sup>th</sup> December, 1958 of the Government of Andhra Pradesh, addressed to all Heads of Departments).
3. The particulars indicated overleaf may be kept ready before the arrival of the Audit Party.

Please acknowledge receipt of this intimation.

Yours faithfully

Dy. Accountant General (Inspection Civil).

**DATA AND DOCUMENTS TO BE KEPT READY BY THE SCHEDULED DATE OF COMMENCEMENT OF AUDIT.**

1. List of Account-records maintained.
2. (a) List of all Non-Gazetted employees in the office with particulars for whom service books/service rolls with leave accounts are opened and are available.  
(b) No. of N.G.O's scheduled to retire within 5 years from the scheduled date of commencement of audit with names.  
(c) Names of persons entrusted with handling cash/stores.
3. Names and designation of Officers-in-charge of the office since the date of previous audit.
4. Departmental Inspection Reports, if any, and latest action taken thereon.
5. List of purchases each in excess of Rs.500/- together with relevant files containing purchase orders, comparative statements, Agreements, Bonds etc.,
6. (a) Budget and actual expenditure for 3 years preceeding the current year (The figure may be shown under each budget Head of Account opened by the office).  
(b) Statement of month-wise expenditure under each detailed Head of Account since the date of last audit.
7. Particulars of cash balance as on 1<sup>st</sup> April and 1<sup>st</sup> May of the current year together with analysis of cash balance (The amount drawn from the Treasury in the preceding months of February and March and lying undisbursed should be shown separately).
8. Permanent advance sanctioned for the office and acknowledgement from the subordinate offices, if any, obtained in the month of April last.
9. List of temporary advances, if any, pending adjustment.
10. List of abstract bills with date and amount for which detailed account have not been submitted to Accountant General (A&E), indicating the reasons thereof.
11. The previous Inspection Reports and test-audit notes with replies indicating the current position in regard to outstanding points.
12. List of cases of loss, theft, misappropriation, defalcation etc, together with the relevant files.
13. Details of receipts of money other than by drawal of bills from the Treasury.
14. List of Non-Government accounts maintained and their accounts.

15. Certificates of verification of stock, stores, etc, the last position together with the relevant stock Registers and the result of latest verification indicating latest action taken.
16. List of persons from whom security deposit is due to be collected according to the Financial Rules and the persons from whom it has actually been collected (together with the amounts actually due to be collected).
17. List of G.P.F Accounts of Class IV of Central Government.
18. Loans records and files.
19. Register of G.P.F deductions/office copies of pay bills for the month of March immediately preceding the inspection.
20. List of Personal Deposit accounts, if any, or any banking account together with Pass Books, vouchers, etc.,
21. Investments in the shares of Statutory Corporations, Government Companies, Co-operative Societies, or any securities of Central or any of the State Governments”

**ANNEXURE – II**  
**FORM – II**

(Referred to in Para 3.06 (b))

By special Messenger  
Grams: Inspection Civil

Office of the Principal Accountant General(CA)  
Andhra Pradesh, Hyderabad- 500 004

Top priority

No. LA-I/X/Prog/

To  
The Director

..... Andhra Pradesh,

Hyderabad.

Sir,

I am to inform your that Sri/ .....  
Assistant Audit Officer/Section Officer of this office will inspect and scrutinise the sanctions to grants-in-aid relating to at your office under the provisions of Section :15 (i) of Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act,1971 from..... to.....and to request that he/they may be afforded all the facilities in carrying out his/their work.

2. It would be desirable if you make it convenient to be present on the last day of the inspection, so that any points of doubt or importance may then be personally discussed with you.

3. I request you to give, in particular, such directions to your staff as may be necessary to ensure that all the documents which will be required during the inspection shall be in readiness, and that the observations communicated by the Section Officer/Inspecting Officer are attended to promptly. It may in any case be ensured that replies are furnished within 24 hours and at any rate before the last day of inspection. (Vide also Circular Memo.No.159/55-568/Acs, 58-2, dated 28.12.1958 of Government of Andhra Pradesh, addressed to all Heads of Departments).

4. Any request for postponement of this programme may please be routed through the Government.

5. Please acknowledge-receipt of this intimation by return of post.

Yours faithfully

Encl:

Section Officer (LA-I)

**ANNEXURE II**

## Form II.

(Referred to in Para 3.06 (b))

Top Priority

By Registered Post

*Grams : Inspection Civil*

By Recorded Delivery

Office of the Prl.Accountant General(Civil Audit),  
Andhra Pradesh, Hyderabad- 500 004

By Special Messenger

No. LA/I/X/Prog/

Date:

From

The Principal Accountant General (Civil Audit).

Andhra Pradesh

Hyderabad -500 004

**To**.....  
.....  
.....

Sir,

I am to state that under Section 15 (i) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971, the Indian Audit and Accounts Department has got right of access to the books and accounts of the grantee body/authority to which grants or loans are given from the Consolidated Fund of India/State for any specific purpose to verify whether the conditions subject to which grants/loans were given are fulfilled. It is therefore, proposed to take up the examination of the accounts of .....for .....

Shri/S. Shri.....Section Officer/Section Officers of this office will take up from.....the examination of the accounts of the expenditure out of grants/loans paid for specific purpose (details of which are given below). The Section Officer/Section Officers may kindly be afforded all facilities in carrying out his/their work.

I am also to request you to ensure that the observations communicated by the Section Officer/Inspecting Officer are attended to promptly and in any case, before the last day of Inspection.

Kindly acknowledge receipt of this communication.

Yours Faithfully,

Asst.Audit Officer/Section Officer (LA-I)

Copy to:

Section Officer

Civil Party No.

C/o:

Sl.No.	Amount of Grant/Loan Rs. P.	Reference to sanction

**ANNEXURE II**  
Form .III  
(See para 3.06 (b))

Top Priority

Grams: Inspection Civil, Hyderabad,  
By Registered Post/

Office Of The Prl.Accountant General (Civil Audit)  
Andhra Pradesh- Hyderabad- 500 004

Date .....

No.LA/X/Prog/

To

.....  
.....  
.....

Sir,

I am to inform you that Shri/.....Section Officer/Section Officers of this office, will test check the accounts of P.S Block...../Z.P from .....to ..... under the provisions of Section 14 of C.A.G;s (DPC) Act, 1971 and to request that he/they may be afforded all facilities in carrying out his/their work.

I request you to give in particular, such directions to your staff as may be necessary to ensure that all documents including all the account records relating to grants, loans and works which will be required during the inspection are kept ready for scrutiny by the Audit Party. The cash book with vouchers and all agreements and measurement books pertaining to the E.E and A.Es of the Zilla Parishad may also please be produced for Audit on the first day of visit.

It is also requested that you may make it convenient to be present atleast for the last two days of inspection so that important points in the report can be discussed with you by the Section Officer/Inspecting Officer.

Any request for postponement of the programme of local audit may be routed through the Secretary to Government of Andhra Pradesh, Panchayat Raj Department.

Please acknowledge the receipt of this letter.

Yours faithfully,

Section Officer

**ANNEXURE III**  
(Referred to in Para 3.12 (b))

Prl..A.G(Civil Audit)/LA/

Office of the Principal Accountant General (CA), Andhra Pradesh, Hyderabad-500 004

Preliminary Check Memo

Draft Inspection Report submitted for approval

1. Name of the office inspected: :
2. Dates of inspection: :
3. Name of Section Officer(s)/ : Shri.:  
Asst. Audit Officer(s) Shri.:
4. Name of Supervising Officer : Shri.:
5. Dates of Supervision :
6. Due date for receiving the report :  
(within 5 working days of  
completion of audit)
7. Date of receipt of report in :  
Headquarters
8. Report drafted by : Shri.:
9. Report discussed on :
10. Whether certificate of discussion :  
has been recorded
11. Whether certificate of verification :  
of withdrawals /remittances with  
Department/Treasury records has  
been furnished ?
12. Preliminary check conducted by : Shri
13. Draft Audit Report from page : to
14. Test Audit notes from page : to
15. Remarks :

**A.AO/S.O/(LA)**

**A.O/LA**

**Sr.Dy.Accountant General**  
**(Inspection Civil)**

## Resubmitted after issue of Report

16. Report approved on :
17. Report sent to Type Section on :
18. Report received from Type Section on :
19. Report issued on :
20. Reasons for delay in cases where the report could not be issued within a month from the date of completion of audit :
21. Special Notes/Marginal remarks on page : Attended to on
22. Objection carrying money value :

**A.AO/S.O/(LA)****A.O/LA****Sr.Dy.Accountant General  
(Inspection Civil)**

## CHAPTER 4

### GENERAL PRINCIPLES

#### SECTION -I

**4.01 Undertaking of new audits:** Every new audit undertaken under para 13(2) of the Indian Audit and Accounts Order (Now under Sections 16 and 17 of Comptroller and Auditor General's (DPC) Act, 1971), or the discontinuance of such an audit should be reported to the Comptroller and Auditor General for his information. In making such a report, the effect of the addition or discontinuance on the strength of the establishment of the Audit Office should also be mentioned.

*(Auditor General's Lr.No. 156-Admn.I/30-38, dated 4<sup>th</sup> March, 1938)*

**4.02 Special audits -** (a) The responsibility for initial investigation of losses due to fraud, negligence, financial irregularities, etc., rests primarily with the departmental authorities concerned and the Government. No request, for special audits may, therefore, be entertained until the case presents special features and requires expert scrutiny by the staff of the Indian Audit and Accounts Department. Special audit is undertaken only at the request of the Government and requires sanction of the Prl.Accountant General. Such an audit usually requires more time than the ordinary test-audit as a more thorough check has to be exercised in such cases. The usual and proper course to follow, for the department is to investigate the complaint and report in the first instance, before the question of a special audit could be considered and such audit should only be by way of assisting the administrative authorities in their investigation. This guiding principle should be kept in view in agreeing to undertake a special audit so that this office may not be requested by Government to take up a large number of special audits prior to departmental investigation or before a prima\_facie case of fraud or embezzlement is made out. When, however, the normal audit of an institution becomes due, there would be no objection if at the same time a request comes from the State Government for a special audit of that institution.

*( C.A.G's Lr.No. 3629.Admn.I/462-60, dated 22<sup>nd</sup> November, 1960).*

(b) When a special audit for special reasons, e.g., suspected misappropriation or other serious financial irregularity, is undertaken at the request of the State Government, it will be in pursuance of our statutory functions and the cost thereof fall on the Audit Budget vide rule (iii) under "C-Other chargers-VIII,. Incidence of expenditure involved in Audit and keeping Accounts" of Appendix 3 to Account Code., Vol. I . The question of recovery of cost of audit will arise only when the audit is not the statutory function of the Comptroller and Auditor General and is undertaken on a consent basis.

*(CAG's Lr.No. 1615-Admn .III/232-60 dated 11<sup>th</sup> August, 1960-File No 3-1/60-70, Unit XII O.A.D (Civil) Headquarters).*

(c) As soon as a case of misappropriation, etc., comes to the notice of the Head of the Department, he should initiate proceedings immediately for

investigation as prescribed under Article 300 (1) of A.P.F Code, Vol.I. Merely on the basis of suspicion of a possible defalcation, etc., a request for a special audit should not be sent to this office, but only when it is established in investigation that there is a prima facie case for further investigation by this office, the investigation report, should be sent to the Government in Administrative Department who scrutinise the report in consultation with the Finance Department, so as to see whether there is any necessity for the Government to request this office to undertake a special audit. Once the necessity or desirability of seeking the assistance of this office is decided upon, the form of such assistance is to be considered with reference to the following alternatives:

1. If it is decided to do a further detailed investigation for which assistance of an expert Audit Officer may be necessary in view of the complexity of the investigation, then a request may be made to this office with the concurrence of Finance Department to depute an expert Audit Officer to assist the Government in their investigation subject to the payment of deputation allowance, etc., The investigation and conclusions drawn therefrom "in such cases" would be the responsibility of the Department concerned.
2. The State Government may request the office itself to undertake special audit in exceptional cases. If it is in pursuance of the statutory functions, this office would under take it without extra cost but, if otherwise, the charges involved in undertaking such an audit are to be borne by the Department. (Government of Andhra Pradesh, Finance (Accounts) Department Circular Memo No. 23835-B/329/Accounts/70-1 dated 29<sup>th</sup> August, 1970-File No. 3-1/60-70 of Unit XII of O.A.D (Civil) Hqrs).

NOTE:- If any outside authority such as the Central Bureau of Investigation or the Special Police Establishment approaches Audit to conduct an investigation in any particular case, correspondence should not be entered into with the authority concerned. The matter should be brought to the notice of Comptroller and Auditor General immediately so that a suitable reply may be sent to the authority concerned.

(CAG's Secret Circular No. 2976-Rev.A/186-78, dated 28<sup>th</sup> June, 1968, O.O.No. T.M.I/Genl.II/11-30/68-69/274, dated 19<sup>th</sup> August, 1968).

**4.03 Audit of Accounts of offices of the State Government situated outside the State:** There are cases where certain Civil Departments of the State Government have their activities in other States. The audit of the accounts of such offices may, with the prior approval of the Comptroller and Auditor General, be entrusted to the Prl.Accountant General in whose jurisdiction the offices exist.

(CAG's Lr.No. 2255-Admn.III/66-60, dated 17<sup>th</sup> November, 1960 addressed to all Accountants General).

**4.04 (a) Audit conducted on behalf of other Accountants General:** In case of local audit of Government departments conducted by Audit Officers acting as agents on behalf of other Accountants General (Main Audit Officers), the Audit Officer acting as agent after conducting the local audit entrusted to him should forward the Audit Report and the audit comments,

etc., to the Main Audit Officer and the latter will issue the report and pursue the same to finality. This procedure would not be applicable in cases where a different procedure has been specifically authorised.

*(CAG's Lr.No. A 1836-Admn.I/Admn.III-138/62. dated 28<sup>th</sup> July, 1962, addressed to all Accountants General).*

**(b)** In case of autonomous bodies where the units are audited by Prl.A.G/Director of Audit as Sub-Auditors of another Prl.A.G/Director of Audit, the Sub-Auditor may issue the Inspection Reports and pursue to its finality. A copy of the inspection report may also be furnished to coordinating Prl.A.G/Director of Audit so as to enable him to incorporate any interesting points in the consolidated Audit Report of the autonomous body and issue it keeping the Principal Audit Officer intimated where necessary.

*(CAG's :Lr.No.1579-Au.II/131-83 Dated 23.10.86).*

**(c)** Audit fee is charged according to daily rates of audit fee worked out by this office from time to time. The powers of sanction of daily rates of audit fee for the recovery of cost of audit of non-Government funds are delegated to the Heads of Departments by the Comptroller and Auditor General with effect from the revision of daily rates of audit fee due on 1<sup>st</sup> September, 1968 subjected to the following conditions.

1. "Direct charges" are calculated on the basis of average cost of the particular post or posts involved plus the appropriate allowances based on average cost wherever admissible instead of pay and allowances of the staff actually engaged on the work on a particular day.
2. "Indirect charges" are taken as constituting 125% of the direct charges calculated according to the above method.
3. For working out the daily rate add the figure 1 and 2 and multiply by 12 and divide by the actual number of working days but not less than 255 days available in a year.
4. Daily rate so worked out should be rounded to nearest 5 rupees for each post separately.

The audit fee is credited to the head of account "0070 A - Other Administrative Services - 60 Other Services Fee and - 800 Other Receipts.

The following daily rates of audit fees for recovery of cost of audit of accounts of authorities/bodies under section 19/20 of CAG's Act, 1971, where CAG is the sole auditor, are approved by the Prl.Accountant General in accordance with the powers delegated to him, vide sub-para (c) above. While calculating the amounts recoverable, the instructions contained in the Comptroller and Auditor General of India U.O.No.3164/TA.I/96-64, dated 7.11.1964 should be kept in view.

**Daily rates of Audit Fee**

Post	With effect from 1-7-2004 to 31-12-2004		With effect from 1-1-2005 to 30-6- 2005		With effect from 1-7-2005 to 31-12- 2005	
	5 day week	6 day week	5 day week	6 day week	5 day week	6 day week
1. Asst.Audit Officer	2320	1960	2370	2005	2445	2065
2. Section Officer	2055	1740	2100	1780	2165	1830
3. Sr.Auditor	1760	1490	1800	1520	1850	1565
4. Auditor	1390	1175	1435	1215	1475	1250

NOTE 1: The allowances for casual leave, holidays and transit days is already made in arriving at the number of working days in a year. The fees is, therefore, to be recovered only for personnel of the party on duty. No recovery should be made for a person on casual leave, holidays, etc.,

(CAG's Lr.U.O.No.3164 - TA.I/96-94, dated 7<sup>th</sup> November, 1964).

NOTE 1A: Allowance may be made for Sundays, second Saturday, Casual Leave, R.H, Gazzetted Holidays and Transit time subject to the condition that the number of working days in a year should not be less than 255 days, in cases where only second Saturdays are closed days.

NOTE 1B: In cases where all Saturdays are holidays, after making allowance as above, the number of days for working out daily rates of audit fees in a year should be equal to actual number of working days but not less than 215 days.

(CAG's Lr.207.Au.I/24-85, dated 31.3.86).

NOTE 2: Audit fee is leviable for whole days even though only a part of the day may have been devoted to the audit work.

NOTE 3: If a Sunday or holiday is devoted to audit, no audit fee is leviable for that day unless the Auditor actually puts in a full day's work on such Sunday or holiday. It does not, however, imply that the local officials can be compelled to attend to audit on any Sunday or holiday.

(d) Audit of expenditure pertaining to a Central Government Loan/Grant-in-aid given to a State Government Institution where a Utilisation Certificate is required to be countersigned by Prl.Accountant General of Andhra Pradesh.

Whenever a loan or grant-in-aid is directly sanctioned by Government of India to any institution in this State, and a Utilisation Certificate thereon is required to be countersigned by Central Audit Section of Prl.Accountant General, the sanction therefor will be received in the Office of Accountant General(C&RA). The concerned section in Accountant General (C&RA) should immediately furnish a copy of the sanction to the Central Audit Section of Prl.Accountant General. The Section receiving the copy of the sanction will have to intimate the conditions/stipulations of the loan/grant to the LA-I Section so that the same could be looked into during inspection and the expenditure pertaining to the loan/grant-in-aid concerned certified.

Based on the Inspection Notes received, the Utilisation Certificate

furnished by the Administrative authorities will be counter-signed and issued by the Section concerned duly furnishing a copy thereof to the section in the office of the Accountant General (C&RA) which has furnished a copy of the sanction.

*(Office Order No.14(T.M.I/IV/14-46/81-82) dated 27.4.82).*

#### **4.05. Recovery of cost of audit of Bodies/Authorities taken up under C.A.G's (DPC) Act, 1971:**

Rules laid down in Section VIII of Appendix 3 of Account Code, Vol. I regulating incidence of expenditure involved in audit conducted by the I.A & A.D. should be followed in regard to audit of the accounts of the Bodies and Authorities, including Corporations, in so far as audit under Section 14,15 and 19 of C.A.G's (DPC)Act, 1971 is concerned. Accordingly cost of audit of accounts of Bodies and Authorities including Corporations will be recoverable in all cases in which audit is undertaken by C.A.G or any other Officer under him as the Sole Auditor. In cases in which the audit of the accounts of the Body or Authority is conducted by another agency and audit by C.A.G or an Officer under him represents second or super imposed audit undertaken under Section 14,15 or 19 as the case may be, the cost of such second or super imposed audit need not be recovered from the Body or the Authority concerned. Audit under Section 20 is required to be undertaken on such terms and conditions as may be agreed upon between C.A.G and the concerned Government. One of the terms to be settled relates to recovery of cost of audit. The recovery is, therefore, to be regulated by the agreement that is arrived at in each case. These cases are required to be referred to the Office of C.A.G for finalisation of the terms and conditions under which audit of the accounts of the Body or Authority concerned may be undertaken including the question whether cost of audit should be recovered or not.

*(CAG's Circular No. 13, TA.I/28-73, dated 9.1.1975-File 2-4/74-75 of Spl.Cell).*

**Ruling :** Sections 194 and 195 of the Hyderabad Municipal Corporation Act provide for audit of the accounts of the Corporation by the Municipal Examiner. The Municipal Examiner is an Officer of the Corporation. Nevertheless, recognising the statutory provision for audit by the Municipal Examiner audit by I.A &A.D. cannot be that of a sole auditor while conducting audit of the accounts of the Corporation under Section 14. No cost is therefore recoverable in respect of audit so conducted.

*(This office letter No. SC-2-4/74-75/365, dated 7.2.1975 and C.A.G's reply No. 234-T.A.I/28-73 KW dated 14.3.1975 File-2-4/74-of Special Cell).*

#### **4.06 Instructions for the calculation of the daily rates of audit fees:**

(a) The daily rates of audit fees should be calculated in accordance with the instructions contained in C&AG's Circular No.2338/Admn.I/378-61, dated 29<sup>th</sup> September, 1962 read with letter No. 2497/Admn.I/378-61, dated 29<sup>th</sup> September, 1968. The direct cost should be calculated in respect of only non-Gazetted posts of the peripatitic audit parties and the daily rates of audit fees

should be rounded off in multiples of Rs. 5.

(b) The average cost of the posts should be worked out from time to time with the revision of scales, etc., in accordance with the formula laid down in Government of India orders below F.R.9(31). The average cost of the posts are given below:

(i) The average cost of posts w.e.f 1-1-1996

Post	Scale	Average cost
1. Asst.Audit Officer	6500-200-10500	8,500
2. Section Officer	5500-175-9000	7,250
3. Sr.Auditor	5000-150-8000	6,500
4. Auditor	4000-100-6000	5,000

(ii) Rates effective from 19-2-2003

Post	Scale	Average cost
1. Asst.Audit Officer	7450-225-11500	9,610
2. Section Officer	6500-200-10500	8,500
3. Sr.Auditor	5500-175-9000	7,250
4. Auditor	4500-125-7000	5,750

(c) The daily rates of audit fees should be worked out and approved by the Prl.Accountant General within two months of the revision of rates of Pay and Allowances. Immediately after the rates are revised and approved, a copy thereof should be sent to the Comptroller and Auditor General to see that there are no wide disparities in the rates approved in different offices. A note to this effect should be kept in the Calendar of Returns of LA Sections entrusted with the work of revision of these rates.

(d) The accuracy of the daily rates of audit fee so calculated should be checked independently by the Internal Test Audit Section of the office concerned before rates are approved by the Prl.Accountant General.

An indication to this effect may be given in the letter communicating the rates to the office of the Comptroller and Auditor General.

The accuracy, of the daily rates of audit fee approved, should be got checked by the Director of Inspection at the time of inspection of the office and a report to this effect sent to the Comptroller and Auditor General's office after the inspection is over.

(e) The cost of gazetted supervision is included in 125 percent "Indirect charges" calculated on direct charges of the non-gazetted posts and no separate audit fee in respect of gazetted supervision of the audit party should be recovered.

(CAG's Lr.No.64-TA.I(A)33-65, Vol. II, dated 4<sup>th</sup> January, 1969, File No. 9-25/70-72 of C&M Section).

(f) The cost of concurrent audit, i.e., audit conducted by the Resident

Audit Parties in respect of Government commercial concerns, is worked out according to the average cost method as laid down in F.R.127.

(g) In cases where the immediate gazetted supervision of the audit party is arranged on a part-time basis, the cost of such supervision is worked out proportionately with reference to the approximate time spent on such supervision while the cost of the headquarters supervision is worked out in the same manner as in the case of local audit.

(CAG's Lr.No.1886-Admn.I/I/420,E-50/P.T/II, dated 16<sup>th</sup> June, 1959).

(h) Recovery of audit fee in the case of local bodies or funds which bank with Treasuries : The recovery of audit fee in the case of local bodies or funds which bank with Treasuries is made by the Treasury Officer by book adjustment out of the funds of the bodies concerned on receipt from the auditor of a requisition to that effect specifying the amount due for recovery. In cases where such bodies or funds do not bank with the Treasuries, the audit fees is credited into the Treasury by the Administrator of the fund at the instance of Audit.

## SECTION-II

**4.07 Process of audit of accounts of Civil Offices:** (a) The general principles to be observed in inspections and local audits of the initial accounts of Government offices and institutions are laid down in paras 6.1.1 to 6.1.25 of the Comptroller and Auditor General's Manual of Standing Orders (Audit). The special rules and instructions applicable to the accounts of certain offices or institutions are incorporated in the chapters of this Manual pertaining to them. The procedure for the selection of months for detailed check, the extent of checks to be exercised in local audit, etc., are detailed in the Secret Memorandum of Supplementary Instructions regarding extent of Audit.

(b) **Preliminary Review:** Immediately on taking up of an audit all the account registers and records for the entire period covered by the audit should be generally examined with a view to seeking that (i) they are written up to date, complete in all respects and susceptible of audit, (ii) they are maintained in accordance with the prescribed rules and (iii) the writings do not indicate any attempt to tamper with the records or to evade the requirements or rules. The recorded transactions should be reviewed intelligently and the abnormal and doubtful features investigated in detail.

(c) The lines on which investigation should be carried out by the local audit parties in respect of certain important items are indicated below:

1. Where tenders accepted are not the lowest, detailed investigation into the transactions through reference to files of correspondence on purchases, etc., should be effected to ascertain how far the reasons stipulated for such acceptance are justified.
2. Stock accounts should be scrutinised in detail with a view to ascertaining whether there is a huge stock-piling of stores without corresponding issues or whether stores are purchased much in

advance or in excess of actual requirements. In addition to the usual check prescribed in the Codes, scrutiny should be directed to see that adequate measures are taken by the Officers to scrutinise and segregate all unserviceable and obsolete stores, and to dispose them off before their condition deteriorates. It should also be seen whether the accounting and maintenance of unserviceable stores, which cannot be utilised by the offices in whose custody they are, involve waste of labour and space besides avoidable expenditure on their safe custody.

3. In cases of works expenditure, the cases where works were either discontinued or stopped after incurring considerable expenditure should be investigated to ascertain the reasons for the same and to find out if the stoppage of work is not due to the default on the part of the contractor/executant. If so, it should be examined if action under the relevant clauses of agreement was taken. The stoppage of work may also be due to default on the part of the Department/Office in not supplying materials, etc., agreed to by them for completion of the work. A careful examination of such cases would afford material for commenting upon in the Report of Comptroller and Auditor General.

**(d) Auditing in Electronic Data Processing (EDP) Environment**

Audit in EDP environment also involves expression of an opinion on the development of computer applications for the accurate and reliable processing and analysis including controls.

1. This standard places responsibility on the audit organisation to adopt the audit procedures and the practices to the computer based systems, their output, formats and to review, the development, maintenance and modification of computerised system including programme testing, system testing and documentation for complete and accurate processing and audit trail.

- (i) Whether computer based systems incorporate adequate hardware, software and procedural controls and these are implemented and not invalidated by subsequent amendments, and
- (ii) The adequacy of administrative and organisational controls which ensure secure, safe and expedient day-to-day operation of the installation.

2. System modification after installation, operationalisation is costly, the auditor may, therefore be called upon to do pre-installation scrutiny concurrently or immediately after system development and before its introduction and operationalisation.

*(Para 19, 19.1 and 19.2 in CAG's Auditing Standards)*

3. For detailed procedure on audit of computerisation systems the provisions of MSO (Audit), Section III, Chapter 22 may be referred.

**4.08 Audit of Receipts :** The instructions for conducting the audit of receipts are contained in Chapter-3 of Section II of Comptroller and Auditor General's Manual of Standing Orders (Audit) and is done generally by the State Receipt Audit Wing in respect of revenues arising in the offices of the Collector for which local audit is done by Inspection - Civil Wing relevant instructions under Chapter 23 of Section III of MSO (Audit) may be referred to.

Guidelines for conduct of audit of non-tax revenue receipts of various departments are given in Annexure VII. The field parties may keep in view the instructions contained therein and conduct audit.

Several investments are made by departments of Government in statutory corporations, autonomous bodies, government companies, cooperative societies, etc., whatever be the source of funds for the nature of investments. Normally the investment documents like share certificate, promissory notes, debenture bonds etc., are kept in the personal custody of the Head of the Institutions/Office concerned. In some cases the documents are lodged for safe custody with an authorised custodian like State Bank of India, District Treasury or the Director of State Archives etc., according to the provisions of Art. 285 of A.P.F.C. Vol-I, Government Securities Manual or as per rules and regulations of organization/institution concerned if any.

The following points should be looked into during local audit of the offices.

- i) That a complete list of all investments made in the shares, debenture bonds etc., is available in the office concerned.
- ii) That the office keep the acknowledgements obtained from the authorised custodians of the securities and also arrange for the periodical physical verification of the existence of securities.
- iii) That in case the securities are held in the custody of the Head of the Office/Institution, the physical verification certificate is recorded periodically by the competent authority.
- iv) The records connected with the holding of the securities purchases, cost, sales, return, dates of remittance of the proceeds to the Government where necessary etc., should be checked.
- v) It has to be ensured that the return on investments is properly collected (and remitted to Govt. Account wherever applicable) and that the return received is correct where it is at a fixed percentage and where it has no relevance to profits.
- vi) There may be cases where the Government of Andhra Pradesh have lent their securities purchased out of the earmarked funds to certain private companies, private bodies and cooperative. institutions etc., to enable the latter to borrow funds from banks by pledging the same. Such transfer might have been made with suitable endorsements in favour of the concerned parties which amounts to transfer of ownership, rendering the Government position

vulnerable without any legal remedy in case the parties fail to retransfer the securities to Government after the expiry of the agreed period for which they were lent. All such cases should be examined and commented in the Inspection Reports suitably. It may be specially examined in each case whether any written agreements were obtained before parting with the securities to safeguard the interests of the Government and to enable them to enforce retransfer of securities to Government after the agreed period or in any other contingency.

vii) Necessary information may be called for from all offices inspected, and list of investments with details of amounts invested etc., furnished along with the Audit Report. Where there are no investments, a NIL report from the Head of the Office may be obtained.

viii) A certificate to the effect that the particulars of investments were called for and verified in terms of the above instructions may be recorded on page 4 of the forwarding document to Audit Report.

ix) Soundness of the investments and any lapse in the maintenance of investment records may be commented in the Inspection Report.

NOTE: In memo No. 35088 A/1000/W&M/74-1, dated 29.10.74 of Finance and Planning (W&M) Department, Government issued instructions that all the Heads of Departments should maintain a register of investments made in Cooperative Societies and other institutions and watch prompt realisation of interest, dividends, etc., on the due dates. They should review the position every 6 months and intimate the Government in the concerned Administration and Finance and Planning Department the details of investments made and the amounts realised thereon etc. The parties during the inspection of the offices of the Heads of Departments should ascertain whether these orders are complied with and comment suitably in the Inspection Report where necessary.

(Circular No. 36, dated 31.1.75).

#### **4.09 Review of Receipt Heads during the course of local audit:**

(a) In respect of receipts, the audit of which has not been specifically entrusted to the Comptroller and Auditor General, it is sufficient if a review is conducted at the time of local audit of the expenditure of the department concerned. The review of such receipts may be done to examine and bring out--

1. The adequacy or otherwise of the machinery of collection:
2. The extent of arrears:
3. State of frauds in accounts:
4. Cases of frauds:
5. Cost of commodities and services rendered compared with sale proceeds, wherever possible.

b) While inspecting the offices of Heads of Departments, the review should include inter alia an examination of the estimated receipts, actual receipts and reasons for shortfall or excess. Mention should also be made of other points of importance or interest that are noticed.

*(CAG's Lr.No. 4585/Rev.A/68/IV/Circular No.5(c), dated 26<sup>th</sup> October, 1968. O.O.No.O.A.D/Civil/XII/47-2/68-69, dated 22<sup>nd</sup> January, 1969-File.47-2/68-69, unit XII OAD (Civil) Headquarters).*

c) Comments regarding arrears of revenue should relate only to revenue which has fallen due for recovery along with full particulars of orders, etc., authorising revision or postponement of collection or stay orders of Court.

d) Year-wise analysis of the extent of arrears of revenue should invariably be furnished in the Inspection Report.

e) Objections regarding demand, collection and balance of revenue should be communicated for the remarks of the office concerned in the first instance and suitable comments made in Inspection Reports after taking into account the replies of the department.

*(O.O. No.OAD/Civil/XII/47-2/68-69/52, dated 10<sup>th</sup> March, 1969-File.No.47-2/68-69 of Unit XII OAD (Civil) Headquarters).*

#### **4.10 Responsibility of Executive Officers in respect of expenditure of Government money and collection of Government dues:**

(a) The assessment and collection of amounts due to Government is the primary responsibility of the Executive. The function of audit is confined to seeing that the amounts collected are properly brought to account in Government books.

(b) In the matter of expenditure of Government moneys, the audit is responsible for seeing that the expenditure is regular and proper and that the facts recorded in original documents are true, and there can be no loss of Government money. The Administrative and Executive Officers always remain responsible for the correctness of facts in the original documents.

**4.11 Arrears of Revenue :** The arrears of revenue should be commented upon in the Inspection Report. The major arrears are usually on account of Land Revenue, Forest Revenue, Water Rates, Electricity Dues, Registration Fees, etc., where revenue collection is one of the important functions of the institution under audit. Instances of failure or undue delay in collection of revenues noticed during the course of audit should be collected and a suitable paragraph should be drafted for incorporation in the Report of the Comptroller and Auditor General.

#### **4.12 Audit of Receipt Books :** It should be seen that -

1. the stock account of receipt books has been maintained and the number of receipt books received agrees with the invoices received from the Stationery Department and that all such receipt books are kept under lock and key by a responsible officer:

2. only one book is issued to an individual officer authorised to sign the receipt after the return of the previous used-up receipt book:
3. the number of receipt forms contained in each book is recorded on the covering page under the initials of a responsible officer and all the forms are machine numbered :
4. the issue of a receipt book and the return of a used-up book are duly acknowledged:
5. for cancelled receipt forms, there are both original and duplicate in the receipt books:
6. the closing balance in the stock account is verified by the Head of Office regularly by actually counting the number of receipt books in hand and certificate to that effect is recorded in the stock accounts; and
7. the blank receipt books are kept under the custody of the officer authorised to sign the receipts.

**4.13 Audit of Receipt transactions:** (a) The arrangements for the drawal of cash from Treasuries, for realisation from other sources and for the custody, payment and accounting of cash should be examined to see that they are in conformity with the prescribed rules. The cash books should be generally examined and it should be seen-

- (i) That all receipts of cash as shown in the counterfoils of receipt books as well as the cash received from the Treasury on bills, cheques, cash orders, or Reserve Bank drafts are traceable under proper dates and with correct particulars :

**NOTE :** The account of the disbursing officer should be checked with respect to the paid vouchers, received from the audit sections, so as to ensure that all moneys drawn are properly accounted for. It should also be seen whether proper Treasury verification certificates are obtained from the Treasury Officers and those should be generally compared with the cash book, bill and other registers.

*(O.A.D Circular No. 28-8/56-57/47 Dt. 25<sup>th</sup> March, 1950).*

**b)** That receipts should be remitted to Government account immediately without any delay under the appropriate receipt Head of Account. As per financial rules, the departmental receipts should not be utilised for departmental expenditure, unless specific orders of the Government are issued for the purpose. Irregularities noticed in this regard should be commented in the Inspection Report with supporting data and key documents.

*(LA-I Circular No.LA-I/2002-03/10 dt.1/8/2002)*

**NOTE 1:** The verification of remittances into the Treasury as recorded in the cash book of the office inspected should be done with reference to the books of the Treasury for the months selected for audit. Where one month's accounts alone are selected for detailed check, the Inspecting Officer/Section Officer may select the other month for the verification of remittances. The Inspecting Officers and Section Officers should prepare necessary statement of remittances from the entries in the cash book for the two selected months and have them verified from the books of the Treasury or Sub-Treasury where the remittances were made. Where there are no remittances

in the months selected by main office/audit party for detailed check, the Inspecting Officers/Section Officers of the field parties should select another set of 2 months from the entries in the cash book for the purpose of verification with the Treasury figures. The field parties should clearly indicate in the forwarding memo, the months so selected and the extent of check done by them. A certificate of correctness of transactions, after verification of withdrawals and remittances, should be compulsorily recorded. Further, the fact of non-availability of remittances during the marked months should be specifically indicated on the file.

(Circular No. 31, dated 17.1.78 and LA-IV Circular No.30 of LA-IV/U.II/2001-02/153 dt.10-1-2002).

NOTE 2(a): If the Treasury/Sub-Treasury is situated within a reasonable distance of say upto 40 kms, one member of the party who is allotted the work of verification of withdrawals and remittances, may visit the Treasury/Sub-Treasury on one of the working days and conduct verification in person after collecting the particulars of withdrawals and remittances into Treasury from the records of the Drawing Officer. If such verification could not be done in person for any reason like short duration of audit, shortage of staff etc., the procedure prescribed in para 4.13 Note 3(b) infra should be followed and a detailed note explaining the circumstances under which the verification of drawals remittances into Treasury could not be done in person, should be sent with the Inspection Report. The procedure prescribed in para 4.13 Note 3(b) will however, be followed if the Treasury/Sub-Treasury is located beyond a distance of 40 kms. from the place of the office under inspection.

The parties should make it explicit in their letter addressed to D.T.O/S.T.O concerned, that D.T.O should state categorically, whether any payments other than those listed out, were made to the drawing officer as per Treasury records, if so, to intimate the relevant particulars.

The editing units in Headquarters Sections should open a register in the following proforma, for watching receipt of the certified statement of withdrawals/remittances from the D.T.O/S.T.O. The register should be closed by 10<sup>th</sup> of every month and submitted to Branch Officer.

Sl. No	Name of the office inspected	Marked months for which withdrawals/remittances are to verified.	Letter No. & date in which the D.T.O/S.T.O was addressed by the party	Date of receipt of verified statement	Letter No. & Date in which reminded.
(1)	(2)	(3)	(4)	(5)	(6)

(ICH.I/Genl/62-65/85-86 Circular, 12 dated 10.6.1985).

2(b) : The verification of remittances should be conducted independently with reference to Treasury records by deputing members of the party to the Treasury for the purpose. In cases where the Treasury is located at the same place as the office inspected is situated the procedure outlined above should be scrupulously followed by the Section Officers/Inspecting Officers (Circular No. OAD/Civil/XII/38-2/67-68/27, dated 14<sup>th</sup> November, 1967 File 38-2/67-68 of Unit XII OAD (Civil) Hqrs).

NOTE 3(a): Special care should be taken to ensure that the payments by refund of receipts are also covered while tracing the list of drawals in the initial records of the office being audited.

(Circular No. 45 Dated 10.3.77).

3(b) If the place of inspection is not in the same station where the Treasury is located, a list of bills drawn including refunds of receipts vide note supra and remittances made for the two months should be prepared from the records of the office inspected, in duplicate. One copy should be sent to the Treasury Officer or Sub-Treasury Officer, as the case may be, for verification and for pointing out omissions, if any, and for return of the same with the certificate of correctness to the Headquarters. A copy of the letter addressed to Treasury Officer along with the duplicate copy of the list should be enclosed to the report so that verification may be made in the Headquarters on receipt of the reply form the Treasury Officer.

*(Circular No. OAD Civil/14-16/5/58-59/29, dated 18<sup>th</sup> January, 1960).*

(c)(i) In cases where the verification of these credits is not possible from the Treasury schedules received in our office for any reason, a list of such credits with the relevant details should be called for from the particular Treasury Officer.

(ii) Further if suspicion of the local audit party is aroused in any particular case by non-production of original challan, etc., by the departmental officers concerned, opportunity should be taken to have the suspected transaction verified by Inspection (Civil) Headquarters Section, into the Treasury Account. In such cases the verification need not be kept pending till the statements are received in this office.

NOTE 4(a) : Remittances by private parties into Treasury: As cases of spurious challans are reported very frequently, remittances made by private parties direct into Treasuries through challans (including loan instalments etc., repaid) should also be verified for the selected months (two months in the case of annual audit). A list of remittances made by private parties for selected months should be prepared by the Section Officer /Inspecting Officer and the same verified from books of Treasury or Sub-Treasury and a certificate to that effect recorded in the forwarding documents sent along with the Inspection Report.

(b) It should be verified whether departmental offices, such as Regional Transport Officer, maintain any records in their office for watching dues payable by private parties at Treasury or Bank and whether they correlate amounts of challans received from Treasury with demands raised against those parties. The audit parties should themselves check up whether amounts stated to have been remitted into Treasury as per challans agree with demands raised against parties.

Discrepancies if any between Departmental figures and Treasury figures should be specially brought out in the report.

*(Circular No.9, dated 29<sup>th</sup> November,, 1972-File-OAD I/XIII/Misc/72-73).*

(c) That there is no tendency to keep an unduly large cash balance in hand that cash in the hands of cashier, etc., does not exceed the amount of security taken from them, and

(d) That there is evidence in the cash book of verification of all entries made therein regarding receipts, payments and balances, and that the balance of cash in chest are counted at least once a month, i.e., on the last working day of each month and duly certified to by the Head of the Office.

NOTE 5: Accounts of imprest and treasury advances, if any, should be examined to see that they are regularly closed and rendered punctually every month and that they are properly examined by the recouping officer, before recoupment.

**4.14 Acceptance of Government dues in the form of bank grants, postal orders, money orders or cash** - The field parties should examine critically how the procedure of acceptance of government dues i.e., in the form of bank

drafts, postal orders, money orders etc. are followed in the auditee office and whether the procedure is actually working and should include a comment where necessary.

It should be seen inter-alia,

- (a) Whether any proper register (Register of Valuables) is maintained with full particulars viz., No., date from whom received, amount etc.,
- (b) Whether there is any delay in remitting the dues to Government account between the date of receipt and the date of remittance.
- (c) Whether an entry is made in the cash book immediately on receipt of money orders, cheques and demand drafts.
- (d) Whether the figures booked by the department as receipts to Government are properly accounted for in the Treasury and reconciled regularly.
- (e) Whether action has been taken for dishonoured cheques.
- (f) Whether proper receipts are issued over the signature of the officer empowered to receive cash on behalf of Government.
- (g) Whether the remittances made by the department in Government account, have been brought to account by the bank through the clearance (as far as cheques are concerned).

(Circular No. 13, dated 29.9.77).

**4.15 Levy of stamp duty on agreements, security bonds etc.:** Government in their notification No. D 13 Dt. 17.12.1938 exempted from levy of stamp duty under Indian Stamp Act, 1899 agreements and security bonds entered into by contractors or their sureties for the performance of any contract entered into by the contractors with officials of Forest, Public works, Revenue Departments for certain items of work. These exemptions stand withdrawn from 1.6.1947 in G.O Ms No. 525 Rev ((G.2) Department dt. 31.5.1974. Henceforth, such documents are also to be stamped according to the provisions of Indian Stamp Act and any understamping or non-stamping of documents will render them inadmissible as evidence in a Court of Law subject to levy of penalty. The field parties should look into this aspect of loss of revenue and should furnish details of each case in the proforma given below to the State Receipt Audit Wing in a separate note apart from commenting in the Inspection Report. The relevant items of exemption deleted from the notification dt. 17.12.1938 are furnished below:

Item No.25: Agreement and security bond executed by contractors in respect of village chavadies and cattle ponds in the said province.

The stamp duty leviable on the above type of documents is given below.

Item No. of the schedule I.A to I.S Act.	Nature of document.	Stamp duty leviable.
6	Agreements or memorandum of an agreement.	Rs.5/-
48.	Security bond executed by a surity to secure the due performance of a contract of some other persons,	
	(a) When the amount secured does not exceed Rs.1000/-	3% of the amount secured.
	(b) In any other cases	Rs.30/-

Item No.35: When the security for the performance of a contract is furnished by the contractor himself - 3 % for the amount secured by schedules.

#### PROFORMA

Sl.No.	Agreement No.	Name of the work	Name of the contractor	Authority accepting the agreement	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)

*No. SRA/ /4-5/17/78-79/665 dt. 12.4.1979*

**4.16 Delay in finalisation of under valuation cases :** Under section 47-A of the Indian Stamp Act, 1899 and the rules framed thereunder (effective in the State with effect from 16.8.1975) a registering officer, when he has reason to believe that the value of the property has not been truly setforth in any instrument, shall after registering such instrument, refer the matter to the Collector for determining the market value of the property and the duty payable there on. These powers of the Collector were subsequently delegated to the District Revenue Officers/Revenue Divisional Officers also. During the inspection of the office of the District Collectors, District Revenue Officers and Revenue Divisional Officers, delay in finalisation of under valuation cases referred to them under the provisions of the Indian Stamp Act, 1899 (Section 47-A) by the officers of the Registration department should be commented upon in the Inspection Reports.

*(Circular No. 39 dt. 1.2.1980 and SRA.I/4-5/9/76-77/TA.818 dt. 20.1.80).*

**4.17 Audit of Expenditure :** In the audit of expenditure it should be seen inter alia that -

1. there is a proper sanction, either special or general, accorded by competent authority authorising the expenditure;
2. the sub-vouchers for all sums of Rs.1000 and below which are not required to be sent to the Audit Office, are kept on record duly cancelled so that they cannot be used again;

3. the payment is actually made to the proper person and properly acknowledged so that a double payment on the same account is impossible;
4. entries of payments are properly vouched;
5. all materials and stores billed for are brought on the respective inventories;
6. the articles or materials billed for are purchased on the tender system, as prescribed in the Financial Rules of the Government;
7. the quality and quantity of stores are certified before payment and that no payment is made to the suppliers in anticipation of the actual receipt of stores;
8. the rates paid for are not in excess of the sum accepted and the market rates do not exceed any rates or scales fixed under the rules or orders issued by competent authority;
9. the details work up to the totals;
10. there are no erasures and any alterations in the figures are attested by the Drawing Officers;
11. the expenditure is incurred with due regard to financial propriety e.g., supplies in excess of requirements are not obtained, that the expenditure is incurred only on legitimate objects, etc.,
12. expenditure is not unnecessarily incurred to prevent the lapse of budget allotment.
13. the expenditure is recorded under the correct Heads of Accounts;
14. the register of retrenchment is maintained;
15. there is no case of wasteful expenditure;
16. the monthly expenditure statements and stores and stock accounts are despatched in time, wherever necessary.
17. every voucher bears a pay order signed or initialed by the Disbursing Officer specifying the amount payable both in words and figures;'
18. that revenue stamps are affixed to the payees' receipts on all vouchers for sums exceeding Rs. 5000 and that they are defaced after payment;
19. that the totals of the amounts of the sub-vouchers work up to the total noted in the vouchers;
20. whether payment of bills for telephone calls is according to the orders issued by Government;
21. whether the payment of charges for printing in local press, if any, is governed by orders issued by Government and whether there is evidence of the approval of the rates paid by the Director of Printing Press;

22. it should also be examined that expenditure on works, etc., is being properly regulated according to the financial rules and that the accounts indicate no laxity in supervision and control.

The audit of contingent expenditure requires a detailed knowledge on the part of the local audit staff of the rules and orders governing the transactions of the department whose accounts are under local audit. These are so varied in nature that any checks prescribed cannot be exhaustive and definite. The general principles for audit of expenditure described above along with the special supplementary instructions applicable to particular departments contained in other Chapters should, therefore, be applied with tact and discretion, so as to yield practical and material results;

23. the details given in the sub-vouchers agree with the entries in other registers; e.g., the number of days for which witnesses are paid should agree with the number of days of attendance in Courts as shown in the Witness Register of the Court; and the stores purchases with the stores ledgers, etc.;

24. the purchase of typewriters, duplicators and duplicating machines, as well as stationery are made in accordance with the prescribed rules contained in the Printing and Stationery Manual and that typewriters are not hired for a period exceeding two months without the previous sanction of the State Government;

25. (a) each item of payment of contingencies is recorded in the contingent register and is attested by the Head of the Office or other Gazetted Officer authorised in this behalf;

(b) the amount of work bills posted in the contingent register and included in the total is attested by the Disbursing Officer;

26. the flow of expenditure is even and that if expenditure is unusually heavy in March, it does not lead to financial irregularities.;

27. that no money is withdrawn from the Treasury unless it is required for immediate disbursement;

**NOTE 1 :** Verification of the withdrawals from the Treasury on the first working day of local audit: One of the members of the field party should visit the Treasury/Sub-Treasury to collect full particulars of the withdrawals of the marked month of the office inspected and link up these with the transactions recorded in the Treasury Bill Book, Cash book, UDP Register, P.A.Register and other initial records. The vouchers received from Main Office should also be correlated with the initial records. An endorsement of verification should be recorded in the list of drawals for the marked month kept in the file and a certificate recorded in the forwarding document also.

The field parties should take special care to ensure that the payments by refund of receipts are also covered while tracing the list of drawals in the initial records of the office being audited.

(Circular No. 15, dated 26.9.75 No.12, dated 13.7.76, No.37, dated 9.12.76 and Circular No. 45, dated 10.3.77).

**NOTE 2 :**While collecting the particulars of withdrawals from PAO/Treasury Office/ Sub-Treasury Office, the party should collect all withdrawals made by the auditee under all Heads of Account including Heads of Account falling under Part-III Public Account.

**NOTE 3 :**As per G.O.Ms. No.12, Finance (TRF.II) Department dated 13.1.2004, every PAO/Treasury has to generate monthly statement of receipts and payments for each DDO and transfer to the DDO by 11<sup>th</sup> of every month for confirmation of the same with their books. The statement should be returned to the PAO/Treasury concerned along with remarks, if any. All the local parties should verify whether the above procedure is being followed in the auditee unit or not and make comments if any, in the Inspection Report accordingly.

*(LA-I Circular order No.LA-I/Genl/2004-05/28 dt.5.1.2005)*

**4.18 (a)** Cash memoranda which do not contain an acknowledgement of the receipt of money from the persons named therein are not receipts within the meaning of Section 2(23) of the Indian Stamp Act (Act II of 1899) as the mere writing of the purchaser's name and address on a cash memoranda for delivery purpose, does not constitute an acknowledgement to the purchaser that the money is paid. They should not, therefore, be regarded as sub-vouchers in audit, unless they contain an acknowledgement of the receipt of money from the person named (with stamp affixed when the amount exceed Rs.5000).

**(b)** However, in respect of audit of Autonomous Bodies and Commercial Institutions the following may be observed as a guiding principle.

Cash memos, in case of payments made across cash counters of the suppliers are accepted in commercial practice as valid acquittance and sufficient proof of payment by Commercial Auditors, provided that it is authorised by the appropriate officer in the paying company. Accordingly, cash memos may be accepted in audit, as evidence of payment provided that they are stamped "Paid" and duly initialled by the Drawing and Disbursing Officer of the institution concerned.

*(CAG's Lr.No. 1075-TA.II/110-69, dated 28<sup>th</sup> May, 1969-O.O O.A.D Civil/XII/Misc./69-70/17, dated 4<sup>th</sup> August, 1969).*

**4.19 Check of Audit of Sales Tax/VAT:** Sales Tax/VAT is a tax on sales and not on purchases. There is nothing in the law to make this payable necessarily by the purchaser. In respect of payments under contracts, therefore, local audit has to see that (a) tax is paid only when it is payable, and (b) whenever the relevant contract of purchase includes a specific provision for the payment of Sales Tax/VAT, (2) even with the tax, the purchase is made on favourable terms by Government vis-à-vis other contending suppliers.

*(Endt.No. 2434-Admn.I/628-54, dated 18<sup>th</sup> December, 1954 and Lr.No. 1280-Admn.I/628-54, dated 28<sup>th</sup> June, 1955 from C.A.G.).*

**4.20 Supply of Articles :** General rules for the supply of articles required for the public service are contained in Chapter -8 of G.F.R's (Central)/Chapter - VII Finance Code (State).

It should be seen that these rules as well as other orders on the subject are observed in making purchases.

**4.21 Rush of expenditure :** The expenditure brought to account during the month of March of the previous year should be scrutinised to see -

1. that the charges against the appropriations of the year, as brought to account, are regular;
2. that the liabilities of one year are not postponed to another year; and
3. that irregular methods of dealing with assets and liabilities of the year have not been resorted to.

The irregularities liable to occur after accounting heavy expenditure at the end of a year are-

- a) payments charged off in the account but not actually made to the parties concerned at the time;
- b) payments made before the work or service representing the payment is performed;

**4.22 Drawal of funds in advance of requirements :** All cases of withdrawals of funds from Treasury in advance of requirements during the month of March should be thoroughly reviewed by the field parties and commented upon in the Inspection Reports invariably furnishing all the relevant particulars to facilitate inclusion in the Comptroller and Auditor General's Audit Report. In order to make the paras more specific and to highlight the defect, the field parties should, inter alia, furnish the following information in respect of all cases of drawal of funds in advance of requirements.

- (1) Particulars of the Drawing and Disbursing Officer.
- (2) Amount drawn, date of drawal;
- (3) Purpose for which drawn;
- (4) Manner in which amount retained (i.e., in the form of cash, bank draft, deposit-at-call etc., with date of deposit or of obtaining bank drafts).
- (5) If drawn for payment for supplies, date of placing of supply order.
- (6) Date and particulars of payments actually made.
- (7) Whether full or part of the amount drawn was refunded, if so, amount and date of refund.
- (8) Reasons for delay in payment and non-refund in time

Where there are no such cases of withdrawals in advance of requirements, a specific note to this effect should be made in the forwarding document for information of the Headquarters.

To facilitate easy reference to the Inspection Reports, files at the time of preparing the consolidated stock paragraph in this regard, the LA Sections should maintain a Register of Drawal of Funds in Advance and in Excess of Requirement showing the following columns.

1. Sl.No.

2. Name of the Drawing Officer.
3. Inspection Report file No.
4. Amount drawn in advance and in excess of requirements.
5. Remarks.

The register should be closed monthly at the end of the month and submitted to the Branch Officer.

*(Comptroller and Auditor General's Letter No.439/Rep.248-75, dated 5.5.78 and Office Order No. 10, dated 11.1.80).*

**4.23 Audit of Contingent Register :** The entries in the contingent register should be checked with the sub-vouchers where available and the propriety of the expenditure scrutinised with reference to the relevant rules. It should further be seen that-

1. the register is in the proper form;
2. each entry is initialled by the Drawing Officer;
3. they are correctly entered and classified;
4. the total of the entries of sub-vouchers agrees with the total of the contingent bill drawn;
5. the total expenditure during the year under each head of classification does not exceed the allotment noted at the top of the respective column.
6. the details of stores and other articles purchased, as entered in this register, for which no sub-vouchers are available agree with those shown in the stock books or other registers or records maintained in the office. The total of the bills drawn in the contingent register should be checked;
7. the relevant rules in the Andhra Pradesh Treasury Code, and Andhra Pradesh Financial Code, or General Financial Rules of the Central Government, as the case may be, are properly observed.
8. that it is an accurate record of the contingent expenditure incurred in cash, as well as by book adjustment.

**4.24 Review of advances drawn on Abstract Contingent Bills :** All cases of advances drawn on Abstract Contingent (AC) bills for which Detailed Contingent (DC) bills are due to AG (A&E) should thoroughly be reviewed during local audit duly furnishing the list of outstanding advances. In the absence of DC bills, it is not possible to determine the expenditure incurred for different purposes exactly nor can the correctness of the expenditure be ascertained as no Central Audit could be conducted. There is thus always the possibility of misappropriation, fraud etc., remaining undetected. It has, therefore been decided that the field parties should analyse the cash book and the expenditure in respect of AC bills for which detailed bills are due to be submitted to audit. Normally analysis can cover only for the period of accounts subjected to audit. But there may be amounts drawn on AC bills relating the years whose accounts had already been locally audited but the detailed bills had not been submitted by the time last audit was conducted.

The expenditure relating to those AC bills should also be reviewed critically and any important and significant irregularities coming to notice should be commented in the Inspection Report and considered for mention in the Civil Audit Report in the para on “Outstanding Audit Observations”

The review of expenditure met from A.C bills should include the following :-

i) In all cases where the amounts drawn on AC bills have not been spent within the stipulated period, the reasons for not spending the amount should be ascertained and it should be ensured in such case, that money drawn is available for the purpose for which it was drawn.

ii) (a) Where the amount has already been spent, and vouchers are available but the accounts have not been rendered, the reasons for delay in submission of accounts should be ascertained. Other important and significant irregularities noticed during such local audit may also be specifically brought to the notice of Headquarters apart from commenting in the Inspection Report.. A list of AC bills drawn and DC bills verified during the period covered by audit should invariably be recorded on the audit enquiry issued.

(b) : The field parties should specifically look into the following further aspects while auditing A.C./D.C. Bills.

- (a) Whether the amounts were drawn under proper authority/sanction.
- (b) Whether the amounts were required for immediate utilisation.
- (c) Whether the amounts drawn were adjusted within the stipulated period.
- (d) Whether the Sub-vouchers were chronologically and systematically maintained to prevent double drawals.
- (e)
  - (i) The payments made on Sub-vouchers should be checked in sufficient detail in audit.
  - (ii) Cases of drawal of advances on regular contingent bills to avoid submission of detailed bills should be looked into and reported.
  - (iii) The reasons for delays in counter signature of bills by the controlling officers shall be analysed and it should be seen if the delays were attributable to any significant objectionable payments.

The field parties should also furnish information in the proforma given below for consideration in Headquarters (D.P Cell) and for inclusion in Civil Audit Report if necessary.

*(Audit Co-ordn.(CACD) Circular No.Nil dated 12.1.2000)*

Statement of important and significant irregularities noticed during local audit of the office of the .....regarding expenditure met from

Sl. No	Date of drawal of A.C.Bills	Amount of A.C Bills for which D.C Bills is still due.	Purpose for which the advance was drawn	Reasons for delay in submission	Other important and significant irregularities noticed during local audit.	Remarks
1	2	3	4	5	6	7

(Comptroller and Auditor General's Lr.No.772-T.A.I/201-73, dated -x-73 and Office Order No.66, dated 7.12.73 and Circular No. 30/11/79).

(iii) Government of Andhra Pradesh, Finance and Planning (FW) Dept. in Circular Memo No. 7259/15/ACC 86 Dated 7.10.86 have issued orders to all the Drawing and Disbursing Officers under the control of the Heads of Departments and Departments of Secretariat to discontinue the existing procedure of submission of payees receipts and sub vouchers in respect of DC bills. They should be retained by the DDOs so that at the time of local audit they can be checked by the Audit Party.

**4.25 Improving quality of Audit Reports - Inclusion of comments on charged expenditure :** The Headquarters office had desired in their letter No. 1453-Rep(c)/86-87 dated 14.8.1987 that a critical analysis of the trend in coverage of expenditure through charged appropriations be conducted and comments thereon included in Chapter III of the Audit Report. The Prl.Accountant General has ordered that all local audit parties should examine the items of charged expenditure incurred by the offices they visit and include their comments in the Inspection Reports. The parties should conduct an in-depth analysis of the cases and critically examine the circumstances leading to the charged expenditure. They should inter alia see the following points specifically.

1. Judgement and arbitral awards should be scrutinised to identify lacunae in procedure leading to the Court decrees.
2. Whether the order appointing the arbitrator required to give speaking awards. If not, this should be commented upon.
3. Whether the judgement did not specify the amount of the decree. If so, whether provision therefor was made under charged expenditure.

The parties should be extremely careful in drafting their objections lest their comments lead to contempt of Court.

(O.O.2/ICH/D.P.Cell/87-88/Reports/Chapter III/Dated - 4-88).

**4.26 Money Order Acknowledgements:** Money order acknowledgements may be accepted in audit as vouchers in support of payment as the payee cannot be compelled to furnish another receipt in addition; but the nature and particulars of money remitted should be written by the sender, after the words printed "Received the sum specified" before the money order is issued or by the payee when signing receipts of the amount

remitted.

**4.27 Bill Register :** The Bill Register is to be checked to see that -

1. it is maintained in the prescribed form and all the columns provided therein are properly filled in;
2. all bills drawn are entered duly attested by the Drawing Officer in each case under his dated signature;
3. in case of bills endorsed to parties, that they are entered in the register and a note to this effect is made therein;
4. voucher numbers of Treasury and dates are noted in all cases;
5. in case of cancelled bills, a note to that effect is made in the register ; and
6. all bills shown as cashed are properly accounted for in the cash book as well as in other subsidiary registers.

**4.28 Permanent Advance:** It should be seen that -

1. the permanent advance held, is available in the cash book, and full details of the cash in hand and unrecouped vouchers being worked out and clearly recorded is the cash book;
2. expenditure is not incurred in excess of the permanent advance
3. the permanent advance held is not excessive in the light of the expenditure incurred out of it.

NOTE: Para 3.13.12 to 3.13.13 of Comptroller and Auditor General's M.S.O (Audit) requires that permanent advances held by the local offices should be checked occasionally in order to see that the amounts held by the various Disbursing Officers are not in excess of their normal monthly requirements. The field staff should, therefore, mention in a separate para of their reports, cases in which the amount of permanent advance is found to be in excess of the normal monthly requirements. Full facts and figures should be quoted in support of the objection.

4. the permanent advance is not utilised for purposes other than those specified in the financial rules;
5. all cashed bills and recoupment of permanent advances bear voucher numbers and dates;
6. in case of cancelled bills a note to that effect is made in the register, and
7. all bills shown as cashed are promptly accounted for in the cash book as well as the other subsidiary registers.

In view of the consideration that a check over the adequacy of the amount of permanent advance is exercised during local audit, it is decided that the checks contemplated in para 3.13.12 to 3.13.13 of M.S.O (Audit) and item 20, Para 8 of C.A.G's Memorandum of Secret Instructions are exercised by the local audit parties during local audit of the offices concerned.

(CAG's Lr.No.4792-TA.I/(O&M)/743-65, dated 9<sup>th</sup> December, 1965, O.O.No.

*O.A.D/Civil/XII/Miscellaneous/65-66/32, dated 31st January, 1966).*

**4.29 Maintenance of Government Vehicles :** Rules for the maintenance of Government vehicles are framed separately for those in the General Administration Department, and in the Departments of the Secretariat, and in the offices of Heads of Departments, Revenue Departments, etc. In the case of some departments, the rules are incorporated in the relevant Departmental Manuals. The field staff should make themselves conversant with these rules before taking up the check of maintenance of Government vehicles.

The Government of Andhra Pradesh issued the following instructions regarding usage of Government vehicles by the officers on tours.

- 1) Officers at the State Headquarters should avoid taking Government vehicles from the Headquarters for tours in the mofussil but make use of the Government vehicles at places visited on tour.
- 2) No officer should take any Government vehicle outside his jurisdiction.
- 3) Government officers should not take the Government vehicles beyond a distance of 150 miles from Headquarters unless the place to be visited is not covered by train.

It should be seen by the field parties whether these instructions are followed scrupulously by the officers provided with Government vehicles for their exclusive use.

*(G.O Ms No. 917 GA(OP.II) Department, dated 28.12.79 communicated in Circular No.18, dated 19.9.80).*

NOTE: The Gazetted officers are directed to indicate in the log books the purpose of journey when the staff cars are lent for private use. Even when the cars are used for official purposes, the nature of the purpose should be indicated instead of merely saying "Official".

*(G.O No. 386/59-2 G.A.D dated 31<sup>st</sup> August, 1952).*

4. that the vehicle is used only for bonafide public purpose permissible under the rules and orders of Government and not for any private purposes without the orders of the competent authority.

NOTE: In special cases, the use of staff cars, vans, or jeeps may be deemed to have been made in the public interest, if used for taking files, provided a Gazetted officer certifies that the number of files were too many to be sent through a cycle peon, or there was urgency and he had to take it personally for orders, and the entries in the log books of the vehicles should be attested by the Gazetted officers who render the said certificate ;

*(Govt of A.P. G.A.D Memo No. 2063/59-1, dated 8<sup>th</sup> October, 1959).*

5. Whether the consumption of fuel compares reasonably with the normal rate prescribed;
6. Whether the log books bear evidence of scrutiny of the competent authorities prescribed for that purpose in order to ensure that there is no misuse of vehicles;

7. Whether the overtime charges paid are according to the rules prescribed by the Government;
8. Whether the repairs, replacements, etc., are got done by authorised dealers/Government Workshops economically observing the rules prescribed; whether the periodicity of replacement of spare parts is after the prescribed period of wear and tear and whether the transactions could be correlated with the paid vouchers;
9. That in the case of authorised private or non-official journeys, the charges recoverable at the prescribed rates are recovered according to the rules prescribed and credited to Government revenues; vide Annexures II & III;
10. Whether the vehicles are tested periodically by authorities of the Transport Department and their fitness ensured by the Departmental Officers dealing with those vehicles to have good working order of the vehicle for the day-to-day trips;
11. Whether proper account of the condemned and replaced parts and accessories is maintained and their final disposal is made to the best advantage of Government and whether the realisations are properly brought to account in the cash book;
12. All issues and purchases of petrol, oil, other lubricants and consumable stores such as acids, distilled water, etc., are duly recorded in the log books;
13. Log books are closed and average number of KM run per litre of petrol or diesel oil worked out at prescribed intervals and that the coverage is not unduly low and where it is so, the cause leading thereto is investigated by the department.
14. That full details of major repairs to the vehicles, replacement of parts and spares are recorded in the log books;
15. A list of equipment and tools with the driver is kept in the log books or other record;
16. Details regarding the identity of the engine, tyres and battery, etc., fitted on the vehicle are on record;
17. That in cases where frequent repairs to vehicles engines or replacement of some parts are carried out, they are not indicative of any foul play (some cases at random may be selected and explanation for frequent repairs may be called for);
18. That the entire security deposit amount at the prescribed rate is collected in cash from the drivers of Government vehicles at Rs. 10 per mensem or at 10% of the basic pay whichever is less and deposited in postal savings accounts opened in the names of the drivers concerned and pledged in favour of Government so that the drivers in whose names the accounts are opened cannot draw the amount themselves.  
(Memo No.686/O.P.II/69-I, dated 21<sup>st</sup> March, 1969 of the Govt. of A.P. (GAD OP.II Dept) and NO. O.A.D Civil III/8, dated 4<sup>th</sup> June, 1969).

NOTE : The consolidated instructions issued by Government of Andhra Pradesh regarding

requisitioning of the vehicles by the District Collector and rate of charges for non-duty journeys and for private use of Government vehicles (jeeps) provided for project development and demonstration farms at Amaravati and Garikapadu in Nagarjunasagar Project area are incorporated in Annexures I, II and III respectively to this section.

**4.30 Machinery and equipment kept idle :** In some departments machines and equipment may be kept idle for various reasons like (i) want of accessories and repairs (ii) defects in equipment and (iii) non-availability of trained personnel to handle the equipment etc., Staff sanctioned for operation of such equipment may be continuing without any work. In certain cases, equipment like power sprayers, mist blowers etc., acquired at considerable cost for hire to farmers may not be in demand and the revenue realised may be very meager compared to the investment. Non-utilisation of these items may result in their becoming rusty and useless and may have to be recommended for condemnation. Such cases would mean that proper assessment of the requirements was not made before acquiring the equipment or machinery resulting in valuable equipment lying in sick condition without adequate or no action being taken for putting them into commission again. All such cases should be reviewed by the field parties and necessary comments included in Inspection Reports. Besides they should also collect and furnish full details in the proforma given in Annexure V to facilitate inclusion of a comment in Comptroller and Auditor General's Audit Report.

*(Circular No. 17 dated -3-74 and 33, dated 4.8.75).*

**4.31 Check of log books of Government vehicles\_:** (i) In G.O. Ms No. 134 G.A (O.P.II) Dept., dated 28.3.85 Government of Andhra Pradesh have introduced a scheme for "Pooling of Govt. Vehicles" belonging to all Government Departments in each District under the charge of P.A. to District Collector, designated as "Chief Controller of Govt. Vehicles". In their Memo No. 180/OP.II/84-22 dt. 23.4.85 of G.A (O.P.II) Department, Government have issued further instructions/clarifications on the scheme. Consequently the log books of all the vehicles in the District Pool have to be scrutinised at the time of audit of Collectorates by the Field Parties of Inspection Civil Wing. For this purpose one additional day will be allowed to the parties doing local audit of the Collectorates. Field parties will issue audit enquiries on the first day of inspection, calling for the production of all log books of the pooled vehicles in the District (including those stationed at Revenue Divisional Officers (RDOs) also) and scrutinize the log books with reference to orders, clarifications contained in the above referred Government orders to highlight the irregularities. The field parties, may also scrutinise and comment whether the objects of the scheme as envisaged in para 3(i) of Govt. Memo 189/OP II/84-22/dt. 24.3.85 of GA Department are met with.

(ii) Log books in respect of Government vehicles exempted from the 'scheme of Pooling' listed out in the Annexure to G.O Ms.134 dt. 28.3.85, will however, be scrutinised during the course of audit of the offices, to which they belong, as is done hitherto.

*(No.ICH.I/Genl/62-137/85-86/21, dated 11.9.1985).*

**4.32 Liveries:** In the case of supply of liveries to the Class IV Government servants, it should be seen whether-

1. the supply of livery is according to the prescribed scale and periodicity;
2. the purchase of cloth is made from the Stationery Department;
3. the stitching of garment is arranged after calling for tenders and satisfying themselves about the reasonableness of the rates;

NOTE: The services of the institutions like Indian Conference of Social Work, Hyderabad, Sanathnagar, Secunderabad, should be utilised as far as possible provided the rates are reasonable and quality of work is satisfactory.

*(G.O.Ms No. 1047, Industries Department, dated 5<sup>th</sup> August, 1959).*

4. there are proper checks for the issue of cloth and for the receipt of the required number of garments; and
5. payments are made after satisfying as to the quality of work.

**4.33 (A) Manner and extent of nominal check to be conducted during local inspection :** The nominal audit of pay and allowance drawn for individuals has to be conducted during local inspection in the manner and to the extent indicated below in accordance with the instructions issued by the Comptroller and Auditor General.

- (a) The nominal check during local inspection will be conducted in respect of pay bills of establishment for the month/months selected for test audit.
- (b) The nominal check will be conducted with reference to initial and primary records containing the authority for the event necessitating the regulation of pay and allowances of Government servants such as increment certificates sanctioning the increment, orders declaring him fit to cross the efficiency bar, orders of promotion/reversion and fixation of pay on such promotion/reversion, sanctions to leave and the leave salary, orders of suspension, if any, and the subsistence allowance granted, general orders of Government governing the pay scales, different types of allowances admissible and specific orders of Government in regard to grant of Special Pay or compensatory allowance to any member of establishment or type of establishment.

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

- (c) The above checks should be integrated with the check of service books as already prescribed and where service books are not made available

they should be checked independently with reference to the initial and primary records mentioned above.

- (d) In addition to audit of pay and allowances drawn in the pay bills of establishment for the month/months selected for test audit in the manner prescribed above, 20% of (i) cases of increments sanctioned to the members of the establishment of the office under inspection (ii) cases of fixation of pay on promotion or reversion and (iii) cases of drawal and disbursement of cash equivalent to leave salary to Government servants at the time of retirement, to the family of Government servant who die in harness and payments of leave salary on account of surrender of leave during the period covered by local audit should also be checked in local inspection. For exercising the checks in respect of leave encashment mentioned in (iii) above, the local audit parties may obtain a list of cases of leave encashment made during the period covered by local audit from the departmental authorities.
- (e) It should be clearly mentioned in Part I (a) of the Inspection Report that the audit conducted included nominal check of pay and allowances drawn for the individuals in accordance with the instructions issued by the Comptroller and Auditor General. A certificate to the effect that the above checks have been exercised should be appended to the forwarding document while sending the Inspection Report.
- (CAG's Secret Lrs. 102/O&M/145-79-I dt. 20.3.80 read with letter No. 1531-TA.I/40-79 dated 8-12-81 and No. 1647-TA.I/126-80 dt.5.1.81).*
- (f) Further the establishment vouchers for the selected months obtained from the Main Office should also be checked with reference to the office copy of the bills maintained in the office locally inspected. The following points require special attention;
1. The names of the persons and their pay shown in the office copy of the bill and in the acquittance roll correspond with those shown in the voucher, i.e., audited copy of the bill.
  2. The total amounts shown in the office copy as well as the audited copy of the bill agree with each other and are correct.
  3. The absentee statement attached to the audited copy of the bill tallies with that in the office copy of the bill, and
  4. The details in the absentee statement are correctly shown with reference to the service books, leave accounts and other records.

**(B) Number Audit:** The number audit is conducted for the month/months selected for test check. For this purpose, the claims relating to pay and allowances and the supplementary claims should be checked against the sanctioned strength. The sanctioned strength is to be obtained from the office under inspection and verified with sanction of posts. Supplementary claims paid during the test-audit months should be checked to see that a note of drawal was properly recorded in the office copy of the original bill and

sanctioned strength not exceeded even after the supplementary bills are taken into account.

(Circular No. 146 dt. 29.12.84).

**4.34 Periodical and special charges :** It should be specially seen during local audit of the drawing and countersigning officers that adequate arrangements exist to prevent more than one drawal against a single sanction or a double payment of a recurring nature. The absence of control system or the inadequacy of the existing control system should be suitably commented upon stressing the necessity for the maintenance of suitable registers to record special sanctions of non-recurring nature and sanctions of periodical charges of recurring nature against which payment can be noted and watched effectively.

(Circular No. 3 Dt. 30.4.82).

**4.35 Check of Licence fee recoverable from the concerned allottees in respect of Government residential buildings:** It has been decided by the Comptroller and Auditor General of India, that during the local audit of the offices of the Public Works Department and the departmental officers (Drawing and Disbursing Officers) it should be ensured through suitable test check of the records kept by them that adequate system exists for :-

- 1) proper determination of the licence fee recoverable and raising the demand for licence fee in the correct manner by the Public Works Departmental Officers and
- 2) for the recovery of the dues from the concerned allottees, by the Drawing and Disbursing Officers.

The correctness of the emoluments communicated by the Drawing and Disbursing Officers based on which the licence fee is to be calculated by the Public Works Departmental Officers should also be test checked by the field parties during the inspection of the offices of the Drawing and Disbursing Officers. Besides this, the field parties should also ensure whether the recovery is made promptly, in respect of dues from the concerned allottees, by the Drawing and Disbursing Officers as per the demand statements. During the inspection of the Public Works Divisions, it would be ensured through test check that the licence fee wherever necessary on the basis of the change in emoluments indicated by the Drawing and Disbursing Officers in the rent demand statements has been taken.

(Para 4 of Secret Lr.No 824-TA.I/74-72, dt. 17.9.1979 of the C&AG read with Circular No. 36 dt. 31.12.1979 and Circular No. 5 dt. 17.5.80).

**NOTE:**The Government of Andhar Pradesh have directed that the Executive Engineers should prepare the demand statements of rent in triplilcate instead of in duplicate as laid down in Art. 14 (b) of A.P.F.C Vol.I and send the three copies to the Treasury Officer/other Disbursing Officers concerned. The Treasury Officer and other Disbursing Officers are instructed to endorse all the required details/certificates (Vide Art.14 a ibid) on all three copies of the demand statements of rents. One copy may be retained by the Treasury Officer/other Disbursing Officer, one copy should be returned to the Executive Engineer and another copy should be furnished to the

Drawing and Disbursing Officer concerned. All Drawing and Disbursing Officers are instructed to record promptly the demand statements of rents received from the Treasury Officer or other Disbursing Officers and to produce them to the inspecting parties of the Prl.Accountant General's office whenever they visit their office for local inspection.

*(Government Memorandum No. 54941/C/1248/L/79 Dt. 24.3.1980 of Finance and Planning (Fin wing A&L) Department).*

**4.36 Acquittance rolls of establishment :** These should be examined to see that there is proper acquittance for each amount disbursed, that the amounts are disbursed to the persons entitled to receive them and that arrangements for keeping a proper watch over undisbursed amounts are satisfactory.

**4.36 G.P.F Accounts of Group 'D' Employees of the Central Government :** With effect from 1st April, 1960 (i.e., the subscriptions deducted from the pay for the month of March, 1960 payable in April, 1960) the work connected with the maintenance of accounts of all Group 'D' employees of the Central Government were transferred to the Heads of the Offices (Drawing Officers) who are responsible for their correct maintenance.

1. Cent percent check of these accounts should be conducted during local audit and it should be seen that the subscription is properly recovered and credited to the ledger accounts.
2. The interest is calculated properly;
3. The advances and withdrawals are properly sanctioned and accounted for.

Besides, nominations, insurance policies and final payment cases should be specially scrutinised.

*(G.I.M.F.Lr.No.F1 52(9)-E.V/60 dated 27th July, 1960-C.A.G's Lr.No. 1369-Admn.II/80-60, dated 7th July, 1960 and C.A.G's Circular Lr.No. 1219.-Admn.III/85-61.II, dated 4th August, 1961).*

**4.38 Check of gross pay statement of the C.P.P Fund on the basis of which Government contribution is determined :** The office copies of the gross pay statements of the Contributory Pension-cum-Provident Fund filed in the offices, which are inspected by local audit parties should be checked in local audit with the particulars in the service books, available in those offices. A certificate of check of the statements and a note on the result of checks should be forwarded with the relevant Inspection Report.

*(CAG's Lr.No. 1100-Admn.II/259-54, dated 24th August, 1954).*

**4.39** Introduction of compulsory Provident Fund Scheme for the employees of Andhra Pradesh Government-Test-check of correctness of recoveries made towards G.P.F: (a) with subscription to G.P.F having been rendered compulsory for the employees of Andhra Pradesh State Government, the Drawing Officer in the case of non-gazetted staff and the Controlling Officers in the case of Gazetted Officers are made responsible to ensure the correctness of the subscription deducted in pay bills;

In the case of Non-Gazetted Officers, the Drawing Officers are required to record the following certificates every month in the pay bills.

" Certified that the employees shown in the schedule of Compulsory General Provident Fund deduction scheme do not come under Rule 10 (a) (i) of the State and subordinate Service Rules nor are they Class-IV Staff or re-employed pensioners. They are required to subscribe compulsorily to the G.P.F and they have sent their applications for the assignment of an Account Number, have been assigned Account Number as shown against their names".

A test check of the correctness of the certificates should be conducted by the local audit parties with reference to the office copies of G.P.F. Schedules/Registers of G.P.F deductions, etc., maintained by the Drawing and Disbursing Officers.

*(Memo No. 60187/971-Pen.I/67-1, dated 4th September, 1967 of the Govt. of A.P. Finance (Pen.I) Dept.P.49-C of File No. 1-18/67-68 of Unit .X of O.A.D (Civil) Headquarters).*

The following quantum of check in the local audit of G.P.F subscriptions is prescribed.

1. Cent percent check of the correctness of deductions made in the pay bills for the month of March immediately preceding the month of audit.
2. 25% check of the items of deductions in respect of months selected for detailed audit.

(b) The Assistant Audit Officers/Section Officers of the field parties should certify accordingly in the forwarding document of the Inspection Report and should also ensure that the rules on the subject are followed by the departmental authorities and deductions towards G.P.F are made strictly at the prescribed rates.

*(Circular No. O.A.D.I/X/1-18/6-686/17, dated 24th August, 1967, CAG's Lr.No.987-TA.II/117-68 dt. 18<sup>th</sup> April, 1968 O.O.No. Fds. I/Genl/12, dated 26th June, 1968 and Circular No.O.A.D/Civil/X/1-18/66-68/16,dated 19th July, 1968-File No. 1-18/67-68 of Unit.X/O.A.D (Civil) Hqrs).*

NOTE: According to the orders issued by the Government of Andhra Pradesh in Finance Department Vide G.O.Ms.No.144, Finance dated 17-10-1970, amounts at the credit of non-regular subscribers such as Class-IV Jeep Drivers, attenders, etc., in their G.P.F accounts should be refunded to the individuals concerned to the extent of 50% towards D.A. It should be ensured in local audit that such payments are not made to regular subscribers as well from among drivers, Class -IV staff, etc., in as much as the Government orders in question are applicable only to non-regular subscribers.

Particulars of contravention of Government orders in this regard should be collected by the field parties, visiting the various offices and the information so collected should be furnished to Funds section direct under intimation to Inspection - Civil Headquarters.

*(Circular No.O.A.D.I.IX/Misc./70-71/47, dated 20th February, 1971- File Misc. 70-71 Unit IX O.A.D.(civil) Hqrs.*

**4.40 Audit of Travelling Allowance Vouchers:** It should be seen that :-

1. the subsidiary details of the claims paid, i.e., details of journeys in T.A. vouchers tally in both the copies of the voucher on record with the Department and the original voucher obtained from Central Audit and are correctly shown with reference to the diaries or programme and other records.
2. on the receipted office copies of the T.A claims of the departmental office, the certificates of disbursement to the actual payees is duly recorded by the Disbursing Officer under his dated signature showing clearly the item number and the amount paid on different dates.

NOTE :A certificate of check of the T.A claims of the Central Government servants availing of the Leave Travel Concession envisaged in Comptroller and Auditor General's Letter No. 2857-Admn.I/304-57 dated 20th November, 1957, should be furnished to Inspection (Civil) Hqrs. along with the Inspection Report/audit note. It should, particularly be seen that the certificates prescribed in chapter XIII/rule 14 of the brochure of Leave Travel Concession (Central/State) are furnished by the Controlling Officers.

*(O.A.D Circular No. 18, dated 4th February, 1958)*

**4.41 Audit of advances of pay, travelling allowance on tour and transfer, Leave Travel Concession (LTC)**

As per the revised classification effective from 1st April, 1974 all advances of pay on transfer, leave salary, travelling allowance on transfer and advances in connection with L.T.C and the like are debited to the same final head as pay and allowances. As the Drawing Officers and Controlling Officers are keeping the necessary detailed records of payments of these advances and their recoveries and as they are also responsible for recovery in cash or by adjustment according to rules, it has been decided that only such of the vouchers in which these advances are drawn are selected for audit under the scheme of relaxed audit need be audited to see that the advances have been sanctioned by the competent authority and are in accordance with the relevant financial rules. The efficiency of the system and procedure including recovery of these advances, evolved by Departmental Officers and accuracy of the detailed records kept by them should be test checked during local audit.

*(Comptroller and Auditor General's Letter No. 503- O & M/26-79, dated 12.7.1979).*

**4.42 Comment on advances pending for over 2 years:** All such advances which remain outstanding for over two years should therefore be segregated during local audit and commented upon in Inspection Reports and also recorded in the objection books maintained in the Inspection (Civil) Headquarters to watch their recovery till finality.

*(Comptroller and Auditor General's Lr.No. 2063-TA/26-O&M/79, dated 20.12.79).*

**4.43 Test check of the records maintained in respect of the T.A claims of Gazetted Officers :** While dispensing with the maintenance of Travelling Allowance audit register for Gazetted Officers by the Prl.Accountant General, it has been ordered by Comptroller and Auditor General that it should be

ensured during local audit by suitable test check that the system prescribed for the discharge of responsibilities enjoined on the Drawing Officers and Controlling Officers is working satisfactorily and adequately and that the records are maintained properly. The field parties should therefore ensure by a suitable test check of the records maintained that the existing procedure in vogue is adequate to guard against irregular and double drawals and to watch prompt adjustment of the advances. In case where no record is maintained or where the records are not maintained properly for the Travelling Allowance claims of Gazetted Officers the same should be commented upon suitably after ascertaining the method adopted to discharge the responsibility enjoined on Drawing/Controlling Officers.

*(Comptroller and Auditor General's Lr.No. 502-O&M/76-79, dated nil received on 16.7.1979)*

**4.44 Stamp Account** : it should be seen whether -

1. The account is maintained properly, bringing to account all receipts and issues;
2. The physical balance is verified periodically and agrees with the book balances;
3. Service postage stamps are used only for strictly official purpose and ;
4. The expenditure on telegrams is not excessive;

**4.45 Service postage** : Stamps exceeding Rs.20 may invariably be obtained against crossed cheques, and payment in cash avoided. The system of maintenance of stamp account, custody of stamps etc may be reviewed in the office and loop holes if any plugged.

*(CAG's Circular No. 198-N-2/87 dt. 13.1.88).*

**4.46 Stationery Register** :1.All purchases of stationery are to be traced into this register in respect of the month for which detailed check is being conducted and a general check should be applied for rest of the months.

2. A percentage of totals and closing balances to be checked.
3. All issues are supported by indents duly acknowledged and attested.

**4.47 Register of Forms:** The local audit of this item of work constitutes in checking:

1. The receipt entries with the indents.
2. The issues
3. The receipt and issue of saleable Forms
4. A percentage of total and closing balances.

A common practice resorted to by persons who defalcate money is to set aside a receipt book and to misappropriate money realised by grant of receipts from that particular book. Field staff should, therefore, be particular about checking these forms very carefully and seeing that books shown as issued are traceable from the receipt entries in the cash book, that the receipts bear serial numbers together with the book number also, both being machine numbered and that the Head of the Office certified that balance of the book of receipt forms as shown by the stock book are actually in stock.

**4.48 Avoidance of wasteful expenditure on Government Publications :** On the "Central" side, the indenting Ministries/Departments are required to exercise due care in estimating their printing requirements and should also undertake a triennial review of publications, etc., for determination of their utility, public demand and sales prospect, etc., to examine the need for revision of the quantum of the indents or print-order, etc.

A scrutiny of the stock account of printed forms and Government publications should be conducted during local audit of State and Central offices to bring to light cases of excess or wasteful expenditure thereon and include the same in the Inspection Report so that the desirability of recommending to the State Government the adoption of the procedure of departmental stock review involved as above by Central Government may be considered.

*(Circular No.O.A.D./Civil/XII/38-1/69-70/4, dated 23<sup>rd</sup> May, 1969).*

**4.49 Scrutiny of Treasury Challans :** Treasury challans should be examined to see-

1. That a legible receipt for the amount received is given by the authorised official of the Treasury or the Bank over his official stamp and that it tallies with the amount for which the challan is prepared;
2. That the challan by its appearance does not suggest any tampering in the entry of the amount deposited; and that due precautions are taken in writing the amount (both in words and figures) to exclude the possibility of fraudulent interpolation; and
3. That the signatures of the Bank/Treasury official signing the receipt on the challan agree with those on other challans. The genuineness thereof should be got confirmed from the Bank or Treasury, if they differ.

**4.50 Stores and Stock Accounts :** (a) The objectives and the scope of the audit of stores and stock accounts and the extent of check in local audit are detailed in Paras 2.4.1 to 2.4.12 of M.S.O (Audit) and in Appendix-10 of A.P.F.Code Vol.II. The institutions in which such audit has to be undertaken is given in appendix. The heads of departments, concerned will furnish the stores and stock accounts of each year to this office in the prescribed form not later than 15th July of the succeeding year. On receipt of the accounts, Inspection (Civil) Hqrs. should arrange for their audit and forward the same to Report Section with the audit certificate for incorporation in the Appropriation Accounts.

NOTE 1: The stores account should show only consumable and non-consumable articles for distribution to subordinate offices so that the Public Accounts Committee may see that the purchases were not unwarranted and the closing stock is not more than necessary etc. As dead stock and office furniture articles are not consumable articles, their inclusion in stores account will not serve the purpose for which these accounts are to be included in the Appropriation Accounts and hence need not be included.

*(A.G.Maharashtra's letter No. A.A/B/223 13/272, dated 17th June, 1960-communicated in C.A.G's Lr.No. 1637-Admn.II/24th August, 1960-dated 7th September, 1960-File 27-15/60-61).*

NOTE 2: In order to make the audit of the consolidated stores and stock account in the offices of the Heads of Departments really effective it is imperative that the accounts rendered by various subordinate offices, on the basis of which the consolidated stores and stock accounts for the department as a whole is prepared by the Head of the Department are checked by the field parties during local inspection of the subordinate offices as it is not possible while auditing the consolidated accounts to check the accounts rendered by the subordinate offices with reference to initial records maintained by them. Field parties should, while auditing the subordinate offices, therefore, obtain a copy of the stores and stock account rendered by them to the Head of the Department and check the same with reference to the initial records like stores purchase book, stores issue book and stores ledger etc., maintained by them and ensure the correctness of the accounts rendered to the Head of the Department.

*(Circular No. 6, dt nil-5-1974)*

(b) Depreciation should be shown as an item in the stores accounts only where there is a definite policy of writing down stores values by such means; where there is no such policy, actual write-off of surplus, unserviceable or lost stores should be shown as losses on revaluation. This principle will apply both to commercial as well as non-commercial departments. These instructions should be carefully borne in mind when auditing the stores account.

*(Auditor General's Lr.No. 235-R.95, 36 m dated 29th October, 1936).*

(c) In auditing the stores, the quantity accounts of the receipts, issues and balances as well as the account of values (where they are maintained) should be examined with a view to ascertaining that they tally, in all respects, with the expenditure and other transactions connected with the stores. The audit of stores accounts shall be directed to ascertain that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock-taking of stores are well devised and properly carried into effect.

(d) As regards purchases of stores, it should be seen-

1. that all the stores are purchased through the agency of Director General of Supplies and Disposals except in the case of exemptions approved by Government.
2. that the rates paid agree with those shown in the contract or agreement made for the supply of the stores;

3. that certificates of quality and quantity are furnished by the passing and receiving Government servants before payment is made, except where the contrary is allowed by the rules of Government regulating purchase of stores; and
4. that orders for purchasing are not split up so as to avoid the necessity for obtaining the sanction of higher competent authority required with reference to the total amount of the orders.

NOTE 3: Cases of uneconomical purchases of stores and any losses, which may be clearly and definitely attributed to the defective or inferior nature of stores which were accepted and certified to be satisfactory in quality should be brought out clearly establishing them with facts and figures in the Inspection Report;

- (e) As regards issue of stores, it should be seen -
1. that there is a proper requisition for every article issued;
  2. that entries of all stores issued are made in the stock books correctly;
  3. that requisitions and indents are approved by the competent authority;
  4. that proper acknowledgements of the recipients exist';
  5. that the valuation is correct and the allocation of debit to the various Heads of Accounts for the cost of stores issued is correct; and
  6. that the issue is regulated by the sales prescribed, if any,

NOTE 4 : In the case of register of furniture, dead stock, it should be seen whether the scale of supply of furniture to the officers for doing office work at the residence is in accordance with the prescribed scale (vide Annexure VI and whether in case of excess the recovery of hire charges is made at the prescribed rates)

*(O.A.D Civil/27/22/58-59, dated 21st January, 1959)*

- (f) the accounts of stores should be generally examined to see-
1. that they are kept in the prescribed form;
  2. that entries of receipts and issues are made in them as transactions actually occur, that issues are supported by proper authority and by proper acknowledgements and that some official is held responsible for checking that this is done properly and for seeing that balances are worked out correctly;
  3. that the accounts of balances which were audited in the previous inspection are produced completely in all respects, that no entries in them are tampered with; that the closing balances as per previous accounts are correctly carried forward to the accounts under scrutiny, and that there exists a certificate of periodical check of balances;

4. that stores are periodically counted, weighed or otherwise examined by some responsible official, other than the custodian of stores or his subordinates wherever possible and verified with the balances in the stock books, and that necessary action is taken to adjust the surpluses or shortages noticed;
  5. that the balances on hand does not exceed the maximum limit prescribed by the competent authority and is not in excess of requirements for a reasonable period; and
  6. that adequate action is taken for the disposal of surplus, obsolete and unserviceable stores.
- (g) where a priced account is maintained, it should be seen -
1. that the issues are priced with reasonable accuracy and the rates initially fixed are reviewed from time to time and revised where necessary so as to bring them within the market rates;
  2. that the value accounts tally with the accounts of works and of departments connected with stores transactions ; that total of the value accounts agrees with the outstanding amount in the general accounts and that the numerical balance of stock materials is reconcilable with the total of value balances in the accounts at the rates applicable to the various classes of stores; and
  3. that steps are taken for the adjustment of profits or losses due to revaluation, stock taking or other causes, and that these are not indicative of any serious disregard for rules.

NOTE 5: The instructions regarding the extent of audit of stock accounts kept in the Public Works Divisional Offices apply mutatis-matandis to the stores and stock accounts kept in other departments as well.

In respect of consolidated stores and stock accounts prepared by the Director of Stationery and Printing, 25% of the items under receipts and 5% under issues may be subjected to detailed check.

*(CAG's No. 2682 T.A.I/539-68, dated 23rd July, 1968 and AG's order dated 7th August, 1968-File No. O.A.D/Civil/XII/42-2/68-69).*

#### **4.51 Audit of the initial accounts of materials and equipments received under Foreign aid Schemes :**

- (a) Field staff should ascertain from the Heads of Offices at the time of local audit whether the institutions are in receipt of any materials or equipment under foreign aid scheme.
- (b) Initial accounts of materials and equipments received by the departments should be checked in local inspection with reference to copies of invoices and allocation sheet wherever available. Cases where invoices are not received should be specially noted. It should be seen that the materials and equipments are utilised only for the purpose set forth in the operational agreements.

**4.52 Tenders and Contracts:** (a) It should particularly be seen that tenders are invited in the case of purchases of articles and stores for which tenders have to be called for under the rules, in consultation with the supplies Department wherever necessary. The original tenders should be examined and compared with the comparative statements and with the agreements finally accepted. Cases of alteration of figures, over writings and other unauthorised corrections of tendered rates or other errors should be seen. It should also be seen that the rules, laid down by Government or set out in the Manuals in regard to invitation of acceptance of tenders and for entering into agreements with contractors, are observed.

- (b) The files for contracts/agreements should be scrutinised to see-
1. that the widest possible publicity was given for calling them and due period of notice allowed consistent with magnitude of the contract.
  2. that tenders are received in the prescribed forms in sealed covers;
  3. that all tenders bear the dated initials of the officer opening them;
  4. that the rates quoted by the tenders are not over written, or changed without attestation by the tenderer and are correctly transcribed into the comparative statement;
  5. that the lowest tender is determined by working out the cost of all items of work or supplies on the basis of an estimated quantity of work to be done or supplied, and not merely by visual comparison of the tendered rates without reference to cost of work or supplies involved;
  6. that the comparative statements are duly checked and approved by the Head of the Office and contain his orders about the tenders accepted;
  7. that a complete and regular stock account of receipt and consumption of blank tenders is kept;
  8. that the sale proceeds of tender forms is correctly accounted for in the books and promptly credited to Government;
  9. that satisfactory reasons are recorded for accepting a tender other than the lowest;

**NOTE :** Normally the lowest tender should be accepted, other things being equal. Specific data, with reference to the financial solvency, income tax paid, the ability of the contractor to execute the work, security offered by him, particulars of certain works executed formerly by the contractor, amount involved therein, and the conduct and performance of the contractor during the execution of work should be recorded. This information should be on record not only in respect of the tenderer whose tender has been accepted but also in respect of the tenderers whose tenders have been rejected. The relative merits of the various contractors concerned should be discussed and cogent reasons should be on record while rejecting lower tenders, if the lowest tender is to be rejected.

*(Circular Memorandum No. 1772-42/69-4, dated 3rd November, 1969- of Govt of A.P P.W.D. O.O.No. OAD/Civil/XII/670/36, dated 15th January, 1970-File 38- Misc 70-72 of Unit XII O.A.D (Civil) Hqrs).*

10. that contracts are executed either on standard forms or on special forms prepared in consultation with the law officers of Government, and that the terms are precise and definite and there is no room for ambiguity or misconstruction therein.
11. that contracts are sanctioned by the competent authority and that the terms once entered into are not varied without special and proper sanction;

In cases where a formal written contract is not made, it should be seen that the order for supplies or for execution of works is not given without at least written understanding as to price or rate at which payment is to be made; and

12. whether, when it comes to notice that tenders have not been called for or the prevailing market rates have not been ascertained from the Revenue authorities, the contractors have been allowed or there is reason to believe that they were allowed, rates and conditions as would enable them to make unusually high profit.

NOTE: A special report about the irregular cases referred to in (12) above should be sent to the Headquarters section. The Headquarters section, after obtaining the order of Senior Deputy Accountant General (Inspection-Civil) report the cases to the Income Tax Department as and when they are received.

*(A.G's Orders , dated 23rd June, 1959 in W.M.I.File 15-47/58-60 and C.A.G's Lr.No. dated 28th June,1945).*

**(c) Common irregularities in the award of contracts:** All the local audit parties are instructed to specifically look for the following deficiencies and irregularities in the award of various types of works and contracts executed by the organisations and observations noticed, if any , in this regard should be commented upon and included in the Inspection Report.

- 1) Appointment of consultants in an arbitrary manner without clear cut and sometimes over lapping responsibilities.
- 2) Whether a detailed and realistic estimate for works have been prepared before issue of tenders.
- 3) Whether the contracts have been awarded on the basis of competitive bidding at reasonable rates or adopted limited tendering system thereby restricting competition.
- 4) Whether the works are awarded based on realistic prevailing rates or without preparing any market rate justification.
- 5) Calling for revised price bids from all bidders when the rates were high vis-a-vis the estimate and conducting negotiations with firms other than L-1 is violative of the contract conditions. Negotiations should be an exception rather than a rule and should be conducted if required, only with the L-1 bidder.

- 6) Whether sufficient provision towards earnest money in high rate tenders i.e. tenders running into several crores of rupees, to safeguard organisation's interest was made.
- 7) Post award amendments/deviations without financial adjustments are unwarranted and against the principles of competitive tendering as these may favour the contractors.
- 8) In order to prevent any possibility of interpolation and tampering of the documents and the agreements are enforceable in a Court of Law, the agreements should be well bound, page numbered, signed by both the parties and well secured.
- 9) Loose and incomplete implementation of contract clauses pertaining to insurance, Workmen's Compensation Act, ESIC, Labour Licences etc should be looked into as they may give undue financial benefit to the contractors.
- 10) Whether timely extensions to the contracts and Bank Guarantees have been ensured so as to protect the interests of the organisation in case of disputes.

(CVCs OM.No.8/2/04 dt 5/2/2004 received through CAG's office's. Endt.No. 1532 , GE / I/ 30-2004/CVC dt 23/4/2004 and circulated through LA-I circular no.3 LA-I/ Genl/VRs/2004-05/03 dt 1-6-2004)

**4.53 Implementation of Black-listing orders :** Purchase orders should be examined with a view to seeing that no supplies are obtained from the black listed firms. Similarly it should be seen whether the execution of departmental works was not entrusted to black-listed contractors.

To ensure this, copies of orders of Government placing firms on black list and orders revoking them, received from Headquarters Section should be properly filed and for facilitating reference to the black-lists, a register should be maintained by each party, in the following proforma, allotting the leaves of the register in alphabetical order of the names of the black-listed firms.

**PROFORMA**

Sl. No.	No.& date of letter where-in the firm has been black-listed/banned	Name of the firm.	Period for which the firm has been black-listed/its business banned.	No.& date of the order through which order of blacklisting revoked/ ban on business lifted.	Date from which re-vocation orders take effect/ban lifted.	Remarks
1.	2	3.	4.	5.	6.	7.

(Secret O.O.No. 45, dated 14th March, 1968-Stock File of Circular and office orders 67-68 OAD Civil Headquarters File).

**4.54 Publication of tender notification and acceptance of tenders in Trade Bulletin:** With a view to avoiding uneconomic purchases by the Department and promoting marketing of local products of small scale industries and others within the State, the following orders of the Government of Andhra Pradesh are required to be implemented in the purchase of stores, etc., by the Departments.

1. Tender enquiries should be sent to the Director of Commerce and Export Promotion for publication in the "Trade Bulletin" free of cost.
2. Tender enquiries through the Trade Bulletin other than those processed by the Industrial Marketing Department, should be restricted to those of the value of Rs. 5000 and more.
3. Tender decisions should invariably be published in respect of all tender enquiries that are routed through the Trade Bulletin, as it is a healthy and helpful measure to keep the trade in the know of tender decisions taken by the various authorities from time to time.
4. Tender decisions should state not merely the names of the successful tenders but also rates at which the contracts were placed on the firms.

*(G.O Ms.No. 861-Industries, dated 9th August, 1966 of the Government of A.P, Industries Department, read with Circular No. O.A.D /Civil/38-2/67-68/4, dated 12th May, 1967 File 38-2/67-68 of Unit XII.O.A.D Civil Hqrs).*

During the course of local audit, it should be ensured that the above procedure is being followed.

**4.55 Schedule of Rates :** It should be seen that an upto-date copy of the schedule of rates of each kind of work, as in force in the neighbouring Public Works Divisions, is kept.

**4.56 Measurement Books :** It should be seen that -

1. The books are maintained in accordance with the prescribed rules;
2. The arrangements in force for taking measurements, for having measurements checked by an officer superior to the official who originally took the measurements, and the results of check measurements are not such as to indicate laxity of control;
3. In respect of running contract accounts, reference to the previous set of measurements is given;
4. The contractor's acceptance is obtained below each set of measurements;
5. The pages containing detailed measurements are scored out by a diagonal line in red ink and the abstract of measurement bears a reference to the number and date of voucher of payment;
6. The check-measurement did not precede the measurement;

7. The check-measurement is not so delayed as to make it undependable, in view of the subsequent progress of work, rendering independent check of the accuracy of the original measurements impossible; and
8. The dates of measurements of any out-station works are traceable in the travelling allowance bills of the officials concerned, (a few cases here and there should be test-checked to see this point).

The standard measurement books, on the basis of which estimates for annual repairs, etc., are prepared and payments are made, should be examined to see that-

- (a) they are duly certified by some responsible officer, and
- (b) they are brought upto-date from time to time and additions and alterations in the books are attested by some responsible officer.

**4.57 Muster rolls:** These should be generally examined to see that the instructions prescribed for their maintenance are followed. In particular, it should be seen that-

1. Attendance is taken daily and the record of attendance is checked, at intervals, by responsible officer inspecting the works, etc., on which the labour is employed.
2. Disbursements are not entrusted as a rule to officials of low standing.
3. Where possible, the officer making disbursement is not the same as the one controlling the labour.
4. A record is kept of the progress of work done by labour and the cost is not so largely excess of the value at current rates as to indicate either loss to Government or need for closer financial controls, and ;
5. Labourers paid from muster rolls were not engaged on any work other than that for which they were detailed.

**4.58 Accounts of Works:** It should be seen that -

1. Estimates are prepared and sanctioned by competent authority as prescribed in the rules;
2. The rates of the sanctioned estimates do not exceed those allowed in the neighbouring Public Works Divisions;
3. Rates paid are in accordance with contracts and, in cases where no contracts are entered into, they do not exceed the market or scheduled rates;
4. Where through-rates for finished items of work are allowed to contractors, the value of any materials, carriage etc., and incidental charges are not charged to Government but recovered from contractors;
5. No financial aid is given to contractors beyond that agreed upon in the contracts;

6. In cases where contractors are allowed labour rates only or work is carried out by daily labour, arrangements exist for exercising detailed control over transactions relating to materials and for verifying the unused materials;
7. The materials received from dismantling old structures, etc., are properly accounted for and are disposed off to the best interest of Government;
8. There is no undue delay in closing the accounts of works;
9. The excesses over sanctioned estimates are investigated and sanctioned by competent authority.
10. Where materials for work are supplied by Government to the contractors, the prices of the materials are fixed correctly as per rules and adjusted against the contractor.
11. During scrutiny of vouchers for the month/months marked for detailed audit, recovery of I.T at prescribed rate may be ensured from all the payments made on works contracts the consideration of which exceeds Rs. 20,000.

*(Circular No. 13, dated 24.6.85).*

**4.59 Abandoned Works-** In respect of cases of abandoned works noticed during local audit it should be seen whether such abandoned works have been restarted or whether there is proposal to restart the work at all and whether the work as it stands now, has already suffered a loss because of sun and rain etc. The loss suffered on the works as on date, irrespective of whether the work is being resumed or not, can be ascertained by asking for a special statement from the Head of the Office making sure that the statement has been prepared by technically qualified person or a person who is responsible for execution of such work. The statement should be examined with reference to the records connected with the works, like estimates, measurement books, work registers/files etc, in a detailed manner and the extra expenditure or loss on the particular work arrived at. If the works are not likely to be resumed at all, which can be concluded from the purpose for which the work was initially taken up and ascertaining whether the purpose still holds good, a more pointed mention-is called for as the entire expenditure on the abandoned work becomes infructuous.

Information in respect of the abandoned works should be in the form annexed to the draft paragraph in the following proforma

1. Name of the work.
2. Estimated amount.
3. Date of commencement of work.
4. Date of abandonment.
5. Reasons for abandonment.
6. Stage at which the work was abandoned.
7. Value of work done at the time of abandonment.
8. Whether any damage was done to the existing structure on account of abandonment due to efflux of time or for any other reasons and
9. Amount required for the completion of the work taking into consideration the amount involved for repairing/reconstructing the damaged portion.

The following additional information should be furnished in case of works initially abandoned but resumed. 1. Date of resumption of work. 2. Date of completion and 3. Total amount spent on the work including the amounts involved for repairing/reconstruction of the damaged portions.

While obtaining information about losses as a result of exposure of abandoned works to sun, rain etc., and pilferage, special note should be prepared on the extent of completion of work at the stage of abandonment both with reference to books, works registers, files etc., in a more detailed manner so that the “no loss” statement if any furnished by the department can be put to intelligent check.

*(Circular No. 6, dated 25.7.1976).*

**4.60 Audit of Cash Book:** The cash book should be checked in detail for the months selected for test audit and for the other months a general scrutiny should be made. In addition to the check, the cash received from the Treasury by way of encashed bills as shown in the Bill Register and by way of drawals should be traced in the cash book. It has been decided by the CAG that in checking of the cash book it will be enough if in addition to the detailed test check of the accounts for one month, the arithmetical accuracy of the cash book is checked by the local audit party for one more month selected at random. This should also include check of the opening balance of the previous month and that of closing balances of the month selected for scrutiny to the next month. In the case of biennial or triennial audits, checking of arithmetical accuracy may be confined to two months selected for test check.

*(Authority Secret DO.No. 770-TA.I/117-74, Dt. 7.9.74 of C&AG)*

The provisions of the foregoing paras should be borne in mind while checking the respective transactions referred to in those paras, as found recorded in the cash book.

It should be seen that -

- a) all cash transactions are entered as soon as they occur,
- b) the cash book is closed regularly and checked as per the provisions of Rule 77 of the Compilation of Treasury Rules, Volume-I/SR-2 under TR.11 of Andhra Pradesh Treasury Code, Vol.I.
- c) the totals are correct and the balances correctly worked out;
- d) there are no erasures or interpolations and errors are rectified properly;
- e) there is evidence in the cash book of verification of all entries made therein regarding receipts, payments and balances of cash in chest have been counted at least once a month and duly certified to that effect by the Head of the Office concerned.

If satisfactory explanation for any irregularity detected is not forthcoming, all the relevant facts are to be collected and a special report is to be sent to Headquarters section for pursuing the point with higher authorities.

All irregularities relating to the accounting of cash whether technical or material should be mentioned invariably in Part-II of the Inspection Report.

Objection taken should be explained in sufficient detail to enable the Hqrs Office to find out whether the defects mentioned disclose any technical defects or serious irregularities. Field parties should specially examine the adequacy of the procedure followed by the various authorities for the receipt, custody and disposal of cash and other valuables; and defects, if any, in this regard should be commented upon in the report.

In cases where the cash book is maintained properly and the rules have been observed correctly, the Inspecting Officer/Section Officer of the Inspection Party should mention the fact specifically in the forwarding document of the Inspection Report.

The checks indicated above should be conducted as prescribed in Secret Memorandum of Instructions on the extent of audit of cash books of Public Works offices. The quantum has to be increased suitably, where the standard of departmental control appears to be poor or the prescribed checks disclose any serious lapse, fraud, or embezzlement.

*(CAG's Lr. 4120-TA.I 656-68, dated 10th October, 1968-O.O.No. O.A.D/Civil/XII/ 38-1/68-69/33, dated 25th October, 1968-File No. 38-1-/68-70 of O.A.D (Civil) Hqrs).*

**NOTE:**Field inspection parties during the course of local audit of offices, locate from the cash book, high value entries relating to purchases and other items of expenditure, link them up with the expenditure sanctions accorded by Government or other authority for the same and make a detailed scrutiny of the transactions. A list of expenditure sanctions/high value items of expenditure subjected to detailed check should be placed on record and incorporate significant points noticed, if any, in the Inspection Report for inclusion in the Audit Report.

**4.61 Non-maintenance of cash book and other registers:** Non-maintenance of important initial records such as cash book, undisbursed pay register, permanent advance register, contingent register, register of cheques and drafts, stock registers etc., should be treated as serious matter and should find a place in Inspection Report prominently, preferably under "Major irregularities".

*(Circular No. 2, dated 30.4.1977).*

**NOTE 1 :** The field parties should keep in view that check of books includes check of other subsidiary registers also like Undisbursed Pay Register, Permanent Advance Register, Petty Cash Book etc., as the cash balances in these registers form part and parcel of cash balances in General Cash Book.

*(Circular No. 36, dated 29.9.1978).*

**NOTE 2:** It has been decided to extend the extent of check of arithmetical accuracy to the maximum extent possible by the field parties. Accordingly in respect of offices where the transactions are not heavy, this check should be done from the date of last audit to the present day of audit. In case of offices where the transactions are very heavy and full period cannot be covered, the arithmetical accuracy check should be done for as many months as possible, in addition to the months marked for test check. The months for which arithmetical accuracy was checked should be

clearly indicated in the forwarding document along with a note explaining the volume of the transactions of that office, which resulted in the party restricting the check for a limited period.

(Circular No. 14, dated 29.9.1977).

**4.62 Cash verification :** (i) The Inspecting Officers are not required to verify by counting the cash balance of the office inspected. It is, however, not the intention that an Inspecting Officer is debarred from verifying the cash balance of an office, if the circumstances of any case warrant this. In such a case, the verification should be undertaken as soon as the necessity for the same is felt, and this should preferably be done at a time when the office-in-charge is present.

(CAG's U.O. No. 1965-Admn./244/-50, dated 28th July, 1951).

**NOTE 1 :** The verification should be undertaken as soon as the necessity of the same is felt under the written orders of Group Officer (Inspection Civil) or the Audit Officer (Hqrs) in the case of city offices, under the written orders of Inspecting Officer, if he is present, in the case of District Offices, respectively.

**NOTE 2 :** (a) Where the party is unsupervised, the Assistant Audit Officer/Section Officer should ensure that physical verification of cash especially during the audit of Collectorate, Medical, Public Health and other Secretariat Offices as per the records is verified by DDO in his presence and include comments, if any, arising from such verification in the Inspection Report.

(b) In cases where close supervision of the Sr.Auditor's work in regard to issue of audit enquiries and check of disposal of previous IRs are required, the assistance of the Sr.Auditors may be availed of for the routine checking of receipts and payments under this item of work, subject to the overall responsibility and supervision resting with the AAO/SO.

(LA-I Circular order No.LA-I/Genl/2004-05/28 dt.5.1.2005)

(ii) Whenever the verification is made, a Memorandum may be drawn up as follows :

Previous days' balance as per cash book.

Add Amounts received during the day as in the cash book and as verified with reference to the counterfoils of receipts, cheques, etc.,

Deduct payments made during the day as per the cash book and as verified with reference to the sub-vouchers

Net Total

Amount of cash in hand

The amount of cash in hand should agree with the net total. It should also be seen in audit that the Government safe contains nothing but Government money and other Government valuables.

(iii) Whenever cash is verified, it should be seen that the cash book is written upto date and all entries should be vouched to the date of verification. The composition of the balances in hand so verified, i.e., cheques, notes, coins, etc, should be recorded in the Inspection Reports also.

(iv) If the cash balance pertaining to the cash book is counted, it is desirable to have a simultaneous count of all cash balances in the same office, with relevant accounts in charge of the Disbursing Officer or other custodian of the cash chest.

(v) The above instructions apply to surprise inspection of cash undertaken when temporary misappropriation is suspected.

*(CAG's D.O.No. 70/Admn.I/54, dated 26th July, 1954-and O.A.D. O.O No. 2, dated 28th April, 1958 Case O.A. 28-9/51-56).*

**4.63 Cash balance analysis :** a) A close analysis of heavy cash balances, wherever noticed, should be made with a view to seeing whether the various amounts drawn remain undisbursed and if so, reason therefor should be ascertained. If the amount includes any departmental receipts not remitted into the Treasury or Bank, the circumstances under which the amount was not remitted, and the steps already taken by the department to disburse/remitted the amount etc., should also be ascertained. In the case of pay and allowances, the undisbursed amounts should not be retained beyond three months vide SR.4 below T.R. 32 of A.P.T.C, Vol-I.

b) The various balances should be traced into the relevant registers and their correctness verified. In the case of old balances, particular care should be taken to see why the balance is outstanding and measures suggested for its disposal. If any amounts pertain to non-Government funds (e.g., T.B, Seals, Prime Minister's Relief Fund etc.), it should be seen that they are not mixed up with Government cash balance. In any case, amounts should not be retained as cash balance longer than necessary but should be remitted into the Treasury or Bank.

*(Circular No. OAD/Civil/II/40-54/70-71, dated 2nd April 1971-File No. 40-54/70-71 of Unit II of OAD Civil Hqrs).*

**4.64 Accounting of Non-Government Money :** where under any special sanction, a Government servant deals with both Government and non-Government money in his official capacity, it should be seen whether the Government money is kept in a cash box separate from the non-Government money and the transactions relating to the non-Government money are accounted for in a separate set of books and kept entirely separate from the Government account. It should be seen in local audit that these provisions are observed correctly.

The periodical verification of cash and its agreement with the cash book balances should in such cases be on the same day and same time for either of the cash balances (Government and non-Government) as verification effected otherwise would not be fool-proof as it gives room for temporary diversion of moneys from one account to another and to camouflage frauds or attempts at frauds. The cash balance report to be furnished by the department on the first day of audit should be combined one for both Government and non-Government moneys indicating separately the amount of cash balance in each category.

*(Vide last para of Circular No. 19, dated 2.11.1977).*

**4.65 Scope of audit of Non-Government Funds:** There are many non-Government funds administered by Government officials such as Special Fee Fund of Government Schools, Sports Fund of the Police Department etc.

The scope of audit in respect of the expenditure incurred from non-Government funds depends upon the fact whether Article 283 of the Constitution is attracted with regard to the administration of funds. It has to be seen whether the fund is absolutely unofficial in character and the authorised office bearers of the fund operate the fund through Government officials exclusively in their capacity as office bearers of the fund and not as Government servants. Monies should be brought to Public Account where the fund is administered by the Government servants in their official capacity. Irregularities noticed in the latter case in their accounting, utilisation, and operation should also be commented upon in the Inspection Reports.

*(Based on para 2 of Circular No. OAD/Civil/XII/47-11/66-67/31, dated 17th February, 1967-File 47-11/66-67 of Unit XII OAD Civil Hqrs).*

**NOTE:**The Indian Audit and Accounts Department Benevolent Fund has not been set up under any statutory Act or authority of Government and does not attract the provisions of Article 284 of the Constitution in as much as it is purely unofficial in character.

*(CAG's Lr.No. 1886.Admn.II/322/62, dated 14th November, 1962 addressed to A.G. Madras, Copy communicated vide Circular No. OAD/Civil/XII/47-11/66-67/31, dated 17th February, 1967-File 47-11/66-67 of Unit XII OAD Civil Hqrs).*

**4.66 Audit of Property Accounts :** Local audit parties should also bestow adequate attention to the audit of property account which include accounts of immovable properties like land, buildings, and other assets with a view to safeguard the financial interest of Government. Specific comments should be included in the Inspection Report regarding the maintenance of property accounts in respect of each Government institution audited by them.

*(Vide instructions contained in CAG's confidential Lr.No. 83-Admn.I/152-61, dated 11th January, 1962).*

It should also be seen whether the permanent register prescribed by Government to show their assets of immovable properties and buildings in the custody of several departments is being maintained properly and is posted up-to-date.

**4.67 Physical verification of Library Books :** It should be seen -

- 1) that physical verification is done every year.
- 2) if, having regard to the size of the library, the time, the cost and the personnel involved, etc., it is not possible to have physical verification done annually that the whole of the collection of the books is physically verified at intervals of not more than three years, at least one third of the library being checked every year.
- 3) where it is not feasible to entrust the work of verification to officers not connected with library, that the work is entrusted to those members of the

staff of the library, who are not connected with the custody of the books of the particular section taken up for physical verification;

4) that the verification is subjected to surprise test-check by some independent officers.

**4.68 Security Deposits :** 1) Subject to any special rule or order made by Government in this behalf every year, cashier, store keeper and other subordinate who is entrusted with the custody of cash or stores should be required to furnish security, the amount being regulated according to circumstances and to local conditions in each case under sanction of the competent authority, and to execute a security bond setting forth the conditions under which Government will hold the security and may ultimately refund or appropriate it.

The posts referred to in Annexure IV, are however exceptions to the rule.

2) The competent authority will determine whether the amount of security shall be paid in a lumpsum or by deduction from pay.

It should be seen in local audit that -

- a) the amount of security deposit is fixed correctly by the competent authority and taken from the persons entrusted with cash or stores;
- b) the security deposits are covered by a properly executed bond or agreement setting forth the conditions under which the security is held;
- c) the Government securities, etc., tendered as security are taken at their market value and that a re-adjustment is made if there is subsequent depreciation in value.
- d) the register of receipts and disposal of securities is properly maintained and that all entries since last audit are correct, and that acknowledgement of depositors for return of securities exist.
- e) the register of securities as well as the securities are examined atleast once a year by a Gazetted Officer;
- f) in the case of Post Office Savings Bank Pass Books, that they are hypothecated to the Head of the Office for the full amount of security required and kept in his custody,
- g) in case of recovery of security deposits from subordinates in instalments, the monthly instalments are regularly recovered, and correctly accounted for in Government account and promptly deposited into the Post Office Savings Bank and the prescribed registers are maintained correctly; and
- h) either the securities or the acknowledgement of their authorised custodians are produced for inspection.

3) Verification of the guarantees offered by Banks : The deposit receipts of Banks or the guarantee bonds executed by banks on behalf of their clients for due implementation of Government contracts, etc., are accepted to the following extent.

A) Guarantee bonds executed by State Bank of India may be accepted.

B) Guarantee bonds executed by a Scheduled Bank may be accepted, provided-

1. The bond in question is countersigned by the State Bank of India, whereby the Bank undertake full responsibility to indemnify the Government Department concerned in case of default or-
2. The bank concerned lodges with Reserve Bank of India requisite securities, viz., cash deposits or Government securities, in respect of the guarantees to be executed by it and the Reserve Bank advises the Government Department concerned that the bond may be accepted.

*(G.I.M.F.Lr.No.F(7)107 F1/50, dated 5th November, 1951).*

During local audit, it should be ensured that the above mentioned principles are correctly implemented.

**4.69 Audit procedure in respect of Children's Educational Allowance, RTF, Hostel subsidy etc:** 1) The terms and conditions under which Children's Educational Allowance, RTF, Hostel subsidy etc., is allowed to Central Government employees are described in G.I.O.M.21011/21/88-Estt (Allowance) dated 17.10.88

2) The field parties should check-

- a) the eligibility of the Government servant for the drawal of the allowance with reference to the conditions laid.
- b) whether the amounts drawn conform to the rates prescribed.
- c) whether the conditions laid down for the grant of the allowance are fulfilled;

3) The above checks should be exercised in all cases of payments with reference to the certificates prescribed in para 25 of Government of India Memo ibid furnished by the Government servants and the records maintained in the office audited.

It should also be seen that the verification of the correctness of the certificates furnished prescribed in Para 26 of the Government of India Memo is conducted by the Head of Office regularly.

4) The compliance of this item should be indicated separately in the title sheet.

**4.70 Audit of expenditure relating to Elections :** Guidelines for the local audit of the expenditure relating to the general elections based on the orders issued by the Central and State Governments and important points noticed

during central and local audit are indicated below. The field parties visiting the offices of the Collectors, Revenue Divisional Officers, District Superintendents of Police, Director of Printing , etc., should exercise an intelligent scrutiny over the expenditure on elections with reference to these guidelines and send special notes on the irregularities noticed apart from commenting in the Inspection Reports, so that the same may be passed on to the concerned audit section for regulating the reimbursement from the Government of India. Guidelines for local audit of expenditure relating to elections:-

- I. Drawal of abstract contingent bills : It is to be seen ;
  1. Whether the Drawing Officer was authorised to draw abstract contingent bills and whether the limit was adhered to.
  2. Whether detailed contingent bills have been submitted for all the lumpsum advances drawn by the Drawing Officers on abstract contingent bills.
  3. Whether the unspent balances were remitted in time or there was delay in remittances.
- II. Detailed contingent bills : The checks to be exercised are;
  1. To ensure that expenditure incurred on the purchase of steel almirah, boxes, trunks, etc., for the storage of electoral rolls, ballot papers etc., has not led to any irregularities.
  2. To ensure that capital expenditure incurred on acquisition of assets such as motor cars, buildings and furniture are not pooled between Centre and State as the expenditure is to be borne by the State and election expenditure is not made use of, for this purpose.
  3. That the expenditure on purchase of typewriters, duplicating machines etc., is to be borne by State. The manner in which the above articles are brought into use after elections should be checked.
  4. State Government vehicles are used for election duties and the hire charges for such use to be fixed by the State Government should be checked.
  5. Whether any pick up van or station wagon is purchased by Government and if so the manner in which the same is brought into use in the post election period. If the vehicle is used for any other work, hire charges should be checked. Ultimately when the vehicle is disposed, the sale proceeds should also be apportioned between the Government of India and the State Government.
  6. On the disposal of damaged vehicles belonging to election department, 50% of the sale proceeds should be credited to Central Government.

7. Expenditure incurred on repairs, replacement of parts to the vehicles requisitioned by election department for the election purpose should be borne by the lending department. Minor repairs upto Rs.3000/- incurred on such vehicles are only shareable.
8. Sending of election material to local bodies by the State Government is allowed provided hire charges at 1% of the current cost price of each item of election material per day of hire is recovered.
9. Spray painting of ballot boxes is allowed at Rs.650/- per box and sanction of the State Finance Department should be obtained if the cost increases.
10. In case of loss of ballot boxes by the local bodies, the actual cost of replacement for the same should be recovered.
11. Surplus ballot boxes can be transferred to other State Governments or auctioned. It should be seen whether this has been done.
12. Maintenance charges of ballot boxes at the rate specified per ballot box has to be shared on 50:50 basis.
13. The Government of India would also bear the expenditure on wages of drivers and cleaners employed during election on 50:50 basis.
14. Expenditure incurred towards purchase of publicity and propaganda material like posters, folders, cinema, slides, films, etc., to be shared on 50:50 basis.
15. Expenditure on appointment of observers for election to Lok-Sabha is to be fully borne by Central Government.
16. Expenditure incurred on telephone and electricity charges at the counting centres for Lok-Sabha elections is to be fully debited to Government of India.

**4.71 Local audit of Over Time Allowance claims :** The following checks should be exercised in local audit :

1. The check include verification of correctness of pay of the individual as shown in O.T.A Bill and the rate of O.T.A admissible in each case.

*(Circular No. 45, Dt. 15.12.82).*

2. Scrutiny of the records showing overtime duties and their check with the actual claims;
3. Whether overtime work is resorted to too frequently;
4. Whether the same person or the same group of persons is being allowed overtime too often;

*(CAGs Lr.No.1904-Admn.I/76-62, dt.7<sup>th</sup> August, 1962)*

**4.72 Treasury Drawal Register :** It should be seen that-

1. The withdrawals made from the Treasury by the Drawing Officer and the amounts deposited by him into the Treasury, as recorded in his cash book, are verified at the time of local audit, with the entries of those transactions made in the Treasury Officer records. This verification should be done carefully since most of the fraudulent withdrawals and misappropriation of receipts intended to be deposited into the Treasury can thus be brought to light;
2. The reconciliation of departmental figures of remittances to the Treasury and withdrawals therefrom is conducted monthly;
3. All bills drawn and presented at the Treasury are entered in the register;
4. The entries in the register are attested by the Head of the Office;
5. The date and amount of payment are filled in and attested by the Treasury Officer;
6. There are no erasures, over-writings, etc., in the register;
7. The cash received is correctly taken to the cash book, undisbursed pay register or other registers maintained for accounting of the disbursements, and the despatch of bank drafts received from the Treasury to the parties is effectively watched through a suitable register, and
8. The monthly drawals are verified from the Treasury and a certificate to this effect recorded on the register.

**4.73 Installation of Telephones at Residences :** a) As per orders of Government of India, residential telephones should be allowed to not more than 25% of the number of Class-I Officers lower in rank than Deputy Secretaries and their equivalent working in a Ministry/Department or offices under their administrative control.

*(G.O.I.M.F (Dept of Expenditure) O.M.No. 14(6)E.Co.ord/67-Pt.I dated 9th August, 1968-File 38-1/68-70 Vol.I Unit. XII OAD Civil).*

b) Compliance by the Drawing Officers with the instructions above should be test-checked during the local audit of the offices and cases of non-compliance, if any, reported to the Administrative Ministries for such action as may be deemed necessary by them.

*(CAG's Lr.No. 4670-TA.I/768-69, dated 1st January, 1968-File No. 38-1/68-70 Vol.I OAD I Unit XII O.O.No. OAD/Civil/XII/38-1/68-69/1231 dated 31st January, 1969 filed at P.83-C File NO. 38-1/68-70 Vol.I of Unit XII OAD Civil Hqrs).*

**4.74 Value Payable Covers :** Value payable covers may be accepted as sufficient for audit purposes in lieu of receipts from actual payees for amounts paid on account of articles received through the post office per value payable post. The fact of payment should, however be supported by a bill or invoice

of payee (firm sending the articles) and pass orders for payment endorsed on the covers as well as the bills (invoices) by the Disbursing Officer.

**4.75 Maintenance of registers by the Heads of Offices for watching settlement of Audit Reports and post audit objections Scrutiny during local audit:** a) Government of Andhra Pradesh issued orders that the following two registers should be maintained in all Government offices (where officers are having drawing and disbursing powers), one in respect of Audit Reports received from the Prl. Accountant General and the other in respect of post-audit objections with a view to settling the Audit Reports and objections. As soon as the Audit Reports/or the objections memoranda or lists of objections are received, necessary entries are required to be made in the register and their clearance watched regularly. The orders of Government further stipulate that the Heads of Departments and other high officers, during their inspection of the offices, should ensure that the entries are made in the Audit Report register and post audit objections register and objections are attended to regularly.

b) The Assistant Audit Officers/Section Officers of the field parties should review these two registers during the course of local audit of the offices with a view to expeditious settlement of objections.

*(G.O.Ms.No. 144-Fin(A.O)Dept. dated 31st May, 1965 of Govt. of A.P. Finance Dept. (2) Memo.No. 38935/148/A.O/65-3, dated 29th July, 1965 of the Govt. of A.P.F.D (3) Cir.No. OAD/Civil/XII/65-66/Misc/22, dated 27th September, 1965 filed in Misc File 65-66 of Unit XII OAD Civil Hqrs).*

**4.76 Accounts records not specifically mentioned :** a) All other account records and registers not specifically mentioned in the preceding paragraphs or in the chapters dealing with the audit of the accounts of a particular office or institution should be examined to see-

1. that they are maintained in accordance with the prescribed rules and serve the purpose for which they are designed;
2. that they are kept upto-date; and
3. that they are periodically reviewed by a responsible officer of the department.

b) Apart from the above, any other check as the occasion may demand should also be exercised.

**4.77 Intelligent exercise of checks :** The efficiency of local audit depends largely on the intelligence, thoroughness and resourcefulness which are brought to bear on it. Even an apparently minor defect or irregularity might conceal a fraud or misappropriation. Where important initial records, e.g. cash book, pass books and security register, etc., are not maintained properly, it is not sufficient for the Inspecting Officer to state in the Audit Report that such records were not maintained properly. Improper maintenance or non-maintenance of important initial records having a direct bearing on cash transactions should prima facie strengthen the apprehension that all may not be well with the cash transactions of the office inspected. The Inspecting

Officer and the party should, in such cases, besides mentioning the technical defects and short-comings in keeping the accounts registers, etc., should also make an intelligent probe to see if the defective maintenance or non-maintenance is a camouflage to hide fraud and misappropriation. The field staff should, therefore, be alive to this and exercise the checks intelligently and not in a mechanical way. In auditing vouchers, the auditors should not apply merely mechanical checks e.g., seeing that there is proper acquittance in support of payments, that amounts charged are arithmetically correct and that the rates are in accordance with the schedule of rates. In the interest of thorough audit, it is necessary to see that the charges in the bills are not extravagant and if doubt arises, the prevailing market rates may be ascertained from the Revenue authorities of the District. Cases of different rates paid for the same article observed in auditing the accounts of two or more offices in the same locality should be investigated, and the causes of such differences carefully assessed. An illustrative list of irregularities which are likely to conceal potential frauds is given below for guidance;

1. Erasures, over-writings, interpolations, alterations, and unattested corrections in figures, pass orders, etc., in account books and registers, bills presented at Treasuries, invoices, sale bills, receipts, etc.
2. Removal of pages from account books and registers.
3. Tamperings in totals and carry forward of totals especially cash books and stock books.
4. Erroneous arithmetical totalling in bills;
5. Errors in carrying over figures from subsidiary registers to main registers.
6. Delay in disbursement of moneys drawn from Treasury to payees (including moneys recovered against Court attachment, undisbursed salaries, etc.,)
7. Non-availability of challans in support of remittance entries in cash book and tampering of figures in challans.

NOTE 1: Fictitious entries of remittances in cash books are brought to light during the verification of credits to remittances for two months direct from the books of the Treasury, prescribed by the Comptroller and Auditor General.

8. Persistent delay in the submission of payees stamped receipts, supplier's invoices, and countersigned detailed bills to audit.

NOTE 2: For this purpose, a list of such items should be furnished by the Central Audit Section to Outside Audit Department along with the vouchers and other documents for check in local audit.

9. Payments made on duplicate invoices, absence of proper reference to entry in stock books in invoices, failure to cancel sub-vouchers or paid invoices.
10. Issue in stock accounts not supported by proper indents and acknowledgements, issue of free transfer bills not acknowledged by the

recipients.

11. Bills presented at the Treasury without entry in the Treasury Bill Book, interpolation and alteration of entries in the Treasury Bill Book.
12. Items of stores, works, etc., paid for in bills not being traceable in the relevant registers viz., stock accounts, works registers, measurement books, etc.
13. Signing office copies of bills in full, difference between the entries in the office copies and fair copies of bills in regard to name of payee, endorsement etc., or absence of office copies.
14. Persistent failure to conduct physical verification of stores or to take action on the verification reports.
15. Entries in important records like cash book, stock accounts, etc., not being attested.
16. Absence of proper periodical scrutiny of cash book, stock books, contingent registers by the Head of the Office or the authorised Gazetted Government servant.
17. Non-reconciliation of departmental figures with those of the Treasury.

NOTE 3: While commenting on the non-reconciliation/arrears in reconciliation of departmental figures of expenditure and receipts, besides other particulars, the field parties should furnish invariably figures showing expenditure and remittances for which the reconciliation was not done by the department.

(Circular No. 18, dated 31.7.1978).

**4.78 Audit of pension cases of Group 'D' and other low paid employees of State Government.:** In G.O.Ms.No. 375 Fin & Plg (pen.I) Dept dt. 30.8.76 and G.O.Ms.No.102 Fin & Plg (Fin Psc.IV) Department dated 6.4.79 orders were issued entrusting the work of verification and authorisation of pensions in respect of Class IV and other low paid employees including H.C's, P.C's, Excise Constables and Forest Guards to Heads of Offices from which the employees retire. The authorities who are competent to fill up substantively vacant posts are competent to sanction pension.

Consequent on restructuring of offices, Headquarters Office in Circular No. 63-TA.II/1894 dt. 20.10.84 issued orders that Accountant General (Accounts & Entitlement) will maintain Treasury wise payment registers and post the details of pension payment orders in these registers with reference to copies of Pension Payment Orders obtained from the authorities sanctioning pension. This procedure has been dispensed with, vide Headquarters Lr.No. 1358-Ac/II dt. 9.7.85 and the audit of above pension vouchers has been entrusted to local audit.

Pension cases finalised from 1.4.86 by the pension sanctioning authority should be checked in local audit keeping in view the prescribed quantum of audit i.e., 50% of cases finalised. The inspecting parties may requisition register of application for pension and gratuity and alphabetical index register and compare the details recorded therein with those in the lists

of Pension Payment Orders etc., received from Main Office. Necessary audit checks such as verification of qualifying service, application of proper pension rules, calculation of average emoluments, commutation of pension, gratuity etc., may be done in respect of the cases selected. A certificate to the effect that pension cases of Group 'D' and other low paid employees of equivalent rank in the pension sanctioning offices have been checked to the extent necessary may also be furnished in the forwarding memo.

*(ICH.I/Genl/9-4/86-87/Circular No. 14, dt. 28.1.87).*

#### **4.79 Audit of transactions in Personal Deposit (PD)/Personal Ledger(PL) A/C**

(i) All the field parties have to invariably conduct audit of all the transactions in PD/PL A/C for the month of March every year and in addition those of another two selected months each year to cover 25% of the total transactions of the year. The field parties shall indicate total no. of transactions during the year and enclose a list of transactions checked and value of transactions checked to the forwarding document accompanying the Inspection Report. A certificate indicating the months selected shall also be recorded in the forwarding document. If there are no transactions under P.D.A/C. a 'Nil' certificate may be recorded with the forwarding document.

(ii) The field parties while conducting the audit of Directorates/Heads of Departments should check transactions where in amounts drawn towards schemes have been transferred to PD A/Cs on Government orders to avoid lapse of Central grants to the extent of scheme funds transferred to PD A/cs by the Heads of Departments, also amounts deposited in P.D A/C. at the instance of Govt. orders.

*(LA-I Circular NO.LAI/PD/PC/GL/2000-01 dt 13.9.2000)*

**4.80** The following instructions are issued for scrupulous observance by field parties with a view to ensuring effective audit of sanctions to Grants-in-Aid and also of expenditure incurred from grants-in-aid by the grantees.

(i) While conducting test-audit of sanctions in the office of the sanctioning authority the following should be checked.

- (a) The methods by which the sanctioning authority satisfied itself as to the fulfillment of the preconditions by the grantee qualifying for the payment of grant were adequate.
- (b) If under any rules, the grant is to be paid after review of the financial status of the grantee institution, as revealed by the audited statement of accounts of the grantee institutions, the required financial statements were actually obtained and scrutinised by the sanctioning authority.
- (c) Earlier grants, if any, made to the same grantee institution were actually spent for the purpose for which they were intended and fresh grants were not made when an earlier grant remained unutilised.

- (d) The grants sanctioned was not in excess of the actual requirement of the grantee for the financial year or for the period of one year from the date of sanction.
- (e) Any general or special orders for releasing a particular grant in instalments were complied with.
- (ii) In audit of expenditure from grants-in-aid and utilisation certificates issued thereon, it should be seen that:-
  - (a) Utilisation Certificates (UCs) were based on audited statement of accounts and reports regarding the performance of achievement of the grantee vis-a-vis the objections and conditions of grant.
  - (b) In the absence of audited statement of accounts, the procedure observed by the sanctioning authority for obtaining the required assurance (as to the performance or achievement) based on which the UCs were issued was adequate.
  - (c) If no time limit was fixed by the sanctioning authority, the grant was spent, upon the object/purposes intended within reasonable time.
  - (d) The portion of amount which was not ultimately required for expenditure was surrendered.
  - (e) Educational scholarships, stipends etc., were drawn in accordance with the relevant rules, under certificates, as to the fulfillment of the prescribed pre-conditions (the accuracy of the certificates should be verified while checking the detailed record during local audit, apart from conducting nominal/number audit to the extent prescribed).
  - (f) Where UCs have not been furnished for the grants advanced, reasons for non-furnishing of UCs should be probed into and the steps taken by the sanctioning authority for expediting issuance of the certificate or other action initiated for failure of the grantee institutions should be examined and appropriate comments included in the Inspection Reports.

(Audit Co-ordination Circular No.CACD/unit-I/2000-01/ dt.6.7.2000)

**4.81 Process of audit to be supplemented with regard to omissions :** The outline given in this chapter should be taken only as a guide to an intelligent audit. The processes given should not be followed mechanically as a matter of routine and should never be considered as limiting the scope of the auditors duties. The field staff should, therefore, see that all the checks necessary for an intelligent audit are carried out and no matter which requires investigation has been left out

**ANNEXURE I**

(Referred to Note 2 below Para 4.29)

**Vehicles of other departments requisitioned by District Collector**

The District Collector may requisition vehicles other than those specifically exempted by the Government from time to time belonging to the State Government and placed under the control of any departmental officer of the State for any of the following purposes:

- (i) Visits of V.I.Ps including Ministers of the State and Central government.
- (ii) Conduct of General Elections or Bye-Elections.
- (iii) Work connected with the Andhra Pradesh State Development Loan.
- (iv) Work connected with the National Small Savings drive.
- (v) Special drive for collection of land revenue and loans.
- (vi) Any other emergency including organisation of relief during national calamities on a large scale, which in the opinion of the District Collector requires a number of vehicles to be placed at the disposal of the Revenue officials.
- (vii) Any other special purpose, such as Civil Supplies, etc- for which requisitioning may be authorised specifically by the Government.

The District Collector shall not, however, requisition the following vehicles :

- (i) Vehicles belonging to Police and Fire Service department.
- (ii) Vehicles belonging to the Public Health department actually engaged in epidemic duties or ambulance service.
- (iii) Vehicles actually engaged on irrigation or electricity projects and those engaged in the operation unit of the Electricity department.
- (iv) Vehicles belonging to the Commercial Taxes department actually engaged in connection with the collection and detection work by the officers of the Commercial Tax department.
- (v) Vehicles gifted or donated by the UNICEF, Ford Foundation and similar institutions.
- (vi) Vehicles employed in connection with Manjira Barrage Scheme.
- (vii) Vehicles of Panchayat Raj department.
- (viii) Any other vehicles, which the Government may exempt from time to time.

Provided that the emergencies like flood and cyclones and in widespread natural calamities the exemption granted above shall be limited to the following vehicles only:

- (i) Vehicles belonging to Police and Fire Service department
  - (ii) Vehicles of Public Health department actually engaged on epidemic duties or ambulance service.
  - (iii) Vehicles actually engaged in operation units of the Electricity department.
  - (iv) Vehicles of Panchayat Raj department directly engaged in the operations undertaken by themselves.
2. While requisitioning vehicles of any department the District Collector shall ensure that they are requisitioned by rotation and for not more than a week or 10 days in a month so that the normal working of that department may not seriously suffer.
  3. The discretion in requisitioning the vehicles of any particular department rests with the District Collector. The departmental officers from whom the vehicles is requisitioned shall comply with the requisition of the District Collector.
  4. The District Collector shall meet the cost of propulsion of all vehicles requisitioned.
  5. The District Collector shall ensure that the vehicles requisitioned are properly utilised and that the entries in the log books are duly made by the officers using the vehicles requisitioned.
  6. Emergent repairs for the vehicles requisitioned may be got carried out under the orders of the District Collectors subject to the limit specified by Government on each occasion for each vehicle and also subject to a maximum prescribed by Government during a year (vide G.O.Ms.No.981, Revenue, dated 7<sup>th</sup> June, 1963).

*(G.O.Ms.No.288, Rev(Y) Dept, dated 19<sup>th</sup> March, 1968 read with Memo. No.5f699/S2/69-1, dated 4<sup>th</sup> May 1970 of Government of Andhra Pradesh Rev. Dept., communicated in O.O.No.OAD.I/R XII/Misc/30, dated 1<sup>st</sup> January 1971-File 38 Misc/70-72 of O.A.D Civil Hqrs)*

**ANNEXURE - II**  
(Referred to in para 4.29(9))

Rates of charges for non-duty journeys performed by Government vehicles.

1.	For vehicles upto and inclusive of 16 HP.	Rs.0.90 per K.M for petrol driven cars. Rs.0.45 per K.M.for diesel driven cars.
2.	For vehicles above 16 HP.	Rs.1.20 per K.M.for petrol driven cars. Rs.0.60 per K.M.for diesel driven cars.

*(Rule 20 of the rules governing the use and maintenance of staff cars and other Government vehicles issued in G.O.Ms.No. 1386/GA (OP.II) Department dated 31.10.1961 as amended in G.O.Ms.No. 114 GA (OP.II) Department, dated 11.2.80).*

**ANNEXURE - III**

(referred to in para 4.29(9) and Note under item (18))

Hire charges for using vehicles for non-duty journeys.

## Amaravati Centre

1.	Monthly charges for each child from Farm to Amaravati and back distance - 6 K.M.	Rs. 3
2.	Charges for use of vehicles for transport of staff and their families for medical purposes to Amaravati and Guntur.	On regular mileage basis per mile, i.e., Rs. 0.48 or Rs.0.30 per K.M for vehicles of 16 HP and below and Rs.0.56 per mile or Rs.0.35 per KM for vehicles above 16 HP.

## Garikapadu

3.	Monthly charges for each child from Farm to Garikapadu and back Distance -12 K.M	Rs.6
4.	Charges for transport of staff and their families from Farm to Garipadu for medical purpose.	Same as in respect of item No.2. Above

*(G.O Ms No. 108, dated 28th January, 1967 of the Govt of A.P. Food and Agr. (Agr.VI) Dept, communicated in Circular No. O.A.D.IV/38-1/66-67/36, dated 30th March, 1967 (Filed in Circular File 66-67 O.A.D. Civil.Headquarters.) read with G.O.Ms No. 297. G.A(OP.II) Dept. dated 3rd April, 1970 communicated in O.O.No. O.A.D/Civil/Misc/XII/70-71/40, dated 4.2.1971).*

**ANNEXURE - IV**  
(Referred to in Para 4.68)

Posts in which incumbents handling cash/stores are not required to furnish security deposit in terms of article 267 of a.p.f.c vol.i

	Post	Department	Authority
1.	Sub-Registrar	Registration and Stamps Department	G.O.Ms.No. 1408, Rev.Dept dt.1.12.1966 Circulated in Circular No.OAD/Civil/XIII/9 Misc.66-67/27, dated 28-1-1967-File No. 9-Misc, 66-67 of Unit XIII O.A.D Civil Headquarters
2.	Senior Inspectors of offices of Divisional Co-operative offices	Co-operation Department.	Lr.No. 373/Co-op.II/65-14.dt 4-11-66 of the Govt of A.P of A.P.Food and Agr.Dept., addressed to A.G.A.P, Hyderabad circulated in Cir.No. OAD/Civil/VI/Misc/66-67/26, dated 25.1.67/File Misc.66/6 Unit I.Vol.O.A.D Civil Headquarters.
3.	All Non-Gazetted posts in the Employment Exchanges.	Employment and Training	G.O.Ms.No. 2550, Home (lab-III) Dept, dt.25.11.1966 read with Memo No. 3279/Lab.III/67-5, dt.6.1.1968 Circulated in Cir.No. O.A.D/ Civil./ XIII/Misc/67-68/47/. dated 18.3.1968- File Misc/67-68 of Unit XIII of O.A.D Civil Headquarters.
4.	Minsiterial staff dealing with cash.	Settlement, Survey and Land Records	G.O.Ms.No. 826, dt. 7.6.1965 of the Govt of A.P (Rev.Dept) communicated in O.O No.O.A.D/ Civil/III/37-4/66-67/21, dt. 4.9.67-File 34-7/66-67 of Unit III of O.A.D.Civil. Headquarters.

	POST	DEPARTMENT	AUTHORITY
5.	Veterinary Asst. Surgeons, Veterinary Live-stock Inspectors and Veterinary Compounders working in Veterinary Hospitals and Dispensaries, Poultry Farms, Centralised Semen Collection Centres and Key Village Centres (in respect of stores handled by them).	Animal Husbandry Department.	Para 424 of the Animal Husbandry Dept. Manual read with G.O Ms.No. 3265 Food & Agri (A.H.I) Dept. Dt.6.12.66 Communicated in Circular Lr.No. OAD/Civil/XII/47-11/67-68/1 dt. 24.4.67 -File No.47-11/67-68 Unit XII OAD Civil Headquarters.
6.	Peshkars and Head Clerks of the Revenue Department Divisional and taluk offices.	Revenue Department	G.O.Ms.No. 141 Rev (Y.Dept) dated 5.2.70 of the Govt of A.P File No.12-12/67-71 Vol.II of Code II Unit TM I Section.

**ANNEXURE - V**  
(Referred to in para 4.30)

Statement showing details of the machinery  
and equipment kept idle

Sl.No	Description of item
1.	Name of the equipment and machinery
2.	Cost of purchase
3.	When purchased
4.	Estimated life of the equipment
5.	Reference to orders of Govt. sanctioning the purchase.
6.	Purpose of acquisition
7.	When commissioned.
8.	From what date it is kept in.
9.	Estimated cost of repairs, date of completion with cost.
10.	Reasons for keeping them idle.
11.	Month-wise expenditure incurred on maintenance.
12.	Details of staff employed and date from which they are kept idle.
13.	Total expenditure on staff kept idle.
14.	Revenue anticipated (annual)
15.	Revenue realized, year-wise.
16.	Annual repair charges incurred, year wise.
17.	Action taken to get the equipment repaired
18.	Reasons, if not, therefor.
19.	Whether condoned, if so, the date from which condoned.
20.	Reasons for condemnation
21.	Other useful information like disposal of condemned equipment, its sale proceeds etc.

**ANNEXURE VI**  
(Referred to in Para 4.50 (e) )

Standard scale of supply of furniture to residences of Gazetted Officers

The scale laid down for the supply of furniture at the residence of Gazetted Officers of the Secretariat is as follows:-

- |              |   |
|--------------|---|
| 1. Table     | 1 |
| 2. Chairs    | 3 |
| 3. Side rack | 1 |
| 4. Screen    | 1 |
| 5. Stools    |   |
| (if desired) | 2 |
| 6. Form case | 1 |
| 7. Bench     | 1 |
| 8. Tray      | 1 |

The Government consider that the above scale is adequate and should be adopted by all Heads of Departments and officers as the maximum permissible for supply to the residences of Gazetted Officers under their control. In the case of officers who do not have such office work to do at their residences, scale of supply might be further reduced or the supply not made at all at the discretion of Heads of Departments.

*(Govt of A.P (Madras) G.O.Ms.No. 516, dated 17th April, 1949).*

**ANNEXURE VII**

## Non-Tax Revenue Receipts

(Referred to in Para 4.08)

**I. Weights and Measures Department:**

Revenue is accrued by enforcement of various provisions of Weights and Measures Act, 1958 and the Rules framed thereunder. The sources of revenue are :

1. Stamping fees.
2. Compounding fee.
3. Conveyance charges.
4. Situ charges.
5. Licence fee.
6. Sale of application forms, Acts & Rules, etc.,
7. Sale of seized articles.

**Audit Checks:**

- 1) Scrutiny of the Census register to ensure that it is upto date and that stamping is done periodically on the due dates.
- 2) Tracing of the receipts in the daily cash book;
- 3) Scrutiny of receipts to see whether the signature of the party to whom the original is issued has been obtained on the counterfoil;
- 4) Check of general cash book with reference to daily cash book;
- 5) Check of Licence Fee register with the receipts issued for renewals and action taken on the parties for non-renewal;
- 6) scrutiny of the register of Prosecutions and the amounts realised thereunder;
- 7) Scrutiny of the register of sale of seized articles;
- 8) check of register of sale of application forms, Acts and Rules etc., and the amounts realised;
- 9) Check of verification certificates with daily cash book;
- 10) Check of securities;
- 11) Check of challan register with challans;
- 12) Check of reconciliation register;

## II Ports and Pilotage Department :

Non-tax revenue receipts are collected by the Port Officers of the various Ports under the control of Port Officer. The sources of revenue are :

1. Port dues.
2. Landing and Shipping dues.
3. Launch hire.
4. Crane(hand and mobile) hire.
5. Godown rents.
6. Ground rents.
7. Harbour crafts fee.
8. Dock hire.
9. Over time fee
10. Older receipts
11. Interest on Govt. Securities.

**Audit checks:** The above receipts except the one at item 11 are collected at the rates prescribed by Government from time to time. The amounts credited in cash should be checked with the counterfoils of the receipt book. The following registers may be scrutinised to see whether the receipts have been collected in accordance with rates prescribed by Government and accounted for.

1. Entry and clearance register for port dues.
2. Port dues receipt book.
3. Misc. Receipt book.
4. Import and Export application for landing and shipping dues.
5. Hire charges register for cranes, godowns, launches.
6. Chitta book (consolidated abstract of receipts)
7. Challan register.
8. Cash Book.
9. Harbour Crafts Fee register.
10. Dock Hire register.
11. Register of jetty rents.

In addition to above the register of overtime fees which is maintained to account for the overtime fee for launch crew, dock crew, crane operators towards hire charges has also to be scrutinised. It should also be ensured that the departmental receipts are reconciled with the Treasury figures.

**III Fisheries Department :** The sources of receipts of the department are as follows :

1. Receipts from inland fisheries.
2. Receipts from mechanisation of fishing boats which are sold on hire to the fishermen.
3. Receipts from Misc. Coastal Licencing Scheme.
4. Intensive seed collection and distribution.
5. Salt subsidy scheme.
6. Other misc. receipts.

**Audit Checks:** Scrutiny of D.C.B, check of receipts and tracing them in the cash book, verification of challans, details of reconciliation of receipts, credits, auction registers etc. The following account records maintained by the department may be scrutinised.

1. Receipt book in Form CF 106.
2. Stock register of issues and receipts of salt for fish curing yards (CF.4).
3. D.C.B. of mechanised boat loans.
4. Craft register.

**IV Director of Technical Education :**

Main sources of income of the department is by way of fees collected for the conduct of examinations for Diploma courses in Polytechnics and certificate courses in the Technical Schools including examinations in Typewriting and Stenography etc. Another source is by way of issue of duplicate certificates, Memorandum of Marks, Provisional certificates etc.

**Audit Checks:** 1) It is to be seen in all cases whether the fees realised is in accordance with sanctioned scale.

2) Since the examinations are held twice in a year, field parties should conduct the audit of half of the examinations in each audit so that all the examinations are covered in two years. The audit of receipts will be examination-wise and not on the basis of months.

**V Director of Employment and Training :**

Here the source of income is by way of examination fee for I.T.I. Courses.

**Audit Checks:** 1) Similar to those exercised during the audit of Technical Education department.

2) As this office is inspected biennially, we should audit the receipts of year's examination each time of visit to the office.

## VI Commissioner for Government Examinations :

The Commissioner for Government Examinations conducts eight examinations as given below:

1. Secondary School Certificate.
2. Training School Leaving Certificate.
3. Hindi Pandits Training.
4. Telugu Pandits Training.
5. Account Test for Headmasters.
6. Urdu Pandits Training.
7. Account Test for employees of local bodies.
8. Sanskrit Entrance.

The main source of income for the department is by way of fees collected for the conduct of the above examinations.

The other sources are for :

1. Recounting of marks.
2. Issue of duplicate certificates.
3. Issue of Memorandum of Marks.
4. Issue of Provisional certificates.
5. Issue of age certificates.
6. Issue of Migration certificates.
7. Sale of old question papers.
8. Sale of waste paper.

**Audit Checks:** In all the above cases, it should be seen that the fees is collected in accordance with the sanctioned scale therefor. In regard to sale of waste paper, it should be seen that the instructions contained in G.O.Ms.No. 4, dated 3.1.73 of the Govt of A.P (Industries and Commerce Dept) circulated to field parties in ICH/XII/62-2/73-74 O.O. No. 36, dated 31.5.73 are followed. As the fees is directly remitted by the candidates into the Treasury or Bank and the receipted challan is sent, it is necessary that necessary reconciliation is effected with Treasury figures.

## VII. Printing, Stationery and Stores Purchase Department

### A) Stationery Wing :

Sources of income is by way of amount realised on account of auction of old typewriters and on account of supply of items of stationery made to the Commercial departments, Govt. Undertakings , Z.P's and P.S's etc.,

**Audit Checks:** (i) Verifying the rates to see whether the demand is arrived at correctly, (ii) tracing the indents in various stores registers. (iii) tracing the receipts, cheques, and demand drafts in the cash book and reconciliation of the receipts.

### B) Printing Wing: The sources of income are :

- i) Sale of Gazettes and Government Publications.
- ii) Collection of publication charges for Notifications received from Non-Government institutions like Housing Board, Electricity Board, Road Transport.
- iii) Subscription charges for supply of Gazettes.
- iv) Sale of G.P.F Pass Books, Archeological publications, forms, registers etc., to Municipalities, Z.P's, P.S's etc., Gazettes, Codes and other publications.
- v) Other press receipts.

**Audit Checks:** 1) Verifying the rates to see whether the demand has been raised correctly 2) tracing the cash receipts in the abstract of Daily Income, Daily Revenue registers and in the cash book; 3) tracing the items supplied as indicated in the cash receipts in the various stock registers; 4) tracing the bills prepared by the printing section in the D.C.B register; 5) tracing the invoices for supplies made by the publication wing on adjustment basis in the D.C.B register, and 6) reconciliation of the receipts with the Treasury figures.

## VIII. Cooperation Department:

Income of the department is derived by the implementation of the A.P. Cooperative. Societies Act, 1964 and the rules framed thereunder. The categories of revenue sources are :

1. Audit fee (Rule 50 of the Act and 46 of the Rules).
2. Arbitration fee (Rules 61 of Act Chapter VIII).
3. Execution fees.
4. Liquidation fees.
5. Other misc.receipts (under F.R. 127).

**Audit Checks :** Comprises of verification of challans and tracing of the receipts in the cash book and reconciliation of the receipts with Treasury figures. In respect of the employees lent to various societies it should be ensured that the L.S and pension contributions are regulated under F.R. 127 and that the D.CB statements present true state of affairs.

**IX. Labour Department :**

Under the Commissioner of Labour , the Head of the Department, there are four wings as detailed below, each administered by an officer having state wide jurisdiction.

DIVISION	UNDER THE CONTROL OF
Industrial Housing Colonies	Asst. Commissioner of Labour
Factory Wing	Chief Inspector of Factories
Boiler Wing	Chief Inspector of Boilers
A.P.Shops & Establishments	Dy. Commissioner of Labour

**A). A.P Shops and Establishment Wing:** The source of income for the department under shops and establishments is by way of the implementation of the two Acts, viz., Motor Transport Workers Act, 1961 and Rules 1963 framed thereunder and AP Shops and Establishments Act, 1966.

**Audit Checks:** No cash transactions are involved in the realisation of revenue. Fees is recovered by remittances made in to Treasury. It should be seen that the fee realised is in accordance with the rates prescribed in the Act. It should also be seen that the receipts by way of remittances are accounted for in the departmental account records and reconciled with Treasury figures.

**(B). Boiler Wing under the Chief Inspector of Boilers:**

Sources of revenue are by way of -

1. Registration fee of Boilers.
2. Renewal fee.
3. Scrutiny fee of drawing and lay outs.
4. Registration and inspection of Economisers.
5. Inspection fee of Boilers under construction.

**Audit Checks:** It should be seen that the fees collected is in accordance with the rates prescribed and that the remittances have properly been entered into Govt. account and reconciled.

**(C). Factory Wing under the Chief Inspector of Factories:**

The following are the sources of revenue under this wing.

1. Fees realised under Factories Act.
2. Fees realised on account of preparation of drawings/plans.

The scales of fee realisable under Factories Act are detailed in Annexure 5 of the Act. The fee prescribed for the preparation of drawing is Rs.50/- per sheet. No cash transactions are involved as the fees is required to be remitted directly in to the Treasury.

**Audit Checks:** Checks are similar to those prescribed under "Boiler Wing"

**(D). Industrial Housing Colony under the Control of Asst. Commissioner of Labour:** Construction of colonies under the Integrated

Subsidised Housing Scheme is done by R & B dept whereas allotment, collection of rent and sale on hire purchase basis are done by this department. Hence the verification of rents and sale proceeds are the only receipts of the department.

**Audit Checks:** It is to be seen that the prescribed rates of rent is recovered and remitted into Treasury without delay. It should be seen that such credits are properly accounted for in the departmental records and reconciled with Treasury figures. It should also be seen that the DCB statement presents a true state of affairs.

#### **X. Police Department :**

**(A) Commissioner of Police :** Sources of income of this office are by the implementation of the following rules :

1. A.P Poisonous Act and Rules- In respect of licences for poisonous items.
2. Petroleum Act and Rules (Central) in respect of issue of licences.
  - i). Dangerous petroleum.
  - ii). Non-dangerous petroleum.
  - iii). Carbide or Calcium items.
3. A.P.Cinemas (Regularisation) in respect of licence for cinema.
4. A.P. Lotteries Act. 1968 - in respect of licences for lotteries.
5. Public Conveyance Act - in respect of licences for Hackney carriage.
6. Hyd.City Police Act. No. IX of 1348 F and subsequent amendment thereto - in respect of other items of revenue.

**B) Asst. Commissioner of Police:** Hackney carriage fees, cattle pound collections, loud speaker permission fees are the sources of income of this office.

**(C) Dy.Commissioner of Police (Hqrs) :** The source of income of this office are:

1. Police band charges.
2. Recoveries on account of providing guards and escorts to Govt. and Govt. Undertakings.
3. State money of horses for participation in Gymkhana races.

**Audit Checks:** 1) Checking of rates of fees received with the relevant orders; 2) tracing the receipts in the daily receipt book; 3) tracing the items of daily receipt book in general cash book and reconciliation of the departmental receipts with the Treasury figures.

There is no organisation or set up for conducting the internal check. The audit checks prescribed should therefore, be conducted effectively and intelligently.

**(D). Government Railway Police :** The entire expenditure of State Police working for Railways (Order Police) is recovered from the Railways.

**Audit Check:** It is to be seen that the cost of Order Police is arrived at correctly.

#### **XI. Industries Department :**

Sources of income are :

1. sale proceeds of handicrafts goods at the various emporia in and outside the State.
2. sale proceeds of manufactured goods of the ceramic units at Rajahmundry, Gudur and Dronachalam and enamel-ware at Gudur.
3. Sale proceeds of coir products from Srikakulam unit.
4. Sale proceeds from 23 units set up in twin cities for providing employment in embroidery, dress making, book binding, navar tape making, bandage cloth, printing press and card board making.
5. Servicing charges from tool room unit at Hyderabad and Graphite crucibles at Rajahmundry.
6. Leather unit at Mushirabad, Vijayawada and Tannery Unit at Guntakal and Hyderabad.
7. Quality making scheme, Sanathnagar.
8. Lock manufacturing unit, Tadukupet, Chittoor District.
9. Saw mill cum Timber Seasoning Plant, Nirmal.
10. Glass Factory, Gudur.

**Audit Checks:** To see that the receipts by way of sales from the above schemes is in accordance with the rates fixed and that the sale proceeds are credited to Government and reconciled with the Treasury figures.

Regarding servicing charges, it should be seen that they are based on the job estimates to the various jobs undertaken by the servicing units.

Besides the check of revenue receipts as stated above, it should be seen that recovery of loans, from Co-operatives and individuals given for promotion of industries are effected as per the terms of the agreements.

#### **XII. A.P. Public Service Commission :**

Revenue is derived by :

1. Sale of application forms.
2. Disposal of wastepaper and answer books.
3. Examination fee.

**Audit Checks:** It should be seen that the revenue derived thus is credited to Government and reconciled with the Treasury figures and that the fees collected is in accordance with the rate fixed for various examinations.

### **XIII. Medical and Health Services :**

Revenue is derived by issue of Drugs Licence fee for grant and renewal under Drugs and Cosmetics Act, 1940.

**Audit Checks :** To see that the fees is in accordance with the rules prescribed thereunder.

It should be ensured that list of manufacturers, retailers and wholesalers is upto date and that the licence fee or renewal fee remitted by them into Treasury is promptly reconciled with Treasury figures.

### **XIV. General Hospitals :** The following are the sources of income:

1. Room rent.
2. Ambulance services.
3. Paying patients diet.
4. Blood charges.
5. Investigation (such as pathology, X-ray etc.)
6. Fan charges.
7. Auction money realised by sale of cylinders and X-ray films and fixers.
8. Auction of empty barrels.
9. Reservation of R.T.C beds.
10. Auction of cycle stand.
11. Canteen rent.

**Audit Checks:** Linking of the above receipts with the daily cash book and general cash book and check of remittances made into Treasury and reconciliation of the Departmental figures with the Treasury figures.

### **XV. High Court of Judicature , A.P ,Hyderabad**

The source of receipts for the High Courts are :

1. Sale proceeds of the unclaimed or escheated property.
2. Translation and Printing Department receipts.
3. Rents from the Advocates for chambers allotted to them.

**Audit Checks:** 1) Linking the receipts with the cash book entries 2) Verifying the rates of recovery of printing/typing and translation charges. 3) Verification of challans and reconciliation with Treasury figures.

### **XVI. Courts :** Nature of receipts :

1. Fines.
2. Escheated property (confiscated amount in criminal cases)
3. Auction amount of the case property (unclaimed or unidentified properties)

**Audit Checks:** 1) Verification of fines register with the receipts issued 2) Check of entries in the fines register and other revenue receipts with cash book entries 3) Verification of challans with remittances made and scrutiny of reconciliation register.

**XVII. Carcass Utilisation Centre** (Animal By-product Plants) Kesarapalli, Gannavaram Tq-Krishna District :

The Centre purchases carcasses and sells the raw skin to the tanneries. By products such as bone-meal, meat meal and refined tallow are manufactured with the waste. The profit thus made constitute the receipts of the centre.

**Audit Checks:** 1) Check of receipts with the cash book for the cost of carcasses. 2) Check of receipts (sale of manufactured items) with the cash book and reconciliation of the departmental figures with the Treasury figures.

**XVIII. Cattle Cum Dairy Farms :** The revenue of this Farm falls under five broad categories :

1. Dairy
  - i) Sale of milk
  - ii) Auction of culled live stock.
  - iii) Sale of breeding bulls to Panchayat Samithis.
2. Sheep
  - i) Sale of Rams (Nellore Breed)
  - ii) Sale of Ewes (Nellore Breed)
3. Agricultural Products :
  - i) Sale of Paragrass slips
  - ii) Sale of seeds.
4. General : Rent of buildings (including labour quarters and guest house)

**Audit Checks:** 1) Poultry i) check of correctness of the rates ii) tracing the receipts in the day book and in the cash book iii) tracing the quantity as shown in the receipt book in the stock register.

2. Other items: i) to verify whether the collections are made in accordance with the rates prescribed therefore, that DCB statement is maintained in respect of credit sales. ii) tracing the receipts in the cash book and reconciliation of the remittances with the Treasury figures.

**XIX. Agriculture Department :** Sources of revenue for this department are :

- |  |  |  |
|--|--|--|
| <ol style="list-style-type: none"> <li>1. Sale of seeds.</li> <li>2. Coconut nursery scheme.</li> <li>3. Schemes under integrated oil seeds development.</li> <li>4. Sale of fruit products.</li> <li>5. Seed Farm receipts.</li> <li>6. Issue of fertiliser licences.</li> <li>7. Seed certification fee.</li> <li>8. Warehouse licence fee.</li> <li>9. Pesticides licence.</li> <li>10. Hire charges for power sprayer.</li> <li>11. Fee for seed testing, soil analysis, fertiliser analysis and pesticides analysis collected by laboratories.</li> </ol> |  | <p>At the office of the<br/>Asst. Director of<br/>Agriculture.</p> |
|--|--|--|

**Audit Checks:** 1) Verification of rates 2) tracing the receipts in the cash book maintained by the Asst. Agriculture Officer 3) tracing the quantities as indicated in the bills in the stock register. 4) verification of the rates of F.T.bills and tracing the quantities in the stock registers and the F.T.bills register maintained at the Asst. Director's office. 5) verification of the rate in the credit bills and tracing them in the credit bill register and tracing quantity of stock in the stock register. 6) verification of licence fee and the rates of seed certification fee to see whether they are remitted in accordance with the rates prescribed. It should also be ensured that the departmental figures are reconciled with Treasury figures. As there is no organisation for internal check, the checks should be exercised carefully.

**XX. Jails :**

Jails derive their revenue by sale of goods manufactured by the inmates. The following are the broad categories of manufacture :

1. Black smithy - buckets and undas.
2. Phenyl.
3. Soaps - carbolic, washing and bar soaps,
4. Durries, carpets, chair cloth and cane works.
5. Weaving -clothing for convicts, bed sheets, towels and gauze.
6. Leather industry :- ammunition boots and chappals
7. Carpentry - all kinds of furniture.
8. Tailoring- uniforms required for other jails and departments.

**Audit Checks:** 1) In respect of cash sales - check of receipts with cash book entries 2) check of remittance entries with invoices register and challans; 3) scrutiny of agreement and indent with the agreement rates; 4) check of issues with indent and indent register of respective factories; 5) scrutiny of register of adjustment; 6) reconciliation of departmental figures with Treasury figures.

**XXI. Information and Public Relations and Tourism :**

Nature of receipts of this department are as under :-

1. Tourist Wing

i) Rent of Guest Houses and Tourist Bungalows.

ii) Hire charges of Luxury and Mini Bus.

2. State Information Centre - Sale of publications of both the State and Central Governments.

3. Community listening sets.

i) Installation charges and cost of community radio sets.

ii) Recovery of maintenance charges of Plan and Non-Plan sets.

iii) Recovery of maintenance of audio visual equipment in schools.

iv) Receipts on account of Public Address installation.

4. Publication Section :- Sale of A.P. Journal.

5. Misc. Receipts

i) Sale of photographs.

ii) Film entry fee.

6. Rent collection of portable stage :

## CHAPTER 5

### SECTION I

#### CONDUCT OF LOCAL AUDIT

**5.01 General :** 1) The primary objects of inspection and local audit are as follows :

- (a) to assure the Inspecting Officer of the accuracy of the original data, on which the accounts rendered to him and his audit work are based and to enable him to apply a test-check to such accounts, vouchers, etc., as are not audited in the audit office;
- (b) to enable the Inspecting Officer to conduct on the spot a test-check of the accounts maintained in certain Government and non-Government Institutions and Offices; and
- (c) to review the manner in which (i) contracts have been negotiated, and (ii) Plans and programmes of the various departments are being implemented.

*(CAG's D.O Letter dated 6th June, 1955- and Dy.C.A.G's D.O.Letter No. 1307-Admn.I/388-5, dated 24th June, 1955).*

Before taking up the audit of any particular institution, the inspecting staff should make themselves conversant with the nature of the transactions, the system of accounts, the account books prescribed, the budget, the relevant codes and manuals, departmental or otherwise, and the administration report or any other publication, in order to make their audit both intelligent and useful, instead of allowing it to become merely a routine process of checking registers in a disconnected and mechanical way.

2) (a) The fundamental responsibilities of officer-in-charge of local audit have been laid down by Comptroller and Auditor General of India in the following terms:

The Inspecting Officer must acquaint himself with the system of finance of any institution the accounts of which he is auditing i.e., what makes up its receipts and how its money is expended. He must then make up his mind roughly what system of accounts is necessary for these receipts and expenditure, what registers are necessary for internal check purpose and how far the existing system conforms to this standard. This is the elementary and primary responsibility of the Inspecting Officer to be discharged at whatever stage he comes in on the local audit.

(b) The Comptroller and Auditor General considers that an Inspecting Officer or local audit party which does not do this, fails to appreciate the first responsibility of audit.

*(CAG's letter No. T./962-Admn, 74-40 dated 25th September, 1940).*

(c) When an auditor feels that he has touched on a matter which may require investigation he should look into it with an exhaustiveness which will leave no details undiscovered, and he must take nothing for granted during

such an investigation. The auditor should take particular care to collect all relevant information, clinch all issues involved and also take attested copies of such documents which are likely to be useful in pursuing the matter with the higher authorities.

(d) It is most undesirable that in local audit the check of the important initial records should be neglected in favour of material which may provide cases for “higher audit”. In a case of embezzlement of money by a Clerk of an office, it was found on investigation that a comparison of the entries in the Cash Book with the counterfoils of receipts granted and the Treasury remittance book would have enabled the audit inspection to detect the fraud. The audit party, however devoted most of their time to the examination of executive financial orders, service books, etc., and the important initial records viz., the Cash Book was not examined at all. In the zeal for finding material for higher audit by examining such cases, etc., the examination of the initial accounts which is the primary object of local audit did not receive sufficient attention.

*(Auditor General’s Lr.No. 31-Admn.I/205-36, dated 15.1.1937).*

(e) In an Audit Report, deliberate falsification of accounts was alleged without a single concrete case being urged in support of the allegation and the reply was to the effect, that general instructions were issued. This reduced the local audit to a farce. Deliberate falsification of accounts is a very serious charge to make and should not be alleged unless the facts disclosed can readily substantiate the charge. Further the word “falsification” should not be used unless the act is done to benefit the officer responsible. Otherwise, the term ‘manipulation’ should be used.

*(A.G’s Orders dated 11th November, 1913 in the notes on A.G’s Lr.No. 239-RA and A. 548-11, 21st October, 1915-Ar. G’s No. 623-A and A.543-13 dated 7th July, 1914-communicated No. 700-A and A-549-13, dated 7th July, 1914).*

**5.02** In conducting audit of accounts, auditors should deal only with matters which have a financial bearing. Points which come under the principles of audit but which cannot be substantiated by formal audit rules, as also cases of transgression of the universally accepted standard of official conduct of financial administration (standard of financial propriety) should be investigated. The auditors must be careful never to interfere in executive matters, not to take up questions of administration which have nothing to do with audit and accounts, or which are otherwise outside the province of legitimate enquiry by audit.

The audit should be conducted with tact and discretion so as to avoid possible or unnecessary irritation to the departmental authorities.

**5.03** The following instructions should also be observed while conducting local audit.

- i) Every observation noticed in the course of local audit or test-audit should be recorded then and there.
- ii) The defects noticed should be classified as “Important or Minor”.

- iii) The minor defects should, as far as possible, be disposed off on the spot by pointing out the errors and getting them rectified.
- iv) Important defects and irregularities should be incorporated in the report which should be narrative and descriptive in form.
- v) If a really fragrant case of irregularity is detected it should be investigated with utmost care and set out in such detail as to ensure that the gravity of the breach of the rule is clearly brought to the notice of the superior authority, so that the audit office may be in a position to press for proper action.
- vi) While the field staff should not make any relaxations on their own accord, it is very important that the prescribed checks should be observed in the spirit and not in the letter as opposed to the audit.
- vii) Replies to enquiries on doubtful points or calling for information should be obtained in writing on audit enquiry forms from the ministerial Head of the Office inspected before the field staff leaves the office. If the replies are not received promptly, the fact should be brought to the notice of the Head of the Office and the result communicated to the Headquarters.
- viii) Audit observations which are simple directions and instructions for future guidance should be included in the Test Audit Notes. All minor errors, which are of no consequence to the finance of the State and can be set right on the spot, should be settled and the notes carefully filed. The value of local audit is enhanced more by the number of points thus settled on the spot than by what is loaded in the Audit Report.
- ix) All statements and allegations made and all figures furnished should be based on clear documentary evidence so that the Audit Office may be in a position to press for proper action. Copies or correspondence or other important documents having a bearing on the points should be collected and sent along with the Report. Reference to the orders or rules which have been violated should be quoted.
- x) The audit staff should go through all the inspection notes of departmental officers during the period of audit as valuable hints are likely to be obtained from these sources. This point requires special attention during audit.
- xi) The field staff should tick or cross tick all entries checked by them and initial all vouchers accounts and documents. It should be borne in mind that where more than one "tick" has to be placed against the same items, different varieties of ticks should be used, each one denoting that a special part of the audit has been performed. The ticks should be small and neat so as not to give the books an untidy appearance.
- xii) The field staff should not make rough notes, corrections or remarks in any of the registers or documents of the office under audit.

**5.04 Procedure of simplification of initial accounts, etc.,:**

The field parties should assist the local officials with advice in matters affecting accounts and financial regularity of transactions. They may even show by practical illustration, if necessary, how the accounts registers should be maintained and how a proper check should be exercised in order that there may be no possibility of mistake or omission due to ignorance on the part of local officials. The proposals if any regarding simplification should not, however, be embodied in the Inspection Reports, but submitted separately to the Prl. Accountant General through the Group Officer (Inspection Civil). If however, in any case, the head of an office desires some special help from the inspection staff or requests for some type of investigation to be conducted which is likely to take more time and consequently dislocate the audit programme, the matter should be promptly referred to the Group Officer (Inspection Civil) for orders.

**5.05 Special investigation and independent enquiry by audit :**

(a) No Inspecting Officer or Assistant Audit Officer is competent to undertake any investigation which is not strictly within the scope of test-audit, at the instance of administrative authorities, whether such an investigation results in extra time being taken or not. If any such important point is noticed in the course of an audit, the Inspecting Officer/Asst. Audit Officer/Section Officer should bring it to the notice of the Group Officer (Inspection Civil) and seek his orders.

(b) They should not also make independent enquiries from the general public as such action amounts to an encroachment upon the functions of the administration (also see para 2.1.10 of M.S.O (Audit)). Audit should confine itself to calling upon the executive to furnish the necessary information and in the case of difficulty it should confer with the executive as to the best means of obtaining the evidence which it requires and, if necessary, the Inspecting Officer/Asst. Audit Officer/Section Officer should obtain specific orders of the Group Officer (Inspecting Civil) on the point.

**5.06 Calling of files and records for checking :** The inspecting staff should call, in writing, for all registers and accounts of the offices inspected required for audit purpose. If any of the records cannot be produced, the reasons for non-production thereof should be ascertained in writing and the production of such records should be insisted upon during the following audit.

**5.07 Action to be taken when accounts are not ready for audit :** When it is found that the accounts of an office are not written up-to-date and are not ready for audit or there are any other facts which are likely to seriously retard the progress of audit, the Assistant Audit Officer/Section Officer of the field party should at once report the full facts and seek instructions from Headquarters.

**5.08 First audit of an institution:** In all cases where the local audit of an office or institution is conducted for the first time, the adequacy and suitability of the initial system of accounts, forms, registers, internal supervision by

higher administrative officers, the scope of central audit by the Main Office and the desirability of local audit in future years should be properly examined. The defects and improvements, if any, in the initial accounts and supervision should be pointed out in the Report as usual. The suggestions in respect of the central audit, if any, should be incorporated in separate note to be submitted to the Group Officer (Inspection Civil).

**5.09 Report on defalcations, frauds etc. :** (a) All cases of defalcations or other types of serious financial irregularities noticed or suspected during local audits and inspection should be promptly reported confidentially by the head of the audit party to the Group Officer (Inspection Civil) and also to the Head of the Office concerned or to his next higher authority if it is suspected that the Head of the Office himself has something to do with the irregularity. The report should also indicate whether any assistance, e.g., the personal intervention of the Group Officer (Inspection Civil) or additional hands and records necessary for full and complete investigation, is required. The progress of investigation should be regularly reported through interim reports. When the fraud or embezzlement has been fully investigated by the audit party, a complete report on the case should be submitted to the Group Officer (Inspection Civil) explaining clearly how the fraud was committed and whether there is any reason to suspect that a detailed examination of the accounts would bring to light further cases of fraud by the same or other persons. It should also be stated whether the fraud was discovered during or prior to the audit.

(b) The report should contain inter-alia, information on the following points :

1. The dates or period of occurrence and the date of detection of the cases by the Department/local authority.
2. The circumstances which led to the defalcation/misappropriation/loss.
3. The defect in or the neglect of the rules which rendered the misappropriation/ defalcation/loss possible.
4. Whether the case was reported to the Finance Department and to this office immediately on detection by the Department in accordance with Art.284 of A.P.F.C Vol.I., if not, reasons for the same.
5. Whether recourse to judicial proceedings is considered necessary by the Department, and, if so, action taken by the Department.
6. Action taken to recover or to obtain Government sanction for the write off of the loss.
7. Steps taken to prevent recurrence of similar case.
8. Disciplinary action taken against the official (s) held responsible.
9. Whether the findings of the party during the course of local audit in respect of the amounts misappropriated/defalcated/lost have been verified with reference to the facts reported to audit office and found correct. If not, a comparative statement should be furnished with reasons for the differences.

10. Whether departmental officers have a regular programme of inspection of field offices under them where financial aspects such as checking the accounts as frequently as possible in order to see that their subordinates do not commit misappropriation or any other irregularities.

*(U.O.Note 12421-B/132/PF.II/7879/ dt. 10.9.87–File 62-165 ICHI/Gel./86-87) (Circular Nos O.A.D.IV/38-1/64-65/21, dated 2nd November, 1964 and O.A.D.IV/ 38-1/66-67/26, dated 20th January, 1967-File Nos. 38-1/64-65 and 66-67 of Unit.V of O.A.D (Civil Hqrs).)*

(c) In addition to the instructions contained in the foregoing paragraphs, the following guidelines may be kept in view by all the field parties while reporting cases of fraud.

- (1) Audit should apply its own judgement to determine the extent of audit investigation to be undertaken in cases of suspected fraud.
- (2) Audit should actively consider adopting a formal policy and strategy for deterring fraud.
- (3) Audit should highlight any deficiency in the applicable/acceptable accounting standards, which the management discloses cases of fraud.
- (4) Audit must evaluate and report on the adequacy and competence with which the management discloses cases of fraud.
- (5) Audit must highlight the adequacy/shortcomings in the internal control systems and report the same.
- (6) Audit should make the management aware that the absence or lack of application of reliable and valid performance measures and indicators could increase the possibility of fraud
- (7) Audit should consider establishment of means to receive and process information from the public on suspected cases of fraud
- (8) Audit should exercise due care in arriving at an audit conclusion since complete evidence about cases of fraud may not be available to it.
- (9) Audit should develop policies including a comprehensive supervision checklist regarding supervision levels and procedures to be adopted for dealing with actual cases of fraud.
- (10) Audit should particularly study and evaluate during audit, the changes and improvements in the internal control systems made by auditee units where previous instances of fraud have been detected.
- (11) Whenever a material instance of failure to comply with the applicable laws and regulations is observed, audit should investigate the control.

- (12) When audit intend to report on cases of fraud, they should ensure the reliability of audit evidence by verifying it with source documents including third party evidence.
- (13) The audit report should contain auditors recommendations for the changes in the system and procedures that could prevent recurrence of such instances.

(The above guidelines were approved during the IX ASOSAI Assembly held in Manila, Philippines from October 20 to 26, 2003 and circulated by Headquarters Office)

NOTE: All notes of a confidential nature should be in manuscript; if at all, a typed note is necessary, it should be typed by a member of field staff only.

*(Cir.O.A.D.Civil/X/1-7/67-68/32, Dated 6th December, 1967-File No. 1-7/67-68 Unit X O.A.D (Civil. Hqrs)*

**5.10 Certificate of cash balance :** A certificate of cash balance held in the office locally audited on 1st April or 1st May or any subsequent day, if they happen to be holidays, should be obtained from the Head of Office. Mention of the cash balance held need not be made in the report unless the amount held is unjustifiably large or the certified balance is different from the book balance, etc., in which case it should be strictly commented upon. Certificate of physical cash balance by actual count as on the date of commencement of audit should also be obtained. It should be verified whether the balance so certified agrees with the book balance as per the cash book. Any variation between the two should be looked into thoroughly and necessary comments offered.

NOTE: Fact of compliance with these instructions should be clearly indicated in the forwarding memo and the cash balance certificate as on the above two dates invariably furnished with the Audit Report/Note.

*(D.A.D. Cir.No.19, dated 26th February, 1956-O.A.D File No. 12-10/55-56).*

**5.11 Matters dealt with by audit parties to be kept confidential :** All members of audit parties should carefully note that matters which they have to deal with during the course of their professional duty are kept confidential. The audit is intended to be for the assistance of local offices and Government and the Audit Department is not justified in permitting their short comings to become public.

**5.12 Distribution of work in inspection :** a) It is always convenient in the interest of practical results to entrust the more routine portion of the work to the Auditors, the Section Officer doing the more important work and pursuing other intelligent investigations.

(b) The Inspecting Officer should distribute the work between the Asst. Audit Officer/Section Officer and Auditor and also indicate the items of work that he has done personally. The distribution of work should be recorded in the Inspection Report. The Assistant Audit Officers/Section Officers and Auditors should record a certificate to the effect that they have completed the

work assigned to them individually. Full particulars regarding the nature of work allocated to each member of party should be included in a proforma attached to the Report so that the responsibility for failure of audit can be fixed at a subsequent date, if necessary.

*(CAG's Lr.No. 3010/Admn.I/436-60, dated 2nd November, 1962).*

(c) with a view to ensuring that the items of work allotted to the Auditor have been checked adequately during the local audit, it has been decided that the Assistant Audit Officer/Section Officer in charge of the party (senior most among them in case there are more than one Assistant Audit Officer/Section Officer) should conduct a test check of the work done by the Auditor including the check of totals expected to be made by the latter. The quantum of test check in this regard shall be fixed by the Prl.Accountant General at his discretion according to local needs.

*(CAG's Lr.No. 48-TA.I/2-79 dated 17.1.1979).*

NOTE : It has been decided that 10% of the work done by the Auditor should be test checked by the Section Officer during the local audit and where major irregularities are noted the percentage should be increased suitably depending upon the needs of the occasion. The items of work mentioned below may be entrusted among other items, to the Auditor during local audit for this purpose.

- 1) Collection of expenditure figures from Treasury/P.A.O and verifying the same with initial records.
- 2) Collection of remittance particulars from initial records of the office and verifying the same with the records of the Treasury/P.A.O.
- 3) Tracing of vouchers received from Main Office with initial records.
- 4) Pay bills and Acquittance rolls.
- 5) Any other miscellaneous items.

The fact that the prescribed percentage of the work done by the auditor has been checked by the Assistant Audit Officer/Section Officer should be certified by him in the forwarding document accompanying the Inspection Report and the particulars of the items test-checked should also be given in the rough working sheets.

*(Circular No. 52, dated 3-3-1979).*

**5.13 Raising and pursuance of observations :** a) The field staff should make use of Forms 'A' & 'B' (vide Annexure) for issuing observations during the course of local audit.

b) All observations for which replies are required and are important enough to go into the Audit Report or Audit Note should be noted in Form 'A'. Urgent and important information should be obtained in Form 'B'. These will be sent to the Section Officer of the Field Party conducting the next audit for verification.

c) All observations, memoranda should be issued in duplicate only under the signature of the Section Officer or under the signature of the Inspecting Officer whenever the local audit is supervised by one.

d) Objection memoranda should be ordinarily received back with replies within 24 hours of their issue. It should be seen that the replies issued under the signature of the Head of the Office inspected or by the next lower officer when the Head of the Office is not in station. Before the close of the audit all the inspection notes should be received back from the Officer-in-charge.

NOTE1: (i) The Inspecting Officer/Section Officer should avoid issue of audit enquiry memoranda as far as possible on the last date of audit.

*(Circular No. O.A.D/Civil/IX/Misc/32-10/69-70/57, Dated 8th May, 1969).*

(ii) The term Half Margin has been changed as Audit Enquiry as replies to audit observations are not being furnished on Half Margin Forms.

*(LA-I Circular No.LA-I/Genl./2004-05/19 dt.19.10.2004)*

NOTE.2: The State Government directed in their Circular Memo No. 159556 B/Accounts/58-2, dated 24th December, 1958 that the Departments of the Secretariat and the Heads of the Departments to furnish replies to all the audit enquiries issued during the course of local audit immediately, in any case not later than one day before the date of completion of audit. They are further directed to issue necessary instructions to all officers under their control.

Failure to comply with these instructions should be mentioned clearly in the forwarding letter for taking up the matter with the departmental heads by Inspection (Civil) Headquarters.

*(O.O.No. O.A.D.II/8, dated 20th January, 1959).*

Such situation should be tackled with tact and persuasive approach by the field staff with a view to obtaining replies on the spot. The Inspection Reports should be finalised on the basis of material available in audit enquiry memoranda issued and forwarded to Headquarters Section in accordance with the time limits prescribed for transmission of reports (Three days for offices situated at Headquarters and five days for other offices).

*(O.O.No. O.A.D.II/IV/6-13/58-59/19, dated 24th September, 1963 and Cir.No. O.A.D.IX/1-7/66-67/29, dated 2nd February, 1967-File No. 1-7/67-68 of Unit X. O.A.Dm (Civil) Headquarters.*

NOTE 3: It should be understood that only replies enabling an observation to be totally withdrawn can be accepted. Replies such as 'noted', 'will be done' etc., and partial answers to objections are of no value.

*(O.A.D. Gen.No.3 dated 14th March, 1957).*

NOTE 4 : Replies to Memoranda in Forms A and B should be carefully scrutinised by the Section Officer/Gazetted Officer (in the case of supervised inspections) and an attempt made to settle as many observations as possible during the course of audit. Whenever an item is settled a marginal note of the same should be made and initialled by the Section Officer.

If, however, in any case it becomes absolutely unavoidable to leave the observation statements with the departmental authorities, only copies should be left so that the original will always be available with the party from which the draft report may be prepared in case the replies are not received in time.

**NOTE 5:** If the replies to the audit queries are incomplete or inadequate, the pages concerned should be reissued to the local officer with a request to return the same with further remarks to clarify the point. The Gazetted Officer in the course of their inspection should also impress upon the Heads of the Offices, the paramount importance of returning the observation statements promptly to the audit party.

**5.14 Interview with the Head of Office inspected :** a) Soon after taking up an audit, the Inspecting Officer if he is present on the first day of audit or the Asst. Audit Officer/Section Officer, should seek an interview with the Head of Office and invite suggestions which the latter may like to offer regarding any special point for examination during audit. He should also see the Head of the Office as often as necessary and possible, with a view to discuss with him matters of importance arising out of his audit.

b) In the case of supervised inspections, the Inspecting Officer should make it a point to call on the Head of Office and ascertain from him if there are any suggestions for investigation of any portion of his initial accounts under him about which he entertains any doubt of irregularity or of the processing of these accounts for reduction of clerical or accounts work.

**5.15** The detailed process of audit in respect of the important types of offices and institutions under the regular local audit have been incorporated in the succeeding chapters of this manual which should be frequently consulted during the course of an audit.

## **SECTION II**

### **RESULT OF INSPECTION**

**5.16** a) The result of local audit and inspections is communicated through Audit Reports and Test Audit Notes as envisaged in Para 7.1.6 of Comptroller and Auditor Generals M.S.O (Audit). The audit reports which include only important points and serious financial irregularities are addressed to higher authorities while the Test Audit Notes are delivered to the Heads of Offices locally audited for necessary action.

b) As soon as any of the observation statements are received back with replies from the Head of Office locally audited, during the course of local audit, suitable draft paragraphs should be prepared for the Audit Report and the Test Audit Note, each paragraph dealing with only one observation or group of similar observations in this manner, as all the observation statements are received back, the draft Audit Report and the Test Audit Note will be ready by the date of close of audit. As the time allotted for each audit includes the time for drafting the Reports, the work should be so spread out as to be completed within the allotted time. The observations/statements should also be carefully drawn up so that the task of drafting the Report might be rendered easy.

c) It is imperative that the field staff complete the drafting of the Audit Report before they leave the station where the office locally audited is located.

**5.17 (1) Form of Audit Report :** The Audit Report should be divided into three parts and each part should include the following particulars:

- (i) Part I a) Introductory
  - b) A gist of outstanding observations from previous reports in brief.
  - c) A schedule of persistent irregularities.
- (ii) Part II : Important irregularities, i.e., irregularities involving recoveries, questions of principles or losses etc., which are likely to materialise, into draft paras in the Report of the Comptroller and Auditor General (See also paras 6.03 and 6.04 Infra).
- (iii) Part III : Test Audit Note containing minor irregularities to which should be attached a schedule of items settled on the spot. The procedural irregularities in respect of which the Head of Office held out assurance about following correct procedure in future should be noted in the schedule.

*(CAG's Lr.No 1647-Admn.III/286-60, dated 16th August, 1960 and O.A.D (Civil) Circular No. X/O.A.D.Civil/34-5/60-61/1058, dated 22nd September, 1960 and also instructions issued in Annexure I to XI O.O.No. 28, dated 31.1.97 issued by Prl.A.G, may also be referred to.*

(iv) The introductory "Part-I (a)" should be preceded by the title of Audit Report/Note and should be as follows :

"Audit Report/Note on the accounts of the .....  
 ..... for the year 200 .....200.....Dates of audit from .....  
 to....."

(v) The introductory paragraph which follows then should be in two divisions, viz., a) Scope of audit and b) Personnel as follows:

a) Scope of Audit : The accounts of .....  
 .....were last audited in ..... . During the present audit, the accounts from last audit to date were generally examined and a test audit was conducted."

b) Personnel :

Name	Designation	From	To
1)			
2)			

**NOTE :** It should be sufficient if the names of the Head of the Office and the Accounts Officer (if any) are given:

In case of an office, the accounts of which are audited for the first time, a brief history indicating the back-ground, nature and object of the scheme or project, Government sanction and name of the agency by which it is financed should also be given.

In Part -I(b) (Gist of outstanding paras from all previous Audit Reports), only such of the paras which remain pending even after the settlements effected during the current inspection should be incorporated. A separate sheet may be attached for the paras recommended for dropping.

**(2) Brief para on the general set up of the institution :** (i) In Part I-A of the Inspection Report, a brief para on “Organisational set up and activities” detailing the general set up of the office, main activities/schemes undertaken during the period covered by audit, expenditure incurred during the last three years etc., is to be given. Information about the system of internal audit/inspection arrangements existing, if any, and the effectiveness of the same should also be furnished.

(ii) The field parties should send separate notes to LA.I section indicating the changes, if any, in the organisational set up and activities of any office/department to enable the LA.I Section to consider eventual manualisation. The Review Cell Section should open and maintain Audit note book, containing all important particulars about the institution, its organisational set up, the records maintained, the checks to be exercised, important irregularities noticed in earlier audits, etc., in respect of all the offices of the Heads of Departments initially.

*(ICH.I/Genl/62-22/82-86/Circular No. 16, dated 2.7.85 and also instructions issued in Annexure I and XI to O.O. No. 28, dated 31.1.97 issued by Prl.A.G, may be referred)*

(iii) The field parties should collect the following particulars from each Drawing and Disbursing Officer on the first day of audit.

- (a) The list of Centrally Sponsored Schemes/World Bank assisted projects implemented in his office (a brief note on each scheme has to be given).
- (b) The amount released by both Central and State Governments and expenditure incurred in each financial year.
- (c) The audit objections on these schemes to be arranged chronologically and included in the Audit Report in Part II B. Centrally sponsored , World Bank assisted project instead of arranging the paras in a haphazard manner so as to enable the editing sections in IC Wing to identify the paras, process and transmit a copy of the para to EAP Cell. The amount objected to on unfruitful outlay, diversion of funds or unauthorised expenditure etc., should be clearly brought out in the para to enable the Cell to keep the amount under objection as these would facilitate EAP Cell at the time of giving audit certificates. If there are no objections under any of the schemes, the Inspecting Officers may specifically state so in the forwarding documents duly indicating the reasons therefor.

- (d) A schedule of Persistent Irregularities should be attached to the report and referred to here under the title “Part I(C)”.

*(Circular No. IAU(LA).I/Genl/62-78/88-89/41, dated 24.5.80).*

**5.18 Prompt Settlement of Audit Observations:** a) Perusal of the relevant files obtained from the Headquarters, guides the field party as to what precisely is to be done in connection with the last report. In all cases where the promised action has not been taken, attention should at once be drawn to the matter and in cases of recoveries or missing documents the office should be given every opportunity for rectifying its previous omissions before the completion of audit. If, however, the recoveries are not effected or the required documents, etc., are not produced by the time the audit is over, the fact should clearly be mentioned in the report, with a brief description of the nature of receipt or charge. Should, however, the action wanting relate only to procedure (unless the matter is of great importance), it is enough if attention is drawn to this aspect in the notes with such additional remarks as are called for. It should particularly be seen, in the case of audit notes which revealed serious irregularities in the past, that remedial action is taken. If no action or only partial action is taken and the results are not satisfactory, the matter should be reported separately to the Senior Deputy Accountant General (Inspection Civil) who will take up with State Government.

- b) An all-out effort should be made to settle all audit observations on the spot, as far as possible, by discussion.

It has been observed by Comptroller and Auditor General of India that there is no justification for keeping Inspection Reports pending for two years and more.

The review of outstanding paras of previous Inspection Reports of the office visited should be taken-up on the first day of audit itself and remarks offered after discussion with the Head of Office. All routine stock paras relating to non-disposal of unserviceable stores, non-adjustment of advances, non-maintenance or defective maintenance of records, non-production of records, etc., should invariably be settled by including a suitable para indicating the latest position in the current report. Where the irregularity is persisting inspite of being pointed out in more than two reports, the desirability of including the same in Part-I (c) as ‘Persistent irregularity’ should also be considered.

*(Circular No. 42, dated 22.3.1982 and also instruction issued in Annexure V to the Circular No. 28, dated 31.1.97 issued by Prl.A.G, may be referred).*

The following instructions issued by C&AG in Circular No. 748/TA.I/45-8, Vol.II, dt. 19.6.82 for review and settlement of outstanding paras may be kept in mind.

- (a) Paragraphs which have lost significance with the passage of time may be dropped.
- (b) Paragraphs relating to initial and subsidiary accounts in Audit Reports may be clubbed with or merged with the paras on the same point in the latest

report. Paragraphs which deal with the subject matter vaguely or where no specific action or rectification or improvement has been suggested may be dropped.

(c) Paragraphs containing objections on grounds of propriety but not likely to be included in the Audit Report either because the amount involved is not much or the impropriety is not serious and which have remained outstanding for more than 2 years may be removed from the list of outstanding after bringing to the notice of Secretary of the concerned department.

(d) Petty items/other items for which details are not available can be dropped. In respect of items where the audit observation is not accepted by Government, the Prl. Accountant General can either mention these in Audit Report or drop the items depending upon the magnitude and nature of these observations. On accepted over payments and disallowances, the departments can be pressed to expedite the recovery. Items which have become irrecoverable can be reported to Government for regularisation after necessary investigation.

(e) Significant observations involving substantial amounts or gross lapses or failure of system can be commented upon in the Audit Report individually or collectively. Where assurance is given by the Chief Engineer/Government for regularisation, the items can be dropped.

(f) Power of waiver of petty objections should be exercised ab initio (Circular No. 15, dated 26.7.82). It must also be ensured that this item of work is specifically entrusted to a senior member of the party and exhibited in the allocation sheet, the Inspecting Officers/Assistant Audit Officers/Section Officers of field parties being responsible for proper scrutiny, and completion of this work.

A detailed note indicating the latest stage or action taken and the recommendations of Inspecting Officer/Section Officer of the field party in respect of the outstanding paras, item by item, should invariably accompany the Audit Report/Test Audit Notes, indicating the paras proposed for settlement as a result of on the spot verification, discussion etc., and reasons for the pendency of the other paras, in the proforma given below.

During the course of editing of the Inspection Report, the Headquarters Sections should put up the above review reports on the outstanding paras to the Group Officer for orders on the recommendations of the Inspecting Officer as to whether the para may be treated as settled or should be pursued and if so, in what respect.

**PROFORMA****Review of outstanding paras of previous Inspection Reports**

Sl. No.	No. & Year of Inspection report.	Para. No.	Gist of the Para.	Latest position	Recommendation of the Inspecting Officer.	Orders of Sr.DAG/ I.C
1	2	3	4	5	6	7

*(Authority CAG's Lr.No. 690-O&M/27-79, dt. 28.9.1979).*

*(O.O.No. O.A.D/Civil/XII/38-15/64-65-Vol.II/16 and 24, dt. 21st July, 1969 and 26th September, 1969-File 38-15/64-65/Vol.II of XII and O.A.D.Civil./XII/38-2/67-68/39, dated 1st February, 1968-File No. 1-7/67-68-Unit X, O.A.D(Civil)Headquarters.*

*CAG's Lr.No. 690-O & M/27-79 dt. 28.9.1979)*

**NOTE 1:-** Correctness of replies of administrative officers should be verified before observations are cleared, as clearance of observations without such verification amounts to complete failure of audit.

**NOTE.2:-** The Assistant Audit Officers/Section Officers of field parties should record under their dated initials a certificate on the last page of each of the previous Audit Report that the replies to them and to the further rejoinders thereon have been verified on the spot and that all the outstanding items have been carried forward to the current report and audit note.

**NOTE 3:-** The Section Officers of the field parties should write their remarks about the general state of accounts taking into consideration position of outstanding Audit Reports and audit paras in each office. The reports of the Section Officers will be judged in Headquarters not only by the Officers of the current report drafted by them but also by their contribution to the clearance of old objections.

*(O.O.No.O.A.D.II/IV/45/64-65, dated 14th October, 1964-File No. IV/45/64-65 of O.A.D.II)*

**NOTE 4:-** A general para should be inserted in the Report to the effect that some irregularities of a minor nature were settled by personal discussion and other irregularities of this nature have been dealt with separately in audit note. As regards the points settled by personal contact, a separate report should be sent by the Inspecting Officer, along with the other paras, so that the Headquarters office is kept informed of the action taken by him.

**NOTE 5:-** The intention behind incorporation of objections from previous reports in the current report is to bring to the notice of the authorities concerned the latest position regarding the outstanding items and also to bring in one place all such items for facilitating their effective pursuit by audit. As the outstanding objections are mentioned in detail, pursuance of outstanding objections has to be carried out on the basis of the original reports and their progress watched through the prescribed register. Any tendency to overlook the original paragraph and to pursue the outstanding objections on the basis of extracts appearing in Para I B of subsequent reports has to be discouraged. Occasions may arise when an outstanding paragraph in a previous report may have to be examined at the time of current inspection and the original incorporated as a separate paragraph in Part-II of the current report as a result of spot inspection and discussion. In such cases pointed attention of the departmental authorities concerned may be drawn, indicating the inadequacy of action taken in the past. It may be permissible to treat the outstanding objections appearing in the original report in such cases as settled.

But such a procedure should be adopted only in exceptional cases where outstanding paragraphs are very few (say one or two only).

*(CAG's No. 2542-TAI/264-71 dated 16th November, 1971-Communicated in Circular No. O.A.D/Civil/XII/Misc.71-72/20 dated 4th December, 1971-File Misc. 71-72/Unit.XII O.A.D(Civil) Hqrs).*

NOTE 6:- The precise point of the paras of previous reports outstanding should be indicated briefly to facilitate further pursuit of the item. If more than one report is outstanding, items should be brought forward separately for each such report.

**5.19 Part II of the Audit Report :-** This should be further subdivided into two Sections as under.

**Section A:-** Consisting of major and important irregularities i.e., irregularities involving recoveries, questions of principles or losses, etc., which are to be brought to the notice of the higher authorities and pursued.

**Section B:-** Consisting of irregularities which though not major are to be brought to the notice of the higher authorities and pursued by this office.

*(CAG's Lr.No. 2583-Administration III/K.W 268-60 dated 2nd January, 1961 and also instructions issued in Annexure III and VII to Circular No.28, dated 31.1.97 issued by Prl.A.G, may be referred)*

The Audit Report shall include-1) Audit paras ready for incorporation in the Report of the Comptroller and Auditor General for which all the facts and explanations are obtained.

2) Serious irregularities which are likely to develop into audit paragraphs but in regard to which it was not possible to obtain satisfactory explanation on the spot.

3) Irregular expenditure and losses which require regularisation through orders of higher authorities.

4) Omissions and irregularities in accounts and registers which are serious and common to more than one office and are generally mentioned without specific reference to the office or department in conventional Report of C.A.G.

5) Cases of non-production of vouchers and documents and non-maintenance of accounts.

*(O.O No. I.O.A.D/Civil/1-12/56-57/829 dated 16th February, 1957).*

6) Facts and figures should be given in support of observations. The figures in statements should as far as possible be abstracted year-wise (financial years) and group-wise so as to facilitate collection of material for Report of C.A.G.

**5.20 Test Audit Note:-** a) All observations involving procedural defects and minor irregularities having apparently no financial implications and which could not be settled locally during the inspection and do not merit inclusion either in Part I or Part II of the Inspection Report should be written out in the form of a Test Audit Note (Form No.S.Y . 327) to be issued separately to the local office concerned.

Irregularities, the confirmation about rectification of which can wait till next audit and which do not have recurring effect may be included in the Test Audit Note.

*(Periodical Bulletin No.2, Circular Letter No. O.A.D.XII/47-11/66-67 dated 24th April, 1967).*

b) The Test Audit Notes should be issued to the Head of office inspected over the signature of the Gazetted Officer supervising the audit. In cases where the local audit is not supervised by a Gazetted Officer, the Test Audit Notes should be issued over the signature of the Section Officer-in-charge of the party. Particular care should be taken to see that only such points are included in the Test Audit Notes as can be set right by the Head of Office inspected without reference to higher authorities.

*(CAG's NO. 2374-T.A.I/867-65, dated 7th August, 1965 to Accountant General, Kerala).*

c) The following instructions should be carefully borne in mind in this regard:

- 1) The authority in support of each objection/suggestion should be quoted.
- 2) The Test Audit Notes should be personally drafted by the Officer under whose signature it is issued.

*(Para 1.07 (viii) (a) of Chapter.I, Section II Supra, may kindly be seen).*

- 3) A copy of the Test Audit Note should be appended to the Audit Report and the acknowledgement of the office inspected invariably obtained on this copy.

*(CAG's Lr.No. 2374-TA.I/367-65, dated 7th August, 1965-to A.G, Kerala-read with Cir.No. O.A.D Civil/XII/Misc/65-66, dated 18th October, 1965-and O.O.No. O.A.D/Civil/XIII/Misc, 65-68/3, dated 2nd May, 1967 and also instructions issued in Annexure VIII to Circular No. 28, dated 31.1.97 issued by Prl.A.G, may be referred)*

d) The other copy of Test Audit Note shall be kept with the records and sent out to the field party concerned when the next audit of that particular office is taken up. These objections shall not be pursued from the Headquarters Section, but it is the duty of the next audit party to verify the action taken thereon by the local office concerned and incorporate the outstanding items in the next Inspection Report.

e) As no reply is to be watched for the audit notes, objections involving recoveries or regularisation should not be included in the Audit Note. But if recoveries are for small and petty amounts, the objections may be included in the Audit Note, their recoveries being verified at the time of subsequent audit.

NOTE: When minor objections can be settled at the time of audit, there is no necessity for incorporating them in the Audit Note issued to the local office.

**5.21 How the report is to be drafted :-** (1) The following instructions should be borne in mind in this regard. Instructions issued in LA-I Circular No. 28, dated 31.1.97 (brought out as Annexure I to XI) may also be referred to.

As a rule, trivial matters which can be and have been set right on the spot or are of no consequence to the finance of Government need not be mentioned in the Inspection Reports. However, if a number of similar points are noticed, it may be desirable to mention the type of error or irregularity with one or more instances so that proper instructions may be issued for future guidance of the Government servants concerned. It is desirable that statements and figures in relation to any defects or irregularities discovered should be based on clear documentary evidence. Documentary evidence in support of statements and figures mentioned, in relation to any objections/defects or irregularity discovered should be cited in the Inspection Reports.

*(Authority :- C &AG Lr.No. 7215-TA-I/106-81, dated 20.6.81 and Circular No. 9, dated 30.6.81 and also instructions issued in Annexure III to Circular No. 28, dated 31.1.97 issued by Prl.A.G, may be referred)*

(2) All the paragraphs other than the introductory and general state of accounts should be serially numbered, roman numerals be adopted for the paragraphs in audit report and arabic numerals for those in the audit note.

(3) Each item of the Audit Report and Audit Note should be a self-contained paragraph drafted after due consideration of the reply, but not merely a verbatim copy of the original observation issued and the reply recorded at the preliminary stage. Each paragraph should have a clear suggestive heading indicating the nature of observation raised or irregularity pointed out. Mere general heading such as "Cash Book" or Revenue on account of credit sales, "Outstanding Revenue" do not indicate anything, but expressive headings like "Omission to enter receipts and payments in the Cash Book" or "Outstandings due from Government Officers", give a definite idea about the subject-matter contained in the paragraphs, sub-paragraphs should also be given headings, if necessary and possible, with letters, a, b, c, d, etc.

4) Reference to the observations memorandum number and page number of rough sheets invariably should be given in the margin against the paragraph in the Audit Report or Audit Note. Cross reference to the paragraph in the Audit Report or Audit Note should also be given in the observation memorandum.

5) If the instances quoted in support of a point mentioned in the Audit Report/ Test Audit Note are many, they should be given in an annexure. All the annexures should be serially numbered, Roman numbers being adopted. Each annexure should have a clear title indicating the nature of instance or irregularity quoted. Reference to the number of the annexure should be given in the para in the Audit Report/Test Audit Note. Cross reference to the number of para should be given on top of the annexure.

6) If any office is particularly careless and pays no attention to directions or reports the mistakes or habitually disregards the rules, the matter should be

taken up in a special letter to the Head of the Department, care being taken to substantiate the charge of such disregard of rules, etc., by sufficient evidence.

7) Wherever any irregularity or delay which was previously noticed is taken up again by the field staff, the fact should be mentioned in the report with the reasons for its inclusion.

8) Money value of observations should be specified in all cases referred to in para 3.21 of Section IV, Chapter -III of this Manual.

9) Observations which can be waived under Paras 7.1.16 to 7.1.18 of M.S.O (Audit) should not be embodied in the Report or the Audit Note. They should be put up separately to the Group Officer (Inspection Civil) for orders.

NOTE: The material for the Report should be gathered by the field staff themselves from the available records which they audited. The authorities of the institution, the accounts of which are being audited should not ordinarily, except under the specific directions of the Inspecting Officer and with the concurrence of the Head of Office, be asked to furnish details on which conclusions can be based.

10) When a letter or Government order is quoted which in the opinion of the officer of the field party may not be available in the Main Office, a copy of it should be sent along with the inspection notes for the information of Group Officer (Inspection Civil).

11) Usage of unrecognised and uncommon abbreviations should be avoided.

12) Particular care should be taken to see that the reports are so drawn up as to afford no grounds for complaint from the local authorities in regard to their tone and substance. In drafting the Inspection Reports, the language used must be moderate and impersonal, as the effectiveness of an audit observation is more likely to be reduced rather than enhanced, by the use of strong language. As a matter of fact, the more serious the nature of an objection the greater is the need for using language which is both polite and unexceptionable. The use of such words as "should", "must" etc., is to be strictly avoided and the words "please" and "kindly" used as freely as possible. No improper or questionable matters should be attributed in the Reports even by implication to any Gazetted Officer. All comments should, as far as possible, be in the third person and is impersonal and objective phraseology.

*(CAG's D.O.No. PS/588/56, dated 23rd October, 1956 to all Accountants General).*

13) Observations of the same nature e.g., want of payee's receipts, estimates, agreements, measurement books and of relevant entries in stores and stock register, etc., should be grouped together as far as practicable. Where there are several departments in an office, the observations relating to each department shall be shown separately.

14) All details necessary for a clear understanding of each irregularity should be given including :

a) an explanation of the transaction;

- b) any description of the nature and magnitude of the irregularity;
- c) any extenuating circumstances that might have existed ;
- d) the defect, if any, in the system which led to the irregularity; and
- e) the adequacy of remedial action taken, if any;

15) Where the irregularities noticed in the local audit come up to the stage of their inclusion in the Report of Comptroller and Auditor General, the drafting of paras for their inclusion is at times rendered difficult due to missing links in the facts and arguments set forth in the original Audit Reports and on which the paras are based. The information which is wanting cannot be obtained except by a reference to the local records and the inevitable consequence is that the draft paras have either to be abandoned or their consideration postponed for an indefinite period. Such a situation must not be allowed to arise.

16) The name(s) of the official(s) personally responsible for any serious irregularity should not be disclosed in the Audit Report. Only in cases of very serious dereliction of duty or embezzlement, the designation or status of the officer responsible should be mentioned. Such cases will be very rare and audit should not take upon itself the duty of fixing responsibility for any such thing on any individual. All particulars should, however, be reported to the Headquarters Section in a confidential cover.

17) Cases which are sub-judice should not be mentioned in such a way as to prejudice the claim of the defence in the Court of Law.

18) Irregularities in challans are often the subject of long comments in test audit notes. The proper and effective procedure is to proceed to the Treasury in cases of doubt and to verify the correctness of the remittances, otherwise, these items fizzle out in course of time on the strength of vague and unsatisfactory replies and are, therefore, not of much value. It is also to be remembered that it may be difficult for a departmental officer to obtain a certificate of remittance in cases of remittances by private parties.

19) Observations that should have come to notice in Central Audit should separately be listed out and sent to Inspection (Civil) Headquarters.

20) Where the Departmental officers have acted in pursuance of any instructions issued by the Head of the Department or Government in the matter should not generally be subject of comment in the report but should be dealt with separately for necessary action in the Main Office.

**5.22 General assessment of the state of accounts :-** (a) The remarks about the general state of the accounts of the office locally audited should be recorded after proper appreciation of the facts disclosed in the body of the Audit Report. Defects should not be recorded in general terms and all exaggeration of language should be avoided. In bad cases, the state of accounts may be stated as “not quite satisfactory” and in other cases it may be stated that “there is scope for improvement”. When anything is noted as not quite satisfactory, the reasons should be stated in detail in the body of the Report.

(b) Remarks to the effect that the general state of the initial accounts is found to be satisfactory should not be recorded as a matter of routine but should be recorded only where the Inspecting Officer is thoroughly satisfied that the state of the accounts really merits such a remark. Otherwise, the inclusion of remarks to that effect in the face of serious irregularities is most undesirable, since such a certificate may lead to legal and other complications besides creating a sense of complacency in the administrative Department/Ministry.

*(CAG's Circular No. 336-Rep/3-51, dated 16th June, 1951 read with confidential Lr.No. 53-C-12/DD(TA)/1996, dated 15th January, 1970-Calculated in confidential Cir.No. OAD/Civil/XII/38-7/69-70/587, dated 5th February 1970-OAD (Civil) Hqrs. Case File No. 38-7/69-70/Unit XII).*

(c) The concluding paragraph should be carefully drafted with a view to bringing out a correct appreciation of the state of accounts. Special attention should be invited in this paragraph to important matters such as :-

- 1) Persistent irregularities, chaotic state of accounts;
- 2) List of long outstanding unsettled objections;
- 3) Misappropriations, frauds, etc.

(d) It is essential that the report should be drafted by the Inspecting Officer himself vide also para 1.07(viii) of Section II, Chapter I. It is not enough merely to correct the draft written by AAO/Section Officer. In all cases where the local audit is supervised by an officer during the last days, the Inspection Report should be drafted by the officer himself. It may also be emphasised again that apart from guiding their staff, the Inspecting Officers are expected to do certain amount of original work and to examine personally with reference to the initial documents the important points arising out of local audit.

In case, however, where no gazetted supervision is provided, the report shall be drafted by the AAO/Section Officer of the party. If during local audit, any serious case of misappropriation or overpayment, etc., is noticed and the presence of a Gazetted Officer is felt necessary, the Section Officers of field parties should telegraphically request the Headquarters for arranging supervision.

*(CAG's Lr.No. 1604-Admn.II/20-65, dated 12th September, 1963).*

**5.23 Discussion of the Report :-** a) Inspecting Officers should invariably discuss the reports with the Heads of Offices inspected on the last day of inspection and endeavour to settle on the spot as many points as possible including points outstanding from the last Inspection Reports.

Opportunity afforded by local inspection should also be taken by the Group Officer (Inspection Civil) or the Gazetted Officer for discussing with the Head of Office any important points referred to by the Main Office.

*(Circular No. OAD.I, dated 24th March, 1956).*

b) The Departmental Officers have instructions from Government to take full advantage of the opportunity for discussing with the officers of the Audit Department, the objections in the reports pertaining to local audit, and to record the following certificates on the Reports and Factual Notes/Draft paragraphs prepared by Inspecting Officers of the Prl. Accountant General's Office.

I) Certificate to be recorded on the Report:

“Certified that the Audit Report has been fully discussed and that all facts mentioned therein have been verified and found correct”

II) Certificate to be recorded on each of the factual note/draft paragraph:

“Certified that the factual note/draft paragraph prepared by Inspecting Officer on the points has been discussed and that the facts mentioned therein have been verified and found correct.”

*(Cir.Memo No. 71287/791/Rev./68, dated 20th November, 1968 of the Govt. Of A.P, Finance (Rev) Department, File No. II-1/6869 of Report Section and circular No.OAD.II/IV/45/64-65/25, dated 31st August, 1971).*

(c) The fact of discussion in token of perusal of the report and correctness of the facts contained therein should be specifically recorded by the Head of Office locally audited on the first page of the Inspection Report under the “Introductory” paragraph/draft paragraph/factual note in all cases and if no discussion could be held, the reasons should be indicated. In cases of difference of opinion, the officer should hand over a note detailing his reasons for disagreement with audit objections as contained in the report.

*(O.O.No. OAD.I/XII/38-7/39, dated 12th February, 1970-File No. 38-7/69-70 Unit.XII O.A.D (Civil) Headquarters).*

It should be recognised as one of the first duties of the Inspecting Officer to report to Inspection (Civil) Headquarters separately and immediately when anything really serious or really important comes to light in the course of his inspection, without waiting to include them in the Report. Such interim reports may be shown in the first instance to the Head of Office inspected for any comments of his own.

(d) The Draft Audit Report/Note submitted to the Headquarters Section should be typed or written legibly in half margin only. Sufficient space should be left at the top and bottom of the page and between the lines and in the margin to provide space for editing. As far as possible each paragraph of the Audit Report should be on separate sheets.

(e) The Audit Report, Audit Note and Forwarding Memo (Title Sheets) should be signed by the AAO/Section Officer and where the audit has been supervised by a Gazetted Officer, the Audit Report and Forwarding Memo. (Title Sheet) should be signed by the Inspecting Officer also.

*(O.O.No. 7, dated 12th April, 1957-File 12-170/56-57).*

(f) Draft Audit Reports/Audit Notes in complete shape along with the forwarding documents as indicated in the annexure should be forwarded to the AAO/Section Officer, LA.I Section, invariably by name to avoid delay so as to reach him within 5 days from the date of completion of local audit.

(Circular No. 17, dated 28.7.1976).

NOTE:- The Audit Reports relating to Headquarters Office should be despatched so as to reach the Headquarters Section within three days after the completion of audit

(O.A.D O.O.No. 14 - 16/5/58/29, dated 18th January, 1960).

**5.24 Documents to accompany the Report :** The Report should be accompanied by :

1. A list of registers produced to audit with the initials of the AAO/Section Officer and of his assistants checking them;
2. A note of the paragraphs which in his opinion should be included in the report of Comptroller and Auditor General on the Appropriation Accounts. The Inspecting Officer or AAO/Section Officer should be careful to obtain all relevant facts in connection with each such case and discuss it specially with the Head of Office or other responsible local officer and in the note he should state that he did so;
3. A certificate under the dated initials of the Section Officer that the receipt books used have been checked since the date of last inspection in regard to continuity in serial number of receipts, entries in the cash book and completeness in all respects and that the unused receipt books are under proper custody and have been verified and found correct;
4. A certificate in the following form, about the checks of credits :  

“Certified that the bills paid by Pay and Account Officer, Hyderabad/  
Treasury/Sub-Treasury to the office inspected have been traced into  
the Cash Book and other relevant registers for the month of  
.....

(O.O.No. OA 28-8/56-57. Dated 31st December, 1956-and O.O.No. O.A 28-8/56-57/47, dated 25th March , 1960).

5. A certificate of cash balances on 1st April or 1st May or any other subsequent day, if they happens to be holidays;
6. A special note regarding the adequacy or otherwise of the existing system of departmental audit, etc.

NOTE : The note interalia should contain information on the following points :

- i) Frequency of inspection carried out by the Head of the Department;
- ii) The agency through which they are conducted.
- iii) Whether the results of such inspection are recorded in writing and communicated in the form of a report to the Officer-in-charge.
- iv) Whether the Departmental Officers are taking prompt action to rectify the defects pointed.
- v) Whether the results of inspection are being communicated to Government also;

- vi) Whether any cases of irregularities noticed during local audit which in the opinion of the AAO/Section Officer/Inspecting Officer, could have been set right by regular departmental inspection and if so, the para number may be cited.

This point may be examined personally by the Inspecting Officers and a detailed report furnished on the above lines for the offices in which audit was supervised by them.

*(Secret Memo O.A.D/Pro/1065, dated 2nd April, 1957).*

- 7) A note about the budget figures and the figures of expenditure; and
- 8) A note detailing the documents not produced and indicating the specific checks which could not be exercised by them for want of those documents so that the note may be made available to the field party conducting the next local audit along with the required vouchers, etc., for the completion of checks omitted to be exercised in the preceding audit or to take up the matter with the higher authorities if required by Headquarters Section.

*(Circular No. O.A(General) 126 m, dated 24th April, 1956).*

9. A note detailing particulars of auditee unit along with comments of the head of the party in the following proforma should be furnished along with the Inspection Report to LA-I Headquarters Section.

**Particulars relating to auditee unit**

- (1) Name of the office.
- (2) Address of the office (Postal Address & land mark, PIN code).
- (3) Telephone No. with STD code.
- (4) Designation of the Drawing Officer.
- (5) Address of Headquarters Office.
- (6) Budget & Expenditure particulars of last four years.

**Comments of the Supervising Officer**

- (1) Dates of last audit.
- (2) Dates of present audit.
- (3) No. of days allotted.
- (4) Sufficiency of the period.
- (5) Period of audit conducted.

Signature of the Supervising  
Officer

Name :

Civil Party No.

*(LA-I Circular No.LA-I/Genl/vrs./No.18 dt.12.11.2003)*

**ANNEXURE – I**  
(Referred to in Para 5.13 (a))  
**FORM ‘A’**  
(To be returned with reply)

No.

Office

Observations or suggestions

Reply of Head of Office

**FORM ‘B’**  
(To be printed on foolscap folio)  
(To be returned with reply)

No.

Reply

Office of the

From

To

Sir,

I am to request you to furnish the information, etc., required below :

Yours faithfully,

**ANNEXURE-II**

(Referred to in para 5.23(f))

Confidential

Office of the Prl. Accountant General(Civil Audit)  
Andhra Pradesh, Hyderabad – 500 004

Forwarding document to be submitted along with Local Audit Reorts

By Registered Parcel:

Camp:

No.CP/

Dated:

The draft Inspection Report and Test Audit Note together with the Audit Enquiries and rough working sheets are forwarded to the Headquarters for necessary action.

Encl: 1.Current Report.  
2. Previous Inspection Report.  
File No.....

Section Officer/Asst.Audit Officer  
Civil Party  
No.....

To  
Sri .....  
Section Officer/Asst.Audit Officer  
LA-I Section;  
Office of the Prl.Accountant General (Civil Audit)  
Andhra Pradesh, Hyderabad – 500004

Note: The draft Inspection Report should be sent to the Section Officer/Asst. Audit Officer, L.A-I by name to avoid delay.

**PART-1**

(This form is intended to assist the field parties and the Headquarters section to see that various duties entrusted to the field staff have been carried out)

1. Office or Unit inspected with full postal address including PIN Code number and Office Phone No., if any.
2. Duration of Audit indicating the actual period and No. of working days. From ..... To .....  
(working days)
3. Name of the S.O/A.A.O and Ars. constituting the Audit party. 1.....AAO/SO  
2.....AAO/SO/Ar  
3.....Ar.
4. Name of the Inspecting Officer who supervised the audit. Sri .....
5. Dates of Supervision From ..... To .....
6. Whether the existing periodicity and duration of audit require revision.  
(A detailed note should be submitted in case the periodicity and duration is to be revised)
7. Name and designation of the Officer in-charge of the Office inspected. Sri .....
8. When last audited ?  
(a) By A.G. Audit party  
(b) By Dept. authorities
9. By whom last audited (Names of the Inspecting Officer and Section Officer/Asst. Audit Officers of the A.G. Audit party) 1. Shri  
2. Shri  
3. Shri
10. Whether the staff of the Audit party made themselves conversant with the nature of the transactions of the Office inspected and the system of accounts and studied the codes prescribed and the periodical administrative reports, departmental audit reports, or any other Government Publications containing the accounts of income and expenditure of the Institution. (Vide para 5.1 of the Manual of Inspection (Civil).
11. Whether documents/files/vouchers required from the Central Office were received in time (Vide para 3.11 of the Manual of Inspection (Civil)
12. Period of accounts audited.
13. Months of Accounts selected for test-check and whether audited.
14. Points marked by Central Office for scrutiny/verification during this audit.  
(a) No. & date of reference of Central Office.  
(b) Results of such scrutiny.
15. Whether all the paras marked for verification during next audit by the Central Office have been examined and action taken thereon indicated against the respective paragraphs in the report or test-audit notes as the case may be ?
16. Names of sub-units selected for test-check and whether audited ?

17. (a) Whether outstanding paras of previous inspection Reports of A.G. have been verified and discussed with the Head of the Office and whether a statement in the prescribed proforma has been enclosed ? (Vide para 5.18(b) of the Manual of IC)
- (b) Whether a gist of the pending paras has been included in part I (b) of the current Report taking into account the paras settled as result of review/discussion during local audit ?
18. Whether outstanding paras of previous test-audit notes (part II A & B) have been reviewed and last position indicated in the current test-audit notes ? (Vide 5.20 (d) of the Manual of I.C)
19. Whether the important and initial records mentioned below have been checked in accordance with the instructions issued in this regard ?
  - (a) Cash book and counterfoils or/receipt remittance challans etc.
  - (b) Receipt Books and Stock Register of Receipt Books.
  - (c) Petty Cash Book, if any
  - (d) Treasury Bills Book
  - (e) Permanent Advance Register
  - (f) Register of undisbursed Pay and Allowances
  - (g) Contingent Register
  - (h) Advances Recoverable Registers
  - (i) Acquittance Rolls
  - (j) Office copies of vouchers (Pay and Allowances) etc.
  - (k) Stores and Stock Accounts and Stock Registers
  - (l) Register of Revenue
  - (m) Tenders and contracts/agreements
  - (n) Measurement Books
  - (o) Muster Rolls
  - (p) Log Books
  - (q) Trunk Calls Register
  - (r) Register of Rents
  - (s) Service Books and Leave Accounts
20. Whether any personal deposit accounts are held by the office inspected ?
21. Whether the certificate of acceptance of balances was issued by the Administrator of the P.D. Account to the Treasury Officer ?
22. Whether the records mentioned below, in respect of the P.D. Account are checked ?
  - (a) Cash Book
  - (b) Cheque Books
  - (c) Ledger
  - (d) Receipt Books and Stock Register of Receipt Books
  - (e) Treasury Pass Book

23. (a) Whether Cash Book is balanced on the date of commencement of inspection and cash on hand got verified by the Officer-in-charge to test the correctness of the position ?  
(b) Whether certificates of cash balance with the office as on 1<sup>st</sup> April and 1<sup>st</sup> May of the year of Audit are also obtained from the Head of the Office and appended ? (Vide Para 5.10 of the Manual of I.C)
24. Whether security deposits have been obtained from the subordinates entrusted with cash or stores and from contractors for supplies made ?
25. Whether physical verification of stores has been conducted periodically and on the 31<sup>st</sup> March of the year, the necessary certificates of verification have been recorded in the registers and that action has been taken in respect of the surplus or shortages noticed ?  
Note:-In the case of Government Hospitals, the arrangements and the accounting of the stock and movement of valuables stores such as Radium needles, X-Ray Plants etc. should be specially examined.
26. Whether reconciliation of departmental figures of Receipts as well as expenditure with those of the PAO/Treasury, has been done upto date ? (Figures showing unreconciled expenditure and remittances apart from the month in arrears should be furnished (vide note (iii) below para 4.76 of the Manual of I.C)
27. Whether a review was made in respect of advances drawn on Abstract contingent bills, for which detailed contingent bills are due to Audit Office ? (Apart from important and significant irregularities, reasons for the pendency should be ascertained and commented. Details are to be furnished in prescribed proforma vide para 4.24 of Manual of I.C)
28. Whether there are cases of withdrawal of funds in advance of requirements in month of March ? Details should be furnished in the proforma prescribed with a necessary comment in the report (vide para 4.22 of the Manual of I.C)
29. Whether there are cases of retention of heavy cash balances by the Department ? Details such as dates of draws, reasons, if any for keeping the amounts undisbursed should be furnished (vide para 4.62(a) of the Manual of I.C)
30. Whether there are cases of abandoned works ? Such works should be reviewed and commented in the report and details furnished in the prescribed proforma (vide para 4.58 of the Manual of I.C)
31. Whether there are cases of Plant and machinery, equipment, etc., kept idle ? Such cases should be reviewed and commented suitably in the report with full details in the proforma prescribed (vide para 4.28 of the Manual of I.C)
32. Whether there are cases of investments of Government in various bodies and institutions ? The prescribed checks are to be exercised and suitable comments included in the report where necessary (vide para 4.8A of the Manual of I.C)

33. Whether the checks prescribed in respect of rent recoverable from Government servants for the Government buildings allotted to them, have been exercised ? (vide para 4.34 of the Manual of I.C)
34. Whether there is any expenditure on General/Bye Elections and the checks prescribed in para 4.69 of the Manual of Inspection (Civil) have been exercised ?
35. Whether the Stores and Stock Accounts rendered to the Head of the Department for preparation of consolidated annual Stores and Stock Accounts of the Department have been checked ? (vide para 4.49 Note (2) of the Manual of I.C)
36. Whether there are cases of advances of pay and transfer, leave salary, T.A. on tour/transfer and advances in connection with L.T.C and the like outstanding for more than two years ? Such cases should be analysed and commented suitably (vide para 4.41 of the Manual of I.C)
37. Whether documents not produced during the previous audits have been produced and checked ?
38. Whether the Treasury and Financial Rules are being properly followed by the Departmental Officers ?
39. Whether it was seen that the reference to the financial rules, departmental manual or standing orders or instructions the work of compilation and initial checks, etc. are actually attended to by the officials concerned ?
40. Whether Preliminary observation slips were issued and replies obtained ?
41. Items of work personally carried out by
  - (a) Section Officers/Asst.Audit Officers and
  - (b) Inspecting Officer(vide para 1.07 of the Manual of I.C)
42. Report drafted by .....
43. Whether the report was discussed with the Head of the Office ?
  - (a) Date of discussion
  - (b) Paragraphs modified or deleted as a result of such discussion.
  - (c) Certificate of discussion recorded.
44. Is any amendment to the Manual of Inspection Civil is necessary ? If so, to what paragraph ? (A detailed note in this regard has to be submitted with the report)
45. Audit fee, if any recoverable
46. Paragraphs, if any of the report which might be considered for possible inclusion in the Audit Report of C&AG
47. Remarks regarding general state of accounts

Section Officer/A.A.O

**CERTIFICATE**

1. Certified that the remittances for the two months of ..... have been collected from the Cash Book and other subsidiary registers and the same verified direct from the Books of the Treasury/P.A.O. Hyderabad.
2. Certified that cheques issued by the Treasury/Pay and Accounts Officer, Hyderabad and Bills paid by the Treasury to the office inspected have been collected from the Books of the Treasury/Pay and Accounts Officer, Hyderabad and traced in the Cash Book and other relevant registers of the office inspected for the months of .....
3. Certified :
  - (i) that local audit of service books including those maintained for Gazetted Officers has been done in accordance with the instructions in para 7.03 of the Manual of Inspection (Civil).
  - (ii) That audit endorsements duly signed (with date) have been made in the Service Books concerned indicating therein the period covered.
  - (iii) All cases of Government servants who are due to retire within the next five years and as many cases as possible of Government servants who have put in more than ten years of service have been covered during the check of Service Books.
  - (iv) That the checks contemplated in C&AG's Confidential Lr.No.417-TA.1/785-68 dated 21<sup>st</sup> March 1969 (vide para 7.04 (a) & (b) of the Manual of Inspection Civil) have been exercised during local audit of the Service Books.
4. Certified that the rates in the agreement and estimates have been checked with the schedule of rates.
5. Certified that the checks regarding the correctness of deduction towards G.P.F. have been exercised in accordance with instructions contained in para 4.38 of the Manual of Inspection (Civil) and comments regarding recovery and non-recovery included in the audit reports where necessary.
6. Certified that the maintenance of Pass Books for all G.P.F. subscribers by the Head of office in accordance with the instructions issued by the State Government has been verified and suitable comments on non-maintenance/ defective maintenance included in the reports wherever necessary.
7. (a) Certified that the A.A. check of Cash Book has been conducted from the date of last audit ..... to date.  
(check of Cash Book includes check of other subsidiary registers also like U.D.P., P.A. Registers as per para 4.59 of the Manual of I.C)

- (b) Certified that A.A. check of cash book from ..... to ..... has only been conducted in addition to the months ..... marked by Central Audit/marked locally. (Separate note to be enclosed for cases covered by note 2 below para 4.60 of the Manual of Inspection (Civil).
8. Certified that :-
- (i) The nominal audit of pay and allowances has been conducted for the month/months ..... in accordance with the instructions of C&AG in Secret letter No.103 O&M/45-79-11, dated 30-3-1980.
  - (ii) The Office copies of the bills and acquittances in respect of the Pay and allowances of establishment have been checked for the month/months selected for test-check.
  - (iii) The supplementary and arrear claims of the members of establishment for the period from the date of last audit to date have been generally examined and a detailed test-check was conducted in respect of such claims in the month/ months selected for test-check; and
  - (iv) The case of increments sanctioned to the members of establishment of the office audited (b) cases of fixations of pay on promotion or revision and (c) all cases of drawal and disbursement of leave encashment during the periods from the date of last audit have been test-checked as prescribed.
9. Certified that the particulars of investments made by Government in various bodies such as statutory corporations, Government companies, autonomous bodies, Coop. Societies, etc. have been called for from the Head of the Office inspected and the checks prescribed in para 4.8A of the Manual of Inspection (Civil) have been exercised.
10. Certified that the items of work done by the Auditor have been test-checked by me as prescribed on CAG's Lr.No.48-T.A1/2-79 dt.17.1.1979.
11. Certified that the vouchers/paid cheques received from LA-I/Deposits Section (vide LA.I/XI ..... dated..... have been returned to the Section Officer ..... section vide Registered parcel No..... dated .....at.....(name of the Post Office) after test-check (vide circular No.134 dated 31.7.78 of ICH)
- (i) certified that the vouchers for the marked months from R.A.Os office, P.A.Os office A.P. Hyderabad have been collected and returned to R.A.O (vide No.....Dated.....(vide circular No.1 dated 11.4.1979).
  - (ii) certified that the vouchers received from the District Inspector of Local Fund Audit, have been returned to him or/and acknowledgement obtained has been kept on record with the party/by registered post in letter No..... Dated.....

12. Certified that the inspection of treasuries have been conducted in accordance with the instructions issued in Secret Lr.No.1077-T.A. 1/202-78 dated 15-11-1978 and Circular No.901-TA.1/202-78 dated 10-8-1981 and that the questionnaire prescribed, in this regard has been enclosed to the report duly answered by the Inspecting Officer.

Section Officer/Asst.Audit Officer  
(Civil Part No.....)

Camp :

Date:

Remarks when the audit is supervised by a Gazetted Officer

Camp:

Gazetted Officer

Date:

Note :-

1. The Supervising officer will see that the local audit party has discharged its duties thoroughly. He should particularly state whether the Inspecting Section Officer/ A.A.O. has either omitted to audit any accounts or to exercise the prescribed checks.
2. Documents not produced for audit should be mentioned in the Inspection Report together with the check which could not be exercised on that account and the likely effect of this omission.

### PART III

#### (a) Details of Allocation of Work and the Records/Documents checked

Sl. No.	Name and Designation of the member of the Audit Party	Work allotted and completed indicating the name of the records/ documents checked	Reference to paras included in report/ TAN as a result of checks exercised	Full signature	Initials
(1)	(2)	(3)	(4)	(5)	(6)

Signature of the Section Officer/  
Assistant Audit Officer (Civil Party No...)

(b) List showing records and vouchers etc. brought from head quarters

Sl. No.	Particulars of Records/ vouchers/ files etc. brought from Headquarters	Use put to
(1)	(2)	(3)

Signature of the Section Officer/  
Assistant Audit Officer (Civil Party No...)

## CHAPTER 6

### MATERIAL FOR REPORT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA.

**6.01 General :-** The only document by which the achievement, usefulness and effectiveness of the Audit Department is judged by the Legislature and the general body of tax payers is the Comptroller and Auditor General's Report. It provides the Legislature with a powerful weapon against irregular, extravagant and wasteful expenditure of public money. It is not only an evaluation of the regularity and propriety of Government expenditure of a particular year, but also indicates the quality of work, knowledge and efficiency of the organisation of Audit. In fact, it is one thing, which above everything, should engage the constant personal attention of all members of the department engaged on audit work. It is, therefore, of utmost importance that cases which are likely to merit inclusion in the Comptroller and Auditor General's Report should be segregated right from the time they come to notice of Audit (i.e., in course of local audit) and their processing started forthwith, so that the final drafting of the paras is completed in the minimum time.

**6.02** The provisions of Chapter III, Section VII of M.S.O (A) and office orders issued by Report Section from time to time should be specially borne in mind in respect of sending material to that section for inclusion in the Report of Comptroller and Auditor General.

**6.03** LA.I Section is required to furnish the under mentioned material for inclusion in the Comptroller and Auditor General's Report (Central and State Governments) to Report Section on the due dates prescribed by that Section from time to time. A list of such items are given below.

(i) Information regarding the arrears in audit by the Director of Local Fund Audit.

Material relating to important irregularities in utilisation of grants noticed by the Director of Local Fund Audit on the accounts of Zilla Parishads, Panchayat Samithis, Municipalities, etc., to be furnished in the proforma given below.

#### PROFORMA

Nature of irregularities.	No. of Cases	Amount (in lakhs of rupees)	Amount ordered for summary recovery by the Director in respect of the irregularities.	Amount recovered	Balance to be recovered as on .....	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(ii) (a) Cases of unutilised machines, equipments, etc., commented upon in the local Audit Reports with information on the consequences of their non-utilisation.

(b) Comments on concessions given to industrial concerns.

(iii) In respect loans for which detailed accounts are maintained by departmental officers the adequacy or otherwise of the action taken by Government for recovery of the arrears from the more important non-public authorities/individuals should be reviewed and suitable comments proposed

(Vide CAG's Letter No. 611-Rep./83-73 dated 2.4.1973).

(iv) Concrete cases of drawal of funds in advance of requirements.

(v) Specific reasons for substantial savings or slow progress of schemes. The instructions issued in letter No. 1390/Rep/248-75 dated 5.10.1979 of Comptroller and Auditor General may be followed.

(vi) Review of budgetary procedure and expenditure control in respect of certain selected grants.

(vii) Correlation of expenditure with physical progress relating to schemes as indicated in the proforma given below.

#### PROFORMA

Programme/scheme/ project	Physical progress as percentage of the target.	Actual expenditure as percentage of budget estimates.
(1)	(2)	(3)

(viii) Bodies and Authorities substantially financed by Government grants and loans.

(ix) Comprehensive review of one or more of the following topics is required to be conducted and results included in Chapter II and III of the Comptroller and Auditor General's Report apart from those decided at the discretion of Prl.Accountant General.

- (a) Budgetary deficits.
- (b) Public debts.
- (c) Trends of supplementary demands and usage of such provisions.
- (d) Investments by Government.
- (e) Budgetary practices.
- (f) Cash management.
- (g) Cases of injudicious reappropriations.
- (h) Premature withdrawal of funds.
- (i) Comprehensive review of budgetary procedure and control of expenditure.
- (j) Incisive review of Departments.
- (k) Horizontal reviews.
- (l) Stores and Stock Accounts.
- (m) Financial assistance to local bodies or authorities.

This chapter should give a panoramic view of funds in whatever form these are placed, delay in preparation of accounts, the audit arrangements, the adequacy or otherwise of audit arrangement significant findings requiring attention of Legislature. The important irregularities notified by internal auditors (Director of L.F Audit, Registrar of Coop. Societies) etc., including the higher administrative authorities within the organisation in so far as they relate to institutions audited by us under Sn. 14/15 of D.P.C. Act may also be included.

- (n) Other irregularities not covered by the above in the form of Draft Paragraphs.

Instructions for the collection of material for the above items are contained in Chapter V of the Manual of the Report Department. In these cases Report Section will select the items/grants for arranging the review by LA Sections. Performance Audit Section has to issue guidelines in this matter while the actual review will be done by LA.I Section.

**6.04 Stores and Stock Accounts :-** With effect from Audit Report of 1981-82, the synopsis of important Stores Accounts which were being hitherto given in this Chapter has been dispensed with, instead one or two major stores holding departments should be selected for detailed analysis of the procedure followed in system and material management.

While undertaking an in depth analysis of these departments, the following aspects should be borne in mind.

- (a) Assessing the efficiency and effectiveness of projects, function and system in the departments and material management as a whole.
- (b) Whether conversion of money to materials has been done merely to prevent surrenders in grant.
- (c) Whether inventories in different departments are commensurate with their normal requirements, specific cases of inventories where the balances were much higher than the normal consumption may be examined to find out the reasons for flabbiness of inventory and;
- (d) Purchase decisions should be examined to see whether the purchases were justified keeping in view the then existing stock and future trend of consumption.

*(CAG's General Circular No. 11 received in Lr.No. 1204(Rep)(s) 76-82 dated 30.7.1982-File II-1/81-82).*

**6.05 Outstanding Observations and Audit Reports.:-**

- (a) As regards the para on outstanding Inspection Reports, the following aspects may be taken into account.
  - i) Analysis of the outstanding paras and Inspection Reports of the selected departments: The outstanding paras may be grouped under distinct categories of objections indicating the number of offices in which the objections were noticed and the money value involved.

- (ii) Year-wise analysis of the outstanding paras along with number of Inspection Reports and paras for which first replies have not been received.
- (iii) Progress of settlement of paras.
- (iv) Selection of significant audit findings included in the Inspection Reports and incorporating them after updating the information.
- (v) In respect of repetitive nature of objections, it is necessary to take an in depth analysis of the procedures followed by the departments and comment on system deficiencies. The Offices concerned, Secretariat and Heads of departments should be visited for this purpose.
- (vi) In depth analysis of the procedure followed by the departments for settlement of these observations :- Whether a suitable mechanism for noting and watching the settlement of outstanding items exist. The details of outstanding paras should be forwarded to the departments concerned and the number and date of letters in which sent should be mentioned distinctly.

*(O.O.No. 1 case No. Report.I/II-3/88-89, dated 21.1.1988).*

**6.06** Inclusion in Comptroller and Auditor General's Report of issues like grant of concessions to Industrial concerns by the Government :- Cases of concessions to industries may be of two categories as under;

- i) Those granted under declared policy of Government or under Acts of the State Legislature.
- ii) Other concessions.
  - (a) In regard to (i) above, if the concessions granted are in accordance with the declared policy of Government or under Acts of the Legislature, mention in the Report would not normally be necessary. Where, however, the concession concerned is in the opinion of Audit, an unduly large concession, a factual statement of the case should be included in the Report.
  - (b) All cases falling under (ii) above should, however, be mentioned, if they are substantial and continuing.
  - (c) Concessions granted to small scale industries, however, may be considered as justifiable against the background of present day Government policy.
  - (d) Cases where one Government receives assistance from another Government for establishing an industry would also prima facie qualify for mention in the Report.

*(CAG's Letter No. 780-Rep/273-39, dated 17th March, 1961).*

**6.07** Mention in Comptroller and Auditor General's Report on the extent of default by borrowers in respect of loans and advances :- The extent of default by borrowers in respect of loans and advances for which detailed accounts are kept by the Departmental authorities should be ascertained and commented upon. In addition, the state of initial accounts of loans and advances kept by the departments and the effectiveness of the remedial action, if any, taken by

the Government should be reviewed and commented upon. Special Audit of the offices and Institutions concerned should be arranged by Group Officer (Inspection Civil) wherever necessary.

**6.08** Mention in the Report about absence of administrative regulations and procedure for securing a proper and effective check upon monetary transactions, e.g., purchase and control of stores.:- Inspection (Civil) Wing should examine the internal working of the purchase and stores wings of Departments with a view to finding out whether there are adequate administrative regulations and procedures whereby proper and effective check can be exercised upon the monetary transactions, taking place in that organisation. If proper regulation and procedures are not introduced in the organisation, the matter should be taken up with the Government for introduction of the correct procedure.

**6.09** Review in Comptroller and Auditor General's Report of the result of audit of bodies, authorities and sanctioning authorities under Sections 14,15,19 and 20 of the CAG's (D.P.C) Act, 1971.:-

(a) "Serious irregularities and lapses noticed in the accounts of bodies/authorities and sanctioning authorities, audit of which are conducted under Sections 14,15,19, and 20 of the C.A.G's (DPC) Act, have to be grouped section-wise after drafting paragraphs, for incorporation in the C.A.G's report and sent to Report Section after approval by Prl. Accountant General with the details of grant/loan received, the expenditure incurred, etc., the section of Audit Act under which audit is undertaken, etc.,

(b) **Review of Loans :-** Loans given by the Central Government to the State Government should be reviewed with a view to finding out whether they have been utilised for the purpose for which those were given. It should also be seen that the proceeds of loans were originally raised and for which borrowed money may properly be applied. The material for Comptroller and Auditor General's Report in this regard should therefore be collected from the respective reports of local audit conducted on the above mentioned lines, on the accounts of the respective loans.

**6.10 Inclusion of reviews on important Receipt Heads of Account in the Report :** If the review of receipts heads of account conducted as required in para 4.8 of this Manual, brings to light serious irregularities the same should be commented upon in the C.A.G's Report.

**6.11 Inadequacy of financial or account rules :** Cases of inadequacy of rules or absence of administrative regulations sufficient to secure a proper and effective check upon monetary transactions are subject matter for comment in the Report (Vide Annexure 2 to para 7.3.26 of MSO(A)).

When there is much delay on the part of the local Government in issuing any financial or account rules suggested by audit, the fact should be suitably mentioned in the Report unless the Prl.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 would be no further delay.

**6.12 Procedure for preparation of draft paras :** All Inspecting Officers should submit a report to the Prl. Accountant General in respect of any important point or cases noticed by them during the course of inspection in the form of factual statements, the facts verified and signed by the Heads of Institutions visited along with a forwarding demi-official letter to the Prl. Accountant General.

The factual notes enclosed to the D.O letters addressed to the Prl. Accountant General should be prepared in triplicate together with copies of relevant departmental correspondence and documents which have a bearing on the subject. One copy should be enclosed to the D.O letter addressed to the Prl. Accountant General, second copy being endorsed to the Group Officer (Inspection Civil), along with copies of all enclosures and the third set retained by the Inspecting Officers to enable them to furnish clarifications if any, required at the subsequent stage while processing the draft para. The Inspecting Officers, whenever they are at Headquarters, should take the opportunity of meeting Group Officer (Inspection Civil) and discussing the para proposed by them and also incorporating modifications etc., suggested by Headquarters while finalising the paras.

*(A.G's D.O.Letter No. Report-II.1/67-68/76, dated 1st December, 1967 and O.O.No. O.A.D/II-VII-13/70-71, dated 22nd March, 1971).*

Inspecting Officers should appreciate and distinguish between a comment by way of a draft para intended for publication in CAG's Report and an Audit Report para. Furnishing of extracts of paras from Audit Reports without attempting concise draft paras would not help at all.

Cases involving transgression of statutory provisions, rules or orders and other cases which lead to or are likely to lead to substantial pecuniary loss may be mentioned individually.

Cases where there was lack of response to constructive suggestions made by audit in earlier years for rectification of defects in financial or accounts controls may be commented upon, if the continuance of the unsatisfactory features is attendant with risk of fraud or loss to Government.

The paragraphs for CAG's Report have to be drafted keeping in view the provisions of para 55 of the Manual of Report. The following instructions would also be helpful in this regard.

- 1) The actual amount involved should as far as possible be indicated together with the basis on which it is arrived at. If, in any case, reference to correspondence with the executive Government is absolutely necessary, the subject matter of the correspondence should be summarised as briefly as is compatible with vivid exposition.
- 2) Similarly, if it is necessary to refer to the infringement of any rule, whether statutory or otherwise, a gist of the rule should be furnished and the actual or possible effect of the violation, on the financial interests of the State clearly brought out.
- 3) Whenever there is controversy about the figures, that should be settled

on the spot by the Inspecting Officers.

- 4) Whenever a paragraph is based on some clauses of an agreement, extract of the relevant clauses should be placed in the file.
- 5) Piecemeal paragraphs on irregularities of the same nature should be avoided by consolidation.
- 6) Detailed annexures should be furnished in support of all calculations, whenever they are accepted by the field officers.
- 7) Any comment regarding extra expenditure or avoidable expenditure on account of urgency should be included only if it can be proved that there was no real urgency.
- 8) The Inspecting Officers should indicate in their reports, the time of occurrence of each event and at what level it occurred. For each such observation, copies of relevant correspondence should be enclosed.

*(O.O.No. Report.I/II-1/71-72/5/2, dated 12th May, 1971- Filed in File No. 9-25/70-72 of O & M Section).*

**6.13 Processing of material :-** (a) On receipt of factual statement/extracts of Inspection Reports from the Inspecting Officers/Headquarters sections along with the supporting documents, the feasibility of a draft paragraph for inclusion in C&AG's Report will be examined in D.P. Cell and cases found fit for comment in the Audit Reports are registered as potential draft paragraphs and factual statements are prepared depicting the audit findings and forwarded to Government with a demi official letter addressed to the Secretary to Government in the department concerned for obtaining comments of Government thereon. After the comments of Government are received, a draft paragraph along with detailed key documents should be prepared and submitted to the Prl.Accountant General through the Deputy Accountant General for approval. After the draft para is approved by the Prl.Accountant General the same should be sent to Report Section for further examination and issue to Government.

(b) The draft paragraph should be brief but should contain all important points relating to the case as laid down in Paragraphs 7.3.27 to 7.3.48 of the Comptroller and Auditor General's M.S.O(Audit) including disciplinary action taken by Government against the official(s) at fault.

(c) The copies of the draft para should be annotated in the margin with full particulars. A copy of the forwarding letter with two attested copies of the draft para and key documents, together with copies of the relevant correspondence referred to in the key, should be sent to Report Section for keeping a consolidated record of all draft paragraphs sent to the Government.

(d) If any abnormal delay in getting replies is apprehended in any individual case, the paragraph should be finalised making it factually correct.

(e) If, in the light of subsequent developments, any paragraph required amendments before its incorporation in the CAG's Report, the amendments should be submitted to the Prl.Accountant General for approval and Report Section informed accordingly. Any development occurring after the CAG's Report/Appropriation Accounts are finally printed, should also be brought to

the notice of the Prl.Accountant General under intimation to the Report Section, so that the up to date position of the case may be available at the time of examination of the C.A.G's Report/Appropriation Accounts by the Public Accounts Committee.

NOTE 1 : A separate case file should be started in connection with each draft paragraph and all references relating thereto should be kept in the file.

NOTE 2: The factual contents of the reviews and draft paragraphs included in the Comptroller and Auditor General's Audit Report., undergo a substantial change by the time the paragraphs come up for discussion before the Public Accounts Committee. It has been found necessary to have latest picture in respect of such reviews/paragraphs, updated when the reviews/paragraphs come up for discussion before the Public Accounts Committee, so that the P.A.C can be appraised of the latest position and the discussion made more meaningful. To achieve this objective, the D.P.Cell/ Performance Audit/Special Cell will identify, out of total number of reviews/paragraphs appearing in the Audit Report, portions of the reviews/paragraphs in respect of which such updating of factual information would be useful and necessary, in consultation with the Report Section, and prepare a list of points on which upto-date information can be usefully obtained. This list of points should be passed on to the LA.I Section. The LA.I Section will record the requirements in the special register maintained for obtaining information from the field parties visiting that station (not necessarily to that particular office). The up-to-date information so obtained will be passed on by the LA.I Section to the D.P.Cell/Performance Audit/Special Cell for onward transmission to the Report Section for being made use of during the discussions before P.A.C. Since such information will be required only in respect of some selected paragraphs out of the paragraphs appearing in the Audit Report, there should be no difficulty in obtaining this upto-date information in time.

(f) While sending the draft paragraph to the Prl. Accountant General the following particulars should invariably be furnished separately :-

- i) Brief subject matter of paragraph.
- ii) Head of account and particulars of the relevant Grant of Appropriation to which the paragraph relates.
- iii) Name of the department, office etc.,
- iv) Name(s) of the official(s) responsible for the irregularities.
- v) Whether the para is to be included in the body of the report or in the form of a note below the Appropriation account of the relevant grant, depending upon the importance of the case.
- vi) Case number in which the papers have been filed.
- vii) It should be particularly seen that -
  - a) Copies of the draft paragraphs, correspondence, etc., are cleanly typed in double space and that they contain no typographical or drafting errors.
  - b) There are no abbreviations as far as practicable and sub-paras are not numbered, and
  - c) Copies are duly attested by the Branch Officer.

(g) Paragraphs included in C.A.G's Audit Reports which also figure in the Inspection Reports should not be dropped by Hqrs Sections without the approval of D.P Cell/Report Section.

(D.P.Spl.Cell/87-88/35, dt. 2.2.88).

## CHAPTER 7

### CHECK OF SERVICE BOOKS AND LEAVE ACCOUNTS OF NON-GAZETTED GOVERNMENT SERVANTS AND OF INCREMENTS GRANTED TO CERTAIN CLASSES OF GOVERNMENT SERVANTS

**7.01 Introduction :** The local audit staff should examine the service books and leave accounts of Government servants (both in superior and inferior service) employed in the offices visited by them to ensure that they are kept according to rules.

Note :- (1) The term service books includes service rolls also maintained for the inferior Government servant and their check has also to be conducted along with the service books of other Government Servants.

*(I.C.H.I Circular No. 29 Dated 1.11.1976).*

Note :- (2) Check of service books includes check of service books of Gazetted Officers also. Service books of Gazetted Officers have to be checked in the offices where they are kept in. Thus the service books of D.D.O's, Medical Officers of P.H.C's or Civil Hospitals have to be checked during local audit of the office of Zilla Parishad and D.M.&H.O respectively.

*(I.C.H .I Circular No.68 &69)*

With the discontinuance of receipt of annual establishment returns in this office, the service books are the only documents for the verification of service for fixation of pensions and therefore, adequate attention should be paid during local audit for the verification of service books.

**7.02 Extent of checks:** (a) The local audit party visiting an office should check service books of all employees who are due to retire during the next 12 to 18 months even if checking of these categories of cases exceeds prescribed percentage of 25% of service books in a year. While checking these service books, the party will ensure that the service books are complete in all respects, events effecting pension have been clearly spelt out along with the remarks of the competent authority, whether the period will or will not count for pension and that there are no missing links. The local audit party will also check that the nomination regarding death-cum-retirement gratuity, G.P.F etc., have been made by all the Government servants who are due to retire within next 12-18 months and suitable note has been kept in the S.B, cases where the nominations are not available should be brought to the notice of the Head of Office.

(b) In order to exercise these checks effectively, the local audit party would obtain a list of retiring Government servants from the Head of Office and enclose it along with the observations to the Inspection Report.

*(Circular no. 29-audit II/85—no-.1010- audit II/218-85. dated 2.7.85 of Comptroller and Auditor General of India. Circular no. 18. dated 7.8.85)*

(c) The following certificates should be furnished by the Assistant Audit Officers/Section Officers of field parties in the forwarding document of Audit Reports/notes.

Certified that

- i. Local audit of service books including those maintained for Gazetted officers has been done in accordance with the instructions in Para 7.03 of the Manual of Inspection (Civil).
- ii. Audit endorsements duly signed with date have been made in service books concerned indicating therein the period covered.
- iii. All cases of Government servants who are due to retire during the next 12 to 18 months and as many cases as possible of Government servants who have put in more than ten years of service have been covered during the check of service books.
- iv. The checks contemplated in Comptroller and Auditor General's confidential letter no.417-TA.1/785-88 dated 21<sup>st</sup> March, 1969 (vide Para 7.04(b) of the Manual of Inspection (Civil)) have been exercised during local audit of the service books.

**7.03 Quantum of check:** The check of the service books of all the members of staff of an office should be completed in a cycle of four years, as far as possible. If any of the offices are not audited annually, but once in two or three years only the percentage of check in their cases may be suitably increased to attain this objective. It would not therefore be necessary to visit every office, every year for the purpose of check of service books alone. With this object in view, the following quantum of checks are prescribed for conducting test-check of service books and leave accounts in local audits :-.

<u>Periodicity of audit</u>	<u>quantum of checks to be done.</u>
Offices which are audited annually	25%
Offices which are audited biennially	50%
Offices which are audited triennially or quadrennially	100%

It has been decided by the Comptroller and Auditor General that the selection of service books (25% or 50% as the case may be) for scrutiny shall be so arranged that they also cover cases of 20% of

- (a) cases of increments sanctioned to the members of the establishment.
- (b) cases of fixation of pay on promotion/reversion during the period covered by audit.

*(Comptroller and Auditor General's letter no.2056-TA.11/349-61 dated 7<sup>th</sup> October, 1965-file no. 38-21-62-66/O.A.D.I and I.C.H 1 circular no.23 dated 12.8.82.)*

**7.04 (a)** The check of service books should be conducted also to ensure that these are kept up-to-date and that these contain certificates of annual verification of service with reference to the office copies of pay bills. The correctness of these certificates is to be established in local audit by verifying the entries regarding pay and other events with those in the office copies of the pay bills of the months of account selected for audit. Necessary checks should also be exercised to ensure that no pay was passed for a Government servant

beyond the date of his attaining the age of superannuation or the date of expiry of a term of extension of service sanctioned by the competent authority.

*(Comptroller and Auditor General's letter no.928-admn.11/349-61, dated 26<sup>th</sup> June 1962. and 1290-Admn.II/3/69-61, dated 20<sup>th</sup> August, 1962 and confidential office order no. IAU.LAI/civil X11/38/21/62-66/34, dated 25<sup>th</sup> March 1966-file no. 38-21/62-70 of Unit.X11 IAU.LAI civil headquarters ).*

**(b) Other checks:**

The service books should be examined generally also to see that- (also see Annexure-II part III of State F.Rs/S.Rs 196 to 203)

- i. a service book is maintained for every Government servant including those maintained for Gazetted officers and a service roll for each inferior Government servant.
- ii. entries of all events in the official career of a Government servant are made in the service book, and attested by competent authority.
- iii. no alteration is made in the date of birth without the sanction of competent authority.
- iv. entries in the first page are re-attested every five years.
- v. by a comparison of a few entries of pay and allowances in the service books with those in pay bills, they are found to agree with each other.
- vi. in all cases in which special pay granted to Government servants allowed to count for pension a note to that effect is recorded in the service books of employees concerned.

*(G.O.Ms no.336, Finance. Dated 17<sup>th</sup> March 1958 of the Government of Andhra Pradesh and T.M's endt. P.V. sections note there under file no.27-23/58-59 of IAU. LA-I).*

- vii. the fact of verification of services is correctly recorded i.e., in the case of persons transferred, the verification are done up to the date of relief in the old office.
- viii. wherever the period of leave is counted for purposes of increment in the officiating post of the Government servant, the certificate as required under Fundamental Rule 26 regarding the Government servants continued officiation but for the leave is recorded in the service book.

*( G.I., M.F.O.M. NO.F.2(35)-estt.111/58, dated 27<sup>th</sup> August,1958.).*

- ix. since the service books form the basic document for verification of service for pension, the fixation of pay and increments allowed to the individual from time to time for the period to which the check of service book relates, is found to be correct.(a notice "taken note" should be made in the service books checked, and attested).

*(Comptroller and Auditor General's confidential letter no.417-T.A.I/785-68, dated 21<sup>st</sup> March 1969.communicated in confidential office order no.LAI/civil/X11/38-21/62-69/2, dated 17<sup>th</sup> April, 1969. file no.9-25/70-72, C & M section).*

- x. there are clear and unambiguous entries duly citing orders of competent authority in the service books in respect of the Government servant's date and nature of appointment, promotions, suspension/reinstatement, reduction to lower stage of the time scale/restoration, stoppage of increments with or without cumulative effect, commencement, extension, and completion of probation, confirmation and that there are no mutual inconsistencies between one entry and another;
- xi. entries regarding enjoying vacation fully or otherwise are recorded;
- xii. the options, regarding revised scales/pension rules/leave rules etc., exercised by Government servant are recorded / pasted in the service books;
- xiii. specific orders are found recorded regarding counting/not counting for pension, of the periods of suspension;
- xiv. entries regarding transfer from non-qualifying service to qualifying one are based on proper authority and speak for themselves whether the transfers were voluntary or otherwise;
- xv. extension of liability towards services rendered under local bodies etc., by payment of gratuity, bonus etc., to the Government servant are clearly recorded; and
- xvi. in respect of foreign service/deputations entries regarding recovery of leave salary/pension contributions are recorded (also see service regulation 203).

**7.05 The following procedure may be followed in checking the leave accounts:**

The total number of employees in the office under local audit should be ascertained with reference to the gradation list, establishment bills or other records. This enables ensuring that all service books and leave accounts are put up for inspection.

The leave accounts should be checked so as to see that.....

- i. leave accounts are opened in all cases, wherever necessary ;
- ii. the leave accounts are worked out correctly and closed on each occasion ;
- iii. the subsidiary leave accounts are opened wherever necessary and correctly maintained ;
- iv. the leave granted is according to the rules ;
- v. the leave account is correctly debited with the spells of leave taken by the Government servant, and
- vi. excess leave granted or excess leave salary drawn, if any, is regularized early, especially in the case of persons who are likely to retire from service before the next local audit.

The check should be carried out keeping in view the requirements for finalisation of pension and at the same time with a view to educate the departmental officers in the proper maintenance of service books and leave accounts.

**7.06 Check of regulation of increments, arrears thereof, arrears due to revision of scales of pay or rates of dearness allowances :**

In respect of such of the personnel of departmental offices, in respect of whom names need not be detailed in the claims towards their pay and allowances the names are required to be noted in the office copies of the pay bills on record with the departmental offices. The correctness of regulation of increments and arrears on account of revision of pay, dearness allowance etc., of such personnel would not be susceptible of verification in "Central Audit ". Accordingly, during local audit, the test audit of increments/arrears paid etc., to such Government servants may be confined to the year of inspection generally and may be extended to the back periods also if scrutiny covering the period of local audit warrants an examination of the claims in respect of previous period too. The checks may be exercised with reference to the entries in the service books, office copies of the last pay bills and acquittance rolls.

*(Comptroller and Auditor General's letter no.584-admn.11/331-52, dated 21<sup>st</sup> may 1951.).*

**7.07 Check of service books in Central Government offices:**

During the local audit of the offices of Central Government, the Assistant Audit Officers, Section Officers of field parties should ensure that all the objections pertaining to the service books and leave accounts (part-III B) in the earlier Audit Reports are invariably settled on the spot and a completion report in this respect separately forwarded along with the Draft Report, to enable the issue of a consolidated completion report to the Comptroller and Auditor General by LA-I Section on the due date. It should also be seen that all the objections taken during the current local audit on the check of service books and leave accounts, including those relating to pay fixation and periodical increments, for the period covered in local audit, are settled on the spot as far as possible and only those objections which could not be got rectified on the spot immediately or which require the sanction or the ratification of the higher authorities commented in the current report under Part-III (B).

*(Office order No.LAI Civil/XII /38-21/62-70/25, dated 23ed October 1969).*

**7.08 Check of district order book in police offices:**

Every police office maintains a district order book which contains all the orders effecting the service of the individual concerned, viz., enlistments, promotions, reduction, grant of increments, postponement of increments, rewards, transfers etc. These entries can be finally closed only after they are transcribed into service rolls / long rolls. As the entries in the district order book are required to be incorporated in the service rolls, without much time lag, it should be scrutinized during local audit of the district police offices

whether all the entries in the district order book relating to service matters of the constabulary of the Police department are promptly carried over to service rolls under proper attestation especially in the case of persons who are due to retire within the next 12 to 18 months.

*((i) G.O.Ms no. 1861-Home (Police-c) department of the Government of Andhra Pradesh dated 2<sup>nd</sup> November 1967- (ii).IAU.LAI civil/XII/38-21/62-69/1353, dated 10<sup>th</sup> February 1969- T.M. general .II/12-24/68-69/48 dated 9<sup>th</sup> October 1968. file no. 38-21/62-70 of unit. XII. LA-I civil headquarters).*

### **7.09 Register for recording particulars of special kinds of leaves:**

A record of various kinds of special leave, e.g., special disability leave, hospital leave, maternity leave, study leave, granted to Government servants from time to time, should be maintained in a register in the prescribed form by the sanctioning authority in order to facilitate the check by local audit parties as to whether the conditions for the grant of the same are fulfilled in individual cases. This register may be specially looked into in local audit.

*(G.I.,M.F.O.N. No.7 (204) F..IV/59. dated 2<sup>nd</sup> January 1960).*

**7.10 Results:** The report should be prepared for each office on separate sheets of paper and in duplicate and should contain not only cases of irregular grant of leave or leave salary or pay but also important procedural defects such as non-maintenance of service books, non-verification of services with the pay bills, non-maintenance of register of service books, non-posting of leave accounts which are prone to delay finalisation of the pension papers. Other minor defects should be settled on the spot by leaving a suitable note with the office concerned in each case, with a copy to Main Office for file. On receipt of the report in LA sections, the report will be edited as in other cases. Generally, if the report contains any procedural defects or paras of minor importance, they are issued in the form of separate Test Audit Notes, compliance of which is verified during next audit in the usual manner.

*(Deputy Accountant General's orders in file no. 27-122/58 LAI (civil)).*

Extract of important points or objections which involve comparatively heavy amounts are furnished to LA sections for watching replies and for further pursuance.

## **CHAPTER 8**

### **AUDIT OF ACCOUNTS OF BODIES/AUTHORITIES, UNDER SECTIONS 14,15,19 AND 20 OF THE COMPTROLLER AND AUDITOR GENERAL'S D.P.C ACT, 1971.**

**8.01** Detailed provisions of the Sections 14,15,19 and 20 of the Comptroller and Auditor General's DPC, Act 1971 are contained the manual of instructions for Autonomous Bodies issued by Headquarters office. The procedure prescribed therein may be followed in respect of such audits.



## CHAPTER 9

### LOANS AUDIT

**9.01** The loan granted by Government are categorised broadly as under:

(a) Loans, individual payments and repayments of which are watched through accounts maintained by Accountant General (Accounts and Entitlements) Andhra Pradesh, Hyderabad as required under Para 3.13.8 of M.S.O (A).

(b) Loans, payments and repayments of which are watched by the sections concerned of Accountant General (Accounts and Entitlements) Andhra Pradesh, Hyderabad, not individually but Drawing Officer-wise, district-wise etc., as detailed individual accounts are required to be maintained by the departmental officers.

The second category of loans not being subjected to detailed check in central audit, is covered by local audit in offices which are required to maintain the connected account records. This local audit is normally conducted along with other transactions of the said offices.

#### **9.02 Scope of Audit**

The main object of local audit is to ensure that the drawal and disbursement of loans are intravires the instructions issued by Government from time to time and the records prescribed for the purpose are maintained properly by the authorities concerned. Audit is more concerned with the achievements of the object for which the loans were given rather than outstanding dues. The field parties should therefore scrutinize in depth all aspects of the loans, viz., the purpose for which they are sanctioned, whether they were paid observing all formalities and orders of Government or other authorities, causes for default on the payment of loans, the extent to which the assistance given by Government was put to proper use and also whether the condition precedent to the sanction of the loans were fulfilled etc., and to make a detailed comment in the paras included in the Inspections Reports covering all the above particulars.

*(ICH.2/IV/15-42/74-75/7 dated 29.8.1975).*

**9.03 Accounts, Records etc :-** The most important accounts/ records common to all kinds of loans are given below:

- (a) Applications for loans and enquiry reports.
- (b) Valuation reports of properties offered as security.
- (c) Loan orders (Sanctions)
- (d) Loan cash book.
- (e) Payment vouchers with acknowledgement of loanees.
- (f) Security bonds.
- (g) Periodical progress reports to higher authorities.
- (h) Loan ledgers and subsidiary registers, if any.

**9.04 Process of Audit :-** Local audit consists in seeing that :

1. Applications are in proper form and they set forth all the required details essential for sanction of loan;

2. Security offered is free from encumbrances and is upto the percentage as stipulated in rules and necessary solvency certificates are obtained, whenever necessary;
3. The loan ordered is within the amount admissible under the rules and within the power of sanctioning authority.
4. Amounts sanctioned are not in excess of immediate requirements;
5. Amounts are drawn and disbursed only upto the required extent and not to avoid lapse of funds;
6. Receipt and disbursement of money are properly and promptly recorded in the cash book;
7. Security bond is kept in safe custody;
8. The fact of payment is clearly recorded and acknowledgement obtained from the loanees;
9. When the loan amount is disbursed in instalments, the conditions stipulated for the release of each instalment are satisfied;
10. Recovery of principal and interest is prompt and that, in case of default, action is taken to recover the instalments with penal interest at the prescribed rate;
11. In cases where recovery of instalments of loan and interest is vested with the Revenue Department, necessary advice or intimation in the prescribed forms is sent to them promptly and certificates or acknowledgements obtained wherever necessary;
12. Loan ledgers and other subsidiary registers prescribed are maintained in the proper form observing the instructions issued from time to time and kept up-to-date;
13. The periodical returns prescribed have been prepared and sent on the due dates to the authorities concerned.
14. The demand, collection and balances statement shows the position correctly at any fixed date;
15. Loans are utilised for the purpose for which they were granted and there are no cases of diversion of funds and there are proper methods of ascertaining the same;
16. The details of loans work up correctly to the lumpsum total for the month and there is proper reconciliation of figures of the Treasury with those of the departments concerned.
17. A suitable accounting procedure is devised and instructions for the proper maintenance of accounts exist.
18. Adequate safeguards are taken to ensure repayment of loans.
19. An agreement is entered into with the loanee and the same registered where necessary.
20. Land, machinery, etc., are hypothecated to Government where so required.
21. Loans are not granted twice to the same person for the same purpose when rules do not provide for the same, and
22. A loan is not granted to a loanee who is already a defaulter in respect of another loan.

**9.05** During local audit, field staff should examine whether the procedure laid down for proper reconciliation of accounts with those of Accountant General (Accounts and Entitlements) Andhra Pradesh, Hyderabad office is being implemented and whether the material analyzing arrears of recoverable loans is channelled upwards to the Heads of Departments promptly, as arrear of loan recoveries forms material of utmost importance in the Comptroller and Auditor General's Report.

## CHAPTER 10

### PERSONAL LEDGER ACCOUNTS

**10.01 General:** The personal ledger accounts dealt with in this Chapter relate to all kinds of accounts which are maintained on the principles of personal deposit accounts under the orders of Government. The provisions of Rules 191 to 194 of Central Government Accounts Receipt and Payment Rules, Sub-rule 2(b) of Treasury Rule 10 of Instruction 22 under the Treasury Rule 16 of Treasury Code (State) and paras 3.11.10 and 3.11.13 of MSO (Audit), should be specially borne in mind while conducting local audit of these accounts.

Note 1- Fees collected from the students for extra-curricular activities in all educational institutions should be brought within the public account and maintained in the form of personal deposit accounts subject to local audit by this office.

*(G.I. Ministry of education letter no. f.19/21/56 D.5, dated 3<sup>rd</sup> August 1956 and Comptroller and Auditor General's letter no.2373-Admn./4/43/admn.58, dated 7<sup>th</sup> October 1959).*

Note 2- Funds maintained by the officers of the Departments in their official capacity should also be brought within the public account of the State subject to audit control of this office.

*(Comptroller and Auditor General's letter no.45-admn.14/43-AM.1-58 dated 12<sup>th</sup> January 1960).*

**10.02 Accounts, Registers:** The following are important registers which are scrutinized during local audit:-

(1) cash book 2) receipt books and cheque books 3) register of receipt books 4) register of cheque books 5) Treasury/Bank pass and remittance books.

**10.03 Scope and extent of audit :** The object of audit of Personal Ledger accounts is to ensure that initial accounts of the moneys are properly maintained, that persons operating the accounts do not delay remittances into the accounts of moneys received by them in connection therewith, and that they do not make withdrawals to divert the funds temporarily for purposes unconnected with the accounts.

**10.04 Process of audit:-** Normally the audit is combined with the audit of the expenditure of the office visited by the local audit staff. The general instructions given in Chapter 4 should be observed during the course of scrutiny of the various registers maintained.

It should also be seen that:-

- 1) Receipts are granted for moneys received by the Administrator of the personal deposit account and they are promptly brought to account.
- (2) Withdrawals are correctly accounted for and they agree with those shown in the pass book and cash book.
- (3) Expenditure is properly vouched.

- (4) Expenditure is in accordance with the instructions issued for the opening of the personal deposit accounts.
- (5) There is proper reconciliation of the balances in the Administrator's Accounts with that in the Treasury and that proper action taken for the settlement of the discrepancies, if any.
- (6) The circumstances under which the personal deposit account was opened still continue to exist.
- (7) Balances outstanding for a long time in the accounts are disposed off as per instructions issued from time to time.
- (8) The Administrator is prompt in giving the annual acceptance of the balance as reported by this office or took proper action to reconcile the discrepancy, if any.

It should also be ensured that the prescribed subsidiary registers with reference to the orders issued by higher authorities are maintained by the Administrators and sufficient precautions taken to guard against the possibility of fraud or embezzlement of the moneys lodged with them.

**10.05 Audit Report:-** Generally the objections relating to these accounts should be included in the Audit Reports pertaining to the offices locally audited. In other cases, the Audit Reports should be sent to the Administrator of the accounts with copy to the Head of Department concerned.

## CHAPTER 11

### INSPECTION OF PUBLIC DEBT OFFICE

**11.01 Preamble:** The public debt of the Governments in India is managed by Reserve Bank of India in terms of agreements entered into by the Governments with the bank. The bank manages the work in connection with the permanent debt of Governments through its Public Debt Offices. The detailed procedure adopted by the bank is described in the Public Debt Office Manual.

Under the decentralized system each Public Debt Office works as an independent unit and attends to all transactions relating to public debt within its own jurisdiction. Each Public Debt Office issues new loan scrips in respect of applications received at its counter or at branches of State Bank of India (including other banks acting as agents of Reserve Bank of India) or at Treasuries under its jurisdiction and maintains separate ledgers and other ancilliary registers in respect of such transactions. The consolidated accounts of all loans are, however, kept by the Central Debt section of the Central office, Reserve Bank of India, Bombay which maintains the central ledgers.

Note:- Each Public Debt Office is the parent Public Debt Office for loans relating to State Government within its jurisdiction.

The transactions in the Public Debt Offices may be broadly classified into the following categories:-

- i. Receipt, accounting and disposal of border forms of Government promissory notes, stock certificates, bearer bonds, etc.
- ii. Issue of new loans (including conversion of an old loan to a loan newly floated).
- iii. Interest payment.
- iv. Renewal (including consolidation and sub-division) conversion of one form of security into another of the same loan and re-encasement.
- v. Discharge of loan.
- vi. Stoppage of securities, account of lost or unclaimed securities,
- vii. Account of lapsed loans and
- viii. Custody, verification and destruction of cancelled securities.

#### **11.02 Scope and extent of the inspection**

The inspection of Public Debt Offices in India by the Indian Audit and Accounts Department is a combined audit and administrative inspection. It has thus a two-fold object, firstly on behalf of the Comptroller and Auditor General to check that all receipts due to and payments due from the Central and State Governments in connection with their loan transactions are correctly brought to account and that the outstanding liabilities of the Governments in regard to their loans are correct, and secondly on behalf of the Governments to enable them to see that the procedure adopted by the Public Debt Offices in handling their loan transactions is adequate from an administrative point of view as well as from the point of view of public convenience. The inspection

should be conducted annually. The instructions given in the Secret Memorandum of instructions regarding the extent of audit should also be borne in mind.

Note:- This office conducts local audit of Public Debt Office, Hyderabad alone. For this purpose, the notice of inspection should contain the specimen signature of the members of the test audit party duly signed by Audit Officer, Inspection (Civil), Headquarters.

**11.03 (A)** The audit of Permanent Debt transactions consists in seeing that

- (a) a correct and adequate record of all securities or bonds issued to the public or discharged or cancelled, is being maintained by the Public Debt Office;
- (b) all securities issued, discharged or cancelled have been correctly accounted for in the books of the Public Debt Offices;
- (c) the Public Debt Offices has balanced its books and submitted the quarterly statements of balances to Central Debts section and that the Central Debts section in turn has agreed the loan figures with the balances appearing on the books of the respective accounting authorities, and.
- (d) repayment of principal or payment of interest:-
  - (i) has been made under proper authority;
  - (ii) has actually been made (i.e. vouchers in proof of payments exist);
  - (iii) has been made on securities actually outstanding;
  - (iv) has been correctly calculated, and
  - (v) has not been made previously;
- (e) adequate checks exist in the Public Debt Offices to ensure that the guidelines prescribed by the bank regarding banks transactions in securities are being duly observed.

In the Central audit (vide paras 3.13.4 to 3.13.9 of M.S.O.(Audit), the only checks possible are :

- (1) reconciliation, referred to in (b) above, of Government accounts with the Public Debt Office accounts without verification of the correctness of the latter;
- (2) check mentioned in (d) (i) above; and
- (3) a portion only of the check mentioned in (d) (iii) (the check is exercised on the assumption that the amount of the principal on which interest has been calculated is correct)

The purpose of local audit is to secure the other checks enumerated above, which are not exercised in central audit

*(Para 5 of chapter I of IA & AD manual of instructions for the inspection of Public Debt Offices – second edition)*

**B. Process of audit:** The various checks to be applied in detail during local audit are indicated in Annexure-I to this chapter.

Note:- The various registers maintained in the Public Debt Office, Hyderabad, are given in Annexure-II to this chapter.

### C. Subsidiary orders and rulings:

(a) **Postage and telegram charges:-** The adjustments of charges on telegrams and postage towards management of public debt against the balances of the State Government is done by the bank with reference to the authority issued by this office. As Government do not possess any data on their records to check the correctness of the claims on account of these charges, a test-audit by this office of the claim is to be conducted invariably. (letter no.D.rev.I/int/5-9/58-59/419-file No.D.G.A III file 5/58-59 and G.O.Ms.No. 399, Finance (Ways and Means ) Department, dated 6<sup>th</sup> December 1959).

### (b) Commission charges for management of public debts:

(see also Para 143 of Government Securities Manual IV edition)

Half-yearly commission bills in connection with the Government loans should be checked by the inspecting staff of the Accountant General, Bombay. The office copies of the statement of stock certificates of over Rs.50,000 and the holding of the Government of India, Ministry of Finance, in the subsidiary general ledger account which are sent to the Central Debt section by each Public Debt Office in connection with the preparation of commission bills should be checked during local inspection of the Public Debt Office and the result of check intimated to the Accountants General, Bombay. ( letter no.18-1-716, dated 5<sup>th</sup> November 1940 from the Accountant General, Central Revenue ).

### (c) Charges towards underwriting commission:

Payments on account of underwriting commission in respect of loans floated by Government, should be checked at local inspections of the Public Debt Offices with reference to the underwriting orders, but the priority of underwriting any particular loan should not be raised in audit, so long as underwriting is done in consultation with the Reserve Bank of India and is accepted by them.

(Comptroller and Auditor General's letter No 2258-admn./538-48, dated 2-12-1949).

(d) **Brokerage commission, printing charges, fees etc., payable to the Reserve Bank in connection with the issue of new loans :** Each Public Debt Office sends a statement to the parent Public Debt Office showing charges incurred by it in connection with the issue of a new loan. The Central Debt section also sends a similar statement to the parent Public Debt Office. A consolidated bill for remuneration due to the Bank is then prepared by the parent Public Debt Office, after including the commission and fee due to the Bank, in accordance with paragraph 394 of the Public Debt Office Manual. The bill is afterwards forwarded to the Central Debt Section, Bombay, for submission to Government for payment.

On behalf of the Government, the office copies of the statement should be scrutinized during the local inspection of the Public Debt Office with reference to the applications for issue of the loan, brokerage register, paid bills and other relevant records. During test audit of the parent Public Debt Office, it should further be seen that the consolidated bill was correctly prepared from the expenditure statements of the parent Public Debt Office and those received from other Public Debt Offices and Central Debt Section and that the amounts of commission and fee are correctly calculated at the prescribed rates.

NOTE:- To avoid the payment of brokerage to brokers, application for allotment of loans floated by the Government or Governments should be made directly to the Reserve Bank of India or any of the receiving offices instead of routing their applications through brokers.

*(Govt. of Andhra Pradesh Finance Dept., Memo No. 193/W & M/59-2 dated 12.6.1959 and C.A.G's Lr.No.1074 Admn. I/95-59, dated 15.4.1959).*

**11.04 Inspection Report :-** Copies of the Inspection Reports should be forwarded to the Public Debt Office concerned, the Central Office of the Reserve Bank of India, Bombay, the Government of India, the State Government, the Director General of Audit, Central Revenues and all Accountants General of other States concerned. The Director General of Audit, Central Revenues is responsible for the co-ordination of IRs in respect of various Public Debt Offices, while this office is responsible for settlement of objections raised in the Audit Report. The Accountant General, Central Revenues, takes up, on receipt of copy of the report, points of general importance with the competent authority. This office should also after disposal of various points in the Audit Report, communicate the results to the Director General of Audit, Central Revenue, and bring to his notice any points on which orders of a higher authority, viz., the Governor of the Reserve Bank of India or Central Government are required. The requisite orders of the authority concerned are then obtained by the Director General of Audit, Central Revenues, and communicated to the respective Accountant's General.

**ANNEXURE****(Referred to in Paragraph 11.03 – B of the Manual).****General checks to be applied in local audit on the transactions dealt with in the Public Debt Office.**

<b>Name of the transaction.</b>	<b>General nature of checks to be applied.</b>
(1)	(2)
<p>(a) Receipt and disposal of Border Forms of Promissory Notes, Stock Certificates, Bearer Bonds, etc</p> <p>These are received in the Calcutta Public Debt Office from the Nasik Press and supplied to other Public Debt Offices or issued to the Public as and when required. Any balance of forms remaining unused after the close of the new loan is retained for subsequent use at the time of renewal of security etc.</p>	<p>(i) All the printed Border Forms received are brought into account in the Safe Account Register (Form P.D. 0.5) and the Skeleton Forms Ledgers (P.D. 0.159)</p> <p>(ii) The issues from the Safe Account Register tally with the relative entries in the Indent Register (or indent slips) and the daily entries in the Issue Registers and those in the Registers of Spoilt Forms;</p> <p>(iii) The spoilt forms are destroyed under a certificate of competent authority, and that</p> <p>(iv) The balance of forms in Stock is physically verified periodically by competent authority who is an officer other than the one in charge of maintenance of the Account (Vide Para 11(i) and (d) of P.D.O Manual).</p> <p>NOTE :- The responsibility of actual physical verification of forms need not be undertaken by audit even as an administrative check on behalf of Government</p>
<p>2. Issue of New Loans (Including conversion of an old loan to a loan newly floated).</p>	<p>1. All forms of Notes, etc., shown as issued in the account of forms are traceable in the Issue and Interest Check Register.</p>
<p>(a) Forms of Notes, etc., are supplied by the Calcutta Public Debt Office. The central Ledger Accounts of loan balances are kept by Calcutta Public Debt Office in the case of undecentralised loans and by the Parent Public Debt Office concerned in the case of decentralised loans. Details of all new notes, etc., issued to the public are entered in the issue register as also Interest Check Register or Index Cards in the case of Stock Certificates which form the basis for future payment of interest or principal.</p>	<p>NOTE :- In case where the issues are heavy the quantum of check may be reduced to a percentage at the discretion of the Inspecting officer;</p>
	<p>2. the total amount of scrip shown as issued in the Issue Register is correctly accounted for in the Local and Central Ledger Account;</p>
	<p>3. the total balance of the entire loan in the Central Ledger kept by the Central Debt section, Bombay, is correct and agrees with the corresponding figures intimated to the Accounts officer concerned.</p>

(1)	(2)
	NOTE: This check is exercised by the Accountant General, Bombay.
	<p>4. the amount of new loan accounted for in the local ledger of each Public Debt Office is correct and agrees with the abstract from the Central Ledger received from the Central Debt section.</p> <p>The daily vouchers (for entry in the Local Ledgers) would be checked with the local indent slips. The voucher shows debit under the main head "Loan" and credit under the head "Local Public Debt Office" against the descriptive heads "Government Promissory Notes" "Stock Certificates", "Subsidiary General Ledger Account" etc. Subsequent transfer from "Local Public Debt Office" to "Mofussil" within its own circle is effected by another adjustment by debiting the descriptive head concerned under "Local Public Debt Office" and crediting the "Mofussil" head. These vouchers should be traced in the local Day Book and ledger. The ledger balance should be verified with the abstract from Central Ledger sent by Central Debt Section.</p>
	5. the securities tendered for conversion are cancelled from the Issue Register and the Interest Check Register (or Index cards in the case of Stock Certificates) and that the interest on the old security is paid only up to the date of its presentation for conversion or such other date as is prescribed in the New Loan Notification and
	6. that receipts issued to applicants against subscriptions tendered are surrendered duly discharged by the holders, that the messenger's signatures are obtained on the back of the applications (vide paragraph 364 (b) of the Public Debt Office Manual) or on the back of the receipts in token of receipt of the new scrip, refund warrants etc., as the case may be and that the receipt are defaced after delivery of new scrip,
b) when conversion from an old loan is involved, the procedure in regard to cancellation of old securities and reduction of account balance of the old loan is, generally speaking, the same as in Section V- Conversion from one loan to another –	<p><b>b) from an administrative point of view.</b> It may be seen that :-</p> <p>1. there is no abnormal delay in the issue of the scrip to the parties concerned after the receipt of applications in the Public Debt Office;</p>
	2. each application received from a Treasury was accompanied by a certificate from the Treasury Officer that the amount of the issue price of the loan applied for was credited to Government account;

(1)	(2)
	3. acknowledgement is obtained for the scrip forwarded to the Treasury Officers and the Branches of the State Bank of India or other Banks acting as agents of Reserve Bank of India.
	4. where the loan is over subscribed partial allotments are made according to the orders of the competent authority on a uniform basis.
	5. the sums refundable as shown in the register of Applications agree with those actually refunded as shown in the Refund Warrant Register; and
	6. that a Bond of Indemnity is obtained in respect of each Subsidiary General Ledger Account It should also be seen that -
	i) vouchers are prepared in each case for the cancellation of the old securities tendered for conversion in addition to the usual vouchers for the new securities issued;
	ii) Interest on the old security is paid only upto the date of its presentation for conversion or such other date as has been prescribed in the New Loan Notification; and
	iii) sums refundable on account of difference between the nominal value of the securities of the old loan tendered for the conversion and issue price of the securities of the new loan issued as shown in the applications, agree with those actually refunded as shown in the column for refund in the conversion Application Register.  NOTE:- The issue of the new scrip is regulated by the terms of conversion as prescribed in the New Loan Notification. The value of new scrip issued may not in all cases agree with the value of the old loan converted.
3. Subsidiary General Ledger (SGL) Account	(i) the Reserve Bank of India guidelines on the operations of Subsidiary General Ledger Accounts in Public Debt Offices have been followed;
	(ii) the balances in Subsidiary General Ledger Accounts have been duly communicated to the account holders as prescribed every half year and also as and when demanded by account holder(s);
	(iii) the balances in Subsidiary General Ledger Accounts as per banks investment accounts have been reconciled periodically with the balances of the Public Debt Offices;

(1)	(2)
	(iv) the statement of holdings in Subsidiary General Ledger Account on Reserve Bank of India's Investment Account and the statement of holdings on behalf of the Ministry of Finance have been correctly prepared;
	(v) the transfer of balances have been effected promptly and correctly;
	(vi) the heavy transactions in Subsidiary General Ledger Accounts, if any, form the part of normal transactions;
	(vii) the code numbers given to loans are distinct wherever operations have been computerised and that the entries and amounts recorded on transfer form are in agreement with the daily book statement and
	viii) that monthly ..... General Ledger
	<i>(Para 3 of Chapter III of IA&amp;AD manual of Instructions for the inspection of PD Offices)</i>
	In addition to the checks prescribed in the foregoing paragraphs, the following checks should be applied at the Public Debt Offices having computerized Subsidiary General Ledger Section.
	(i) that the code numbers given to the loans are distinct and no two loans have the same code number;
	(ii) that the loan code number and Subsidiary General Ledger Account numbers of sellers and buyers have been correctly mentioned in the transfer form;
	(iii) that the transfer form has been fully signed by the two authorised officials of the bank account holder;
	(iv) that the entries and accounts recorded on the transfer forms processed during the day agree with the day Book statement (this should be verified by comparing the entries on the transfer forms with that shown in the day Book statement generated by the computer);
	(v) that the weekly balances generated by the computer are correct (this should be verified by taking a few accounts, seeing their opening balances for the week in question and making adjustments for the transactions during that week to arrive at a closing balance which should agree with the one generated by the computer) <i>(Para 5 of Chapter VI of IA&amp;AD Manual of Instructions for the inspection of P.D Offices)</i>

(1)	(2)
<p>4. <b>Interest Payment :-</b> The object of Test Audit should be to verify by actual reference to the registers and other documents whether necessary checks regarding (1) Principal and (2) Payment of interest thereon have been applied by Public Debt Officers before payment in case of notes tendered at their counter, and after payment in the case of vouchers paid at Treasuries within their circles.</p> <p><b>(A) Government Promissory Notes:-</b> Interest is paid on presentation of the note itself at the Public Debt Office or at Treasury. There are cages on the back of the notes for recording payment of half-yearly interest.</p>	<p>i) The vouchers should first be checked with the Draft Register schedules which records the particulars of all drafts issued by the Public Debt Offices for payment of interest. The dates of payments as noted on the vouchers should be verified with the dates of payments quoted in this Register. The numbers and amounts of the Notes to which each of the vouchers (paid drafts) pertain should be traced into the Draft Register and it should be seen that the total amount shown in the draft is correct. Each Note specified in the Draft Registers should then be traced in the Interest Check Register and the Issue Register and it should be seen that the note to which payment relates is current. In respect of payment of arrears of interest on foreign domicile notes, the Register of Stopped Notes should also be consulted to see that no notice of stop is recorded against these Notes. It should also be seen that an advice in Form P.D .O. 49 is sent to the other Public Debt Office without delay and that the same is acknowledged.</p>
	<p>(ii) It should also be seen that the number of the draft and year of issue thereof are noted against the number of the relevant Note in the appropriate cage of the interest Check Register and that there are no other numbers noted in that cage. (In the case of draft lost, stolen or time-barred no fresh draft is issued but a duplicate draft is issued bearing the same number and date or the time-barred draft revalidated as the case may be).</p>
	<p>(iii) The following general checks should also be applied (1) see that no intermediate cages on any page of the Interest Check Register are left blank. In the case of a loan notified for redemption during the year of audit it should be seen that payment of interest beyond the date of redemption is not recorded in the Interest Check Register (2) In cases where interest is paid without deduction of Income-Tax, see that the fact of production of Exemption Certificate is noted in the Public Debt Office Records.</p>
	<p>NOTE:- When securities mentioned in exemption/ abatement Certificates are converted from one form into another or renewed in favour of the same holders the Public Debt Account Offices can straightaway act upon such certificates after noting the new numbers of the securities therein and fresh exemption/abatement certificates are not necessary in respect of the new securities.</p>

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	<p>As a measure of safeguard, however, the Public Debt Offices send a statement actually to the respective Income Tax officers giving particulars of the holders of the Income Tax exemption/abatement certificates as also the name of the loan, numbers and amounts of the original securities as well as of new securities issued by way of conversion and renewal during the year.</p> <p>The Audit Party should verify that the registers prescribed for this purpose are properly maintained, that necessary corrections are made in the exemption/ abatement certificates and that the statements containing the required information are furnished to the Income Tax Officers by the due date.</p> <p>Where pages of the Interest Check Registers are recopied, it should be seen that only current notes are transferred to the new page, that the particular half-year for and from which these Notes bear interest are correctly indicated and that the unused interest columns in the old pages are duly scored through</p> <p>NOTE:- These general checks should be applied mutatis mutandis to the Index Cards in the case of Stock Certificates, Deposit Receipts and Non-transferable Certificates.</p> <p>It should also be seen that –</p> <p>(i) the Note in respect of which interest was paid was outstanding in the Issue Register and that the Principal on which interest was correct; and</p> <p>(ii) the fact of payment was noted in the relevant cage of Interest Check Register.</p>
(B) Stock Certificates	<p>In addition to the checks prescribed under Government Promissory Notes, which should be applied mutatis mutandis.</p> <p>It should be seen -</p>
	1. that index cards are maintained showing particulars of securities standing in the name of each holder;
	2. that the total amount of principal on which interest is paid for a particular half-year agrees with the balance outstanding in the Issue Register as well as in the Public Debt Office Ledger;
	3. that the total amount of interest as shown in the Register of Interest Warrants is correct as calculated on the total amount of principal at the percentage rate applicable;
	4. that interest warrants were issued in respect of all cards against which no notice of stoppage is recorded;

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	5. that the relevant interest cages on the back of the index cards are duly filled in and initialed.
	6. that interest warrants are duly posted to the registered holders in time as per paragraph 115 of the Public Debt Office Manual;
	7. that when interest warrants are received back undelivered, the fact is noted in the Index Cards and the interest warrant register and further issue of warrants is stopped until the claim is re-admitted;
	8. that the total of the Trial Balance Sheet is correct and agree with the Public Debt Office Ledger balance at the end of the particular half-year.
	NOTE :- Index cards should be checked with the entries in the Trial Balance Sheet for the half-year in question. The date of payment noted in the Stock Interest register should be checked with that recorded in the paid warrant.
(C) Deposit Receipts (issued in respect of Notes kept in custody of the P.D.O and on which the power of the holder is limited to drawal of Interest only) and non-transferable Stock Certificates (issued in respect of Notes lost, stolen or destroyed, pending issue of duplicates after the expiration of prescribed period).	Same checks as in the case of Stock Certificates. Further, in the case of a Deposit Receipt it should be seen that the relative Government Promissory Note duly stamped with the words "Deposit Receipt Issued" is held in the custody of the Public Debt Office and that necessary remarks are recorded in the Issue and the Interest Check Registers and in the case of Non-transferable Stock Certificates it should be seen that a "stop" record is made in the issue and the Interest Check Registers against the relevant Promissory Notes to avoid double payment of interest.
<b>(D) Subsidiary General Ledger Accounts:-</b> As in the case of Stock Certificate, interest is paid by issue of interest warrant on the balances in the respective accounts at the end of each half-year.	It should be seen – i) that the balance on which interest is paid is correct and that the fact of issue of the interest draft is recorded in the accounts;
	NOTE:- For this purpose see that the balances in the ledgers are correctly worked out for the half year for which interest is paid and that they agree with those communicated by the account holders. Total all these balances and see that the total agree with the balance shown in the Ledger as held in Subsidiary General Ledger Account. Then trace the relative entries in the Interest Draft Register and see that the principal shown therein agrees with the balances (Subsidiary General Ledger Account) see also that against these balances in the ledgers the fact of payment of interest is prominently mentioned;

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	(ii) that the interest is not paid before the date on which it becomes due;
	NOTE:- For this purpose check the dates of payment noted against the relative entries in the Interest Draft Register and verify these dates by actual reference to the vouchers.
<b>(E) Bearer Bonds :-</b> A number of coupons for payment of each half-years interest is attached to Bearers Bonds. These coupons are presented for drawal of interest and not the bonds themselves. The coupons are retained when interest is paid.	In addition to checks prescribed in the case of interest on Government Promissory Notes, it should be seen that the Bearer Bond coupons are so defaced as to make a second use of the same impossible. In addition, it should also be seen that -
	(i) no intermediate cages in the Interest Check Register or Index Cards are left blank and that interest is not paid beyond the date of redemption, and that
	(ii) in cases where interest is paid without deduction of Income-Tax, that the fact of production of Exemption Certificate is noted in the Public Debt Office records.
	NOTE:- Those loans of former Government of Hyderabad which were taken over by Government of India and which are managed by the Public Debt Office, Hyderabad, are not decentralised and therefore, the checks in respect of those should be exercised at the Public Debt Office, Hyderabad.
<b>Payment at Mofussil Treasuries :-</b> In respect of securities enfaced for payment of interest at treasuries, an Interest Check Register is maintained and a sort of pre-check is exercised by the Treasury Officer before interest is paid. The paid vouchers are sent to the Accounts Officer concerned who forwards them after prescribed audit and accounting to the Public Debt Office concerned for further audit and posting in the Interest Check Register. The object of Test Audit should be to see (a) that all vouchers are correctly audited by the Public Debt Office and (b) that there was no undue delay in completing the audit.	It should be seen that – i) all vouchers detailed in the schedules received from various Accounts Officers in a particular month are entered in the Register of mofussil vouchers (Form P.D.O.236) maintained by the Record Section. The number of vouchers entered in the Register of mofussil vouchers of the vouchers Audit Section (Form P.D.O 229) for the month should be checked with that shown in the Record Section's Voucher Register. The bundles of audited vouchers for the particular month should be called for and audit the numbers noted on all the slips attached to the bundles, totalled and verified with the corresponding entry in the Register of vouchers.
	(ii) the number of vouchers in the bundles agree with the numbers noted on the slips. If any voucher is wanting in the bundle, it should be seen that it is entered in the Objection register maintained for the purpose. This register may be reviewed to see that all items kept under objection are expeditiously cleared.

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	(iii) vouchers bear the initials (thimble stamp mark) in token of audit that the relevant interest cages in the Interest Check Register are duly filled in and that the amount shown as principal in the voucher agrees with the amount shown against the Note in the Interest Check Register. The details of the Notes from the Loan Issue Register should be verified and see that they are current at the time of payment; and
	(iv) that there was no undue delay in conducting audit.
	<p>NOTE 1:- Ordinarily, audit of vouchers for a month should be completed by 3<sup>rd</sup> month succeeding, but in the case of month in which payments are unusually heavy, another month is allowed. Any delay beyond this period should be brought to notice.</p> <p>NOTE 2:- The register of Treasury Irregularities (Form PDO 230) may be reviewed and irregularities remaining unsettled for a long time brought to notice.</p>
<p>5. A Renewal (including consolidation and sub-division)/ Conversion of one form of security into another of the same loan and enfacement. Renewal and conversion involve cancellation of old securities and issue of new securities in exchange, while re-enfacement involves only change of enfacement (including place of payment) on Government Promissory Notes and no exchange of Note itself where necessary, accounts adjustments are made to correct the balance in Public Debt Office books under subsidiary head in the Ledger, i.e., the balances in each separate form of the loan (e.g., Government Promissory Notes, Stock Certificates, etc.,) payable at a Public Debt Office or Mofussil Treasury.</p> <p>State Bank of India and Reserve Bank are permitted to keep their security holdings in the Public Debt Office in Book Debt form in subsidiary General Accounts.</p>	<p>(a) In the case of renewal or conversions ; see –</p> <ul style="list-style-type: none"> <li>i) that account adjustments, where necessary, are correctly made;</li> <li>ii) that the securities tendered are cancelled from the Issue Register and Interest Check Register or Index Cards (in case of Stock Certificates).</li> </ul> <p><b>For this purpose ;</b></p> <p>a) Call for the cancelled scrip and verify from the respective Issue Registers and Interest Check Registers or Index Cards (in the case of Stock Certificates) that the scrip is duly cancelled there from and that no “stop” is recorded against it at the time of cancellation. In the case of Bearer Bonds also see that all unused coupons are attached to the cancelled Bond and that they are duly defaced. See that advices of cancellation are sent to the Treasury Officers affected. Then trace the entries for each day in the cancellation Registers into the vouchers and see that vouchers are drawn up properly. Also check their postings in the Day Book and Ledger. These checks are to be exercised when the renewal or conversion is within the circle.</p>

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<p>Any securities held by them can be cancelled and credited to this account. When actual scrip is required by them, it is issued by debit to this account.</p> <p>The procedure followed in the Public Debt Offices for renewal, conversion and re-enfacement of securities is laid down in Chapters V, VII and VIII of the Public Debt Office Manual.</p>	<p>(b) In the case of cancellation and re-issue (i.e., by renumbering when only re-enfacement is involved) or renewal or conversion of Government Promissory Notes of foreign domicile the following check should be exercised. Take the "Other Public Debt Office Cancellation Register" and trace the entries therein in the relative Loan Transfer Register and see that necessary advices of cancellation along with cancelled Notes, if any, are sent to the Public Debt Office in whose Register the securities are borne, by reference to the Index Register of cancellation advices issued (Form P.D.O 112) and the acknowledgements sent by that office. The preparation of the vouchers and their posting in the Day Books and Ledgers should next be checked. It should be seen that copies of the vouchers were duly sent to the Central Debt Section.</p>
	<p>(c) In regard to local securities cancelled by other Public Debt Offices, trace the advices of cancellation received from other Public Debt Offices from the local enfacement Cancellation Register and Loan Transfer Register. The checks prescribed for renewal or conversion of securities within the same circle cover the case of these securities with the only exception that there are no fresh issues against them.</p>
	<p>(iii) that the new notes or certificates issued in exchange are duly entered in the Issue Register and the Interest Check Register or Index Cards and are not in excess of the value of securities tendered;</p> <p>If renewal or conversion is within the circle, the scrip cancelled gives particulars, in red ink, of the new scrip issued in exchange. In cases where the value of the scrip cancelled is credited to Subsidiary General Ledger Account, trace the relevant voucher and credit in the Subsidiary General Ledger Account. In other cases see that the amount of new scrip shown as issued is correct. Trace the new scrip in the relative Issue and Interest Check Register (and in Index Cards in the case of Stock Certificates) and see that totals of the day's issue of the particular loan (Government Promissory Notes, Stock Certificates and Bearer Bonds) agree with the totals of the day's vouchers and also with entries in respective Ledgers. See also that due intimation of issue of New Notes or Bonds is sent to the Treasury Officer concerned, where necessary. Next, verify the day's totals in Issue Registers with the corresponding Index Slips for new scrip and also check them with entries in the</p>

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	<p>“Register of New Scrip Issued” maintained by the New Note Writing Section.</p>
	<p>In the case of renewal or conversion of securities of foreign domicile, the checks of new issue are the same, but the particulars of the scrip issued are to be verified from the “Other Public Debt Office Cancellation Register” instead of from the old scrip, as the old scrip are sent to the Public Debt Office concerned for final cancellation;</p>
	<p>(iv) that in the case of Subsidiary General Ledger Accounts the amounts withdrawn (debits) or added (credits) to the account agree with the corresponding securities issued or cancelled. In the case of conversion to Subsidiary General Ledger Account, the checks are as under (ii) above so far as cancellation of old securities are concerned. For credit of the corresponding amount into the Subsidiary General Ledger Account, check the preparation of the voucher and see that it is correctly posted in the Day Book and Ledger. In case of conversion from Subsidiary General Account, trace the vouchers for the debits in those accounts and also the connected requisitions from the holder and then trace the issue of new scrip into the Issue Registers and Interest Check Register or Index Cards.</p>
	<p>(v) that the particular half-year from which interest on the old securities is to cease and on the new ones to accrue is correctly indicated in the Interest Check Registers or Index Cards.</p> <p>The relative interest cages in the Interest Check Register or the Index Card should be examined to see that the half-year from which interest on the old scrip is to cease is correctly indicated against the old number and that all the cages prior to the half-year from which the new scrip would bear interest are scored through or otherwise filled in, against the new number. In the case of Subsidiary General Ledger Account see that the date of Credit of debit to the account is correctly noted in the Ledger concerned.</p>
	<p>(vi) that the correctness of the endorsements on the back of cancelled notes is examined by the Public Debt Offices.</p> <p>See generally that the concerned officials of the Public Debt Office, duly authorized, initial the last endorsements on the back of cancelled Notes in token of their having examined their correctness.</p>

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	<p>(b) In case of re-enforcements see –</p> <p>i) account adjustments are made, where necessary, to correct the balances under the Subsidiary heads in the ledger;</p>
	<p>ii) the transactions are duly recorded in the connected Issue Registers; and that</p>
	<p>iii) the necessary advices about change of enfacement are duly sent to the Treasury Officers or the Public Debt Offices concerned;</p> <p>Advices of re-enforcement received from the Treasury Officers are examined to relevant Issue Registers and that necessary vouchers are prepared and posted in the Day Book and Ledger.</p> <p>Other re-enforcement by a Public Debt Office may be from a foreign Public Debt Office to Local Public Debt Office or from Local Public Debt Office to Mofussil and <i>vice-versa</i>. Securities re-enfaced are all entered in the respective enfacement cancellation registers. If the re-enforcement is within the same circle, it should be seen that the necessary change of enfacement is noted in the Issue Register and the requisite intimation is sent to the Treasury Officer concerned indicating the date of half-year up to which interest is paid prior to re-enforcement and is to accrue at the Treasury enfaced upon. This information should be available in the respective Enfacement Cancellation Registers. The re-enforcement from other circles to local circle involves re-numbering and re-issue in the local Register. In such cases the same checks should be applied as in the case of renewals.</p> <p>Note:- when a Government Promissory Note is presented at a Public Debt Office for renewal, conversion or re-enforcement. The validity of endorse-ments thereon is examined by the Public Debt Office with reference to the rules in the Government Securities Manual. As well as the power of the enforcer or presenter to negotiate the Note on behalf of the previous endorsee. The Public Debt Office have on means to verify the genuineness of the endorser's signature. No audit check can or should be exercised in this matter. It should however, be seen during local audit that proper authorised officials of the Public Debt Office initialled the last endorsements as required by the Public Debt Office Manual in token of their having examined the correctness of the endorsements.</p>

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<p><b>5 B. conversion from one loan to another:-</b></p> <p>Such conversions are permissible only between certain specified loans. The procedure is the same as in the case of Renewal or Conversion from one loan to another. A double adjustment has to be made in the Public Debt Office. Accounts one to reduce the balance of the old loan and another to increase the balance of the other loan into which the securities are converted.</p>	<p>The checks should practically be the same as in the preceding section.</p>
<p><b>6. Payment of securities tendered for discharge :-</b> All securities repaid on redemption of a loan are cancelled either before or after actual payment, and a note of cancellation is kept in the respective issue registers and Interest Check Registers of Index Cards (in the case of Stock Certificates). Necessary account adjustment is also made to reduce the balance of the loan in Public Debt Office Ledgers in respect of all repayments.</p>	<p>See-</p> <p>i) that the securities are cancelled and noted as such in Issue Registers and Interest Check Registers of Index Cards;</p> <p>Call for the discharged securities and pay orders and see that securities are actually cancelled and marked off as cancelled in Issue and Interest Check Registers (or Index Cards in the case of Stock Certificates and in the Ledger Accounts in the case of Subsidiary General Ledger Account).</p>
	<p>ii) <b>that interest is not paid beyond that date upto which it was actually due;</b></p> <p>See-</p> <p>that the interest cages on the back of the Notes are filled in upto the half-year to which interest was due and the Interest cages in the Interest Check Register or Index Cards are filled in upto that half-year and the fact that the securities are cancelled is noted immediately after the last half-year's column under proper authentication. In the case of Subsidiary General Ledger Accounts verify this fact from the respective ledger accounts.</p>
	<p>See-</p> <p>iii) that all securities certified for discharge by the Public Debt Office are noted in the Cash payment Register;</p> <p>Verify the date of payment in the cash payment Register with the date stamp appearing on the security or pay order;</p>
	<p>iv) that in cases where payment order was not recorded on the Security itself (e.g., lost notes) the amount paid was correct.</p> <p>Verify the amounts paid as shown in the pay orders, from the issue registers or the respective ledger accounts in the Subsidiary General Ledger Accounts;</p>

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	<p>v) that the balance of the loan is reduced from the Books of the Public Debt Office.</p> <p>See that the total figure in the cash payment Register for the day agrees with the total credit under the loan head in the corresponding distribution heads are debited. Check the posting of the vouchers in the Day Book and the Ledger.</p>
	<p>vi) that the reduction of the balance is duly communicated to the Accounts Officer concerned for verification of the debits in accounts.</p> <p>In the case of Mofussil payments, the total amount of scrip and the particulars of the forwarding schedules received from the Accounts Officers concerned are entered in the Register of Discharged Securities (Form P.D.O. 54); the particulars of the scrip and the total amount are also noted in the respective Enfacement Cancellation Registers. The entries in these registers should be verified with the schedules received from the Accounts Officers. Then the same checks as prescribed in the case of payments made at the Public Debt Offices (except checks mentioned at 6(iii) and (iv) maybe applied. The securities held under objection are returned to the Treasury Officer concerned and entered in the Register of Discharged Securities Returned Under Objection (Form P.D.O. 55). This register may be examined and any undue delay in settling the items under objection may be brought to notice.</p>
<p>7. Stoppage in respect of securities lost, stolen, disputed or unclaimed and write-off on the value of unclaimed securities</p>	<p>(a) In the case of Stoppage in respect of securities lost, stolen or disputed;</p>
<p>(1) All transactions in connection with a security may have to be stopped either on written request from party or an injunction from Court. All notices of stop received by Public Debt Office are noted in the Special register maintained for the purpose (called the Stop Register) if it relates to a scrip of foreign domicile, and in the Issue Register and Interest Check Register if the scrip is of a local domicile. All such notices are also communicated by the dealing Public Debt Offices as well as to the Treasury concerned for note, and all notices of "stop" received direct by a Treasury Officer are noted in his registers and then passed on to the Public Debt Office concerned for action, as above.</p>	<p>See -</p> <p>(i) That the securities stopped or notified for stoppage are duly marked as such in the respective Issue Registers and Interest check Registers (Index Cards)</p> <p>Take the (stop) Diary and trace the items noted therein in the respective 'stops' Registers and see that necessary stop notice are recorded in the relevant Issue and Interest Check Registers (or Index Cards).</p>

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	<p>ii) that orders of competent authority are obtained before the 'stop' is removed.</p> <p>Call for relative files and see that orders of competent authority exist for removing the stop. If the security was lost or stolen and the claim of the party is admitted by the competent authority, it should be further seen that the scrip is transferred to the Register of 'Non-transferable Stock Issue Register' (Form P.D.O 68) and that against the original number, both in the Issue Register and Interest Check Register, the stop notice is continued.</p>
	<p>(iii) that the Public Debt Offices and Treasury Officers concerned are duly informed of the notices of Stoppage as also removal of the sums; and</p> <p>Call for the relative files containing office copies of stop advices and see advices are issued to the other Public Debt Offices and Treasury Officers concerned in respect of all Stoppages noted in the stop diary. Also see that the despatch of advices is made expeditiously and see that they are duly acknowledged and</p>
<p>(b) Notes tendered for drawal of interest, renewal, etc., may not have been taken delivery of by the parties concerned and in such cases after a lapse of reasonable period, they are treated as unclaimed and transferred to separate register known as Unclaimed Notes Register. Such notes may also be received from Treasury Officers for safe custody in the Public Debt Office. On transfer to the Unclaimed Note Register they are treated like Stopped Notes.</p> <p>If the securities remain unclaimed for a considerably long time (generally 20 years) the value thereof is credited to Revenue in Government Accounts and the loan balances reduced accordingly. The securities are also cancelled from the relative issue and Interest Check Registers or Index Cards.</p>	<p>(b) In the case of unclaimed securities; see –</p> <p>i) that the securities included in the unclaimed Register are duly stopped in the respective Issue and Check Register (or Index Cards)</p> <p>ii) that if they are written off to revenue they are cancelled from the Issue Register and Interest Check Register and that the loan balanced is reduced accordingly;</p> <p>iii) that if the claim is readmitted the fact of issue of a new security, if it relates to a current loan is noted against the old security and the number of the new security entered in the relevant Issue and Check Registers (or Index Cards) and the loan balance increased accordingly and if it relates to a discharged loan, the fact of issue of the payment order is noted in the Issue and Interest Check Registers; and</p> <p>iv) that the certificates of periodical verification of the unclaimed securities held in custody is duly recorded in the Register of Unclaimed Securities.</p> <p>The checks may be exercised in the following manner;</p>
	<p>a) See that the fact of transfers to the Unclaimed Account is duly recorded in the Issue Registers and Interest Check Registers (or Index Cards) against securities entered in the Unclaimed Register and that in the cases of Unclaimed securities of foreign domicile advices are sent to the Public Debt Office concerned.</p>

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	<p>b) see that the securities shown as written off to Revenue in the Unclaimed Register and duly cancelled in the Issue Register and Interest Check Register (or Index Cards), check relevant vouchers and see that they are correctly posted in the respective Day Book and Ledger.</p>
	<p>c) In the case of claims re-admitted when the loan is current trace the numbers of the old securities in the relative Issue Register and Interest Check Registers (or Index Cards) and see that the suitable remarks are recorded therein (paragraph 159 (i) of the Public Debt Office Manual). Then trace the new securities against the day's issued and see that the corresponding entry is also made in the Interest Check Register or Index Cards. Check the vouchers and see that they are properly drawn up. Check also the posting of the vouchers in the Day Book and Ledger.</p> <p>In the case of claims, re-admitted, after the loan is discharged, it should be seen that the fact of the issue of the payment orders is noted in the Issue and Check Registers.</p>
	<p>d) See that the certificates of physical verification of the unclaimed securities held in the custody of the Public Debt Office is duly recorded in the Register of Unclaimed Securities by competent authority in terms of paragraph 16(i) of the Public Debt Office Manual.</p>
<p><b>8. Write off of outstanding balances of a loan after a lapse of 20 years from the date of discharge:-</b> The outstanding securities are cancelled from the respective Issue and check Registers (or Index Cards) with the remarks "Cancelled and Credited to revenue". The necessary voucher reducing the loan balance is prepared and posted in the Day Book and Ledger. If any claim in respect of such lapsed loan is subsequently received the claim is re-admitted after due investigation and under orders of Central Office of the Bank and Payment is authorised. A note is kept against the security in the relative Issue and Interest Check Registers of the re-admission and issue of payment orders and the necessary voucher is passed.</p>	<p>See that –</p> <p>(i) (a) the voucher for wiping off the balance of the loan is drawn up properly and posted correctly in the Day Book and Ledger.</p> <p>(b) the remark, "Cancelled and Credited to Revenue" is recorded against the Securities as required under para 158 of the P.D.O Manual; and</p> <p>(ii) in the case of claims subsequently re-admitted</p> <p>(a) the orders of the competent authority is obtained;</p> <p>(b) the fact of issue of the payment orders is noted in the Issue and Check Registers; and that</p> <p>(c) the remarks "Cancelled and Credited to Revenue" existed against the items in the relative Issue and Interest Registers (or Index Cards).</p> <p>Note:- As it would not be readily possible to trace the cases of readmission at the Public Debt Office the local audit parties may obtain the particulars of the claims so readmitted during the year of audit, from the Accounts Officers concerned, before commencement of local audit, to enable them to proceed with checks prescribed above.</p>

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<p><b>9.</b> Ten year Treasury Savings Deposits, 15 year annuity etc.,</p> <p>Issue of Ten Year Treasury Savings Deposit Certificates. Ten year Defence Deposit Certificate, 15 year Annuity Certificates and Ten Year Annuity Deposit Certificates through the Reserve Bank of India has been discontinued.</p>	<p>If any balance is appearing in the books of the Public Debt Office in respect of payment of interest and principal, the same checks should be applied as in the case of Government Promissory notes, with due regard to the terms and conditions of the issue of such certificates</p> <p><i>(Para 1 in Chapter XII of IA &amp; AD Manual of instructions for inspection of Public Debts Offices)</i></p>
<p><b>10.</b> New Savings scheme for Retiring Government Employees, 1989</p> <p>Under the scheme operative from 1st July, 1989 the retired/retiring Central or State Government employees may deposit their retirement benefits including commuted value of pension and cash equivalent of leave etc., in an account (in multiples of one thousand rupees) opened with any branch of participating banks, viz., selected branches of the State Bank of India/Associated Banks and 14 Nationalised Banks in all State capitals and Union Territories within 3 months of the date of receiving the retirement benefits. Deposits which carry interest at the rate of 9% per annum (4% in case of premature withdrawals) payable half yearly on 30<sup>th</sup> June and 31<sup>st</sup> December are to be credited to Central Government Account with a maximum period of 7 days. No withdrawal is normally permitted for a lock in period of 3 years and in any case during the first year one such withdrawal is permitted during the calendar year. The designated office in state capital furnishes consolidated quarterly figures to Central Debt Section, Bombay</p>	<p>The following checks should be applied in general;</p> <ul style="list-style-type: none"> <li>(i) that the deposits have been promptly credited to the Government Account within the stipulated period.</li> <li>(ii) that the balances shown in the quarterly statements agree with the balances appearing in the books of central debt division as reconciled.</li> <li>(iii) that the interest has been correctly calculated.</li> <li>(iv) that there is no double payment of interest.</li> </ul> <p><i>(Para 2 in the Chapter XII of IA &amp; AD Manual of instructions for Inspection of Public Debt Offices).</i></p>
<p><b>11.</b> Deposit scheme for Retiring Employees of Public Sector Companies, 1991</p> <p>The scheme which came into force from 1st January, 1991 and applicable to the retired employees of Public Sector Companies is similar to the scheme for Retiring Government Employees.</p>	<p>Audit checks prescribed in respect of the scheme for Retiring Govt. Employees should be applied mutatis mutandis.</p> <p><i>(Para 3 in Chapter XII of IA&amp;AD Manual of Instructions for Inspection of Public Debt Offices)</i></p>

(1)	(2)
<p>12. 9% Relief Bonds, 1987</p> <p>9% Relief Bonds, 1987 issued in forms of promissory notes and stock certificates between 1.12.87 and 29.2.88 to individuals and Hindu Undivided Families and repayable on the expiration of 5 years from the date of their issue carry interest at the rate of 9% per annum income tax free. The bonds are also entitled to wealth tax and gift tax concessions. The bonds are due for repayment from 1.12.92 onwards but the bond holders are allowed the benefit of the prescribed interest without limit of time in case they did not seek repayment of bonds.</p>	<p>As the bonds are held in the form of promissory notes and stock certificates, the audit checks will be similar to those prescribed for the audit of these securities.</p> <p><i>(Para 4 in Chapter XII of IA&amp;AD Manual of Instructions for Inspection of Public Debt Offices)</i></p>

**ANNEXURE II**

(Referred to in paragraph 11.03 B - Note of the Manual).

List of Registers maintained in the Public Debt Office, Hyderabad

## I. Account Section -

Sl. No.	P.D.O. No.	Description of the Registers.	
1.	35	Interest Check Register	(In O.S and I.G currencies separately)
2.	36	Issue Registers	
3.	37	Index to Check Registers.	
4.	39	Register of Securities passed for payment.	
5.	65	Stock Cancellation Register.	
6.	104	P.D.O. Enfacement Register	
7.	105	P.D.O. Cancellation Register.	
8.	106	Mofussil Enfacement Register.	
9.	107	Mofussil Cancellation Register.	
10.	110	Register of New Stock Certificates issued.	
11.	115	Index to Enfacement and Cancellation advices to Treasuries.	
12.	121	Day Book.	
13.	122	General Ledger.	
14.	123	G.P Ledger	
15.	124	Stock Register.	
16.	125	Deposit Receipt Ledger.	
17.	126	Non-transferable stock ledger.	
18.	127	Agreement to General ledger of Central and State Government Loans.	
19.	128	Register of cancelled securities sent to Record Section.	
20.	229	Register of Treasury Vouchers	
21.	230	Register of Treasury Irregularities, Scroll Book.	
22.	GSM 9	Registers in form G.S.M.9	

Sl. No.	P.D.O. No.	Description of the Registers.
<b>II. Book Debt Section :</b>		
1.	29	Register of Draft Forms.
2.	61	Register of Stock Certificates issued.
3.	62	Register of Stock Certificates issued (under Rule 8 P.D .Rules, 1946)
4.	66	Stock Cancellation Register.
5.	68	Non-Transferable Stock Issue Register
6.	69	Interest Draft Register.
7.	77	Register of unclaimed stock draft.
8.	80	Stock Interest Draft Destruction Register.
9.	81	Register of Stock Cards issued.
10	96	Deposit Receipt Issue Register.
11.	98	Blank Card Balance Book
12.	101	Stock Index Register.
13.	102	Indent Register.

## CHAPTER 12

### **AUDIT OF TRANSACTIONS CONNECTED WITH PURCHASE AND SALE OF SECURITIES HELD IN STATE GOVERNMENT'S CASH BALANCE INVESTMENT ACCOUNT AND INVESTMENTS OUT OF EARMARKED FUNDS.**

**12.01 Introductory:** Under Section 17(8) and 17(11) (b) of the Reserve Bank of India Act , 1934, Reserve Bank of India acts as an agent for the Central and State Governments in conducting all work in connection with purchase and sale of securities, debentures, etc., under the cash balance investment account of the respective Governments. Instructions for their safe custody on behalf of Government and local bodies and for their sale and purchase are embodied in chapter-X and XI of the Government Securities Manual (fourth edition).

The purchase or sale of securities held under the State Government's cash balance investment account and those received as long-term deposits on account of investments of sinking fund, depreciation fund, etc., which are termed as "Administrators' deposits" from other Government Departments is effected at branch offices of the Bank at Bombay, Madras, Calcutta, New Delhi, Hyderabad and Bangalore.

**12.02 Procedure followed by the Bank:** The work relating to the custody of securities, etc., their purchase or sale, drawal and remittance of interest thereon, etc., is carried out in the securities department of the bank in accordance with the procedure outlined in Chapter 4 of the banking department manual of the Reserve Bank of India. Extracts of paras 721,739, 740, 744 and 745 thereof detailing the actual procedure followed in respect of any purchase or sale are given in the Annexure to this chapter.

**12.03 Audit arrangement: - (i) Securities:** Comptroller and Auditor General of India decided that the transactions connected with purchase and sale of securities held in the State Government cash balance investment accounts and transactions pertaining to purchase and sale of investments in long-term deposits by State Governments, viz., investments of sinking funds, depreciation funds etc., which take place in the branches of the Reserve Bank of India at Bombay, Calcutta, Delhi, Madras, Hyderabad and Bangalore should be subjected to local audit by the Indian Audit and Accounts Department in addition to any checks exercised centrally in one form or another. The local audit of such transactions will have to be undertaken by the Prl. Accountants General in whose jurisdiction the said branches of Reserve Bank of India are located, in respect of the transactions pertaining to the State Government as well as the transaction, in respect of the Central Government and any other State Government as operated by those branches.

Audit of such transactions relating to the Government of Andhra Pradesh, should accordingly be conducted by this office as the Reserve Bank of India securities department, manages purchase and sale of securities in the cash balance investment account and other long-term deposits of the Andhra Pradesh Government.

The procedure followed by the Reserve Bank of India in respect of transactions connected with purchase and sale of securities held by the bank on behalf of the Central/State Government and the checks to be applied during local audit are detailed in the following paragraphs. The same procedure may be applied mutatis mutandis to the transactions connected with the purchase and sale of investments in long-term deposits.

(CAG'S letter no.1845-admn.III/269-Admn.I/38-11, dated 23<sup>rd</sup> September, 1960-file O.A.D. II/6-3-/58-59).

**(ii) Treasury bills :** Transactions connected with the purchase and sale of Treasury bills of Government of India from the cash balance investment account of the Government of Andhra Pradesh with the Reserve Bank of India is conducted by the Accountant General, Maharashtra-(II), Nagpur in the same manner as laid down above in respect of test-check of investments in securities.

Copies of reports in regard to discrepancies, if any, noticed in calculations made in respect of discounting and/or rediscounting of Treasury bills during the period selected for test-check are forwarded by Accountant General, Maharashtra (II), Nagpur to this office, if no discrepancies are noticed a "nil" report is sent.

A copy of this report is, in turn, forwarded by this office to the Secretary to Government of Andhra Pradesh, Finance Department, under intimation to Accountant General, Maharashtra (II), Nagpur.

**12.04 Extent and scope of audit :-** The local audit of transactions connected with purchase and sale of securities by Reserve Bank of India, consists mainly in seeing that the prices paid or realised are in accordance with the contract notes and are not in excess (in the case of purchase ) or less (in the case of sale) than the market value of the day and that interest is not allowed incorrectly to the advantage of the broker. The provisions of para 3.14.7 of the Manual of Standing Orders (Audit) should also be borne in mind.

Regarding the quantum of audit, it has been decided that 10% of the transactions should be selected for audit scrutiny.

Note: - This percentage is, however, subject to revision depending upon actual expenditure.

**12.05 Records maintained:** The following important registers and records are maintained by the Bank (securities department) :

- i) Register of valuables (RB 113) for recording inward letters accompanied by valuables such as cheques, drafts, securities, etc.,
- ii) Hand balance book (RB 114) for recording valuables received and deposited during the day.
- iii) Receipt register of short-term and long-term deposits (RB 115 and 116).

- iv) Balance of securities register (RB 117).
- v) Memoranda of receipt (RB 243/246) issued in token of having lodged the securities in safe custody or in S.G.L. of the Public Debt Office.
- vi) Purchase order register (RB 123) for recording the account and description of the securities which are required to be purchased.
- vii) Sale order register (RB 125) for recording the account and particulars of the securities which are to be sold.
- viii) Contract notes and contract book.
- ix) Memoranda of cost (SD 101/103).
- x) Securities vault register (RB 121).
- xi) Securities disposal register (RB 122).
- xii) Register of securities sold on behalf of Central Government.

**12.06 Process of audit:** - A detailed list of checks, to be applied during the course of local audit is given below:-

(1) It should be seen that:-

- (a) the purchases or sales are authorized by the respective Governments;
- (b) contract notes signed by the contractor are attested by the manager, and
- (c) rate or rates in the contract notes are not more than those mentioned in the day's market quotation (in respect of purchases) and are not less than the market rates (in respect of sales).

2) It should be seen that the memoranda of cost are correctly prepared and that interest accrued on the securities and recoverable from the brokers is worked out upto the day of collection of sale proceeds in respect of sales. It should also be seen that amount of interest payable to brokers on securities purchased is worked out upto the date of delivery of the scrips.

Note :- Where deliveries of scrip's are made after the agreed period, interest is to be allowed only upto the last date of delivery, as mentioned in the contract note. Where investments are sold, ex-dividend/interest, it should be seen that dividend/interest is subsequently received and credited and similarly when purchase is made cum-dividend/interest.

*(CAG's letter no. 1945/Admn. III/269/Admn. I-58-II, dated 23 September 1960).*

3. It should be verified from the records available with the Bank (viz., relevant credits in the public accounts department or in the case of sales in other states with reference to the duplicate copies of challans or relevant intimations from the branches of the bank) that sale proceeds have been

credited to the respective Government account on the due dates and on the dates upto which interest has been paid to the brokers. Similarly, in respect of purchases, it should be verified that the requisite certificates were actually received and brought to account in the register of receipts (form R.B. 115 to 116), the balance account of securities (form R.B. 117) and the contract book, on the dates on which the prices thereof paid to the broker. Where scrip's are delivered piecemeal, the date on which the delivery of entire scrip was made is the date of delivery for the purpose of payment.

4. The date of delivery of scrips in respect of sales and purchases should be verified from the register of valuables or bank receipts register.

5. The payment of commission to brokers should be checked with reference to the terms of contract note. In case the purchase or sale is effected on behalf of Administrators, the commission charged by the bank with reference to the rates prescribed in the Government Securities Manual should be checked.

*(C.A.G's letter No.311-Admn.III/269-Admn. I/58, dated 18.12.1959 communicating the note of Accountant General, Bombay about audit checks to be exercised –O.A.D. II file 6-3/58-59).*

**12.07 Audit Report :-** i) The results of audit are communicated by the Inspecting Accountant General, to the Accountant General, Central Revenues, in regard to Union and to other state Accountants General in regard to state with which they are concerned for pursuing them with the respective Governments.

In respect of central transactions, the Accountant General, Central Revenues, is responsible for co-ordination of Inspection Reports but the Prl.Accountant General who conducts the local audit is responsible for the settlement of the objections raised in his report. The Accountant General, Central Revenues, should, however on receipt of the copy of the report, take up important points of general interest with the competent authority but the inspecting Prl.Accountant General, should also, attend to disposal of the various points in the report, communicate the results to the Accountant General, Central Revenues. The co-ordination of the reports in respect of the state transaction should be the responsibility of the respective local Prl.Accountant General.

*(CAG's letter no.3363-Admn.I/269-58, dated 6<sup>th</sup> January,1959 and letter no.311-Admn. III/269-Admn.I/58. dated 18<sup>th</sup> December 1959 and letter no. 1845-Admn.III/269-Admn.I/58-11, dated 23<sup>rd</sup> September 1960).*

ii) Copies of the Audit Reports on the transactions of investments in securities and the Audit Report of Accountant General, Maharashtra (II) on the transactions of investments in Treasury bills, are to be forwarded by Inspection (Civil) Headquarters section of this office when received, to the Secretary to the Government of Andhra Pradesh , Finance Department and acknowledgements thereof watched.

**ANNEXURE**

(Referred to in Paragraph 12.02 of the Manual)

Extract from the Banking Department Manual, Reserve Bank of India

**721.** Orders for the purchase and sale of securities if any will be directly attended to by the Manager to whom all such requisitions will be put up by the official-in-charge of the Securities Department. Purchases and sales will be arranged through approved brokers, the contracts being made with them either for ready delivery or for delivery within a stipulated time. Contracts for bulk amounts, say for Rs.25 lakh and over may be entered into direct with scheduled banks subject to such instructions as are issued by Central Office from time to time. In the case of ready contracts, within the stipulated time, the terms of the contract will be confirmed by the brokers on the same day on contracts made by means of contract notes which, when received, will be scrutinized to see that they are correct and are stamped in accordance with the provisions of the Stamp Act. Renewal/Consolidation/Sub-division fees will be claimed/allowed in accordance with the local usage or rules and regulation of the stock-exchange at respective centres by mutual arrangement with brokers.

A list of approved brokers will be maintained in each office after it has been duly approved by Central office, any additions to and deletions from the list also being made with their approval. Offices will obtain daily market quotations from leading broker at their respective centres and record them in a Market-quotations Register. The register will be put up to the Manager daily for perusal and initialed by them.

**739.** Applications for purchase of securities should be accompanied by cheques or drafts favouring the Bank and will be entered on receipt in the register of valuables. The proceeds of the cheques etc., will be held in Sundry Deposits Account under the sub-head 'Securities Department pending investment', where the Administrator maintains an account with the Bank, his authorisation to debit his account may be acted upon after due verification of his signature. In such cases, the debits will be raised at the time of making payments to brokers/banks for securities' purchases. The amount available for investment will be arrived at after allowing for the amounts of commission payable to the Bank, Officers will maintain a Purchase Order Register in form No.RBR 123 in which the amount and description of the securities which are required to be purchased will be entered under the initials of the Accountant/Sub-Accountant-in-charge and the application together with the register, put up thereafter to the Manager for placing the order with the brokers. After the order has been placed, the name of the broker with whom the contract has been made and the terms of the contract will be entered against the relative items in the Purchase Order Register and initialled by the Manager. The contract note when received from the Broker will be examined with reference to the purchase order register and initialled by the Manager. The purchase order number as recorded in the Purchase Order Register will be noted on the contract note under the initials of the in-charge of the Department. When the securities covered by the contract are received, the

date of receipt will be posted in the register under the initials of the Accountant/Sub-Accountant-in-charge.

**740.** Bank Receipts will not be accepted in settlement of contracts except in special cases where so agreed to at the time of making the contract. If the selling bank maintains a Subsidiary General Ledger Account with the Public Debt Office, a debit note on that account may be accepted. On receipt of the securities along with the memorandum of cost on the due date, they will be entered in the Register of valuables and scrutinised to see that they are endorsed in favour of the Bank. The securities will thereafter be sent to the Public Debt Office for examination and the memorandum of cost checked by a Superintendent in the meantime, with reference to the contract note in regard to cost, interest claimed etc. Where deliveries are made in accordance with the terms of the contract, accrued interest will be allowed up to the date previous to the date on which actual delivery takes place. In case the delivery is made after the stipulated period, interest will be allowed as if the delivery was made on last due date for settlement of the contract. On receipt back of the securities from the Public Debt Office certified as in order, they will be taken to safe custody after making entries in the relative registers, as in the case of direct receipt of securities under advice to the Administrator in form No.RB.246. Where securities are purchased by offices on behalf of Insurance Companies for being held under the Insurance Act, their cost price will be taken as market value. In the case of part-deliveries, entries will be made in the registers when the final delivery is made. In cases where the securities are required to be delivered to the Administrators, they will be entered Register of Securities purchased and returned, which will be maintained in Form the R.B.R. 124. and sent to the Administrator duly endorsed in his favour by the Accountant, Deposit Accountant Department. The securities will be forwarded to the administrator with a forwarding memorandum in the Form No.R.B.247 under signature of the Accountant/Sub-Accountant-in-charge together with a statement of Account in Form No.R.B.248. An acknowledgement form will also be enclosed for the Administrator to complete and return. The disposal of the securities will be recorded against the original entry in the Register of valuables. Contract notes will be cancelled under the initials of the Accountant/Sub-Accountant-in-charge and filed.

**744.** Sale of securities on behalf of Administrator will be undertaken on a written requisition to the effect. The requisition will be scrutinised by the Officer-in-charge of the department to see that it purports to have been signed by the Administrator or his duly authorised agent. Securities received direct for sale will be entered in the Register of valuables under the initials of the Superintendent. If the securities to be sold are held in deposit, they will be withdrawn from the vault if held in physical form or received from the Public Debut Office if held in Subsidiary General Ledger Account, the same procedure as laid down in paragraphs 733 and 734 in connection with the return of securities being followed. Offices will maintain a sale order register in form No.R.B.R.125 in which the amount and description of securities which are required to be sold will be entered under the initials of the

Accountant/Sub-Accountant-in-charge and the application, together with the register put up thereafter to the Manager for placing the order with brokers. After the order has been placed, the name of the broker with whom the contract has been made and the terms of the contract will be entered against the relative items in the Sale Order Register and initialled by the Manager. The contract note confirming the terms of the contract received from the broker will be scrutinised with reference to the Sale Order Register and initialled by the Manager. The sale order number, as recorded in the Sale Order Register, will be noted on the contract note under the initials of the in-charge of the department. When the securities covered by the contract are delivered, the date of delivery will be posted in the register under the initials of Accountant/Sub-Accountant-in-charge.

**745.** The securities will be delivered to the purchaser on the due date in terms of the contract along with a memorandum of cost in form No.R.B.249 showing the cost of securities and the amount of interest accrued thereon up to the date of delivery. The printed numbers on G.P. Notes delivered will be noted on the relative contract note under the initials of the in-charge of the department. Where it is not possible to deliver the securities on due date Bank Receipt in Form No.R.B.210 will be delivered for which the broker's agreement will be obtained at the time of contract. The issue of Bank Receipt will be recorded in the bank Receipts Register in Form No.R.B.R.126 under the initials of the in-charge of the Department. On the due dates, the securities only endorsed in favour of the purchase/Bank Receipt together with the memorandum of cost will be handed over to the Treasurer through a transit book against the latter's initials. The Treasurer will arrange for their delivery to the purchaser through an employee of the Cash Department against payment by cheques drawn on the Reserve Bank. In cases where the cheques are drawn on other banks, scrip bank receipt will be delivered only after the proceeds have been realised. On realisation of the cheque, the proceeds less the commission due to the bank will be remitted to the Administrators/ other parties by payment order, Government draft with a forwarding letter in form No.R.B.251 and a statement of account in Form No.R.B.252. The acknowledgement, when received, will be noted in the remarks column of the register of valuables under the initials of a supervising official.

## CHAPTER 13

### EXPERT ACCOUNTING INVESTIGATION

#### 13.01 General

The local audit of inspection of the nationalized Public Sector Banks covers the check/audit of the following items/transactions:

- i) Local audit of transactions relating to :
  - (a) National Defence Fund
  - (b) Annuity Deposit Scheme, 1984.
  - (c) Govt. Savings Certificates (fixed deposits), 1968 and National Savings Certificates bank series.
  - (d) National Deposit Scheme, 1984.
  - (e) Public Provident Fund accounts , 1983.
  - (f) Special Deposit Accounts, 1975.
  - (g) Compulsory Deposit Accounts, 1974.
  - (h) National Development Bonds.
  - (i) Self Employment Scheme.
- ii) Local audit of accounts of Public Sector Banks (including State Bank of India, and its subsidiaries) handling receipt and payments on behalf of various Ministries/Departments under the scheme of departmentalization of union of ministries accounts.
- iii) Pension payments of Central/State/Defence/Railways/political pensions of State and Central and State pensions at the State Bank of India and its subsidiaries and Public Sector Banks- check of reimbursements and pension on scrolls.

The description of the transactions as also the kind and quantum of audit in such cases are dealt with in the following paragraphs.

### SECTION I

**13.02 payment of pensions to Central Government Civil, Defence and Railway- pensions by Public Sector Banks : (A)** The scheme for payment of pensions by Public Sector Banks to Central Government pensioners as introduced from 1<sup>st</sup> July, 1976 in some selected States and later on made applicable throughout the country with effect from 1<sup>st</sup> February 1977.

Detailed instructions regarding payment and accounting were issued in the book “Scheme for payment of pensions to Central Governments civil pensioners by Public Sector Banks” published by Controller General of Accounts.

Payment of pension (including family pension) will be automatic and no bill will be submitted. The pension including relief on pension sanctioned by Government from time to time will be credited by the paying branch to the pensioner's account.

Payment of pension in cash or through "joint account" is not permitted in the scheme.

The savings bank account of the pensioner is not to be operated by a holder of power of attorney.

In case, the pensioner desires to draw his pension through a bank, the P.P.O will be issued on the District Treasury first. The District Treasury Officer will maintain a record of all the P.P.O's transferred by it to the link branches of various Public Sector Banks, bank-wise, where separate folio will be set apart for the different paying branches.

Before commencing payment, the paying branch shall obtain in the case of a new pensioner following documents:

1. Specimen signature or thumb impression.
2. Indemnity Bond.
3. Pensioner's copy of PPO.
4. Personal identification marks as given by the pensioner with disbursers' portion.
5. Whether the pensioner bears a close resemblance with his/her photo.
6. The bank will keep all the disbursers' portion of P.P.Os in serial order in a separate file.
7. The pension will be paid by the paying branch after deduction of Income Tax by credit to the savings account of the pensioner on the last working day of the month for which the pension relates, except the pension for the month of March which shall be credited on or after the first working day of April. (in any case not later than the 7<sup>th</sup> of the month following the month for which pension is due.).
8. The paying branch is responsible for deduction of I.T. and issue of a certificate in April each year.
9. The paying branch will maintain a detailed record of pension payments made by it from time to time. Every payment will also be entered on the disbursers' portion of the PPO and authenticated by the officers of the bank.
10. The paying branch will prepare a separate payment scroll paid under each category i.e. Civil/Railway/Defence in quadruplicate. The paying branch will send advice of pension payments along with three copies of pension payment scrolls to its link branch by the 10<sup>th</sup> of each month with a certificate of payment recorded on the advice.

11. Wherever there is a change in the basic pension or relief, the paying bank shall call for the pensioners half of the PPO for recording the change.

**(B) Functions of link branch for obtaining reimbursement of payment made :**

On receipt of payment advice and 3 copies of the scrolls with necessary supporting documents from all the paying branches of the district, the link bank will send two copies of the scrolls and supporting documents with summary sheet to R.B.I/S.B.I or its subsidiary bank transacting Government business before 15<sup>th</sup> of each month. The triplicate copy of the scrolls and the payment advice will be retained by the link branch.

Paying branch link branch RBI/SBI-DTO/PAO.

On receipt of the scrolls from the link branch, the R.B.I/S.B.I shall check the scrolls to ensure that it is complete in all respects and is accompanied by the relevant certificates in respect of each payment. Thereafter, the net amount of pension disbursed by the Public Sector Banks will be reimbursed by debit to Central Government account. A copy of the debit advice together with both the copies of the scrolls received from the link branch will be sent by R.B.I/S.B.I to the District Treasury Officer or PAO transacting Treasury functions as the case may be.

**(C) Transfer of PPO from one bank to another :**

The pensioner drawing pension on a particular branch desirous of drawing his/her pension on some other branch has to apply in duplicate to the District Treasury Officer concerned. The District Treasury Officer will call for the descriptive rolls and both halves of PPOs (duly authenticated and written upto date) from the concerned bank and then forward them to the other bank of the pensioners choice.

If the transfer is outside the district the concerned A.G ( in respect of civil pensions) of PAO of the Ministry will effect the transfer.

**(D) How to adjust the excess amount paid to the pensioner and later on recovered :**

If the amount is less than Rs.1000/- the amount can be adjusted through the pension payment scrolls of the succeeding month by the paying bank putting a short claim to the extent of excess amount involved. Under no circumstances, the amount should be kept under sundry deposits of the bank.

If the amount exceeds Rs.5000/- and above, the paying branch may submit a special scroll relating to such payments.

**(E) Deduction of Income Tax from pensioner :**

The Treasury Officer is responsible for accounting the gross pensions and deductions of Income Tax while rendering the Treasury Account to Accountant General.

**(F) Life certificates :**

The pensioner would be required to furnish a life certificate in November each year in the form prescribed for officers of Reserve Bank of India and the Public Sector Banks are authorized to give life certificates for this purpose.

**(G) Non-employment/Re-employment certificate :**

The pensioner would be required to furnish a non-employment/ re-employment certificate half-yearly in the month of May and November each year.

In the case of Pensioners who are re-employed in Department, Office, Company/Corporation, autonomous body or Registered Co-operative societies of State or Central or a Local Fund before 26.3.1984 payment of relief will remain suspended with effect from 26-3-1984. In case of those re-employed on or after the said date, the payment of relief will be suspended from the date of re-employment.

**(H) Payment of commuted value of pension :**

The paying branch will enter the date of commutation i.e. the date on which the amount of C.V.P. has actually been credited to pensioners amount, the date from which the reduced pension or is payable in the disbursers portion in the PPO as well as in the pensioners portion.

The paying branch has to intimate the link branch, the date on which the C.V.P. was paid and also the date from which the reduced pension has commenced. The link branch will also make an entry in the index register on the basis of information furnished by the paying branch.

Pension shall be paid upto the date of death.

**(I) Arrears of pension :**

If the pension has not been credited by the bank for a period of 1 year for want of life certificates or for any other details, the reasons for not crediting the amount by the bank, if known, shall be communicated to the District Treasury Officer, through link branch by means of a half-yearly report on 1<sup>st</sup> April and 1<sup>st</sup> October each year to enable the District Treasury Officer to inform Accountant General.

However, if the arrears do not exceed Rs.10000/- and do not involve first payment of pension, and the pensioner had submitted the requisite document, the paying bank may pay the pension.

If the pension has not been credited to pensioners account for 3 years, the PPOs should be returned to District Treasury Officer through the link branch with suitable endorsement thereon specifying the date upto which the pension was credited.

In certain cases (Govt) under the provisions of sub-rule (3) of rule 54 of the Central Civil Services (Pension) Rules, 1972, family pension is payable at a higher rate upto a particular date and at the normal rate thereafter. Para 3

of the Pension Payments Order should indicate the rates and the date upto which the higher rate is payable. A prominent note of the date from which payment of family pension at the normal (lower) rate is to commence should be kept in red ink in the pension ledger account of the family pensioner by the bank so as to enforce the change in the rate from the specified date and avoid overpayment.

**(J) Non-marriage certificate :**

In the case of widow recipients of family pension, certificate of non/re-marriage is not required to be furnished by her. An undertaking will however be obtained from the widow at the time of commencement of pension to the effect that in the event of the re-marriage she will report the fact of re-marriage to the pension disbursing office promptly.

In the case of other recipients of the family pension (a widower or an un-married daughter), the certificate of non-re-marriage/non-marriage in the form prescribed is required to be furnished by the recipient at six monthly (i.e. May & November) intervals.

**(K) Disabled/Crippled/Physically handicapped Pensioners :**

In cases where the son or daughter of a Government servant is suffering from any disorder or disability of mind or is physically crippled or disabled, so as to render him or her unable to earn a living even after attaining the age of twenty one years in the case of the son and twenty four years in the case of the daughter and he / she is being continued to be paid family pension beyond the maximum age limit referred to above, under proviso to rule 54 (6) of CCS (Pension) Rules 1972. The person receiving the family pension as guardian should produce every three years (in the month of November) a certificate from a Medical Officer not below the rank of Civil-Surgeon to the effect that the person continues to suffer from disorder or disability of mind or continues to be physically crippled or disabled.

In such cases, the guardian shall be required to furnish certificate every month that (i) he or she has not started earning of his/her livelihood. (ii) in case of the girl, that she has not got married.

**(L) Periodicity of audit :**

**Paying branches :**

Above 200 cases-	annual.
50 to 200 cases-	biennial.
Below 50 cases-	triennial.

The following time limit is allowed to the party to conduct local audit of pension payments.

**For paying branch**

Up to 25 pensioners	NIL
Between 26 & 100 pensioners	1 party day
Between 101 to 200 pensioners	2 party days
Above 200 pensioners	3 party days

**For link branch :**

1. Making payments to State or Central pensioners : 2 party days
2. Making payments to both State and Central pensioners : 3 party days

(C.A.G.'s letter 663-TA-II/III-82 dated 17.6.82 ; 1910-ACII/121-86 Dt.26-11-86, ICH file 12-18/81-82).

**SECTION II**

**13.03 Compulsory Deposit Scheme : A.** The Compulsory Deposit (I.T. payers) Scheme, 1974 (dated 12-11-1974) which came into force with effect from 5-11-1974 has been discontinued w.e.f 1-4-1985. Originally, the scheme was for two years and later on the scheme was being extended from time to time.

The scheme provides that certain Income Tax payers, whose total taxable income exceeds the prescribed limit in a particular assessment year, will deposit some amount calculated at the prescribed rate, towards this scheme.

Deposit should be accepted only in multiples of TEN rupees. The deposits made under the scheme shall be entitled for interest to be calculated from the 1<sup>st</sup> day of the month following the month in which deposit is made and it is to be calculated upto the last date of the month preceding the month in which repayment is made.

The amount of deposit made under the scheme is repayable in 5 equal instalments commencing from the expiry of two years from the end of financial year for which the deposit was made. The interest will also be paid along with instalments.

**B. Repayment :** 1) Repayment is permissible in the event of the death of a depositor.

- 2) The I.T.O. has been empowered to authorize premature repayment of the deposit in case of hardship.
- 3) As per the provisions of 1983 Finance Act (Section 59) the major change in the operations of the scheme for the current year is that the balance standing to the credit of a person who attained the age of 65 years before 1<sup>st</sup> April, 1983 is to be refunded with interest accrued, at his option on 1<sup>st</sup> June, 1983. However, in respect of a person who attained the age of 65 years on or after 1<sup>st</sup> April, 1983, the balance with accrued interest is to be refunded at his option on the 1<sup>st</sup> April of the financial year following the year in which the depositor attained the age of 65 years.

In all the above three cases, the refund of the deposit and the payment of interest thereon at the prevailing rate will be followed..

- 4) Persons having made a deposit erroneously should be required to submit an application. The deposit office after due verification of the claim may allow refund of the deposit together with prevailing bank rate of interest.

From 1.4.81 the depositors will have to opt not to withdraw the instalment amount and interest thereon on their becoming due, in that event the amount not withdrawn shall earn interest, so long as it remains as if it were a Compulsory Deposit and the provision of the C.D Scheme will continue to apply in relation to such amount or interest .

**C. Clarification:** I.T. Ready Reckoner Assessment year 1983-84

Note:- With effect from 1.4.81 where any amount under this scheme has become repayable and the depositor has not withdrawn the same on due date the same shall carry interest at the rate of 10% per annum from 1.4.81 to 31.10.1982 and at 11% per annum from 1.11.82 to the date of withdrawal ignoring the period of one month in which the amount is withdrawn.

**D. Accounting procedure:**

C.D. Account cannot be transferred from one bank to another. But the account can be transferred only to a branch of the same bank and not to another bank.

The amount collected by a branch will not be retained by it, but will be remitted to the link branch either on the same day or on the next day by means of a M.T. together with detail of the deposits for onward credit to Reserve Bank of India.

The receiving cashier will enter the amount of each deposit (i.e. Draft/M.T etc) in the cashier's receipt book and then prepare a debt/credit scroll, separately for the day's transaction and remit it by way of M.T. to the link branch with the list of depositors and amount of their individual deposits.

Individual accounts in the names of depositors are to be opened and the necessary particulars of the account including details of nomination, if any entered prominently in RED INK at the head of the ledger folio. In case, the depositor is a minor, the name of his parent/guardian and the other persons who signed the application form on his behalf will also be recorded in the ledger. The date on which the minor will attain majority will be noted in the ledger as well as in the daily list. The accounts will be opened in the ledger consequently with the serial numbers.

Progressive balance book will be maintained in which the daily totals of the day books will be posted.

**E. Postponement of repayment of instalments:**

In Government of India OM.No.F1(3)-4/85 dated 25.4.85 it was decided to abolish the scheme of compulsory deposits under the Act w.e.f 1.4.85. However under an amendment made by C.D.S (IT) Payers Amending Act 1985, no depositor will be entitled to withdraw, before the expiry of financial year 85-86 any amount relating to it otherwise becoming due for repayment or payment during that financial year. Such payments shall carry interest for the period as of it, where, a compulsory deposit and the provisions of C.D.S (I.T. Payers) Act 1974 will continue to apply in relation to such amount.

In Ministry of Finance, New Delhi letter no.24/7/1983-BO-III dated 9<sup>th</sup> April, 1985, it has been clarified by Government of India that the postponement of repayment of instalments and interest applied only in respect of amounts falling due for repayment during the financial year 1985-86 (i.e. 1.4.85 to 31.3.86) and not to amounts which become repayable during an earlier financial year.

### SECTION III

**13.04 Public Provident Fund Scheme : A.** The Public Provident Fund Scheme came into force on 1<sup>st</sup> July 1968 and again amended in October, 1983. Public Provident Fund Account can be opened only by individuals. An individual can open one P.P.F. account on his own behalf, and also another account on behalf of a minor for whom he is the guardian.

**B. Manner of making payment:**

Every individual desirous of subscribing to fund for the first time either in his own name or on behalf of a minor of whom he is the guardian shall apply in Form 'A' with an initial amount prescribed by Government. The subscription shall be in multiples of Rs.20/-.

The entire credit balance in an account can be withdrawn on maturity, i.e. after the expiry of 15 years, from the close of the financial year in which the initial subscription was made. In case he does not intend to close the account he may continue the account for a further period of 5 years. However, if he does not make any further subscription in the extended period, the balance at credit shall continue to earn interest in accordance with the provisions of the scheme.

Where a subscriber to a PPF account dies without subscribing Rs.100/- in the initial year, the subscription paid by him will be returned without interest, and the account can be treated as having been opened validly.

**Clarification:** If the subscriber fails to deposit the minimum of Rs.100/- in a year and is desirous of continuing the account, it is open for the subscriber to do so. When once the account is made upto date, he is eligible to enjoy the facilities provided in the scheme.

- i) He may be asked to deposit to the extent it is falling below Rs.100/- in the earlier years.
- ii) He should also pay nominal interest at the rate notified by Government from time to time.
- iii) If the subscriber is unable to continue it further, the account will be treated as discontinued and the amount will be returned to him after the expiry of maturity period of 15 years alongwith interest which will continue to be added each year on the balance at credit at the rates fixed by Government from time to time. He is not entitled for any facility.
- iv) Number of Subscriptions:- The subscriptions which shall be in multiples of Rs.20/- may be paid in one lumpsum or in instalments not exceeding 12 in a year. Subscriber can vary the amount of subscription and the amount of instalments to suit his convenience.
- v) Transfer of Accounts:- The subscriber may apply for transfer of his account from one branch to another branch.

**C. Interest :** Interest at the rate notified by the Government of India from time to time shall be allowed for each calendar month on the lowest balance at credit of an account between the close of the 5th day and in the end of month and shall be credited to the account at the end of each year.

**Clarification:-** a) Subscribers in the PPF account start earning interest from the date of their deposits i.e., even before they reach the level of Rs.100/- in a year.

b) Interest is admissible on PPF accounts in case of discontinuance. Interest is to be calculated at the rates applicable and credited to accounts.

**D. Withdrawal from the fund:-** Any time after the expiry of 5 years from the end of the years in which the initial subscription was made. A subscriber, if he desires, may withdraw an amount not exceeding 50% of the amount that stood to his credit at the end of 6<sup>th</sup> year.

One withdrawal upto the	9 <sup>th</sup> year.
Two withdrawal upto the	13 <sup>th</sup> year.
Three withdrawal upto the	15 <sup>th</sup> year.

Where the application is made on behalf of a minor of whom he is a guardian, he shall furnish a certificate in the following form.

“Certified that the amount sought to be withdrawn is required for the use of-----who is alive and still a minor “.

#### **E. Loans :**

Any time after the expiry of one year from the end of the year in which the initial subscription was made, but before the expiry of 5 years, if he so desires to apply in form “D” for a loan not exceeding 25% of the amount that stood to his credit.

In the case of minor, a certificate is to be furnished. A subscriber shall not be entitled to get a fresh loan so long as earlier loan has not been re-paid in full together with interest thereon.

**Clarifications:-** The first loan can be taken in the third financial year from the financial year in which the account was opened upto 25% of the amount at credit at the end of the first financial year. Thus, if an account was opened in 1971-72, the first loan may be drawn in 1973-74 upto 25% of the amount at credit in the account on the last day of 1971-72.

Further loan can be taken, provided, earlier loans have been repaid in full with interest at the rate prescribed in the scheme. If one takes loan in 4<sup>th</sup> or 5<sup>th</sup> or 6<sup>th</sup> financial year, he can take loan upto 25% of the balance at his credit, at the end of 2<sup>nd</sup> or 3<sup>rd</sup> or 4<sup>th</sup> financial year respectively. No loan can be taken after the end of the 6<sup>th</sup> financial year from the financial year in which the account is opened.

The scheme allows the subscriber to withdraw the entire amounts at his credit after adjustment of dues, if any, to Government, on completion of 15 years after the end of the year in which he opened the account. Thus if he opened the account in 1968-69, he can withdraw the entire balance at his credit any time on or after 1<sup>st</sup> April, 1984. This is, of course optional. He can continue his account without any loss of benefits.

#### **F. Repayments of loan and interest:**

The principal amount of a loan under the scheme shall be repaid by the subscriber before the expiry of 36 months from the first day of the month following the month in which the loan is sanctioned.

After the principal of the loan is fully repaid, the subscriber shall pay interest in not more than two monthly instalments at the rate of 1% of the principal per annum, upto last day of the month in which the last instalment of the loan is repaid.

When the loan is not repaid or is repaid a part within 36 months, interest on outstanding loan amount shall be charged at six percent (6%) instead of 2%.

Interest on any loan under the scheme may, on becoming due, be debited to the subscriber's account.

**G. Nominations and repayment after the death of subscriber: -**

A subscriber may nominate one or more persons to receive the amount standing to his credit in the event of his death. It is the responsibility of the bank to verify the nomination and payment. Audit cannot verify its legality.

**Clarification :**

On the death of the subscriber, the balance in the provident fund account does not cease to earn interest. Interest is admissible till the end of the month preceeding the month in which payment of the deposit is made to the nominee/legal heir of the deceased subscriber.

The nominee/heir of the deceased is liable to pay interest on loans availed of by the subscriber but not paid before the death.

## SECTION IV

**13.05 Scheme for providing self employment for educated unemployed youth:- A. Objective :** To encourage the educated unemployed youth to undertake self employment ventures in industry, services and business the packages of assistance is provided.

**B. Sailable Features**

A composite loan not exceeding Rs.25000/- will be admissible to an eligible entrepreneur, the selection of which will be done by task force to be set up by District Industries Center. With effect from 1986-87, the calling in assistance for industrial venture is increased from Rs.25000/- to Rs.35000/-. In the case of business ventures ceiling would be reduced to Rs.15000/-. In the case of service ventures ceiling of Rs.25000/- remains unchanged. The task force is expected to observe the prescribed percentage restrictions contemplated in the scheme.

**C. (a) Financial Assistance:-**

- i. A composite loan not exceeding Rs.25000/- will be admissible to an eligible entrepreneur under the scheme.
- ii. The working capital portion of the loan will be separately worked out and repayment schedule will be determined only in respect of term loan component. Thus, if the composite loan of Rs.25000/- comprises investment portion of Rs.15000/- and working capital portion of Rs.10000/- the repayment schedule should be worked out for Rs.15000/- only. The balance will be converted into cash/credit/overdraft facility as indicated in item (iv) below.

- iii. The period of repayment of the term loan component shall be 3 to 7 years, with an initial moratorium of 6 to 18 months.
- iv. After repayment of the term loan component, the entrepreneur may continue to enjoy the facility of the working capital, based upon his credit requirements, at normal rates of interest. The working capital component outstanding under the composite loan account may then be transferred to cash credit/overdraft account and the composite loan account closed.
- v. The composite loan under the scheme shall be charged interest at 10 percent per annum for backward areas and 12 percent for other areas till the term loan component is repaid.

**b) Capital Subsidy from Government of India Ministry of Industry:**

- i. The beneficiaries under the scheme will be eligible for capital subsidy computed at 25 percent of the total amount of loan (i.e. term loan plus working capital) from the Government of India, Ministry of Industry.
- ii. The subsidy amount received should be kept as term deposit in the name of the entrepreneur (under lien to the bank) for the duration of the term, loan component and would carry interest at the rate of interest applicable to the relevant term of maturity. The interest earned on the deposit should be adjusted against the interest payable by the borrower.
- iii. The subsidy deposit will be available for adjustment against the last instalment (s) due under the term loan component. Thus, in the example cited under item 2(a) (ii), as soon as an amount of Rs.8750/- out of the term loan component of Rs.15000/- is recovered, the subsidy of Rs.6250/- against 1<sup>st</sup> instalment (i.e. 25% of the composite loan of Rs.25000./-) should be adjusted.
- iv. The responsibility to ensure end use of the loan and recovery will be that of the banks. If after all efforts are made, the full loan amount cannot be realized from the defaulter borrowers, the subsidy deposit could be adjusted by the Bank towards the remaining/unpaid dues and the balance, if any, refunded by them to the Government.

**D. Administration of subsidy**

- (a) The Reserve Bank of India will administer the capital subsidy scheme as agents of Government of India.
- (b) The claims for subsidy will be considered and paid by the Reserve Bank of India on behalf of the Government of India subject to the following terms and conditions.

- i. The bank can claim the entire amount of capital subsidy (i.e. 25 percent of the composite loan sanctioned) when 25 percent or more of the loan amount sanctioned has been disbursed to the entrepreneur.
- ii. The Head Office of each bank will submit statement relating to the subsidy claims for every calendar month to the Chief Officer, Rural Planning and Credit Department, Reserve Bank of India, Bombay before the end of succeeding month.
- iii. The subsidy amount received shall be kept as term deposit in the name of the entrepreneur with effect from the date of receipt of capital subsidy by the Head Office. The deposit should run for the duration of the term loan component and would earn interest at the rate applicable to the relevant term of maturity.
- iv. If for any reason, a bank fails to claim the subsidy amount from the Reserve Bank, it will have to open subsidy deposit account in the name of the entrepreneur on the 91<sup>st</sup> day from the date of disbursement of loan (i.e. 25 percent of the loan amount sanctioned) to the borrower, from out of its own resources.

**E. Repayment schedule:**

The period of repayment of the loan shall be 3 to 7 years with an initial moratorium from 6 to 18 months depending upon the generation of income from the venture. The instalment will be fixed by the banks leaving 50% to 60% for the beneficiary maintenance and another 5% for unit maintenance and the remaining 35 to 40% for instalment. The repayment will have to be worked out for 75% of the loan only since 25% of the loan will be held in fixed deposit which will be adjusted as last instalment of the loan.

**F. Procedure to be adopted in cases where there is no term loan component and where the term loan component is less than the subsidy amount available:**

The capital subsidy under the scheme would be available also to beneficiaries assisted for working capital only and in such cases the subsidy should be kept in deposit with the bank for a minimum period of three years. Even in cases where there is an element of term loan (a) the subsidy should be kept in deposit for a minimum period of three years and (b) it will be available for adjustment only after the borrower has repaid 3/4<sup>th</sup> of the term loan.

**G. Adjustment before 3 years:**

In no case the subsidy should be adjusted to the loan account before 3 years even though the beneficiary pays off the loan. In cases where the beneficiaries are proposing to close the loan soon after final disbursement or within a short period, the intention of the borrower is to knock off the subsidy and discontinue the venture for which he was selected and the loan was given. Hence, care should be taken to avoid such misutilisations.

**H. Adjustment of subsidy in case of misutilisation of loan, abandonment of the project by the beneficiary, shifting of the unit to an area not covered under the scheme, ineligibility of the beneficiary due to his not complying with the criteria laid down under the scheme etc.**

Where subsidy has been claimed by banks in any of the above cases, the same may be refunded. However, instead of remitting the amount to the Reserve Bank, banks may adjust such excess subsidy against further claims in respect of other eligible advances sanctioned during the same year (April to March).

**I. Adjustment of subsidy in the case of deceased beneficiaries :**

The loan sanctioned under the SESFEUY is primarily based on the eligibility of the borrower and as such the benefits cannot be passed on to the legal heirs or near relatives of the deceased borrowers, unless such legal heirs/near relatives/others are also eligible for being financed under the scheme and such transfer is authorised by the concerned District Industries Centre. Where an arrangement of the above type is not feasible the banks will have to take steps to recover the loan and adjust the subsidy amount towards the dues.

**J. Where the loan amount is reduced subsequently.**

It will be in order for banks to amend/alter the original fixed deposit without closing the same. Banks should ensure that interest due to the beneficiary is on the reduced amount and any excess interest credited to the account is adjusted/regularised. The scheme is monitored by Districts Industries Centre and the checks exercised in banks only are applied. The irregularities noticed if any should be further scrutinised with the records in the District Industries Centre and headquarters section should watch and arrange for such a check.

## **SECTION V**

**13.06 National Deposit Scheme - Part I - Salient features of the scheme:**

- 1) The scheme will be governed by the Public Debt Act, 1944 and the Public Debt (National Deposit Receipt) Rules, 1984 framed thereunder.
- 2) Deposits : Under the scheme deposits will be accepted by the branches of State Bank of India and 14 Nationalised Banks notified by the Government of India. The deposits under the scheme can be made by any individual or individuals, a Hindu Undivided family, a Firm, a Company, a Trust and an association of persons whether incorporated or not. In the case of individuals, the deposits may also be made in joint names of not more than 4 persons on "both or survivor(s)", "either or survivor(s)", all or survivor(s) or may 'one or survivor' basis.
- 3) The deposits will be made in cash or by local cheque or bank draft on a local bank along with an application in Form 1 and the Challan in Form 2. Outstation cheque/drafts will not be accepted.

- 4) The deposits will be in multiples of Rs.1000/-with a minimum of Rs.1000/- and will be repayable on the expiry of four years from the date of deposit. There is no maximum limit on the amount that may be invested under the scheme.
- 5) “Deposit Receipts” will be issued initially in the denominations of Rs.1,000/- Rs.5,000/- and Rs.10,000/-.
- 6) The Deposit Receipts will be issued in two series (Series I and Series II). In the case of Deposit Receipts of Series I interest will be payable half-yearly. In the case of Series II, however, interest will be compounded half-yearly and paid along with the principal at the time of maturity/encashment.
- 7) The deposits will bear interest at 10.5% per annum if they are held for 4 complete years. In case of a deposits of Rs.1000/- under Series I interest of Rs.52.50 will be paid at the end of six months. In the case of Series II, a sum of Rs.1505.85 will be payable at the end of 4 years. In case of premature encashment, the deposits will *ab-intio* bear interest at 10% per annum, if held for 3 years or more, 9% if held for 2 years or more but less than 3 years and 7% per annum if held for 1 year or more but less than 2 years. Interest will be payable in respect of each completed half-year period, less than half-year being ignored. Interest will cease from the date of maturity of the Deposit Receipts or premature encashment, as the case may be.
- 8) If the deposit is withdrawn before maturity, interest will be recalculated at the rate applicable to the period for which the deposit is held and the deposit will be repaid after adjustment of the excess amount of interest already paid or accrued at the higher rate.
- 9) No tax will be deducted at source from the interest payable on the deposits.
- 10) A sole holder or a sole surviving holder of a Deposit Receipt, being an individual (who is not a minor) may nominate one or more persons who shall be entitled to the Deposit Receipt and the payment thereon in the event of his death.
- 11) As stated earlier, the Deposit Receipts will be repayable on the expiry of 4 years from, the date of deposit. However, at the option of the depositors, the deposits will be refunded at anytime after the expiry of one year. The amount repayable on a Deposit Receipt in case of premature encashment may be calculated with reference to the table furnished in the form of the Deposit Receipt. The interest as well as the principal amount will be paid where through the bank/branch the deposit was made or transferred, in cash or by bankers cheque or bank draft (drawn on a branch of the deposit office) or by credit to the depositor’s account maintained with the same deposit office, in accordance with the instructions of the depositor.
- 12) The deposit can be transferred from one deposit office to another deposit office of the same bank on a written request made by depositor except in the month of March.

13) The Deposit Receipts are non-negotiable and not transferable except in favour of the deposit office where the deposit was made or transferred, for the limited purpose of availing of advance from that office.

#### Part II - Receipt of deposits and issue/Repayment of Deposit Receipts

14) The applications for making deposits should be in Form 1 annexed to the scheme or as near thereto as may be. All applications and accompanying challans in Form 2 should be scrutinised carefully to ensure that they are complete in all respects. In particular, the following points should be noted:

(i) Separate applications should be tendered for Deposit Receipts of Series I and Series II.

(ii) As the Deposit Receipts will be issued in denominations of Rs.1000/-, Rs.5000/- and Rs.10,000/- the deposits should be in multiples of Rs.1000/-.

(iii) Cheques should be drawn by the depositors themselves in favour of the deposit office. If, however, a cheque drawn by a person other than the depositor is presented, a letter from the drawer of the cheque confirming that the cheque represents the amount of deposit to be made by the applicant (the applicant's name to be stated on the letter) should accompany the cheque. If a cheque is drawn by a third person in favour of the depositor, it should be endorsed by letter in favour of the deposit office.

(iv) The various denominations in which the receipts are required should be clearly indicated in the column provided for in the application.

(v) In case the deposit is made on behalf of a minor, the name of the minor and his date of birth should be stated against item (b) of the application. Where the person depositing the money on behalf of a minor is his natural guardian (in the case of Hindus, the father or if the father is dead, the mother and in the case of Muslims the father should be asked to give the usual declaration). In other cases the guardianship should be asked to produce a Guardian certificate under the Guardians and Ward Act, 1890. In the case of applications by firms, societies etc., the documents referred to in Note(1) appended to the form of application should be produced.

(vi) The application should be signed as under:

Category:	By whom to be signed:
An individual (not being a minor)	By the individual himself.
An individual who is a minor. An individual who is mentally incapacitated from attending to his affairs.	By his guardian or any other person competent to act on his/her behalf.
Individuals (not more than 4 persons) jointly.	By all the applicants.

Category:	By whom to be signed:
A Hindu undivided family.	By the karta or if the karta is mentally incapacitated from attending to his affairs, by any other adult male member of the family.
A registered/unregistered firm.	By any partner of the firm (not being a minor)
Any other association of persons or body of individuals.	By any member or the principal officer of the association or the body as the case may be.
A body corporate.	By its authorised official.
A trust.	By the Managing Trustee or any other Trustee authorised by the Trust Deed.

After scrutiny, if the application is found to be in order, the counterfoil of the challan (Form 2) will be handed over to the depositor in token of having received money either in cash or in the form of cheque etc. The receipted copies of the challans should be carefully preserved by the deposit office and dealt with as indicated in paragraph 25. In the case of cash deposit, the Deposit Receipt should be prepared on the basis of the receipt received through the cashier. The deposits account should be delivered to the depositor with reference to the counterfoil of the challan issued to him and a receipt for having received the Deposit Receipt obtained on the reverse of the application form (Form 1) in the space provided therefor. In the case of local cheque/bank draft, the receipts will be issued and delivered to the depositor in the above manner only when the cheque/draft is realised and credit thereof is received by the deposit office.

The applications will be serially numbered and after issue of the Deposit Receipts, will be filed in a guard file and preserved carefully.

15. Issue of Deposit Receipts : Although the Deposit Receipts will bear printed serial numbers at the time of issue, the Deposit office will also allot its own running serial numbers and enter the details of Deposit Receipts issued to a depositor, in an Issue Register. The total number of receipts issued in a day should be posted in the Stock Register at the close of the day in the column provided therefor. The date of issue of the Deposit Receipts will be the date of tender of the application along with cash. However, a case where a local cheque/draft is tendered with the application, the date of issue will be the date of realisation of the cheque/draft.

16. Transfer of Deposit Receipt issued by one office to another office of the same bank

Transfer of Deposit Receipts should be effected by actual transfer of fund, i.e. the transferor issuing a bank draft/pay order in favour of the transferee office. The transferor office will treat the transaction as one of payment and the transferee office as one of receipt and settle the transactions accordingly with Reserve Bank of India through the link branch. During the month of March, however there should be no inter-branch transfers of these deposits.

## 17. Payment of Interest:

As indicated in paragraph 13.06(7).

Interest on deposit certificates Series I will be payable half-yearly. If a depositor requires the interest to be credited to his account with the deposit office, which has issued the Deposit Receipt, he may issue written instructions to the deposit office concerned. On receipt of the holder's instructions, the deposit office will prepare a standing instruction card and arrange to credit the depositor's account at half-yearly intervals under advice without insisting on production of the original Deposit Receipt every time. A depositor desirous of obtaining a bank draft for payment of interest at another centre where there is a branch of the deposit office (or a branch of its correspondent), may make an application one week in advance of the due date of interest to the deposit office. The deposit office will issue him a bank draft marked "not payable till"....." (due date of interest)". In all other cases, interest will be payable only on production of the Deposit Receipt. The fact of the payment of half-yearly interest will be marked off in the relative column(s) appearing on the reverse of the Deposit Receipt under proper authentication. In cases where payment is desired to be credited to the holder's account with the deposit office, the fact of payment of interest will be recorded in the standing instruction card. The date of payment of interest should be posted in the appropriate columns of the Issue Register.

## 18. Repayment/premature encashment of Deposit Receipt:

i. A Deposit Receipt may be encashed any time after the expiry of 4 years from the date of the issue at the Deposit Office / the office to which it is transferred (in terms of paragraph 8 of the Notification). Premature encashment is permissible after the expiry of one year from the date of issue.

ii. When the holder of a Deposit Receipt presents it for encashment, the deposit office should examine it to ensure that:-

- (a) it is registered at the office at which it is presented.
- (b) the name of the depositor appearing on the Deposit Receipt agrees with the name appearing in the Issue Register.
- (c) the Deposit Receipt has been duly receipted for repayment in the space provided for the purpose on the receipt. In case of joint holding, all the holders should receipt the Deposit Receipt for repayment.
- (d) in the case of Deposit Receipt held by individuals, repayment should be made on proper identification.
- (e) an illiterate depositor must attend the Deposit office in person and payment will be made after verification of his thumb impression attested by two responsible witnesses known to the Deposit Office.
- (f) in the case of a Deposit Receipt purchased on behalf of a minor who has since attained majority, the Deposit Receipt shall be signed by the person himself but his signature shall be attested either by the

guardian whose signature is subscribed to the deposit application at the time of purchase or by any other person known to the Deposit office.

- (g) in case of Deposit Receipt held by persons other than individuals viz. firms, associations of persons, corporate bodies .etc., it should be ensured that necessary authority of the signatory to the repayment receipt is already registered with the issue office and the authority is still operative.

iii) The Deposit Receipt, after it has been scrutinized and found to be in order, will be passed for payment by an authorised officer of the deposit office. Interest accrued, if any, in respect of the Deposit Receipt pertaining to Series I, will also be paid to the depositor along with the maturity proceeds. The receipt will be cancelled from the Issue Register by affixing a rubber stamp “cancelled for payment on.....”. The interest columns appearing in the Issue Register will also be posted for having paid interest accrued, if any, at the time of repayment of the amount of deposit. In the case of premature encashment of deposit receipt, interest will be recalculated at the rate applicable to the period for which the deposit is held and the deposit will be repaid after adjustment of the excess amount of interest, if any, already paid at the higher rate. The net amount of deposit payable in such cases may be worked out with reference to the table furnished in the Deposit Receipt.

iv) The paid Deposit Receipts should be carefully preserved by the deposit office and dealt with as indicated in paragraph 25:

19. Receipts and Payments on account of deposit and repayments under the scheme will be booked under the Major Head of Account

“812 - Special Deposits and Accounts - Other Accounts - National Deposit Scheme”. The payment of interest will be booked under the Major Head “249- Interest Payments - Interest on Small Savings, Provident Funds, etc., Interest on Special Deposits and Accounts - Deposits under National Deposit Scheme”.

Accordingly, separate columns for showing the break up details of principal and interest paid/recovered have been provided in the receipt and payment scrolls to be rendered by the Reserve Bank of India office to enable the Principal Accounts Officer, Department of Economic Affairs, to book the transactions under the above heads of account. It may be noted that in the case of premature encashment, the debit will be for the face value of the Deposit Receipt, the difference between the face value of the Deposit and the actual encashment value paid to the depositor (representing recovery/adjustment of excess interest paid to the depositor) being shown as credit.

20. In the case of Deposit Receipts pertaining to Series II as and when any amount is paid to the depositor either at the time of maturity of the deposit or when it is encashed prematurely, separate break-up details of the payment should be furnished, viz, i) in respect of the face value of the deposit and ii) for the difference between the face value of the deposit and the actual amount paid to the depositor, representing compounded value of interest.

21. The State Bank of India, UMALO, New Delhi, will act as the link branch as far as the deposit offices of State Bank of India are concerned for accounting purposes. Similarly each of the 14 Nationalised banks will nominate the branch, which has already been acting as the link branch under the Public Provident Fund Scheme, to act as the link branch under the National Deposit Scheme also.

22. Every deposit office will maintain an issue register each for Series I and Series II separately. The deposit office will receive the amount towards deposits and also make payments on account of half-yearly interest, premature encashment and principal amount on maturity. In the case of premature encashment of Deposit Receipts under Series I, the interest due will have to be recalculated and interest already paid @ 10.5% (i.e. full-term rate) should be adjusted from the principal amount payable. The excess interest thus adjusted will be shown as 'receipt' under 'interest' in the appropriate column of the Issue Register as well as other records. At the end of the day all credits and debits will be jotted down in a separate day book at the close of the day, the total receipts and payments as per the day book should be credited and debited respectively to a current account styled "National Deposit Scheme - Collection Account".

23. Preservation of Records:

The receipted copies of challans, spoilt Deposit Receipts, defaced/mutilated Deposit Receipts in respect of which Deposit Receipts have been issued and discharged deposit receipts should be preserved carefully and should not be destroyed till the expiry of 6 years from the date of receipt/cancellation as the case may be on the completion of the audit and inspection of office by a representative of Controller General of Accounts/ Comptroller & Auditor General of India, which ever is later. If the audit has not taken place during the aforesaid period of 6 years, it will be necessary for the deposit office to obtain a clearance from the Controller General of Accounts/Comptroller & Auditor General of India.

24. Audit: It is the intention that the banks internal audit inspection teams should cover the transactions under the scheme whenever they audit/inspect the concerned branches. In addition to this, the scheme is subject to Government audit/Inspection by Reserve Bank of India Offices. As such, it is necessary that the Registers and other records maintained for this purpose by deposit/link offices should be made available to the concerned authorities as and when such audit/inspection is conducted.

25. Audit instructions at Deposit Offices:

At present inspection parties visit the branches of S.B.I and Nationalised Banks and offices of R.B.I. in connection with the audit of transactions relating to P.P.F. Scheme, Special Deposits Scheme, Pension payments etc. Local audit of the transactions relating to the National Deposit Scheme, 1984 at the Deposit Offices should also be taken up when they are visited by the inspection parties for the existing items of work.

During local audit, the inspection parties should check in detail all transactions i.e. deposits, refunds and repayments and interest payments as prescribed.

It will be seen in audit that:

- i. the deposits have been correctly made in accordance with the provisions of the scheme and the receipts have been issued for the correct amounts.
- ii. the repayments/refunds of deposits do not exceed the amount of original deposits shown in the Deposit Receipts.
- iii. the repayment/refund has been correctly made in accordance with the provisions of the scheme.
- iv. The payments and calculations of interest on deposits have been correctly made.
- v. The refunds of deposits made before maturity, if any, have been made in accordance with scheme and interest has been recalculated correctly at the rate applicable.

The inspection parties should also generally review the system to ensure that there is no delay in the submission of the weekly receipt and payment scrolls and various statements/returns to the concerned link branch and the prescribed registers/records are being properly maintained.

At link branches:

In addition to exercising the checks and review mentioned above in respect of the transactions taking place at 5 link branches, the inspection party should also generally see that:-

- i. the prescribed scrolls/statements/returns are submitted in time and there is no delay in the daily settlement of transactions with the R.B.I. office.
- ii. the prescribed registers/records relating to the scheme are properly maintained.
- iii. the quarterly/annual reconciliation is being conducted as required.

At R.B.I. offices:

The inspection party should generally see that:

the prescribed statements and lists of deposit offices are received in time from the link branches; these are checked as regards their correctness, necessary adjustments are made and consolidated statements are sent to the C.A.S., Nagpur for onward transmission along with the monthly cash account to the Principal Accounts Office, Deputy Controller of Accounts, Department of Economic Affairs, New Delhi for accounting under the relevant heads of account.

(Secret General circular No.7-Audit-II/87 No. 251-Audit-II/67-86 dated 4-3-87).

## SECTION-VI

**13.07 National Defence Fund (A)** The National Defence Fund is set up in the Public Account of India, in order to mobilise resources for defence of the country and welfare of Armed Forces. The Director of Audit, Central Revenues is the Accounts Officer for the fund.

**(B) Collections:** The collections are mostly in form of cash besides gold, ornaments, prize bonds and are effected by the following:

(a) Agencies: as,

1. Secretary, Andhra Pradesh State Peoples' Defence Committee and other members of the committee.
2. Defence Committees at District, Block and Municipality levels.
3. Market committees.
4. Heads of Government offices in respect of contribution recovered by deduction from salaries of personnel working under them.

(b) Banks listed below where besides direct collections from the public, remittances of collections by above mentioned agencies are effected.

- i. Reserve Bank of India and its branches.
- ii. State Bank of India, its subsidiaries and their branches.
- iii. Specified Commercial Banks and their branches.
- iv. Co-operative banks and their branches.

(c) Post Offices which receive contributions only in the form of cash.

In acknowledgement of donations received, receipts are issued by all the above mentioned receiving agencies, printed receipt books duly machine-numbered being used for the purpose.

Note: Receipts issued to donors need not be affixed stamps as payments are without consideration and hence are exempt from stamp duty as per item 53 (b) of the First Schedule to the Indian Stamp Act, 1899.

*(No. F. 14(38)-8/62 dated 28<sup>th</sup> November, 1962 of the Government of India, Min. of Fin. File 28-32/63-69, of O.A.D. civil. Hqrs).*

The accounts in respect of collections made by non-official agencies who are supplied receipt books issued by Government of Andhra Pradesh are not subjected to local audit by this Office for ensuring whether amounts paid by donors are actually credited in the bank.

*(This office Lr. No. O.A.D. I/XI/28-32/62-63/245. Dated 8<sup>th</sup> March, 1963-and C.A.G's confirmation in his Lr.No. 735/Admn. I/688-62/K.W. dated 8<sup>th</sup> April, 1963-File 28-32/63-69. Vol. I of O.A.D. civil. Hqrs).*

Necessary checks in this regard are exercised by Assistant Examiners of the Local Fund Accounts Department of the respective districts of the state.

*(Govt. of A.P. Memo NO. 1608/poy-c/63-5, dated 29<sup>th</sup> November, 1963, File 28-32/63-69, Vol. I of O.A.D. Civil Hqrs).*

The scope of this section is thus confined to local audit of account of these transactions after their entry into the accounts of the banks where the collections are remitted. The accounts of various categories of these transactions and the extent of checks to be exercised during local audit are dealt with in the succeeding paragraphs.

**(C)** Branches of State Bank of India or its subsidiaries, conducting Government business: These banks maintain a separate receipt scroll in which the collection on account of the fund are entered daily. The total of collections made on a day is struck in the scroll and taken to the ledger folio of the Collections Account and the total of collections made every week as reflected in the Collection Account is remitted to State Bank of India at Hyderabad (designated office) to the credit of National Defence Fund (Andhra Pradesh State) account. A Receipt given to the payer's are filed separately in the Bank office and form the vouchers in support of entries in the scroll forms. The field staff should go through the daily scroll forms for each month and select about 2 to 3 daily scroll forms for detailed check with the above mentioned receipts. One month's entries per year should also be selected for tracing them from the daily scroll into the ledger folio of the Collection Accounts. Besides these detailed checks, a general review of record should also be conducted. The weekly remittances to Headquarters Bank as shown in the ledger folio should be checked with acknowledgements given by the Headquarters Bank. A statement of these weekly remittances should be prepared by the field staff and sent to that field party which conducts local audit of transactions at the designated office.

*(CAG's Lr.No. 355-TA.I/688-Admn. I/62, dated 21<sup>st</sup> February, 1964 P. 469/c-file 28-32/63-69, of O.A.D. Civil. Headquarters).*

Branches of the State Bank of India or its subsidiaries not conducting Government business, specified Commercial Banks and their branches and Co-operative Banks:- An annual statement of weekly remittances made into the State Bank of India (the designated office) at Hyderabad, by each bank through its own branch at Hyderabad (the link office), is received in Inspection (Civil) Headquarters from each branch of the State Bank of India and its subsidiaries (not doing Government business) and from each branch of the specified commercial banks and co-operative banks duly certified by the Agent/Manager of the branch.

The above mentioned statement is followed by the certificate from the auditor/ inspector who audited the accounts of the branch in the following form:-

“Certified that the collections received towards the National Defence Fund by..... Bank during the period from..... have been properly accounted for and that a sum of Rs..... received during this period has been remitted to the designated office”.

On receipt of this certificate, it should be compared in the Headquarters Section with the annual statement already received and discrepancies, if any, should be got reconciled by correspondence with concerned banks and the designated offices. The statements should be properly filed and sent to the field staff conducting the local audit of transactions of the fund at the designated office. The field staff should trace remittances as given in the statements into the books of the designated office under the account of National Defence Fund with reference to the daily scroll forms, counter-foils of receipts issued to the collecting banks and the ledger folios in which such receipts are accounted for.

*(CAG's Lr. No. 355-TA.I/688-Admn.I/62, dated 21<sup>st</sup> February, 1964 file 28-32/63-69 of O.A.D. Civil Headquarters).*

**(D)** Deductions from Pay Bills: The deduction (in whole rupees) made by the Heads of Offices under the audit jurisdiction of the office of Prl. Accountant General (CA), and Accountant General (C&RA) are classified in Civil Accounts of Government (Central) under “ T Deposits and Advances-Part IV Suspense-Suspense Accounts- National Defence Fund Suspense” and are consolidated under that head of account in the office of Accountant General (A&E), through compilation of accounts received from Treasuries and other disbursers. The suspense head is cleared by payment of the total amount booked thereunder to the State Bank of India, Hyderabad (the designated office) by means of cheques or bank drafts for credit to the account of the Fund. A copy of the advice, for this adjustment, is to be sent to Inspection (Civil) Headquarters.

Similar action is taken by those who discharge the functions of an Accounts Officer as done by this office, i.e. the Pay and Accounts Officers, Railways, P&T and Defence Accounts Officers, etc., and monthly statements of collections made by deductions from bills and their remittance into the designated office, are received from them by Inspection (Civil) Headquarters

Section. All the statements including statements received from Book Section of Office of Accountant General (A&E), Andhra Pradesh, should be properly filed and sent to the field staff conducting local audit of accounts of the Fund at State Bank of India, Hyderabad (designated office) for exercising necessary checks which are detailed in the following paragraphs.

*(CAG's Lr.No. 1323-AC/284-62, dated 12<sup>th</sup> November, 1962 file 28-32/63-69 of O.A.D. civil. Hqrs)*

**(E)** Transactions at the State Bank of India, Hyderabad (Designated Office) : Local audit of these transactions comprises the following.

- (a) Check of direct collections at the bank.
- (b) Check of remittances of collections from branches of State Bank of India and its subsidiaries conducting Government business.
- (c) Check of remittances of collections from the specified commercial bank, co-operative banks and branches of the State Bank and its subsidiaries.
- (d) Check of remittances from Post Offices.
- (e) Check of remittances made by office of Accountant General, Andhra Pradesh, Pay and Accounts Office, Railways, Posts and Telegraph, Defence Accounts Offices, and Civil Accounts Offices where pre-audit system prevails in respect of deductions from pay bills.
  - a) above: Provisions of paragraphs above apply Mutatis-mutandis.
  - b) above: The entries of remittances in the statements received from the field parties, referred to in paragraph infra should be traced into daily scrolls in which remittances received from various banks are accounted for and then into other books such as ledgers of collection accounts, etc.
  - (c) above: This has already been dealt with in paragraph above.
  - (d) above: The remittances to the Fund through money orders at Post offices are covered by audit conducted normally by Director General, Posts and Telegraphs on money orders. The P&T Branch Audit Offices send to this office periodical intimations as to how much amount is charged to the Post Office accounts through payments made to the State Bank of India at Headquarters, (designated office), in respect of such money orders. The statements are received and filed in Inspection (Civil) Headquarters, to be used by field staff during local audit of the designated office. The remittances as entered therein are traced into the books of the designated office and daily scrolls, etc., in the same way as in (b) above.

- (e) above: The remittances as found entered in the statements referred to in paragraph above are traced into the books of the designated office, in the same manner as in (b) above.

*(CAG's Letter No. 355-TA.I/688-Admn.I/62, dated 21<sup>st</sup> February 1964, file-28-32/63-69 of O.A.D Civil. Hqrs).*

#### **Details of Account 'A'**

- i) The branch account of the Fund as maintained at the headquarters of the State, by the designated office, is styled as "National Defence Fund (Andhra Pradesh)- Account 'A' and all receipts transactions aforesaid fall under this account.

*(Govt. of A.P. Lr. No. D.O. 42/62,-I, dated 17<sup>th</sup> November, 1962 file I-5/62-63 of Book Sn. Central).*

- ii) Arrangement of audit and periodicity :- Audit is conducted annually, local audit of transactions at branches of State Bank of India and its subsidiaries conducting Government business is conducted along with other transactions.

*( CAG's Lr. 355-Tech Admn 688-Admn.I-62, Dated 21<sup>st</sup> February, 1964, File 28-32/63-69 of O.A.D Civil. Hqrs).*

- (F)** Results of Audit : (i) The normal procedure followed for processing the Audit Reports is followed in this case also.

- (ii) The points raised during local audit may be taken up initially with respective banks and other authorities since they are responsible for accountal of collections. Major irregularities and important points which still cannot be settled should be brought to the notice of National Defence Fund Committee for remedial action, after they are personally approved by the Prl. Accountant General. After obtaining comments of the National Defence Fund Committee, irregularities worth inclusion in the (conventional) Report of Comptroller and Auditor General to be prepared by Accountant General, Central Revenues may be intimated to the latter by middle of September every year.

*(CAG;s Lr.No. 2616-TA.I/688-62-IV, dated 17<sup>th</sup> September, 1964 and A.G. CR's Confidl. Lr.NO. NDF/I-3/62-64/Vol.II/581, dated 11<sup>th</sup> November, 1964-File 28-32/63-69 O.A.D Civil. Hqrs).*

## **SECTION VII**

**13.08 Special deposit scheme for the benefit of non-government provident, superannuation and gratuity fund - Audit procedure of.** The local audit of detailed accounts maintained by Deposit Offices should be organised so as to ensure that the accounts of all depositors are checked over a span of 4 to 5 years, and this should be taken up as and when they are visited by the inspection parties for the existing items of work. Branches of Reserve Bank of India may be visited annually, while in respect of Special Deposit transactions occurring in the Public Sector Banks, audit by the local audit parties may be conducted on a selective basis. For this purpose the branches

of the Public Sector Banks in a State may be divided into the following three categories:

Category I : Those having more than 500 accounts.

Category II : Those having accounts above 100 but not more than 500.

Category III : Those having accounts upto 100.

In respect of branches falling under Category I, the audit may be conducted once a year, for Category II once in two years and in respect of Category III, once in three years. For this purpose, the number of accounts maintained by each branch of the Public Sector Bank in the State or audit jurisdiction may be ascertained from the Head Office of the Bank in the State/Audit jurisdiction before.

The local audit party should specifically verify the correctness of the refunds/repayments and interest payments. It will be ensured during local audit that:

- (i) The repayment/refund of deposits does not exceed the original credit.
- (ii) The repayment/refund has been made in accordance with the provisions of the scheme.
- (iii) Where refund of the deposit is made before the due date, it has been made only in the circumstances mentioned in clause 9 of the Government Notification dated 30.6.1975.
- iv) The amount of Deposit refunded on becoming repayable on termination of the scheme has been paid in five equal annual instalments vide clause 11 of Ministry's Notification dated 30.6.1975.
- v) The payment of interest on the deposits, which would be charge on the Consolidated Fund of India, has been correctly worked out with reference to the rate of interest prescribed under the scheme. Calculations of interest should be checked in respect of 10% of total number of accounts maintained in a receiving office.

In addition, the records maintained in connection with the Special Deposits in the individual branches of the Bank should also be subjected to a general review during the local audit and each item of deposit received should be verified with reference to the entry in the ledger maintained by the Deposit Office and the receipt issued to the depositor in Form 'B' vide Government of India, Ministry of Finance Notification dated 30.6.1975.

#### **Audit instructions on Special Deposit Accounts :\_**

##### **(A) Special Deposit Scheme, 1975.**

- (i) **Salient features :-** The scheme was first introduced from 1.1.1975 through Government of India, Ministry of Finance (Dept. of Economic Affairs) Notification No.F.16(1)PD/75, dt. 30.6.1975. The scheme will initially remain in force for a period of 10 years. (Extended till 30.6.1995).

**Eligibility :-** The following categories of funds are eligible funds under the scheme:-

- (a) P.F under Employees Provident Fund and F.P Act, 1952 both exempted as well as un-exempted establishments.
- (b) P.F recognized by the Commissioner of I.T and Superannuation and Gratuity funds under the Fourth Schedule of Income Tax Act.
- (c) Non-Government P.F to which P.F Act 1952 applies.

**(ii) Current Accretions :-** The eligible funds may invest their monthly accretions in the form of interest bearing deposits under the schemes as follows:-

From July 1975 to 31.12.1978	20%
From 1.1.1979 to 31.12.1980	25%
From 1.1.1981 onwards	30%

If the investment by an eligible fund in a month is less than the prescribed limit, the fund will be eligible to make up the shortage in the following months. Investments in all cases shall be in multiples of Rs. 100/-

**Interest :-** (a) The rates of interest is 10% upto 31.3.1983 and 11% with effect from 1.4.1983

- (b) Interest is calculated on the monthly minimum balance between 10<sup>th</sup> and the last date of the month.
- (c) Interest is payable on 31<sup>st</sup> December, of each year (Calendar Year) (for 1988 is payable Half Yearly on 1.7.88 and 1.1.89).
- (d) Interest is free from Income Tax.

**(iii) Refund of Deposits :-** Refund of deposit before their repayment (i.e., 1<sup>st</sup> July, 1985) becomes due as well as allowed on application made in this behalf by the trustees or administrators of an eligible fund in the event of :

- (1) the winding up of the establishment followed by the disposal and realization of the funds investments for settlement of the claim on the fund by the employees.
- (2) obligatory payments by an eligible fund in any month exceeding the accretions to the fund in the month.
- (3) refund will be permitted to the extent of the amount standing to the credit of the eligible fund if it is being wound up (or) to the extent of the obligatory payments over the accretions to the fund as the case may be.

**(iv) Repayments :-** The amount standing to the credit of eligible fund shall be repaid in 5 equal annual instalments starting from the date on which the repayment becomes due, interest will also be paid on the outstanding amount at the prevailing rate of interest.

**(v) Audit Checks :-**

1. Calculation of interest should be checked in respect of 10% of total number of accounts maintained in a receiving bank.
2. The payment/refunds do not exceed the original credit.
3. If refunds/repayments are there, it should be seen whether such payments are in accordance with the provisions of the scheme.
4. Whether refund of the deposit is made before the due date, it has been made only in the circumstances mentioned in Government Notification dated 30.6.1975
5. The amount of deposits refunded on becoming repayable on termination of the scheme has been paid in 5 equal annual instalments.
6. Audit need not see the correctness of the investment pattern. It is the responsibility of the Provident Fund Commissioner for Non-Government Provident Funds and Commissioner of Income Tax for recognized Provident Funds.

But audit should see that the authority controlling the fund (remitting the amounts under Special Deposits) is however required to record a certificate on the challan in form 'B' to the effect that the amount tendered under Special Deposit Scheme is within the prescribed limit for investment. It should therefore be verified in audit that the prescribed certificate, duly signed by the authority has been recorded on the challan in each case of deposit.

NOTE :- In the absence of the challan in form 'B' the entries made in the ledger maintained by the Deposit Office may be verified with reference to the third copy of the scroll acknowledged by office or the bank conducting Govt. work.

The controlling authority of the fund should furnish a certificate in the application for opening the account under the scheme that there is no other Special Deposit account opened in the name of the said fund.

**B. Accounting procedure in Banks :**

All deposits received under the scheme by banks not transacting Government business have to be included in receipt scrolls to be prepared in quadruplicate. The receiving bank will forward daily (i) three copies of scrolls (ii) challans and (iii) cheques/drafts/payment orders for the total amount received by the R.B.I to S.B.I transacting Government Business/agency Bank. The agency bank will, after realisation credit the Government (head of account 8123 Special Deposits Account-Special Deposits by Provident, Superannuation and Gratuity Funds), return original copy with challan and its own scrolls to the receiving bank, retain the duplicate copy for its record and return triplicate copy with the acknowledgement to the receiving bank. Separate scrolls for receipts and payments have to be prepared.

The Branches of agency Banks have to remit the deposits received under the scheme to the nearest office of Reserve Bank of India/State Bank of India having currency chest within 3 working days of the receipt of amount

failing which interest will be charged at the rates applicable to Special Deposit scheme. Interest collected on this account should be credited to “0049 - Interest receipts - Other interest receipts of Central Government”.

Amount paid as interest is debitible to “249-Interest payment-Interest on small savings, provident funds, etc., - Interest on special deposit accounts”. In case of banks transacting Government business, Central Government Account will be debited straightaway. In case of other banks, the payments are recorded in scrolls prepared in quadruplicate, and three copies of scrolls presented to agency bank. The agency bank will return the triplicate copy with a cheque/draft/payment order in reimbursement of payments made.

To be taken under clarification :

**C. Erroneous or excess credits :** If the Bank has erroneously credited the amount to Special Deposit which was intended to be credited to some other head, the amount of such excess/erroneous credits may be refunded to the depositor on receipt of a request. Interest on such deposit may be paid at the prevailing post office rate.

The refund of such deposits should be made at Government account (Central) and the interest so paid should be debited to “268-Misc-General Services-Other expenditure”.

## SECTION VIII

**13.09 Annuity Deposit Scheme, 1964:** (a) The details regarding receipt of Annuity deposits, repayment of annuities and their accountal are given in the Circulars of the Reserve Bank of India, No.2, dated 21<sup>st</sup> September, 1964 and 8<sup>th</sup> September, 1965, respectively.

Para 13 of the memorandum enclosed to the circular of 21<sup>st</sup> September, 1964 requires transactions under this scheme to be subjected to audit by this office.

(b) Audit is conducted at the branches of the State Bank of India and its subsidiaries along with other transactions.

(c) Check of Deposit Transactions :- Each item of deposit should be verified with reference to the receipt issued to the depositor in Form 4 and the entries in the Register in form AOC 2 and the statement of transfer furnished by the transferring branches (vide para 3 b(i) and (ii) of the memorandum of procedure enclosed to Reserve Bank of India, Circular No.2).

(d) Check of transactions of repayment of annuities consists in verifying whether they are in accordance with the procedure prescribed in the circular, dated 8<sup>th</sup> September, 1965 cited above.

(e) Besides a general review, at least 25% of transactions of Annuity deposits and 25% of Annuities should be test checked annually.

*(CAG's Lr.No. 2749-TA.I/555-64, dated 6<sup>th</sup> September, 1965-96 T.A.I/555-64, dated January, 1966-1008/T.A.I/159-66, dated 7<sup>th</sup> April, 1966-File 4-3/65-66-67 of O.A.D Civil (Unit XII).*

## SECTION IX

### 13.10 (A) Government Saving Certificates (Fixed Deposit Scheme–1968)

(a) Under this scheme, moneys are received by Government for deposit, in multiples of Rs. 50/- to be repaid in multiples of Rs. 62.50 on maturity of certificates, on completion of five years, inclusive of simple interest @ 5% per annum.

(b) The transactions of this scheme are conducted on behalf of Government of India by State Bank of India and its subsidiaries at all of its branches whether doing the normal Government business or not. The branch not conducting the normal Government business renders accounts to a specified branch of the bank conducting Government business.

(c) the local audit of all transactions relating to the scheme, in the offices of State Bank of India and its subsidiaries, whether conducting Government business or not, shall be conducted biennially, with a test-check of 10% of transactions (both receipts and refunds) besides a general review. For the sake of facility, local audit of transactions of the branch not conducting the Government business is taken up simultaneously with those of the Government-business-conducting branch, to which the transactions of the former branch are passed on in accordance with the scheme.

(G.O.No.1, dated 22<sup>nd</sup> April, 1972 of O.A.D (Civil) Hqrs.Unit XII).

### (B) National Savings Certificate (first issue) Bank Series

**Quantum of Local Audit :-** The quantum of local audit prescribed for Government Savings Certificates (Fixed Deposit) Scheme supra is applicable in the case of National Savings certificates (First Issue) Bank series also. The transactions of Fixed Deposit Certificates referred to above are conducted also at branches of State Bank and its subsidiaries not conducting Government business, where as in case of the National Savings Certificates (Bank Series-First Issue) it is not so. Accordingly, local audit is confined to the branches of the State Bank and its subsidiaries conducting Government business.

*(CAG's Secret letter. No.2807-T.A.I/36-71 dated 15<sup>th</sup> December, 1971 addressed to A.G.Uttar Pradesh and copy endorsed to all Accountants General. Vide End. No.2808-T.A.I/36-71. dated 15<sup>th</sup> December,1971, File 1-6/63-71 of unit XII O.A.D. Civil Headquarters).*

*(T.M./GI.II/1574/71-72/O.O.No.145, dated 3<sup>rd</sup> September, 1971 File 47-8/68-72, unit XII/OAD Civil Headquarters).*

## SECTION X

**13.11 National Development Bonds** - The Scheme was introduced in August, 1977 and has been discontinued with effect from 1.5.1981. The accounting procedure finally decided has been given with effect from 1.4.1981. The audit is therefore, to be conducted in respect of receipts and payments upto 31.3.1981. Instructions for the audit arrangements in regard to receipts and payment up to 31.3.81 were, issued in Headquarters Lr.No.1208-TA.I/247-80 dated, 5.10.82.

In regard to transactions after 1.4.81, the following procedure may be followed:-

**(a) Issuing branches:** As the issuing branches will be sending daily scrolls separately for receipts and payments along with supporting vouchers (encashed bonds) in the case of payments to the link branches concerned and such branch (issuing office of the Bank) will assign running serial numbers to the daily scrolls separately for receipt scrolls and payments scrolls, it is not considered necessary for our audit parties to visit the issuing branches for the purpose of audit which can be more effectively carried out in the office of the link branch.

**(b) Link Branches:** Each link branch will maintain a suitable register to record the daily receipts and payments separately as advised by the issuing branches or the same branch under its jurisdiction as also the daily receipts and payments occurring in the link branches itself acting as an issue office. The link branch will consolidate all these receipts and payments and send an advice in the prescribed form enclosing statement 1 - R and/or statement 1 - P for receipts and payments respectively to the concerned office of Reserve Bank of India. In the case of the link branch not having an account with the concerned office of the Reserve Bank of India, the amount receipted will be remitted or payment will be got reimbursed by means of a draft. The scope of audit of the transactions in the link branches may be as under:

- (1) 10% of the entries in the register maintained for recording daily receipts and payments should be examined to see that there are no omissions or delay in reporting all credit/debits by the issuing branches of the bank.
- (2) 10% of the transactions should also be traced in the office copies of the statements 1 - R and/or statement 1 - P which is sent to the Reserve Bank of India or in case the link branch has no account with the Reserve Bank of India, the amount remitted or payments reimbursed by means of draft.
- (3) The register regarding the custody, receipt and issue of National Development Bonds should be seen to ensure that the closing balance in stock has been duly verified quarterly by the authorities concerned. The entries in register may also be verified with reference to the quarterly statements received from issuing branches.

(c) **Office of Reserve Bank of India:** Each office of the Reserve Bank of India will check the serial numbers of statements 1 - R and 1 - P received from each link branch under its jurisdiction in order to ensure that there are no missing statements. Each office will also maintain a suitable register for keeping a daily record of the total receipts and payments with bank-wise and State/Union Territory-wise break-up, on the basis of statement I-R and statement I-P received from the link branches under its jurisdiction. The Reserve Bank of India will prepare a daily consolidated statement viz., Statement 2-R and statement 2-P separately for receipts and payments. Necessary adjustments will also be made by the Reserve Bank of India offices to the accounts of the Public Sector Banks concerned. The scope of audit of these transactions in the office of the Reserve Bank of India concerned may be as under:

1. One month's transactions recorded in the register in the daily register of receipt and payments may be checked with the statements 1 - R and 1 - P received from each link branch under its jurisdiction.
2. It should be seen that in respect of the receipts and payments, necessary adjustments have been made by the Reserve Bank of India offices to the Accounts of the Public Sector Banks concerned without any delay.
3. It should be seen that the transactions are traceable in the daily main scrolls furnished by each office of the Reserve Bank of India to the P.A.O concerned.
4. It may be verified during the course of audit that the amounts remitted to Reserve Bank of India or the adjustment carried out by the Reserve Bank of India agrees with the total amount of National Development Bonds issued by the issuing branches of the banks.

(d) For the audit of transactions relating to National Development Bonds, one additional day for each link branch and 2 days for each office of the Reserve Bank of India may be allowed to the audit parties visiting the branches of Public Sector Banks in connection with the audit of Pension Payments as also of Direct or Indirect Taxes received at the branches of the State Bank of India, its subsidiaries and other Public Sector Banks.

*(Cir, No. 51-TA.I/81 No. 1505-TA.I/247-80 dated 1.12.1981).*

(e) **National Development Bonds-Accounting Procedure:** The issuing offices will return the unsold bond forms along with a report indicating the number of bond forms received from the link branch concerned and 'sold' by them till 30<sup>th</sup> April, 1981. The responsibility of proper accounting of the bonds rests with the link branches. They should, therefore, ascertain from their records about the correctness of the reports as well as unsold bond forms received by them from all the branches under their jurisdiction. There after, link branches despatches the unsold bond forms returned to them by their branches alongwith the unsold bond forms lying in their custody to the concerned Public Debt Offices wherefrom they have received the bond form

in pursuance of an indent. Each link branch should, therefore, prepare a consolidated report showing the number of blank bond forms (denomination wise) received from the Public Debt Office, number of bonds sold by them as well as their branches, number of cancelled bonds and balance held with them and their branches, which are to be re-diverted to Public Debt Office concerned.

*(RBI, Bombay reference No. CO.DI.SS.45/318/81-82 Post Box. No. 406 dated July 17<sup>th</sup> 1981.).*

## CHAPTER 14

### ACCOUNTS OF ARCHAEOLOGICAL DEPARTMENT

#### ( CENTRAL )

**14.01 Scope of audit:** Local audit consists in scrutiny of accounts of works executed by the Department besides the usual scrutiny of general accounts such as contingent expenditure pay bills, acquittance, etc., and stock accounts.

**14.02 Accounts, Records:** Besides the usual accounting registers, etc., the records relating to works have to be maintained as per instructions contained in Archaeological Works Code. The following is the list of important records which are to be seen during local audit.

1. Cash book (para 90)
2. Contingent register.
3. Register of permanent advances.
4. Stock registers of photographic materials, chemicals, stationery, library books, jeep-tools, cycles etc.
5. Register of works (para 137).
6. Works abstract (para 141).
7. Tenders and contracts (para 17)
8. Estimates (para 21 to 26).
9. Register of tools and plant (drawing and mathematical instruments, etc.).
10. Stock accounts (para 38).
11. Materials at site accounts (para 38).
12. Accounts of road metal (para 39).
13. Measurement book and register of measurement books (para 119).
14. Register of temporary advances (para 88).
15. Standard measurement books and register of standard measurement books (para 121).
16. Register of deposits (para 31 and 150).
17. Register of receipts on account of sale of pictures, post cards, photographic prints, tickets sold for admission to monuments, sale of grass and usufruct of trees.
18. Schedule of rates (para 144).
19. Log books of jeeps.
20. Register of unserviceable articles.
21. Work-charged establishment bills (para 98).
22. Register of unpaid wages (para 100).
23. Muster rolls P.W.A. 21, for conservancy works (para 103).
24. Muster rolls D.G.A. 17, for excavation works (para 103).
25. Contractor's ledger (para 80).
26. Register of liveries.

27. Stamp account.
28. Service books and register of service books.
29. Register of remittances into Treasury.
30. Receipt books and register of receipt books.
31. Acquittance rolls.
32. Register of undisbursed pay.
33. Register of bills.
34. Register of sanctions to estimates.

Note: the paragraph numbers given in this chapter refers to those of Archeological Works Code.

**14.03 Process of audit:** a) Instructions given for check of various registers in Chapter 4 should be followed in general.

(b) Works Accounts: The operations of Archaeological Department are divided primarily into three categories (i) works (ii) repairs to ancient monuments and (iii) exploration. The first includes new works of construction and special repairs, alterations and additions to existing structures, other than those maintained as ancient monuments and purchases, the second includes work of special repairs and annual maintenance of ancient monuments and gardens and the third, excavations of ancient sites for purpose of archaeological investigations. The provision of funds is made by drawal of advance bills from Treasury and by their subsequent adjustment through presenting detailed accounts observing instructions contained in the Archaeological Code.

Instructions regarding inspection of P.W.Divisions given in Works Audit Manual should be followed as far as they are applicable with reference to the Archaeological Code.

Accounts of works should be checked with cash book, works vouchers, muster rolls, work-charged establishment bills and with measurement books and it should be seen that the instructions contained in the paragraphs of the Archaeological Code noted against the registers are observed by Departmental Officers in their maintenance. It should also be seen that rules for preparation of estimates, preparation and payment of bills (Vide Paras 122 and 123) as laid down in the code are correctly followed.

**14.04 Audit Report :-** The Audit Report should be sent to the Officer-in-charge of the Circle with a copy to the Director General of Archaeology, New Delhi.

## CHAPTER 15

### ACCOUNTS OF CENTRAL RESERVE POLICE

#### 15.01 Organisational set up of Central Reserve Police Force :

The Director General, Central Reserve Police Force, with his Headquarters at New Delhi is Head of the Force. The organization of Central Reserve Police Force is spread in 5 Sectors Viz., Southern, Northern, Eastern, North Eastern and North Western. Each Sector is headed by the Inspector General of Police who is vested with the powers of the Head of the Department. Hyderabad Sector is covered under Southern Sector. However, the budget is allotted centrally to Central Reserve Police Force and expenditure is controlled by the Director (FA), Central Reserve Police Force, who functions directly under the Director General, Central Reserve Police Force.

The following Battalions are attached with Group Centre, Central Reserve Police Force, Hyderabad whose accounts are also audited during the audit of Group Centre, Hyderabad.

- (a) 5<sup>th</sup> Battalion
- (b) 12<sup>th</sup> Battalion
- (c) 32<sup>nd</sup> Battalion
- (d) 69<sup>th</sup> Battalion.

In addition, the following Central Reserve Police Force offices are located in Andhra Pradesh which are under the administrative control of the office of the Inspector General of Police, Southern Sector, Central Reserve Police Force, Hyderabad.

- i. Dy. Inspector General of Police, Central Reserve Police Force, Chadrayanguta, Hyderabad. He is functioning as Range Deputy Inspector General of Police (DIGP) . He is also an immediate superior authority of the offices mentioned in items (ii) and (iv) below.
- ii. Additional DIGP cum Commandant, Group Centre, Central Reserve Police Force, Chadrayanguta, Hyderabad. He is also the Drawing and Disbursing Officer of units mentioned in the preceding paragraphs.
- iii. Base Hospital, Central Reserve Police Force, Chadrayanguta, Hyderabad.
- iv. 90<sup>th</sup> Battalion, Central Reserve Police Force, Chandrayangutta, Hyderabad.

- v. 2<sup>nd</sup> Signal Battalion, Central Reserve Police Force, Chandrayangutta, Hyderabad. Its Drawing and Disbursing Officer is Commandant, Signal Group Officer, Central Reserve Police Force, Ranchi (Bihar).

*(Inspector General of Police, Southern Sector, Central Reserve Police Force, Hyderabad Letter No. A. XI-I/88-89-Fds. Dated 14.7.1988).*

**15.02 Centralised Pay and Accounting System :-** A centralised pay and accounting unit for making all payments and account of all transactions in respect of Central Reserve Police was set up in Directorate General of Central Reserve Police, New Delhi, with effect from 1<sup>st</sup> August, 1969. It is a Departmental Accounts Office, but not a full-fledged Pay and Accounts Office.

The unit functions under the control of Director General, Central Reserve Police Force, assisted by an Accounts Officer designated as Assistant Director (Accounts). The Assistant Director (Accounts) is under the direct control of Director General, Central Reserve Police and responsible to him for all payments and accounting work of Central Reserve Police. The Assistant Director (Accounts), Central Reserve Police, New Delhi is authorised to draw moneys required for disbursement of pay and allowances and other items of expenditure through cheques direct on the Reserve Bank of India, New Delhi without the intervention of Treasury Officers.

Payments to non-gazetted staff and payments for stores, equipments, arms and ammunitions etc., are also centralised in the office of the Assistant Director (Accounts), Central Reserve Police, New Delhi. However, pay bills have been computerised and processed by the EDP Cell, Central Reserve Police Force, which also functions at Director General, Central Reserve Police Force, New Delhi.

Ration money for battalions is sent through demand drafts in favour of Drawing Officer of the various battalions.

The Assistant Director (Accounts), Central Reserve Police Force, New Delhi renders monthly compiled accounts with supporting vouchers to Accountant General, Central Revenues, New Delhi. The accounts are subjected to central audit in his office and supplemented by local audit where necessary.

*((i) Letter No. 25/55/67-P.II, dated 22<sup>nd</sup> May, 1969 of the G.O.I M.H.A addressed to Director General, Central Reserve Police – File No. 28-General /69-70/Vol.I of T.M of Office of Accountant General., Andhra Pradesh.(II),*

*((ii) Letter No. A.II-I/88-89-Fds, dated 14.7.88 of the Inspector General of Police, Southern Sector, Central Reserve Police Force, Hyderabad)*

**15.03 Scope of audit :-** The initial accounts ( of stores, ammunition, arms, equipment, imprest, mess, etc.,) kept by the battalions as well as by the heads of the offices and Drawing and Disbursing Officers is subject to local audit by respective State Accountant General in whose jurisdiction the battalions office are stationed/situated. Accordingly, local audit of initial accounts kept by Inspectors General, Deputy Inspectors General, group centers, battalions, training centres and hospitals in this State is to be conducted by the office of Prl.Accountant General.

*((i) Comptroller and Auditor Generals Circular No. 1072-T.A.I/388-68, dated 17<sup>th</sup> July, 1969,*

*((ii) Comptroller and Auditor General's Letter No. 2955.A.I/388-68, dated 31<sup>st</sup> December, 1971/4<sup>th</sup> January, 1972 File No. 28- Central/71-72 Vol.II of C.T.M of Office of Accountant General, Andhra Pradesh. II )*

NOTE :- The pursuance of replies to Audit Reports is also done by respective Prl. Accountants General.

*(Accountant General, Central Revenues letter No. O.A.II/34-850/68-69/664, dated 22<sup>nd</sup> July, 1971 – File No. 28-Central-69-70 Volume. I of T.M Office of Accountant General Andhra Pradesh.II ).*

**15.04 Procedure for local audit :-** Provisions of Chapter 4 (Section II) and Chapter relating to local audit of accounts of Police Department (State) apply mutatis mutandis to audit of respective transactions at offices of the Central Reserve Police.

**15.05 Audit Report:-** The reports on accounts of the battalions, group centres and of the office of Deputy Inspector General of Police etc., are addressed to the respective officers-in-charge and copies endorsed to the Inspector General of Police, Southern Sector, Central Reserve Police Force, Hyderabad. The report on the accounts of the latter is addressed to him and copy is endorsed to the Director General, Central Reserve Police, New Delhi.

## CHAPTER 16

### ACCOUNTS OF THE MICA, IRON-ORE, MANGANESE ORE, LIME STONE, DOLOMITE AND BEEDI WORKERS WELFARE FUND ORGANISATION.

**16.01 General:-** By Act XXII of 1946, the Government of India constituted a Mica Mines Labour Welfare Fund for financing the activities to promote the welfare of labour employed in the Mica Mines industry. For this, a cess is levied on all mica exported. The fund is constituted by the proceeds of the duty of customs in the form of such a cess less deduction of expenses, if any, for collection. The fund is applied by the Central Government to defray expenditure of the nature specified in Section 3 of the Act.

For administering the Act of fund in this State, an Advisory Committee is constituted by the Central Government which shall also appoint the Chairman. The Advisory Committee consists of the Collector, Nellore, as chairman and others nominated as per Rules 3(2)(a) of Government of India, Ministry of Labour Notification L.M. W/5 (8) 46, dated 2<sup>nd</sup> January, 1958. The Act of 1946 and the rules framed thereunder are reproduced in the annexure to this Chapter.

**16.02 Scope of audit :-** The object of local audit is to see whether expenditure met from the fund is regulated correctly with reference to the above Act and Rules.

**16.03 Accounts, Records:-** The following account records are maintained in the office;

1. Cash Book;
2. Register of contingent expenditure
3. Register of permanent advance;
4. Register of undisbursed pay and allowances;
5. Acquittance rolls;
6. Service books, register of service books
7. Stock register of medical appliances;
8. Stock register of furniture;
9. Stock register of stationery and forms;
10. Log books of jeeps etc.,
11. Register indicating expenditure on vehicles.
12. Tenders for diet articles, etc.
13. Minutes books.
14. Register of progressive total of expenditure.
15. Register of scholarships.
16. Register of grants.
17. Register of remuneration paid to members.

**16.04 Process of audit :-** Instructions given in Chapter 4 should be generally followed in checking these registers. The following subsidiary instructions should also be observed.

- 2) The minutes book kept for recording proceedings of each meeting of the Advisory Committee should be scrutinized for financial sanction and incurring of expenditure.
- 3) It should be seen that the expenditure incurred from the fund falls within the scope of the several items specified in Section 3 of the Act.
- 4) It should also be seen whether approval of the Central Government is obtained for budget of that year and expenditure is according to the budget subject to the limits specified in the Rules. In respect of expenditure of any scheme not covered by the budget, it should be seen whether sanction of the competent authority is obtained with reference to proviso (ii) to Rule 24.
- 5) It should be seen that expenditure is incurred observing general rules of economy and finance.
- 6) In respect of any grants granted to a local authority or the owner of a mica mine in aid of any purpose for which the fund may be utilised, it should be seen whether the conditions for the grant specified in Rule 24(a) are satisfied and whether a bond is executed as envisaged in that rule of the Notification.
- 7) In respect of appointments and creation of posts, it should be seen that proviso 1 and 2 of Rule 20 are followed and that adequate security is taken from the staff (Rule 20).
- 8) In respect of remuneration to the non-official members of the committee it should be seen that it is regulated with reference to the provisions contained in Rule 11.
- 9) As regards payments of scholarships to students, it should be seen that the conditions thereto are satisfied.
- 10) The log books maintained for jeeps, ambulance vans, mobile medical hospitals etc., should be checked to ascertain whether they are maintained properly and they are used for authorised purposes only.

**16.05** Diet scales for in-patients undergoing treatment in the various hospitals/dispensaries set up under the Iron Ore/Mica Mines Labour Welfare Fund:- The four diets detailed below, are authorised to be served to in-patients undergoing treatment in the hospitals/dispensaries set up under the Iron Ore/Mica Mines Labour Welfare Fund. As far as possible, the various items of food should be obtained on controlled rates through the State Government. Where this is not possible, the purchases may be made on contract basis after inviting tenders sufficiently in advance under proper supervision and with the contract system of buying adopted. The cost should not exceed Rs.2 per head in a large hospital. The intention, however, is to serve the prescribed diets irrespective of cost involved.

There is no objection to making suitable adjustments in the items of the various prescribed diets to suit the local needs of the patients subject to the condition that the total calories do not exceed approximately 2,500 and also that the total cost of the diets served does not exceed the total cost of the diets prescribed in the following statement. For instance, mustard oil may be substituted for ghee provided the cost of the mustard oil issued to the patients does not exceed the cost of the quantity of ghee prescribed in the diets. Similarly dahi may be substituted for milk subject to the same condition. The statement for the scale of diets is indicated below:

### Mica/Iron Ore Mines Statement

#### Labour Welfare Fund

##### (Scale of Diets)

Type of Diet	Name of items	Scale per day Kg/Gms
(1)	(2)	(3)
I. Vegetable diet	Rice (medium quality)	0.400
	Wheat	0.400
	Dal	0.085
	Potatoes	0.115
	Vegetables other than potatoes	0.230
	Salt	0.040
	Condiments	0.010
	Fuel	0.900
	Ghee	0.050
	Dahi	0.115
	Milk	0.340 (milli litres)
	Sugar	0.055
	Tea leaves	0.007
II. Light Khichri diet	Rice (medium quality)	0.225
	Dal	0.085
	Salt	0.015
	Ghee	0.055
	Milk	0.230 (milli litres)
	Dahi	0.455
	Fuel	0.900
	Sugar	0.055
	Tea leaves	0.007
III. Meat Diet	Meat	0.115
	Potatoes	0.115
	Vegetables other than potatoes	0.230

(1)	(2)	(3)
	Wheat or Rice (medium quality)	0.400
	Fuel	0.900
	Salt	0.088
	Ghee	0.050
	Dal	0.085
III. Meat Diet	Milk	0.340 (milli litres)
	Sugar	0.055
	Tea leaves	0.008
Milk Diet	Milk	1.360 (milli litres)
	Tea leaves	0.007
	Bread	0.115
	Cream or Butter	0.025
	Sugar	0.055
	Fuel	0.225

*(Letter No. 5(8)/67-M.III, Government of India, Ministry of Labour, Employment & Rehabilitation (Department of Labour and Employment) addressed to Chairman, Iron Ore/Mica Mines Labour Welfare Fund. New Delhi, dated 6<sup>th</sup> January, 1968- File No.28-13/67-68 of T.M.Central).*

NOTE :- Pure ghee may be used if the hospital caters for vegetarian diet only. In case the hospital caters to both types of diets viz., vegetarian as well as non-vegetarian vegetable, ghee should be used.

**16.06 Audit Report :-** The Audit Report should be forwarded to the Chairman (i.e., the District Collector, Nellore) of the Mica Mines Labour Welfare Fund.

**ANNEXURE**

(Referred to in Paragraph 16.01 of the Manual)

(Republished in the *Fort St. George Gazette* on the 21<sup>st</sup> May, 1946).

(For official use only).

(Reprinted under the authority of the Governor of Madras by the Superintendent, Government Press, Madras).

Government of India.

Legislative Department

Act No. XXII of 1946.

(Passed by the Indian Legislature).

(Received the assent of the Governor General on the 23-04-1946).

An Act to constitute a fund for the financing of activities to promote the welfare of labour employed in the mica mining industry whereas it is expedient to constitute a fund for the financing of activities to promote the welfare of labour employed in the mining industry, it is hereby enacted as follows:-

1. *Short Title and extent* – (1) This act may be called the Mica Mines Labour Welfare Fund Act, 1946.

2. It extends to all the provinces of India.

2. *Imposition and Collection of a Cess.* – (1) With effect from such date as the Central Government may, by notification in the official Gazette, appoint in this behalf, there shall be levied and collected, as a cess for the purpose of this Act, on all mica, in whatever state exported from the provinces a duty of customs at such rate, not exceeding six and one-quarter per centum *ad valorem*, as may from time to time be fixed by the Central Government by notification in the Official Gazette.

Provided that until the 1<sup>st</sup> day of April, 1947, the rate of duty so fixed shall not exceed two and one half per centum *ad valorem*.

(2) On the last day of each month or as soon thereafter as may be convenient there shall be paid to the credit of a fund to be called the Mica Mines Labour Welfare Fund (hereinafter referred to as the fund) the proceeds of the duty of customs recovered during that month after deduction of the expenses, if any, for collection and recovery.

3. *The Mica Mines Labour Welfare Fund* – (1) The fund shall be applied by the Central Government to meet expenditure incurred in connection with measures in the opinion of the Central Government necessary or expedient to promote the welfare of labour employed in the mica mining industry.

- (2) Without prejudice to the generality of sub-section (1), the Fund may be utilised to defray :-
- (a) the cost of measures for the benefit of labour employed in the mica mining industry directed towards -
    - (i) the improvement of public health and sanitation, the prevention of disease, and the provision and improvement of medical facilities;
    - (ii) the provision and improvement of water supplies and facilities for washing.
    - (iii) the provision and improvement of educational facilities.
    - (iv) the improvement of standards of living including housing and nutrition, the amelioration of social conditions and the provision of recreational facilities;
    - (v) the provision of transport to and from work.
  - (b) the grant to a Provincial Government, a local authority or the owner, agent or manager of a mica mine, of money in aid if any scheme approved by the Central Government for any purpose for which the Fund may be utilized;
  - (c) the cost of administering the Fund, including the allowances, if any, of members of the Advisory Committee constituted under Section 4 and the salaries and the allowances, if any, of officers appointed under Section 5.
  - (d) any other expenditure which the Central Government may direct to be defrayed from the Fund.
- (3) The Central Government shall have power to decide whether any particular expenditure is or is not debitable to the Fund, and its decision shall be final.
- (4) The Central Government shall publish annually in the official Gazette report of the activities financed from the Fund and a statement of accounts.
4. *Advisory Committees.* – (1) The Central Government shall constitute two Advisory Committees one for the Province of Andhra Pradesh and one for Province of Bihar, to advise the Central Government on any matters arising out of the administration of this Act or the Fund.
- (2) The members of the Advisory Committee shall be appointed by the Central Government, and shall be of such number and chosen in such manner as may be prescribed by rules made under this Act:
- Provided that each Committee shall include an equal number of members representing mica mine owners and workmen employed in the mica mining industry, and that at least one member of each committee shall be a member of the legislature of the Province concerned.
- (3) The Chairman of each Advisory Committee shall be appointed by the Central Government.

- (4) The Central Government shall publish in the Official Gazette names of all members of the Advisory Committees.
5. *Appointment and Power of Officers* – (1) The Central Government may appoint Inspectors, Welfare Administrators and such other officers as it thinks necessary to administer the fund or to supervise or carry out the activities financed from the fund.
- (2) Every officer so appointed shall be deemed to be a Public servant within the meaning of Section 21 of the Indian Penal Code (XLV of 1860).
- (3) Any Inspector or Welfare Administrator may-
- (a) with such assistance, if any, as he thinks fit, enter at any reasonable time any place which he considers it necessary to enter for the purpose of supervising or carrying out the activities financed from the Fund, and
- (b) do within such place anything necessary for the proper discharge of his duties.
6. *Power to make rules* – (1) The Central Government may, by notification in the official gazette make rules to carry into effect the purpose of this Act.
- (2) Without prejudice to the generality of the foregoing powers such rules may provide for –
- a) the making of refunds, remissions and recoveries of the duty of customs imposed by sub-section (1) of Section 2 ;
- b) the composition of the Advisory Committee constituted under Section 4, the manner in which the members thereof shall be chosen, the terms of office of such members, the allowances, if any, payable to them and the manner in which the Advisory Committee shall conduct their business ;
- c) the conditions governing the grant of money from the fund under clause (b) of sub-section (2) of Section 3 ;
- d) the form of the estimate and statement referred to in sub-section (4) of Section 3 ;
- e) the conditions of service and the duties of all officers appointed under Section 5 ;
- f) the furnishing by owners or agents or managers of mica mines of statistical or other information and the punishment by fine for failure to comply with the requirements of any rule made under this clause.

*Extract of Mica Mine Labour Welfare Fund Rules*

Government of India

Ministry of Labour

Notification

Dated the 2<sup>nd</sup> January, 1948.

No. LMW.5(8)46. – In exercise of the powers conferred by Section 6 of the Mica Mines Labour Welfare Fund Act, 1946 (XXII of 1946) the Central Government is pleased to make the following rules, namely :-

1. Short Title and Extent – (1) These rules may be called the Mica Mines Labour Welfare Fund Rules, 1948.
- (2) They extend to the whole of India except the States of Jammu and Kashmir.
2. *Definitions* – In these rules, unless there is anything repugnant in the subject or context,
  1. “The Act” means the Mica Mines Labour Welfare Fund Act, 1946;
  2. “Advisory Committee” means the Advisory Committee constituted under Section 4 of the Act;
  3. “Member” means a member of the Advisory Committee present in India.
3. Composition of Advisory Committees – (1) (a) The Committee for the province of Bihar shall consist of the following members, namely :-
  - (i) An Officer to be appointed by the Central Government called the Welfare Commissioner ;
  - (ii) The Mica Controller, Bihar;
  - (iii) The Commissioner of Labour, Bihar;
  - (iv) A member of the Bihar Legislative Council or Assembly nominated by the Central Government on the recommendation of the Government of Bihar;
  - (v) Three persons nominated by the Central Government in consultation with the associations, if any, representing Mica Mine owners of Bihar ;
  - (vi) Three persons nominated by the Central Government to represent the interest of workmen employed in the Mica Industry of Bihar ;
  - (vii) A woman nominated by the Central Government on the recommendation of Government of Bihar, if no woman has been nominated under clause (vi).

- (b) The Welfare Commissioner shall be the Chairman of the Advisory Committee for the province of Bihar and the Vice-Chairman of the Committee shall be appointed by the Central Government from among the other members.
- (2) (a) The Advisory Committee for the State of Andhra Pradesh shall consist of the following members namely :-
- i. The Collector of Nellore ;
  - ii. The Chairman of the Zilla Parishad (President of the District Board) Nellore ;
  - iii. A member of Andhra Pradesh Legislative Council or Assembly nominated by the Central Government on the recommendation of the Government of Andhra Pradesh;
  - iv. One representative of the Central Government;
  - v. Two persons nominated by the Central Government in consultation with the associations, if any, representing Mica Owners of Andhra Pradesh;
  - vi. Two persons nominated by the Central Government to represent the interests of Workmen employed in the Mica Mining Industry of Andhra Pradesh;
  - vii. A woman nominated by the Central Government on the recommendations of the Government of Andhra Pradesh if no woman has been nominated under clause (vi).
- (b) The Collector of Nellore shall be the Chairman of the Advisory Committee for the Province of Andhra Pradesh and Vice-Chairman of the Committee shall be appointed by the Central Government from among other members.
3. \*\*\*\*\*
4. *Terms of Office* – (1) A nominated members shall, unless he resigns his office or dies at an earlier date, holds office for a period of 3 years from the date of Notification appointing him a member of the Advisory Committee and shall be eligible for renomination:
- Provided that an outgoing member may continue in office until the appointment of his successor is notified in the Gazette of India.
- (2) A member nominated to fill a casual vacancy shall hold office for as long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.
5. *Power to Co-opt.* – (1) The Advisory Committee may at any time and for such period as it thinks fit Co-opt any person or persons to the Advisory Committee.
- (2) A person Co-opted under sub-rule (1) shall exercise all the powers and functions of a member under these rules, but shall not be entitled to vote.
6. *Resignation* – A Non-official nominated member may resign his office by letter addressed to the Chairman and a decision on the letter so addressed shall be taken and communicated to the member concerned within a period not exceeding thirty days from the date of receipt of the letter.
7. *Absence from India* – (1) *Before a non-official nominated member leaves India*
- (a) He shall intimate to the Chairman the date of his departure from and the date of his expected return to India, or
  - (b) if he intends to be absent from India for a period longer than six

- months, he shall tender his resignation.
- (2) If any nominated member leaves India without taking sanction as required by sub-rule (1) he shall be deemed to have resigned with effect from the date of his departure from India.
8. *Vacation of Office* – A nominated member shall be deemed to have vacated his office-
- i. if he becomes insolvent ; or
  - ii. if he is convicted of any offence which in the opinion of the Central Government involves moral turpitude ; or
  - iii. if he is absent from meetings of the advisory committee for three consecutive meetings without leave of absence from the Chairman, or
  - iv. if, in the opinion of the Central Government it is undesirable that he should continue to be a member of the Committee.
9. *Disposal of Business* – (1) Every question which the advisory committee is required to take into consideration shall be considered either at a meeting or if the Chairman so directs by sending the necessary papers to every member for opinion.
- (2) When a question is referred to the Advisory Committee for opinion any member may request that the question be considered at a meeting and thereupon, the Chairman may, and if the request is made by five more members shall, direct that it be on consideration.
10. *Time and place of Meeting.* – The Advisory Committee shall meet at such places and times as may be appointed by the Chairman.
11. *Remuneration of members* – Each non-official member including a non-official co-opted under rule 5 shall be paid an allowance of Rs.10 for each meeting attended by him, subject to a maximum of Rs.30 only for one calendar month and his traveling expenses subject to the condition that they shall not exceed the rates admissible to Central Government servants of the First Grade. For a journey by road, mileage at the rates admissible to Central Government servants of the First Grade shall be paid subject to the condition of furnishing a certificate to the effect that the journey was undertaken by road to avoid loss of time which the journey by rail would have entailed and subject also to the condition that the distance travelled did not exceed 75 miles in a single journey.
12. *Notice of meetings and list of Business* – (1) Notice of not less than 15 days from the date of posting shall be given to every member of the time and place fixed for each ordinary meeting and every member shall be furnished with a list of business to be considered at the meeting, provided that when an emergency meeting is called by the Chairman such notice shall not be necessary.
- (2) No business which is not on the list shall be considered at a meeting without the permission of the Chairman.
13. *Advisory Committee to be informed of Expenditure:-* A memorandum detailing any grants made or expenditure incurred from Fund since the last meeting shall be laid before each meeting of the Advisory Committee.
14. *Other matters to be considered by Advisory Committee:-* (1) The Advisory Committee shall, besides carrying on its statutory duties, consider and advise upon any matter concerning these rules referred to it by the Central or Provincial Government for advice.
- (2) The Advisory Committee shall also consider the Budget and any matter that may be laid before it by the Chairman. It shall be obligatory on the

Chairman to place before the Advisory Committee any matter at the request of not less than five members.

15. *Presiding at Meetings:-* The Chairman shall preside at every meeting at which he is present and in his absence the Vice-Chairman shall preside.
16. *Quorum:-* No business shall be transacted at a meeting of the Advisory Committee whether an ordinary or emergency meeting unless at least three members having right to vote are present of whom the Chairman or Vice-Chairman shall be one:
 

Provided that if at any meeting less than three such members attend, the Chairman may adjourn the meeting to a date not less than seven days informing the members present and notifying other members that he proposes to dispose of the business at the adjourned meeting whether there is a quorum or not and it shall, thereupon, be lawful to dispose of the business at the adjourned meeting irrespective of the number of members attending it.
17. *Recommendation by Majority:* - (1) Every question at a meeting of Advisory Committee shall be decided by a majority of votes of the members present and voting but the minority shall in all cases have the right of requiring their dissent to be noted.
  - (2) Every question referred to the member for opinion shall, unless the Chairman in pursuance of sub-rule (2) of rule 9 reserves it for consideration at a meeting, be decided in accordance with the opinion of the majority recording opinion within the time allowed.
  - (3) In the case of an equal division of votes or opinions, the Chairman shall give an additional vote or opinion.
18. *Minutes of Meetings* – (1) The proceedings of such meeting of the Advisory Committee shall be circulated to all members and thereafter recorded in a minute book which shall be kept for permanent record.
  - (2) The records of proceedings of each meeting shall be signed by the Chairman or a Vice-Chairman as the case may be.
19. *Headquarters of the Advisory Committee* – (1) The headquarters of the Advisory Committee for the Province of Bihar shall be at such place as may be fixed by the Central Government and of the Advisory Committee for any other State at such places as may be fixed by the State Government concerned.
  - (2) The Chairman, Vice-Chairman and Secretary of the Advisory Committee shall be the executive of the Committee and exercise the executive functions of the Committee on behalf of the Committee.
20. *Staff of the Advisory Committee* – (1) Subject to the budget provision and the provisions of Rule 24, the Chairman of each Advisory Committee may appoint technical and secretarial staff including a Secretary (who shall ordinarily be a whole-time officer paid from the Fund) to assist him in carrying out his duties, may fix the scale of establishment and the salaries and allowances and determine other conditions of service of officers and servants employed by him including the security to be taken from them :

Provided further that the creation of a post carrying a salary exceeding Rs 100 per month for more than six months and appointment thereto shall require the previous sanction of the Central Government.

Provided further that the scales of pay of servants appointed by the Chairman under this sub-rule shall be in accordance with the scales sanctioned by the Central Government for similar posts.

- (2) Persons appointed by the Chairman and paid from the Fund shall not be deemed to be Government servants notwithstanding that the Central Government may direct that any service rules applicable to Government servants may apply with or without modifications to such persons.

- (3) The Chairman may authorise the technical and secretarial staff to give technical and secretarial assistance to the Finance Sub-Committee or to any other authority exercising advisory functions in connection with the Act or to any person or authority expending grants obtained from the Fund.
21. *Finance Sub-Committee* – (1) The Advisory Committee shall elect from among its members four persons, of whom two shall be persons representing mica mine owners and two representing mica mine workers, to be a finance sub-committee of which the Vice-Chairman of the Advisory Committee, who shall be an additional member, shall be the President.
- (2) The Advisory Committee may at any time co-opt persons to the Finance Sub-Committee and a person co-opted shall exercise all the powers and functions of a member of such sub-committee but shall not be entitled to vote and shall not solely by reason of being co-opted be a member of the Advisory Committee.
- (3) Notice of every meeting to the Finance Sub-Committee shall be sent to the Chairman of the Advisory Committee who may attend such meeting if he so desires, and if he does so attend, he shall notwithstanding anything in sub-rule (1) preside and shall be entitled to vote.
- (4) The meeting and proceedings of the Finance Sub-Committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Advisory Committee in so far as the same are applicable thereto.
22. *Duties of the Finance Sub-Committee* – The duties of the Finance Sub-Committee shall be to frame schemes of expenditure, to advise on the budget drawn up by the Executive of the Advisory Committee and on the accounts of Advisory Committee and also in regard to all expenditure debitable to the Fund, and to consider all schemes referred to in proviso (2) to Rule 24.
23. *Budget* – (1) The Annual Budget of the Fund as prepared by the executive of the Committee shall be considered by the Advisory Committee in January each year. The budget as approved by the Advisory Committee shall be submitted for sanction to the Central Government, which may make such alterations therein as it considers suitable;
- Provided that the Advisory Committee for a State other than the State of Bihar shall submit its budget to the Central Government through the State Government.
- (2) The Budget to be forwarded to the Central Government shall be accompanied by detailed self-contained notes explaining any new schemes included therein.
24. *Schemes of Expenditure* – (1) The sanction of the Central Government to the Budget shall, if no specific mention is made to the contrary be deemed to include sanction to expenditure on all the schemes included in the Budget.
- (2) The Chairman shall have power, subject to the provision in the sanctioned budget to incur expenditure on administrative staff and welfare schemes provided:
- i. that he shall have no power to sanction any scheme not included in the budget and involving a non-recurring expenditure exceeding Rs.10,000 or a recurring cost exceeding Rs1,000 a year; and
  - ii. that any new scheme within these limits shall require the approval of the Finance Sub-Committee before any expenditure on it is incurred.

- 24-A *Grants* – (1) In each case in which a grant is made by or with the approval of the Central Government, from the Fund to a State Government, a local authority or the owner of a Mica Mine, in aid of any purpose of which the Fund may be utilised, the Central Government may impose conditions necessary for ensuring;
- (a) that the work for which the grant is made is duly and promptly executed and the money is actually utilized for the purpose for which it is granted;
  - (b) that the data on which the grant is calculated are in accordance with facts;
  - (c) that any particulars which the Central Government may from time to time require for the proper discharge of its responsibilities are promptly supplied;
  - (d) that all necessary facilities for inspection are accorded to persons duly authorised by the Central Government for the purpose of clause (a) or for checking the correctness of any particulars supplied under clause (c) or for the collection of any such particulars; and
  - (e) that proper accounts of the money granted are kept and are submitted for audit by such persons that the Central Government may authorize in this behalf.
- (2) Before making a grant from the Fund to a local authority or to the owner of a Mica Mine, the Central Government shall require such local authority or owners to execute a bond for the fulfillment of conditions imposed by the Central Government under sub-rule(1).
- (3) It shall be a condition of every bond executed under sub-rule (2) that in the event of a local authority or owner of a mine violating any condition imposed under sub-rule (1) such local authority or owner shall be liable to pay to the Central Government such sum by way of penalty as may be specified in the bond.
25. *Distribution of Cess* : - The proceeds of the cess available for distribution shall be distributed by the Central Government among Mica-producing areas in proportion to their production or in such manner as may be decided in consultation with the Governments of those areas.
26. *Credit to the Fund* :- (1) The total amount of cess collected shall after deduction of such percentage towards the cost of collection as the Central Government may fix by notification in official gazette, be credited to the fund of the Financial year of Collection by such officer as the Central Government may appoint in this behalf.
- (2) An amount equivalent to the amount of cess credited to the Central Revenues under sub-rule (1) shall be transferred to the Fund in a special account under the Central Government.
27. *Refund and Recovery of Cess* :- Refund of cess erroneously levied or paid and recovery of cess short-levied or erroneously refunded shall be made in accordance with the provisions of the Sea Customs Act, 1962 and the rules made there under relating to refund, omission and recovery of customs duties under that Act so far as the same may be applicable.
28. *Conditions of Grants to the State Governments* :- (1) The Central Government shall furnish the Government of any State other than the State of Bihar not later than the 1<sup>st</sup> day of July of each year with an estimate of the proceeds of the Cess likely to be made available for expenditure during the following financial year of the State. The Government of such State should inform the Advisory Committee accordingly.
- (2) The Government of such State shall forward to the Central Government the Budget submitted by the Advisory Committee not later than the 1<sup>st</sup> day of October of each year. The Central Government may sanction the budget

with or without modifications.

- (3) The Central Government may give general or specific directions to the Government of such state for ensuring co-ordination and uniformity to the preparation of Welfare Schemes and for proper administration thereof.
29. *Statement of Accounts*:- The accounts of the Fund shall be maintained and audited in such manner and by such officers as may be approved by the Central Government.
30. *Statistical and other Information to be Furnished* :- (1) The owner, agent or manager of a Mica Mine shall furnish such statistics or other information, as the Central Government or any other person authorized by the Central Government in writing in this behalf may by written order require for the purposes of the Act, in such form or manner and within such time as may be specified in the order.
- (2) Any owner, agent or manager of a Mica Mine who without reasonable excuse fails to furnish the statistical or other information as required under sub-rule (1) or furnishes statistical or other information containing a statement, entry or details which is not to the best of his knowledge or belief true shall be punishable with fine which may extend to five hundred rupees.

## CHAPTER 17

### ACCOUNTS OF REVENUE DIVISIONAL OFFICES

**17.01** This chapter deals mainly with taccavi loans disbursed by Mandal Revenue Officers and Revenue Divisional Officers, and remuneration to Village Officers, etc.

The mandals in each district are so selected for audit that all of them are covered once in three years. A detailed scrutiny of the loan registers since last inspection should be conducted during local audit.

Taccavi loans comprise those of the following type :-

- (i) Loans under Land Improvement Loans Act.
- (ii) Loans under Agriculturists Loans Act.
- (iii) Loans for pumping installations.
- (iv) Loans for agricultural implements.
- (v) Loans for purchase of chemical manures.
- (vi) Loans for sinking artisan wells.
- (vii) Loans under Fruit Development Scheme.
- (viii) Loans for intensive cultivation of fruits and vegetables.
- (ix) Loans for purchase of oil engines and electric motors under Taccavi system.

Though these loans are sanctioned and disbursed by Revenue officials and District Agricultural Officers, their recovery is centrally watched in Mandal offices.

**17.02** The procedure of recovery and the instructions for maintenance of records are detailed in the Taccavi Manual. It should be seen that :-

- (i) applications and register of applications are maintained in prescribed form and full particulars about status of the loanee and the purpose of the loans are given in the application form;
- (ii) the method of enquiry prescribed in the Taccavi Manual is adopted before finalizing the loan applications;
- (iii) the value of the property pledged is sufficient to cover the amount of the loan applied for;
- (iv) the agreement bonds in proper form are obtained from the loanees.
- (v) the sanctions are accorded after observing the procedure prescribed in Part III Chapter I of Taccavi Manual.
- (vi) the loan ledgers in the forms prescribed in the Taccavi Manual are opened and they are maintained village-wise
- (vii) necessary entries are caused to be made in the ledgers as and when the disbursement is made.

- (viii) the collection of the instalments of recovery including interest is prompt and regular;
- (ix) the total collection agrees with the total of the sub-chitta statement as certified by the Sub-Treasury Officers and with the register of Daily Collections;
- (x) register of Daily Collections is posted up-to-date;
- (xi) summary recoveries, wherever made, are correctly effected as per instructions issued;
- (xii) printed receipts are issued in all cases of collection with office copies retained and both the original and counterfoil duly machine-numbered;
- (xiii) D.C.B statement is prepared correctly with particulars of the loan ledger and amount, etc.
- (xiv) the village loan ledgers bear evidence of check with the mandal loan ledgers and contain necessary certificate to that effect and that they are checked by the Revenue Officers while on camp;
- (xv) there is proper reconciliation of the administrative figures with the Treasury figures and the Mandal Loan Ledgers with the District Ledgers and Village Loan Ledgers.
- (xvi) the register of loan records is kept up-to-date; and
- (xvii) in the case of other disbursing officers like District Agricultural Officers, intimations in Form No. 24, 26 and 20 are received from the District Agricultural Officers, by the Revenue officials.

**17.03 Register of Demands and Collections :-** It should be seen that-

- (i) the current and arrears demands are correctly brought forward from the previous year's register;
- (ii) the demands which are raised during the year under audit are correct and are supported by respective Qubuliyats (acceptance) or other connected papers;
- (iii) the miscellaneous demands are correctly fixed according to the relevant orders, sale papers, contract deeds, etc.
- (iv) the number and date of the sanctioning order, date of occupation and the term of lease in respect of mining etc., are correctly entered;
- (v) the advance collections are entered in red ink in proper column;
- (vi) remissions sanctioned are under proper authority, balances properly struck and the register is closed, totalled and balanced at the end of the year;
- (vii) collections made during the two months selected for the test-audit are traceable from the counterfoils of the printed receipts into the Demand and Collection Register and the Cash Book. It should also be seen that proper stock account of receipt books is maintained.

- (viii) the total collections for the year agree with the total in the Classified Abstract;
- (ix) there is a certificate in the register over the signature of the officer-in-charge to the effect that all demands are included and all arrear demands brought forward, and that surplus collections are noted from the previous year's registers, and that the totals agree with the pattas and counterfoils of printed receipts; and
- (x) effective steps are taken to effect recoveries of outstanding demands.

#### **17.04 Analysis of arrears :-**

- a) The statement of demands, collections and balances to the end of the month previous to the month of audit should be scrutinized and year-wise and loans wise particulars of overdue instalments of principal and interest together with penal interest should be drawn up. The effectiveness of the action taken to recover the loan instalments should be specifically commented. The cases of irrecoverable loans and whether sufficient action was taken before deeming the loan amount irrecoverable should be reported. The total amount of irrecoverable loans written off by the Collectors, Board of Revenue and the Government together with the number of cases and reasons therefor have to be mentioned in the Report. The conditions of loan ledgers and other relevant records and the inadequacy of the particulars obtained from the loan disbursing officer sufficiently in time to raise demand may also be commented. Individual cases where more than one loan is sanctioned for different purposes and where not even a single instalment was recovered by the time of audit should also be mentioned. More details regarding irregularities committed in the sanction, disbursement and recovery of loans sanctioned to cultivators should be furnished in Audit Report.
- b) The position of outstandings under land revenue collections of the various loans granted to farmers and others for which recoveries are watched by the Revenue Department should be brought out effectively. Particulars of the overdue amount year-wise and action taken for collection of the overdue amounts of principal and interest together with penal interest under various loans sanctioned (for which detailed accounts are kept by departmental officers), should be furnished in the Audit Report. The position obtaining in each Mandal office should be commented upon comprehensively. The extent of demands issued but not complied with and action taken to realise the amount due to Government during the period of report deserve special mention.
- c) The particulars of outstanding accounts in respect of loans under Land Improvement Loans Act and Agriculturist Loans Act, etc., should be incorporated in Audit Reports in the following proforma:
  - 1. The year-wise break-up for outstanding loans and land revenue and other items of revenue.
  - 2. The reasons for non-collection of amounts due.
  - 3. Irrecoverable amounts, if any, together with circumstances

under which they became irrecoverable.

4. Amounts written off together with copies of orders thereof.
5. Steps proposed by the Department to realize the amounts.

*(Circular No. O.A.D./Civil/II/40-23/70-71/43, dated February, 1971-file 40-23 of unit II O.A.D. Civil Headquarters).*

**17.05 Penal Interest:** It should also be seen whether interest is levied on all over-due instalments of principal and interest at 1 ½ % (one and half times of the normal rate of interest i.e. 50% over the normal rate) at which loans are sanctioned, on all loans sanctioned under the Land Improvement Loans and Agriculturists Loan Acts and Rules.

*(G.O.No.125-Rev,Dept., dated 13<sup>th</sup> February, 1969 of the Govt of A.P. (Rev.) Dept. Circulated in Circular No. O.A.D./Civil/III/Misc/68-69/55 Dt. March 1969-File Misc 68-69 Unit II O.A.D. Civil Hqrs.*

**17.06 Recoveries by Village Assistants and issue of printed machine-numbered receipts :** The Board of Revenue, Andhra Pradesh is required to place indents with the Government Press for printing machine-numbered receipt books and supply them to Village Assistants for recoveries of loans under Land Improvement Loans and Agriculturist Loan Acts.

*(Memo No. 1417/N/67-2, dated 26<sup>th</sup> June, 1967 of the Govt of A.P. Rev. Dept, circulated in Cir. No. O.A.D./civil.II.40-Misc/67-68/19 dated 6<sup>th</sup> September, 1967-file 40-Misc).*

**17.07 Embezzlement/misappropriation of money by Village Assistants :** Cases of embezzlement by Village Assistants noticed in local audit are required to be commented upon in the Audit Reports during the local audit of accounts of Collectorates/Mandal Revenue Officers. Accordingly, the field staff should furnish full particulars on the lines indicated below, in the Audit Reports.

- (1) Name of the Village/Mandal.
- (2) Name of the V.A. who misappropriated/embezzled Government money.
- (3) Year/period of misappropriation/embezzlement.
- (4) Date on which the case was detected.
- (5) Amount involved in each case.
- (6) The circumstances under which the defalcation/embezzlement took place.
- (7) Whether the case was reported to this office as required under the provisions of Article 294-A.P.F.C. Volume-I, if so, ref. No. and date
- (8) Action taken to realize the amount and the stage of recovery.
- (9) Action taken by the department to prevent recurrence of such irregularities etc.

Only such of those cases exceeding Rs.400/- which were not already reported by Departmental Officers to this office need be mentioned in the

## Audit Reports.

(Circular No. (i) O.A.D./Civil/III/Misc/67-68/20, dated 1<sup>st</sup> September, 1967-File Misc 67-68 of unit III O.A.D. civil Hqrs. (ii) O.A.D./Civil/II/40-Misc/71-72/3, dated 17<sup>th</sup> May, 1971-File 40. Misc of unit II O.A.D.civil Hqrs).

**17.08 Relief to victims of floods/cyclones :** Certain amounts are allotted by the District Collectors to the flood/cyclone effected mandals for disbursement to the victims. These cash grants are drawn from the Treasury and advanced to the Deputy Mandal Revenue Officers/Block Development Officers for disbursement.

The field staff should scrutinize the accounts carefully to ensure that the advances are not exhibited as final payments in the cash books in as much as the transactions cannot be treated as complete unless the subordinate officers tender accounts in respect of the advances received by them. It should also be seen whether proper records and accounts are maintained in Mandal Revenue Offices to ensure prompt settlement of advances paid. As the expenditure on relief of flood victims is often very heavy, defects/irregularities noticed in this regard should be commented upon in Audit Report as a separate para.

(Circular No. O.A.D./Civil/II/40-24/69-70/21, dated 29<sup>TH</sup> August, 1969-file 40-24/69-70 of unit II O.A.D. Civil Hqrs.).

**Elections:** - The vouchers relating to expenditure incurred in connection with elections should be scrutinised as per provisions of Chapter 4.

**17.09 Heavy cash balances :** (i) Whenever large cash balances lying in Mandal Revenue Offices are reported, an analysis of the balances showing the dates of receipts of amount and date of remittance under classified heads along with the comment whether a tendency exists to utilize the departmental receipts for departmental expenditure and whether the amounts remain undisbursed for a long time should be incorporated.

(Circular No. O.A.D./Civil/II/Misc/66-67/13, dated August, 1966-file Misc 66-67 Unit II O.A.D. Civil Hqrs).

Particulars regarding heavy cash balances should be collected in the following Proforma during local audit of Mandal Revenue Offices and furnished along with the draft Audit Report to headquarters section.

Sl. No.	Nature of the cash balance	Amount	Date of Drawal/ receipt	Date of remittance or disbursement.	Period for which cash was retained.	Reasons for retention of cash as given by the Deptt.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

**(ii) Widow/Landless agricultural workers, physically handicapped and old age persons:** The administration and sanction of pensions to widows, landless workers, physically handicapped and old age persons are being done by revenue authorities with effect from 01-10-92. The field parties should review the sanctions issued by the Revenue Divisional Officer/Sub-Collector under “Social Security Scheme” regarding pensions payable under the above categories to see whether :

- (i) they were sanctioned with retrospective effect instead of from the date of sanction of such pension,
- (ii) any over payments were made
- (iii) any double sanctions are issued,
- (iv) there were any non-remittance of undisbursed amounts, and there were any instances of non-receipt of acquittances, etc., from the beneficiaries.

The results of above checks are to be incorporated in the local Audit Report.

*(LA 6 Circular No. 25, dated 19-01-95).*

## CHAPTER 18

### ACCOUNTS OF DISTRICT COLLECTOR

**18.01 Scope of Audit:** The main object of local audit of accounts of Collectorates is to check various transactions involving considerable amounts of expenditure such as (1) pay and allowances of the staff of District Collector (including T.A.); (2) contingent expenditure; (3) expenditure on Rural Water Supply Scheme; (4) loans to various parties (private or public) other than Taccavi loans given by the Collector for the recovery of which the Collector is responsible; and (5) expenditure on Well-subsidy Scheme.

*(O.A.S. O.O. No. 11, dated 23<sup>rd</sup> March 1959).*

**18.02 Accounts, Registers etc.:** Besides the usual accounts records, the following items will have to be scrutinised:

- 1) Cheque register.
- 2) Trunk call register.
- 3) Log books of vehicles.
- 4) Measurement books and registers of measurement books.
- 5) Register of advances.
- 6) Register of loans.
- 7) Agreements, estimates and tenders.
- 8) Accounts of works.
- 9) Register of unserviceable articles.
- 10) Lease deeds.
- 11) Discretionary grants.
- 12) Register of law suits.
- 13) Cost bills register.

**18.03 Process of audit:** In addition to usual checks in respect of the cash book, receipts, challans, contingent register and stores and stock account and the connected registers as detailed in Chapter 4, the points to be looked into during scrutiny of some social transactions are detailed in succeeding paragraphs.

**18.04 Discretionary Grants by Collector:** The list of items on which Collectors are authorised to spend their discretionary grants is given in Article 213 (ii) of A.P.F., Code, Vol I. It should be seen, during local audit, that payments are confined to various purposes included therein, payments are covered by proper sanctions and there is proper method for ensuring that the grant is spent for the purpose for which it is granted.

**18.05 Recovery of amounts advanced to displaced persons:** Financial assistance is given to the displaced persons for starting various items of business, subject to recovery within a period stipulated by Government. It should be seen by audit whether these advances are made under proper sanction, recovery made promptly and proper accounts are maintained for that purpose.

**18.06 Register of Law Suits:** It should be seen that the register is maintained properly and the amounts due to Government are recovered promptly and accounted for then and there.

In the case of paper stamp duty, it should be seen whether adequate steps are taken to recover the outstandings.

It should also be seen that the cost bills register is maintained properly and recovery of costs corresponds to actual expenditure incurred.

**18.07 Lease of land, fishing rights and mining leases:** It should be seen in the case of transactions relating to lease of lands for grazing, etc., whether the lease of the right of enjoying the usufruct of trees, rights for fishing and rights for mining transactions are done properly and whether the lease deeds are executed by lessees in all cases. It should also be seen whether adequate security deposit is collected from lessees for due fulfillment of conditions of lease and whether the amounts due are collected promptly and brought to account.

Note:- The lease of mining transactions is done through the agency of the Revenue Department in the ex-Andhra area only.

**18.08 Mining transactions:** According to Section 25 of the Mines and Minerals (Regulation and Development) Act, 1957 any rent, royalty, taxes, etc., due to the Government under that Act or Rules made thereunder should be recovered in the same manner as arrears of land revenue. Under Section 7 of the Andhra Pradesh (Madras) Revenue Act, arrears of revenue shall bear interest at 6% per annum. Under section 5 *ibid* recovery of arrears together with interest and cost of process can be made, by sale of the defaulters movable and immovable property or by execution against the person defaulting. Section 48 *ibid* says that when arrears of revenue with interest and other charges cannot be liquidated by sale of property of the defaulter or by his surety and the Collector has reasons to believe that the defaulter or his surety is wilfully withholding payment of arrears or is guilty of fraudulent conduct in order to avoid payment, it shall be lawful for him to cause the arrest and imprisonment of the defaulter or his surety. Similarly Rule 27(v) of the Mineral Concession Rules, 1960 and also covenant 2 of Part IX of the general provisions of those Rules provide that if the lessee makes any default in payment of rent or water rate or royalty, the State Government may, without prejudice to any proceedings that may be taken against the lessee/lessees, determine the lease and forfeit the whole or any part of the security deposit.

Similar provisions exist in respect of minor minerals covered by the Andhra Pradesh Minor Mineral Concession Rules Act, 1966 in Rules 17,18,29,31(XV), (XVI),(XVII).

Field staff are required to bear in mind these provisions while reviewing the mining arrears in the District Collectorates, Office of Assistant Director of Mines and Geology/Directorate of Mines and Geology and bring to notice cases where the statutory provisions of rules and the conditions in agreements are not implemented satisfactorily.

(Circular No. O.A.D. Civil/III/Misc/70-71-/5, dated 17-05-1971-file No. O.Os 1970-71 of O.A.D. Civil Headquarters).

**18.09 Elections:** The test-check is to be confined to the account records at the Collectorate. Records regarding this transaction and pertaining to Revenue Divisional Offices, Taluk Offices, etc., are test-checked during audit of those offices.

Vouchers relating to expenditure involved should be scrutinised as per provisions of Chapter 4. It should also be seen that printing and sale of electoral rolls are done as per rules issued for that purpose.

*(Circular No. O.A.D./Civil/III/Misc/67-68/43, dated -02-1968 File No. O.Os 1967-68 of O.A.D. Civil Headquarters).*

**18.10 Loan Accounts:** Paragraphs 17.01 to 17.05 of Chapter 17 on Accounts of Mandal/Revenue Divisional Offices apply mutatis/mutandis for these transactions at Collectorate.

**18.11 New Well-Subsidy Scheme:** The detailed instructions given in paragraph in Chapter 19 on Panchayat Raj Institutions would apply mutatis/mutandis to the transactions of the scheme at Collectorate.

**18.12 Rural Water Supply Scheme:** The provisions of paragraph 19.13(i) of Chapter 19 on Panchayat Raj Institutions apply mutatis mutandis to the transactions of the scheme in Collectorate.

**18.13 Accounts of pension contribution recoverable from Local Bodies:** Government ordered that final pensions of retired District Panchayat Officers, Divisional Panchayat Officers and Extension Officers (Panchayat) may be released as a special case without awaiting full recovery of pension contributions from the local bodies. It is the responsibility of the Collectors (in whose jurisdiction the personnel work at the time of their retirement) to furnish to Accountant General (A&E) office (Pension Branch) full particulars of amounts due from the local bodies and effect their speedy recovery and remittance to Government account. The promptitude of intimation of particulars to this office, maintenance of proper accounts, and effectiveness of action taken for recovery, should be examined by field staff and results brought to notice of Inspection (Civil) Headquarters through a special note.

*(G.O.Ms.NO. 1028, P.R. Dated 28<sup>th</sup> September, 1964- Read with O.O. No. O.A.D.I/X/1-7/65-66/27 Dated 30<sup>th</sup> November, 1965).*

**18.14 Scrutiny of sanction orders of old age pensions:** Sanction orders relating to Old Age Pensions should be scrutinised carefully with reference to Andhra Pradesh Old Age Pension Rules, Part I, General Rules, with a view to ensuring that there is no double sanction of old age pensions to one and the same pensioner. Accordingly, orders of sanction should contain a certificate from the Collector that in respect of a pensioner referred to therein, there does not exist another sanction.

*(Letter No. T.M. II/Rev. VII/4-13/70-71/272-275, DATED 28-10-1970 from A.G. A.P., Hyderabad, addressed to Secy. to Govt. A.P. Board of Revenue, Hyderabad and the Special Secretary to Govt. of A.P. Fin. Dept. II O.A.D./Civil/II-22-18/69/70/31, dated 19-03-1971-file No.22-18/69-70 of unit III O.A.D. Circular No. Civil Headquarters).*

**18.15** In connection with floating loans for State Government, a system was in vogue, prior to the year 1969, for collection of donations from public and its utilisation as “inducement money” paid to prospective subscribers to the Government loans. The transactions connected with this, were at the outset outside Government

account, later in the form of personal deposit accounts and subsequently the receipts by way of donations used to be credited to the head of the account”.

On the advice of the Public Accounts Committee that it is not in the interests of sound financial administration, this procedure was dispensed with by the State Government altogether and no donations are to be collected for raising State development loans. During local audit, cases, if any of such collections of donations or of payment of inducement money should be objected to and commented upon in the Audit Report.

*(Note from Report Section O.A.D Civil (Headquarters) in Report I/VIII-4/69-70/TR 582, dated 6<sup>th</sup> October, 1969).*

**18.16 Collection of security from Superintendent of Panchayat Wings by Collectorates :-** The Collectorates in Andhra Pradesh are responsible for maintenance of the Central Fund of Executive Officers of the Gram Panchayats.

Superintendents of Panchayat Wings (Office of Divisional Panchayat Officers) of Collectorates in Andhra area who are handling cash received from the members of the central fund of the Executive Officers of the Gram Panchayats should furnish a cash security at the rate prescribed by Government in the form of Post Office Savings Bank deposits to be pledged in the name of the Collector concerned and also execute a bond in Form No. 19(5.B) as required under Article 276, 279 and 281 of A.P.F.C Vol.I.

It should be verified in audit whether securities and bonds are being obtained as required.

*(G.O.Ms.No. 802 P.R.Dept, Dt. 10.11.1967, circulated in O.O.No. O.A.D/Civil/III/Misc/ 67-68/37, dt. 29-12-1967).*

**18.17 Transfer of residual work relating to administration, management and disposal of remaining extent of acquired evacuee lands/properties:-** With a view to effecting economy in expenditure and ensuring proper arrangement for administration, management and disposal of acquired evacuee lands/properties and recovery of arrears of rent of rural and urban evacuee properties, it has been decided in public interest to transfer the aforesaid items of work to the Government of Andhra Pradesh for disposal of the residuary work in a satisfactory manner and for carrying out the purposes of the Displaced Persons (Compensation and Rehabilitation) Act, 1954 and the Rules framed thereunder.

*(25(i)/75-88.II, Govt. of India, Ministry of Supply & Rehabilitation, Dept of Rehabilitation, New Delhi).*

The work is handled by them on behalf of the Central Government in accordance with provisions of Displaced Persons (Compensation and Rehabilitation) Act and the Rules framed there under and also executive instructions on the matter issued from time to time. All matters relating to policy, direction and control are dealt with by Central Government. In the performance of the sanctions, necessary powers under provisions of compensation Act and the Rules made thereunder and also under executive instructions are delagated to the officers nominated by the State Government.

The receipts realised by the State Government under various items should be credited to respective head of accounts.

During local audit, the concerned records of selected taluk should be checked and it should be ensured that account records are properly maintained at the Tahsil level, Government dues are assessed accurately, and recovery is effected expeditiously and remitted with due promptitude into the Central Government account.

**18.18. Norms of assistance to the victims of natural calamities:** The scales of relief as specified by Government from time to time shall be adopted for relief to the victims of natural calamities as detailed below:

- i. Drought
- ii. Flood.
- iii. Cyclone.
- iv. Fire.
- v. Earthquake.
- vi. Rat menace.
- vii. Tornadoes
- viii. Avalanches.
- ix. Hail storm.
- x. Land slides.
- xi. Movement of glaciers causing damage. (excluding riots, epidemics and the like).

The income limit for eligibility for assistance shall be as specified by Government in regard to the victims of all natural calamities.

Relief at higher scales than the above can be provided only after obtaining prior sanction of Government through Commissioner, Relief in specific cases. While sending such proposals for higher scales of relief at variance with the scales of relief, Collectors and Heads of Departments shall indicate in the proposed expenditure as per the norms and the additional expenditure proposed as per higher scales, and the specific circumstances which warrant such deviation.

District Collectors and Heads of Departments are required to report the expenditure on all items of relief meant for the Victims of Natural Calamities, to the Commissioner for Relief and to Government.

### 18.19 Insurance for very poor families in Andhra Pradesh - State Level Committees:

- (A) (i) 1. Secretary to Government, Social Welfare Department : Chairman
2. Principal Secretary to Government Home Department : Member
3. Secretary to Government, Revenue Department : Member
4. Representative designated by the General Insurance Company : Member-Convenor
- (ii) **District Level Committees:**
1. District Collector : Chairman
2. Superintendent of Police : Member
3. District Fire Officer : Member
4. Representative of the General Insurance Company : Member-Convenor

The meeting of State level Consultative Committee constituted above shall be convened once in 6 months and at least once a year subsequently. The District Level Consultative Committee shall meet once in a quarter.

The State Level Committee will watch the operations of the scheme in the districts and the District Level Committee will oversee the claims settlement and implementation of the scheme.

(G.O.Ms No. 276, SWB Dept, dated 1<sup>st</sup> June, 1988).

**(B) Enquiry-cum-Settlement Officers :-** All the Sub-Collectors/Revenue Divisional Officers in the Sub-divisions are the Claims Enquiry-cum-Settlement Officers for the implementation of the Hut Insurance Scheme for very poor families in Andhra Pradesh in the Districts of Khamman, Adilabad, Nizamabad, Nellore, Vizianagaram, Krishna, Medak and Ranga Reddy.

(G.O.Rt.No. 277, dated 1<sup>st</sup> June, 1988).

The following are salient features of the Hut Insurance Scheme.

- i) The Scheme will apply to all landless labourers, artisans and other very poor families only in rural areas whose total annual family income from all sources does not exceed Rs. 4,800/- per annum.
- ii) The Insurance cover to be provided under the scheme will be extended to cover destruction of huts and their belonging only by fire and no other means.

- iii) In the event of loss due to fire as covered under the scheme, the payment to be made by the Insurance Company to the insured will be Rs. 1000/- for huts and Rs.500/- for belongings in the huts destroyed by fire.

The State Government have decided to implement the above Hut Insurance Scheme for the welfare of the poor families in Andhra Pradesh with effect from 1.5.1988.

All the areas except Municipal Corporation areas and areas in Municipalities are declared as rural areas for the purpose of Hut Insurance Scheme.

The scheme will be operated by the State Government in conjunction with the United India Insurance Company Limited to cover all the insured persons. The entire premium cost in respect of the scheme will be borne by the Central Government. The scheme will be administered on the lines of personal Accident Insurance Social Security for poor families. The claims procedure will be same as applicable to PASS Scheme. In regard to the Districts where PASS Scheme has already been introduced District Level Consultative Committees/State Level Consultative Committees will be the same as that constituted for PASS Scheme subject to the condition that in the case of District Level Consultative Committee, District Fire Officer will have to be invited instead of District Medical and Health Officer. The Claims Enquiry-cum-Settlement Officer will be the same as notified for PASS Scheme.

*(D.O.Letter NO. 956/B1/88 S.W.B Dept, dated 31<sup>st</sup> May, 1988).*

**8.20 Drawal of funds for meeting expenditure connected with emergent purposes :-** According to the provisions contained in TR.27 of A.P.Treasury Code, Vol.I, the District Collector can authorise the District Treasury Officer to make payment in special circumstances like natural calamities, etc., without complying with the normal Treasury rules. Instead of drawing the amounts themselves, the Collector may authorise the subordinate officers to draw the amounts. In such cases the details of expenditure therefor may not be available in the Collectorate. While auditing the accounts of the Collectorate the field parties should call for the following particulars.

- i. List of authorisations/sanctions issued under T.R. 27.
- ii. Whether copies of such sanctions were forwarded to the Prl..Accountant General. If not they may be obtained and furnished to Headquarters sections with a separate note.
- iii. Whether details of such expenditure are available in the Collectorates and the officers who have drawn and incurred the expenditure have rendered detailed accounts for the same.

iv. It should be examined whether all requirements as per T.R.27 and Note there under were complied with these cases.

On receipt of particulars, sanctions, etc., in Headquarters Sections, these should be subjected to scrutiny under sanction audit and forwarded to the audit party entrusted with regular audit of the concerned departmental office, which has drawn the amount under T.R.27 and incurred the expenditure.

*(Circular No. 43, dated 30.5.88).*

**18.21 Suspension of collection of land revenue :-** Under provisions to Rules 23(2) of Rules for Permission and Suspension of L.R, 1964, the Collector is empowered to postpone the collection of Land Revenue subject to ractification by the Commissioner/Govt. In these cases it may be seen whether final order of the competent authority has been obtained and necessary entries have been made in unit offices. The omissions in this regard with tax effect can be brought out by suitable comment in Audit Report.

**2. Cases of collections stayed by Court/Govt./Commissioner/Collector :-** A study of these cases will reveal reasons for delay in collection of Govt.dues if any, for suitable comment in Audit Report.

**3. Additional Wet Assessment Act, 1975 :-** In the absence of Notification of Govt. source of irrigation under Sec.9 of the Additional Wet Assessment Act. 1975, and completion of formalities prescribed under Section 4 *ibid*, the levy is not sustainable. The additional levy takes effect from the date of completion of statutory requirements unlike in the case of water cess leviable under Section 5 of the Compulsory Water Cess Act, 1955. Consequently Govt. are deprived of the legitimate revenue receipts only on account of delay in fulfilling the statutory provisions. This aspect can be studied in the Collectorates by listing out the cases from the personal registers of concerned sections and requisitioning the orders of relevant files.

*(Circular No. 22, dated 17.9.1985) (ICH.I/Genl/85-86/62-2 dated 17.9.1985).*

**18.22 Audit Report:-** The Audit Report should be sent to the Collector of the district endorsing a copy to the Principal Secretary to Government of Andhra Pradesh, Revenue Department.

**ANNEXURE**

(Referred to in Para 18.17)

Statement showing Collections and Deposits During the Month of .....made in tahsil, District.

Name of the property (category and Headwise)	Amount due at the close of the previous month	Increase and decrease in demand during the month under report		Revised demand Col. 2+8 (a) -3(b)	Amount collected during this month credited into treasury or sub-treasury	Total amount deposited during month under Head I,II & III	Amount adjusted from compensation claim during the month under report	Balance due  Col. 4-5-7
		Increase	decrease				List/B No. and date/amount	
1. Rent of Acquired Evacuee property  (a) Urban  (b) Rural	Rs.	Rs.	Rs.	Rs	Rs	Rs		
2. Instalments of Acquired Evacuee property								
3. Sale proceed of Acquired Evacuee properties (Houses, Agricultural Plots and Groves)								

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Rent of unacquired Evacuee property 1. Urban 2. Rural								
1. Instalment of G.B.P's								
2. Sale proceeds of G.B.P's								

Certified that the amounts in Col.5 above have been collected and deposited into Sub-Treasury.

Signature of W.B.N/Naib Tahsildar

**CHAPTER 19**  
**ACCOUNTS OF SERICULTURE AND HORTICULTURE**  
**DEPARTMENTS**

**SECTION I**

**SERICULTURE DEPARTMENT**

**19.01 Introductory :** Sericulture is an agri based cottage industry comprising four major activities viz., i) mulberry cultivation ii) silk-worm seed production iii) silk-worm rearing and cocoon production and iv) reeling of cocoon for conversion into raw silk. With this end in view the department implements programme i) to expand the area under mulberry cultivation ii) to produce and supply cross breed disease free layings (CBDFLs) to sericulturists iii) to provide marketing facilities for the produce and iv) to extend necessary technical guidance to silk worm rearers. The facilities for the above to a large extent were made available from programmes like Drought Prone Area Programme (DPAP), Integrated Rural Developmental Programme (IRDP) Special Central Assistance (SCA) Integrated Tribal Development Agency (ITDA). Interstate Tassar Project, Swiss assistance from Ford Foundation etc. At the district level, the Deputy Director/Sericulture, Assistant Director (Sericulture) and at the State level, Commissioner/Director of Sericulture are implementing the programme.

**19-02** The local audit parties besides exercising the routine check done in any office, should ascertain the details of the schemes implemented in the district, test check the records to ascertain the extent to which the objective was achieved and the extent of shortfall with reference to the norms prescribed by the Department. There is link between the various operations and the party should see to what extent the achievement was according to norms and ascertain the reasons for the variations if any and include specific comments in the report, for every operation in the development of sericulture. The flow of funds from various agencies, their accountal as per the various financial rules prescribed and the mode of utilisation should receive special attention. A list of records normally maintained in a sericulture farm is given in Para 23.11 infra. They may vary according to the nature of unit and the adequacy or otherwise should also be examined and any inadequacy noticed should be brought to the notice of Headquarters section for taking up the matter further

**19.03 A. Varieties of Natural Silk :**

Andhra Pradesh produces the commercially known varieties of natural silk, i.e., Mulberry and Tassar.

Training for Mulberry Cultivation etc.

Mulberry gardens will be taken on lease by the department to provide training in Mulberry cultivation, silk worm rearing and cocoon production. Those who have cultivable land with irrigation facilities will be selected for Training.

(ii) **Seed Multiplication Farms :**

In these farms silk worm eggs of pure local and foreign races will be produced and supplied to selected seed rearers for production of seed cocoons.

**B. Grainages :**

Grainages is the place where silk worm eggs (layings) are produced. As soon as Mulberry gardens come to bearing, the sericulturists will be supplied with the disease free layings

**C. Cocoon market yards :**

Cocoon market yards were established to avoid exploitation by middlemen and to provide better rate to the cocoon producers. A market fee of 1% on the value of cocoons transacted will be collected from the buyer and the seller.

**D. S.C. Action Plan:**

Under this scheme each beneficiary will be provided with free rearing shed @Rs. 5,000/- and high yeild variety of cuttings besides providing rearing equipment on loan basis.

**E. Tribal Action Plan :**

Each beneficiary is eligible to avail 50% subsidy and 20% margin money from the unit cost of Rs. 10,500/-

**19.04** Following are the important registers and documents maintained in sericulture farms:-

1. Cash Book.
2. Remittance Register.
3. Treasury Encashment Register.
4. A.C. Bill Register.
5. Cash Bill Book.
6. Cash Receipt Book
7. Credit Bill Book.
8. Acquittance Roll.
9. Cash Ledger.
10. Stock verification statement.
11. T.A.Bill Draft Register.
12. Seed Cocoon Register
13. Preparation Register of layings.
14. Disposal Register of layings.
15. Nominal Roll Register.
16. Imprest Cash Book.

17. Service Stamps Register.
18. General Ledger (Credit Sales, etc.)
19. Service Register.
20. Stationery Register.
21. Stock accounts of Bill Books and Receipt Books.
22. Measurement Books.
23. Garden Registers, Work and Plot Register.
24. Rearing Register.
25. File regarding rates of sale of D.F.L and F.R Seed Cocoon.
26. Bonus Bill Register.
27. Seed Rearer's Ledger.
28. Sericulture Loan Ledger.
29. Register of unserviceable articles.

**19.05 Schemes implemented :-** The schemes mentioned below present an outline of the work done in connection with sericulture farms.

1. Procurement of Mulberry reeling cocoons from the sericulturists for conversion into raw silk in the departmental silk reeling units.
2. Procurement of mulberry seed cocoon (FR &LR) from the notified seed areas of the State for preparation of CBDFLs for supply to sericulturists.
3. Procurement of tassar seed cocoons from the tassar rearers for supply of tassar layings.
4. Additional facilities to the seed farms sanctioned under various programmes during 6th Plan.
5. Additional facilities to the cocoon markets at Madanapalli and Vijayawada.
6. Establishment of Silk Reeling Unit at Vijayawada.
7. Recurring cost of continuation of the schemes sanctioned under I.S.T.R from 1986-87 onwards.
8. Additional facilities to the Chawkie Rearing Units sanctioned under various programmes.
9. Additional facilities to the tassar seed station and training cum production centre at Utnoor of Adilabad District.
10. Organisational expenses for the infrastructure sanctioned under various programmes during 6th Plan.
11. Additional facilities to the Silk Reeling units under various programmes.
12. Crop Insurance scheme for the Mulberry seed rearers in the State.

13. Training programme, deputation of officers, staff and fresh candidates within and outside the country.
14. Subsidy for establishment of private silk reeling and twisting units in the State.
15. Free supply of mulberry cuttings to the new sericulturists.
16. Share capital investment in the Apex and Primary sericulturists and Silk reelers and Silk Weavers Cooperatives.
17. Recurring cost of continuation of the schemes sanctioned under tribal action plan.  
*G.O.Ms No. 93 Social Welfare (D) Department dated 19.5.84 .*
18. Recurring cost of continuation of the schemes sanctioned under S.C Action Plan in G.O.Ms.No. 159 Social Welfare (B1) Department dated 26.10.84 from 1986-67 onwards.
19. Additional amount for construction of tassar grainage at Venkatpur and Mahadevpur and training cum production centre at Venkatpur.
20. Cost of raising mulberry plantation in 200 acres for supply of leaf to landless people under delinking programme.
21. Establishment of 200 voluntary Chawkie rearing units.
22. Establishment of 55 Technical Service Centres.
23. Establishment of 3 Regional Training Centres.
24. Subsidy to Federation of Sericulturists, Hyderabad for establishment of sales emporia.
25. Subsidy for modernisation of silk looms.
26. Subsidy towards rebate on sales of silk cloth.
27. Interest subsidy on NABARD finance.
28. Establishment of 6 P1 seed farms for supply of P1 seed cocoons to the departmental grainages.
29. Organisational expenses for the infrastructure of supervisory staff proposed for 7th plan.
30. Raising of 400 hectares of tassar bush plantation for the rearing by tassar rearers in the State.
31. Crop insurance scheme for tassar rearers in the State .
32. Establishment of 6 tassar seed stations in the State.
33. Establishment of 4 new cocoon markets in the State.
34. Procurement of tassar cocoons from the tassar rearers for conversion into tassar fabrics in the departmental training cum production in the State.
35. Development of bivoltine sericulture in the State.

36. Subsidy for production of raw silk in the private cottage and miniature reeling units.
37. Development of tassar reeling units in private sector .
38. Development of tassar weaving units in private sector.
39. 50% Subsidy to private seed rearers for purchase of rearing equipment @Rs. 1500 each (unit of cost Rs. 3000).
40. 50% subsidy to private seed rearers for construction of rearing sheds @ Rs. 2000/- each (unit of cost Rs. 4,000/-)
41. 50% subsidy for deepening wells and drilling of in wells bores for 1000 seed rearers in the State @ Rs. 2500/- each (unit of cost Rs. 5,000/-).

**19.06 Process of audit :-** Beside the checks detailed in Chapter-4 the following checks have to be exercised.

- (i) It should be ensured that –
  - (1) the cost of preparation of cocoons and disease-free layings and the cost of cultivation of mulberry leaves are not excessive. The results of four or five years should be ascertained and reviewed in this regard;
  - (2) the cost of appliances, etc., supplied to aided grainages is recorded promptly;
  - (3) the bonus due to aided grainages is calculated correctly, and that
  - (4) in respect of credit sales (wherever authorised) recoveries are effected promptly and outstandings reviewed.
- (ii) The loan ledger should be reviewed to see whether there are cases of default and proper action has been taken for their recovery.
- (iii) The expenditure incurred in seed areas, for raising seed cocoons should be critically studied and the extent to which the farms were run on a “no profit no loss” basis should be commented.
- (iv) The reasons for shortfall in the targets of supply of seed cocoons should be analysed.
- (v) In cases where subsidies/loans are given for sinking irrigation wells, it has to be verified from records whether wells were sunk and other conditions observed. The reasons for shortfall in target may be commented.
- (vi) The recovery position of the loans advanced for mulberry cultivation for manure and purchase of rearing appliances should be mentioned in the report.
- (vii) The working of the tassar seed stations and production cum-training centres should be studied and appropriate comments made with particular reference to the success of the scheme in training up the reelers-cum-weavers in the improved type of machine.

(viii) It should be seen whether the instruments purchased in connection with experimental study are put to proper use.

(ix) The working of the marketing organisations may be studied to see whether the purpose is achieved. The proper maintenance of registers for the loans advanced may be insisted and irregularities, if any, commented.

**19.07 Audit Report:** Audit Reports relating to subordinate offices should be sent to concerned officers with a copy to Commissioner of Sericulture. Audit report relating to Commissionerate should be sent to Commissioner with a copy to Principal Secretary, Agriculture and Cooperation Department, Government of Andhra Pradesh.

## SECTION – II

### HORTICULTURE DEPARTMENT

**19.08 Introductory:-** In view of good potential and favourable climatic conditions existing in the State for development of horticulture, a separate Horticulture department was created by Government in 1981 and started functioning with effect from 01-01-1982. Hitherto, Horticulture was functioning as a wing in the department of Agriculture. All horticultural schemes grounded and implemented by the department of Agriculture and also horticultural farms, nurseries etc., were transferred to the control of the newly created department of Horticulture.

The main objectives of the department are :-

- (a) identify suitable areas, motivate, educate and encourage the farmers to take up cultivation of various horticultural crops on large scale;
- (b) multiply and distribute pedigreed plant material, vegetable and flower seeds to the needy farmers;
- (c) organise training programmes, demonstrations, tours etc., to train farmers on cultivation aspects of crops;
- (d) provide technical guidance in the control of pests and diseases of horticultural crops;
- (e) promote use of plastics in horticulture such as drip irrigation, plastic mulching, shade nets and green houses;
- (f) train and promote mushroom cultivation in the State; and
- (g) introduce and develop new horticultural crops suitable to the State through special programmes.

**19.09 Organisational setup:-** The department is headed by a Commissioner/Director. He is assisted by Addl. Directors (Horticulture, Soil Plam), Joint Directors (Vegetables, Human Resource Development), Deputy Directors (Fruits, Farms, Planning, Marketing & Publicity), Assistant Directors (Plasti Culture, Mushrooms) and Accounts Officer at headquarters office.

Commissioner, Horticulture also discharges the functions of Commissioner, Oil Palm which was created for the regulation of oil palm cultivation in the State.

At the district level, Assistant Directors and Deputy Directors (Chittoor, East Godavari and Khammam) are mainly responsible for implementation of programmes/ schemes undertaken by the department. The Assistant Directors are assisted by Horticultural officers and other ministerial staff at field level. The Assistant Directors/ Dy. Directors work under the overall supervision of District Collectors.

Besides, the Deputy Director of Horticulture, Government gardens is responsible for maintenance of Public gardens and other gardens in Government bungalows. He also undertakes production of ornamental plants and flower feeds and their distribution from the nurseries situated in Hyderabad and Secunderabad.

**19.10 Accounts records:-** The following main registers are maintained by the department.

**A. Commissioner office**

- i) Cash Book
- ii) UDP Register
- iii) Treasury Bill Register
- iv) Petty Cash Book
- v) Permanent Advance Register
- vi) Contingent Register
- vii) Scheme-wise beneficiaries Register
- viii) Store and Stock Register
- ix) Library
- x) Register of repairs and renewals to vehicles
- xi) Register of No. of trainings organised and personnel trained
- xii) Farm-wise plant materials produced and distributed Register
- xiii) Crop estimation survey Register
- xiv) Statistical information Register
- xv) Register of drip installations
- xvi) Spawn Register
- xvii) Mushroom production Register
- xviii) H.D.A sale Register
- xix) H.D.A expenditure Register
- xx) Pay Bill Register

**Tissue Culture Section**

- i) Register of stocks
- ii) Register of plant material at different stages
- iii) Register of glassware

- iv) Register of chemical reagents
- v) Dead stock Register
- vi) Register of library books

**Oil Palm Section**

- i) Register of list of Oil Palm Companies
- ii) District-wise and factory-wise physical progress Register
- iii) Register of oil palm inspections
- iv) Stock Register

**B. Assistant Director/Dy. Director offices in districts**

- i) Cash Book
- ii) UDP Register
- iii) Treasury Bill Register
- iv) Petty Cash Book
- v) Permanent Advance Register
- vi) Contingent Register
- vii) Stores and Stock Register
- viii) Register of repairs and renewals to vehicles
- ix) Dead stock Register
- x) Register of Library books
- xi) Register of stamp Account
- xii) Register of drip installations
- xiii) Register of Scheme-wise beneficiaries
- xiv) Register of auction sales
- xv) Log Book of vehicles
- xvi) Register of rent, rates and taxes
- xvii) Register of stationery articles
- xviii) Register of publicity material
- xix) Register of oils and lubricants
- xx) Register of mini-kits distributed
- xxi) Crop estimation survey Register
- xxii) Scheme-wise Register
- xxiii) Demonstration plot Register
- xxiv) Register of condemned articles
- xxv) Assets Register
- xxvi) Register of nutritional gardens
- xxvii) Pay Bill Register
- xxviii) Bill Book, Receipt books

**C. Oil Palm industries**

- i) Register of oil palm companies
- ii) Seed production Register

- iii) Stock register of lab equipment
- iv) Sale receipt register
- v) Register of inputs for supply, beneficiary-wise
- vi) Crop-wise, date-wise FFB collection Register
- vii) Tour diaries
- viii) Seed sprouts supply Register

**D. Coconut Seed Garden, Aswaraopet, Khammam**

- i) Cash Book
- ii) U.D.P Register
- iii) Treasury Bill Register
- iv) Contingent Register
- v) Stock Register
- vi) Plant material stock register
- vii) Dead stock register
- viii) Register of library books
- ix) Register of auction sale
- x) Log book of vehicles
- xi) Register of rents, rates and taxes
- xii) Register of flowers pollinated
- xiii) Register of coconut seeds obtained
- xiv) Germination Register
- xv) Bill Books, Receipt Books

**19.11 Process of audit :-** Besides the checks detailed in Chapter 4 in respect of general records and registers maintained, the following checks have to be exercised.

- i) Estimates are prepared correctly in respect of plant material required for coverage of new areas, departmental schemes and other schemes and produced and distributed accordingly. Wastage, if any, should be brought out.
- ii) Expenditure incurred on publicity material, training/tour/programmes should be scrutinised and irregularities pointed out.
- iii) Spawn required for mushroom cultivation is correctly assessed, produced in mushroom laboratories and distributed at the rate fixed by Government. Wastage in excess of prescribed limit should be commented upon.
- iv) The working of marketing organisations may be studied to see whether purpose for which they are established is achieved.
- v) Horticultural schemes grounded are monitored and implemented properly and yielding the results expected of them. Short-comings, lacunae in the system should be commented upon.
- vi) Periodical inspections are conducted by departmental officers to ensure that seeds/plant material/inputs supplied at subsidised rates are actually put to

use by the beneficiaries. Inspection reports of departmental officers should be gone through and points of interest should be probed.

vii) Auction sale of usufructs or condemned articles relating to nurseries/progeny orchards are conducted periodically and sale proceeds credited to Government account.

viii) Stores and stock accounts:- It should be seen that stores accounts are maintained in respect of permanent stores, furniture, receipt and bill books, forms, stationery and consumables etc., separately and details of articles required for departmental use and articles intended for sale to public are kept separately as required in the departmental manual.

ix) In respect of issue of seeds, manures, planting material, inputs etc., to beneficiaries/farmers at concessional rates, it should be seen that separate registers for free supply or supply at concessional rates are maintained as prescribed in the manual and that supply is made under sanction of proper authority.

x) Procurement and sale of seeds, mini kits, drip installations etc:- Agreements, vouchers and stock registers should be scrutinised to see that procurement is made economically from authorised organisations. Transactions relating to procurement, sale and distribution are brought to account then and there. It should also be seen that sale price is fixed as per instructions issued by Government from time to time.

xi) It should be seen that pesticides are sold at prescribed rate allowing prescribed scale of subsidy.

xii) Accounts of seed farms:- It should be seen that (a) list of seed farms is maintained (b) agreements in the prescribed forms are entered into with holders of seed farms and (c) seeds purchased are in all respects of specific quality .

xiii) Stock book of garden produce:- It should be seen that suitable accounts are maintained for garden produce sold by the gardener direct, such as, plants, flowers, fruits, seeds etc., and such sales are supervised by some superior officer.

xiv) Register of seeds:- The register should be verified to ensure that unnecessary large quantity of seeds are not stocked, that seeds purchased are accounted for and that balance of stock is periodically verified by officers entrusted with stock verification.

xv) Day book of sales:- Entries should be traced in the cash book, stock book and in the ledgers. It is to be seen that credit sales are made only in authorised cases.

**19.12** The schemes mentioned below are implemented by the department

(i) Food processing and training centers in rural areas:-

Under this scheme, State Government agencies, co-operative, autonomous bodies, voluntary organisations etc, are eligible for assistance for setting up food processing and training centres in rural areas. Rs.2 lakhs per centre is given as assistance towards plant and machinery, quality testing

equipment etc. The agency receiving the assistance should bear expenditure on land and buildings, emoluments of staff etc. The trainees are provided expertise on operating and managing a small unit. The training centres also provide service for processing material brought by individuals at the rate specified.

(ii) Establishing or upgrading fruits and vegetable processing facilities:- Under this scheme, assistance is provided in the shape of grant-in-aid to co-operative societies, voluntary agencies, autonomous bodies etc, and for State Government Undertakings in the shape of contribution to the equity subject to the condition that the assistance provided by Central Government shall be less than that of State Government. Assistance up to 50% of the capital cost (non-recurring) (60% in industrially backward districts and 75% in TDDP districts) will be provided for any project by Central Government. In the case of assisted/private sector units set up in rural areas, financial assistance upto 15% of the equity capital (interest free loan) will be provided by way of seed capital subject to maximum of Rs.15 lakhs per unit/applicant.

(iii) Strengthening backward linkages for the fruit and vegetable processing industry:- This scheme aims at encouraging State owned undertakings, co-operatives, joint sector enterprises to develop and implement the contract farming system. The organisation seeking assistance under the scheme must have contracts with at least 25 farmers. Financial assistance upto 5% of purchase price subject to a maximum Rs.10 lakhs per unit/organisation is provided as grant-in-aid. In the case of new units, assistance upto 50% of the cost of extension or a maximum of Rs.5 lakhs is provided during the first two years of commercial production.

(iv) Development of infrastructure for mushroom cultivation and processing:- This scheme aims at providing assistance for meeting capital expenditure on setting up of spawn laboratories, compost pasteurisation facilities and processing facilities. Assistance upto 50% of cost of setting up of special/air conditioned chambers for storage of mushrooms is provided to Central/State public sector undertakings, voluntary agencies, joint sector organisations in the shape of grant-in-aid. Assistance to private sector agencies is also provided by grant of interest subsidy for 2 years on loans for plant and machinery upto 50% of interest due subject to a maximum of Rs.10 lakh per annum. For marketing organizations, assistance in the shape of grant-in-aid upto 50% of the cost of such promotion subject to a maximum of Rs.2 lakhs is provided to each organisation.

(v) Generic advertising of processed foods and for providing marketing assistance:- Assistance is provided under this scheme to Central/State Government undertakings, co-operatives, autonomous bodies, associations of industry, voluntary organisations towards (i) cost of literature, advertisements, awareness campaigns, (ii) buying of products from small/cottage industries and marketing under their brand name and (iii) for setting up of quality control laboratories.

In respect of item (i), if the Government/organisation concerned is willing to meet 50% of first year's cost, the balance 50% is provided as a grant upto a maximum of Rs.10 lakh per organisation.

For item (ii), upto 50% of the cost of market promotion upto two years for the products or a maximum of Rs.10 lakhs is provided to the organisation seeking assistance subject to entering into contract with farms for buy back arrangement of products of at least 20 small/cottage/home industries at least for 5 years.

For item (iii), the assistance is limited to the capital expenditure on equipment for the laboratory. Any qualified scientific organisation is also provided assistance in the shape of a grant to carry out Research and Development work on fruits and vegetables, and processing and associated fields.

(vi) Research and development in the fruit and vegetable processing sector:- The main components of the scheme are introduction of low cost and hygienic packaging; prolonging life of packaged products and pre and post harvest processing treatment.

Assistance is limited upto 50% of the capital cost for Government undertakings, co-operative and joint/assisted sector organisations. For private sector organisations recommended by Government of India/State Government, assistance is upto 25% of the capital cost subject to a maximum of Rs.25 lakhs per project.

**19.13** The objectives of various horticultural schemes grounded and implemented by the department is for the overall development of horticulture duly tapping the favourable climatic conditions and potentials existing in the State

Besides the usual checks to ensure that accounts are maintained properly, the extent to which moneys spent by Government yielded fruitful results should also be evaluated. Reasons which lead to failure and shortfalls should be suitably commented in the audit report.

**19.14 Audit Report:-** Audit reports relating to subordinate offices should be sent to the concerned officers with a copy to the Commissioner of Horticulture. Audit Report pertaining to Commissionerate should be sent to Prl. Secretary, Agriculture & Co-operation department.

## CHAPTER 20

### ACCOUNTS OF HOUSEHOLD SECTION AND OF THE SECRETARIAT OF GOVERNOR OF ANDHRA PRADESH

#### SECTION I

##### HOUSEHOLD SECTION

**20.01** The local audit of accounts of Governor's household and the office of the Secretary to the Governor (Secretariat portion) is conducted annually at the office of Secretary to the Governor of Andhra Pradesh (Raj Bhavan, Hyderabad) under the direct supervision of Group Officer (Inspection Civil).

*(Please also see Para 1.05 (b) of functions of Senior Deputy Accountant General (Inspection Civil) in Chapter-1 of this Manual)*

NOTE 1: - The post of Military Secretary to Governor was abolished with effect from 15<sup>th</sup> September, 1963. Powers vested therefore with the Military Secretary are vested with the Secretary to Governor. The latter may, however, delegate as head of the Governor's secretariat, all or any of his powers to officers under his administrative control to the extent permissible but shall remain responsible for both the departments (Secretariat and Household wing).

*(G.O.Ms.No.1031.G.A.D., dated 10<sup>th</sup> September, 1963).*

NOTE 2: - The audit of Secretariat portion of the office of the Secretary to the Governor was done for the first time in 1974-75.

**20.02** The object of scrutiny of accounts is to see that -

(i) expenditure is not in excess over budget provision under the various sub-heads and also within the ceiling prescribed in the schedules to the Governor's (Allowances and Privileges) Rules 1987

*(Comptroller and Auditor General's Letter No. 775-Audit/22-69/II dated 8<sup>th</sup> July, 1969-File No. 15-4/68-72, page 183 of T.M.Section)*

(ii) that there are no serious irregularities or embezzlements of any kind.

*( Confidential Letter No. 19/42/61, Peshi I dt. 16.1.62)*

NOTE :- The allowances and privileges of the Governor are governed by Articles 156/158 of the Constitution of India, Governors (Emoluments, Allowances and Privileges) Act No. 43 of 1982 dated 28<sup>th</sup> August, 1982 and the Governor's (Allowances and Privileges) Rules, 1987 made thereunder. The Act and Rules are re-produced as Annexures I & II to this Chapter.

**20.03 Sumptuary allowance of the Governor :-** Sumptuary allowance of the Governor is drawn on a contingent bill by an officer authorised by the Governor i.e., by the Secretary to Governor of Andhra Pradesh and any unspent portion thereof lapses at the end of the year. Essentially, therefore, it is of the nature of the grant to a Department and withdrawals from this grant have to be subjected to audit scrutiny in order to ensure that they have been properly accounted for. Audit need not, however, question the discretion of the Governor in the matter of guests whom he invites or the incurring of charges which it has been customary to meet out of the sumptuary allowance, such as the cost of meals of the Aid-de-Camps (A.D.C's), etc. Audit should

not also object to the Governor's paying for himself/herself or other members of his/her family at a rate which he/she considers reasonable. It is laid down by the Comptroller and Auditor General of India that transactions which pertain to the Head of State should hardly be dealt with lightly and even in the performance of such a function as that of audit of expenditure, the nature of the fund and the status of the dignitary for whose use it is constituted should be duly borne in mind.

**20.04 Other transactions :-** Besides the transactions met from sumptuary allowance, test-check of the following is also to be conducted.

a) Contract allowance, intended to cover miscellaneous expenses on stable contingencies, liveries, wages, allowances, pension, etc., of household servants, maintenance of motor cars supplied to the Governor at the cost of the State and special expenditure which the Governor may have to incur when the President and other very important personage visit the State.

*(G.I.M.H.A. No. F. 19/42-61/Pub—I, dated 9<sup>th</sup> April, 1962-in reply to Comptroller and Auditor General's Letter No. 340-Admn.I/621-56/III, dated 8<sup>th</sup> February, 1962)*

b) Entertainment allowance, intended to cover hospitality expenses of the Governor and charges in connection with the visits of high personages

(i) The instructions given for audit of sumptuary allowance in para 20.03 above would apply for this allowance also.

*(Comptroller and Auditor General's Letter No. 2055-Admn-I/621-56, dated 13<sup>th</sup> August, 1957-File No. 27-48/54-55 of Unit I. of O.A.D (Civil Headquarters)*

ii) The audit of these transactions is conducted as per procedure laid down in Chapter 4 of this Manual read with Chapter 4 of Section-III of M.S.O (Audit) for the audit of contingent bills.

*(Comptroller and Auditor General's Letter No. 2635-Admn.I/621-56, II dated 9<sup>th</sup> September, 1959-File 27-48/54-55 of O.A.D (Civil) Headquarters)*

c) Expenses towards purchase of medicines, equipment, etc., required for the Raj Bhavan dispensary :- Audit of this item of expenditure should also be conducted on the same lines as in clause (ii) of Sub-para (b) above.

**20.05 Creation of a separate fund and limitation of the amount of the grant to that fund :-** a) When the Governor forgoes his sumptuary allowance, the State Government can create a separate and independent fund for expenditure on public hospitality to be administered by the Secretary to the Governor on behalf of the Government, the intention being that the provision for such expenditure should be made separately from the head under which sumptuary allowance falls. This fund is nothing more than a grant to be drawn as and when required and the amount remaining unspent at the end of the year lapses. As the "Sumptuary Allowance" cannot be increased except under an enactment made by the Parliament under Article 158(3) of the Constitution, the intention is that the grant for meeting the entertainment expenditure should not also be exceeded except by a similar process. In other words, it is limited to the amount voluntarily surrendered by the Governor.

*(M.H.A Letter No. 19/11/56-Pub-I, dated 28<sup>th</sup> March, 1956)*

- b) The expenditure on entertainment is regarded as expenses relating to the office of Governor. Accordingly the expenditure should be “charged” on the Consolidated Fund.
- c) The Secretary to the Governor draws the amount as and when necessary against actual requirements.

## SECTION – II

### GOVERNOR’S SECRETARIAT

#### 20.06 Expenditure on Governor’s Secretariat etc.

1. In addition to the household establishment, the Governor shall be entitled to a separate secretarial staff which shall be provided by the concerned State Government.
2. The expenditure on the establishment of the Governor’s Secretariat and the expenditure on pension and other retirement benefits including medical facilities of the household establishment staff shall be charged on the Consolidated Fund of the concerned State, with reference to Article 202(3) of the Constitution of India.
3. The expenditure referred to in sub-para (2) shall not form part of the Governor’s allowances.

**20.07** The procedure for audit detailed in Chapter 4 of the Manual applies to these accounts.

## SECTION III

**20.08 Intimation about Audit and Audit Report :-** Notices intimating the local audit of the accounts of the Household Section and Secretariat wing of the Governor should be issued to the respective sections. Audit Reports containing the results of local audit should be discussed with the Secretary to the Governor and sent to L.A.I Section and pursuance of replies thereto done in the same manner.

*(A.G’s Orders dt. 21.3.89 on file Chapter 25 of M.R.Cell I.C.H)*

**ANNEXURE I**

(Referred to in Note below Para 20.02).

The Governors Emoluments (Allowances and Privileges)

ACT No. 43 OF 1982

(28<sup>th</sup> August, 1982).

An Act to determine the emoluments, allowances and privileges of Governors.

BE it enacted by Parliament in the thirty-third year of the Republic of India as follows:

- (1) (a) This Act may be called the Governors (Emoluments, Allowances and Privileges) Act, 1982.
- (b) It extends to the whole of India except the State of Jammu and Kashmir.
- (c) It shall come into force on such date as the Central Government may, by notification in the Official Gazette appoint.
- (2) In this Act, unless the context otherwise required,
- (i) "Governor" means the Governor, or any person discharging the functions of the Governor of any state or of two or more States.
- (ii) "maintenance"
- (a) in relation to official residences, includes the provision of electricity, gas and water;
- (b) in relation to motor vehicles, includes the pay and allowances of chauffeurs and provision of oil and petrol or other fuel;
- (iii) "members of the family", in relation to a Governor means the spouse and the dependent children of the Governor;
- (iv) "official residences", in relation to a Governor means such residences as may be specified by the President, by notification in the official Gazette, as the official residences of the Governor and includes the staff quarters and other buildings appurtenant thereto and the gardens thereof;
- (v) "rules" means rules made under this Act;
- (vi) "State" does not include a Union Territory.
- (3) **Emoluments:-** There shall be paid to every Governor emoluments at the rate of rupees eleven thousand per mensem:- (Act 17 of 1987 dated 23<sup>rd</sup> May, 1987) provided that if a Governor, at the time of his appointment
- (a) is in receipt of a pension (other than disability or wound pension) in respect of any previous service under the Government of India or any of its predecessor Government or under the Government of a State or any of its predecessor Government his emoluments shall be reduced;
- (i) by the amount of that pension; and
- (ii) if he has, before such appointment, received in lieu of a portion

of the pension due to him in respect of such previous service, the commuted value thereof, by the amount of that portion of the pension; or.

- (b) is in receipt of any benefit by way of contributory provident fund, his emoluments shall be reduced by the pension equivalent of such benefit.
- (4) (i) Subject to any rules made in this behalf, the President shall grant such leave to Governor as he may consider necessary.
- (ii) **Leave Allowance** where a Governor is granted leave by the President, he shall during the period of such leave, be paid leave allowance at such rate as President may by order determine.

Provided that such leave allowances shall be reduced to the extent, if any, to which the Emoluments of the Governor are liable to be reduced under the provision to Section 3.

- (5) **Use and maintenance of Official Residences:-** A Governor shall be entitled, without payment of rent, to the use of his official residences throughout his term of office and no charge shall fall on the Governor personally in respect of the furnishing or the maintenance of such residences.
- (6) **Household Establishment:-** Subject to any rules made in this behalf no charge shall fall on a Governor personally in respect of pay, allowances or pension or other emoluments paid to, or facilities provided for, the members of the household establishments provided to the Governor.
- (7) **Medical Treatment:-** Subject to any rules made in this behalf, a Governor and members of his family shall be entitled during the term of his office and thereafter also, to free medical attendance, accommodation and treatment in the hospitals maintained by the Central Government or the Government of any State.
- (8) **Payment Conveyance:-** (1) A Governor shall be entitled to use without payment of rent or hire, such number of motor vehicles as the President may by order determine.
- (2) No charge shall fall on a Governor personally in respect of the maintenance of the motor vehicles referred to in sub-section(1).
- (3) The use of motor vehicles referred to in sub-section(1) by the members of the family of a Governor shall be regulated by rules made in this behalf.
- (9) **Travelling Allowance on assumption or vacation of office:-** Subject to any rules, made in this behalf, a Governor shall be entitled to traveling allowance for himself and the members of his family for the transport of his and his family's effects:
- a. in respect of the journey for assuming office, from the place where he is ordinarily residing to the place of his duty; and
- b. in respect of the journey on relinquishing office, from the place of his duty to the place where he would ordinarily reside thereafter or if he is to take up any other office under the Government (including

the office of the Governor of another State) after such relinquishment, to the place of duty with respect to such other office.

**10) Allowances for renewing furnishings and for maintenance of Official Residences:-** Subject to any rules made in this behalf, a Governor shall be entitled to such allowances for renewing the furnishings and for the maintenance of the official residences, as the President may by order determine.

**11) Other privileges and allowances:-** For the purpose of enabling a Governor to discharge conveniently and with dignity the duties of his office, he shall be: -

- i. entitled to such other privileges as may be prescribed by rules made in this behalf, and
- ii. paid, subject to any rules made in this behalf, such amount, as the President may, by general or special order, determine by way of the following, namely: -
  - (a) entertainment allowance;
  - (b) hospitality grant;
  - (c) office expenses;
  - (d) household establishment expenses;
  - (e) contract allowance, i.e. an allowance for miscellaneous expenses;
  - (f) tour expenses; and
  - (g) such other allowances or expenses as may be provided for by rules.

**12) Additional Expenses:-** (1) where, in the case of any Governor, the President is satisfied that the amount authorised under this Act by way of any allowances or for meeting any expenses with respect to any matter requires to be increased or that a need has arisen to sanction expenses with respect to any matter for which provision, though permissible, has not been made in the rules made under this Act, he may by special order increase such amount or sanction such expenses to such extent as may be specified in such order.

(2) an order may be made under sub-section(1) so as to have retrospective effect.

(3) every order made under this Section shall be laid, as soon as may be after it is made, before both Houses of Parliament.

**13. Power to make rules:-** 1) The President may, by notification in the official Gazette, make rules for the purpose of giving effect to the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely: -

- a. grant of leave to a Governor under section 4;

- b. matters relating to the household establishment provided to a Governor under section 6;
- c. the use of motor vehicles by members of the family of a Governor under sub-section 3 of section 8;
- d. medical attendance, accommodation and treatment of a Governor and members of his family under section 7;
- e. the traveling allowance on assumption or vacation of office of a Governor under section 9;
- f. allowances for renewing the furnishings and for the maintenance of the official residences under section 10;
- g. the privileges to which a Governor is entitled and the allowances or expenses payable to a Governor under section 11.

(3) Every rule made by the President under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**14) Validation :-** (1) Every special order issued, before the commencement of this Act, by the President in regard to the allowances, expenses (including medical expenses) or privileges of any Governor (other than the Governor of Nagaland) shall, notwithstanding that such order was made with retrospective effect, or is inconsistent with any general order issued under any law with respect to those matters, be as valid and effective as if such special order formed part of this sub-section and this sub-section had been in force at all material times.

(2) Every general or special order issued, before the commencement of this Act, by the President in regard to allowances, expenses (including medical expenses) or privileges of the Governor of Nagaland shall, notwithstanding that such order was made with retrospective effect, be as valid and effective as if it formed part of this sub-section and this sub-section had been in force at all material times.

**15) Save:-** Nothing contained in this Act or the rules made thereunder shall have effect so as to diminish the emoluments and allowances of any Governor during his term of office.

**ANNEXURE II**

(Referred to in note below Para 20.02)

The Governors (Allowances &amp; Privileges) Rules, 1987

**1. Short title and commencement :-** (1) These rules may be called the Governors (Allowances and Privileges) Rules, 1987.

(2) They shall come into force on the 1<sup>st</sup> day of April, 1987.

**2. Definition :-** In these rules unless the context otherwise requires (a) "Act" means the Governors (Emoluments, Allowances and Privileges) Act, 1982 (43 of 1982);

b) "official residence" in relation to a Governor of a particular State means the corresponding residence(s) specified in column(2) of schedule I to these rules;

c) "schedule" means a schedule appended to these rules;

d) words and expressions used herein and not defined shall have the meaning respectively assigned to them in the Act.

**(3) Renewal of furnishings of official residences:-**

i. there shall be paid, from time to time, to each Governor an allowance equal to the actual expenses in renewing the furnishings of his official residence(s) subject to the maximum amount specified in column(3) of schedule I.

Provided that if, when the Governor assumes office, the period which has elapsed since his predecessor assumed office (persons appointed to discharge the functions of the Governor being disregarded) falls short of five years, the maximum amount so specified shall be decreased by such amount as the President may by order determine;

Provided further, that in the case of Governors holding office immediately before the commencement of these rules, the amount admissible to them during their entire terms shall be such as the President may by order determine.

ii. The provision of this rule shall not apply to persons appointed to discharge the functions of the Governor under Article 160 of the Constitution of India.

**4) Household establishment: -** (1) The total number of officers and other staff of household establishment at official residences shall be as the President may prescribe, from time to time, by an order, and their scale of pay, allowances, other emoluments and facilities shall be such as are admissible to the State Government officers and other employees of the corresponding posts in the concerned State Government, from time to time.

(2) The officers and the staff of the household establishment shall be entitled to rent free accommodation and those of the officers and staff who are not provided any Government accommodation shall be allowed house rent allowance at the rate admissible to the State Government officers and other

employees of the corresponding posts working in the concerned State Government and in such cases the first charge of ten percent on the pay shall also be met out of the Governor's allowances.

(3) The staff of the household establishment shall not be allowed overtime allowance.

(4) The officer and staff of the household establishment, who are provided Government accommodation, shall be provided free electricity and water subject to the limit laid down by the Governor from time to time but such limit shall not exceed 6 ¼ % of the pay of the member of the staff for the supply of both electricity and water

Provided that out of the limit of 6 ¼ % the electricity charges shall not exceed 5% in any case.

(5) Any expenditure on consumption of electricity and water in excess of the limit specified in sub-rule (4) shall be borne by the concerned officer or the member of the staff, as the case may be.

(6) No member of the household establishment shall be allowed free use of official transport for private purposes.

Provided that the staff of the household establishment may be allowed to use Government vehicles on payment of usual charges, subject to availability of vehicles.

(7) The staff of the household establishment shall be entitled to pension and other retirement benefits including medical facilities as are admissible to the concerned State Government employees of the corresponding posts.

(8) The expenditure to be incurred under sub-rule (1) shall be part of the Governor's allowances and shall be drawn separately under the sub-head "household establishment".

**5. Expenditure on Governor's Secretariat etc:** - (1) In addition to the household establishment, the Governor shall be entitled to a separate secretarial staff which shall be provided by the concerned State Government.

(2) The expenditure on the establishment of the Governor's secretariat and the expenditure on pension and other retirement benefits including medical facilities of the household establishment staff shall be charged on the Consolidated Fund of the concerned State.

(3) The expenditure referred to in sub-rule(2) shall not form part of the Governor's allowances.

**6. Allowances of the Governor:** - (1) In order that the Governor may be able to discharge conveniently and with dignity the duties of his office, the Governor shall be paid annually the following allowances or grants, namely:

a. Entertainment allowance:- to be spent for patronizing art, culture and music and any unspent portion of the allowance under this sub-head shall lapse at the end of the financial year to which it relates;

- b. Hospitality grants: - for meeting hospitality expenses of the official guests and any unspent portion of the grant under this sub-head shall lapse at the end of the financial year to which it relates;
- c. Office expenses allowance: - for meeting expenditure on the following items: ..(i) telephone charges; (ii) service postage; (iii) books and periodicals; (iv) stationary and printing; (v) maintenance of motor cycles, scooters and cycles including POL for these vehicles; (vi) miscellaneous expenses; provided that any expenditure on the purchase of cycles, scooters or motor cycles shall be met directly by the State Government.
- d. Contract allowance: - for being utilised for expenditure on the following items:
1. special stationary;
  2. laundry contingencies;
  3. sports;
  4. fire-wood;
  5. presents;
  6. soaps, cleaning material, insecticides;
  7. liveries;
  8. POL (other than expenditure from tour expenses);
  9. maintenance of cars;
  10. library, and
  11. other miscellaneous expenditure;
- (e) Grant for maintenance and repairs of furnishings - to be utilised for maintenance and repairs of furnishings of the official residence(s) and/or for the purchase of new items of furniture provided that maximum amount does not exceed the amount that specified under this sub-head;
- (f) Tour expenses grant: - to be utilised for the tour expenses of the Governor and expenditure on POL for cars of official residence(s) used for tours of the Governor.
- (2) The amount admissible under different sub-heads under sub-rule(1) shall be as specified in Schedule II.
- Provided that the Governor may, without exceeding the maximum amount specified in column (8) of the said schedule, re-appropriate whenever necessary, from one sub-head to another sub-head thereof.
- (3) The amount specified under sub-heads relating to office expenses, maintenance and repairs of furnishings, contract allowance and tour expenses of Schedule II may, in any year, be increased by the amount not expended in previous years under the same sub-heads.

**7. Allowances for maintenances of official residence(s): -**

The Governor shall also be paid sub allowances, each year, for the maintenance of Governor's official residence(s) under various sub-heads as specified in Schedule III;

Provided that the Governor may, without exceeding the maximum amount specified in column 7 of the said Schedule re-appropriate, whenever necessary, from one sub-head to another sub-head thereof.

Provided further that the maximum amount specified in column 7 of the said Schedule may, in any year, be increased by the amount not expended in the previous years.

**8. Travelling allowances on assumption or vacation of office:**

- i. The Governor shall be paid an allowance equal to the actual expenses incurred in undertaking journeys for the purposes specified in section 9 of the Act, as traveling allowance for himself and the members of his family and for the transport of his and his family's effects.
- ii. The expenditure to be incurred under sub-rule(1) shall be charged on the Consolidated Fund of the concerned State but shall not form part of the Governor's allowances.

**9. Leave:-** The President may grant leave to a Governor for such duration as he may consider necessary.

**10. Medical attendance and treatment: -** (i) A Governor and members of his family shall be entitled free of charge to medical attendance, accommodation and treatment on the scale and conditions applicable to the highest ranking member of the all India services under the All India Services (Medical Attendance) Rules, 1954, as amended from time to time.

- ii. While on duty outside India, a Governor shall also be entitled, free of charge, to such medical attendance, accommodation and treatment as may be admissible to the Head of India Mission at that place or at the place of treatment.
- iii. The State Government shall make adequate provisions for medical facilities for the Governor and his family and the expenditure on this account shall be charged on the Consolidated Fund of the State and shall form part of the Governor's allowances.
- iv. Medical attendance, accommodation and treatment of an ex-Governor and his family shall be governed by the rules/orders issued by the Government of India in the Ministry of Health from time to time.

**11. Tours and other journeys:-** (1) The Governor shall be entitled to requisition a railway saloon for all his journeys within the State and shall be entitled to take with him not more than three persons without payment of any fares for them.

2. The cost of haulage and requisitioning of saloon under sub-rule(1) shall be met from the sub-head "tour expenses"

3. If, for his journey within the State by rail, a Governor chooses not to requisition a saloon under sub-rule(1), he shall be entitled to travel in a four berth compartment or coupe, whether first-class air-conditioned or first-class and during such a journey a Governor shall be entitled to take with him three persons in the case of a four berth compartment and one person in the case of coupe, with out any extra charge.
4. For journeys on official business to places outside the State, Governor shall be entitled to travel in a four berth compartment or coupe, whether first-class air-conditioned or first-class and during such a journey, shall be entitled to take with him three persons in the case of a four berth compartment and one person in the case of a coupe, without any extra charge.
5. The spouse of the Governor may travel within the State by rail for attending functions organized by any organization or association connected with art, culture, science and literature and for that purpose may reserve a single seat in first-class air-conditioned or first-class compartment and expenditure for such journeys shall be met:-
  - i. from the sub-head "tour expenses" if she is not associated in any capacity with that organization or association; and
  - ii. by organisation or association with which she is associated in any capacity; provided that this facility shall not be available for private journeys of the spouse of the Governor.
6. A Governor travelling on duty (but not on non-official business) shall be entitled to travel by air and during such a travel, shall be entitled to take one person with him at Government expenses.
  - (a) A Governor while traveling on duty by air under sub-rule(6), may at his discretion travel in the executive class and a person accompanying him during such a journey shall be entitled to travel only in the standard class, except the spouse of the Governor who may travel in the executive class.
  - (b) Save as otherwise provided in Clause (b), a Governor shall not be entitled to travel on private business by air at Government expenses and shall not also be entitled to take any person with him at Government expenses.
  - (c) A Governor shall not be entitled to travel on private business twice in a year during which he shall be entitled to take his spouse by air, steamer or rail by the highest class or by road, to any part of India and such travel shall be deemed to be travel on duty.

Provided that the duration of such journey does not exceed seven days on each occasion.

Provided further that if the Governor is not accompanied by his spouse, he may take a companion, who shall travel by the standard class.

**Explanation:-** For the purpose of this clause, a journey shall mean a point to point journey by the shortest route; (except for the two private journeys referred to in clause (b) of sub-rule (8))

(7) A Governor on his private journey outside the State may travel in four berths compartment or a coupe, whether first-class air conditioned or first-class and he shall pay:-

- i. the fare for two berths of the appropriate class if he travels in four berths compartment in addition to his own fare;
- ii. for his own fare, if he travels in a coupe; and
- iii. the reservation charges for the compartment or the coupe, as the case may be and any other expenditure incurred during the journey.

(a) for any journeys performed under sub-rule(9), the cost of one fare only shall be met by the Government from the sub-head “tour expenses” and against that fare the Governor may take any person along with him who need not necessarily be a member of his family.

(b) for journeys performed by the Governor under clause(b), of sub-rule (8), the expenditure shall be met by the Government under column(7) “tour expenses” of schedule II.

(c) where there is no railway station or airport in a State, any journey performed by the Governor or by the spouse of the Governor, for private purposes, to reach the nearest railway station or airport situated in a neighbouring State, shall be deemed to be an official journey.

## **12. Entitlement of travelling allowance and daily allowance of the household establishment accompanying the Governor :-**

1. Any member of the Governor’s household establishment accompanying the Governor on his visits within the State or outside the State, whether official or private, shall be treated as on duty and shall be entitled to draw travelling allowance and daily allowance as admissible under the State Government rules.
2. Any member of the Governor’s household establishment accompanying the spouse of the Governor during her journey within the State only shall be treated as on duty and shall be entitled to draw travelling allowance and daily allowance as admissible under the State Government rules.

Provided that no traveling allowance or daily allowance shall be admissible to any member of the Governor’s household establishment accompanying any other member of the Governor’s family or Governor’s personal guest.

**13. Use of motor vehicles by Governor etc.**

1. Any private journeys performed by the Governor outside the State by motor vehicles of the official residence(s) shall be paid for by the Governor at the staff cars rates of the State Government.
2. The spouse of a Governor shall be entitled to use free of charge the motor vehicles of the official residence(s) within the State only and for her journeys outside the State, if not accompanied by the Governor on official duty shall be paid for by the Governor at the staff car rates of the State Government.

**14. Interpretation :-** If any question arises as to the interpretation of these rules, it shall be referred to the Central Government, who shall decide the same.

**15. Repeal and saving :**

1. All the orders in force immediately before the commencement of these rules are hereby repealed. .
2. Notwithstanding such repeal anything done or any action taken under the orders so repealed shall be deemed to have been done or taken under the corresponding provisions of these rules.

**SCHEDULE - I**

Official residence(s) of the Governors and maximum amount admissible for renewal of their furnishings (Sec, rule 3)

Name of the State	Official residence (s)	Maximum allowance to Governors for renewal of furnishing (in rupees)
1. Andhra Pradesh	The Government House at Hyderabad	2,10,000

## CHAPTER 21

### ACCOUNTS OF SCIENTIFIC DEPARTMENTS.

**21.01 General :-** Accounts of the under-mentioned offices are audited locally by this office.

- 1) Accounts of the Director of Archaeology and Museums.
- 2) Accounts of Hyderabad Museum.

### ACCOUNTS OF THE DIRECTOR OF ARCHAEOLOGY AND MUSEUMS.

**21.02 Preamble :-** The Archaeological Department is responsible for maintenance of ancient monuments and museums in the State.

**21.03 Scope of Audit :-** Audit comprises checking various stock registers and registers relating to conservancy works.

Provisions of the Chapter on local audit of accounts of Archaeological Department (Central) apply mutatis mutandis to accounts of this office also.

**21.04 Accounts Registers etc. :-** The following main registers are maintained in the office :

**(a) General :-**

- 1) Cash Book
- 2) Cheque register.
- 3) Bill register.
- 4) Service Books, leave accounts and acquittance Rolls.
- 5) Permanent Advance register.
- 6) Security Deposit register.
- 7) Contingent register.

**b) Photography Section Registers :-**

Stock register of Camera, Films, Bulbs, Bromide Paper, Chemical Plates and other photo materials.

**c) Stock Registers:**

- 1) Survey and drawing instruments
- 2) Equipment for excavation and conservation.
- 3) Furniture.
- 4) Stationery.

- 5) Publications.
  - 6) Library books.
- d) Registers relating to conservancy works :
- 1) Estimates, plans, files, etc.,
  - 2) Works register.
  - 3) Measurement books.
  - 4) Muster rolls.
  - 5) Tenders, and agreements.

**21.05 Process of audit :-** Normal checks given in Chapter 4 apply generally in respect of all the above registers. Special instructions to be observed are given below:

**1) Accounts of works :** Accounts of works should be checked with estimates, work bills, muster rolls and cash book. The account of receipt and issue of measurement books in the register of Measurement Books should be checked. The rate claimed in work bills should be compared with the accepted tenders and contracts and details of work done shown in them (in work bills) with measurement books. It should also be seen whether entries in the measurement books are duly checked by competent departmental officers. Muster rolls should be checked with daily report of labourers and work executed shown in the muster rolls with measurement books.

**21.06 Photographic materials :-** Issues in the Stock register of photographic materials should be examined to see that there is proper sanction for every issue and it is acknowledged by the recipient and whether spoiled photographic materials are written off under orders of competent authority, with reasons for material becoming useless, duly recorded.

It should be seen that expendable stores and raw materials are checked annually and the result of such verification is recorded in stock registers.

**21.07 Register of Publications :-** It should be seen that a proper account of all saleable publications is kept and they are sold at the prescribed rates and that realisations are promptly brought to account.

**21.08 Accounts of the Hyderabad Museum :-** The following main registers are maintained in the office.

1. Cash Book.
2. Permanent Advance register.
3. Contingent Register.
4. Bill register.

5. Service books, leave accounts and acquittance rolls.
6. Register of Khadi Cloth.
7. Service postage and Stamp register.
8. Muster Roll.
9. Register of Undisbursed Pay and Allowance.
10. Cheque register.
11. Register of Security Deposit.

Stock Registers :

1. Register of Furniture and Dead Stock.
2. Register of Stationery.
3. Register of Photographic Materials.
4. Register maintained by the Gallery Assistant.
5. Register of Exhibits of various sections.
6. Register of Sculptures.
7. Register of Manuscripts.
8. Stock register of library books, Numismatic section.

**21.09 Process of audit :-** In addition to the normal checks applied to the above registers, the following special checks should be exercised. It should be seen that -

- i) exhibits are guarded by the double lock system, and that
- ii) security deposit to the prescribed extent are furnished by the Cataloguer, Gallery Assistant and Assistant in Numismatics.

NOTE :- An amount of Rs. 2,500 is fixed as security deposit for posts of Cataloguer, Gallery Assistant and Assistant in Numismatics (Keeper of Coins). Fidelity bonds of Insurance Companies approved by Government can be accepted as security deposit from a Government servant.

*(G.O Ms.No. 3191, Education, dated 3rd October, 1959).*

**21.10 Audit Reports :-** The Reports relating to accounts of :-

- 1) The Directorate of Archaeology and Museum should be sent to the Director of Archaeology and copy forwarded to the Secretary to Government of Andhra Pradesh, Youth Advancement, Tourism and Culture Department.
- 2) The Hyderabad Museum, to the Curator of the Museum, with a copy to the Director of Archaeology.

## CHAPTER 22

### ACCOUNTS OF INDUSTRIAL TRAINING INSTITUTES AND DISTRICT LEVEL TRAINING CENTRES.

**22.01 General :-** The object of establishing Industrial Training Institutes are:

- i) to ensure a steady flow of skilled workers in different trades for industry.
- ii) to raise the quality and quantity of industrial production by systematic training of workers; and
- iii) to reduce unemployment among educated youth by equipping them for suitable industrial employments.

The purpose of District Level Training Centres is distinctly different from the above. These centres are for those already in the respective trades. The object is to ensure that local artisans are trained in the use of improved tools and that their earning capacity is increased by training them to adopt modern technique.

**22.02 Incidence of expenditure :-**

**a) District Level Training Centres :-** Expenditure is borne by the State Government only.

**b) Industrial Training Institutes :-** Upto 31st March, 1969 expenditure involved was initially borne by State Government in full and a portion thereof, viz., 60% was subsequently reimbursed by Government of India to State Government.

Consequent on transfer of financial control of Industrial Training Institutes to State Government with effect from 1st April, 1969 the entire expenditure from that date is borne by the State Government itself finally.

*(Lr. No. D3 /72, dated 14th February, 1972 from the Director of Employment and Training, Andhra Pradesh, Hyderabad.)*

**22.03 Scope of audit :-** The main object is to ensure that expenditure incurred by these institutions is in accordance with rules for working of the scheme and that stores are purchased through the agencies prescribed therefor and accounted for properly. The accounting and other instructions are contained in circulars on "Training" issued by the Directorate General of Resettlement and Employment of Government of India and by the Government of Andhra Pradesh.

It should also be seen that the limit fixed by Government of India for items of expenditure, such as tools and equipments, training grants, cost of stipend, etc., are not exceeded and that initial accounts are well kept to ascertain expenditure on these items. Field parties should go through details of the scheme as approved by Government of India before audit is taken up.

**22.04 Accounts and registers to be examined :-** A list of accounts and registers to be maintained by the institutions is given in the annexure to this Chapter.

**22.05 Process of audit :-** In addition to the checks prescribed in Chapter 4, checks prescribed in the succeeding paras are also to be exercised.

**22.06 Stipends :-** Stipends to the trainees is to be paid at the prescribed rates except to the trainees already covered by Social and Tribal Welfare Departments viz., SC,ST,BC etc.

(G.O.Ms.No. 608 dt. 29.6.78 of L.E. T.E (Trg.II) Department).

It should be seen whether

- a) stipends are drawn only for the authorised number of trainees actually on rolls of the institutions from month to month and at sanctioned rates;
- b) stipends are drawn only for the stipulated period of training or beyond;
- c) stipends for periods of leave are restricted to the extent of leave sanctioned;
- d) cost of training is recovered from trainees who discontinue training before the end of the course, in accordance with the prescribed procedure.

NOTE :- A list of such recoveries outstanding should be appended to the audit note and commented upon.

#### 22.07 Training Grant

**a) District Level Training Centres :-** Training grant not exceeding Rs.5,000/- per Section of 15 to 20 trainees per year is allowed to each District Level Training Centre towards expenses for purchase of raw materials, etc.

**b) Industrial Training Institute :-** Training grant is allowed to each Industrial Training Institute @ Rs. 50/- per month per trainee towards expenses of raw materials, etc.

(G.O.Ms.No. 376 dt. 30.9.1985 of L.E T.E (Emp) Department)

**Recovery of training expenses :-** (a) Industrial Training Institute ((I.T.I) Training imparted is free. However, if a trainee, discontinuing in the middle of the course, the caution money deposit referred to in para 22.08 supra can be forfeited to Government account.

**b) District Level Training Centre:-** The training is free and charges are not recoverable. Only in the event of discontinuance of the course without valid reasons, the amount of stipend paid is recoverable.

(Lr.No. D.3/72, dated 14th February, 1972 from the Director of Employment and Training, Hyderabad)

**22.08 Caution money :-** It should be seen if caution money is collected from each trainee at the prescribed rate at the time of admission and balance after 2 months of admission. No caution deposit should be collected from SC/ST candidates in the Industrial Training Institutes and District Level Training Institutes. from 1975.

**22.09 Fee for the issue of duplicate certificates :-** If the original certificate awarded by the institute to a trainee, on completion of training is lost, duplicate is issued on payment of Rs. 5/- in the case of Industrial Training Institutes and Rs.1/- in case of District Level Training Centres, respectively.

It should be verified that the collection of fee is at prescribed rates.

*(Letter No. D3/72, dated 14th February, 1972 from the Director of Employment and Training, Hyderabad, addressed to this office).*

**22.10 Medical and Sports Grants :-** It should be seen that amounts drawn for these purposes are at sanctioned rates and are utilised for the objects for which they are meant. For this purpose purchases and issues should be checked with relevant vouchers for the months selected. It should also be seen whether unspent balances of advances, if any, drawn on abstract bills are retained irregularly with the institution or are refunded as required to Government account at the close of the financial year to which it relates.

**22.11 Monthly accounts :-** It should be ensured through checking of accounts for selected months that monthly account is prepared correctly in the prescribed form.

**22.12 Expenditure analysis registers :-** The object of this register is to watch and control actual expenditure from month to month in relation to different grants sanctioned. It should be seen that -

- a) the register is maintained upto-date by posting various items of expenditure incurred under correct classification at the close of each working day;
- b) totals of each month are struck in the register; and that
- c) monthly closings are certified by the Head of Office.

**22.13 Invoices and purchase order book :-** Invoices should be checked to see that they contain particulars of the stock received, such as quantity and price, and that they bear proper enfacement of having been checked by the competent authority. It should further be seen that every purchase is supported by a purchase order.

**22.14 Stores received book :-** On receipt of materials, the transactions are entered in this book. It should be seen that purchases are not taken direct to the stock book but only through the Stores Received Book and that necessary checks are exercised by the accounts section of the Institute over stores received before relevant bills are passed for payment.

**22.15 Stores (issue) indents and daily issue register :-** It should be seen that -

- i) full information regarding the number of work order, quantity, rate and value of stores are furnished in the store issue slips;
- ii) suitable receipt and issue entries are made (both quantities and values) in the job sheets and stock accounts;
- iii) stores are priced at average rate; and
- iv) that daily issue as per indents are posted in Daily Issue register and the register is reviewed periodically by the Officer-in-charge.

**22.16 Stores returned slips :-** These should be checked to see that

- i) the stores issued to jobs when found surplus are returned to the stores

with these slips;

- ii) necessary credit is afforded to the job in the job sheet for value of stores returned;
- iii) all columns of slips are filled in including those for quantity and value of stores; and
- iv) that necessary entries for receipt of stores back to stock are made in the Stores Received Book as also in job register.

**22.17 Store ledger :-** a) It should be seen that -

- i) all stores purchased from contractors either locally or otherwise, and those recorded in the Store-Returned Book are duly brought in as receipts.
  - ii) monthly totals or annual total of Issue register agree with cost of material consumed as entered in the Job Abstract Register.
- b) the priced scheduled of stock on hand as at the end of the year (Value Accounts) should be checked with the ledger balance and the stock verification statement. It should be seen that stock as shown in the schedule is not in excess of normal requirements of the department.

**22.18 Stock book of raw materials :-** This register is posted from the Stores Received Book. Issue of raw material is posted therein from indents for stores. Opening balances should be checked with closing balances for the previous period. Purchases should be checked with postings in the Stores Received Book, and issues of raw material with requisitions duly signed by the Foreman. Materials returned to stores should be supported by a "Stores Returned" note in proper form. Any excess over requirements should also be commented upon.

**22.19 Work orders :-** It should be seen that -

- i) no work is undertaken without a work order duly approved by competent authority and
- ii) an estimate is prepared for each work order.

**22.20 Job register :-** It should be ensured that -

- i) authority for undertaking the work and the number of the work orders are noted in the job sheets;
- ii) total cost of material issued from time to time is posted correctly from indents;
- iii) total cost of labour incurred is included correctly;
- iv) overheads at prescribed percentages are calculated correctly on prime cost in accordance with orders in force from time to time;
- v) necessary invoices are made out correctly;
- vi) permissible wastage in the process of manufacture is fixed under orders of competent authority and any variations regularised.
- vii) total of wages booked on various jobs agrees with the total amounts

paid;

- viii) actuals are not in excess of estimates;
- ix) completed jobs are reviewed by the officer-in-charge;
- x) separate Job registers are maintained for jobs for demonstration of students and those maintained for production purposes; and
- xi) Works-in progress at the end of the year are correctly arrived at from Job register.

**22.21 Job-sheets :-** Job sheets are important initial records relating to manufacturing operations and they should be scrutinised in detail. It should be seen that -

- a) issue of raw material is in accordance with the data duly prepared and labour charges are in accordance with labour analysis sheets;
- b) proper data are prepared wherever necessary before jobs are executed;
- c) there is no undue delay in execution of jobs; and
- d) jobs are correctly priced and billed for .

**22.22 Stock book of manufactured articles. :-** It should be seen that -

- a) opening balances of articles agree with closing balances of the previous year.
- b) articles manufactured in workshops and delivered to stores according to job sheets are duly entered in stock book;
- c) all sales of issues of manufactured articles as per sales day book are duly entered in stock book;
- d) articles supplied but rejected are duly receipted in stock book; and
- e) that an annual verification of stock articles is made by a responsible officer and shortage and excess noticed during physical verification adjusted in accounts.

**22.23 Return book of manufactured goods :-** It should be seen that-

- a) articles manufactured by trainees are entered in this book noting reference to job or exercise numbers, to facilitate cross-check with indents, and that
- b) store-keeper files a duplicate copy in his guard file and enters articles in Stock register of manufactured articles.

**22.24 Register of recovery of cost of tools lost by trainees :-** This register should exhibit full details such as name of the trainee, cost of the tool lost, amount ordered to be recovered, authority for recovery, amount recovered, balance, if any, pending recovery and details of remittances. It should be seen that register is maintained properly and recoveries effected promptly

**22.25 Sale of manufactured products :-** Sale price of articles manufactured is to be determined in the following formula.

Sale price is equal to cost of raw materials (including auxiliary

materials) plus scheduled wages plus overhead charges (equivalent to a percentage as may be fixed by the State Government).

NOTE :- Scheduled wages mean wages earned by a similar worker in the locality for manufacturing articles of the same quantity.

No discount is, however, admissible to individual customer purchasing directly from the institute/training centre.

It should be verified that prices of manufactured articles are fixed correctly and there is no undue loss to Government.

**22.26 Day book of sales :-** In this register all sales are recorded as and when they take place. Cash sales are also to be incorporated in this book.

Entries relating to quantity price, etc., in this book should be checked with invoices and bills. It should be seen that sale of each consignment is supported by a gate pass, that rates charged are in accordance with those laid down in rules issued in this regard and that sale prices are fixed by competent authority and in accordance with rules and orders issued.

**22.27 Workshop clothing :-** It should be seen that -

- a) workshop clothing supplied to trainees is in accordance with scales prescribed, and
- b) trainees in the technical trades of draftsmen and surveyors, who do not have to work generally near moving machinery, are not provided with workshop clothing.

**22.28 Evaluation report :-** In respect of District-Level Training Centres, the achievements vis-a-vis the objectives should be examined and analysed. It should be seen whether there is any increase in earning capacity of local artisans who undergo re-orientation course at the centres by having been gainfully employed in their trade either through self-employment or under another employer. In respect of trades which do not find enough response from applicants for undergoing training in the same, at specified localities, it should be examined whether department is seized of the matter and whether it considered the desirability of shifting the locale for training to places where better response could be expected. In respect of trades newly introduced, it should be seen whether records of the department disclose a preliminary survey having been undertaken to ascertain local factors congenial to the new trade and the extent of demand for the same. Actual cost incurred per trainee vis-a-vis the estimated cost should also be commented upon bringing to light cases of drop-outs before completion of full course and the number of trainees who are declared successful.

The instructions given above apply mutatis mutandis to evaluation of work of Industrial Training Institutes also. Production units are attached to some of the institutes. In all such cases it should be examined whether the production units are run on commercial lines with the purpose of working to financial result and whether losses are incurred due to excessive production of articles not in demand or due to excessive purchase of raw materials for above requirements.

**22.29 Audit Report :-**

- a) **District Level Training Centres :-** The Audit Report should be forwarded to the Director of Employment and Training, Andhra Pradesh, Hyderabad, with copies to the Superintendent of the Centres concerned.
- b) **Industrial Training Institutes :-** The report, in this case, should be forwarded to the Principal of the Institute concerned and copy of the report is to be endorsed to the Director of Technical Education.

**ANNEXURE**

(Referred to in Para no.22.04)

## List of Accounts and Registers to be examined

1. Cash book
2. Cash receipt books and their stock registers.
3. Acquittance rolls.
4. Contingent register
5. Service books
6. Attendance registers of trainees and stipend bills
7. Admission register
8. Register of training fees
9. Bonus register
10. Register of Medical Grants
11. Register of sports Grants
12. Register of free food allowance
13. Expenditure analysis register
14. Register of Liabilities
15. Register of Auction Sales
16. Stores rrders
17. Stores requisition books
18. Stores return books
19. Stock register of furniture
20. Stock register of books
21. Stock register of tools and plants
22. Stock register of workshop clothing etc.
23. Stock register of raw materials
24. Stock register of manufactured articles
25. Manufactured goods return book
26. Guard files of bills and payees receipts
27. Register of dead stock
28. Register of recovery of tools lost by trainees

## CHAPTER 23

### ACCOUNTS OF INDUSTRIES DEPARTMENT

#### 23.01 General outline of the Department

Department of Industries is responsible for planning and execution of various extension programmes relating to industrial development of the State with special attention on production of small scale industries which play a vital role in employment generation and development of rural economy.

In order to provide all services and support under single roof at pre-investment and post-investment stages to small and cottage industries, the Government have set-up “District Industries Centres” (DTC) in all the 23 districts of the State. These District Industries Centres headed by General Manager function under the administrative control of Commissioner of Industries who is the Head of the Industries Department. In the direction of rural industrialisation, the Department through DICs undertakes several programmes like, identifying and motivating entrepreneurs through campaigns to start new industries, training of artisans in modern techniques and use of modern tools, assisting artisans and tiny units through grants and loans etc. The Department pay special attention for development of Industrial Cooperatives, Coir and Salt Industries.

In addition to the above developmental activities, the Department attends to regulatory functions like SSI registrations, allocation of certain scarce raw-materials and watching for their proper utilisation, processing of applications for import of raw-material and equipment, administrative control over Industrial Cooperative Societies etc.

Commissioner of Industries is the Head of Department and is assisted by Addl. Director, at the Commissionerate and, the following 10 Senior Officers in the cadre of Joint Directors, each looking after a specialised subject to assist the Commissioner both in regard to regulatory and development activities.

1. Joint Director (Small Scale Industries)
2. Joint Director (Auxiliary and Modernisation).
3. Development Officer (Electrical and Electronics)
4. Development Officer (Foods and Chemicals).
5. Development Officer (Industrial Engineering)
6. Development Officer (Mineral-based Industries)
7. Marketing Advisor.
8. Financial Advisor.
9. General Manager (Self Employment Schemes).
10. Joint Director (Administration)

At the district level, a General Manager in the cadre of a Joint Director heads the District Industries Centre and he is assisted by 4 (four) Managers each looking after a specialised function in the promotion of small scale industries, cottage and village industries. A technical officer heading a growth centre also functions under the administrative control of the General Manager. To carry-out extension work in the rural areas, one Extension Officer for 2 or 3 blocks is presently functioning. 10 Project Officers at the rate of one are working in 10 Districts for the preparation of 'Project Profiles' and to render technical guidance in the specialised fields.

**23.02 Scope of audit:** The local audit of the initial accounts maintained in the various offices of the Industries Department consists, besides checking the various records common to all offices as cash book, contingent register, stock accounts, local purchase transactions, etc., should also attempt to review the performance of the schemes so that a detailed review can be attempted at the appropriate time. It is also likely that some of the schemes might have been dispensed with after incurring expenditure which may likely to contribute potential material for draft para. The following is the list of schemes implemented by the department.

**List of Schemes.**

1. Investment subsidy by Centre and State for setting up of Industries.
2. Andhra Pradesh Assistance Centre for Entrepreneurs.
3. Gramodaya Programme.
4. Artisan Complex.
5. Mini Industrial Estates.
6. Industrial Co-operatives.

The list is not exhaustive and the party should ascertain the schemes implemented by the office and take up detailed scrutiny.

**23.03** The following checks inter-alia may be exercised in the local audit of the Commissioner of Industries office.

**A Office of the Director of Industries:-** (i) (a) All claims, proposals, and sanctions in the Directorate of Industries in individual cases can be scrutinised to see that (a) the amount of investment subsidy (both Central and State) or power subsidy or interest subsidy due, has been correctly assessed.

(b) The valuation of assets reckoned for the investment subsidy etc., has been done according to the rules prescribed, (The orders on reimbursement of Central investment subsidy is available in the form of booklet which should be gone through by the party during scrutiny of the claims.)

c) The ceiling for refund of Sales Tax and for payment of Sales Tax loan (under the State scheme of 1976) has been properly worked out and has not been exceeded.

- ii) Accounts rendered by the Andhra Pradesh Industrial Infrastructure Corporation/APSFC can be examined with reference to details of proceedings issued by the Director to see that no unauthorised payment has been made.
- iii) In the case of Central investment subsidy, it can be verified whether claims for reimbursement by Government of India have been made promptly and reimbursement obtained in all cases.
- iv) In the case of interest free Sales-Tax loan, the loan ledgers can be examined to verify the progress of recovery.
- v) It should also be examined whether the utilisation certificates, periodicals etc., required to be received from entrepreneurs are received and whether periodical reports required to be sent by the Director of Industries to the Government of India are being sent.
- vi) With effect from 1.4.1976 the detailed account of all short term loans are to be maintained in the office of the Commissioner, the compliance with the requirements should be checked.

**B.** In the offices of the Assistant/Deputy Directors of Industries/District Industries Centres, it should be seen that.

- i) The recommendations, inspection reports etc., sent with the claims can be scrutinised to verify that the investment claimed to have been made or the Sales-Tax etc., claimed to have been paid, have been promptly evaluated.
- ii) The affidavits, receipts, bonds, etc., obtained from the entrepreneurs at the time of payment can be examined to see whether they are in order and also the same premises is not used by different industries for claiming subsidy.
- iii) It should be seen whether
  - a) The industrial units receiving subsidy etc are periodically inspected.
  - b) The utilisation certificates, annual statement of account and reports etc., required to be sent by the industrial units are being obtained promptly and
  - c) The recovery of subsidy is enforced in the case of misutilisation of subsidy, closure of units, etc., wherever such recovery is prescribed under the scheme.

As correlation between the reports of field officers (A.D, Industries/D.D, Industries) based on inspection reports of field subordinates and the final action in Commissioner of Industries's office is essential, the party visiting the office of the Commissioner of Industries should select certain important schemes and indicate through special note on A.P Industries/Dy. Director of Industries through which the schemes were initially investigated or recommended so that the parties going to these subordinate offices can verify and probe the efficiency of field inspections and supervision

at the level of Assistant Director of Industries and Dy. Director of Industries regarding implementation of such schemes and comment suitably on it in Audit Report.

*(Circular No. 48, dated 6.3.1978).*

**23.04** The Detailed Loan Ledgers to be maintained by the Head of Department for some of the loans are require to be reconciled with the corresponding figures in lump sum broadsheets/ledgers in the Accountant General (A&E) office and certificates of reconciliation obtained. It should be seen that the detailed ledgers are maintained and make specific comments in the report. Some of the loans given by the Departmental officers other than those given to Government servants are given below.

*(G.O.No. 77, Fin & Plg (Accts & Entitlement) Dept. dated 18.3.1975).*

**23.05 Loans granted under “State Aid to Industries Acts” (Andhra and Hyderabad) :-** The procedure prescribed by Government for the purpose of sanctioning loans under the “State Aid to Industries Acts” is given in the pamphlets issued by Government. The local audit staff should make themselves conversant with those Acts. The loan is sanctioned by Government, Director of Industries or the Assistant Directors according to the amount involved. The amount is disbursed through the Andhra Pradesh State Financial Corporation after settling all preliminaries such as plans, mortgages, legal opinion, agreement, etc. The recoveries are also effected through the State Financial Corporation. The Corporation, in turn, credits the amounts to the Bank and forwards the particulars to the Director of Industries for completing the ledger maintained in the prescribed form. The watching of recovery by due dates, assessment of instalments of principal, interest and penal interest to be recovered, however, devolve on the Director. It should be seen during local audit that-

- i) the conditions prescribed in the rules framed under the Acts regarding amount of loan, nature and amount of security, the period of repayment, etc., are fulfilled.
- ii) the loan ledger in the prescribed form is kept for each loan and the recovery of each instalment is noted with full particulars, and
- iii) whether action is taken to recover sums which already fell due.

It should be seen that the loan amount does in no case exceed 50% of the fixed assets and share capital put together or in the alternative is paid against bank guarantees. The field parties should conduct a review and also collect details of cases where the assets or security offered by the loanees are overvalued and cases where the amounts rendered irrecoverable and particulars of amounts of recovery deferred due to stay order of Court etc.

*(Office order NO. O.A.D/Civil/VIII/17-20/69-70/32, dated 18th December, 1969 File No. 17-20/69-70 of Unit VIII O.A.D Civil Headquarters.).*

### 23.06 Loans to Industrial Co-operative Societies and Registered Institutes from the allotments of Khadi and Village Industries Commission :-

Co-operatives in the Cottage and Village Industries are organised with a view to encourage self-help, mutual help, and thrift among the artisans and to accelerating economic development. The loans are sanctioned by Government/Director of Industries and disbursed through the Assistant Director according to the amount involved. The general terms and conditions governing the loan are contained in Letter NO. 47/1/CPA/58-59, dated 12th December, 1958 of Khadi and Village Industries Commission.

It should be seen that :

- i) a stamped receipt and an agreement bond executed on stamp paper of appropriate value and registered are taken from the Institution;
- ii) the loan is utilised for the purpose for which it is granted; and
- iii) the progress reports and loan ledgers are kept in the form prescribed by the Director of Industries and action taken to recover overdue instalments.

### 23.07 Nature of work done by the Industrial Co-operative Societies -

Collection of Statistical Data :- A majority of the societies are service co-operatives which, besides undertaking production activities, provide credit facilities to members, supply raw material and undertake sale of finished goods. The societies also provide workshop space to members. The services rendered generally are in the shape of introduction of better design and better technique in production.

(a) Besides checking the loan account on the lines of Para 23.03, the following particulars are also to be gathered and placed in the Audit Report.

Working Capital	Borrowings outstanding at the end of	Raw Material purchased	Finished Goods produced	Goods Sold	Total assets	Total liabilities	Profit/ Loss)
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

- b) The extent of loans and grants sanctioned to the societies (year-wise details).
- c) Over-due amounts of loans and interest thereon recoverable from the societies as on date
- d) The number of societies which received the assistance along with the information regarding the dates of their formation and the date of closure and attempts made to review defunct societies.
- e) Number of societies against which enquiry is instituted under Section 57 of the Andhra Pradesh Co-operative Societies Act, 1964.
- f) Number of societies brought under liquidation and the extent of the assets paid off against liabilities.

**23.08 A Central Investment subsidy schemes and State Incentive Schemes for industrial promotion :-** The audit of such transactions is to be conducted as per Section 13(a) of the Comptroller and Auditor General's (DPC) Act, 1971. The field parties visiting the offices of the Director of Industries and Assistant/Deputy Director of Industries/District Industries Centres should follow the guidelines given in para 23.03 infra while scrutinising the accounts falling under those schemes.

**23.09. Audit Report:-** Audit Reports relating to subordinate offices should be sent to the concerned officers with copy to the Commissioner of Industries. Audit Report pertaining to Commissionerate should be sent to Commissioners office with a copy to Principal Secretary, Industries and Commerce Department, Government of Andhra Pradesh.

## CHAPTER 24

### ACCOUNTS OF EDUCATIONAL INSTITUTIONS

**24.01 General :-** The Department of School Education is headed by the Director of School Education duly assisted by Addl. Director, Joint Directors, Deputy Directors, Chief Accounts Officer, Assistant Directors, and Special Officers at Headquarters in administrative matters and as assisted by Directors of SCERT, SIET and their staff in academic matters. He is also assisted by the Regional Joint Director, District Educational Officer's (D.E.Os) and Dy.DEO's, Panchayat Educational Officers (P.E.Os) , Mandal .Educational Officers (M.E.Os), Deputy Inspecting Officers (Dy.I.Os) at field level.

The Director of School Education is the Chief executive authority responsible for the implementation of the policies framed by the Government and for administering the Primary, Secondary Schools and Training Institutions in the State. The functions of the Director of School Education are:

- 1) Designing the academic frame work which is consistent with the various rules are regulations.
- 2) Managing the institutions run by the Government and local bodies in accordance with the various rules and regulations.
- 3) Providing funds to the institutions run by local bodies and private managements.
- 4) Exercise quality control over the outputs in various institutions. The output is controlled through Public Examinations and institutions are checked through the recognition system.
- 5) To work towards bringing about qualitative improvement in education system; and
- 6) To assist the Secretariat in Planning and Budgeting of the education activity in the State.

With a view to constitute an intermediate authority above the rank of the District Educational Officers between the Director and the District Educational Officers who can exercise administrative authority and help speedy disposal of official business at lower levels, five posts of Regional Joint Directors of School Education were created by Government and they are functioning from Kakinada, Guntur, Cuddapah, Warangal and Hyderabad as Headquarters. Each Joint Director has the tasks of effective supervision, implementation of the time bound and target oriented development activities and monitoring the work of the D.E.O's at the field level. They are vested with administrative and financial powers in the discharge of their functions.

The affairs of School Education at District Level are originated by the D.E.O's., P.E.O's., MEOs Dy.I.O's,. The Educational institutions under Government are managed by the D.E.O's where as local bodies and private managements are managed by the local bodies and private schools themselves.

The D.E.O constitutes an important link between the schools and managements on one hand and the Regional Joint Director on the other. He receives all the policy guidelines and various other instructions from the Directorate. He has to work in close collaboration with the other Government officers at the District Level particularly the Z.P.P's , M.P.P's. The main functions of the D.E.O's are;

- 1) Plan all the educational activities of the District.
- 2) To manage the Government schools.
- 3) To regulate the working of the local body and private schools i.e., ensuring adherence to Government rules and regulations.
- 4) To assess the quality of schools, through inspection and their outputs (Examinations)
- 5) To release funds to the private managements and local bodies and to ensure their utilisation; and
- 6) To work towards improvement of the educational system in the District.

Each District Educational Officer is supported by an academic wing consisting of D.E.O and M.E.O/Dy.I. Os whose main task is to conduct inspection and visits to schools. The D.E.O is responsible for the conduct of inspection of Secondary Schools while the M.E.Os are responsible for the conduct of inspection of Primary and Upper Primary Schools. The D.E.O is also assisted by a Gazetted Administrative Officer in the administrative matters, one Assistant Commissioner for Government Examinations for the conduct of Public Examinations, one Assistant Director for looking after Non-Formal Education Scheme.

Higher Education in the State of Andhra Pradesh comes under the control of Higher Education Department.

All Government Degree Colleges come under the administrative control of Director of Collegiate Education and Junior Colleges come under the administrative control of Commissioner/Director of Intermediate Education. The functioning of the private colleges with regard to the utilisation of the grant-in-aid, service conditions and admissions to various courses also come under its purview. Higher Education Department maintains mutual contact and rapport with the related agencies like Board of Intermediate Education, Collegiate Education, Technical Education, Telugu Academy and all the affiliated Universities. Principal Secretary, Higher Education Department is a member of all the policy planning bodies concerned with education, like Telugu Academy, University Executive Councils etc. Polytechnics (Government and Private) come under the administrative control of Director of Technical Education.

**24.02** The accounts of the following types of institutions of Government are audited locally.

- 1) Higher secondary schools, which include multipurpose schools.

- 2) Government Junior Colleges and Degree Colleges.
- 3) Arts Colleges.
- 4) Professional Colleges.

**24.03 Scope of audit :-** The checks detailed in Chapter 4 in respect of the various account records have to be applied to the records of educational institutions too. The main objective is to verify the accuracy and completeness of the accounts and to check the receipts, stores and stock accounts. The instructions in the ensuing paras should also be borne in mind while exercising the scrutiny of the accounts and records.\

**24.04 (i) Accounts, Registers etc:-** The accounts and registers generally maintained in the educational institutions are as follows :-

- 1) Cash Book showing receipts and disbursements.
- 2) Register of fees collected from students.
- 3) Counterfoils book of fee receipt.
- 4) Register of refund of fees.
- 5) Acquittance roll.
- 6) Treasury Bill Register.
- 7) Register of Undisbursed Pay.
- 8) Register of Permanent Advance.
- 9) Register of Scholarships.
- 10) Register of Stipends.
- 11) Caution Money Register.
- 12) Log Book.
- 13) Contingent Register.
- 14) Library Register.
- 15) Library Catalogue.
- 16) Register of Books issued from library.
- 17) Register of Fines.
- 18) Account of Non-Government funds- Hostel Accounts.
- 19) Stock Register of Furniture, Stores kept by different departments, Games articles (consumable and non-consumable) Books and Periodicals, Stationery, Kitchen articles.
- 20) Garden Stock Register and Register of Garden Produce.
- 21) Register of Refund of Deposits.
- 22) General Breakages register.
- 23) Admission register.
- 24) Register of free or half-free studentship.

## 25) Transfer Certificate Book.

NOTE :- The institutions should maintain separate registers for the different non-Government funds collected for distinct purposes which should contain a record of all expenditure out of collections.

**ii) The receipts of schools and colleges mainly consist of the following items :-**

1. Admission and readmission fees.
2. Tuition fees.
3. Examination fees.
4. Medial test fees, sports and reading room fees.
5. Special laboratory fees.
6. Visual education fees.
7. Fines based on absence from schools or colleges.
8. Fines for delay in payment of fees.
9. Recoveries on account of breakages and loss of laboratory articles.
10. Library and laboratory deposits.
11. Fees collected for issue of duplicate leaving certificates, and
12. Hostel rents, charges for electric lights, furniture rent, etc.

**24.05 Cash book :-** It should be seen that the general cash book is maintained properly and the ledger is written up carefully and receipts and disbursements are recorded under each head promptly as and when the transactions occur. Entries recorded in the cash book should be checked by reference to the following subsidiary registers and other vouchers.

Admission Register	As to the fees of newly-admitted pupils
Attendance and Fee Register	In regard to fees and arrears of fees and fines paid by the student.
Acquittance Roll	For salaries and scholarships disbursed.
Contingent and other Registers	For general expenditure.

**24.06 Register of Fees collected from the students :-** The register should be checked with the attendance register to see that the fees is collected from all students at full or at concessional rates according to the scale sanctioned by the Government. At the end of each month an abstract is drawn up showing the number of items of collections of full or concessional fee and the number of freeships. The number shown in this abstract should be tallied with the number of students as per the attendance register. The counterfoils of receipts should be checked with the cash book to ensure that all the amounts collected on account of fees are duly credited in the cash book. It should also be seen that the total fees collected from all the students are remitted into Treasury without delay.

In addition to the above mentioned checks, it should be seen that :-

- i) refunds of fees are made in accordance with the rules, under proper authority and on proper vouchers.
- ii) exemptions from payment of fees as in the case of scholarship-holders is made under proper authority.
- iii) fee receipt books in standardised form, machine-numbered and supplied by Government Press with counterfoils are used and receipts are issued under signature of the receiving clerk or any other official authorised to do so.
- iv) Sports and reading room fees, magazine fees and security deposits credited to the respective funds are traceable in the accounts of these funds.

**24.07** In respect of institutions giving tuition free of cost such as training colleges and secondary grade (senior basic) schools, etc., tuition fees should be assessed and recovered from trainees admitted into secondary grade (senior basic) and elementary grade (junior basic) if they discontinue the studies or fail to fulfill the conditions of the bond they execute at the time of admission.

The non-stipendiary candidates admitted into two-year course secondary grade (senior basic) and elementary grade (junior basic) should execute bonds for an amount of Rs. 160/- and Rs. 80/- respectively, and those admitted for secondary grade (one year course) should execute bond of Rs. 80. These amounts are required to be recovered from the trainees if they fail to fulfil the conditions of the bond.

*(G.O.Ms.No. 3058 .Edn (i) Dept, dated 28th December, 1966 of the Govt. of A.P and Circular No. O.A.D/Civil/VII/38-9/66-67/34, dated 20.3.1967-File No. 38-9/66-67 of Unit VII of O.A.D Civil Hqrs )*

NOTE :- All fees except hostel fees, etc., payable by students in all Government colleges and other institutions of higher education are remitted into the local Bank or Treasury concerned, but not direct to the institutions. The heads of colleges or institutions concerned should receive the fees in the shape of challans only and arrange proper verification and reconciliation of the receipts and their remittances to the Government account. The heads of institutions are personally responsible for the correct maintenance of the cash accounts of the institution.

*(Memo No. 991-F I /67-2, Edn. Dated 17th April, 1967 of the Govt. of A.P Edn. (F) Dept., and Circular No. O.A.D/Civil/VII/38 Misc./66-67/6, dated 23.5.1967-File 38-Misc/66-67 of Unit VII O.A.D Civil Hqrs).*

#### **24.08 Operation Black Board :-**

**1.** Under National Policy on Education, the Government of India have formulated a scheme for substantial improvement in facilities in Primary Education and has symbolically named it as “OPERATION BLACK BOARD” Operation Black Board lays down the minimum level of facilities to be provided in all primary schools which have been established so far. There are inter-dependent components \_

- i). Provision of atleast two reasonably large rooms separately that are usable in all-weather with a deep verandah along with separate toilet facilities for boys and girls .

- ii). Provision of atleast two teachers as far as possible, one of them a woman, in every primary school.
- iii) Provision. of essential teaching, learning material including Black Board, Map, Charts, a small library, toys and games and some equipment for work experience.

2. The scope of Operation Black Board scheme is confined to Primary Schools only i.e., upto 5th class. Upper-Primary and High Schools even if they have classes 1 to 5 are not covered under the scheme. The coverage of Operation Black Board scheme is extended to all primary schools run by Government, Local Bodies (Panchayat Raj and Municipal) except private institutions.

3. The Operation Black Board essentially envisages coverage of infrastructural facilities on an area-wise approach taking Mandal/Municipal block as a unit. The Government of India have also insisted for implementation of the scheme in phased manner covering 20% Mandals/Municipal blocks in 1987-88, 30% Mandals/Municipal blocks in 1988-89 and the remaining 50% Mandals/Municipal blocks in 1989-90. In selection of Mandals/Municipal blocks also Government of India have requested the State Government to keep the following consideration in view :-

- a) No district may be left out;
- b) Additional blocks may be given in a reasonable proportion to a total number of blocks in a district;
- c) Preference in the selection of blocks should be given to those which are educationally disadvantaged and have concentration of persons belonging to S.C's, S.T's and minorities.

4. **Funding procedure :-** Government of India is giving cent percent assistance for providing additional teachers till the end of VII Plan period only and teaching/learning equipment subject to providing to two class room buildings for all the schools by the State Government. No separate funds are provided by Government of India under building component. It is to form part of N.R.E.P/R.L.E.G.P and other appropriate schemes including special area development schemes. The State Government has to mobilise its own resources.

5. The State Government have decided to implement the above scheme covering all the primary schools as on 30.9.96 and accordingly issued orders for coverage of all the primary schools in 221 identified Mandals against 20% Operation Black Board i.e., Phase .I of the scheme, taking Mandals/Municipal blocks as a unit covering all the tribal-sub-plan areas and the areas predominantly populated by S.C's.

6. As there is Central assistance on building component, Government has decided to meet the expenditure on school buildings from the funds available under NREP/RLEGP, 9th Finance Commission, U.K. Project and State Budget. The three construction agencies to whom school buildings work has been entrusted, are Chief Engineer, Panchayat Raj/Tribal Welfare, Director, Town and Country Planning and Chief Engineer, Buildings (R &B).

**24.09 Non-Formal Education:**

Non-Formal Education in the State is taken up under Centrally Sponsored Schemes with State matching grants. The principal aim of Non-Formal Education is to bring all the dropouts of primary and upper primary schools in the age groups 9-11 and 12-14 respectively under its fold and gradually bring them into the main stream. From 1.10.88 the Non-Formal Education Scheme has been brought under projectisation with 100 Centres for each project, and now there are 244 projects, in the State. This has been done with a view to bringing the scheme under efficient and effective management and there-by achieve better results in literacy.

**24.10 Project approach :**

A project consists of 100 NFE Centres-90 Phase I and 10 Phase II Centres. At the project level there will be one Project Officer of the rank of Assistant Director. He will be assisted by one Senior Assistant, One Junior Assistant and one Attender. At District level there will be one Assistant Director (Class.III) in the office of the District Educational Officer in each District to look after project's work.

The Co-ordination of G.T.T.I's of the former scheme are now appointed as Assistant Directors. The Assistant Director will be assisted by 2 Senior Assistants and one Attender to co-ordinate the activities of the project at District level. Central assistance has been proposed @50:50 pattern basis for both the project as well as District level administration.

At the State level, the staffing pattern consists of a Joint Director of School Education (NFE) with supporting staff as well as State Research Centre in the office of the Director, S.C.E.R.T. Hyderabad.

**24.11 Residential Schools****Andhra Pradesh Residential Educational Institutions Society (APREIS) :-**

A.P.R.E.I.S was formed in 1972 to provide effective educational instructions to the talented children hailing from rural areas. The Society running the Residential Schools are detailed below:

1.	General Residential Schools for Boys	:	23
2.	General Residential Schools for Girls	:	23
3.	Residential Schools for B.C's		6
4.	Residential Schools for Urdu Medium		4
5.	Residential Schools for S.T's		28
6.	Residential Schools for Yanadies.		1
7.	Residential Schools for co-edn.(General)		1
			86

Boarding and lodging facilities are provided in all the schools. Post Graduate Trained Teachers are appointed for High School classes and Trained

Graduates are appointed for teaching classes V to VII.. The results in the Public examinations are most encouraging in these schools. The percentage of passes during 1987-88 in the schools is 98.4%.

Three Residential Schools were started at Kota, Nellore District, Lepakshi, Ananthapur District. and Doulapurbad in Medak District for the benefit of children belonging to backward communities.

In order to provide more facilities for the children belonging to minority communities, three Urdu Medium residential schools were started at Guntur, Kurnool and Nizamabad. One school exclusively for Yanadi children were established at Chistedur in Nellore District.

#### **24.12 Grant-In-Aid to private colleges**

Government of Andhra Pradesh is following a very liberal policy compared to many other states in the country with regard to payment of grant-in-aid to private colleges. In the present scheme, the entire salary of the staff of the aided colleges is paid as grant by the Government after deducting the tuition fee income from the colleges. At present there are 146 private aided Degree colleges and 97 private aided Junior colleges.

In order to regulate payment of grant-in-aid to the private educational institutions in the State, Government have enacted Act.No. 22 of 1988. As per the Act every case of grant-in-aid has to be referred to a High Level Committee constituted by Government.

#### **24.13 State Council of Higher Education**

The Council came into existence on 20th May, 1988. It would be the focal point for the planning and co-ordination of higher education at the State level and co-ordination of State level programmes with those of the U.G.C. Council has taken up the vital task of preparing a master plan for the co-ordinated and orderly development of higher education in the State. The conference held by State Council in September 1988 discussed various relevant issues such as :

- a) Role and responsibility of teachers and students
- b) Common care curriculum.
- c) Restructuring of courses and vocationalisation.
- d) Approach to autonomous colleges.
- e) Inter-institutional co-ordination for optimising resource utilisation and fostering excellence in training and research.
- f) Interface between institutions, industry and Government.
- g) Uniformity in academic calendar, and examination.
- h) Earn while you learn scheme, extension activities, promotion of co-curriculum activities.
- i) Administrative reforms in Universities.
- j) Scholarships and Hostel management.

- k) Academic Audit.
- l) Self-financing higher education.

The State Council conducted Entrance Examination for admission to Bachelor of Physical Education and Master of Physical Education Courses for the year 1988-89. The State Council has taken-up the conduct of common entrance examination for admissions into Engineering, Agriculture and Medical Colleges in the State, from the year 1989-90.

#### **24.14 Register of scholarships :**

It should be seen that -

1. The source of scholarships, value, donation, sanction and name of scholarship, name of scholarship holder and class are collectively recorded.
2. The bill claiming scholarship amounts is drawn only in respect of those students for whom sanction for the scholarships is received.
3. The claim of scholarships are prepared correctly with reference to the terms of award.
4. The amounts received towards scholarships are credited in the Cash Book.
5. The amounts are paid to those students to whom the scholarships are sanctioned.
6. There are proper acquittances for all the payments, and
7. The undisbursed amount of these scholarships is refunded to Government account.
8. The rules regarding attendance, sick leave, conditions of satisfactory conduct and progress are fulfilled and that the amounts claimed are otherwise admissible; and
9. The awards not acted upon for the year are drawn only with the specific sanction of the Director of School Education/Higher Education.

NOTE :- Personal deposit accounts are maintained in the names of Principals, of certain colleges to accommodate the transactions relating to national scholarships, national loan scholarships and schemes for merit scholarships for the children of primary and secondary school teachers. This personal deposit account is to be closed at the end of the financial year and opened with 'Nil' balance on 1st April every year. During the course of local audit of the accounts of colleges, the personal deposit accounts, especially those in respect of national scholarships should be looked into to verify whether the accounts are maintained as per the rules on the subject.

*i) G.O.Rt.No. 483, Fin (Accts) Dept., dated 22nd April, 1969 of the Govt. of A.P (ii) Circular No. Lr.T.Dept. I/PD.I/14-19/NLS/68-69/142, dated 23.6.1969 of T. Dept., I Section of this office addressed to all D.T.O's ., Circulated in Cir.No. O.A.D/Civil/XII/Misc/69-70/13, dated 7.7.1969.*

**24.15 Fee concessions :-** Fee concessions allowed to students should be checked with reference to the provisions of the Education Code and other orders issued by the State Government from time to time.

**24.16 Caution Money Register :-** It should be checked-

1. Whether a register is maintained solely for recording with full particulars of challans, the receipt and remittance of caution money.
2. Whether deposits repaid are noted against original credits; and
3. Whether repayment of these deposits are made on due dates observing the instructions issued for that purpose.

NOTE :- Caution Money Deposit taken from students or trainees of Government Educational Institutions, lapses after three financial years from the date on which it becomes repayable. It should be verified in local audit that no refunds of caution money deposits are made beyond the time prescribed.

*(G.O.Ms.No. 2785, Education, dated 23rd November, 1966 of the Govt. of AP Circulated vide Circular No. OAD/Civil/XIII/31-45/65-66/30, dated 16.2.1967-File No. 31-45/65-66 of Unit XIII OAD Civil Hqrs).*

**24.17 Register of refund of fees.:-** Register of refund of fees should be checked with cash book and it should be seen that the refund of fees is noted against the original receipt entries in the fee collection book and that each refund is sanctioned by the competent authority.

**24.18 Stock register of library books :-** It should be ascertained whether the books issued from the library to teachers or students are returned within the prescribed period. It should be seen whether the stock of library books is checked annually by a responsible officer, and a certificate of verification recorded in the register and suitable action taken either for replacement or recovery of cost of books lost.

**24.19 Audit of stores in the laboratories:-** The Science Departments, e.g., Chemistry, Physics, Geology, etc., of a college are equipped with laboratories consuming large quantities of stores and apparatus for which inventories must be kept. The checks prescribed in respect of Stores and Stock in Chapter 4 should be applied and it should be particularly verified whether purchases are made economically and not in excess of requirements. It should be seen that loss due to breakages is made good from the persons responsible or is written off in exceptional cases only under orders of competent authority.

**24.20 Purchase of books :-** Substantial expenditure is incurred by heads of educational institutions on purchase of books. As such the Education Department sometimes enter into contracts with various firms. In such cases it should be seen during local audit that -

- a) The books purchased are of the approved category and orders are placed on approved firms. Value of books (not on the approved list of the Department) purchased from the approved firms and the value of books (whether or not on approved list) purchased from unauthorised dealers together with the rate of discount allowed should be worked out and the total discount compared with the amount of discount which would have been allowed had the books been purchases from the authorised firms.
- b) The discount mentioned in the rate contracts is allowed in full in prices quoted in the list of books approved by the Education Department.

- c) Foreign publications selected for purchases are from the list of books approved by the Department, and that they are purchased only after assessing the requirement as evidenced by the extent to which they are used subsequent to their purchase; and
- d) The purchases are made on the basis of sanctions accorded by competent authority.

**24.21 Accounts of non-Government Funds:-** i) The accounts of the fees collected towards extra curricular activities in the Government educational institutions should be maintained in the form of personal deposit accounts and these accounts should be checked during local audit.

*(C.A.G's Lr.No. 2373-Admn.II/43-Admn.I/58, dated 7th October, 1959).*

The audit of such funds includes the audit of sanctions to expenditure, audit against regularity, propriety etc., also.

ii) The details of the extra curricular activities for which separate funds are generally maintained by the Government institutions are furnished below

1. Games.
2. Visual education..
3. Union/Society.
4. College Magazine
5. College day.
6. College Calendar .
7. Dramatic society.
8. Social Welfare League.
9. Caution Deposit.
10. Teacher's Association.
11. Fine Arts.
12. Expenses for citizenship Camp.
13. Expenses for excursions.
14. Inter-collegiate tournaments.
15. Medical Inspection.
16. Literary Inspection.
17. Hobbies and Crafts.
18. Scouting.
19. Reading Room Fees.
20. Andhra Saraswata Sangham.
21. Science Association.
22. History Association.

23. Social Education.
24. Citizenship.
25. College Union.
26. Examination and Stationery Fees.
27. Radio Fees.
28. Pupil Teachers Association Fund.
29. Adult Education.
30. Exhibition Account.
31. Training Camp.
32. Homecrafts fees.
33. Poor Students aid fund.

**iii) It should be seen that -**

1. The transactions of the non-Government funds are not mixed up with those of Government and the receipts are not utilised for Government purposes.
2. The transactions in cash book and in the pass book of the personal deposit account agree with each other.
3. The cash book is properly maintained.
4. The receipts are issued whenever any amount is received.
5. The payments are supported by vouchers.
6. The expenditure is incurred out of the funds for the purposes for which the said fund is intended.
7. There are proper rules approved by the proper authority for running the funds.
8. The rules so framed are strictly followed;
9. There is a proper verification of cash balances;
10. Either a separate cash book is maintained for each fund or in the alternative if there is a single cash book, proper analysis of cash balances of each fund is worked out and abstract struck at the end of each day's transaction;
11. There is no case of diversion of funds from one to the other without proper authority.
12. Necessary stock and stores registers are maintained in respect of purchases from those funds and necessary verification conducted periodically,
13. The transactions for the selected months are scrutinised in full.
14. A Demand, Collection and Balance Register is maintained for watching the collection of fees. If no such register is maintained,

a comparison should be made between the amount due (taking the number of the students on rolls and multiplying the same with the fees due) and the amount realised and credited to ensure that collection of all dues to Government is prompt and regular.

*(Circular No. 9, dated 2.8.1977)*

**24.22 Special Fee Fund :-** The general rules governing the levy and utilisation of special fee funds in the secondary schools are contained in the Annexure to this chapter. It should be ensured during local audit that the expenditure met from special funds conforms to the rules laid down therefor.

NOTE :- The Director of School Education is delegated with the powers to ratify, after due scrutiny the irregular action of the heads of secondary schools in the administration of special fee funds.

*(G.O.Ms.No. 2957, dated 14th December, 1966 of the Govt. of A.P Education (F) Department and Circular No. OAD/Civil/VII/38-9/66-67/35 Dt. 23 rd March 1967 file 38.9/66-67 at unit VII Civil Headquarters).*

**24.23 Contingency (Maintenance) grants sanctioned to non-Government schools:** During the course of audit under Section 15(i) of the C.A.G's (DPC) Act, 1971 on the accounts of District Educational Officer, field parties have to check inter alia the Contingency (Maintenance) grants sanctioned to non-Government schools. The maintenance of contingent grant is limited to 10% of the Teaching grants or actuals of contingencies of pervious year whichever is less. As the Contingency grant is meant to meet the expenditure required for day-to-day maintenance of schools, subject to maximum percentage stated above, it is necessary that the actual expenditure incurred out of the previous year's grants duly certified by the Audit Officer, Local Fund Accounts, should invariably be obtained in case of Panchayat Samithi Schools, and excess grant if any paid, during the previous years adjusted while releasing the final instalment of the grant by the District Educational Officer. The field parties should verify various items of contingent expenditure of the previous years claimed by the Schools to ascertain that they are of occasional or casual nature that can be treated as contingent expenditure and the items of capital nature are not included. Excess payment of grants on account of inclusion under contingencies of items which are not admissible should be commented in the reports.

*(Circular No. 1 dated 13.7.1976 and Circular No. 21 dated 20.8.1976).*

**24.24 Audit Report :-** The audit report should be sent to the heads of the educational institutions concerned and copies endorsed to Commissioner/Director of School Education/Intermediate Education/Collegiate Education/ Technical Education, Andhra Pradesh, Hyderabad.

Accounts of the State Central Library, Hyderabad

**24.25** The main items of expenditure are :-

1. Purchase of Books.
2. Subscription to periodicals.

3. Library Cards for Catalogue.
4. Binding charges.
5. Office Contingencies.
6. Rents, Rates and Taxes.

The following registers are required to be maintained in the Library.

i) General:

1. Cash Book.
2. Acquittance Roll.
3. Register of Cheques.
4. Register of Bills.
5. Register of undisbursed pay.
6. Register of Security Deposit.
7. Register of Service Stamps.
8. Service Books and Leave Accounts.
9. Stock Registers-Furniture, Stationery Articles.

ii) Registers relating to Library :-

1. Membership Register.
2. Challans from the Bank, for crediting the amounts towards the Membership Deposits.
3. Stock Register of Library Books.
4. Catalogue.
5. Issue Register.
6. Register of Membership Deposits.

**24.26 Process of audit :-** Besides the checks detailed in Chapter-4 in respect of registers, records common to all Departments, the following special checks should also be exercised.

It should be seen that :-

- i) the amounts of deposits are received correctly from the members and entered in the cash book and these amounts are remitted into the Bank without delay and the amount remitted is exhibited in the Cash Book and is supported by challans.
- ii) the amounts shown in the Bank pass book are verified and tallied.
- iii) the Register of Membership Deposits is maintained properly to show against each member.
  1. the amount received.
  2. date of receipt.

3. receipt number.
  4. the amount of refund.
  5. date of refund, and
  6. the corresponding cash book folio.
- iv) the books of the library are purchased, only on the basis of the approval of the Advisory Committee and the orders for the purchase of books on firms are so placed as to ensure that the library gets the maximum benefit.
- v) the physical verification of books is done regularly, and
- vi) the issue and return of books is done as per the rules on the subject and fines collected, wherever necessary and properly accounted for.

**24.27 Audit Report :-** The Audit report should be sent to the Librarian, State Central Library and a copy forwarded to the Director of Public Libraries.

**ANNEXURE**  
(Referred to in para 24.22)

(1) General Rules governing the levy and utilization of Special Fee Funds in the Secondary Schools.

Sl.No.	Name of fees	Classes VI to VIII(Rs)	Classes IX to XII(Rs)
1.	Admission fees	As prescribed by the Government	As prescribed by the Government
2.	Library fees	-do-	-do-
3.	Literary Association fees	-do-	-do-
4.	Games (Boys) Fees	-do-	-do-
5.	Games (Girls) Fees	-do-	-do-
6.	Science Fees	-do-	-do-
		Ordinary High School	(Hr. Secondary and Multipurpose High School)
6(a)	Audio Visual Education Fees	As prescribed by the Government	As prescribed by the Government
7.	Hobbies and Craft fees	-do-	-do-
8.	Scouting J.R.C. and A.C.C.	-do-	-do-
9.	Examination and Stationery	-do-	-do-
10.	Medical Inspection fees Rs 0.75 in the case of first inspection and Rs 0.37 in the case of subsequent inspections for classes VI to XI	-do-	-do-
11.	Poor Boys Fund Fees	-do-	-do-
12.	Agricultural course	-do-	-do-
13.	Domestic (Home Science Course)	-do-	-do-
14.	Fine Arts Course	-do-	-do-
15.	Secretarial (Commercial group course)	-do-	-do-
16.	Engineering Course (Technical group)	-do-	-do-

(G.O.Ms.No.617 Edn. Dated 10<sup>th</sup> March, 1961)

(2) The rates specified in Rule 1 are for the year as a whole. Admission fees should be collected in full at the time of admission.

(3) No Special fees should be levied for facilities not provided for e.g., no medical inspection fees shall be collected from pupils where no medical inspection is arranged for or done.

(4) Pupils offering the following diversified courses of study are exempt from paying the special fees noted against each course.

Name of the Course	Fees exempted
1. Secretarial Engineering	Science fees and Hobbies and Craft Fees
2. Agriculture	
3. Textile	
5. Aesthetic and Domestic Science Courses	(a) Science fees if general science is not taken as a subject under Part-II (b) Hobbies and Craft fees for Home Science pupils only.

(5) The special fees shall not be treated as a source of income for the management and on no account shall they be diverted or merged with the general funds of the management and save with the prior approval of the

Government shall not be diverted for purposes other than for which they are levied. Proper accounts should be maintained in respect of the collections and expenditure.

(6) The special fees shall be collected by the Headmaster in the same manner as the tuition fees. The practice of utilizing services of pupils for collecting funds, donations, etc., for school purposes should be discontinued.

(7) No fees or contributions for arranging parties or garlanding of teachers at the end of the year or on transfer/retirement shall be collected from the pupils.

(8) There shall be a separate special fee fund for each of the items of special fees collected. Any contribution to the fund made by the management, Government or any other institution, person or persons shall be credited to the fund.

(9) The Headmaster shall maintain a P.D. account in the Treasury/Bank under the designation "The Headmaster" in respect of each special fee fund separately and shall operate on it as and when required. He shall also maintain a separate cash book and a ledger in respect of each fund. A stock register of books, science apparatus and other articles purchased from out of the fund should also be maintained.

(10) The Headmaster shall submit every year in the first week of April to the appropriate standing committee of the Zilla Parishad/Chairman, Municipal Council/Correspondent of the School/Inspecting Officer, as the case may be, a statement showing the items of expenditure sanctioned during the previous year and the list of books, science apparatus and other articles purchased, together with copies of the resolutions of the special fee fund committee concerned.

(11) All vouchers in respect of expenditure under special fee funds shall be made available for audit.

(12) The Headmaster shall maintain an account for each special fee fund separately in the same manner as the statement of receipts and expenditure of the school is maintained and submit the account along with the financial statement and the tabular inspection report of the school. The accounts of the special fee fund shall be audited by the Local Fund Audit Department in respect of schools managed by Local authorities along with and in the same manner as the other accounts of the school. Audit objections in respect of accounts of the special fee fund shall be incorporated in the objection statements and audit reports on the accounts of the school concerned.

(13) A uniform rate of remuneration at 2% of the total collections in all the special fee funds put together subject to a maximum of Rs 250 per annum may be paid to the clerk or clerks who maintain the accounts of the special fee funds in the school. The appointing authorities may permit the clerical staff in Government schools to undertake the maintenance of accounts relating to the funds and to receive the remuneration therefor, subject to the condition that the additional work does not in any way interfere with the normal duties of the clerical staff.

(14) There shall be constituted a separate committee for each special fee fund in the manner detailed in the special rules relating to the special fee fund

concerned. The tenure of the members of the committee, the manner of elections and appointments and the procedure for the conduct of business of the committees shall be governed by the regulations made by the Headmaster of the school and approved by the concerned Standing Committee of the Zilla Parishad/Chairman, Municipal Council/Managing Committee/Inspecting Officer, as the case may be.

(15) The details of the expenditure permitted to be incurred from each special fee fund are given in the Special Rules relating to the fund concerned.

(16) With the prior approval of the concerned Standing Committee of the Zilla Parishad/Chairman, Municipal Council/Managing Committee/ Inspecting Officer as the case may be, old and unserviceable articles may be disposed off in public auction. The sale proceeds of such articles shall be credited to the special fee fund concerned.

(17) The special fees collected in a year should be fully utilized during that year and for the purpose for which it was collected and there should be no accumulations to the fund. If any small amount is left over during the year for any valid reason, such amount should be brought forward into next year's account.

(18) In the case of schools transferred to Zilla Parishads, the concerned Standing Committee or in the case of other schools, the Regional Deputy Director, may for special reasons and on a request made by the special fee fund committee concerned, permit the diversion of surplus amount of one special fee fund to another special fee fund of the same school.

(19) Whenever, books, science apparatus, articles of furniture, games materials, etc. are to be purchased, quotations of the prices of the articles should be called for invariably and the lowest quotation accepted in respect of all cases. In the case of purchase of standardized articles, i.e. Books, Journals, etc., no quotations need be called for.

(20) Whenever the students are taken out on excursion, the required money may be collected from the participating students to cover the actual expenses.

(21) In case of any difficulty in the interpretation of the rules it shall be referred to the Director of Public Instructions whose decision shall be final.

*(Annexure to G.O.Ms.No.1653, Education, dated 14<sup>th</sup> May, 1960, circulated in Circular No. O.A.D./Civil/VII/31-138/66-67/14 dated July 1967)*

The special fees shall not be treated as a source of income for the management and on no account will be merged with the general funds of the management and save with the prior approval of Government, shall not be diverted for purposes other than those for which they are levied. Proper accounts should be maintained in respect of the collections and expenditure.

*(Proc.No.Rc.No.1292-H-13/62 of the Director of Public Instructions, A.P., Hyderabad, dated 30<sup>th</sup> November, 1962)*

## CHAPTER 25

### ACCOUNTS OF THE NATIONAL CADET CORPS

**25.01 Preamble :-** (i) National Cadet Corps (N.C.C) is constituted under N.C.C. Act, 1948 and the rules framed thereunder.

Units of National Cadet Corps consists of Senior Divisions and Junior Divisions. Senior Divisions are raised in colleges and units or part thereof of the Junior Divisions is raised in schools. (Rule 3 of the National Cadet Corps Rules).

The Corps is financed jointly by the Union and State Governments. Expenditure on equipment (which includes arms and ammunition but excludes clothing) and pay and allowances of service personnel is borne by the Defence Estimates of Union Government.

The National Cadet Corps Units and Group Headquarters in the State functions under the administrative control of the Director, National Cadet Corps (Andhra Pradesh).

Each National Cadet Corps unit is under the supervisory charge of an Officer Commanding who is also vested with drawing powers. The various National Cadet Corps units in the State are grouped on zonal basis, and placed under the jurisdiction of the following Group Headquarters, each manned by a Group Commander.

1. N.C.C Group Headquarters	Kurnool
2. do	Tirupathi
3. do	Vijayawada
4. do	Guntur.
5. do.	Waltair.
6. do	Warangal..
7. do	Hyderabad.
8. do	Secunderabad.

ii) National Cadet Corps in the State comprise the following categories :-

- 1) Infantry Units.
- 2) R & V Squadron.
- 3) Engineering Units.
- 4) E.M.F Units.
- 5) Signal Units.
- 6) Armoured Corps Units.
- 7) Artillery Units.
- 8) Medical Units.
- 9) Naval Wing Units.

10) Air Wing Units.

11) Girls Division Units.

*(Lr.No. 502/2/Plg &Co.od, dated 16.2.1967 from Director N.C.C. A.P., Secunderabad - File No. 1-13-A/66-69).*

iii) Accounts of Junior division attached to Senior division have also to be checked along with those of Senior divisions.

*(Para VII-8-VII-9 in O.A.D. Manual issued by the Accountant General, Uttar Pradesh.)*

iv) Local audit by this office is not intended to be extended to accounts of the regimental private fund. All other accounts including public fund account showing transactions relating to contributions out of State Government should be produced to the audit party at the time of inspection.

*(A.G. A.P Letter No. 15/O.A.D/1023, dated 13.8.1959 to Officer Commanding 12th Andhra Naval Unit, N.C.C. Kakinada).*

**25.02 Scope and extent of local audit :-** i) Local audit is conducted annually (in respect of National Cadet Corps Units) and consists of a general examination of the initial accounts relating to expenditure met from the State Funds including registers and records relating to Refreshment and Washing allowance, expenditure on Training and Amenity Grants and scrutiny of the account of stores and stock in addition to the detailed check of transactions pertaining to camp accounts as were held during the period since last audit.

ii) Field staff should make themselves conversant with the rules governing various types of expenditure incurred by National Cadet Corps before commencing test-audit.. Instructions contained in Chapter 4 regarding checks to be conducted in the various registers should be generally followed. Special checks in respect of the various items of accounts as detailed in the ensuing paragraphs should also be exercised. It should also be ensured that items of expenditure are covered by model budget issued for that purpose.

**25.03 Unit Accounts :-** i) Items of expenditure of National Cadet Corps units fall mainly under the following categories :-

1. Pay of Establishment of Civilian Staff of Unit Offices.

NOTE :- All Gazetted Officers of the National Cadet Corps are paid from Defence Estimates. Remuneration to the teacher or lecturer working in private or Government institution on being commissioned in National Cadet Corps and posted to a unit is governed by Rules 35 and 36 of the National Cadet Corps Rules.

2. Allowance and Honoraria.

NOTE :- Honoraria payable to part-time National Cadet Corps officers who are Gazetted Government servants are drawn by themselves based on orders of Group Headquarters.

3. Allowance for Cadets :- (washing allowance, refreshment allowance, etc., for parades)

4. Contingencies.

5. Other Charges.

a) Amenity grant for provision for sports gear, indoor games, literature, radios, gramophone records, musical instruments, organising of unit information rooms and provision of items like notice boards, charts, maps, etc.

b) Annual Training Grants:

- 1) For purchase of books, pamphlets or materials required for training of cadets.
- 2) Instructional trips to places of interest.
- 3) Any other training requisites, provision for which is not chargeable to amenity grant.

ii) Accounts records :- The following accounts records are generally maintained by the units:-

- 1) Cash Book.
- 2) Register of Contingent Expenditure.
- 3) Stock Registers.
  - a) Furniture
  - b) Miscellaneous Consumable Articles.
  - c) Other Stores.
- 4) Register of Sports and Amenity.
- 5) Register of Petrol and Oil.
- 6) Log Books.
- 7) Register of Permanent Advance.
- 8) Register of Bills.
- 9) Register of undisbursed pay and allowances.
- 10) Washing Allowance account.
- 11) Refreshment Allowance account.
- 12) Training Stores Register.
- 13) Clothing Stock Register.

**25.04 Audit of Camp Accounts :-** i) National Cadet Corp Camps are held under the aegis of National Cadet Corps authorities and under directions of Director General, National Cadet Corps and Ministry of Defence. Expenditure on National Cadet Corps camps is shared equally between Central Government (Defence Estimates) and the State Government. The entire amount required for expenditure on camps is in the first instance advanced by State Government and debit for 50% of actual expenditure is raised against the Defence Estimates after the camp accounts are audited by this office.

ii) Local audit of camp accounts should be conducted soon after termination of the camps for the reason that Armed Forces Officers are posted to National Cadet Corps units on a short-term basis and are liable to be transferred at any time and consequently settlement of audit observations becomes difficult once the officers responsible for the maintenance of accounts are transferred.

*(G.O.I. M.O. Defence, N.C.C Directorate General's Letter No. 2285/N.C.C/Coord (B) dated 4th November, 1963 read with letter No. 2847/N.C.C./PERSN/ (B.R.F) dated 20th July, 1968 read with Letter. No. 4257-Tech.Admn.I/618-661 dated 30th November.1966 -File No. 1-13-A/66-67 of Unit X, O.A.D/Civil Headquarters).*

NOTE 1 :- Annual adjustment of Central Government's share of camp expenditure by this office cannot be effected with the due promptitude if there is any delay in audit of camp accounts. This incidentally results in surrender at the end of the financial year of the provision made in the Central Government budget towards expenditure connected with National Cadet Corps and accumulation of debits on a large scale of the "State" side of accounts rendering it difficult to make advance provision for absorption of debits which have to be raised by this office. Reimbursement to the State Government from the Central (Defence Services) is also held up as a result.

In view of circumstances explained above, local audit of accounts of National Cadet Corps camps must be conducted without delay.

There are normally two camp seasons in a year, first during the summer vacation and again between October & December. If camp accounts are audited immediately or soon after termination of camps, it would be possible to raise debits against Central Government within the financial year.

*(Letter No. 10(30) 654/2865/C/D (GS-IV), dated 3rd October, 1966 from G.I Ministry of Defence, addressed to Comptroller and Auditor General of India-File No. 1-13A/66-69 of Unit X. O.A.D.Civil Headquarters).*

NOTE 2:- Debits against Defence estimates are raised against the Regional Controller of Defence Accounts concerned duly supported by necessary audit certificates along with a statement indicating particulars of units/periods/places of camps and actual expenditure incurred by the State Government on the camps.

*(G O .I. Ministry of Defence, Letter No. 1751/59/N.C.C/Co-ord. (B)/966-U.S/59/D(GS.III) dated 7th May, 1959 File No. 1-13/66-69 of Unit X of O.A.D. Civil Headquarters).*

iii) The Officers of Commanding Units have instructions to intimate this office in respect of every camp conducted under their jurisdiction, as and when the camps are held to facilitate early arrangement for audit of camp accounts along with that of the units concerned.

*(Letter No. 903/2/69-54 (B-7) dated 14th May, 1969 from Director, National Cadet Corps, (Andhra Pradesh) addressed to all Group/Units Commanders-File No. 1-13-A/66-69 of Unit X, O.A.D Civil Headquarters).*

It is the responsibility of Defence Department to have the accounts of equipment belonging to Central Government locally audited. Local audit staff of this office need not, therefore, scrutinise accounts relating to such equipment and expenditure thereon.

*(Para 6 of Government of India, Ministry of Defence, Letter No. 0224/53-6077/B/D(15 of M.E.S), dated 24.12.1952, F/M1/4-C & Ar. G's Letter No. 37-Admn.I/158-59, dated 9.1.53, F/H and Govt of India, Ministry of Defence, Letter No. 0224/54/N.C.C/4741/D(I's)55 dated 28th August, 1955).*

iv) Annual Camps are of the following categories:-

- a) State Camps.
- b) Combined annual camp or zonal camp-Combined annual training camp of air wing and naval wing.

NOTE:- In case of combined annual camps a personal deposit account in the name of the officer-in-charge of the camps is opened in terms of Rule 623 of compilation of Treasury Rules, Vol.I. Audit of expenditure of all types of combined camps of National Cadet Corps is conducted by this office in respect of all such camps held in the jurisdiction of this audit circle, soon after the termination of the camp and the certificate of audit indicating the share of each participant unit issued (See also Annexure II).

*(Comptroller and Auditor General's Letter No. 1684-Admn/665-61, dated 12th July, 1962-File No. 47-4/66-67.).*

v) Expenditure in respect of the annual training camps, cadre camps, etc., consists of following items:-

- 1) Pay of Officers for annual training camp or cadre camps.
- 2) Travelling allowance/daily allowance of Officers for camps, civilian staff and for cadets.
- 3) Messing allowance for Officers, cadets.
- 4) Incidental expenditure.
- 5) Payments of charges levied for accommodation, tents, electricity, water.
- 6) Payment for dhobis, sweepers and for conservancy arrangements.
- 7) Provision for lanterns and hot weather appliances.
- 8) Provision of materials for cleaning and upkeep of uniforms and equipment.
- 9) Provision of amenities for cadets-news papers, etc.
- 10) Provision of amenities and other requirements for inspection.
- 11) Provision of trophies, prizes, etc., and
- 12) Other items of expenditure for which no specific provision is made.

vi) The record should be retained for a period of three years after the camp is over. Camp Commandants of the respective camps are responsible for keeping the accounts with the units and replying to the audit objections through the Group Commanders.

The audited accounts and other connected documents, after settlement of audit observations, if any, are forwarded to the Directorate for record.

*(Accountant General Andhra Pradesh's Letter No. T.Edn.II/III/66-67/79, dated 13th September, 1966 File No. 1-7/67-68 of O.A.D Civil Headquarters Unit X).*

**25.05 Process of audit :-** i) Instructions below have to be followed by field staff.

- a) Information regarding camps held during the period preceding the date of audit should be called for, from the Unit Officer at the time of local audit.(See also Annexure II).
- b) It should be ascertained whether detailed bills in support of A.C .Bills drawn in connection with conduct of camps are sent to Central Audit.
- c) Detailed checks should be exercised on items of expenditure incurred on camps with reference to initial records and instructions laid down in the National Cadet Corps Act, and the Booklet "Accounting Instructions for National Cadet Corps & A.C.C. Camps' and Model Budget for National Cadet Corps Unit".
- d) If any item is found to be inadmissible or not properly coming under the purview of camp expenditure, a special note may be appended detailing the items and reasons for disallowance to enable Headquarters Section to forward them to the Central Audit Section for making necessary readjustment in the debit to be raised against Government of India.
- e) A Certificate should be appended to all Inspection Reports relating to National Cadet Corps units that accounts relating to the State camps/All India Combined/Zonal Camps (as the case may be) are subjected to local audit and that the allocation of the same to the extent of 50% to Government of India are found to be correct.

In case of All India Camps, share of each participating unit should further be certified.

Section Officers should devote specific attention to camp accounts during local audit of accounts of National Cadet Corps Offices.

*(Circular.No. O.A.D.I/X/I-13/66-67/24, dated 22nd December, 1966-File No. 1-13-A/66-69 of O.A.D Civil Headquarters. Unit X).*

ii) It should be seen during local audit that accounts in respect of camps are kept properly and registers are maintained in accordance with instructions issued in following orders:-

- 1) Annexure to National Cadet Corps Directorate Letter No. 1409/59 National Cadet Corps dated 11th October, 1959 (Vide Annexure -I).
- 2) Appendix 'A' to National Cadet Corps Directorate Letter No. 1409/57/N.C.C. Coord (b). dated 7th September, 1957 (Vide Annexure II)

iii) While checking purchases out of messing allowance under camp accounts it should generally be seen that quantity consumed is not disproportionate to the number of participants of the camp. It should be verified whether or not expenditure on messing is within the ceiling prescribed towards cost of meal per cadet. (No 2050/12/NCC/Coord (B) Min Of Defence dated 27.6.1959)

iv) It should be seen that expenditure is properly recorded in relevant registers and supported by paid vouchers and acknowledgements.

v) (a) Refreshment allowance account should be checked with Parade Attendance Register to ensure that allowance for each day was given only to those cadets who were actually present. It should be seen that the scale of allowance prescribed, including the monthly and annual limits fixed, is not exceeded in any individual case.

- (b) Washing allowance account should be verified to see that the scale prescribed is not exceeded in any individual case and that proper receipts are obtained for all payments. This allowance is also paid in cash. It should be seen that working allowance is regulated with reference to prescribed percentage of attendance.

vi) Stationery Charges, etc :- It should be seen that local purchases are made only under proper sanction. National Cadet Corps establishments in the State are considered as Service Departments and as such the procedure followed in other departments under the State should be adhered to strictly by National Cadet Corps Units in matters relating to stationery and printing. If for any reason printing is got done by private printing presses, it should be seen that the reasonableness of the rates is certified by the Superintendent of Government Press.

vii) Stores & Stock :- It should be examined whether periodical physical verification of stocks is conducted and necessary certificates recorded in Stock Registers.

viii) Training & Amenity Grants :- Accounts of training grants and amenity grants should be specially checked. It should be seen that grants are drawn only as and when required and on the strength of authorisation of the Director of Collegiate Education and expenditure under these grants is incurred on objects for which they are intended. It should also be seen that the scale, if any, fixed for each item is not exceeded and expenditure is supported by proper vouchers.

- ix) In case of Camp accounts, it should be seen that
- a) Accounts are arithmetically correct.
  - b) Expenditure on travelling allowance messing and incidental charges is within authorised limit;
  - c) All payments are supported by receipts in proper form;
  - d) Purchases are made inviting quotations from various dealers and rates do not exceed the market rate prevailing in the locality.
  - e) Hiring charges of various articles are reasonable and daily wages paid do not exceed local rates;
  - f) The account procedure followed is in order;
  - g) The balance of articles after close of the camp is disposed off to the best advantage and the sale proceeds credited to camp account, and
  - h) All advances drawn from such camps are finally accounted for and adjusted.
- x) Log Book :- The Peace Equipment Table and Model Budget of the 1 Unit should be seen in local audit in order to know the number of vehicles authorised and the monetary ceiling for expenditure on petrol. Excess, if any, over these limits should be specifically brought to notice.

**25.06 Audit Report :-** Inspection Reports of the unit accounts and camp accounts are forwarded to the Officer Commanding of the units concerned or the Camp Commandants as the case may be and copy endorsed to the Director, National Cadet Corps.

Replies of the National Cadet Corps units to the audit objections should be routed through the Director, National Cadet Corps.

**ANNEXURE I****Maintenance of accounts**

(Vide para 25.05)

(i) National Cadet Corps/Annual Cadre Camps:

It is the responsibility of the Camp/Unit Commander to account properly for public money entrusted to him and to maintain and render such accounts duly supported by the prescribed vouchers/receipts to satisfy audit requirements.

In case of N.C.C. Camps, the accounts are in terms of money only. Even messing articles (for which scales are not laid down) are to be provided within the monetary limit, as indicated in relevant Appendix to budget letter issued under the Directorate No. 0168/55/N.C.C., dated 10-8-1955. Messing accounts for camp period should be maintained in such a systematic way that at a glance, one should be able to know the articles (with their quantity) purchased daily and the amount paid for them. In addition, proper records should be maintained showing the daily feeding strength, articles (with their weight etc.,) issued and balance on termination of the camp. To achieve this object, the following instructions are issued:-

(a) Cash Book: - (1) The prescribed army form (I.A.F.A. 125) or any other form issued by the State Government should be used. If, however, these forms are not available, the manuscript form (Appendix 'A') (not printed here) may be used.

(2) All cash transactions (receipts or payments) should be recorded immediately after they take place.

(3) Bills/receipts should be arranged chronologically and numbered serially (separate serial numbers should be assigned to receipt and payment vouchers which may be recorded in separate files). It is essential that against each entry in the cash book the relevant serial number or receipt/payment vouchers should be given in the column provided for this purpose.

(4) All payments made should be supported by dealers bill receipts duly stamped when payment exceeds Rs.20. Where an entry in the cash book represents payments made to several individuals, it is advisable to keep separately details showing the name of each individual, the amount paid to him and brief particulars of the payment made.

(b) Daily Account of articles purchased/supply received: - The account should be maintained in the proforma (Appendix B) (not printed here). The daily bulk receipt of each article (with its cost) should be recorded in the proforma. On termination of the camp the total of each column would indicate

the quantity of each article received during the camp period and the cost. The total quantity of each article issued during the same period (as per Appendix 'C') (not printed here) may be deducted to work out the balance left in stock. The unconsumed balance may be disposed of locally and the sale proceeds credited in the cash book.

Note:- At the time of working out the net expenditure on messing, the amount realized from the sale of unconsumed articles should be taken into account.

(c) Daily Missing Account (Appendix 'C') (not printed here):- This provides separate columns for daily feeding strength and quantity of each article issued. On termination of camp, all columns should be totalled to arrive at the total number of mandays messed during the camp period and the total quantity of articles issued. The totals thus arrived at may be transcribed in Appendix 'B' to work out the balance, if any in the stock.

(d) General – It is the foremost duty that expenditure should be incurred with due economy. It is, therefore, imperative that before resorting to local purchase, competitive rates should be invited. The lowest rate should invariably be accepted, unless there are special reasons for accepting a higher rate. The Camp/Unit Commander should entrust this work to a committee, whose duty it would be to check and to ensure that they are correct according to the quantity received.

(e) Return – On termination of the camp, each Unit Commander has to furnish within 30 days of the termination of the camp, a statement in the form given in (Appendix 'D') (not printed here) to the Headquarters within 30 days of the termination of the camp and not to N.C.C.D.T.E. direct.

*(Annexure to N.C.C.D.T.E., letter No. 1409/59 N.C.C. dated 11<sup>th</sup> October, 1959.)*

**ANNEXURE II**

(Vide paras 25.04 and 25.05)

Combined Annual Training Camps for All India Air/Naval Wing Units Senior Division, etc.

(a) Combined Accounts – For maintenance of combined ‘Messing’ and ‘Incidental’ accounts, the units participating in the camp draw from their respective State Governments advances up to the authorized limits and deposit/remit the money with/to the Camp Commandant within prescribed period, as per administrative instructions issued for combined camps. On termination of the camp, the average expenditure per cadet in respect of messing charges is worked out. As regards the incidental charges, the nature of expenditure being such that it cannot be equitably distributed on *pro rata* basis, the principle to be followed for showing this expenditure is that units with 50 per cent of the authorized cadets’ strength or more bear full share and those units with below 50 percent strength bear half. As no separate messing arrangements for N.C.C. officers are normally made in the camp the cost of their messing is to be assessed straightaway at Rs. 4 per head. At stations, where separate arrangements for messing in respect of officers can be made, the Camp Commandant is not required to keep account for the said expenditure.

The allowances admissible to N.C.C. officers and cadets and Incidental Expenditure Grant for the camp period are given in paras 1 (b) and 3(a) of Schedule II to N.C.C. Act and Rules and annual model budget letter.

In all combined camps, the officers named for conducting them are required to maintain combined accounts in respect of ‘Messing’ and ‘Incidental’ expenditure grants drawn by units from their respective State Governments. Units will maintain individually their own accounts for all items of expenditure other than the above.

(b) Personal Deposit Account:- A Personal Deposit Account is opened by the Camp Commandant at the local branch of State Bank of India/Treasury to accommodate the money received by him from the units towards the camp expenditure with reference to rule 623(b) of the CTRs, Volume I.

(c) Cash Book : A simple cash book (Multi columned) is maintained. Amounts brought by Unit Commandant from the State Governments are entered as receipt. Entries in the cash book in respect of payments made are recorded immediately after they take place and must invariably be supported by a dealer’s receipt (with the revenue stamp affixed when the payment exceeds Rs.20) Separate bills/receipts for each type of expenditure, *i.e.*, messing and incidental, are obtained and separate files maintained for recording them. Vouchers obtained in support of payments should indicate the date of supply, quantity received and the rate charged. It should also bear a dated pay order of the Camp Commandant.

(d) Accounts – (1) Messing Account – The messing account is maintained as per Appendix ‘B’ and Appendix ‘C’ to the Dt. No. 1409/55-N.C.C. Co-ord., dated 11<sup>th</sup> October, 1955. Daily messing account should be supported by a

unit-wise detail of the number of N.C.C. Officers and cadets who messed on each day explaining variation in the strength. (Unit-wise details should also be recorded on the back of Daily Parade Statement). Any unconsumed balance of stores on termination of the camp as per Appendix 'B' to Dt. Letter No. disposed *ibid* is of locally and the sale proceeds credited to Government by making entry in the cash book. The total messing expenditure is also reduced to this extent.

(2) Account for incidental charges – A separate account for incidental charges is maintained in the prescribed proforma (X-I). It is imperative that Officers/ Commanding Units draw from the State Government, funds to the extent authorized to meet incidental expenses and the same is remitted to the Camp Commandant in the manner indicated in the administrative instructions. The funds obtained are intended to be spent in the camp only. If, however, there is any case where expenditure against incidentals is inescapable before units arrive in the camp it can be incurred with the approval of the Camp Commandant. The original bills and receipts in such cases should invariably be handed over to the Camp Commandant on arrival. If articles purchased from incidental grant are disposed of, their sale proceeds are also credited to the Government and the total incidental expenditure is reduced by the amount realized out of such credits; a statement showing particulars of articles and to whom sold is kept on record indicating the method adopted for sale, *i.e.*, whether by public auction or otherwise; in case the amount realized is considerably less than the amount spent, reasons therefor are also to be recorded. A certified account detailing the kind and quantum of stores received and cost thereof should be prepared in respect of all non-expendable stores purchased out of incidental expenditure grant and the expenditure so recorded is taken as charge.

(e) Closing of Accounts – At the termination of the camp, the two accounts (*i.e.*, messing and incidental) are closed. The Camp Commandant should endorse a certificate on the “messing” and “incidental” accounts that competitive rates were invited and the lowest accepted. He should ensure that camp accounts are completed immediately after the camp is over and the same presented to the State Auditors. A list in proforma X-II is then prepared to indicate the share of expenditure in respect of each unit taking part. Unspent cash should be proportionately refunded to the unit Commanders and the account closed to “Nil” balance

Audit – The Camp Commandant is required to contact this office well in advance to fix up the date of local audit immediately on closure of the camp. The audited account and connected documents after settlement of objections, if any, are forwarded to the Directorate for record. The Camp Commandants are required in addition to consult the relevant instructions contained in the Directorate Letter No. 1409/55/N.C.C. Co-ord., dated 11<sup>th</sup> October 1955.

[Based on Appendix 'A' to N.C.C. Directorate Letter No. 1409/57/N.C.C. Co-ord. (b), dated 7<sup>th</sup> September 1957.]

## CHAPTER 26

### ACCOUNTS OF JAILS AND CERTIFIED SCHOOLS

**26.01 Preamble:-** The accounts of the Central, District and Special Jails and Certified Schools etc are audited locally. The instructions contained in the Andhra Pradesh State Jail Manual should be studied by inspection staff before commencing audit of the accounts of Jails.

**26.02 Scope of audit :-** In the accounts, transactions of Jails find place under two wings viz., (1) general or maintenance department and (2) manufactory department.

All bills for expenditure incurred by the two departments from permanent advance and amounts drawn on abstract bills are submitted to and scrutinised by the Director General and Inspector General of Prisons and Director of Correctional Services under the Departmental Rules, except bills for charges relating to public works, supply of stationery and medicines. In regard to the detailed accounts maintained by the Jails, however, the scope of scrutiny of the Director General etc differs. In respect of the manufacturing department the Director General gets only a monthly statement and the bills of expenditure. The detailed accounts and registers maintained for manufacture, sales, etc., do not undergo any check. As for maintenance department, the Director General gets the necessary returns towards a major portion of its transactions and his scrutiny with reference thereto is complete. The scope of local audit by this office is, therefore, of a supplemental character and embrace an examination of all accounts that are not subject to his scrutiny.

#### **A. Manufactory Department.**

**26.03 Accounts, records etc., :-** The registers and accounts, to be examined in the manufactory department are :-

1. Store-keeper's Cash Book (or Permanent Advance Account )
2. Stock book of raw materials, sundry articles and stores ledgers.
3. Indents.
4. Stock Book of manufactured articles.
5. Transit Register.
6. Register of Orders for execution in the Manufactory Department.
7. Day Book of credit sales.
8. Day Book of realisations.
9. Individual ledger of credit sales.
10. Register of Inter & Intra-departmental supplies.
11. Stock Book of manufactory plant, implements, etc.
12. Gate Passes.
13. Contingent Register.
14. Register of Works.

15. Statement of Profit and Loss of the Manufactory Department.
16. Receipt Book.
17. Register of Bills drawn.
18. Sanctions for purchase of stock.
19. Register of damaged articles.
20. Register of by-products.

**26.04 Process of audit :-** The checks prescribed in Chapter 4 should be generally followed. It should be specially seen that the accounts are maintained in the prescribed form and that the rules governing the maintenance of the accounts are strictly followed.

**26.05 Stock book of raw materials.:-** It should inter alia be seen that -

1) All raw materials purchased as seen from monthly statements of receipts and charges and as seen from payment vouchers (which should be obtained from the Head Office) are duly credited in the Stock Book.

NOTE :- In the case of firewood purchased by the jail for manufactory or maintenance purposes, it should be seen that the purchase and issue are made only by weight.

2) Charges on account of railway freight, carriage, etc., of materials purchased are duly added to the cost of materials.;

3) Issues are made only on indents prepared and signed by the foreman or warden-in-charge of the Workshop and countersigned by the Jailor;

NOTE :- The sale of raw materials purchased in the bazaar and stocked for manufactory purposes is prohibited.

*(I.G's Order No. 3990, dated 24.7.1909).*

4) An annual stock of raw material in the stores, on the looms and in the several workshops, are taken by the Superintendent and found to agree with the accounts stock;

NOTE :- Excesses of stock not to be set off against shortages found in stock-taking.

*(G.O.No. 250, Home (judicial) dated 28.11.20)*

5) Any depreciation in the value of raw materials by long storage or otherwise or loss from other causes is reported to the Director- General and orders obtained for the items being written-off.

**26.06 Indents :-** It should be seen that -

1) Indent forms are bound in books of a limited number serially numbered, and that separate books are used for each class of industry, and that a stock account is maintained for them.

2) Indents for materials are not in excess of requirements for manufacture of articles concerned.

NOTE :- This should be checked by comparing the quantities of materials as indented for, with those of the estimates or the data book maintained showing the raw material required for the manufacture of the articles concerned. In each case of manufacture, e.g., leather, cloth, cane work, etc., the orders fixing the scale of outturn from a specified quantum of raw materials should be referred to and cases should be investigated to see whether the actual outturn is sufficiently high or not e.g., certain weight of yarn must give a definite weight of cloth after taking into account the addition of sizing materials, etc., if indents show striking excesses, they should be commented upon. Two percent of the indents relating to different classes of articles manufactured during the year under audit should be checked.

(3) The issue of raw materials are fully accounted for by receipt of manufactured articles, allowing for reasonable wastage, if any :

NOTE 1 : In the case of raw material issued for preliminary processes or cleaning before they are issued for manufacture, the issue and receipts need not be checked with reference to each indents. It would be enough if the check is applied with reference to totals of transactions for the year for each of the processes shown in the stock book of raw materials allowing for reasonable wastage.

NOTE 2 : In the case of each class of manufacture e.g., oil, cloth, cane work, leather, etc., the local audit party should call for orders of Government or other competent authority fixing the scale. If the outturn is below the minimum fixed, it should be commented upon.

(4) Wastage is not abnormal, that wastage calculated represents what actually occurred and that it is distinctly set out on the right hand portion of the indent and subsequently entered against the corresponding indent in the stock book of raw materials.

NOTE : In his proceedings No. 2023, dated 15th April, 1910, the Inspector General ruled that the driage on oil cake should not be allowed to run for a year but should be struck off the accounts every month subject to maximum of 5 percent, on total quantity stored.

(5) Indents are invariably countersigned by the Jailor and the memorandum of manufactured articles initialled by the Superintendent in proof of his having checked that the quantum of the manufactured products is commensurate with the quantum of raw materials consumed.

(6) Counterfoils of indents are carefully preserved by the foreman or Warden-in-charge of the workshops and the foil of the indents and the memorandum by store-keeper ; and

(7) Any excess of raw materials over actual requirements is promptly returned to the stores and acknowledgement obtained.

**26.07 Stock Book of manufactured articles :-** (a) It should inter alia be seen that -

(1) Articles manufactured in workshops are delivered in the stores during the year according to the "Transit Register of Manufactured Articles, etc., received from the Workshop" (maintained by the Jailor) and are duly credited in the stock book and that there is evidence of the Superintendent having checked the credits once a week.

(2) Prices of articles, manufactured and supplied are fixed in accordance with rules in force;

NOTE :- Starching brushes should be classed as raw materials and their value also should be taken into account in fixing the price of manufactured articles.

*(I.G's Circular No. 6575, dated 25.9.1916).*

(3) In the case of any depreciation in the value of articles due to long storage or otherwise or any articles destroyed or lost, a report as to the circumstances in which the depreciation/loss/destruction took place, mentioning the value of the articles, is made to the Director - General of Prisons for orders.

(4) In the case of old articles such as furniture, etc, shown in the Transit Register (of the Jailor) of manufactured articles, as having been repaired and passed out of the manufacturing section, it should be seen by a reference to the "In Gate Register" whether the old articles were actually brought into the jail, and that

(5) (a) All transactions of the manufactory department, including articles made as samples or for jail supply, are brought into the stock book;

*(I.G's Order No. 6014, dated 7.7.1920, L.F No.34-3 of 1920-21).*

(b) A comparative study of pricing of articles manufactured and the revisions brought over such pricing from time to time due to long storage etc., with the market rate should be made and large disparities, if any, should be commented upon.

**26.08 Day book of realisation and credit sales :-** It should be seen that -

(1) all sales or issues of manufactured articles are duly recorded in the day book of realisations or of credit sales, as the case may be, as and when the transaction takes place.

NOTE 1: For the purpose of this check, all issues according to the stock book of manufactured articles and sales of raw materials, if any, according to the stock book of raw material, should be traced into the above registers for the entire period under audit.

NOTE 2 : Articles sent out for inspection need not, however, be shown in the above registers but the return of the articles should be watched through the Gate Register.

*(I.G's Pros.No. 24, dated 3.6.1912 on paragraph 18 of the report of the Audit of Jail Accounts of Cuddalore for the year 1910).*

(2) Values realised for articles sold to the public and the Government departments are correct with reference to the price list or rates fixed by the competent authority.

NOTE :- In the case of manufactured goods remaining in stock for a long time, it is open to the Superintendent to sell them at a cost not below that of actual value of raw material used up in their production but a note of the grounds for each reduction should always be made in the day book of realisation or of credit sales by the Superintendent in his own handwriting.

*(I.G's Order. No. 4623. dated 19th August, 1969, and L.F 34-14 of 1909-10).*

(3) Amounts received on account of all cash and credit sales are duly credited in the day book of realisations.

(4) All cash sales are supported by receipts issued. In respect of amounts received by money orders or value payable posts, receipts need not be issued.

(L.F.No. 34-4 of 1915-16).

(5) All credit sales are correctly booked in the individual ledger;

(6) The several columns provided in the day book of credit sales and of realisations are duly filled in and the books bear evidence of daily check by the Superintendent;

(7) All entries of sales or issues in the day books are initialled by the Superintendent or the Jailor in proof of his having verified them daily with the gate passes and found correct;

NOTE :- The day book of realisations or of credit sales should be checked with the gate passes for the whole year under audit.

(8) Totals of daily collections are correct.

(9) Collections are promptly remitted into Treasury without being diverted for departmental expenditure,

NOTE :- Remittances into Treasury should be checked with the Treasury challans and the totals of remittances of the month agreed with office copy of the statement of manufactory charges and receipts. (See also Chapter 4)

(10) Cash collections in excess of the amount of the security deposit of the Store-keeper is not retained with him but is remitted promptly into the Treasury on the very day of collection or deposited with the Jailor for safe custody and remitted into the Treasury the next working day.

#### **26.09 Register of inter-departmental and intra-departmental supplies :-**

(1) All supplies of goods to other jails or to the Government departments, the value of which is ordinarily adjusted by book entries are entered in this register.

(2) Accepted values of goods supplied are adjusted in the monthly statement of manufacturing charges and receipts on receipt of countersigned invoices from the officers to whom the articles are supplied.

NOTE : The entries of accepted values in the register should be checked with the credits of the values in the individual ledger and the monthly statement of receipts and charges of the manufactory department ; and that

(3) Values of all goods supplied and those for which countersigned invoices are not received are treated as book debit outstanding in the half-yearly statement of all outstanding dues to the jail.

**26.10 Individual ledger credit sales :-** In addition to check of entries of credit sales envisaged in para 26.09 supra, it should further be seen that -

(1) Accounts of each individual or department is maintained distinct from the other that an alphabetically arranged index is prepared.

(2) Closing balances of the previous year are correctly brought forward as opening balances of the year under audit,

(3) Credit sales are not allowed except to such private firms and such classes of Government officers other than Jail officials and such private individuals as the Director General of Prisons approves.

(4) Amounts due from each individual or department after each payment are correctly worked out;

NOTE :- Twenty-five percent of the totals should be verified.

(5) All recoveries in cash or by adjustment on account of credit sales are duly and correctly entered against the accounts of each individual or department.

NOTE :- For this purpose all collections in cash according to the day book of realisations and all receipts by adjustments according to the monthly accounts or triplicate invoices approved by the Director General of Prisons should be traced into the individual ledger.

(6) At the end of every month a bill is issued to every private firm and Government officer and private individual to whom credit is allowed and that no further credit is ordinarily given till the bill is settled;

(7) A receipt is given for every payment made;

(8) Outstandings at the end of the half-year according to the ledger are correctly shown in the statement of outstanding submitted to the Director General of Prisons and action taken to recover long outstanding amounts is explained; and

(9) That the ledger bears evidence of scrutiny by the Superintendent.

**26.11 Purchase order book :-** In respect of the entries in this register, it should be seen that -

(i) Indents are posted into it, as and when placed;

(ii) Supplies are made by the contractors within the allotted time and the payments are promptly made and not unduly delayed.

(iii) Receipt of stores agree with office copies of invoices or abstract bill books;

(iv) Rates and calculations in the invoices agree with quotations and contracts;

(v) Postings agree with entries in stock ledger of materials.

(vi) Purchases of dead stock agree with entries in Dead Stock Register;

(vii) Dates of payments noted in the register agree with the cash book; and

(viii) Entries of outstanding dues agree with the list of unpaid bills at the end of the year;

**26.12 Store Keeper's cash book or permanent advance account :-** The entries in the cash book of all receipts other than recoupment of permanent advance and drawals from Treasury such as securities from contractors, etc., need be examined and checked with the subsidiary accounts, if any and also verified whether they were either duly remitted into the Treasury or the post office savings bank or expended for the purpose for which they were intended

and the expenditure is accounted for, by proper vouchers. Besides this, it should be seen that -

- (1) Amounts drawn on abstract bills are brought on to cash book;
- (2) No money is drawn from the Treasury and kept on hand, long in anticipation of payments and
- (3) There is evidence of actual cash balance having been examined by the Superintendent periodically in the manner laid down in the rules.

**26.13 Gate passes :-** It should be seen that -

- (1) No articles are sold or despatched from the Jail without a gate pass;

NOTE :- The gate passes for the whole year should be checked with the Day Books of realisations and of credit sales to see that no articles are sold without entry in the day books.

- (2) The pass is duly signed by the Superintendent and the Jailor, and in urgent case by the Jailor subject to the subsequent signature by the Superintendent; and
- (3) Samples sent out are recorded so and their return is watched.

**26.14 Register of orders for execution in the manufactory department :-** It should be seen that-

- (1) No article is manufactured in the Jail without the orders of the Superintendent, whether such manufacture is for the public, or for the Government departments or for Jail officials for their own use or for the purpose of being kept in stock; and
- (2) The articles manufactured and supplied according to the orders recorded in the register are duly shown in the stock book of manufactured articles.

**26.15 Register of manufactory plants, implements, etc. :-** It should be seen that -

- (1) Charges for livestock, and tools and plant are supported by prior sanction of the Director General of Prisons, wherever necessary, and
- (2) Original value of each plant, machinery, etc., is depreciated for wear and tear at prescribed rates and that when full value is deducted, the plants are retained in the register until finally condemned and written off but no value is shown against them.

**26.16 Statement of profit and loss of the Manufactory Department :-** It should be seen that-

- (1) Opening balances of the year agree with the closing balances of the statements for the previous year;
- (2) Statement of profit and loss is supported by a statement of valuation of each description of raw materials, manufactured goods and tools and plant with the quantity and rate noted and that the total valuation under each head in the two statements agree;

(3) A certificate in the following form is given ;

“I hereby certify that the raw materials, manufactured goods, tools and plant accounted for in columns 11,12 and 13 have been assessed as follows; the raw materials at the prices actually paid for less deduction, the manufactured goods at the cost of production exclusive of profit less deduction for any casual damage and the tools and plant at the present value after deduction for wear and tear and I declare that the rates adopted for purpose of valuation are in accordance with the facts. Particulars of the deductions made reducing the certified values in the case of raw materials and manufactured goods with the authority, (if any) for such reductions are entered on the reverse.

(4) Statements of outstanding bills, due to and by the jail are also prepared and appended to the statement of profit and loss and the total outstanding in the two statements agree;

(5) All raw materials, manufactured articles, plant and machinery in hand at the close of the year and all outstanding bills due to and by the jail are correctly entered in the statement referred to in (2) and (4) above;

NOTE :- For this purpose, all the balances according to the stock book, ledger and unpaid bills on hand should be checked with those entered in the respective statements and;

(6) The valuation of the raw materials, manufactured articles and plant and machinery are correctly made in accordance with the certificate mentioned in (3) above.

NOTE :- The valuation of goods at the probable selling rates even though it may be undervaluation is not only contrary to rule but offers room for subsequent revision of the values to the best advantage possible when preparing the balance sheets and so tends to obscure loss which may occur in any industry. Strict adherence to the rules should, therefore, be enforced.

*(Director General's Order No. 4623, dated 19th August, 1909).*

**26.17 Register of damaged articles :-** Articles damaged during the process of manufacture are listed in this register. It should be seen that -

- (a) Damage was not due to any negligence on the part of the staff;
- (b) Damaged articles are disposed of in auction or otherwise utilised in the best interest of Government; and
- (c) In the case of auction, the sale proceeds are credited in the cash book.

**26.18 Register of bye-products :-** Bye-products, if any, received in the process of manufacture are noted in this register. It should be seen that they are properly utilised or disposed of in auction and in the latter case, the proceeds are credited in the Cash Book.

## **B Maintenance Department**

**26.19 Accounts, records, etc :-** The following are the accounts and registers to be examined in the maintenance Department of Jails :

1. Jailors Cash Book.
2. Register of contingent charges.

3. Stock Book of Rations.
4. Diet Rolls.
5. Bill Book of payment for the purchase of rations.
6. Convict Register.
7. Register of undertrial prisoners.
8. Register of Civil Prisoners.
9. Labour Register.
10. Remission Sheet.
11. Clothing and Bedding Register.
12. Register of articles of uniform received and issued to warders.
13. Stock Book of Civil Stores.
14. Register of Bills drawn.
15. Acquittance Rolls.
16. Stock Register of Cash Receipt Books.
17. Prisoner's Property register.
18. Register of Valuables.
19. Service Label accounts.
20. Library Register.
21. Recovery Register.
22. Service Books.
23. Register of Articles purchased on indents.
24. Garden produce register.
25. Register of buildings.
26. Register of trees.

**26.20 Process of audit :-** The general principles for exercising checks of the various registers enunciated in Chapter 4 should be generally observed. The following subsidiary instructions should also be followed in addition.

(a) Cash Book :- The entries in the cash book of all receipts other than recoupment of permanent advance and drawals from Treasury need be examined; e.g., subsistence allowance, wedding money, fines paid into jail by convicts, securities furnished by jail subordinates and contractors and properties of prisoners in cash, etc. These should be checked with subsidiary registers, if any, maintained and it should also be seen that they are either duly remitted into Treasury where necessary or utilised for the purposes for which they were intended. In the latter case it should be seen that the expenditure is properly accounted for in the necessary accounts and vouchers.

It should inter-alia be seen that -

- (1) Amounts drawn on abstract bills are brought on to the cash book;
- (2) Advance for escort of prisoners are duly recovered and credited in the cash book; and
- (3) Receipts on account of prisoner's property in cash are duly remitted into the Treasury. (see also Note 2)

NOTE 1: The Treasury challans should be verified for this purpose.

NOTE 2 :-The Superintendents of Jails in the Telangana Region are instructed to keep the prisoner's money in the Treasury or pass book and to keep the amount required for a month's disbursement in the prison's safe.

*(No. 902/A.I/59-3 dated 4.1.1959 from the Director General of Prisons to Accountant General, Andhra Pradesh and Letter No. 3747/Prisons/59-4 dated 23.1.1960 from the Deputy Secretary, Home (Prisons) Government of Andhra Pradesh).*

(b) Register of Contingent Charges :- The register should be generally examined to see that it is written up in accordance with the prescribed instructions and initialled by the Superintendent himself.

(c) Stock Book of Civil Stores :- It should inter alia be seen that the stock book shows all civil stores, livestock and dead-stock other than those connected with the manufactory department.

**26.21 Stock book of rations and diet rolls :-** Extract from these books are required to be submitted to the Director General of Prisons and the transactions connected with the receipt and issue of rations are checked in detail by him. It should inter alia be seen that -

- (i) Books are properly maintained and they bear evidence of check by the Superintendent.
- (ii) Diet issued is at prescribed scales.
- (iii) Various purchases found in the vouchers agree with the entries in the register;
- (iv) The number dieted agree with that shown in the lock-up register after taking into account the admissions and releases during the day. Sometimes difference may occur owing to the fact that some releases and admissions which were expected to occur and for which provision was made in the indents did not actually take place. The number dieted under each class of convicts should agree with the figures compiled from slips received from each ward or barracks.
- (v) Amounts of diet money shown in register agree with the amount and rates shown in the receipts granted by the Jailor, and with the warrants in cases in which they can be produced i.e., in cases where the prisoners have not already been released.

(vi) Entries in the daily abstract of sick prisoners should agree with those in the Hospital diet register and the diet register of infirm patients to see that the infirm prisoners are not included in the number of prisoners shown in the diet registers, and.

(vii) The register of Milk Account should be checked with the diet register and it should be examined how surplus milk was made use of, i.e., whether butter/ghee is taken out.

**26.22 Bill book for the purchase of rations :-** It should generally be seen that columns 6 to 8 of the Stock Book correspond to the entries in the bill book and the counterfoils of these forms are retained as a permanent record in the Jail accounts.

**26.23 Convict register and register of under-trial prisoners :-** It should be seen that -

(1) Properties such as jewellery, etc., of the unreleased prisoners according to those registers are actually in the custody of the Jailor and that the particulars of the properties agree with those entered in the Court warrants.;

NOTE :- The check should be applied only in a percentage of the cases.

(2) Properties in cash of the convicts imprisoned during the year under audit according to those registers are credited in the Jailor's cash book; and

(3) Refund of credits are verified before payments are made and acknowledgements in support of the amounts disbursed as per Jailor's cash book are obtained in the registers.

This should be seen only in a percentage of cases.

NOTE 1:- In order to prevent over-payment or erroneous payments of prisoner's cash property, the cash books and convict registers maintained in the Jails are required to be kept in the safe custody of the Jailor; Original credits should be verified before repayments are made and a separate register should be maintained in respect of cash property belonging to prisoners.

NOTE 2 :- Stamped receipts should be taken from the prisoners when the cash property exceeding Rs.5000 is made over to them on release.

**26.24 Register of civil prisoners :-** The check prescribed above should be applied in the case of civil prisoners' properties also. In addition, it should be seen that -

(1) Subsistence allowance is realised in advance as laid down in rules and at the scale prescribed by Government from time to time.

(2) Subsistence allowance realised for civil prisoners according to the register is duly credited in the cash book and the expenditure therefrom is properly accounted for;

(3) Unexpended balance of subsistence allowance is refunded to the committing Court or the decree- holder as laid down in rules.

(4) The bedding money is duly credited in the Treasury either by the maintenance department itself or through the manufactory department, as the practice may be, and the expenditure therefrom is properly accounted for;

NOTE :- The checks in (2) and (4) should be applied for the whole year under audit.

- (5) Decree amounts paid into the jail by civil prisoners as shown in this register is duly credited in the cash book and remitted to the Court and that acknowledgements of the Court are forthcoming; and
- (6) Unclaimed bedding of released civil debtors is dealt with in accordance with the instructions contained in item (vii) in Article 267 of A.P.F.Code, Volume I

**26.25 (a) Labour register :-** If convict labour is supplied to municipalities and other private individuals or departments other than Public Works Department according to details given in column (I) of the register, it should be seen that necessary recoveries of the cost of labour are made and credited in the cash book. It should also be seen that the sanction orders of the Director General of Prisons are obtained in all such cases. If convicts are supplied to the Public Works Department, the cost of labour is required to be recovered in all cases except when labourers are employed on works which are treated as jail works, vide Article 60(b) of Account Code, Volume-I.

NOTE :- The rates of convicts labour charges are as specified by Government from time to time :-

*(G.O. Ms.No.1099, Home (Prisons-B) Department, dated 11th August 1969 communicated in Office Order No. OAD/Civil/XII/68-69/31, dated 6th December, 1969).*

**(b) Remission sheets :-** These should be examined for any two selected months to see that the gratuities paid to released prisoners are correctly calculated with reference to the scale fixed for the purpose according to the ranks of prisoners. It should be seen that the released prisoners acknowledge amount of gratuities paid to them on release.

**26.26** It has been decided by Government to implement the system of payment of wages to the prisoners engaged in prison industry in Central Prison at Hyderabad, Warangal, Rajahmundry and Visakhapatnam, prisoners agricultural colonies at Moulali and Ananthapur and in the District Jails at Nellore and Nizamabad. For this purpose Government of Andhra Pradesh have framed "ANDHRA PRADESH PRISON INDUSTRIES WAGE RULES 1977". The local audit party is advised that these rules may be kept in mind while auditing the above prison/prisons agricultural colonies/District Jails. Government have further decided that the wages to the convict labours engaged in Jail Industries in all the above prisons, prisoners agricultural colonies/District Jails be paid at the following rates.

- |                         |   |   |
|-------------------------|---|---|
| a) Skilled workers      | : | Rs.3/- per day for the task prescribed for each process of manufacture. |
| b) Semi-Skilled workers | : | Rs.2/- per day for the task prescribed for each process of manufacture. |
| c) Trainees             | : | No wages  |

*(G.O.Ms.No.213 Home (D.O.Prisons) Dept dated 21st March, 1956 read with Govt of A.P Home (Prisons) DESK Dept. Received 661/Pri-B-Desk/86-1 dated 30th September, 1986).*

**26.27 Clothing register (new and part-worn) and bedding register :-** It should generally be seen that

- (1) Registers are neatly kept and written upto date and bear evidence of check by the Superintendent; and
- (2) Issues of new clothing are traced from the manufactory stock book into the register of new clothing for any two selected months of the period under audit.

**26.28 Register of warder's uniform received and issued :-**

It should be seen that

- 1) Clothing supplied to warders is sanctioned by the Director General on indents submitted by the Superintendent;
- (2) Issues are acknowledged by the warders or certified to that effect by the Superintendent under his initials;
- (3) Clothing left unused, if any, is recredited to the stock;
- (4) Jailor and Deputy Jailor are not supplied with uniform and belts at the Government expense; and
- (5) Issues noted in the register are in accordance with the conditions laid down in the rules.

**26.29 Personal Deposit Account :-** The personal deposit account operated in the name of the Jailor should be checked to see that all receipts are duly remitted and the balances are reconciled periodically.

**26.30 Purchase of provisions, grain, etc :-** In respect of transactions entering this registers, it should be seen that -

- (1) tenders are invited and accepted by competent authority for the supply of articles of food;
- (2) charges for the purchase of provisions are checked by reference to contract rates and agreements;
- (3) the year's supply of grain and fire wood and all articles of ration are purchased in the cheapest season and under proper authority;
- (4) supplies are made within the stipulated period.
- (5) purchases are checked with the counterfoils of purchase orders and invoices paid;
- (6) calculations are checked and payments are traced into the cash book;
- (7) scale of ration for bullocks, if any, is not exceeded; and
- (8) receipts and issue of provisions according to scale are checked in detail.

### C. Miscellaneous

**26.31 Garden produce :-** The garden register should be reviewed with a view to seeing that it is properly maintained and inspected by the Superintendent from time to time and that dry produce is duly accounted for. The vegetables issued free to the Jail officials should also be entered in the register and in case of receipts, should be noted in the register and sale proceeds credited in the cash book.

**26.32 Dairy produce :-** In the jails in which cattle is maintained and the system of selling milk or other dairy produce to the public or the Jail officials is in force, it should be seen that-

- (1) Necessary stock account of the produce is maintained and the sale proceeds duly credited in the account as laid down in rules' and
- (2) An account is maintained of fodder purchased and issued for maintenance of cattle and the transactions recorded therein are correct.

NOTE :- The purchases of fodder should be traced in all cases, checked with reference to the scale in force in a percentage of the cases and the account generally scrutinised to see whether it is properly maintained.

**26.33 Poultry, sheep and farm produce :-** If there be any transactions relating to these, it should be seen that -

- (1) A proper account is maintained to show the receipts, issues and balances of poultry, sheep, etc, and also that necessary accounts for fodder supplied to them or seeds, etc., purchased, are maintained and
- (2) In cases of sales of poultry, etc., the credits of the sale proceeds are traced into the accounts for the entire period under audit.

**26.34 Milk account :-** The Milk account should be checked with the Live-Stock register (or with the gate pass register if it is purchased from outside) to see that milk is duly accounted for, verified how surplus is disposed of. The register of milk account should be checked with the diet register. Where the surplus milk is converted into milk products it should be seen that out-turn is in proportion to quantity of milk used and is properly accounted for.

**26.35 Ammunition register :-** i) The entries in this register should be checked with invoices received from Arsenal of Depot and it should be ensured that after necessary verifications empties are returned to the Arsenal of Depot.

(ii) The total should be checked and it should be ensured that balances are struck correctly.

**26.36 Register of valuations :-** Cheques, drafts, etc., received by the Superintendent are at once noted in this register and when they are encashed the proceeds are entered in the cash book. The register should be examined to see that the proceeds of cheques, drafts, etc., are duly entered in the cash book.

**26.37 Register of buildings :-** This register is intended to show the number and details of the buildings under the control of the Superintendent. It should be seen that (i) all buildings (including the buildings in which the manufactory

is housed and residential buildings) are entered in the register) (2) in the case of the residential and manufactory buildings, their capital cost is noted and depreciation is correctly worked out and (3) rent is recovered if the building is occupied by persons who are not entitled for free accommodation.

**26.38 Library register :-** The register is divided into two parts, viz., (1) to show books purchased or otherwise obtained for the 'Prisoners' Library and (2) to show books of reference purchased for the office.

It should be seen that all books purchased or otherwise received are entered in the register and that annual certificate of verification is recorded in the register.

**26.39 Recovery register :-** This register is intended to watch the recovery ordered by Government, Accountant General, Director General of Prisons, etc. It should be seen that the register is properly maintained. Particulars of recovery noted should be test-checked to ensure their correctness.

**26.40 Register of trees :-** This register is intended to show the number of trees in the jail compound. It should be seen that (1) all the trees are numbered and their numbers are noted in the register (2) the fact whether they are yielding or non-yielding is indicated in the register; (3) in the case of yielding trees the produce are auctioned and proceeds credited in the Cash Book, in the case of trees removed, the fact is noted in the register and their disposals are sanctioned by the Director General of Prisons, and (4) if the trees are used as fuel, there are necessary credit entries in the Stock Register of fuel.

**26.41 Securities :-** It should be seen that -

- (1) Security is taken from all subordinates who are required to furnish it and the amount of each security is up to the limit fixed in the rule for the different classes of officers;
- (2) Investment of security deposits is made in accordance with the rules in Article- 279 of the Andhra Pradesh Financial Code, Volume - I;
- (3) Where security is deposited in the form of Government Promissory Notes, the pro-notes are deposited with the State Bank of India or State Bank of Hyderabad, in accordance with rules in Chapter VIII of the Government Securities Manual;
- (4) Security bonds are executed by every officer in one of the forms in the manner prescribed for the purpose and that they are registered;
- (5) Savings Bank Pass Books and the security bonds are kept in the personal custody of the Superintendent; and
- (6) Securities obtained agree with those entered in the statement submitted annually to the Director General;

NOTE :- The amounts of Security Deposit to be collected from the staff attached to Senior/Junior Certified Schools/Auxiliary/Reception Homes as fixed by the Director General of Prisons, Andhra Pradesh, Hyderabad are incorporated in the annexure to this chapter.

**26.42 Contracts :-** It should be seen that -

- (a) Articles of diet which could be stored are purchased in bulk and in proper seasons but perishable articles are not stocked in excess of immediate requirements;
- (b) Large supplies of articles of diet and of manufacture are arranged for, by inviting public tenders;
- (c) The accumulation of unnecessary stock is avoided;
- (d) In the case of articles, the price of which are controlled by Government, the contract rates conform to the controlled rates; and
- (e) In the case of a defaulting contractor for any loss in the resale or by arranging departmental purchase is fixed in the manner laid down in rules.

**26.43 Hospital roll of sick diet and extras :-** It should be seen that

- (a) a hospital roll of diets and extras is maintained and bears evidence of check by the Medical Officer and the Superintendent;
- (b) extras allowed are as per the prescription of the Medical Officer as specified in the bed-head tickets;
- (c) Totals as per the hospital rolls are traceable in the general diet roll maintained in the stores;
- (d) When extra articles are given continuously to a patient for a long period, the necessary report to the Director General of Prisons as required in Rule 31 of the Jail Rules is sent; and
- (e) In the Jails in which milk is supplied from the dairy farm, the supply has been fully accounted for in the diet roll.

NOTE:- This should be tested at random with the milk account of the dairy farm.

**26.44 Stock register of medicines, instruments, etc-**

The register of Medicines, Instruments, etc., should be checked with invoices in respect of new purchases. It should be seen that the purchases made during the year are duly accounted for as receipts, that the register bears evidence of entries having been checked by the Medical Officer, that the monthly balances of articles remaining in stock at the close of the year are correctly carried forward as opening balances of the next year, that no articles are struck off as unserviceable without the orders of the competent authority, that they are duly disposed of and their sale proceeds credited into the Treasury after being accounted for in the cash book and that deficiencies in the stock of medicines, etc., are made good by the persons responsible or written off under the orders of the competent authority.

**26.45 Canteen accounts :-** The instructions issued by Government for opening of canteens be studied and it should generally be seen that

- (1) Cash book is maintained properly;
- (2) There is no diversion of receipts for purposes other than those specified in rules; and

(3) Profits realised and spent on activities specified and that accounts are periodically checked by competent authority.

**26.46 Cattle pounds :-** In those jails where pounds exist, the registers, etc., maintained should be generally examined. However, special attention should be paid as to how the impounded cattle are fed by pound keeper. If they are fed from the growing in the jail compound, it should be seen that feeding charges are recovered to the credit of Jail Department under proper head, instead of being appropriated by the pound keeper.

**26.47 Railway warrants :-** It should be seen that -

(1) An account of Railway Warrant Book is maintained in the prescribed register at the office of the Director General of Prisons.

(2) Warrants are printed in triplicate and bound in books containing a prescribed number of pages (say fifty) forms, and that not more than a prescribed number of books at a time (say two) are issued to each officer competent to issue Railway Warrants, and that a new book is issued to each officer competent to issue Railway Warrants, and that a new book is issued on a requisition and that too only when books already supplied are fully used up;

(3) Before a Railway Warrant Book is issued all the warrants in it are stamped with the seal of the officer issuing the books and that all the books and their papers are serially machine numbered;

(4) Before a Railway Warrant Book is brought into use, the number of forms contained therein is counted and the result recorded over the signature of the Government Officer-in-charge of the book, and counter foils of used books are kept in his personal custody;

(5) Railway Warrant Books both in use at various offices and in stock at the distributing office along with the account register remain under lock and key in the personal custody of the officer in charge of the respective offices;

(6) Original copy of Railway Warrant is given to the person, who is to travel for presentation at the Railway Station and an entry regarding issue of the Railway Warrant is made in the Report Book of the Officer competent to issue Railway Warrants, and the duplicate copy is forwarded to the Drawing and Controlling Officer, who in turn forwards the account to the head office for reconciliation purpose; and that the circle Jails verify that the account is sent on fixed dates, and that the triplicate copy is kept for record at the office of issue;

(7) On receipt of the duplicate copy in the office of the Controlling Officer, he satisfies himself about the purpose of the journey, noted in the Railway Warrant and signs it in token of its correctness and keeps it in safe custody and

(8) The Inspecting Jail Officers ensure at the time of their local inspections that Railway Warrant Books are maintained properly and the Warrants are not being misused by any fraudulent means.

**26.48 Sub-Jails and Certified Schools :-** The general principles given in the foregoing paras should be applied mutatis mutandis in the check of accounts of the Sub-jails and Certified Schools, etc.

**26.49** Government of Andhra Pradesh have framed “THE ANDHRA PRADESH JUVENILE JUSTICE RULES, 1987” in their G.O.Ms. No.441 Home (Prisons-D) Department dated 26th September, 1987. While conducting the audit of an Observation Home, a Juvenile Home, a Special Home, an After Care Home or any certified institution, the audit party is advised that these rules may be kept in mind for the diet scales, issue of clothing, bedding and other articles, and other records etc., required to be maintained under these rules.

**26.50** In G.O.Ms.No.199 dt. 18.3.1986 of Home (D.O .Prisons) department, Government of Andhra Pradesh have decided to provide financial assistance to the families of indigent prisoners subject to the various conditions prescribed therein. The Inspector General of Prisons and Director of Correctional Services by whatever designation he is called is the sanctioning authority for such assistance. The local audit parties should call for the cases and examine whether the conditions are fulfilled and also whether the position continues to remain the same and comment on the irregularities, if any, in the report.

**26.51 Audit Report :-** The audit report should be sent to the Head of Institution with a copy to the Director General and Inspector General of Prisons and Director of Correctional Services.

**ANNEXURE**

(Referred to in Note below para 26.41)

Security Deposit to be obtained from staff working in Schools, Homes, etc., :-

a) Senior Certified School, Hyderabad, Junior Certified School, Hyderabad and Junior Certified School, Eluru :-

1. Deputy Superintend : Rs. 2,250 (Rupees Two Thousand two hundred and fifty only)
2. Senior House Master : Five times the minimum pay of the post.
3. House Master : Rs. 600 (Rupees Six hundred only)
4. All instructors on the manufactory side, P.T Instructors and Teachers including Head Masters. : Five times the minimum pay of the post.

NOTE :- The Superintendents should note that whether Supervisors are sending stores, the custody of such stores, if any should immediately be ordered to be transferred to the House Master.

(b) Girls Certified Schools and Auxiliary Home for Girls, Hyderabad :-

1. Assistant Superintendents : Rs.1,000 (Rupees One thousand only)
2. Instructors for Tailoring, Music, etc. : Five times the minimum pay of the post

(c) Auxiliary Home for Boys, Hyderabad and Reception Home, Vijayawada.

1. Superintendent : Rs.2,250 (Rupees Two thousand two hundred and fifty only)
2. Head Supervisor : Five times minimum pay of the post

(d) Scheme for control and Eradication of Juvenile Beggary and Vagrancy :

1. Brother : Rs.1,000 (Rupees one thousand only).
2. Sister : Rs.750 (Rupees Seven hundred and fifty only)
3. Instructors(All) : Five times the minimum pay of the post.

(e) Clerical Staff working in the above Institutions:

1. U.D.Clerk : Rs.563 (Rupees Five hundred and sixty five only)
2. L.D.Clerk : Rs.375 (Rupees Three hundred and seventy five only).

The security deposit shall be payable by the above who are appointed either permanently or on probation or to act for a period of more than four months.

*(Proc.No. 139/D3/67-1, dated 17th March, 1967 of D.G of Prisons, Andhra Pradesh, Hyderabad and Circular No. O.A.D/Civil.I//11-1/67-68/25, dated 28th September, 1967 File 11-1/67-68 of Unit .I, O.A.D Civil Headquarters)*

**CHAPTER 27****ACCOUNTS OF JUDICIAL DEPARTMENT  
SECTION - I****HIGH COURT AND COURTS OTHER THAN SMALL CAUSES.**

**27.01 Scope of audit :-** The local audit of accounts of these Courts consists, inter-alia in scrutiny of --

i) accounts relating to payment of diet money and witness batta;

(Comptroller and Auditor General's Letter No. 2175-I/450/55, dated 21<sup>st</sup> October, 1955.)

ii) accounts relating to copyists' establishment;

iii) accounts of deposits and fines; and

iv) accounts of Translation and Printing Department of the High Court.

NOTE :- The audit of the accounts relating to the Translations and Printing Department of the High Court is done by the Commercial Audit Party and hence is not dealt with in this manual.

**27.02 Accounts, registers maintained :-** The various registers to be seen in the course of audit are detailed below:

(i) **General :-**

- 1) General Cash Book.
- 2) Ledger.
- 3) Deposit Register.
- 4) Register of Securities.
- 5) List of lapsed deposits.
- 6) Register of undisbursed pay.
- 7) Contingent register.
- 8) Register of Refunds.
- 9) Register of fines.
- 10) Bank Pass Book.
- 11) Acquittance Rolls.
- 12) Service Books.
- 13) Register of Permanent Advance.
- 14) Register of Service Stamps.
- 15) Stock Register of Books, Furniture etc.
- 16) Cheque Books and Register of cheque books.
- 17) Register of Attendance of witnesses.
- 18) Register of application for copies.

## 19) Register of repayments of Miscellaneous Deposits.

**(ii) Special to High Court.**

	Name of the record	Register No.
1.	Criminal Collection Register ..	3
2.	Register of Miscellaneous items ..	9
3.	Register of Other items, if any ...	11
4.	Register of Sale Proceeds of "Appellate side Rules"	11-A
5.	Miscellaneous items relating to Original side ..	13
6.	Log Book of the High Court Van ..	15
7.	Register of Cheques Received. ..	18
8.	Register of Valuables ..	19
9.	Departmental Register (Press Fund and Miscellaneous)	37
10.	Day Book and Supreme Court Deposits Ledger ..	..

**27.03 Process of audit :-** Procedure for the scrutiny of the various registers prescribed in Chapter 4 should be generally followed by the Audit staff. The instructions given in the succeeding paragraphs should also be followed in addition.

**27.04 (a) Deposit register :-** (1) It should be verified whether the register is maintained according to rules.

(2) The credits in this register should be agreed with the entries in the cash book and counter foils of receipt books.

(3) The vouchers of repayment of deposits should be checked with the entries in the register of Payment Orders and it should be verified that all items in this register are initialled by the Registrar or an officer authorised for this purpose in token of check.

(4) The repayment of deposits should be checked against original credits.

(5) It should be verified that no repayment is made out of the deposits which should be credited to Government as lapsed deposits, without the sanction of the Prl. Accountant General.

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

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

*(Comptroller and Auditor General's letter No. 2214/271-59, dated 23rd September, 1959).*

NOTE 3:- The personal deposit account of the Official Liquidator attached to the High Court under Section 448 of the Company Act, 1956 should also be checked so as to ensure that proper accounts are maintained for the advance granted to him.

*(D-Central-I/IV/265, dated 29th September, 1959 and Government of India Letter No. 15 (23) Admn.II/59, dated 20th January, 1960).*

**(b) List of lapsed deposits :-** The list should be checked with the connected registers and ledgers. The total amount credited according to this list should be verified with the Bank Challans.

**27.05 Register of securities :-** It should be seen that the amount and nature of securities furnished by the various subordinates are in accordance with the rules of the Court. In cases where fidelity bonds are accepted as securities, it should be verified whether the department ensured that they are alive.

**27.06 Bank pass book :-** Every item of remittance to the Bank as recorded in the Court's account should be supported by Bank Challan and traced into the Bank Pass Book. Withdrawals from the Bank should be compared with the counterfoils of cheques and the Pass Book. It should also be seen that the monthly closing balance as recorded in the Court's accounts agree with the balance in the Pass Book, after reconciliation if any, is effected.

*(G.O.No. 1043-Misc. Law (Genl), dated 12th June, 1926-Letter No. O.A. 984 and 985 dated 3rd August, 1926 to Registrar, High Court, Madras and Imperial Bank of India, Madras).*

**27.07 Register of fines :-** It should be seen that proper records as prescribed in the rules are maintained for the realisation of the fines for various purposes and that the amounts realised are promptly brought to account.

**27.08 Diet Money and witness batta:-**It should be seen that

- a) the dates of attendance and discharge are noted in a proper record maintained for the purpose;
- b) such daily entries are attested by the presiding judges with their initials;
- c) amounts paid to witnesses are duly accounted for;
- d) the witnesses themselves signed on the vouchers in acknowledgement of the receipt of their expenses;
- e) the payments do not exceed the amounts originally recovered; and
- f) payment of diet money and batta charges is according to the scale prescribed for those purposes.

*(C.A.G's Lr. No. 2175-Admn.I/450-55,dated 21<sup>st</sup> October, 1955)*

**27.09 Accounts of the copyist establishment:-**It should be seen;-

- a) that the various registers prescribed in the rules are maintained properly;
- b) whether all the amounts due for recovery are recovered properly and promptly and brought to account;
- c) whether the searching fees is collected wherever necessary;

- d) whether remuneration paid to the copyist is correctly worked out and whether there are proper acquittances for the same; and
- e) whether the refund of fees is made under the sanction of competent authority and there are proper acquittances for the same.

#### 27.10 Register of applications for copies:

- a) The Court fees paid for applications for copies as entered in the "Register of applications for copies" should be checked with the entries in the register of Court Fees.
- b) It should be verified whether searching fees is realized for copies of papers contained in the record of cases which are not pending.
- c) It should be seen whether the sum recoverable under different categories, e.g., cost of paper, typing fees, comparing fees, etc., is worked out and specified in the relevant columns of the register.
- d) The entry of the remuneration paid to copyists every month as noted in the acquittance rolls should be agreed with the amount drawn for the purpose in the contingent bills;
- e) It should be verified whether the amount creditable to Government is adjusted to the relevant head by transfer and the sum so creditable is specified in the register.
- f) The amounts paid into the Treasury should agree with the credits in the cash book and relevant items of the register of applications.

**27.11 Accommodation for bar associations:-** The maximum accommodation permissible for the Bar Associations is required to be fixed by each Court and rent is to be collected from the Bar Association towards the accommodation in excess of the scale so fixed. It should be verified whether such collections are actually being effected.

*(Memo Roc No. 1483/66-D3, dated 26<sup>th</sup> April, 1966 of High Court of A.P Circular No. OAD/Civil/XIII/32-12/65-66/39, dated 1<sup>st</sup> April, 1967-File No. 32-12/65-66 of Unit. XIII O.A.D. Civil Hqrs.)*

## SECTION II

### COURT OF SMALL CAUSES

**27.12 Scope of audit:-** The rules relating to accounts of the Court of Small Causes, Hyderabad issued by the High Court and the Government should be studied by the field staff before commencing audit. Besides the test audit of accounts as outlined in Chapter 4, the accounts of receipts and disbursements of the Court should be scrutinized with special reference to the transactions relating to the deposits and payment of diet money and witness batta.

**27.13 Registers maintained:-** Besides the registers detailed in Section-I, the scrutiny of the following registers on the accounts of the Nazirat should also be conducted.

- 1) Diet money

- 2) Local witness batta
- 3) Mofussil witness batta
- 4) Local commission fees
- 5) Mofussil commission fees
- 6) Cattle feeding charges
- 7) Transmission Process fees
- 8) Register of valuables
- 9) Outstanding as per Nazirat Accounts
- 10) Nazir's register of movables attached (Form No.31)
- 11) Head clerk's receipt book (form No 51-A)
- 12) Nazir's B register (Form No 53)
- 13) Nazir's C register showing receipt and return of records (form No 53-A)
- 14) Nazir's cash register (Form No 53-B)
- 15) Nazir's register of receipts of process memos by Nazir (Form No 53-C)
- 16) Nazir's register of receipt of process memos by Chief Ministerial Officer(form No 53-D)
- 17) Process register (Numerical register of process of peons and Amins) (Form No 54)
- 18) Diary of Amins and process peons (Form Nos. 75 and 76)
- 19) Budget register.

NOTE:-Particulars, such as purpose for which the registers are maintained etc. in respect of register in item No.19 are detailed in Chapter-III of Civil Rules of Practice.

**27.14 Process of audit:-** The special instructions contained in Section-I should be generally followed besides those given in the succeeding paragraphs.

(a) General cash book:- Ten per cent of the entries in the cash book should be test checked. The entries on the receipt side should be checked with reference to the counter-foils of receipts. The entries regarding remittance to and withdrawals from the Bank should be verified with reference to the entries in the Bank Pass book.

(b) Accounts of Nazirat:- A separate register is maintained for recording the receipts and payments for each of the accounts mentioned above. It should be seen that the amounts collected by bailiffs, etc., are promptly credited into the Court and entered in the respective registers. Payments should be checked with reference to the amounts originally recovered.

(c) Outstandings as per Nazirat Accounts:- The check of the list of outstandings is an important item in the audit of the accounts of Nazirat, and not less than 15 per cent of the items in the list should be checked. The Section Officers should themselves check a small percentage of the list of outstandings and of the postings in the deposit registers in connection with

them. They should also see that the net result of the balances of deposits in the Court ledger on 31<sup>st</sup> March, or 30<sup>th</sup> September, corresponds with the balance as struck from the Accountant General's books under the head "Court of Small Causes".

**27.15 Audit Reports:-** The Audit Reports in the case of High Court should be forwarded to the Registrar of High Court with a copy to the Government. The Audit Reports in the case of other Courts should be forwarded to the Heads of Offices with copies to the Registrar of High Court.

## CHAPTER 28

### ACCOUNTS OF POLICE DEPARTMENT

**28.01 Preamble:-** The local audit of the Police Department consists, inter alia in checking the stock accounts of clothing, arms and equipment of the Department. The special rules and instructions for receipt, issue, etc., of stores (consisting of arms, ammunitions, accoutrements, clothing, etc.,) are embodied in the Police Manual issued by the Department.

**28.02 Accounts, registers, etc :-** Following are important accounts, registers, etc., maintained by Police Department :-

**A. Registers common to all offices of the Department.**

**i) General :**

- 1) Cash Book
- 2) Register of Permanent Advances.
- 3) Contingent register.
- 4) Gross Pay Statements.
- 5) Service books.
- 6) Acquittance Rolls.
- 7) Register of Security Deposits.
- 8) Register of advances.

**ii) Stock and Stores Accounts :-**

1. Stock Register of arms, ammunitions and accoutrements.
2. Stock Register of component parts of fire arms and armourers tools.
3. Stock Register of new and part work clothing.
4. Stock Register of other property including furniture and books.
5. Recovery Register.
6. Register of clothing of casualties, etc.
7. Register of condemned articles and Register of disposal of condemned articles.
8. Registers relating to Motor Lorry or Van :
  - a) Driver's daily diary.
  - b) Register of Petrol, Oil and Grease.
  - c) Motor Transport Return.
  - d) Register of hire.
  - e) General Expenditure Register.
  - f) Log Books.
  - g) Stock Register of Spare Parts.

h) Stock Registers of vans, cars, and other vehicles.

**B) Special to certain offices :**

- i) Office of the Inspector General of Police.
  - 1. Tenders, agreements, etc., for supply of stores.
  - 2. Register of purchases.
  - 3. Accounts relating to various funds.
- ii) Office of the Commissioner/Deputy Commissioner of City Police and District Superintendents of Police.
  - 1. Register of Diet Charges.
  - 2. Register of Miscellaneous Deductions towards Funds such as Widow Funds, Education Fund, Sports Fund etc.
  - 3. Live Stock Accounts (Horses) (Applicable to the Commissioner and Deputy Commissioner of City Police Office only)
  - 4. Register of Rations to Horses.
  - 5. Register of Works.
  - 6. Rent Register.(Applicable to D.S.P Offices only).
  - 7. Register of advances.
  - 8. Register of Recoveries.
- iii) Offices of the Commissioner of Special Armed Police/Special Armed Reserve Police.
  - 1. Accounts relating to the Feeding Charges.
  - 2. Accounts relating to the Mess Charges.
- iv) Police Training College/Police Recruit School.
  - 1. Register of purchase of Books.
  - 2. Register of library books.
  - 3. Mess Accounts.
  - 4. Rent Register.
- v) Police Transport Office.
  - 1. Register of Vehicles.
  - 2. Register of Repairs of Vehicles.
  - 3. Register of Tools and Plant.
  - 4. Register of Hire charges.
  - 5. Register of Recovery of Repair charges.
  - 6. Register of Retrieved Spare Parts.
  - 7. Register of Unserviceable Stores.

8. Register of condemned vehicles.
  9. Register of Petrol Receipt and Issue.
  10. Contracts/Agreements for supply of Petrol.
  11. Contracts/Agreements for supply of machinery, spares parts.
  12. Job Cards.
- vi) Office Superintendent of Police, Communications.
1. Register of Equipment and Component Parts.
  2. Register of Distribution.

**28.03 (1) Process of audit :-** The instructions contained in Chapter 4 of this Manual should be generally observed for check of various registers. The special instructions given in succeeding paragraphs should also be followed in addition.

**(2) Check of gross pay statements :-** In the case of Police Constables, etc., whose names are not given in the establishment pay bills, it is enough if 10% of rates of pay shown in gross pay statements are checked during local test-audit with reference to office copies of pay bills.

*(A.G Madras Lr.No. Fds./7-5/G.P.P. General 169, dated 7th August, 1959 to C.A.G O.A Case No. 2-1 of 1955-56).*

**28.04 Stores and stock accounts relating to clothing equipment etc :-**

**i) Purchase of stores :-** The purchase of stores of Police Department (based on annual indents of subordinate offices) is arranged centrally by Director General of Police who calls for tenders, etc., and accepts them after necessary scrutiny. The suppliers, however, deliver stores direct to indenting officers, as per instructions of Director General of Police. The responsibility for receipt of stores supplied and payment to suppliers as per agreements executed by Director General of Police with the suppliers rest entirely on receiving officers of the department.

It should be seen that –

1. the entries of receipts of clothing in Stock register tally with the quantities shown in invoices, contingent bills, etc., and that issues tally with indent slips or requisitions;
2. except in case of fresh issues to new recruits, issues are made only on return of old articles and that articles so returned are entered in Condemned Articles Register;
3. articles are issued according to scale, periodicity of supply, etc., and that proper recovery is ordered and effected in case of loss, etc.;
4. in cases of part-worn clothing, blankets, etc., sold to policemen, their prices are fixed by the District Superintendent of Police after personally examining the condition of articles;
5. there is no deviation from the prescribed periodicity in respect of issues of dress and

6. articles not contained in the scale of free clothing are issued and recovery effected and that articles issued to tailoring contractors are accounted for properly by return of prescribed stitched articles.

**ii) Stock registers :-** It should be seen that accounts of receipts of stores, whether locally purchased or obtained through the Director General of Police, and their issues and balances are correctly maintained. In respect of articles borne on the Annual Stock Return, entries in Receipt and Issue Books should also be checked with quarterly current account sent to Director General of Police. It should be verified whether physical verification of stores is conducted periodically by inspecting Accountant and that a certificate to this effect is recorded.

**28.05 Arms and ammunition register :-** It should be verified during audit that -

- i) the register is maintained properly;
- ii) arms are handed over to Director-in-charge for safe custody and those confiscated to Government are brought to account;
- iii) arms and ammunition remaining unclaimed, after the prescribed period are forfeited to Government and sent either to the Ordinance Depot, or disposed of or destroyed.
- iv) Counterfoils of receipts issued by the Director-in-charge for arms received for safe custody agree with entries in the register concerned.
- v)
  - a) Items in auction/ sale list for the respective registers and sale proceeds realised agree with entries in the cash book.
  - b) Payments on account of amounts realised on sale of arms received from private persons are supported by their acknowledgements, and
- vi) the register is verified periodically by competent authority and a certificate of verification is recorded under his dated initial and any discrepancy arising therein is suitably explained.

**28.06 Recovery register :-** It should be seen that the amounts due in respect of arms, ammunition and other articles of equipment lost or damaged are promptly recovered and credited to Government.

**28.07 Register of clothing of casualties :-** A copy of every District Order declaring Police personnel as casualties or granting a man leave preparatory to retirement is communicated to the Officer-in-charge of Stores, who enters the necessary particulars in this register. It should be seen in local audit that the kit of these individuals is duly returned to stores. In the case of men who are invalided on account of death or infectious diseases, audit should see that entries in the register are supported by a certificate that their kit was burnt by the Station-House Officer.

**28.08 Register of disposal of condemned articles :-** Audit should verify whether unserviceable articles brought on to the "Register of Condemned Articles" were condemned by the Superintendent of Police, only after satisfying himself that they lasted for the prescribed period and that in respect

of articles which did not last for the full prescribed period, necessary sanction of the competent authority was obtained for condemning them. In regard to articles auctioned, it should be seen that list of biddings are maintained and that sale proceeds are duly credited into Treasury.

**28.09 Distribution list :-** A distribution list of all Government property, other than clothing, forms and stationery, is maintained by the Officer-in-charge of Stores. This ledger is written up at the end of every quarter after reconciliation with the quarterly returns from Inspectors and subordinate offices with stores accounts. Audit should compare entries in this list with Annual Stock Return.

**28.10 Driver's daily diary :-** It should be seen that diaries are regularly submitted, and that receipt, consumption and balance of petrol and mileage covered on all trips are properly entered.

**28.11 Register of motor spare parts :-** In checking this register, it should be seen that :-

1. Various components repaired or replaced in workshops (which were not actually stocked in district stores and issued on regular indents) are not brought to this register but entered only in local purchase register and motor transport return.
2. Items which are actually purchased, stocked for sometimes and issued later are recorded in this register,
3. Receipt of the invoice is recorded in local purchase register to serve as a record of purchase.
4. Invoice is abstracted to the Motor Transport Returns and the driver's initial obtained, so that it may serve as a receipt.

*(O.A.D. Civil Circular No. VI/OAD/C/22-1/57-58, dated 3rd January, 1958).*

**28.12 General expenditure register :-** During scrutiny of this register, it should be seen, besides other things, that expenditure towards cost of repairs of motor vehicles, cost of tyres, tubes, flaps and spare parts, incurred by the Officers does not exceed limits prescribed.

**28.13 Supply of furniture to residences of Police Officers in excess of prescribed scale :-** It should be verified in local audit that furniture supplied to residences of police officers is in accordance with the standard scale prescribed by Government in the Annexure V to Chapter 4.

**28.14 Augmentation of Strength/raising of Home Guards in States/Union Territories :-** Instructions regarding augmentation of strength/raising of Home Guards in States/Union Territories are contained in Government of India, Ministry of Home Affairs Letter No. F.47/24/62 E.R.I. dated 11th January, 1963.

Government of India is to bear 50% of cost of Home Guards upto the target strength of 27,000 in rural areas and 14,400 in urban areas. Expenditure on the scheme is initially met by the State Government and is reimbursed to the extent of 50% on the basis of expenditure as verified by audit. It should be

seen, therefore, that the debit raised against Government of India is in accordance with the G.O.I. Letter dated 11th January, 1963 quoted above.

**28.15 Register of miscellaneous demands :-** (i) It should be seen that the register contains a detailed list showing all sources of income and it is examined at least once a quarter by the Superintendent of Police to satisfy himself that no source of income is being overlooked.

The main sources of income common to all Police offices are as under:-

1. Recoveries on account of breach of enlistment rules.
2. Charges for extra Police supplied to private bodies and individuals.
3. Recoveries of charges for extra Police supplied to fairs and exhibitions.
4. Rent of shops, canteens, etc., in police lines.
5. Sale of grass in the police lines.
6. Sale of waste paper.
7. Recovery of charges for use of Police Band for private engagements.

ii) In the cases referred to in sub-para (i) it should be seen that recoveries are effected according to rules in force and promptly brought to account.

**28.16 Motor vehicles register :-** It should be seen that (i) a register showing details of vehicles in the charge of the Police Department of the district is maintained with full details and the entries are attested by a Gazetted Officer; and

ii) Log books of vehicles are maintained.

**28.17 Petrol Register and log book :-** The checks prescribed in Chapter 4 should be exercised in this regard with special care, as expenditure on petrol etc., of the Department forms a major portion of its contingent expenditure.

**28.18 Motor transport return :-** Accurate accounts of all expenses in connection with each lorry and the number of miles run are recorded in this register. The main audit check to be exercised in this register is the verification of cost of running per kilometre as worked out. Entries in this register should be checked with corresponding entries in the Register of petrol, oil, etc, and the Driver's Daily Diary.

**28.19 Register of hire :-** It should be seen that rules laid down for hiring transport are correctly observed and that hire charges are duly recovered and credited to Government.

**28.20 Miscellaneous :-** It should be verified that all basic documents on which claims are based, i.e., Railway Warrant, Court Certificate, Command Certificate, Escort Requisition, etc., in support of travelling allowance are defaced in such a manner that a second claim in respect of the same is impossible.

**28.21 Accounts of Director General of Police :-** i) (1) Tenders, Agreements, etc., for supply of stores.

As Director General of Police makes bulk purchases for the entire department, tenders and agreements, etc., entered into by him with suppliers should be specially scrutinised to see that purchases are made economically and to the best advantage of Government.

2) Register of Purchases

In checking the Register of Purchases, it should be seen that in cases where stores are received by Director General of Police, railway freight (when paid by credit note) is short drawn from the suppliers bill for the same and the amount actually deducted from the bill tallies with the amount of the concerned credit note.

(NOTE :- A similar check should be exercised in respect of supplier's bills paid by other receiving officers of Police Department.

ii) The accounts of various funds maintained should be checked so as to see that accounts are maintained in the form prescribed, and that receipts and expenditure are brought to account promptly and that expenditure is covered by proper sanction.

**28.22 Accounts of Offices of Commissioner/Deputy Commissioner of City Police and District Superintendent of Police :-** i) Live Stock Accounts (Horses) and Register of Rations to Horses:- In checking the register of Rations to Horses it should be seen that scale laid down in Departmental Manual are observed and that tenders are called for purchase of fodder, etc.

ii) Register of Diet Charges :- The Register of Diet Charges should be scrutinised generally to see whether diet charges to accused are incurred in accordance with instructions laid down in Departmental Manual and in accordance with those issued by Courts ordering detention of accused under police custody.

**28.23 Deductions relating to miscellaneous funds :-** Audit checks as detailed in Chapter 4 should be applied during the scrutiny of Cash book. Special care, however, is to be observed in scrutiny of acquittance rolls and ledger accounts relating to Widow Fund, Education Fund, Sports Fund and Band Fund. It should be seen that deductions relating to above funds, recorded in acquittance rolls are made in accordance with Departmental rules, and are correctly brought to account in the Cash Book as well as in the ledger. Further, it should be seen that amounts relating to these deductions are correctly transferred in the office cash book.

Accounts relating to above deductions are received from subordinate police stations also. It should be particularly seen in this connection that figures of accompanying letter are not tampered with and that these accounts are correctly credited in the office cash book. Any unattested alteration or enfacing of figures of the accompanying letter should be investigated further.

It should be seen that there are proper acknowledgements for remittances towards deductions made in various offices.

**28.24 Register of advances :-** Detailed accounts of advances for purchase of spectacles are maintained by the respective District Superintendents of Police. It should be seen that :-

1. Accounts are kept in proper form;
2. Grant of advances is according to rules framed for that purpose;
3. Recovery of the instalment is regular and prompt;
4. Advances and recoveries are posted correctly against individual accounts; and
5. Monthly reconciliation with Treasuries is done.

NOTE :- The test check of detailed accounts should be conducted in respect of the months of account selected for test audit.

(O.A.D Civil/27/27-25/602, dated 8th July, 1958).

**28.25 Accounts of Police Training College/Police Recruits School :-**

i) While checking the register of purchase of books, it should be seen that books are purchased in accordance with sanction of competent authority and at agreed rates with the supplier and that issue of books, etc., is in accordance with departmental regulations.

ii) In scrutinising accounts of the mess, it should be seen that tenders are called for purchase of diet articles and purchases are made economically;

iii) In checking the rent register, it should be seen that the assessment and recovery of rent from persons occupying Government quarters is in accordance with prescribed rules and that the amounts recovered are brought to account promptly.

**28.26 Accounts of the office of the Commandant, Special Armed Police/Special Armed Reserve Police:-** In checking accounts relating to feeding charges for platoons on duty, it should be seen that scales and instructions laid down in Police Office Manual are observed.

**28.27 Accounts of the Office of the Police Transport Officer :-** Repairs and upkeep of all police vehicles are undertaken centrally by Police Transport Workshop attached to Police Transport Office. The activities of the workshop consists of body building, besides minor and major repairs to police vehicles. Petrol for all vehicles in the city is also supplied centrally by the Police Petrol Bunk, under direct charge of Police Transport Officer.

During local audit, various registers maintained should be checked observing general instructions in Chapter 4 and with special reference to rules issued by Police Department/Government for running the workshops.

**28.28 Audit Report :-** The Inspection Report should be forwarded to the Heads of Offices with copies to the Director General of Police in the case of subordinate offices. In the case of the Office of the Director General of Police, a copy should be sent to Government.

## CHAPTER 29

### ACCOUNTS OF RADIO ENGINEERING OFFICES

**29.01 Scope of audit :-** The offices of Assistant Radio Engineers and Divisional Radio Engineers are under the Administrative control of Director of Information and Public Relations, Andhra Pradesh, Hyderabad. Besides audit of expenditure as detailed in Chapter-4, audit of Radio Engineering Offices consists of scrutiny of accounts in respect of distribution of community radio sets, works undertaken by the Department, and the public address equipments. It should be examined whether the recoveries are made wherever necessary. The main object of test-audit is to see that accounts of stores and stock are kept properly and charges recoverable are correctly recovered and brought to account promptly.

**29.02 Accounts, register :-** Following are the important registers maintained in the office :-

1. Cash Book (Works).
2. Register of Security Deposits.
3. Register of Works-Major and Minor.
4. Cash Balance Report.
5. Register of transfer entries.
6. Register of audio-visual equipments.
7. Treasury Pass Book and Remittance Book.
8. Estimates and Register of sanctioned estimates.
9. Register of purchases.
10. Register of Tenders.
11. Measurement Books and Register of Measurement Books.
12. Register of check measurement.
13. Register of part payment.
14. Muster Rolls.
15. Register of unpaid nominal muster rolls.
16. Tools and Plant Register.
17. Works Abstracts.
18. Register of Furniture.
19. Register of Stores and Stock.
20. Stock Register of Forms and Stationery.
21. Undisbursed Pay Register.
22. Service Books.
23. Contingent Register and Vouchers.

24. Acquittance Rolls.
25. C.P.P.F. Register.
26. Register of Refunds.
27. Miscellaneous Recovery Register.
28. Register of recoveries of cost of Radios.
29. Register of recoveries of maintenance charges of radio sets.
30. Register of sets lost by theft.
31. Van periodical Register.
32. Register of Licenses.

**29.03 Process of audit :-** Instructions given in Chapter 4 for check of various registers have to be generally followed. The subsidiary instructions given in the ensuing paragraphs should be observed in addition.

**29.04 Accounts of community radio sets :-** Community Radio Sets and Dry-Battery Sets, required by the Department are purchased based on consolidated indent prepared by the Directorate of Information and Public Relations. Government of India, while granting a subsidy every year for that purpose, intimate the portion of the cost of radio sets to be recovered from the parties. The works relating to installation of sets at various places and maintenance of these sets are undertaken by the department after recovering the amounts fixed for that purpose from the parties, with reference to scale prescribed for installation of sets for maintenance and for repairs.

It should be seen whether –

- (i) Community radio sets are distributed to applicants after recovering the amounts due in advance towards the cost fixed by the Government.
- (ii) There are proper records for watching the recovery of cost of the radio sets ;
- (iii) Recovery of maintenance charges is made at the rates prescribed for that purpose promptly and brought to account; and
- (iv) Adequate action is taken in the case of arrears by reporting the matter to the Revenue authorities or Government, as the case may be.

**29.05 Works accounts :-** (i) The normal works undertaken by the Department fall under following categories :-

- (a) Installation and maintenance of radio sets;
  - (b) Installation of other equipment like public address equipment, audio visual equipment, etc., and
  - (c) Purchase and maintenance of tools and plant including jeeps, vans, etc.
- (ii) It should be seen :-
- (a) Whether the works are executed after sanction of proper estimates ;
  - (b) Whether rules in the Andhra Pradesh Account Code and Public

Works Department Code are followed correctly;

- (c) Whether tenders are called for, wherever necessary when the execution of works or repairs is entrusted to private contractors.
- (d) Whether payments are made after proper measurements and check measurements by the competent authority;
- (e) Whether recovery for the deposit works is made at the rates fixed for that purpose with reference to Appendix-7 of A.P.W.A. Code.

NOTE :- The overload charges including supervision charges at 10% are recovered at the following rates for works executed by the Department.

- 1) For non-Government works including local fund works and other contribution works – 16 1/2% (percent).
- 2) For works done for all other departments and charges to other departments concerned – 14% (percent)/

(G.O.Ms.No. 2134 – P.W.D, dated 12th August, 1958).

and (f) whether the accounts of works are closed promptly and completion reports prepared.

**29.06 Stores and stock accounts :-** It should be seen that

- (i) a proper record is maintained for receipt and issue of materials on stock;
- (ii) purchases where effected locally instead of through centralised Government organisation such as Directorate General of Supplies and Disposals are made economically by inviting tenders, wherever necessary, and receipts are accounted for promptly;
- (iii) issue are regulated as per indents approved by competent authority;
- (iv) balance of stock under various categories bears evidence of verification by a responsible officer; and
- (v) balance of stock is within the reserve limit fixed for that purpose.

**29.07 Public address equipment :-** The public address equipment kept by the Department is intended for use, both for official and non-official purposes, during the visit of V.I.P's , etc.,. No fees are charged for official purpose, whereas fees at the rates fixed by the Government are recovered for non-official purpose. Hire charges are also recovered from the parties whenever the equipment is spared to the private parties for use.

It should be seen that -

- (i) equipment is lent under orders of competent authority
- (ii) it is duly recorded that the purpose for which the equipment is lent is official or non-official;
- (iii) fees at the rates fixed by Government is recovered in all cases of non-official use of the equipment and brought to account promptly; and
- (iv) hire charges are recovered whenever the equipment is lent to the private body for use and accounted for promptly.

**29.08 Audit Report :-** The Audit Report should be sent to the Assistant Radio Engineer or Divisional Radio Engineer whose accounts are audited, with a copy to the Director of Information and Public Relations, Hyderabad.

## CHAPTER 30

### ACCOUNTS OF COOPERATION DEPARTMENT

**30.01 General set up of the department :-** According to the present setup, the Commissioner and Registrar of Cooperative Societies is the Head of the Cooperative Department and is assisted by three Additional Registrars, Six Joint Registrars, One Special Cadre Deputy Registrar and a team of fourteen Deputy Registrars and other subordinate staff at Headquarters for discharging various statutory regulatory functions vested in him under the A.P.C.S. Act of 1964 and for general supervision and guidance of various developmental activities undertaken by the Cooperative Societies in various fields. The three Additional Registrars have independent charge of the subjects allocated to them, and the functioning of these offices is subject to the overall control, direction and supervision of the Commissioner for Cooperation and Registrar of Coop. Societies. The intervention of the Commissioner for Cooperation and Registrar of Coop. Societies is, however, minimal and confined largely to policy matters.

The Audit Wing of the department functions as a separate unit and it is headed by an officer of the cadre of Additional Registrar designated as Chief Auditor. Chief Auditor is assisted in each district by District Cooperative Audit Officer of the rank of Deputy Registrar, and supported by other subordinate staff, i.e., Cooperative Sub-Registrar, Senior Inspector and Junior Inspector etc.

On the administrative side, each District is manned by a Senior Officer, a Special Cadre Deputy Registrar functioning as District Cooperative Officer at District level and Deputy Registrar of Cooperative Societies functioning as Divisional Cooperative Officers at divisional level. The activities of the department at district level are carried on under the supervision of the District Collector who discharges several functions of the Registrar of Cooperative Societies delegated to him and is virtually a Registrar in the District. The financial and administrative powers conferred on the officials of the department are contained in Departmental manual. The local audit staff should make themselves conversant with those instructions before commencement of audit.

**General :-** Following points should be borne in mind while conducting local audit :-

- 1) It should be ensured that in respect of loans sanctioned to Co-operative Societies under various schemes of the department viz., constructions of godowns, constructions of rice mills, installation of processing units, share capital contributions, etc., moneys are not withdrawn much in advance of requirements and placed in a suspense account in the Co-operative Central Bank for subsequent release to the societies concerned on completion of the prescribed formalities, resulting in locking up of Government funds.

i) O.O.No. O.A.D/Civil/IV/15-1/65-66/3, dated 7th May, 1968.

ii) Circular No.O.A.D/IV/15-41/68-69/11, dated 11th June, 1969

NOTE :- The amounts withdrawn should not be kept with the Co-operative Central Bank for more than 45 days. If the amounts so withdrawn from the Government Treasury cannot be disbursed to the concerned institutions, within the period of 45 days, the amount should be credited to Government account forthwith.

(Government Memo No. 3560/Co-Op.I/69-3, dated 2nd March, 1970-O.A.D., Circular No.12, dated 2nd December, 1972).

2) Any delay in drawal of financial assistance and its disbursement to the societies and any infringement of the conditions stipulated in the respective orders of Government should be commented upon.

3) Copies of G.Os, and orders of Registrar relevant to the scheme should be obtained and enclosed to the Audit Report.

4) An assessment of actual functioning of societies receiving financial assistance should be made.

5) Any irregularity in making purchases, acquiring land, delay in construction of buildings and implementation of the scheme after receipt of financial assistance by individual societies should be thoroughly analysed.

6) Full particulars of financial assistance given to each society and dates of these drawals, etc., should be stated in the audit report.

7) Defalcation cases, already noticed by the Department or detected by the party, should be fully stated with its financial implications.

8) Machinery and tools, purchased and lying idle or acquired before implementation of the schemes should be commented upon along with the value involved.

**30.02 Share capital invested in Co-operative Societies and loans :-**(a) The accounts of investment of share capital by Government should be scrutinised in detail on the following lines. These instructions apply mutatis mutandis to sanction of loans to Co-operative Societies. Results gathered in either case (investments or loans) should facilitate expeditious preparation of comments for incorporation in the yearly report of Comptroller and Auditor General.

i) Objectives of Co-operative societies with particular reference to population, etc., served by them.

ii) How share capital contribution/loan is sanctioned to societies, i.e., whether in instalments or otherwise.

iii) Whether conditions, if any, for release of instalments are fulfilled, in case of loans.

iv) Whether funds are irregularly drawn from Government account in advance of requirements and deposited in Banks in suspense accounts or in deposit accounts of the beneficiaries which often result in unintended benefit to loanees, etc., apart from locking up of funds and additional commitment to Government by way of payment of interest to institutions

wherefrom funds are borrowed by Government such as Life Insurance Corporation and National Co-operative Development Corporation.

- v) Whether share certificates are received by the Department and kept, as required, in safe custody either with the Head of Office or authorised custodians, like State Bank of Hyderabad, district Treasury, etc., and whether acknowledgement of the authorised custodian is obtained and placed on record.
- vi) (a) Whether any dividend is declared by the societies and if so, whether the dividend is realised and promptly credited to Government account. (Suitable comments on records maintained to watch realisation of dividends are also required to be made).  
(b) Details of arrears in realisation of dividends.
- vii) Whether adequate steps are taken to recover share capital, where the period of retirement expired.
- viii) Whether, the Department takes adequate security to safeguard the interest of Government in the event of liquidation of society. Whether the assets, etc., are mortgaged and deeds thereof obtained.
- ix) Whether there is any likelihood of societies being liquidated in adverse circumstances leading to dormancy.
- x) Whether arrangements exist for prompt action to recover loans granted and the retirable share-capital and whether effective action is actually taken to recover the loans.
- xi) Whether penal interest wherever contemplated, towards default in repayment is actually recovered.

NOTE 1 :- The records of Co-operative Audit Officer (when his accounts are programmed for inspection) and the returns sent by him to the concerned Divisional Co-operative Officer should also be scrutinised to supplement points gathered from study of files regarding loans/subsidies. A similar study should be made of departmental inspection reports, especially at the time of test check of accounts at the office of the Registrar of Co-operative Societies.

NOTE 2:- (a) It is often noticed in respect of cases of loans where rules contemplate allowing a free period (moratorium) normally before commencement of repayment, during which loan instalments are not required to be insisted to be repaid, interest too is wrongly foregone for the said period. As this is not the intention and as only principal need not be recovered interest should be assessed for such free periods too. Cases of default should be brought to light in the audit report.

(b) The comments, on above aspects, should be accompanied by copies of Government orders, proceedings of the Registrar of Co-operative Societies sanctioning loans/subsidies/share-capital contributions, etc. The dates of drawal and payment of the same to the societies with the outstanding balances, on the overdue instalments should also be brought out clearly in the report.

(O.O.No. O.A.D./VI/15-26/72-26/72-73/21, dated 31st January, 1973).

c) Some of the development schemes of the Co-operation Department which involve investment of share-capital by Government and grant of loans and subsidy are detailed in the ensuing paragraphs.

Besides exercising checks mentioned above and verifying whether release of loans and subsidies, investment of share-capital, and repayment of loans conform to the principles laid down, the extent to which the objective in respect of each scheme has been achieved should also be commented upon, bringing to light the ineffective functioning of societies. It should incidentally be verified whether valuation certificates are obtained from the Executive Engineers (Zilla Praja Parishad) on completion of construction works, etc. as a proof of the purpose for which loans, etc., are granted having been served and the extent to which they reflect the utility of funds.

Failure to achieve the object for which the loan/subsidy/share-capital contribution was granted by Government, often owes itself to reasons of the following type.

- 1) Improper planning and technical flaw e.g., construction of godowns in areas which face threat of inundation by floods, establishing rice mills in areas which do not grow paddy.
- 2) Lack of proper co-ordination e.g., construction of buildings for housing rice-mills which could not be started due to refusal/delay in according licence by Civil Supplies Department and/or Municipality.
- 3) Bottlenecks such as short-supply of railway wagons for transport of rice-resulting in lay off of rice mills and consequent loss in turn over.

The paragraphs on this subject in the Inspection Report should present a clear analysis of extent of failure of the respective development schemes, reasons put forth by the Department therefor, and further comments of the inspection party as to how far those reasons are tenable.

**Loans granted by the Director of Handlooms :-** General principles relating to loan schemes and loan-cum-grant schemes granted by Director of Handlooms (disbursed and watched by the Divisional Co-operative Officers) are contained in the pamphlet of the All India Handloom Board, Government of India, Ministry of Commerce and Industry. It should be seen in local audit that the schemes falling within the scope of these instructions are implemented as directed therein. In the case of loan-cum grant for constructing houses for weavers, the conditions of payment and repayment of instalments of the loan by and to the society or payment of subsidy in instalments should be specially looked into.

30.03 Credit Co-operatives :-

**i) Single Window Scheme in Andhra Pradesh :-**

The Single Window Cooperative Credit Delivery Scheme is being implemented in Andhra Pradesh since 1-4-87 and the disbursement of credit to farmers increased significantly and the Primary Agricultural Cooperative Societies at village level have been providing multi-term credit and multi functional services to farmers.

## ii) **Agricultural Credit**

Andhra Pradesh is the first State in the country to implement the Single Window Credit Delivery System, integrating short term and long term credit and re-organisation of marketing structure. The scheme is to provide multi term credit (short, medium and long term) and multi functional services such as distribution of chemical fertilisers, agricultural implements, consumer articles besides providing marketing and storage facilities and undertaking processing activities to the members of credit cooperatives. Under the scheme of Single Window Credit Delivery System at one contract point, 6693 Primary Agricultural Credit Societies have been re-organised and the number is reduced to 4564 Primary Agricultural Credit Societies at Primary Level. 218 Primary Agricultural Development Banks have been abolished and merged with District Cooperative Central Banks. The District Cooperative Central Banks were also reorganised by limiting their jurisdiction to one Revenue District and 22 District Cooperative Central Banks, one Bank for one district. There is no District Cooperative Central Bank for Hyderabad District. The Hyderabad District Cooperative Central Bank is catering to the credit needs of both the Districts of Rangareddy and Hyderabad. The members of the Primary Agricultural Development Banks have been enrolled as 'B' class members of the District Cooperative Central Banks of the respective Districts. The long term and short term credit is being advanced to members through the re-organised Primary Agricultural Credit Societies and the staff of the erstwhile Primary Agricultural Development Banks are transferred to the administrative control of the District Cooperative Central Banks serving the area.

**30.04 Crop Banking :** i) The Government of India and the NABARD have formulated the new scheme of crop insurance from khariff 1985 season making it compulsory for 13 crops covering food grains, pulses, and oil seeds. The scheme is under implementation in all 22 districts of the State except Hyderabad. The sum insured would be 150% of the crop loan disbursed and risk is shared between Central and State Governments in the ratio of 2:1. The insurance premium payable is 2% on the food grains and 1% on oil seeds and pulses. The small and marginal farmers will be given a subsidy of 50% of the premium which will be met by the State and Central Governments on 50:50 basis. The premium to be paid by the borrower is also being advanced as a loan supplemental to the crop loan. The indemnity is, however, worked out with reference to the actual average yield per hectare as a result of crop failure, arising from natural calamities at specific area according to the indemnity formula. The Director of Agriculture is monitoring the implementation of the scheme.

## ii) **Strengthening of Share Capital of Cooperative Credit Institutions :**

Share capital is an important component of owned funds of Cooperative credit institutions, as it determines their borrowing capacity. The credit limits are sanctioned on the basis of multiples of owned funds. Therefore, Government are investing in the shares of all types of Cooperative

Credit institutions, in increasing measure with the loan assistance from National Rural Credit (LTC) fund of NABARD.

**iii) Farmers Service Cooperative Societies :**

68 Farmers Service Coop. Societies are functioning in the state which were sponsored by Commercial Banks, Coop. Central Banks and Grameena Banks. These Farmers Cooperative Societies would provided loans to their members. The societies have also taken up distribution of fertilisers and consumer goods.

**iv) Marketing :**

Under single window delivery of multi-credit and multi functional operations 121 good working Coop. Marketing Societies have been merged with D.C.M.Ss., and 141 Societies which were defunct have been liquidated. Similarly, 5 District Cooperative Marketing Societies which were defunct have been liquidated and new District Cooperative Marketing Societies in their place have been organised.

The functions and responsibilities of District Cooperative Marketing Societies have been increased substantially. They are expected to supply all agriculture requisites to growers through Primary Agriculture Coop. Societies, such as improved seeds, pesticides, fertilisers, implements and so on and take up procurement, processing and marketing of members' agricultural produce to ensure fair and remunerative price to their produce.

**30.05 NCDC- III World Bank Cooperative Storage Project :**

i) With a view to cover the storage gap in the rural areas at Mandal headquarters and on the proposals of the A.P State Cooperative Bank for construction of 1000 Rural godowns at Mandal headquarters, left uncovered under NCDC.II - World Bank Cooperative Storage project and also for construction of 155 Marketing godowns for various State Level Federations. Government vide their G.O.Ms.No. 175 F&A (Coop.I) Dept.dt. 10.3.88 have approved the project called NCDC-III - World Bank Coop.Storage Project with the concurrence of National Cooperative Development Corporation, New Delhi.

ii) The Andhra Pradesh State Co-op. Bank is the implementing agency and the financial pattern of the project is one and the same as was in the case of NCDC-II World Bank Cooperative Storage Project.

- a) 50% Cost of the godown is as loan assistance from NCDC through A.P.State Cooperative Bank.
- b) 45% cost of the godown by the State Government in the shape of share capital contribution i.e., 20% share capital contribution (State share) plus 25% share capital contribution, NCDC share, reimbursable later.
- c) 5% cost of the godown is by the participant society from their own funds.

## iii) Fertiliser distribution :

In accordance with the Government policy of increasing the share of distribution of chemical fertilisers and other inputs to the farmers in the State so as to save them from the exploitation of private dealers, the District Cooperative Marketing Societies and Primary Agricultural Cooperative Societies have been making strenuous efforts to meet their requirements.

The Cooperatives have also taken up the scheme of setting up Cooperative Farmers Service Centres sponsored by the National Cooperative Development Corporation for undertaking supply of a range of inputs and also providing extension services to farmers and training to employees of Cooperatives in the 8 Districts of Visakhapatnam, East Godavari, West Godavari, Krishna, Guntur, Nellore, Mahabubnagar and Nizamabad.

## iv) Consumer Co-operatives :

Consumer Cooperatives are playing a vital role in distribution of consumer articles in the State, especially in rural areas to hold the price line of the daily necessities under RDS sponsored by the National Cooperative Development Corporation. Distribution of consumer articles in rural areas has been taken so far by 69 projects (lead societies) in the districts and by A.P State Cooperative Consumers Federation Limited, Hyderabad through its 12 projects. The Fedcon and HACA propose to take up some more projects to distribute consumer articles in rural areas through the Primary Agricultural Cooperative Societies and other village level societies.

## 30.06 Housing Loan Operation

i) Depending upon the income limit, the members are eligible to get the loans as follows :-

1. L.I.G.H (Rs. 700-1500/- P.M) Rs. 30,000/-
2. M.I.G.H (Rs.1501/- to 2500/-P.M) Rs. 60,000/-
3. H.I.G.H.(Rs.2501/- & above) Rs. 1,00,000/-

ii) **Government Concessions:**

The Government of Andhra Pradesh have been providing certain concessions to help the loanee members:

1. Exemption of stamp duty and registration fees on transactions between one Cooperative Housing Society and another Cooperative Housing Society.
2. Exemption of stamp duty and registration fees at the time of mortgage of plot to Housing Societies in respect of L.I.G.H Schemes.
3. Exemption of stamp duty and registration fees at the time of selling of plots or houses in favour of its members. The members have to pay only fee regarding transfer of property.

iii) There are about 2590 Cooperative Farming Societies functioning with a total membership of 1,61,540.

To streamlining the functioning of these primary societies the District Level Federation of Farming Societies was organised and to monitor these District Federations, a State Level Cooperative Farming Societies Federation was also organised with headquarters at Hyderabad.

#### 30.07 Labour Contract Co-operative Societies :

The Programme of Labour Contract Cooperative Societies is specially designed to benefit the manual labourers who contribute the bulk of weaker sections of the community such as Scheduled Castes, Scheduled Tribes.

**30.08 The Andhra Pradesh Sahakara Vigyana Samithi Limited :** The accuracy and speed with which computers function have given them a vital role to play in modern administration. This is particularly so in the case of Cooperative Sector in Andhra Pradesh where there is a need to monitor as many as 48,000 different societies engaged in different types of activities. With this aspect in view the Andhra Pradesh Sahakara Vigyana Samithi Limited, was formed on 20th April, 1985 as the first computer organisation in the country to be set up for the exclusive use of Cooperative Institutions.

#### 30.09 Rural Electric Co-operative Societies :

In pursuance of the recommendations of the All India Review Committee and the meeting with the Chairman of the society of the State Electricity Boards, the Rural Electricity Cooperative Societies were started with the assistance provided by the Rural Electrification Corporation Limited, New Delhi to purchase electricity in bulk and supply it to agriculturists and other consumers.

With the assistance provided by the Rural Electrification Corporation Limited, New Delhi, 9 Rural Electric Cooperative Societies at the places mentioned below are functioning in the State catering to the needs of the agriculturists and others in the area of operations.

- |                  |                         |
|------------------|-------------------------|
| 1. Sircilla      | Karimnagar District.    |
| 2. Rayachoti     | Cuddapah District.      |
| 3. Anakapalle    | Visakhapatnam District. |
| 4. Jogipet       | Medak District.         |
| 5. Kuppam        | Chittoor District.      |
| 6. Kadiri (East) | Anantapur District.     |
| 7. Kadiri (West) | Anantapur District.     |
| 8. Cheapurupalli | Vizianagaram District.  |
| 9. Atmakuru      | Nellore District.       |

A general scrutiny of the guarantees given by Government on behalf of co-operative societies towards loans, etc., raised by the latter should also be effected to bring to light irregularities which result in liability to Government to repay such loans to lending institutions.

**30.10 Audit fee, Execution fee, etc:** Chapter-VII (Section 58) of Andhra Pradesh Co-operative Societies Act, 1964 read with Rules 46 and 48 of A.P Co-operative Societies Act 1964 contemplates levy of different kinds of fee as audit fee, execution fee, arbitration fee, etc., During the course of local audit of accounts of the department, particularly when accounts of district audit officer and of the chief auditor (in the office of the Registrar of Co-operative Societies) are under check, it should be seen whether demands for these fees are correctly issued and are recovered promptly. Arrears, if any, with year-wise break-up should be commented upon in the Inspection Report, indicating the special course of action taken by the department/Government to clear the arrears.

**30.11 Accounts of liquidators:** Section 65 of the Andhra Pradesh Co-operative Societies Act, 1964 speaks of circumstances in which a liquidator is appointed to wind up a society. Powers of the liquidator are enumerated in Section 66 *ibid*. Orders of the liquidator can be enforced on application by any Civil Court having local jurisdiction in the same manner as a decree of that Court. The detailed procedure of appointment of a liquidator and his exercise of powers is given in Rule 51 of the Andhra Pradesh Co-operative Societies Act, 1964. During the course of test-check of accounts of a liquidator, it should primarily be verified how far the liquidation is actually effective. It should be verified whether prolonged process of liquidation renders the cost of liquidation (inclusive of pay and allowances of the liquidator and his establishment) is commensurate with net assets realised or realisable. It should be seen whether the cost of liquidation has been legitimately adjusted against assets realised, with due promptitude.

Individual cases of proven inaction in the matter of realising assets or clearing liabilities, should be highlighted in the audit report keeping in view the amounts, costs, etc., involved. A typical instance in this regard is of non-realisation of matured promissory notes, Government securities, etc., endorsed in favour of the society under liquidation. Extent to which interests of Government in the form of irrecoverable loans and retrievable share capital should be commented upon supported by facts and figures. Where it is felt that a stagnation point is reached in the matter of realising floating assets and clearance of liabilities; the department should be advised to consider writing off irrecoverable amounts foregoing their recovery and winding up the society to avoid mounting cost of liquidation.

**30.12 Audit Report:** The Audit Reports on the accounts of the District Co-operative Officers are issued to those officers endorsing copy to the Commissioner and Registrar of Co-operative Societies. Audit Report on the accounts of the Commissioner and Registrar of Co-operative Societies is issued to the Commissioner and Registrar endorsing a copy to the Principal Secretary, Cooperation and Marketing, Government of Andhra Pradesh.

## CHAPTER 31

### ACCOUNTS OF AGRICULTURE DEPARTMENT

**31.01** The Commissioner/Director of Agriculture is responsible for planning and execution of various agricultural programmes relating to agricultural production and for organizing the supplies of various inputs and services, namely seeds, fertilizers and pesticides to the farming community. Research and training activities are attended to by the Andhra Pradesh Agricultural University and engineering activities by the Andhra Pradesh State Agro Industries Corporation, production of seed and their supply is attended to by Andhra Pradesh State Seeds Development Corporation, while the Seed Certification agency looks after the quality of seed production.

**General:** Various branches of the Agriculture department which come under local audit of this office are:

- 1) Administrative offices like the offices of the Director of Agriculture and Assistant Directors of Agriculture.
- 2) Agricultural farms.
- 3) Agricultural depots.
- 4) Soil Conservation Schemes.

The particulars of accounts maintained in the various offices of the department and detailed instructions for their maintenance are contained in the Agriculture Departmental Manual. The local audit staff should make themselves conversant with those instructions before commencement of audit.

Under the five year plans with a view to increase the production of agricultural produce various schemes are introduced on different funding pattern depending on the soil, climate and other factors. So the schemes vary from place to place and the local audit party should first ascertain and study the schemes implemented by the office taken up for local audit. A general pattern of the department and schemes are detailed in the subsequent paras.

### SECTION – I

#### DISTRICT AGRICULTURE OFFICES

**31.02 A. Scope of audit:** Audit of expenditure consists, inter alia in the scrutiny of accounts relating to the -

- 1) receipt and issue of seeds, etc.
- 2) loans transactions.
- 3) hire purchase of agricultural implements.
- 4) maintenance of Government vehicles (this should receive particular attention).

**B. Accounts, Records:** Besides registers like cash book, contingent registers, permanent advance register, security deposit register, etc., detailed in

chapter 4, following records are also maintained in the office of the Assistant Director, Agriculture.

- 1) stores and stock accounts of seeds, implements etc.,
- 2) loan records including applications, agreement bonds and loans ledgers.
- 3) records showing proceeds on account of hiring agricultural implements.
- 4) log books of vehicles.

**31.03 Process of audit:** Checks enumerated in chapter 4 apply generally to accounts of Agriculture department. In addition, checks detailed in the ensuing paras have also to be exercised.

**31.04 Stores accounts:** It should be seen that stores accounts are maintained in respect of permanent stores, furniture, books, forms, stationery and consumable stores like kerosene oil, etc., separately and details of articles acquired for departmental use and articles intended for sale to public are kept separately as required in the departmental manual.

NOTE: In respect of issue of seeds and manures to agriculturalists at concessional rates, it should be seen that separate registers for free supply or supply at concessional rates are maintained in the form prescribed in the departmental manual and that the supply is made under sanction of the Assistant Director of Agriculture of the concerned district after exercise of careful scrutiny of particulars in the applications.

**31.05 Procurement and sale of seeds and manures:** Agreements, vouchers and stock registers should be scrutinised so as to see that procurement is made economically and transactions relating to procurement and distribution and sale of seeds are brought to account there and then. It should also be seen that sale price is fixed as per instructions in the departmental manual and instructions issued by Government from time to time.

**31.06 (A) Loans:** Loans granted by the department may be divided into the following categories. :-

- 1) loans granted on prescribed security to agriculturists: -
  - a) free of interest for purchase of seeds of food, fodder and green manure crops and manures.
  - b) with interest for purchase of agricultural machinery and implements.
- 2) loans for hire-purchase of tractors and pump sets.

It should be seen that a register of applications for loans in form L.F.24 giving all particulars of transactions, a separate cash book for disbursement of loans and manuscript register showing particulars of loans disbursed are maintained as required in the departmental manual.

3) loans granted to Zilla Praja Parishads and Panchayat Samithis. these are granted for discharging certain functions under Zilla Praja Parishad and Panchayat Samithi Act, 1959, and fall mainly under following types : -

- a) purchase of seeds of paddy, millets and pulses and purchases of pesticides and their distribution to the local bodies.
- b) loans under intensive manuring scheme.

In respect of loans of the first category, realisation of sale proceeds of seeds distributed should be watched by the department. Loans of the second category are repayable with interest at the rates prescribed by Government from time to time. Loans, when granted for the first crop of a year, are recoverable by end of February of the succeeding year, when granted for the second crop of a year, they are recoverable by end of June of the succeeding year. In case of default penal interest also is to be levied.

NOTE: 1 - In respect of loans sanctioned to Mandal Praja Parishads by the Agriculture Department, the register maintained by the sanctioning authority for watching repayment of these loans sanctioned to the Mandal Praja Parishads should be scrutinised to ensure that the register is maintained in the form prescribed in Circular No. Gnt. 5/2861/65, dated, 21st October, 1965 of the Director of Agriculture and to satisfy that the sanctioning authority is taking adequate steps to effect recovery of the outstanding loans from the Mandal Praja Parishad.

(A.G'S orders, File No. 47-4/66-67).

NOTE 2 : - Short term loans shall be disbursed by the Agriculture department to such of the needy farmers only in exceptional cases where the financial institutions or Co-operatives Societies do not come forward to assist the farmers. The recovery of such loans shall be watched by revenue department.

**(B)** It should inter-alia be seen that : -

- 1) proper records are maintained for watching credit particulars in respect of money remitted by Mandal Praja Parishad towards sale proceeds of seeds, etc.,
- 2) proper accounting procedure exists to watch the extent of loans utilised by these bodies and to order refund of unutilised amount.
- 3) loans are not released every year as a matter of course regardless of the fact that a major part of previous loans remains unutilised.
- 4) prompt action is taken to collect dues from mandals.
- 5) proper records are maintained for watching recovery of loans and settling repayments against penal interest, interest and principal amount.
- 6) loans are not remitted by remittance transfer receipts;
- 7) they are paid only to parties concerned or to their authorised agents;
- 8) security bonds and receipts are taken ; and
- 9) amounts of loans do not exceed the limits prescribed.

**(C)** The above mentioned checks apply mutatis mutandis to other types of loans such as: -

- 1) distribution of agricultural implements at subsidised rates.
- 2) loans under fruit development scheme.
- 3) loans under pilot scheme for distribution of fertilisers under rainfed crops.
- 4) supply of oil engines and electrical motors.

**(D)** Many of these loans bear an element of grant-in-aid also when the loans are in kind and supplied at subsidised rates.

In respect of all such loans and grants, field staff should bring to light cases of release of loans/grants for subsequent years where reports in respect of release of amounts for previous years are not received. It should also be examined whether loans/grants are released without assessment of factual requirements resulting in locking up of Government moneys. Comments on these lines should be supported by full statistical data on the extent of unutilised grant/loan and overdue instalments of loans, as it would be difficult to establish failure of the department without the said data.

*(N.O.O.O. CAD/CIVIL/V/38-1/66-67/14, dated 4th September, 1966, of A.G.A.P. – File No. 38-1/66-67 of OAD, Civil Hqrs).*

**31.07 Subsidy of sale proceeds of compost to local bodies:** a) subsidies are given as an incentive to municipalities and local bodies which prepare quality compost to increase the potential production of compost.

Local bodies maintain separate registers for recording transactions relating to actual production of compost. The Regional Compost Development Officer is required to check these registers and furnish necessary reports regarding actual increase in production of compost during the year and subsidy due to each local body in his jurisdiction. On receipt of these reports, necessary action is taken to release the amount of subsidy to the concerned local bodies as grant-in-aid.

*(Memo No.4582/F.P.II/66-67, dated 2nd January, 1967 of Govt. of A.P. Food and Agri. Department, Circular No, O.A.D.I/V/38-1/66-67/37, dated 29-3-1967- File No. 3841/66-67 of O.A.D. Civil Headquarters).*

It should be verified during local audit that grants are released after observing the prescribed procedure and that they are in accordance with recommendations of the Regional Compost Development officer.

**ii) Fertiliser subsidy to dry land crops in Scheduled Castes Farmers Holdings:**

In order to induce increased consumption of fertilisers for dry crops in the holding of Scheduled Castes, Scheduled Tribes and other weaker sections farmers and ensure increased production, subsidised supply of fertilisers is programmed. Fertilisers are supplied to the above farmers engaged in dry land agriculture with the low fertiliser consumption.

**iii) Seed subsidy :**

Seed subsidy under seed village programme has been provided @Rs.300/- per quintal for groundnut and sunflower seed.

Other subsidy programmes include production incentives for farmers who adopt the recommended package of practices @Rs.500/-for groundnut and @Rs.250/-to Rs.400/- for other crops like “sunflower, sesame and castor.

**iv) Sprinkler subsidy :**

The cost of sprinkler will be subsidised to the extent of 50% to the small and marginal farmers and upto 25% in respect of other farmers.

**v) Subsidised supply of agricultural implements :**

These are proposed to be supplied at 50% subsidy to the farmers.

(a) Beside the above, subsidy is also given in various other schemes like fertilizers subsidy to farmers engaged in dry land agriculture, seed subsidy under seed village programme and sprinkler subsidy. In all these cases it should be seen that; a) there is provision or orders issued by the competent authority setting out the norms to be followed for the selection of beneficiaries and whether they are followed.

b) whether there is enough evidence that the benefit has accrued and if it is not susceptible for verification why it is so . Any defects noted should be commented and included in the report so that the material may be used, if the scheme is taken up for a precise review subsequently.

**31.08 Plant protection :-** Protection of plants against pests and diseases is vital for stabilization and boosting up of agricultural production as it was estimated that nearly one fifth of the crop cultivated was lost annually (value Rs.6000 crore at national level and Rs 600 crore at state level).

The plant protection scheme has been in operation in the State since 1949. The activities under plant protection include (a) pest surveillances, (b) education and training for departmental staff and farmers in regard to use of plant protection chemicals, equipment and resistant varieties of seeds, (c) quality control of pesticides, (d) supply of chemicals and equipment at subsidized rates to farmers and (e) large scale campaigns in the case of endemic areas.

**i) Scheme for control of pests and diseases of crops :-** Pesticides are to be distributed on 50% subsidy. (G.O.Ms.No. 1051, dated 14-4-1965). Plant protection appliances are to be loaned to agriculturists on nominal hire in Andhra area and free of cost in Telangana area. The village level workers of Mandal Praja Parishad and Village Panchayats are also provided with sprayers.

Pesticides are sprayed from air craft whenever there is a large scale attack of pests. A fleet of planes is also maintained by the Government of India for this purpose and these planes are made available on request at a nominal cost per acre covered. Whenever the planes from the Government are not available, private planes are engaged for this purpose, but the certificate of non-availability of Government planes must be obtained before engaging private planes. In the latter case 2/3<sup>rd</sup> of cost of the aerial operation is borne by the Government of India.

**ii) Control of pests and diseases :-** Scale insect is the major pest severely effecting cane production in coastal districts besides pests like borer, pyrilla etc. These pests can effectively be controlled by chemical treatment. In order

to assist the cane growers in control of pests, Government have sanctioned a special scheme for small and marginal farmers and scheduled casts farmers, under which pesticides are supplied at 50% subsidy.

**31.09 Scheme for promotion of scientific techniques of food grains at farmers level : -(A)** This scheme was taken up with a view to improve the existing storage structures and demonstration and popularize the latest techniques of stored grains, pest control to reduce losses of food grains.

This scheme is under implementations in the 14 districts of East Godavari, West Godavari, Krishna, Guntur, Prakasam, Nellore, Kurnool, Nizamabad, Warangal, Khammam, Nalgonda, Mahboobnagar, and Karimnagar.

Storage chemicals like E.D.B., E.D., C.T., Zinc Phosphide Alluminium Phosphide, Anticoagulants and Malathian 50% E.C. (PG) etc., are purchased and utilised free of cost for demonstration purpose in the selected villages for intensive utilisation.

**(B)** It should be seen in local audit whether :

1. the pesticides are sold at prescribed rate, allowing prescribed scale of subsidy.
2. specific orders of Government exist where equipment of spraying pesticides is lent free of cost.
3. expenditure on aerial operations achieve results expected of it and whether results are commensurate with the expenditure .
4. that the engagement of private planes is supported by a certificate from Government of India of non-availability of their planes. (actual expenditure incurred should also be recorded in the audit reports).
5. use of mobile vans for controlling pests is in accordance with procedure prescribed therefor and that log books towards these movements do not reflect any irregularity, and that.
6. use of private vans is taken recourse to , only due to non-availability of Government vans.

Any other important irregularity that comes to light may also be commented upon.

**(C)** Information on following points may also be collected and included in the audit report in this regard.

- 1) number of power sprayers allotted to each depot and how they are put to use; extent of lands sprayed and hire charges collected from agriculturists.
- 2) number of hand-operated sprayers allotted to each depot and extent of their usage together with particulars of rent collected.

- 3) the intention expressed by agriculturists in favour of a particular make of the sprayer and whether non-usage of the equipment can be attributed to non-compliance of the department to purchase the particular type of sprayers desired by them.
- 4) number of sprayers supplied on subsidised basis and cost recovered in advance before handing over physical possession.
- 5) lumpsum cost remitted by mandals in respect of sprayers supplied to them (if any amount is due, necessary data may be collected and furnished).
- 6) similar information in respect of subsidised sale of pesticides.
- 7) conformity of subsidised sale of equipment/pesticides with orders issued by Government from time to time.

*(O.A.D. Civi /V/40, dated 3rd April, 1967-File O.O.s (1966-67).*

- 8)
  - a) period of acquisition of pesticides.
  - b) nature of pesticides acquired.
  - c) quantity and total cost of the pesticides.
  - d) quantity disposed off so far.
  - e) quantity left over as on date and its cost.

*(Circular No. O.A.D/Civil/T/70-71/46, dated 2nd march, 1971-File Misc.70-71 of Unit V.O.A.D.Civil.Hqrs).*

**31.10 Quality control :-** To implement the Insecticides Act, 1968 (enforced in the state since December, 1972) and to prevent inter alia sale of banned or misbranded pesticides harmful to human beings as well as animals, Quality Control Inspectors (QCIs) 35 Nos. were appointed in all the districts and 4 Pesticide Testing Laboratories (Rajendranagar, Anantapur, Guntur, and Tadepalligudem) were established in the State.

For maintaining the quality of fertilisers, the provisions of Fertilisers Control Order 1985- are strictly enforced and unscrupulous elements are dealt with severely. Fertiliser samples are drawn regularly from various outlets and got analysed in the F.C.O- laboratories. Whenever the samples are found to be of sub-standard, action is initiated against the offenders.

**31.11 Hire purchase system of agricultural machinery such as tractors and oil engines and pump sets :-** The rules framed for hire-purchase system of agricultural implements like pump sets and tractors are given in the Departmental Manual and in Government Orders issued on the subject from time to time. Local audit staff should study these rules.

It should be seen that :-

- i) Loans are granted upto the limit prescribed on proper applications and after proper enquiry;

- ii) Applications are supported by necessary solvency certificates;
- iii) Necessary agreements and surety bonds are taken from the loanees;
- iv) Recovery of transport and erection charges is made in full; and
- v) Intimation about recovery of the instalments and interest is sent to revenue authorities in all cases in the prescribed form.

Loan application, ledgers, sanctions and advice sent to the Tahsildars should be scrutinised carefully so as to ensure that instructions issued are followed strictly without any lapse.

**31.12 Accounts of Seed Farms :-** At present, there are 31 State Seed Multiplication Farms in 17 districts under the control of the Agriculture Department, to multiply high yielding and improved varieties of seeds of different crops and also to conduct adoptive research trials with new varieties and latest technology. The seed produced on these farms is supplied to the registered seed growers for further multiplications. The seeds produced by the registered seed growers is again procured by the Department and supplied to the needy farmers.

It should be seen that :-

- i) List of seed farms is maintained;
- ii) Agreements in the prescribed forms are entered into with holders of seed farm;
- iii) An account of advance given to the farm is maintained and advances are recovered at the time of purchase of produce ; and
- iv) The Department ensure that the seeds purchased are, in all respects, of specific quality.

### **31.13 Departmental setup at district level.:**

All the functions at the district level are centralised with the Joint Director of Agriculture. The Divisional Assistant Director of Agriculture is charged with the responsibilities of extension and development under the reorganised Agriculture Extension System. Village Extension Officers are in charge of 800 to 1200 operating farm families on an average. One Agricultural Officer supervises and guides 6 to 7 Village Extension Officers in extension work. One Agricultural Officer is exclusively incharge of an Agricultural Depot for input work. Mostly work shops are conducted at Agricultural Research Stations where the Departmental Officers at district and divisional level and scientists of the research stations participate and formulate technical messages regarding important crops grown in the District. Assistant Director of Agriculture (Regular) and Assistant Director of Agriculture (SMS) conduct fortnightly sessions at divisional level for Agricultural Officers and Village Extension Officers and formulate messages in respect of field operations that would take place in the coming two fortnights. Agricultural Officers will hold meetings with their Village Extension Officers, one in each fortnight on specified days and discuss about the impact points or message

formulated at the fortnightly training session and report feed back on field problems to their superior officers for solutions. Village Extension Officers, thus fully trained in agricultural messages and necessary skills, advise the farmers for increasing agricultural production. There is regular feedback on problems of farmers to extension and research Officers. Extension work under Y & V system is looked after by Additional Director of Agriculture (Extension), Joint Director of Agriculture (Monitoring and Evaluation ) looks after monitoring and evaluation of this system. Under this system, about 4,000 Village Extension Officers' circles and 704 Agricultural Officers Ranges are formed in the State. The Agricultural Officers ranges are redeployed to work in Mandal Praja Parishads.

Various developmental programmes are implemented at the field level in close coordination with Mandal. The Agricultural Officers and Village Extension Officers (Field Assistants and Sub-Assistants) are primarily responsible for implementation of agricultural development activities.

The Department also runs training centres for plant protection and soil conservation. The State Institute of Plant Protection and Pest Surveillance at Hyderabad is headed by a Joint Director of Agriculture (Principal) and imparts training to farmers and departmental personnel in the field of agriculture.

Soil Conservation Training Centres at Hyderabad and Ananthapur impart training to the staff of the department in proper planning and execution of soil conservation works. These Training Centres are headed by Assistant Directors of Agriculture.

22 Farmers Training Centres at the rate of one per district are functioning in the State to impart training to farmers in the application of improved techniques of agricultural production.

**31.14 Crop Insurance Scheme :-** Insurance is an in-built system of Crop Loan and therefore, insurance is compulsory for the farmers who take up loan from any financial institution for the crops covered under insurance. The scheme is looked after by Special Officer (Crop Insurance) at the State level.

The salient features of this scheme are as follows :-

**Salient features :**

**(i) Crops :-** Rice, Jowar, Bajra, Maize, Ragi and Korra among cereals and Millets, Redgram, Greengram , Blackgram and Horsegram among pulses and Groundnut, Gingelly, and Castor among oil seeds crops during Khariff season and nine (9) Crops, viz., Rice, Jowar, Ragi, Maize, Blackgram, Greengram, Horsegram, Groundnut and Gingelly in Rabi Season are insured.

1. All farmers availing crop loans from any bank for raising the above mentioned crops have to compulsorily insure the crops. However gold loans are not covered.
2. Sum insured in respect of each farmer shall be 150% of crop loan actually disbursed to him.

3. Insurance charges payable on sum insured by the farmer is also sanctioned as additional loan.
4. Insurance charges are 2% on the sum insured in respect of cereals and millets and 1% in respect of oil seeds and pulses crops.
5. 50% subsidy on premium paid by small and marginal farmers is available which is paid by the State Government and Government of India on matching basis.
6. 80% of average yield of a crop based on last 5 years data of mandal/group of mandals called insurance unit, is taken as threshold yield of that crop of notified area/insurance unit.
7. If actual yield of mandal/group of mandals of insured crop of notified area estimated on the basis of crop cutting experiments is less than the threshold yield, compensation will be paid to all the insured loanees/farmers according to the following formula.

$$\frac{(T.Y - A.Y)}{T.Y} \times \text{Sum insured of individual farmers}$$

Where T.Y .Threshold Yield  
A.Y Actual Yield

8. Andhra Pradesh Crop Insurance Fund was set up with the amount of RS. 100 lakh each sanctioned by State and Central Governments. The State's share of compensation will be paid from the funds.
9. State Government and G.I.C of India on behalf of Government of India share premium and indemnity in the ratio of 1:2 .

**(ii) Maintenance of Government vehicles :-** Rules for maintenance of the Government vehicles are contained in the Departmental Manual. It should be seen that subsidiary registers mentioned therein are maintained as per instructions and the use of Government vehicles as regulated by provisions contained therein.

**(iii) Study of Rules under Rules/Acts :-** The department is implementing the Insecticide Act, 1968 and Rule 1971 and the fertilizer and insecticide support to the agriculturists. The mode of implementation may be studied and comments, if any, may be included in the report.

**31.15 World Bank aided reorganised Agricultural Extension Project :-** The scheme popularly known as T &V system in operation in AP State since 1.9.1982. Its objective is to assist the State in carrying out a five year programme to improve agricultural production. It was to assist in strengthening and improving the organisation at various levels.

The scheme contemplates to provide one Village Extension Office for every 800 to 1200 farm holdings for effective coverage and 4000 Village Extension Officers and 704 Agricultural Officers available in the department to supervise the village extension office.

One of the essential features of the system is organisation of various training programmes for the staff working under the programme. Monthly workshops are conducted at 17 identified research stations of Andhra Pradesh. Agricultural University where scientists impart training to subject matter specialists fortnightly, training schemes are conducted for the Village Extension Officers on the messages to be communicated to the farmers on the agricultural operations to be done during the coming fortnight and also the techniques involved in the effective communication of technology.

Since the scheme had been in force for more than five years implementation of the scheme and the achievement may be studied and suitable para included in the report with statistical data. Regarding the personnel deputed for higher studies, the utilisation of their services in the respective field after completion required to be studied and commented.

22 candidates for B.Sc.(Agril) and 25 candidates for M.Sc (Agri) course are deputed every year.

## SECTION II

**31.16** Agricultural Farms maintained for dissemination of agricultural knowledge, propagation and distribution of improved varieties of seeds, demonstration of improved implements, etc., are also intended to serve as model farms where cattle, breeding bulls and milch cows are maintained. The object of maintaining these farms is not to earn profits.

The farms are classified as :-

- i) Research (Farms) Stations.
- ii) Demonstration Farms.
- iii) Experimental Farms.

**31.17 Accounts, Records etc., :-** Following are important records in addition to usual registers maintained in the offices (The para Nos. indicate reference to the Departmental Manual).

1. Field register (para 124)
2. Cultivation Sheet (para 125)
3. Muster rolls (paras 139 and 135 to 137)
4. Register of hire of farm carts (para 124)
5. Stock book of produce (para 143)
6. Day book of sale (para 145)
7. Ledger of credit sales (para 145)
8. Milk record sheet (para 147).
9. Register of disposal of milk (para 146).
10. Fee transfer bills (para 147)

11. Register of live-stock (para 152)
12. Stock register of articles like pesticides, etc. (para 59)
13. Register of plant and machinery (para 54).
14. Log books of agricultural machinery.
15. Daily record sheet (para 131).
16. Cattle food register (para 155).
17. Register of rest houses.
18. Lease deeds (paras 141 and 161).
19. Register of credit notes.
20. Register of buildings.
21. Remittance Registers.
22. Cash bill book.
23. Receipt book.
24. Personal ledger.
25. Credit bill book.
26. Maistry's field registers.
27. Labour weekly abstracts.
28. Cattle census register.
29. Cart hire register.
30. Land register.
31. Furniture register.
32. Permanent labour attendance register.
33. Finance statement register.
34. Arrears of wages payment register.

#### **STORES SECTION**

1. Day book of receipts.
2. Day book of issues.
3. Yields register.
4. Stock book of paddy
5. Stock book of manures.
6. Stock book of garden produce.
7. Stock book of green fodder.
8. Stock book of gunny bags and empty tins.
9. Yield register for vegetables.

## 10. Register of trees.

**31.18 Field register:-** It should be seen that the history of each field or farm is kept up-to-date showing the crops it bore, manure it received and any other information as to drainage aspect and special cultivation of value.

Entries in the register should be traced from the cultivation sheets.

**31.19 Cultivation sheet:-** in respect of bulk crops (non-experimental) it should be seen that the details of each operation performed from the preliminary cultivation up to harvesting of crop and cleaning the field are entered. It is also to be seen that the actual amount paid for labour, cost of maintenance of work, cattle, proportionate cost of plough share, spare parts and depreciation value of other implements is entered and loss on operation is calculated on the basis of value of produce determined at prevailing market prices.

In respect of experimental crops, it should be seen that profit and loss statement is prepared in all cases where it has been so ordered.

**31.20 Muster rolls:-** Muster rolls should be checked with the daily record sheet. It should be seen that :

- 1) number of labourers tallies with that sanctioned by the Director of Agriculture.
- 2) changes in the rate of daily wages of casual coolies are noted in daily record sheet with reasons and that overtime wages are at the rates prescribed.
- 3) wages for leave periods for regular coolies are regulated as per instructions in the departmental manual; and
- 4) that they are prepared and checked as per instructions in the above mentioned manual and contain the requisite certificate.

**31.21 Hire charges of farm carts:-** it should be seen that :

- 1) a register in the prescribed form is maintained;
- 2) hire charges are worked out correctly as per instructions in the manual; and
- 3) collection is made promptly and brought to account.

**31.22 Stock book of produce:-** This register should be checked with daily record sheet so as to ensure that all yield (grain, straw) and garden produce (vegetables, coconuts, fruits, fuel etc.) obtained from the station are accounted for . Grains for sowing are required to be kept separate from those for other purposes and accounted for separately.

It should be seen inter alia that: -

1. issues are made under orders of competent authority;
2. balances are worked out correctly;

3. sales are traceable in cash book or ledger as the case may be;
4. stock balances are verified and the losses on account of drriage and wastages, etc., are approved by competent authority;
5. bills are made out correctly for all including transfer cases.
6. produce is sold at rates fixed by competent authority or at the market rates;
7. amount of cash sales are traceable into cash book and receipt register and those of credit sales into the register of outstandings.
8. farm produce remaining unsold is weighed, recorded and valued properly at rates prescribed and duly accounted for.
9. quantities of produce as noted by staff in charge of this item of work were subjected to personal test check by superior officers and the result of such test check recorded.
10. entries of issues in the stock book agree with entries in counterfoils of receipts for cash sales and entries in bills for credit sales, and
11. the quantum of yield for each plot of farm demarcated should be compared with the yields of previous years and it should be ascertained whether reasons for any shortfall in the yield are satisfactory. Cases where it is otherwise should be commented upon in the audit report duly supported by sufficient statistical data.

**31.23 Crop registers:-** Scrutiny of this register is to be carried out as under :

1. It should be verified whether the cropping scheme is duly approved by the competent authority, the scheme as originally planned should be compared with crop register and it should be verified that deviations, if any, from sanctioned scheme are duly approved by the authority who sanctioned the original scheme.
2. It should be seen that all columns in the crop register are duly filled in and that the produce is accounted for in the column provided for the purpose under initials of officer-in-charge of farm; the farm produce should be traced into the stores ledger for the months selected for audit.
3. It should be seen that labour if paid in kind is according to approved scale.

**31.24 Bill books and credit ledger :-** it should be seen :

1. whether credit sales are restricted to approved customers in accordance with rule framed by Government for credit sale of articles from Government farms and seed depots.
2. whether bills are issued as soon as supplies are made and collected regularly.
3. whether balances from previous years' ledgers are brought forward correctly. (the outstanding amount year by year at the time of close of audit should also be reported);

4. that interest, if any, and total amount due are calculated at the time of realisation or at the end of the harvest as the case may be.
5. whether sale price is fixed in correlation with market rates, including premium for clearance charges, etc.

**31.25 Register of seeds:-** This should be verified to ensure that unnecessary large quantities of seeds are not stocked, that seeds purchased are accounted for, and that balance of stock is periodically verified by officers entrusted with stock verification.

**31.26 Stock book of garden produce:-** It should be seen that suitable accounts are maintained for garden produce sold by the gardener direct, such as plants, flowers, fruits, etc., and such sales are supervised by some superior officer.

**31.27 Register of trees :-** A register of trees should be maintained in the farm. This register should be examined to see that it is properly maintained and a census of trees taken periodically. The register of trees may be examined to see whether separate accounts are kept of revenue yielding (like mango trees, tamarind trees etc.) and non-revenue yielding ones and whether the income from revenue yielding trees are properly assessed and accounted for. It may also be scrutinised whether the trees felled or fallen are disposed of, to the best advantage of Government. It should be seen that proper lease agreements exist for sale of usufructs of trees and that amounts are collected from the lessees and brought to account properly.

**31.28 Day book of sales :-** Entries should be traced in the cash book and stock book and in the ledgers. It is to be seen that instructions contained in the Departmental Manual for sale of produce are observed strictly. It should be seen that credit sales are made only in authorised cases.

**31.29 Ledger of credit sales to staff:-** All credit sales should be traced in this ledger and it should be seen that they are properly acknowledged.

**31.30 Milk record sheet and register of disposal of milk:-** These records are to be maintained in forms prescribed in the manual. It should be seen that sales are properly accounted and billed for. The corresponding entries should be traced in the cash book with reference to each bill.

**31.31 Transfer bills:-** The transfer bills should be checked with entries in stock register and it should be seen that they are covered by acknowledgement of the concerned officers.

**31.32 Register of rest houses:-** In respect of rents from rest houses attached to farms it is to be seen that receipts are traceable in the cash book from the counterfoils of receipts books.

**31.33 Maintenance of cows and she-buffaloes of the staff in the farm:-** It should be seen that :-

1. permission of Head of Office is obtained and
2. fee fixed for the purpose is collected monthly from the staff as required in the departmental manual.

**31.34 Lease deeds, agreements, etc:-** Delegations accorded by Government in favour of the officers of Agriculture department are given below: -

Heads of Research Sections and Deputy Directors of Agriculture are empowered to enter into contract on behalf of Government in respect of the following subjects: -

1. agreements with merchants for supply of green manure seeds and gunny bags.
2. contract for supply of small agricultural implements manufactured in India;
3. lease deed for renting private buildings for office or accommodation;
4. depot agreements relating to grazing rights.
5. agreements for usufruct right of fruit trees in Agricultural Research Stations and other like purpose;
6. lease deed for taking lands on leases in Agriculture department.

It should be seen inter alia that leases, contracts, etc, are executed according to delegations and only after obtaining sanction of the higher authorities, whenever necessary.

*(G.O.Ms.No.2186, Agriculture Department., dated 30th December, 1977 and A.G's orders in D. Agriculture Section-file 220/57-58).*

**31.35 Miscellaneous:-** It should be examined: -

- a) that if there is wide variation between allotment of funds in the budget for a scheme and actual expenditure, reasons therefor have to be justified. If actual expenditure is much more than allotment, it should be examined whether it was due to delay in working of the scheme which in its turn might be due to inefficient handling, planning and co-ordination of the work;
- b) whether the entire area (acreage) targeted to be covered by the farm is actually covered, if not, the short-fall may be indicated and the reasons therefor investigated and explained.
- c) whether the farm is developed to the fullest extent particularly with respect to provision of irrigation facilities, fencing, layout, etc.

**31.36 General:-** Expenditure incurred on farms under various heads, viz. seeds, manures and pesticides, labour, reclamation charges, lease amount paid, if any, and receipts therefor may be gathered to ascertain whether such farms are running on profit or loss. Year wise particulars may be obtained and appended in a separate statement working out profit accrued or loss and reasons therefor may be ascertained from audit point of view may also be commented upon.

*(Circular No. O.A.D/Civil/I/24-Misc/66-67/21-A, dated December 1966, file O.O.s 1966-67 of O.A.D. Civil/Hqrs).*

**31.37 Functioning of Agricultural Farms attached to Gram Sevak Training Centres:-** The provisions of this chapter apply mutatis mutandis to farms attached to Gram Sevak Training Centres.

### SECTION III

#### AGRICULTURAL DEPOTS

**31.38 Scope of audit:-** As the bulk of the stores of the Agriculture department is stocked in the depots, the main object of local audit of these depots is to ensure that stores and stock accounts are properly maintained and receipts are realised and brought to account promptly.

**31.39 Accounts, Records, etc:-** The following important account records should be scrutinised during the course of local audit of agricultural depots.

1. Cash book.
2. Cash chitta register.
3. Bill books.
4. Challans.
5. Contingent bills.
6. Vouchers.
7. Depot register.
8. Dead stock register.
9. Transfer bills.
10. Auction sale register.
11. Purchase day book and sales day book.
12. Seal form register.
13. Register of bill books.
14. Credit notes.
15. Challans and vouchers.
16. Register of duplicate keys.

Audit of the accounts of the depots is conducted at the offices of the Assistant Directors of Agriculture by calling for original records of depots. The selection should be so made as to cover transactions of all depots in a period of three years. This should be done in addition to the normal annual audit of accounts maintained by the District Agricultural Officer.

**31.40 Process of audit:-** General instructions given for check of various registers in Chapter-4 and in other sections of this Chapter apply here also. The following special instructions should also be observed in addition.

It should be seen that : -

- 1) receipt and issue of various commodities are correctly and promptly brought to account in stock registers and balances are verified periodically and balances of stock are carried forward correctly from month to month;
- 2) receipt as per distribution by the Assistant Director are properly accounted for;
- 3) the discrepancies between the book balance and the actual balance are reconciled promptly and physical verification is effected at prescribed intervals and that prompt remedial action is taken against shortage by fixing up responsibilities.
- 4) rates adopted for sale of various commodities are according to the sale prices fixed for them;
- 5) bills are made out promptly and collections brought to account and remitted into Treasury without any delay;
- 6) free transfer bills are issued whenever necessary and issues in these cases are supported by the acknowledgement for those concerned and that transfers are promptly adjusted in accounts;
- 7) the register of bill books is maintained properly and completed bill books sent to the District Agriculture Office for record.
- 8) a proper account of empty gunny bags is kept and auction sale is conducted at rates favourable to Government;
- 9) scale prescribed for permitting inevitable shortages is by itself not on the high side and that actual shortages permitted do not exceed the prescribed scale;
- 10) movements of stores from one depot to another and consequent transport charges are not excessive and do not owe themselves in any case to defective estimation of the requirements (ab initio).
- 11) proper watch is kept by the Assistant Director on the monthly returns of the depots to ensure that all receipts and issues are properly supported and that the depots are regular in sending the periodical returns.
- 12) inter-depot transfers indicated in the returns are watched through contra entries. (a test check of contra entries should also be effected by the field parties in this regard);
- 13) inspection of the depots is effected at the required frequency. (the inspection notes should be gone through and it should be examined whether remedial action is taken promptly with reference to the irregularities pointed out);
- 14) the amount in respect of loans are drawn according to requirement and disbursed to the parties without delay under proper acknowledgement and particulars of disbursement, etc., furnished to the Assistant Director promptly.

(Circular No. O.A.D.II/II-20/66-67, dated 4th January, 1967).

NOTE: Checks detailed above also to be extended to the departmental stocks of closed godowns kept with the seed store of Mandal Praja Parishad. as stocks in seed stores are controlled by Agricultural Extension Officers (G.O.Ms. No. 1643, dated 18th January, 1964). The cash book, stock registers and other registers pertaining to departmental stock should be subjected to test check, if the godowns marked for audit have been closed and stocks transferred to the Mandals seed stores.

(Circular No. O.A.D. I/V/67-68/33, dated 21st December, 1967)

## SECTION- IV

### SOIL CONSERVATION SCHEME

**31.41** Certain schemes which are mainly intended for protection of top-soil from erosion and which incidentally increase agricultural production of the area besides providing labour and improving the status of inhabitants of the area are undertaken by the department in various parts of the State e.g., Machkund basin, Araku, etc.

Besides, the work of Contour Bunding or Trenching as contemplated in Land Improvement Scheme (Contour Bunding and Contour Trenching) Act, 1949, is also undertaken by the Agriculture Department for the benefit of the farmers and the amounts recoverable from the farmers are worked out and intimated to the Revenue authorities. The execution of the work is arranged by the Assistant Soil Conservation Officers through Departmental labour. These officers work under the control of the Assistant Director (Soil Conservation).

The salient features of the various Soil Conservation Schemes formulated by Government of Andhra Pradesh are indicated below :-

i) The pattern of financial assistance provides for 25% subsidy by Government on Soil Conservation works excluding establishment charges which are met from State Funds.

(G.O.Ms.No. 2174, dated 24th August, 1965 of Government of Andhra Pradesh, F & A Department, circulated in Cir.NO. O.A.D/Civil/XII/47-11/66-67/1, dated 24th April, 1967).

ii) Recovery of cost from the beneficiaries of the Contour Bunding Scheme :- Only the amount of takkavi loan sanctioned to the beneficiaries of the contour bunding scheme in the districts of Telangana during the period when the scheme was executed under the takkavi system, is recoverable from the beneficiaries concerned of the above mentioned scheme.

iii) Mode of recovery :- Recoveries from the beneficiaries of the Soil Conservation Schemes are made as per the following formula :

If 'A' is the cost of the conservation works and 'R' is the amount recoverable, then

$$R = \frac{(A+A)}{3} \quad \frac{75}{100}$$

$\frac{A}{3}$  - representing the establishment charges. (The formula provides thus for a deduction of 25% of the gross cost of conservation works towards subsidy).

iv) Details of the recoveries to be made from the beneficiaries of the Soil Conservation Schemes are required to be recorded in the Register of Rights and Liabilities (vide Annexure).

v) Rate of interest to be charged and the number of instalments in which the recoveries have to be effected – a) Interest at 4 ½ % per annum is added to the amounts recoverable from the beneficiaries concerned and the total amount so arrived at is recovered in fifteen annual equal instalments.

*(G.O.Ms.No.1377-Agriculture Dept., dated 10th July, 1961 of the Govt. of A.P.Circulated in Circular No. O.A.D/XII/47-11/86/66/67/1, dated 24th April, 1967).*

vi) Recoveries from beneficiaries in the case of Soil Conservation schemes should commence after a period of two years from the date of the completion of works.

*(G.O.Ms.No.7, dated 2nd January, 1965 of the Government of A.:P, Food and Agriculture Department, Circular No. O.A.D/Civil/XII/47-11/66-67/1, dated 24th April, 1967).*

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**Recovery of cost of soil conservation works :-** As per para XIV of the Soil Conservation Technical Accounts Manual, 75% of the cost of Soil Conservation works executed by obtaining agreements/ bonds is recoverable from the beneficiaries in 15 equal instalments inclusive of interest at 4 ½ %. The recovery would start 24 months after the completion of the soil conservation works. The recovery statement have to be prepared by the Assistant Director of Agriculture (S.C) furnished to Revenue Department for recovery. But the Agriculture Department is silent after submitting the recovery statements to the Revenue Department authorities, and no follow up action appears to have been taken with Revenue authorities to watch progress of recovery of dues from the beneficiaries. This aspect may, be looked into at the time of audit of Soil Conservation Offices.

*(Circular No. 10)*

**31.42 Accounts records:-** Besides maintenance of usual records like cash book, contingent register, etc., the nature of work requires execution of agreements, maintenance of muster rolls and measurement books.

**31.43 Process of audit:-** It should be seen inter alia that: -

- 1) works records are maintained observing instructions contained in A.P.F. Code, Vol.I.
- 2) works executed are covered by proper estimates in all cases and exceptional cases are covered by sanction of Government.
- 3) tenders and agreements are executed, whenever necessary;
- 4) muster rolls are maintained properly, payments made at approved rates, and the turnover is compared with expenditure incurred on labour to see how far departmental execution resulted in savings or loss, to the Government.

- 5) check-measurements are done to the extent prescribed by Assistant Conservation officers and Assistant Director of Soil Conservation.
- 6) the records of the vehicles are maintained properly; and
- 7) recoveries due from farmers are reported correctly;

Checks prescribed in other sections of this Chapter and Chapter-4 for the scrutiny of registers in respect of stores, log books of jeeps and machinery, should also be exercised.

**31.44 Audit Report:-** Audit Report should be sent to the Officer in-charge of the office inspected and a copy thereof endorsed to the Commissioner/Director of Agriculture. In the case of local audit of office of the Commissioner/Director of Agriculture, a copy of the Audit Report should be furnished to the Secretary to the Government, Agriculture and Cooperation Department.

## SECTION - V

### PERSONAL DEPOSIT ACCOUNTS OF THE DEPUTY DIRECTORS OF AGRICULTURE

**31.45** In respect of State Trading scheme transactions, the Deputy Directors of Agriculture of various regions of the State operate on a personal deposit account at the concerned Treasuries. In this regard the following accounts records are maintained as subsidiaries to the personal deposit account at the offices of the Deputy Directors.

1. cash book.
2. ledger accounts.
3. cheque issue register.
4. cheque book.

The Deputy Directors are responsible to compile accounts and render them duly supported by vouchers every month to the Director of Agriculture by the due dates. they are also responsible to reconcile differences, if any, between Treasury figures and figures of their own accounts.

**31.46 Scope of audit:-** It should be ensured during the scrutiny of records of the Personal Deposit Account, that: -

1. certificate of reconciliation with Treasury with full reasons for variation, if any, is furnished and is attached to the compiled account;
2. pass books are sent to Treasuries concerned in the first week of the month for writing up necessary entries and compiled accounts are submitted to the Directorate by the 10th of every month duly supported by vouchers;
3. each voucher is passed by the Deputy Director of Agriculture and its duplicate is on record of his office;

4. bills and invoices of monetary value of Rs.1000 and above in support of expenditure are enclosed to the compiled account sent to the Director and other vouchers for amounts below Rs.1000 are retained on record of the office of the Deputy Director.
5. in case of unspent balances remitted into the Treasury, reference to original debit, i.e., cheque no., is invariably furnished;
6. all vouchers relating to a particular month are accounted for in the voucher account of the same month;
7. minimum balance of Rs.1000 is retained in personal deposit account to meet urgent expenses, and surplus amount in excess of this minimum is surrendered regularly by 15th of the month, and
8. in case of transport charges and others, expenses are incurred under orders of competent authority.

*(Cir.Memo No. Budget-II(I)/1822/69, dated 25th September, 1970 of Director of Agriculture, A.P Hyderabad, Case File P.D. A/cs of Deputy Directors of Agriculture of O.A.D. Civil Headquarters).*

**ANNEXURE**  
(Referred to in para 31.42(iv))

Form showing the Register of Rights and Liabilities of owners of land

Name of the Scheme:

Village

Taluq:

District

1. Number and date of Government order sanctioning the scheme.
2. Total cost recoverable from the village.
3. Total of annual instalment recoverable from the village.

S.No.	Survey No. and sub-Division	Classification	Extent	Assessment	Names and addresses of owners included in the scheme
(1)	(2)	(3)	(4)	(5)	(6)

The rights of the owners to the use of the work	Extent of liability of each owner	Names of transferees or successors liable to maintain and repair works	Extent of liability of each transferee or successor to maintain and repair works	Nature of work done	Total cost of work done
(7)	(8)	(9)	(10)	(11)	(12)

Total amount to be recovered from the owners	Number of annual instalments	Year from which recovery should begin	Amount of each annual instalment	Remarks
(13)	(14)	(15)	(16)	(17)

NOTE:- (a) Separate sheet should be used for each village.

(b) A map of the village and plan showing the situation and dimension of work should be enclosed to this register.

## CHAPTER 32

### ACCOUNTS OF ANIMAL HUSBANDRY DEPARTMENT

**32.01 Preamble:-** a) Instructions governing the working of various institutions are contained in the manual of Animal Husbandry Department.

b) The administration of Animal Husbandry Department of State is vested in the Director of Animal Husbandry. Following are the main institutions subjected to local audit;

1. Veterinary hospitals and dispensaries.
2. Livestock farms and dairy farms.
3. Poultry farms.
4. Sheep farms.
5. Key Village Centres; and
6. Veterinary Biological and Research Institute, Hyderabad.

The Department also undertakes Animal Husbandry schemes, some of which are partly financed by Indian Council of Agricultural Research.

c) Animal health activity:- Treating of all animals and control of contagious and infectious diseases are the main aspects of polyclinics, veterinary hospitals, livestock supervisory units, rural livestock units. Veterinary aid is also provided at the door step of livestock owners through mobile clinics where there are no dispensaries.

**32.02 Scope of audit:-** The main object of local audit is to check various items of receipts and accounts of stores and stock of various institutions. Detailed instructions are given in the ensuing paras.

## SECTION I

### VETERINARY HOSPITALS AND DISPENSARIES.

**32.03** Each Veterinary Hospital/Dispensary is under the charge of a Veterinary Assistant Surgeon and the overall supervisory charge of hospitals in a district vests with the District Veterinary Officer.

Audit is to be conducted with reference to rules regarding admission of in-patients, feeding, fees for admission, treatment operation and ambulance charges, etc., as laid down by the department and as given in detail in the manual of Animal Husbandry Department.

**32.04 Nature of receipts: -** The items of receipts are as follows:

- i) collections towards in-patients;
- ii) collections towards out-patients;
- iii) shoeing charges; and

iv) miscellaneous receipts such as sale of surplus milk, bonemeal, manure, collections on account of breeding operations, etc.

(A) The general principles for levy and collection of hospital dues are as follows: -

- a) animals are admitted as out-patients on payment of a week's treatment charges in advance.
- b) animals are admitted as in-patients into the hospital for treatment at owner's risk on an advance payment of lumpsum amounts fixed separately according to prescribed scales for horses, cattle and dogs.
- c) treatment charges are same for both the out-patients and in-patients.

(B) Fees is levied only on such owners of animals as are in receipt of a prescribed minimum monthly income or income in excess thereof. All animals belonging to Government/or animals sent to the hospital by an officer of the Society for the Prevention of Cruelty to Animals or animals remanded to the hospital by a Magistrate and dogs sent by the police for observation for rabies (where the owner is unwilling or unable to pay) are treated free of cost.

(C) No in-patient is discharged from hospital until the claim upto the date of removal is paid in full.

**32.05 Accounts, records etc.,:-** Following are the more important books, registers, etc., maintained at the institution which should be examined during local audit :-

1. Cash Book (Government and non-Government)
2. Register of control of expenditure.
3. Receipt Books.
4. Register of Receipt Books.
5. Admission Register.
6. Bill Book of in-patients.
7. In-patient charges.
8. Receipt Register (Out-patient).
9. Operation Register.
10. Post-Mortem Examination Register.
11. X-Ray Register.
12. Specimen Register.
13. Specimen Examination Fees Register.
14. Anthrax Free Certificate Issue Register.
15. Shoeing Register (with proforma details).

16. Breeding Bull Register (Form 41).
17. Ambulance Van Log Book.
18. Register of Feed (Forms No. 31 and 32).
19. Register of Live Stock.
20. Bone Meal Register.
21. Milk Yield Register.
22. Stock Register of
  - a) Medicine.
  - b) Library Books etc.,
  - c) Chemicals.
  - d) Laboratory equipment.
23. Manure Register.
24. Contingent Register.
25. Service Register.
26. Acquittance Rolls.

**32.06 Process of audit :-** Several items of receipts recorded in the Roll Book (In-patient), Receipt Register (out-patients), etc., should be traced into the counter-foils of receipts and those shown in the latter into the cash book. As regards hospital dues it should be seen by a check of the Admission Register, in-patient charges, etc., maintained for the purpose that charges for treatment of out-patients and in-patients for operations, for special medicines, for X-Ray photographs, for ordinary and special feed, etc., are collected in accordance with rules.

The cash book and the stores and stock accounts should be scrutinised in accordance with general principles enunciated in Chapter 4 of this Manual. Following are additional points to be looked into.

- i) Feed register :- It should be seen that issues are supported by entries recorded by ward officers in the case sheets of patients.
- ii) Bone-meal register :- It should be seen that quantities issued as feed to animals are supported by entries recorded in the case sheets, that sales to the public are noted distinctly and that the collections therefor are brought on promptly into the cash book.
- iii) Ambulance Van Log Book :- It should be seen that details of journeys are recorded properly and that prescribed charges are recovered from owners of animals. The amount collected should be traced into the cash book.

iv) Shoeing Register with proforma details :- Horses are shod at the shoeing forge at rates prescribed therefor . A stock of iron, nails and coal is kept at the forge for manufacturing shoes as and when required. Ordinary and special shoes are manufactured at the forge and the rates prescribed are inclusive of fitting charges.

The “Shoeing Register with proforma details” maintained for the record of transactions of the forge should be checked to see that :-

- a) Stock of iron, nails and coal is entered properly in the columns specified.
  - b) Purchases of raw materials are entered as and when they are made.
  - c) Issue of materials for manufacture of shoes are recorded promptly.
  - d) Cash receipts are duly brought to account.
  - e) In respect of charges recoverable from the Police Department for their horses shod at the forge, necessary book adjustment is made.
  - f) Rates at which materials were purchased are duly recorded by the forge and that the pay of farriers, etc., is correctly prepared each month; and
  - g) That proforma statement of receipt and expenditure of the forge including the pay of farriers, etc., is correctly prepared each month and the net gain or loss worked out.
- v) Anthrax free certificate issue register :- The register should be checked to see that rates charged are in accordance with rules and that credits are supported by challans to that effect.
- vi) Breeding Bull Register and Register of Live Stock :- It should be seen that purchase of new animals and disposal of useless animals are done as per instructions contained in Departmental Manual.

## SECTION - II

### LIVE STOCK FARM

**32.07 General :-** The livestock farms are under the control of Andhra Pradesh Livestock Development Agency with the object of :-

- i) Producing pedigree “Murrah” or other buffaloes/bulls/breeding bulls by the process of selective breeding for distribution in rural areas to upgrade the local inferior stock, for improved productivity and for supply to blocks and the general public; and
- ii) To meet increasing demands for wholesome and hygienic milk in hospitals and from public in the towns.

At some of these farms a small unit of sheep and poultry is also maintained. These units besides supplying pedigree bulls, rams, cocks etc., serve also as demonstration units to educate the breeders in scientific methods of breeding, feeding and management of livestock. These farms also

undertake agricultural operations with a view to meeting the fodder requirements of farms. Hybrid, Napier and other fodders are also grown.

The farms consists of one or other or all of the following sections.

1. Dairy.
2. Cattleyard.
3. Poultry.
4. Sheep.
5. Pasture and Garden.
6. Stores, and
7. Engines and Motor Lorries.

**32.08 Registers, Accounts, etc.:-** The following are important registers, accounts, etc., maintained under various sections of the farm :-

**a) General :-**

1. Cash Book.
2. Bill Books for cash and credit sales.
3. Daily Memo Book.
4. Muster Rolls.
5. Works Register.
6. Refunds Register.
7. Register of Feeds.
8. Register of Security Deposits.
9. Contingent Register.
10. Service Books.
11. Acquittance Rolls.

**b) Livestock (Cattle and Buffaloes ).**

1. Adult Stock Register.
2. Young Stock Register.
3. Animals Valuation Register.
4. Cattle Sales Register.
5. Daily Service Register.
6. Hard Register.
7. Service Record of Bulls.
8. Shoeing Register.

9. Veterinarian Sheet.
  10. Work Cattle Register.
  11. Register of Livestock
- c) Dairy :
1. Cattle-Yard Milk record sheet.
  2. Customer's Register.
  3. Daily Milk yield memo.
  4. Dairy Day Book.
  5. Dairy Produce out-turn and disposal.
  6. Lactation statement.
  7. Register of experiments.
  8. Register of fat in milk of individual cows.
  9. Register of milk feed to calves.
- d) **Sheep :**
1. Monthly changes in flocks.
  2. Pedigree register of rams and ewes.
  3. Weighment of animals register.
  4. Wool Yield register.
  5. Young Stock register (different flocks)
- e) **Pasture and Garden :**
1. Cultivation sheet.
  2. Field register.
  3. Fodder issue register.
  4. Grazings register.
  5. Hay Stack register.
  6. Silage register.
  7. Trees register.
  8. Vegetable Sale book.
  9. Vegetable Stock book.
- f) **Stores :**
1. Cattle Feed Account.
  2. Fuel and Log Books.
  3. Machinery and spare parts register.

4. Miscellaneous Stores.
5. Register of furniture.
6. Stock Book of lime and manure.
7. Stock Book of Seeds and Grains.
8. Tools and Plant register.
9. Unserviceable articles register.

**g) Engines and Motor Lorries etc.**

1. Job register.
2. Log Book.
3. Works register.

**32.09 Process of audit :-** General instructions contained in Chapter 4 should be observed for check of various registers. Subsidiary points to be looked into are indicated below :

- a) Daily memo sheet :- This is an important original record maintained in the agricultural section of the farms, which is under charge of an Agricultural Demonstrator. This sheet indicates the number of permanent mazdoors on leave, the carts at rest, receipts and issues of farm produce and expenditure on fodder, concentrates, etc. All items of stock in this section are posted from this sheet into the respective stock registers. As such, this sheet should be checked carefully and items traced into respective Stock Registers.
- b) Live-stock (adult and young) Register and Cattle Sales Register :- It should be seen that all additions or sale of animals as accounted for in these registers are supported by requisite sanction from the Director.
- c) Animals Valuation Register :- Animals in the farms should be valued annually (in March) by the Deputy Director of Animal Husbandry. It should be seen that the book-value of animals shown as opening balance of the year agrees with the corresponding annual valuation fixed by the Deputy Director of Animal Husbandry for each animal.
- d) Work Cattle Register :- It should be seen that entries in this register fully agrees with those in the Register of Agriculture Section.
- e) Register of livestock :- it is to be seen that livestock are re-valued at the end of the official year with reference to market rates and old animals are disposed of promptly under the orders of competent authority. It should be seen that prescribed fees for the hiring of work animals and for services of breeding bulls are collected and brought to account promptly. The system of purchases and sale of live stock should be examined with reference to correspondence files, agreements, etc., The main source of revenue are:-
  1. sale of bulls, cows, calves and other animals
  2. fees for service of bulls

3. sale of milk.

4 sale of manure.

It should be seen whether realisations are promptly effected and credited to Government account and that unserviceable cattle are not maintained on the farm.

### **Dairy**

f) Daily Milk Yield Memo :- This is an important original record which shows total daily milk yield of the farm. As the monthly return regulating sale of milk and milk products is prepared from this memo, this should be carefully checked with reference to milk yield of individual milch cattle.

It should be examined whether the yield of milk and other dairy produce is reviewed by a responsible officer at periodical intervals and suitable action taken in cases of low yield.

g) Dairy produce out-turn and disposal:- This is a consolidated record of dairy produce which shows inter alia sale of milk and milk products, fat and milk fed to calves and wastage items in the registers viz., daily milk yield memo, register of fat in milk of individual cows, register of milk fed to calves, lactation statements, etc., should be traced into this register.

NOTE: - The dairy farm is under the immediate charge of a Dairy Assistant who is responsible for accounting daily milk yield, sale of milk and milk products, etc. As a subsidiary cash book is required to be maintained in respect of dairy sales by the Dairy Assistant, it should be seen that this subsidiary cash book is maintained properly by him and that amounts realised by him are properly accounted for and traceable in the general cash book of the farm. It should be seen in local audit that the Superintendent of the farm exercises sufficient check over cash transactions dealt with by the Dairy Assistant.

h) Pasture and garden:- Maintenance of agricultural farm, pastures and gardens in the dairy farm is intended mainly for supply of fodder and other feeds to animals, etc., This section is under the direct charge of an Agricultural Demonstrator.

Besides check of muster rolls and works register, it should generally be seen that: 1) the produce is properly accounted for in the stock books; 2) the fodder issue register and vegetable sales registers are maintained properly; and 3) moneys realised by cash sales are promptly brought to account.

i) Register of working cattle:- It should be seen that the number of working cattle in the farm is not in excess of requirements which should be ascertained from the cultivation sheet and field register.

j) General: - In respect of accounts of live-stock and dairy farms the following instructions should be borne in mind. How far the objectives of propagation of improved breeds and supply of milk to public were achieved and whether expenditure was commensurate with results. Following particulars should be gathered year-wise.

1) a) Total expenditure during the year on cattle farms (as distinguished from expenditure on sheep and poultry sections), the expenditure should be broadly classified as under : -

- i) establishment.
- ii) feeding charges (the value of the fodder grown in the farm and consumed by the cattle should be shown separately).
- iii) dead stock.
- iv) labour charges.
- v) other charges.
- vi) total.

b) total number of bulls distributed/sold for breeding purposes.

c) the receipts of the farm are under the following heads: -

- i) sale of milk.
- ii) sale of live-stock.
- iii) sale of agricultural produce.
- iv) miscellaneous receipts (nature to be indicated).
- v) total.

2) Regarding production and sale of milk, following particulars should be gathered.: -

- i) total milk produced (in litres).
- ii) milk sold.
- iii) milk issued for curd making kova making, ghee making, etc., (in litres).
- iv) milk issued for other purposes (nature to be specified for e.g. feed to calves, etc., ) (in litres).
- v) loss in handling.

3) In the case of milk issued for curd-making, ghee-making, etc., it should be seen whether the end product obtained is commensurate with milk issued for the purposes, and whether the product was properly disposed of. The circumstances under which the entire quantity of milk produced could not be sold should be ascertained.

The percentages which the “loss in handling” bears to the quantity produced should be indicated.

4) Mortality rate, total number of cattle, additions due to birth/purchases, reduction due to death/sale should be indicated.

- 5) Expenditure incurred on agricultural operations, value of produce realised/sold should be indicated with a view to assessing the economic working of the agricultural section of each farm. Large variations between expenditure on and receipt from agricultural operations should be commented upon. Expenditure incurred on erection of farm buildings, sinking of wells and acquisition of agricultural implements should be looked into with a view to seeking expenditure was properly incurred and that property acquired was brought to use without delay.
- 6) Records relating to acquisition or leases of land for the farms may be specially gone into to ascertain the economy of acquisition of the land.
- 7) It should be examined whether : -
  - a) culling and disposal of useless animals is done according to rules prescribed and orders issued by Government from time to time;
  - b) amounts realised by sale of animals in public auction are not less than the minimum price limits fixed in each case and where the bid amount is less than the minimum fixed, the bid list is submitted to the Director or the competent authority, with reasons for low bid, for confirmation of the sale, and
  - c) destruction of animals is done according to rules and after obtaining sanction of competent authority.

**32.10 Intensive Cattle Development Blocks :-** i) For, implementing the scheme of “Intensive Development of Cattle” sponsored by Government of India under “Special Development Programme for Agriculture”, three Intensive Cattle Development blocks were established at Hyderabad, Vijayawada and Warangal with Regional Development units and a number of sub-units at various other centres. The scheme had 100% Central Assistance (50% grant and 50% loan) upto 1965-66 and is continued as a State Project from 1966-67.

There is also a scheme at Warangal sponsored by the erstwhile Andhra Pradesh Regional Committee.

- ii) The functions of these blocks are :-
  - 1) To improve the genetic make-up of cattle by controlled breeding.
  - 2) To provide facilities for veterinary aid and disease control subsidies and production incentives.
  - 3) To augment the supply of feeds and fodder to the level essential to support production of increased quantities of milk, and
  - 4) To provide for an assessment and critical evaluation of the progress of the various phases of schemes undertaken in order to locate such aspect of development as are finding response and requiring to be intensified in order to bring about overall improvement and to achieve the target of the schemes undertaken.

Units as Semen Production Centre and Feed Mixing plants, etc., function as ancillaries to these blocks.

iii) Checks detailed, in respect of live-stock farms in the preceding paras, in particular, and the procedure of audit detailed in Chapter 4 in general, should be exercised *mutatis mutandis* during local audit of accounts of these institutions.

### SECTION – III

#### 32.11 A) Sheep Farm

There are 4 Sheep Farms, 2 Ram Multiplication Farms, 4 Sheep Units attached to live-stock farms and 2 goat units.

The main objective of these farms are ;

1. Selective breeding of certain special breeds viz., Bellary breed, Nellore breed and Bikaneri breed;
2. Cross-breeding of Bellary with Bikaneri breed ; and
3. Distribution of pure breed and cross-breed varieties of male for upgradation of local flocks.
4. Other special development programmes, commonly known as “Crash Programme” which envisage augmentation of food production and which receive assistance from Central Government.

**B) Rabbit Rearing Centres :-** To meet the increasing demand for meat rabbit rearing centres at Viskhatnam, Mandapet, Banavasi and Karimnagar were established.

**32.12 Process of audit :-** 1. It should be examined during local audit how far the objective of propagation of improved breed is achieved and whether expenditure incurred is commensurate with results.

- 2) Death of sheep, especially the Bikaneri breed brought from Rajasthan, should be looked into and the year-wise figures should be indicated together with reasons for deaths. The net loss due to deaths (the book value minus the sale value of carcass) should be indicated.
- 3) Whether wool of the special breeds is readily marketable if not, reasons for continuance of schemes of such type should be ascertained and included in the audit report.
- 4) Irregularities in purchase of materials and sheep and construction of buildings, wells, etc., should be commented upon.
- 5) Each farm is attached with agricultural and land pastures. Expenditure incurred on agricultural operations, value of the produce realised/sold should be indicated year-wise with a view to assessing the economic working of the farm. Large variations between expenditure on and the receipts from agricultural operations should be commented upon and the reasons analysed.

**32.13 Veterinary Biological and Research Institute:** The institute's main objectives are to conduct experiments in connection with improving quality of vaccines for control of diseases in animals. Its constituent units are production, standardisation and investigation. Experiments are conducted on animals and reactions studied. In addition to this institute, one more Viral Vaccine Institute is functioning at Samalkot. Audit of accounts of these institutions comprises inter alia scrutiny of files or orders of purchase of laboratory apparatus, equipment, medicines, animals, meat, dealwood boxes and bottles (for transport of vaccine) to examine whether purchases are in order and made economically. Accounts of different kinds of stock, including stock of receipt books should also be examined, on the lines detailed in Chapter 4 of this Manual.

Besides the normal checks detailed above, data of results of various kinds of research, costs involved should be collected and reported to Inspection (Civil) Headquarters. This material would be utilised in including if necessary, a note in the Appropriation Accounts under "Experiments, investigation, and demonstration without fruitful results" and for correlating with return received annually in this regard, in Report Section, from Finance Department of Government of Andhra Pradesh on the subject. (See also item 7(3) under IV General Instructions of Annexure to Ruling of the A.P Madras (Public Accounts Committee).

**32.14. Other institutions:** Following are some of the institutions not dealt with in the preceding paragraphs. Local audit of accounts of these institutions is not a routine feature. However, a brief of the functions of each of the institution is given below. The general checks detailed in Chapter 4 and the checks in the foregoing paras in this Chapter apply mutatis mutandis to the accounts of these institutions too.

**1. District Semen Depots :-** These centres supply scientifically processed frozen semen of superior bulls, to the artificial insemination units functioning throughout the State. The objectives are better utilisation of the breeding bulls, maintaining the sexual health of breeding bulls and to control the quality of semen and thereby improve the fertility rate. Breeding bulls of selected type are reared and periodically replaced. Young bulls are trained to respond for collection of semen. As an ancillary programme, high yielding fodder varieties, such as Paragrass, Russian Cowpea, Gunien Grass, etc., are grown in these centres.

**Liquid Nitrogen Plants :-** For preservation of frozen semen, two large size plants at Tirupathi and Mahaboobnagar were established in addition to small liquid Nitrogen plants.

**2) Piggeries :-** These Centres work for improved production of work. Breeding also is undertaken to maintain quality in pork. Bacon factories also function as ancillary units for producing dressed pork and sausages. Sales are arranged at various superbazars and sales sections at Veterinary Hospitals. Young ones of pigs are also distributed to private pig farms under piggery development programme.

3) **Animal bye-products plant, Kesarapally :-** The carcasses of animals are utilised here with the aim of bringing out “Wealth from Waste”. The products are sterilised most as a protein supplement, bonemeal as mineral feed supplement, sterilised tallow as poultry feed ingredient, liver and blood meal used in preparation of “dog biscuits” . Manufacture of “Dog Bix: (dog biscuits) and sale of horns is also undertaken.

4) **Goshalas and Gosadans :-** These institutions are run by private bodies and philanthropic agencies. Seven Goshalas are under the control of Endowments Department. Goshalas are keeping productive animals and Gosadans are maintaining unproductive old and sick animals. Goshalas also exercise functions like experiments on cross-breeding for improved production of milk. They raise fodder like Hybrid Napier, Paragraph, Cowpea, etc., some of the institutions receive grants-in-aid from the Government. They are inspected by the Assistant Director (AR) Goshala periodically.

5) **School of Animal Reproduction, Mandapeta :-** Training is imparted in this school in

(i) Post Graduate Certificate Course (2) Artificial insemination methods for Veterinary Assistant Surgeons and (3) Refresher Course for Departmental Officers. A feed analytical laboratory and a Semen Collection Centre were established in this school.

**32.15 Other development schemes:** (a) Fascioliasis Scheme : This scheme envisages control of liverfluke disease prevalent among areas which experience water-logging, and tanks and canals. The measures taken to prevent the disease are (i) Physical collection and destruction of snails, (ii) Arrest breeding and destruction of snails by spraying of copper sulphate, (iii) Mass-treatment to live-stock with carbon tetrachloride.

b) Japanese Eucephalitic Scheme :- Sera samples received and collected from different areas of the State from different species of livestock and human beings were tested in Serological diagnostics laboratories for presence of antibodies against Japanese Eucephalitic, Dengue viruses.

c) Feed and Fodder Development Scheme :- This scheme envisages educating the farmers and high-lighting the need for growing high-yielding crops to provide nutritious green fodder to the upgraded and cross-breed stock especially in areas where cattle development activities are taken up. The farmers are educated in the techniques of cultivation of improved fodder crops by organising demonstration plots. Pre-mixed feed for cattle and poultry is also prepared at feed mixing plants under this scheme. Farms at Aswaraopet and Redipalli were functioning as Seed Production Farms.

In respect of schemes mentioned above and similar others, the accounts of respective departmental institutions which take up the schemes should be examined, to ascertain, inter alia, how far the expenditure on them has been fruitful.

**32.16 Audit Report :-** Audit reports on the accounts of respective institutions should be addressed to the Heads of those Institutions and copies forwarded to the Deputy Director/Joint Director and the Director of Animal Husbandry.

## CHAPTER 33

### ACCOUNTS OF FISHERIES DEPARTMENT

**33.01 Introductory:** (i) The natural water resources, i.e, sea, rivers, and lakes and reservoirs and tanks constructed for irrigation purposes in the State offer high potential; for development of fisheries as one of the important primary section along with Agriculture and Animal Husbandry in Andhra Pradesh. The State has a long coast line of 970 kms .with a big continental shelf which offers huge scope for development of marine fisheries. Besides, there are famous lakes of Kolleru and Pulicat. Major rivers flowing through the State and the reservoirs formed on them and about 40,000 ponds and tanks with a large water spread area of inland fisheries contribute to revenues of the State in a big way.

As part of development of marine and inland fisheries, cold storage plants are established at Nizamsagar, Nagarjunasagar Project, Tadepallegudem, Nellore and Kakinada, a deep freezing plant at Visakhapatnam and a canning plant and a shark liver oil factory at Kakinada. For quick transport of fish catches, nine refrigerated vans ply in different regions of the State. A boat-building yard functions at Kakinada for construction of country boats and also mechanized ones. Research units function at Nagarjunasagar and Pochampad. There are three Inland Fisheries Training Centres at Warangal, Kurnool and Badampudi (WG District) to give training to fishermen. A Deep-water Netting Training Center is also established in Anantapur for benefit of fishermen of Rayalaseema region. A co-operative society under the name “The Andhra Fishermen Central Co-operative Society” functions at Kakinada and share capital is invested in it by Government for implementation of Agricultural Refinance Corporation Scheme. About 98 fish seed farms and 150 seed production forms are functioning all over the State.

(ii) **Organisational Structure:-** The general control of the department in all its activities of regulation and development are vested in Commissioner/Director of Fisheries. At the Head office, he is assisted by Additional. Director, Joint Director, Deputy Directors and Assistant Directors. At the District level, there are two Joint Directors (Visakapatnam and Nellore), Deputy Directors (Srikakulam, East Godavari, West Godavari, Krishna, Guntur, Kurnool, Warangal, Karimnagar and Nalgonda), and Assistant Directors (Viziangaram, Prakasam, Chittoor, Kadapa, Anantapur, Khammam, Adilabad (Headquarters at Nirmal), Nizamabad, Medak, Mahaboobnagar, Rangareddy and Hyderabad).

iii) Various development schemes are undertaken by the Department under the categories of marine fisheries, inland fisheries and brackish water fisheries as follows:-

## a) Marine Fisheries:-

1. Construction of mechanized boats and their distribution to fishermen for facilitating better catch and easy mobility in the sea beyond seven kilometers.
2. Training fishermen in operating mechanized boats, attending to simple repairs and use of modern methods of fishing.
3. Rendering assistance to export-oriented private industries for processing sea-foods for export.

## b) Inland Fisheries:-

1. Improvement of fish farms and nurseries for production of fish seed of fast-growing varieties and stocking them in tanks, reservoirs, etc., which are the main source of inland fisheries.
2. Amelioration of the socio-economic conditions of fishermen.
3. Providing proper communication facilities between the landing centers and markets.
4. Provision of quick transport facilities in order to facilitate movement of fish in fresh and in frozen conditions by insulated, refrigerated and other kinds of vans to both local and distant markets and
5. Provision of shore-based facilities to preserve and market fish to the best advantages of fishermen and consumers through the functioning of ice-cum-cold storage plants and freezing plants in the different areas of the State.

## c) Brackish Water Fisheries:- Establishment of farms and nurseries for production of alternate species of shrimp/prawn culture in coastal areas.

**33.02 Scope of audit:-** The field parties should call for various accounts records in connection with all development schemes of respective institutions mentioned above. They should also go through evaluation reports of the department and bring to light, through the audit report, defective functioning of schemes in particular besides other irregularities noticed in general.

The accounts of sales section and of stores in the office of the Commissioner/Additional Director of Fisheries should be checked in local audit besides the usual audit of expenditure. It should also be seen that the amount of lease and other amounts due for recovery are duly collected and credited to Government.

The detailed statements showing income from lease of tanks and other sources are received in the Commissioner/Additional Director's office from the Assistant Director of Fisheries of the various districts. It should be checked whether income in respect of all tanks under each officer are realised and credited to Government.

**33.03 Accounts, Registers etc.:-** The following is a list of important registers and records which are maintained by respective offices besides the general accounts, registers as are maintained in offices of other departments.

Office of the Commissioner/Additional Director of Fisheries:-

- a) Biochemical Laboratory:-
  1. Purchase Register
  2. Issues Register
  3. Stock Ledger
  4. Stock Register of Photographic Articles
- b) Sales Section:-
  1. Cash Book.
  2. Stock Register (Fish)
  3. Cash Receipt Book
  4. Purchase Book.
  5. Bill Book (Cash Sales)
  6. Bill Book (Credit Sales)
  7. Ledger Book (Personal ledger of sales on credit)
  8. Purchase orders in respect of Marine Engines, etc.
- (ii) Office of the Assistant Director of Fisheries:-
  1. Cash Book
  2. Contingent Register
  3. Security Deposit Register
  4. Stock Register:-
    - a) Stationery.
    - b) Forms.
    - c) Books.
    - d) Furniture
    - e) Nursery equipment
  5. Service Books
  6. Acquittance Rolls

7. Log Books
8. Register of Leases
9. Measurement Books
10. Register of Tanks
11. Stores register
12. Gunnies and lead seals account
13. Gunnies and lead seals account stock register.(despatches of empty gunnies and lead seals to other yards)
14. Form of Local Transport
15. Register of clothing for uniforms, etc.
16. Abstract Register of clothing received and issued
17. Acquittance roll for clothing supplied
18. Receipt and Expenditure on clothing in the yard
19. List of Fishery Works to be executed by Public Works Department
20. Nominal Muster Roll
21. Daily Labour Bill
22. Register of Estimates (Inspector of Fisheries)
23. Register of Estimates (Head Office)
24. Contingent register
25. Security Deposits register
26. Tenders and Agreements

**33.04 Process of audit :-** The usual check of accounts and registers prescribed in Chapter 4 should be observed. Instructions in ensuing paragraphs should also be followed:

**33.05 Office of the Commissioner/Additional Director of Fisheries:-**

- (A) Biochemical Laboratory:-
- (i) Purchase Register:- It should be seen whether chemicals purchased are duly accounted for in this register and there are cross-references on bills and stock registers.
  - (ii) Issue Register: It should be seen whether articles are issued according to number or quantity sanctioned by the officer as shown in indents.
- (B) Sales Section:-
- (i) Cash Book:- There is a separate cash book for this section besides the general cash book for the office. This cash book should be checked in detail to see that –

- (a) amounts realised from sales of fish are according to rates fixed by Government from time to time and realisations are credited in the cash book daily; and
- (b) total of the cash book for sales section is transferred daily to the general cash book.

Entries on the receipt side should be checked with reference to counterfoils of receipts. Entries regarding remittance to State Bank should be checked as laid down in Chapter-4.

- (ii) Stock Register:- Entries in this register should be checked with purchase book to see that total quantity of fish purchased or obtained from other sources on each date is entered correctly in the stock register, and that quantities shown in the stock register, as sold, tally with the total shown in the bill books (cash or credit).
- (iii) Ledger Book (Sales on credit):- It should be seen that:-
  - (a) Sales on credit are effected as per orders of Government issued from time to time.
  - (b) Personal ledger is posted correctly; and
  - (c) Amount recoverable on account of sales on credit bill book is according to the credit and is taken correctly to the personal ledger.
- (iv) Security Deposit:- It should be seen whether security deposit as prescribed by Government is collected from the clerk-in-charge of the sales section.

*(G.O.Ms.No.1953, Agriculture, dated 2<sup>nd</sup> September 1959)*

- (C) Scrutiny of Purchase orders:- (i) Purchase of marine engines, nylon yarn for nets, etc., are centralised and ordered by the Commissioner/Additional Director, though the engines are delivered to the offices of Assistant Directors. It should be examined in the manner already detailed in Chapter 4 whether tenders are invited and purchases are economical and whether contracts for supply and distribution are correctly executed.

### **33.06. Office of the Assistant Director of Fisheries:**

1. Stock register of Nursery Equipment:- It should be seen that receipts, supply, sales of fish seeds to the public and supply for stocking in tanks are effected in accordance with rules in force and under orders of competent authority.

2. Register of leases:- It should be seen that –

- (i) tanks are leased out to the best advantage of Government;

Note:- 1. Leasing of tanks and the collection of lease amounts from lessees are done in Telangana area by the Fisheries Department while in Andhra area the same is done by the Revenue Department, except in the case of Departmental demonstration tanks and provincial tanks acquired for pisciculture where the Fisheries Department is vested with full powers of leasing.

Note:- 2. In cases where public auction (either by Revenue or Fisheries Department) for fishing in tanks fails, the Fisheries Department itself undertakes fishing operations. The fish catches thus obtained are sold either in public auction or departmentally at the rates fixed by Government.

Alternatively, the fish catches are disposed of at rates tendered for a year as a whole by a contractor whose tender is accepted by the Department.

- ii) necessary agreements are executed by the lessees  
 iii) conditions laid down in agreements are correctly observed and  
 iv) amount of lease is recovered wholly, or in instalments as the case may be and credited to Government.

**33.07 Fish Curing Yards:-** 1. General:- Salt is issued for purpose of curing fish brought to fish-curing yards established in suitable localities in maritime villages on the East Coast, at a price a little over cost price (a) to meet the loss entailed in fish-curing classes for which duty paid salt is used and (b) to meet the cost of segregating badly cured fish. This system of fish curing with salt is not being practiced by the fisher men now in view of increased availability of ice. These fish curing yards are now working for marine fisheries developmental schemes (Chapter-II para-11.5.15 of Fisheries Manual, 2003)

1. Stores register – It should be seen that :-

- i) totals are struck once in a quarter or earlier.  
 ii) Articles condemned are done so under specific sanction of competent authority;  
 iii) periodical verification is conducted by competent authority ; and  
 iv) condemned articles are disposed of early and realizations brought to account promptly.

2. Gunnies and Lead Seals accounts:-

- a) General: It should be seen that un-serviceable gunnies are condemned and are destroyed/sold under proper sanction and realizations brought to account without delay.  
 b) Lead seals:-It should be seen that the Inspector exercises sufficient check over netting operations and the register bears evidence of such check.

3. Register of uniform and clothing – It should be seen

- i) that supply of uniform is in accordance with scale prescribed in the Departmental Manual; and

- ii) that expenditure incurred is in accordance with sanction of competent authority.

4. Nominal Muster Roll and Daily Labour Bills – Besides usual checks, it should be seen that measurement is done by officers not below the rank of the Inspector and check-measurements by the Assistant Director of Fisheries.

5. Register of Estimates :- It should be seen that tenders are called for and agreements executed by competent authority

NOTE:- The estimates of completed works are retained in section office concerned.

**6) Tenders and Agreements:-** Besides the usual checks it should be seen that:-

- i) purchases of salt is made to the best advantage of Government by calling for enders,
- ii) agreements in prescribed form are executed by successful tenders; and
- iii) security deposit at prescribed rate has been collected from the successful tenderers;

**33.08 Fish Farms:** a) The objectives of fish farms are:

- 1) Rearing of fish in order to supply finger lings for stocking the latter in public water sources and to supply to interested pisciculturists;
- 2) Multiplication on the farm itself by maintaining breeders;
- 3) Serving as a demonstration center to extend knowledge regarding usefulness of aqua-culture as a profitable cottage industry.
- 4) Conducting research relating specially to a study of habits of both indigenous and exotic species, including experiments on fish rearing and fish breeding;
- 5) Stocking ornamental and larval fish;
- 6) Rendering technical assistance to pisciculturists; and
- 7) Collecting data of inland fishery resources.

The fish farms ( around 98 fish seed farms and 150 seed production farms in 2003) are spread all over the State. Closing down of old farms and opening new ones are of common occurrence. In respect of closed down farms the concerned files should be scrutinized in the office of the Assistant Director of Fisheries on whose record are kept the concerned files, reasons for closure ascertained and irregularities that led to such closure commented upon giving statistical data of loss to Government, etc, involved.

In fish seed farms mortality rate of seedfry and fingerlings should be studied and reasons ascertained. It should also be examined whether write-off orders are sought and obtained from the competent authorities in respect of mortalities in excess of prescribed percentages fixed as inevitable mortality.

b) Mode of acquisition of land:- Normally Government land, if available, is taken for establishment of fish farms. This land is assigned to Fisheries Department for this purpose by the Collector after ascertaining the willingness of the Department from whom the land is acquired. In the case of non-availability of Government land, private land also is acquired as per provisions of the Land Acquisition Act.

During local audit, it should be seen that expenditure on fish farms is confined to normal rules prescribed by Government therefor and any irregularities and loss incurred in fish farming should be commenced upon reporting also reasons therefor as assessed from Department.

**33.09 Storage of articles in refrigerators of Fisheries Department:-** Facility for storage of perishable commodities by private parties in refrigerators is available with the Fisheries Department at various places in the state on collection of hire charges at the prescribed rates. The working of this scheme be checked during local audit of accounts of Fisheries Department.

*(Memo No. 5253/Fish/66-4, dated 23<sup>rd</sup> January, 1967 of the Govt. of Andhra Pradesh Food and Agriculture Department circulated in Circular No.O.A.D./Civil/XII/38-2/66-67/33, dated 20th March, 1967-File 38-2/66-67 of Unit.XII O.A.D. Civil Headquarters).*

**33.10 Hiring of departmental boats to private parties and Panchayat Samithis:-** During local audit of accounts of Directorate/Assistant Directors of Fisheries, it should be verified whether necessary records are maintained in respect of hiring of boats (vide Annexure) and recoveries are effected at the rates prescribed by Government and accounted for promptly and whether the prescribed procedure of obtaining declaration /agreement bonds is observed. Irregularities, if any noticed in working of the scheme should be spotlighted in audit reports.

*(G.O. Ms. No. 63, Food and Agriculture (Fisheries) Department, dated 16<sup>th</sup> January, 1968 circulated in Circular No. O.A.D. Civil /38-1/68-69/4, dated 7<sup>th</sup> May, 1968 of O.A.D. Civil Headquarters).*

**33.11 Loans and subsidies to fishermen:**

a) Supply of boats on subsidy –cum –loan basis

The buyers of boat have to pay an initial deposit for 5% of the total value of the mechanized boat with notes. The Government will make available to the Andhra Pradesh Fisheries Corporation 15% of the cost of boat as a special loan. The balance of 80% could be obtained from commercial banks, on terms and conditions agreed upon by the Corporation and Banks. The special loan of 15% sanctioned to the beneficiary together with 11% interest in 60 installments spread over a period of 7 years and proposed to allot boats on the following conditions:

i) The loan amount will be advanced by the Banks after due enquiry is made by the Corporation.

- ii) To enable the Bank to advance the loan specially and conveniently, the security bonds covering the total value of the boat during the first year shall be deposited.
- iii) The loan guarantee bond, loan agreement and connected documents relating to the Government advance of 15% shall be deposited with the corporation.
- iv) The loan amounts advanced by the Banks and the Corporation, totaling 95% shall be covered by the security provided, which shall remain intact till the entire loan amount is paid back.
- v) 50% of the total catch on every day the boat gets shall be handed over to the Corporation. The Corporation will arrange to sell 50% of the catch and credit such sale amount either in cash or in the form of cost of excessive catches may be paid into the boat operators accounts
- vi) The boats are to be used exclusively for fishing purposes only.
- vii) In case of default or failure in repaying the loans advanced by the Banks or by the Corporation, the boat is liable to be seized and auctioned. Such auction will not be a bar to any other legal action that may be instituted.

b) Subsidies in sale of High Speed Diesel Oil:

High speed diesel oil is sold at subsidized rates to fishermen who are owners of mechanized boats. Extracts of log books of these boats are kept on record in the offices of the Assistant Directors of Fisheries. It should be examined there from, during local audit, whether subsidized supply of high-speed diesel oil is spent for the bonafied purpose of plying mechanized boats of fishermen duly registered by payment of registration fee.

c) Subsidy for purchase or construction of country boats and tackles.

Subsidies are granted by the Department for purchase of country boats and tackles or for purchase of logs for their construction. The checks as detailed in (a) above apply mutatis mutandis to these accounts also.

**33.12 Ice cum-storage plants:** These plants are mainly intended to regulate the flow of the product of fish into the market so as to keep the price line steady from falling down in the interest of economy of fish-trade. When catches are not sufficient enough to utilize the plants' full capacity, the procedure in vogue is that the plants are worked to produce ice and that cold storage cells are let out for products other than fish too. Plants are also leased out to private parties, bidding for the price acceptable to Government.

When such deviations as mentioned above are taken recourse to it is only to be held that the case is not one of sound investment of Government moneys. Field staff should, therefore, study in detail the concerned files and assess reasons such as poor estimation of requirements, lack of incentive on

the part of department to educate the fishermen to take to scientific methods of storage in place of conventional methods, etc., and comment in the audit report.

It should also be verified that subsidized sales to fishermen are at prescribed rates and that sales of ice to others are at markets rates. It should also be seen that-

- a) letting of cold storage cells is done on specific conditions imposed for the purpose and hire charges are recovered promptly at rates prescribed from time to time and
- b) leasing of plants is done in the best interests of Government and lease-amounts are promptly recovered.

Besides the above checks, it should be seen in respect of plants run by Government, that proforma accounts are maintained properly. Loss reflected in accounts and other serious irregularities as loss/ leakage of revenue, losses due to in fructious expenditure should be commented upon in the audit report.

**33.13 Applied Nutrition Programme of UNICEF:-** Under the programme of increasing nutrient content in food consumed by people by in-take of fish products, the fish catches are to be effected by advanced scientific and mechanised methods. Accordingly , UNICEF renders free gift of machinery for this purpose. During local audit of accounts of the Assistant Director of Fisheries in whose jurisdiction the scheme is implemented, it should be examined whether plant and machinery received as gifts are properly maintained and utilised for the purposes for which they are meant and whether conditions imposed by UNICEF are fulfilled. It should also be ensured that plant and machinery is not being hired out to private parties, etc., but is being directly used by the Department itself

**33.14 Hiring of vehicles for quick transport:-** The fish being a perishable commodity, quick transport for catches by private fishermen and by Department is arranged to places where there is good market , by hiring vehicles wherever necessary. It should be examined whether vehicles hired are not in excess of what the occasion demands and that hire charges are incurred economically and quick transport, expected of is actually achieved.

Recoveries from private fishermen towards hire charges should be verified to ensure that they are effected at prescribed rates, by scrutiny of treasury challans, etc., in respect of monthly accounts selected for test-check.

**33.15** Pattern of financial assistance to Fishermen Co-operative Society by NCDC is as under-

Sl. No	Activity	From NCDC to State Govt.	State Government to Society.
1.	Share capital to State / Regional/Central/Primary Level Coops. For marketing and distribution	100% Loan	As share capital without any condition.
2.	Purchase of Transport Vehicle	75% Loan	50% loan ; 25% subsidy balance 25% either loan or share capital or subsidy depending on availability.
3.	Development of fish farms and establishment of seed farms.	88% Loan	100% loan or share capital or subsidy depending on availability.
4.	Processing units, boats, boat building yards, mechanised/country boats, nets.	80% Loan	55% loan ; 45% loan or share capital or subsidy depending on availability.
5.	Construction of godowns and establishment of retail shops	75% Loan	50% loan ; 50% subsidy or share capital or loan depending on availability.
6.	Inputs and infrastructural facilities in integrated projects.	100% Loan	50% loan ; 50% subsidy or share capital or loan according to the availability.

NOTE:- It is expected that 5% of the capital cost will be raised by the society concerned. In such cases the State Government's assistance will be reduced to that extent.

**33.16 Audit Report :-** The Audit Reports relating to the subordinate offices should be sent to the concerned officers with copies to the Commissioner/Director of Fisheries, to Government through the Director of Fisheries

**ANNEXURE**

(Referred to in paragraph 33.10 of the Manual)

Terms and conditions for hiring of Departmental boats to private parties etc., for fishing operations and recovery of hire charges.

Boats of Fisheries Department are supplied to private parties, Panchyat Samithis etc., on short-term and long term basis for fishing operations, subject to the condition that the supply does not interfere with or cause inconvenience to the normal activities of the Department for which the boats are intended. The conditions and rates are as follows:-

1. The hirers shall pay the hire charges at the rates prescribed by Government.
2. The boat shall be under the control of the Department and shall be operated by the Departmental Staff and the running charges shall also be borne by the Department.
3. The hirer shall give a declaration to the Department before boarding the vessel if the hiring is on a short-term basis. In case of hiring on long-term basis he shall execute a bond of agreement and pay a Security Deposit before taking delivery of the boat. The deposit shall be forfeited if he fails to comply with the terms and conditions of the agreement bond.

**DECLARATION.**

1. I, Shri ..... Son of Shri .....  
aged ..... years ..... profession..... resident  
..... do hereby solemnly declare that I am undertaking the trip on board  
the boat ..... of the Department of Fisheries, Andhra Pradesh  
located at..... at my own risk and on my own responsibility.  
Neither myself nor my heirs shall hold the Department of Fisheries or its  
officials responsible for the injury to the body or my life personal effects  
during the use of boat.
2. I shall abide by the instructions given by the officers in charge of  
vessel and driver from time to time, while on board the vessel.
3. I will not behave in such a way on board the boat which might  
endanger the boat or its other occupants.
4. I shall pay the hire charges as fixed by the Department.
5. I shall not claim refund of hire charges paid in full or part thereof in  
the event of the boat being brought to shore because of violation of the terms  
and conditions of the department by me.

Signature.

### Agreement Bond

This agreement made on this the ..... day of ..... year and ..... between the GOVERNOR OF ANDHRA PRADESH (hereinafter called the Government which expression shall, where the context admits, include their successors in office and assigns) on the one part, and Shri ..... Son of ..... residing at ..... (hereinafter called the hirer, which expression shall, where the contents so admits, include his heirs, executors, administrators, legal representatives and assigns) on the other part.

Whereas the hirer has agreed to take on hire the boat craft..... described in the schedule below (hereinafter referred to as the Machinery);

And whereas the Government have agreed to let out the same for a period from..... to .....subject to the terms and conditions hereinafter set out.

Now this deed witness and the parties hereby mutually agree as follows:-

1. The hirer shall pay the hire charges as per the rates fixed in the schedule.
2. He shall abide by the conditions laid down by the Department from to time, in the operations of the boat.
3. In case, there is any dispute between the Assistant Director, Fisheries concerned and the hirer, the decision of the Director of Fisheries (hereinafter referred to as the Director) shall be final.
4. The hirer shall deposit an amount prescribed by Government as security before the boat is taken on hire, and the deposit shall be refunded to the hirer at the end of the period of hiring after due fulfillment of all the conditions.
5. Notwithstanding anything in the above clauses, if the hirer commits any breach of the terms and conditions of this agreement or if the hirer is adjudicated as insolvent on a petition of insolvency or enters into an agreement in regard to or executed or creates any pledges or encumbrance in respect of the boat taken on hire, then and in any of the said case and, from time to time as often as any of them shall happen, the Director shall be entitled, after giving fifteen days notice in writing to the hirer to terminate the remaining period of hiring, although the Director may not have taken action on a previous default of a condition of a like nature.
6. If the period of hiring is terminated for violation of the terms in clause 1 to 4 of this agreement, the hirer shall, at his risk and cost forthwith deliver the machinery to the Director or to any person duly authorized by him in this behalf. In default of such delivery, the Director or the other person be authorized to seize the machinery without previous notice and take possession of the same.

7. The termination of hiring under the aforesaid clause shall not prejudice the Government's right to receive the hire upto the date of such determination nor the Government's right to recover the damages for any prior breach of the terms of this agreement by the hirer.
8. The Director may, at any time, either before or after the termination of the hiring, pay any sum which he may deem necessary to pay for the protection of the machinery or for the purpose of recovering possession of the same, and there upon all such payments together with interest thereon at the rate of ..... percent per annum from the date of such payment shall forthwith become due and payable by the hirer to the Government. If, however, immediately after the termination of the expiry of the period of hiring, the hirer delivers the machinery to the Director or permits the Director to recover possession of the same at the cost of the hirer without molestation or interruption no sum as aforesaid shall become payable by the hirer.
9. Any notice required to be given by the Government or the Director under this agreement shall be in writing and signed by the Director or any officer authorised by him, as the case may be, and may be served on the hirer personally or left at the last known place of abode or business of the hirer or affixed to on the machinery or sent by registered post addressed to the hirer and any notice required to be given by the hirer under this agreement shall also be in writing and sent by registered post to the Director.

### **THE SCHEDULE**

#### **Description of Machinery**

Boat of ..... type having Serial No. .... and length ..... and draft..... fitted with one Marine Diesel Engine and accessories listed below. The cost of the machinery and accessories is valued at Rs..... signed by Shri..... acting for and on behalf of the Governor of Andhra Pradesh.

In the presence of

- 1.
- 2.
- 3.

Signature

Designation.

Signed by Shri ..... the hirer in the presence of

Witness:

- 1.
- 2.
- 3

## CHAPTER 34

### ACCOUNTS OF SOCIAL WELFARE, TRIBAL WELFARE AND BACKWARD CLASSES WELFARE DEPARTMENTS

**34.01 Introductory :-** Welfare programmes in the State are being executed mainly by three departments i.e. Social Welfare, Tribal Welfare and Backward Classes Welfare departments. These departments implement welfare programmes grounded by Central/State governments for Scheduled Castes, Scheduled Tribes and Backward Classes communities of the society.

#### SECTION - I

##### SOCIAL WELFARE DEPARTMENT

**34.02** Social Welfare Department is dedicated to the integrated and overall development of Scheduled Castes (SCs). The main objectives of the department are educational, advancement, socio-economic development, welfare and protection of SCs and implementation of programmes of social security like homes for orphan children, rehabilitation of jogs, bonded labourers and scavengers, pensions to poor widows and house-sites to weaker sections.

The objectives of the department are monitored through five wings as detailed below.

- i. Commissionerate of Social Welfare is responsible for implementation of educational programmes through hostels and scholarships, the SCs and STs (Prevention of Atrocities) Act 1989, and monitoring of special component plan.
- ii. The APSC Cooperative Finance Corporation is implementing economic development programmes for the upliftment of SCs.
- iii. The AP Residential Educational Institutions Society (APREIS) manages residential educational institutions for providing quality education to SC boys and girls.
- iv. The AP Study Circle organizes coaching programmes for SC students for appearing in competitive exams for both Central and State services through pre-examination training centres and study circles.
- v. Civil Rights Cell is responsible for implementing, monitoring and supervising the protection of civil rights and prevention of atrocities against SCs.

The schemes mainly implemented at the district level are maintenance of Government hostels, sanction of various types of scholarships, training programmes, land acquisition for house-sites, pathways etc. releasing and rehabilitation of bonded labourers, provision of civic amenities in harijanwadhas, supply of nationalized text books to SC students, co-ordination of the work relating to social security pensions, schemes under implementation of protection of Civil Rights Act etc.

**34.03** Organisational set up: Commissioner of Social Welfare is Head of the department. He is assisted by Additional Commissioner, Additional Director, Zonal Joint Directors, Deputy Director, Assistant Directors and Accounts officers at headquarters office.

The implementation of social welfare schemes in the districts are under the supervision of District Collectors. The District Collector is assisted by Deputy Director (SW), District Social Welfare Officers (DSWO) and Assistant Accounts Officers. In Guntur, Krishna and Prakasam districts, Joint Collectors (Welfare and Protection) are monitoring the welfare schemes and cases of atrocities against SCs.

The Deputy Directors are assisted at field level by Assistant Social Welfare Officers (ASWO) in the execution of functions/schemes. The Deputy director is also assisted by a Deputy Tahsildar, Revenue Inspector and other ministerial staff in land acquisition work.

Further various development departments are implementing special component plan for the development of SCs.

**34.04** The schemes can be broadly classified under the following five categories.

- i. Education
- ii. Health and Housing
- iii. Economic development
- iv. Social security
- v. Social Integration, Publicity and propaganda and other schemes.

#### **34.05 Educational facilities**

(a) Government hostels ( for pre-matric students) : Social Welfare department is maintaining government hostels for the benefit of SCs and other poor children. Free lodging and boarding facilities are provided to the boarders in the Government hostels. They are also given cosmetics, textbooks, notebooks, bedding material, trunk boxes etc. free of cost. The rates of mess charges and cosmetic charges to the boarders belonging to SCs are detailed in annexure I(a). All the boarders are supplied with exercise note books and stationery at the scale prescribed by Government from time to time.

(b) Special hostels: To improve the results of boarders in SW hostels, a system of supervisory studies in these hostels has been introduced by Government during the year 1992-93. In G.O.Ms No.71, SW department dated 12-5-1992, Government issued orders to organize special hostels in all the districts for the students belonging to SC/ST/BC communities with a strength of 100 boarders for each hostel for close monitoring and to achieve better performance in public examinations. In these hostels, VIIIth , IXth and Xth class boarders of all SC/ST/BC hostels in the district are pooled at one place and supervisory studies are organized by drafting the services of tutors to coach the boarders in Mathematics, Science, English and Hindi subjects at a

monthly remuneration of Rs. 500 per month per subject. An additional amount of Rs.50/- per boarder per annum will be paid to provide additional study material in special hostels.

(c) College hostels: The department is maintaining college hostels for boys and girls with a sanctioned strength of 100 boarders per each hostel. Free lodging and boarding facilities are provided to the boarders in these hostels. The mess charges are met from out of the scholarships sanctioned by the Social Welfare department at the rates specified by the Government.

(d) The Hostel Welfare Officers have been ordered by Government to procure provisions like rice, oil, dal, etc required for hostels from AP State Civil Supplies Corporation only. Perishable items like eggs, vegetable, milk etc., should be procured from local market at competitive rates. They are also empowered to purchase medicines for the boarders in Government hostels. Government have also issued orders to incur the expenditure on items required for hostels at district level with the approval of District Purchase Committee. For dresses, bedding material etc. State Level Committee has to approve the proposals as per the norms prescribed by Government from time to time.

(e) Accounts of these hostels should be called for and scrutinized. Files regarding correspondence on calling for tenders for purchase of utensils should be gone through in the manner prescribed in Chapter 4 and irregularities brought to light. Stores accounts also should be checked in the manner laid down in Chapter 4. A list records to be maintained in the hostels is available in Annexure II.

#### **34.06 Scholarships (i) Pre-Matric Scholarships**

a) Bright Students Scheme : The main aim of this scheme is to impart quality education to the SC students of classes I to X in order to enable them to withstand the competition on par with other students in general. Only one child from one family and whose parental income does not exceed Rs.18,000/- per annum is eligible under the scheme. Preference in selection is given to the students with rural background, from families of first generation literate, children belonging to the families of agricultural labourers, jogins, bonded labourers, and orphans. The selected candidates are admitted in best selected schools having high standard of education and good reputation for discipline like schools run by Missioneries, Hyderabad Public School, Begumpet and Ramanthapur. Students will be selected by a committee comprising of Commissioners of Social Welfare, Tribal Welfare, Backward Classes Welfare, School Education and Secretary, A.P. S.W.R.E.I.S. Students admitted under the scheme are sanctioned financial assistance upto a maximum of Rs.20,000/- per annum.

b) Scholarships to the children of those engaged in unclean operations- The department is implementing the scheme of educational facilities to the children of those engaged in unclean operations (scavenging of dry latrines, tanning and flaying etc.,) with matching grant from Government of India. Under this scheme, hostel accommodation and other educational facilities are provided with the aid of scholarships to cover the educational needs of the

children. The children under Vimukthi programme who need hostel facilities are admitted in Annanda Nilayams. Scholarships for the boarders of Vimukthi hostels are detailed in Annexure – I (b). In addition to the scholarship, an amount of Rs.500/- per annum per student is provided as an ad-hoc grant.

c) Scheme of upgradation of Merit : Government of India is implementing centrally sponsored scheme of upgradation of Merit of SC / ST Students with 100% central assistance with the main objective of upgrading the merit of SC/ST students by providing them with facilities for all round development through education in residential schools. Coaching is imparted from classes IX to XII. Thus a period of four years would be available for intensive training and coaching to a student to makeup for educational deficiencies and enable them to compete for entry into collegiate level courses particularly in professional disciplines and ultimately for senior and remunerative position on their own merit.

A package grant of Rs.15,000/- per student per annum is given out of which Rs.8000/- is provided for books stationery, fees, boarding charges, pocket money etc., and the remaining Rs.7000/- should be utilised honorarium for teachers, experts and other incidental charges.

**ii) Post-Matric Scholarships :** (a) Residential and non-residential scholarships are awarded to all eligible post-matric students belonging to SCs at all levels of education. The scholarship amount includes maintenance charges all the fees payable to the institution, expenses on study tour and typing charges of thesis etc.,. The details of maintenance charges payable to SC students of different hostels are indicated in Annexure – I(c). The income ceiling for award of post-matric scholarship for PG and Professional courses is Rs.50,920/- per annum. and for general courses, the income ceiling is Rs.38,220/- per annum. (G.O.Ms.No.41, SW (Edn.2) Department Dated:03.05.1999)

b) Stipends and Assistance for special courses : Research scholars belonging to SCs in M.Phil. course will get a fellowship of Rs.500/- per month and Rs.1000/- p.a. towards contingent expenditure on data collection etc. The SCs research scholars in Ph.D course will be sanctioned a sum of Rs.600/- per month towards maintenance and Rs.1500/- p.a. towards contingencies.

c) Integrated Scheme of Book Banks : Under the scheme, book banks have been established for the use of SC students in Medical and Engineering Colleges on matching grant basis. Later the scheme was extended to the students in Veterinary / Agriculture and Polytechnic courses. In G.O.Ms.No.123, SW (Q2) Dept. Dt:28.07.1994 Government sanctioned an integrated scheme book bank while merging the existing scheme of supply of essential text books and book banks. The text books are issued for the entire semester of the academic year at the rate of one set for each student and reference books are also issued. The sets of books which are purchased and kept in the book banks are given to the SC students permanently after expiry of 3 years in respect of each book. Government of India has extended the scheme to certain new courses during the year 1998-99 like P.G. courses in Medical/Engineering/Agriculture/Veterinary and other technical courses as

approved by the Universities/Institutes of higher learning, Law courses, LLB, LLM, CA, Bio-Sciences and similar courses. The cost of each set is Rs.5000/- per student for each course.

d) Stipends to Scheduled Caste Students in I.T.Is : Scheduled Caste students in I.T.Is are sanctioned stipends at the rates prescribed by Government for the duration of the course.

e) Supply of Calculators to Engineering & Polytechnic Students : Under this scheme, the SC students in Engineering/Polytechnic colleges shall be supplied with calculators. The Commissioner/Director, Social Welfare shall see that regular account of the calculators are maintained and that the calculators supplied are taken back from the students just like library books etc., sent to the students by the concerned colleges after the completion of course so that they can be made use of by the subsequent batches.

*(G.O.Ms.No.181, Dt:21.11.1981 Social Welfare (E) Department).*

f) Financial aid to SC Advocates : Under this scheme, every year, four SC Law Graduates will be selected in each district for undergoing training and seeking employment after training. The duration of the training period is three years. The candidates selected by the selection committee are paid stipend at Rs.500/- per month for three years, reimbursement of enrolment fee at Rs.585/- per candidate and Rs.3000/- towards purchase of Law books and furniture.

g) A.P. Study Circle : Coaching is imparted for SC candidates for Civil Services examinations of UPSC every year covering preliminary examination, main examination and personality test. Only candidates whose parental income is less than Rs.1 lakh per annum are eligible for admission. The candidates admitted into AP Study Circle are provided with following facilities

1. Stipends @ Rs.700/- p.m per candidate towards maintenance charges for Civil Services and @ Rs.600/- p.m. per candidate for other programmes.
2. Free residential accommodation for Civil Services candidates.
3. Supply of study material free of cost @ Rs.1500/- per candidate for prelims, Rs.2000/- for main coaching and Rs.1000/- for other programmes.
4. Medical expenses upto Rs.200/- per candidate per session.

h) A.P.S.W. Residential Educational Institutions Society ( APSWREIS) : With the objective of providing quality education to children of SCs, residential schools have been started by Govt. of A.P., in 1983. The State Society has been formed during November 1987 to provide autonomy and better governance in the residential schools. Under this scheme, (i) Teacher:Training Programme was envisaged for teachers for handling Vth, VIth and VIIth classes under Sarva Siksha Abhiyan Programme at DIEP centres on developing and strengthening teacher – learning material for the

benefit of the students. (ii) To provide meaningful of content of education and also gainful employment to girl-child labour droup-outs turned students, vocational courses have been designed from VIIIth class onwards.

i) Computer Literacy Programme for students of VIth to Xth classes has also been introduced under the Smart School programme of School Education Department.

(j) The scholarships are to be disbursed only after ensuring eligibility of the pupils, among other things, in respect of attendance at schools. It should be verified in audit, that this condition of the pupils eligibility is satisfied, by calling for attendance registers (if Government Schools) or the reports on record of the Department from the Heads of the Institutions where the pupils study. It should also be seen that scholarship payments are properly vouched and expenditure there-from is properly accounted for by the recipients. As the objective envisaged in the Constitution is betterment of economically backward classes within the time specified therein, emphasis is to be laid in audit on analysis of achievements of the Department vis-à-vis targets, and in bringing to light cases of repeats (beneficiaries studying in the same class due to failure to qualify themselves for promotion to next higher class) and of dropouts (those who discontinue studies after having been recipients of scholarships). Comments in audit report in this regard should comprise statistical data of achievements and expenditure incurred cumulatively, for the past and current years, duly set in such a manner as to be an index of the work done by the Department.

#### **34.07 Welfare and Protection**

a) Monetary relief and free legal aid to the victims of atrocities on SCs : In addition to the existing relief measures, Govt. has issued orders on relief measures to the victims of atrocities as detailed in Annexure – I (d).

b) Incentives to inter caste married couples : Under this scheme, inter caste marriages is being encouraged by Govt. for social integration and social reform with the objective of eradication of caste system in the society. An incentive of Rs.10,000/- is awarded for inter caste married couples where one of the spouse belongs to SC and where both the spouses belong to two different sub-caste among SCs. (G.O.Ms.No.149, SW (K) Dept. Dt:11.10.1994.) Govt has sanctioned a package deal of Rs.25,000/- to be in conformity with the ceiling limit fixed by Govt. of India for those who want to take up economic support scheme (G.O.Ms.No.102, SW(K)Dept. Dt:13.09.1996).

**34.08 a) House sites for weaker sections:** Under this scheme, provision of house sites to weaker sections whose annual income is below Rs.11,000/- through acquisition of private land is envisaged. This is an important welfare measure under taken by Govt. for the welfare of SCs.

b) Community Halls : Govt. is providing funds for construction of Community halls in the districts at a cost of Rs.3.00 lakh each. Out of Rs.3.00 lakh, Government's share is 85% and remaining 15% is to be met from the local bodies or local people in the form of Shramdhan.

**34.09 Social Security Programmes :**

- a) Victoria Memorial Home-Residential School for Orphan Children : Victoria Memorial Home at Saroornagar, Hyderabad is an institution established by Government for the welfare of orphan children. Social Welfare Department is providing full grant in aid to the institution. This home was converted into a residential school (G.O.Ms.No.124, SW Dept. Dt:28.07.1994). The school consists of primary section and high school sections.
- b) Children Homes : With a view to rehabilitate beggars, Govt. has established children homes for beggar children. There are 14 child beggar homes in the State with a sanctioned strength of 50 in each home. Maintenance of these homes is looked after by Social Welfare department.
- c) Ananda Nilayams : The department has established integrated institutions i.e., Ananda Nilayams by merging Govt. orphanages and Vimukthi Hostels to provide amenities to the children on par with Govt. hostel boarders. Ananda Nilayams were started on 01.11.1997 with 50 seats for orphan children and 50 seats for children of those engaged in unclean operations in each institution. There are 79 Ananda Nilayams in the State.
- d) Home for the aged, infirm and destitutes : The department is maintaining one home for the aged, infirm and destitutes at Hyderabad. The sanctioned strength of the home is 75. This home is being run for the aged and disabled who are incapacitated from earning their livelihood. The inmates are provided with free food, clothing, shelter and medical care etc. The budget for maintenance of this home is meet under Non-Plan.
- e) Widow Pensions : Destitute widows whose annual income is less than Rs.1800/- and who are below 65 years of age are eligible for widow pension. They are sanctioned Rs.75/- per month as pension. Revenue Divisional Officer is the sanctioning authority and Mandal Revenue Officers are the drawing and disbursing authorities.
- f) Rehabilitation of Jogin women : The basic objective of Govt. is to secure economic independence for the Jogin women so that they would not be socially exploited and simultaneously to bring out social change. An amount of Rs.20,000/- is provided towards rehabilitation of every jogin woman. Out of this, Govt. is providing Rs.10,000/- as subsidy and balance of Rs.10,000/- as loan.
- g) Rehabilitation of Bonded Labour : The District Collectors and Revenue Officials have been entrusted with identification, release and rehabilitation of bonded labourers. These officials have been empowered to sanction and disburse monetary relief to the freed bonded labourers. Govt. of India had fixed the amount towards rehabilitation of bonded labourers as Rs.20,000/- (G.O.I., Ministry of Labour No.R-11011/02/98-BL, Dt:08.08.2000). Out of the above, Rs.1000/- would be paid immediately on release of bonded labourer as subsistence allowance. The APSC Co-operative Finance Corporation is entrusted with the job of rehabilitating the bonded labourer once identified and relieved of the bondage.

h) AP Social Welfare Fund : The AP Social Welfare Fund was established by Govt. during 1975 ( G.O.Ms.No.409, Employment and SW Dept, Dt:16.05.1975). The main objectives of the fund are to encourage, help, financially assist, foster and strengthen the registered voluntary organizations which are engaged in the social welfare activities like running orphanages, destitute homes, welfare of handicapped, medical care, balwadies, rehabilitation centres for the cured leprosy and TB patients and their children, mentally retarded persons and similar institutions. The budget for the fund is provided by the Government under Non-Plan.

**34.10 Special Component Plan :** The special component is based on the basic philosophy of making efforts for an integrated development of SCs. The main objective of special component is to eradicate the socio-economic discrimination and to achieve solutions to the problems of SCs.

The planning of special component plan requires careful and effective monitoring of funds. For this, a separate budget head “789” was created and is in operation since 1989-90. The funds provided under special component plan should not be diverted for other schemes. (Govt. Memo.No.570/SCP-11/86-1(SCP-11)86-1, Dt:12.05.1986)

**34.11 Special Central Assistance :** Government of India is providing funds under special central assistance to the State Govt. for taking up schemes for the benefit of SCs. The funds made available under this scheme should be utilized for providing subsidy and for non-recurring items, making the schemes really bankable and effective and to provide infrastructure to meet backward and forward linkages at district level.

**34.12 Industrial Schemes :** Under this scheme training-cum-production centers are run for giving necessary industrial training to scheduled caste candidates to enable them to acquire necessary skill for becoming skilled artisans.

Students at these centers receive training in dress-making, carpentry, tanning, manufacture of leather goods and basket making. Stipends are given to the trainees and necessary tools are also supplied free at the end of training.

**34.13 Acquisition of land and allotment of house-sites :** Under this scheme, land is acquired for the purpose of house-sites for SCs either by purchase from a private party or by acquiring the Government waste land. Indigent SCs are allotted house-sites at the prescribed scales per household. Those whose monthly income does not exceed the limit prescribed are eligible for grant of house sites free of cost (G.O.Ms.No.13, Social Welfare (C) Dept. Dt:29<sup>th</sup> September 1981.)

**34.14 Publicity for eradication of untouchability :** Publicity is conducted through various channels by the Department and Harijan Day is also celebrated every year. Expenditure on these transactions should be reviewed and irregularities brought to notice through the audit report.

**34.15 The Commissionerate/Directorate:-** Besides the administrative and accounts wings, there are separate wings in the Directorate for dealing with publicity and cultural activities and for evaluation of the work of the Department. The various accounts records of the Directorate should be checked in the manner detailed in Chapter 4. The reports of evaluation should be made use of for commenting on the irregularities noticed in the accounts of the Department in the audit report. There are certain schemes like supply of calculators to SC & ST students studying in Engineering and polytechnic colleges, establishment of book banks for SC&ST students studying in Medical and Engineering Colleges and the like for which the allocation for the entire state might have been drawn by the Directorate and utilized and also expenditure might have been spread over a numbers of years. The utilization of the scheme, visa-vis the number of students etc., may be commented.

**34.16 Economic Uplift Programme:** For the overall development of scheduled castes and backward classes, programmes which have an immediate bearing on their living standards and which bring about increase in their income are undertaken by the Department. Following are some typical schemes:

(i) Interest-free loans – These loans are given to start new and better trades or improve the trade in which the loanee is engaged. The concerned account records should be called for and checks exercised to verify whether distribution of loans conforms to the rules prescribed. An evaluation regarding the extent to which the purpose of the loan is achieved, should also be done in the audit report.

(ii) Assistance to Agriculturists- Assistance is rendered to those who have small holdings or who are assigned Government waste lands. An amount specified by Government is given as subsidy and an equal amount as interest-free loan for purchase of bullocks, agricultural implements, etc. The checks detailed in respect of (i) above apply to these accounts also.

(iii) Supply of milch cattle – Milch cattle are supplied to supplement the meager income of wage-earners through the subsidiary occupation of dairying. They are provided cash assistance particularly to those living in integrated milk supply areas. The accounts should be checked to verify whether the expenditure conforms to the rules laid down and an evaluation of the scheme should also be attempted.

(iv) Rural Development Schemes- Schemes such as land colonization and collective farming societies, and scheme for development of land and water resources are undertaken to benefit the rural and urban unemployed.

The objectives of these schemes are to make the landless become viable farmers through assignment of lands to them, development of these lands by reclamation and supply of necessary inputs such as plough bullocks, agricultural implements, wells to irrigate and also to render technical guidance for planning agriculture. Besides the checks, to ensure that accounts are maintained properly and that legal acquittances for beneficiaries are on record, the extent to which moneys spent by Government yielded fruitful results

should also be evaluated. Reasons which lead to failure and short falls should be brought to light.

**34.17 Audit Report :** The audit reports relating to sub-ordinate offices should be sent to the concerned officers with copy to the Commissioner, Social Welfare. Audit report relating to Commissionerate, Social Welfare should be sent to Principal Secretary, Social Welfare Dept., Government of A.P.

## SECTION – II

### TRIBAL WELFARE DEPARTMENT

**34.18 Introductory :** The tribal population in the State is mainly distributed in Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, West Godavari, Khammam, Warangal, Adilabad and Mahaboobnagar districts. High priority is accorded by Central and State Governments to the accelerated development of tribals by implementing various welfare and developmental programmes in the fields of health, nutrition, education and employment.

Education is given highest priority. Under this sector, incentives to tribal students by way of free boarding and lodging, supply of text books, note books, dresses etc., is provided. Efforts are also made to provide safe drinking water in the tribal habitation.

In order to eliminate exploitation by private traders, Girijan Co-operative Corporation Ltd., (GCC) has been established by Govt. to supply provisions to hostels etc., The AP Scheduled Co-operative Finance Corporation coordinates various economic support schemes for the economic development of Scheduled Tribes (STs) in the State.

Special programmes have been evolved for accelerated development of tribal areas and tribals. Accordingly, development of minor irrigation, provision of drinking water, agro-credit, consumption loans, comprehensive training programmes, regeneration of minor forest produce etc., are being implemented in the State.

**34.19 Organisational set-up :** The department is headed by Commissioner. He is assisted by Joint Directors, Deputy Directors, Asst. Directors, Accounts Officers and Horticultural Officers at Head office.

The Commissioner of Tribal Welfare reviews performances of each programme with Project Officers, Development Officers, and Administrative Officers of Integrated Tribal Development Agency (ITDAs) and District Tribal Welfare Officers (DTWOs).

The Director of Tribal Cultural Research Training Institute, Chief Engineer (TW), GCC and APST Co-operative Finance Corporation (TRICOR) are sister units of Tribal Welfare Department.

There are 23 DTWOs and 10 ITDAs in the State. At the district level, District Collectors are responsible for implementation of Tribal Welfare Schemes. The District Collectors are assisted by Project Officers (POs) of ITDAs and DTWOs. In Kadapa district, Statistical Officer (TCR & TI) is in-

charge of Tribal Welfare Schemes.

DTWOs and POOs of ITDAs are responsible for implementation of tribal welfare programmes in the districts such as educational maintenance, post-matric scholarships, grounding of employment generation schemes, recovery of term loans and margin money, engineering works, procurement of minor forest produce, AP credit disbursement, recovery of GCC loans, medical and health etc.,

Assistant Tribal Welfare Officers (ATWOs) are responsible for inspection of Ashram Schools, Best Available Schools and Hostels, verification of applications for post-matric scholarships, distribution of dresses, note books, work books Nationalised text books to hostel students and day scholars, supply of provisions to hostels, identification of ST localities for provision of drinking water, electricity and other civic amenities.

Special Dy. Collectors are responsible for implementation of Land Transfer Regulation.

Tribal Welfare Engineering Wing headed by Chief Engineer (TW) is engaged in creation of infrastructure in tribal areas such as construction of educational institutions, laying of roads, drinking water supply and other construction activities. At district level, Executive Engineers (EE) are responsible for the execution and management of all works within their divisions. The EE is assisted by Dy. Executive Engineers and Asst. Executive Engineers/Assistant Engineers.

#### 34.20 Educational Institutions :

- a) Govt. Primary Schools : There are 4317 single teacher schools (formerly Girijana Vidya Vikasa Kendras) under Tribal Welfare department. In these schools teaching – learning material and incentive kits consisting of one pair of dress, one school bag, slate and pencil box are supplied to ST students. These schools have been upgraded as primary schools under Sarva Siksha Abhiyan Scheme (SSA) by providing a second teacher.
- b) Ashram Schools : There are 663 Ashram Schools for STs in the State. The students in these schools are provided special coaching (for VII<sup>th</sup> and X<sup>th</sup> classes) in Mathematics, Science and English subjects.
- c) Government Hostels : There are 506 Govt. hostels to provide residential facilities and 60 special hostels for ST students studying intermediate and its equivalent courses and higher level of courses in the State.
- d) Residential Schools (Gurukulam) : There are 82 Residential Institutions in the State.
- e) Hostel Welfare Officers (Wardens) are required to procure food provisions for hostels such as rice, pulses, oil etc., from GCC only. Perishable items like eggs, vegetables etc., have to be procured from local market at competitive rates.
- f) Incentives – Supply of Note books, Dresses etc., : Under this Scheme, incentives like 2 pairs of dresses, PT dress, towels, shoes, note books, text

books, work books, cosmetics, bedding material, blankets, trunk boxes, besides food is provided free of cost to the ST students residing in hostels. The approved rates of mess and cosmetics charges are as under.

- |                       |   |                           |
|-----------------------|---|---------------------------|
| 1. Classes III to VII | - | Rs.270/- p.m. per boarder |
| 2. Classes VIII to X  | - | Rs.330/- p.m. per boarder |
| 3. Cosmetics - Boys   | - | Rs.20/- p.m. per boarder  |
| Girls                 | - | Rs.25/- p.m. per boarder  |

**34.21 Post Matric Scholarships:** According to Govt. of India regulations, scholarships towards payment of compulsory non-refundable fees collected from ST students by colleges and the maintenance charges (including mess charges) of the students in hostels are sanctioned.

a) State Sponsored Scheme for post-matric ST students : Mess charges are sanctioned to ST students who are residing in Colleges/University attached hostels and recognized hostels at the rates specified by Govt. of India. The rates of mess charges and allowances are detailed in Annexure – III. The scholarship amount is paid to the awardee by way of Account Payee cheque only.

b) Books grants to ST students : The objective of Book Bank Scheme is to provide books to deserving ST students pursuing Medical, Engineering, Agriculture, Veterinary, Polytechnic, Law, Chartered Accountancy, MBA, Bio-Science courses. The scheme provides for sharing of text books by two students in respect of Graduate level courses and providing separate set of books to individual students at Post-Graduate level and for those pursuing Chartered Accountancy.

**34.22 Pre-Matric Scholarships to ST students :** Bright children among ST students are selected by Dist. Selection Committee under the chairmanship of Collector in each dist. And the selected children are admitted in Best Available Schools. The amount of scholarship payable for a student of Best Available School is as under.

- i). Upto class VII - upto Rs.8000/- p.a. per student
- ii). Classes VIII, IX & X - upto Rs.12,000/- p.a. per student

Pre-matric scholarships are also paid to ST students admitted in English Medium Residential Schools and Public Schools at the scale prescribed.

**34.23 Buildings for Boys and Girls Hostels and Ashram Schools :** Under this scheme, construction of buildings for post-matric boys and girls hostels is envisaged with Central and State grants. Apart from construction of buildings for educational institutions, providing adequate infrastructure to Ashram High Schools, Residential Schools and School complexes is also taken up under this scheme.

**35.24 Economic Support Schemes :** Under economic support programme a number of State/Central schemes are being implemented by Tribal Welfare Department in tribal areas. The staff cost for maintaining various institutions run by ITDAs is provided by State Govt. under economic support component.

- a) Agriculture : Under non-plan, agricultural demonstration units were merged with ITDAs and these units are engaged in extension work like distribution of seeds of high yielding varieties of cereals arranging demonstration plots and imparting training to tribals in latest farm technology.
- b) Animal Husbandry : Govt. Livestock Farm at Chintapalli in Visakhapatnam is being continued under this scheme.
- c) Cottage Industries : Under this scheme, mat weaving centre in Yerrakunta Thanda of Kurnool district and sericulture unit in Visakhapatnam are maintained. Training is imparted to tribals in mat weaving and in silkworm rearing in these centres.
- d) Horticulture : Under this scheme, nurseries, plantation, school horticulture are being implemented by the department.
- e) Coffee Project : A project on Coffee plantation in an area of 60,000 acres has been taken up in the agency area of ITDA, Paderu with the financial assistance of Govt. of India, National Scheduled Tribes Finance Development Corporation (NSTFDC) and Coffee Board. The project was started in 2001-02 with a total outlay of Rs.144.00 crores out of which 50% is beneficiary contribution in the form of labour. The remaining 50% assistance is shared by (i) Govt. of India – 25% (ii) State Govt. 8.33% and (iii) NSTFDC 16.67%.

**34.25 Centrally Sponsored Schemes :**

- a) Financial assistance to ST families below poverty line under special central assistance : Under this scheme, special central assistance is extended by Govt. of India for taking up economic development programmes and for creating durable assets under minor irrigation, horticulture, sericulture, agriculture etc., in tribal areas.
- b) Indira Kranthi Patham in Tribal Sub-Plan (TSP) areas : Under this scheme, social mobilisation and empowerment of tribal communities in TSP areas has been envisaged. A separate Tribal Project Management unit has been set-up where Self Help Groups (SHG) have been formed in tribal areas with ST women as members. The SHGs are provided with funds under Community Investment Fund for taking up micro projects for gainful employment of ST women.
- c) Schemes under Tribal Area Sub-Plan : This scheme was envisaged for taking up programmes for bridging critical gaps in educational infrastructure in educational institutions. Similarly, works for providing minimum amenities to TW educational institutions have also been taken up under this scheme during 2005-06.

- d) NABARD Projects : Roads and bridges, drinking water supply projects, residential school complexes and development of basic infrastructure was taken up in tribal areas with the assistance provided by NABARD. These projects are under various stages of execution.
- e) Janashri Bhima Yojana : This scheme was started by Govt. of India during 2004-05. It is a group insurance scheme to provide life insurance protection to the rural and urban poor ST persons below poverty and marginally above poverty line for workers engaged in forest products, leaf collectors in forests etc.,. Persons between 18 years and 60 years of age are eligible under this scheme. The sum assured is Rs.20,000/-. The annual premium payable for securing the assurance is Rs.200/- out of which Rs.100/- should be contributed by the nodal agency/member of the group/State Govt. and the remaining amount of Rs.100/- will be subsidized from social security fund of Central Govt.
- f) Monetary relief and legal aid to the victims of atrocities on STs : Under this scheme, Govt. of India is providing monetary relief and legal aid to the victims of atrocities belonging to STs in tribal areas at the prescribed scales.
- g) Research Fellow Scholarships : Ministry of Welfare, Govt. of India New Delhi invites applications from research scholars through leading news papers for award of research fellowship. The selected research scholars are required to study various aspects of tribal development.
- h) Inter – Caste Marriages : Under this scheme, cash incentive of Rs.10,000/- is awarded to each couple for inter-caste marriages where one of the spouse belongs to ST.

**34.26 The Directorate :** Besides the administrative and account wings, there are separate wings in the Directorate for dealing with publicity and cultural activities and for evaluation of the work of the department. The various accounts records should be checked in the manner detailed in Chapter – 4. . Checks outlined in paras 34.05 (e) and 34.06 (j) supra should be borne in mind during scrutiny of hostel records, scholarship payments etc.,

Tribal Welfare Schemes like community irrigation wells, Integrated Child Development Scheme (ICDS), providing drinking water facilities, infrastructure development, buildings for schools and hostels, post/pre-matric scholarships etc., are inspected by Commissioner and his supporting staff regularly. The reports of evaluation should be made use of for commenting on irregularities noticed in the accounts of the department in the audit report.

The objectives of the various welfare and developmental schemes implemented by Govt. are mainly to help the tribals lead a better quality of life in terms of health, nutrition, education, employment etc.

Besides the usual checks, to ensure that accounts are maintained properly, the extent to which moneys spent by Govt. yielded fruitful results should also be evaluated. Reasons which lead to failure and shortfalls should be brought to light.

**34.27 Audit Report :** The audit reports relating to subordinate offices should be sent to the concerned Officers with copies to the Director of Tribal Welfare. Audit report relating to Director's Office should be sent to Secretary, TW Dept. Govt. of A.P.

### **SECTION – III**

#### **BACKWARD CLASSES WELFARE DEPARTMENT**

**34.28 Introductory :** The first step towards amelioration of backward classes was taken up in AP in 1968 with the appointment of a Commission for preparation of a list of socially and economically backward classes.

To achieve speedy economic development in respect of certain vulnerable sections of backward classes, Government has established a Washermen Co-operative Societies Federation in 1982 and a Federation for Nayer Brahmin Co-operative Societies during 1989 for the upliftment of these two backward classes communities.

In order to focus attention on the welfare and development of backward classes, Backward Classes Welfare department was constituted and started functioning at the Secretariat from 16.03.1994. At present there are 93 communities listed as Backward Classes in AP.

**34.29 Organisational set-up :** The department is headed by a Commissioner and is assisted by Joint Director, Dy. Directors, Asst. Director, Publicity and Statistical Officer and Accounts Officer with supporting staff at the Commissionerate.

At the district level, District Backward Classes Welfare Officers (DBCWO) are responsible for implementing schemes relating to backward class communities. The DBCWO is assisted by a Superintendent, one Sr. Assistant and other ministerial staff. He is also assisted by Asst. BCWOs at divisional level and Hostel Welfare Officers at hostel level. The DBCWO works under the overall control of the District Collector.

**34.30** The main schemes under taken by BC Welfare Dept. are (i) Education (ii) Training (iii) Social Integration (iv) Economic Development.

**34.31 Hostels :** (a) Backward Class Hostels : The dept. is maintaining BC hostels where free boarding and lodging is provided for poor backward class students to pursue their education. Expenditure on diet charges @ Rs.270/- p.m. for III<sup>rd</sup> to VII<sup>th</sup> class boarders and @ Rs.330/- p.m. for VIII<sup>th</sup> to X<sup>th</sup> Class boarders besides cosmetics (Soap and Oil) charges @ Rs.20/- p.m. per boy and Rs.25/- p.m. per girl is incurred towards maintenance by the department. The boarders are supplied with note books and two pairs of dresses every year.

The boarders are also supplied with trunk boxes, steel plates and glasses, bedding material free of cost besides providing games material, library books etc., . Special coaching is arranged for IX<sup>th</sup> and X<sup>th</sup> class boarders by appointing tutors on honorarium basis @ Rs.500/- per month per tutor per subject to teach English, Maths, Science and Hindi.

b) Denotified Tribe Hostels : 14 Denotified and Nomadic Tribes Hostels are maintained by the department in the State. The facilities existing in BC Hostels are extended to the boarders of these hostels also.

**34.32 Scholarships :** (a). Pre-matric Scholarships : Procedure detailed in para 34.06 supra may be referred to for eligibility and sanction of various pre-matric scholarships for the boarders of Government hostels.

b) Post-Matric Scholarships : Post-matric scholarships are sanctioned to BC students whose parental annual income does not exceed Rs.33,500/- for general courses and Rs.44,500/- for professional and higher technical courses. The scholarships are of two kinds viz., residential scholarships and non-residential scholarships.

- i) Residential Scholarships : The BC students who are studying in hostels attached to Colleges/Universities (College Attached Hostels) will be paid post-matric scholarships @ Rs.400/- p.m. per boarder for Intermediate, under Graduate and Degree courses and at Rs.525/- p.m. per boarder for Post Graduate and professional courses towards maintenance/mess charges.
- ii) Non-residential Scholarships : The rate of scholarships for Students Managed Hostels (SMH) is Rs.250/- p.m. per boarder for 10 months in an academic year. (G.O.Ms.No.41, SW(SW.Edn.2) Dept. Dt:03.05.1999).

The District B.C. Welfare Officers, after scrutiny of applications, sanction scholarships to eligible BC students and draw amounts once in a quarter by means of Banker's Cheque/Draft in favour of Principals. The Principals have to disburse the scholarships to the BC students through Account Payee Cheques.

Apart from mess/maintenance charges, the BC students are also eligible for reimbursement of tuition fees and special fees. The tuition fee not exceeding double the amount of fee fixed by Govt. will be reimbursed to the BC students studying in Private Colleges.

- iii) Out of State scholarships : BC Students of the State who are studying in educational institutions situated out side the State but within India are also eligible for post-matric scholarships. The rules applicable for sanction of scholarships within the State shall apply mutatis mutandis to the students studying out side the State.
- iv) AP Study Circle for BCs : With a view to provide coaching facilities to BC students to improve their performance in the All India Services and other competitive examinations, a scheme of special coaching to BC candidates is implemented by the department. Apart from this, study circles also provide coaching for other State and Central competitive examinations besides entrance test for admission into professional courses. The candidates admitted into the study circles are provided stipends at

the rates specified by Govt. free residential accommodation and supply of study material free of cost, medical charges etc.,

- v) Stipends to ITI students : BC Students who are studying in the I.T.Is run by Govt./Private are eligible for sanction of stipend @ Rs.150/- p.m. per student who is staying in a hostel and @ Rs.70/- p.m. per day scholars. The stipend is payable for 10 months or for the duration of the course in an academic year.
- vi) Fellowships to M.Phil and Ph.D students : To encourage BC students who are not in receipt of fellowships from U.G.C and other sources, the department is sanctioning fellowships to enable them to continue research work. The DBCWOs sanction fellowships to research scholars on receipt of applications from the University authorities at the following rates.

1.	M.Phil	a) Fellowship	-	Rs.500/- p.m.
		b) Contingent Charges	-	Rs.1000/- p.a.
2.	Ph.D	a) Fellowship	-	Rs.600/- p.m.
		b) Contingent Charges	-	Rs.1500/- p.a.

- vii) The department has undertaken construction of hostel buildings and residential school buildings with State matching share and Central grants under centrally sponsored schemes.
- viii) Training Programmes : With a view to assist BC Advocates and to enable them to improve their performance and settle them in their profession, BC Welfare department is imparting training in Administration Justice. Under this scheme, assistance is provided to the selected candidates during the training period of three years at the following rates.

i)	Enrolment fee	-	Rs.500/-
ii)	Purchase of Books and Furniture	-	Rs.3000/-
iii)	Stipend	-	Rs.500/- p.m. for three years

The candidates selected under the programme are attached to Govt. Pleaders/Public Prosecutors in the District or to the Advocate General/Government Pleaders of High Court for under going training in administration of justice.

**34.33 Social Integration** : Inter-Caste Marriages : To achieve social integration, a scheme of incentive to inter-caste marriages is implemented by the department. Under this scheme, a cash incentive of Rs.5000/- is given to the inter-caste married couple if either of the spouse belongs to backward class communities. The children of inter-caste couples are given non-statutory

educational concessions like scholarships, hostel facilities, fee concessions etc.,

**34.34 Economic assistance to Backward Classes :** For the overall development of backward class communities in the State, several schemes which have an immediate bearing on their living standards and which bring about increase in their income are implemented by the department.

a) **Margin Money Scheme ;** The margin money scheme is a Bank Credit linked scheme wherein the BC Co-operative Finance Corporation provides financial assistance to the extent of 20% of the outlay of activities undertaken by the beneficiaries subject to a maximum of Rs.10,000/- per beneficiary. In the case of self help groups, having 10 members or more, the limit is Rs.50,000/- per group. The balance amount is provided by commercial banks and subsidy in some cases is provided through DRDA. The beneficiary contribution is 10% of the unit cost under this scheme, financial assistance is provided for activities like agriculture and allied sectors, small business and industry, service and transport sectors.

b) **Rehabilitation of Toddy Tappers in the Hyderabad District :** Under this scheme, financial assistance at the scale prescribed by Government is provided for rehabilitation of toddy workers who lost their livelihood due to closure of toddy compounds in twin cities. The department is providing assistance through Dist. BC Service Co-operative Society Ltd.

c) **Community Services (Dhobighats) :** To provide convenient and hygienic places of work to washermen, the department has started the scheme of improvement, modernization and construction of dhobighats. District Rajaka Welfare Committees headed by District Collectors are responsible for the construction of dhobighats in the districts. The unit cost of construction of dhobighats in villages, towns and municipalities and in municipal corporation areas was fixed as Rs.1.25 lakh and Rs.0.75 lakh respectively. 10% of total cost of construction of Dhobighats should be borne by Rajakas of the areas where construction is proposed. Expenditure over and above the prescribed limit should be met by the concerned local body.

**34.35** As the objectives of the schemes are specific, it should be ensured that account records pertaining to the schemes are maintained properly. Extent to which moneys spent by Govt. yielded fruitful results should also be evaluated. Reasons for failure and shortfall, if any, should be brought to light in the audit report.

The general instructions given in Chapter – 4 should be observed during the course of scrutiny of various account records, registers etc., maintained by the department. Besides, checks outlined in paras 34.05 (e) and 34.06 (j) supra should also be born in mind during the scrutiny of hostel records, scholarship payments etc.,

**34.36 Audit Report :** Audit Reports relating to subordinate offices should be sent to the concerned Officers with copy to the Commissioner. Audit report relating to the Commissionerate should be sent to the Principal Secretary, Backward Classes Welfare Department, Government of Andhra Pradesh.

**ANNEXURE – I(a)**

(Referred to in Para 34.05 (a))

Rate of Mess charges, Cosmetic charges and Dresses for boys and girls hostels.

- |      |  |   |                            |   |                                |
|------|--|---|----------------------------|---|--------------------------------|
| i)   | Dresses                                      | - | Boys                       | - | 2 Pairs of dresses every year  |
|      |  |   | Girls                      | - | 2 Pairs of dresses every year  |
| ii)  | Mess Charges                                 | - | For classes upto VII       | - | Rs.270/- per boarder per month |
|      | (w.e.f.01.06.1999)                           | - | For classes from VIII to X | - | Rs.330/- per boarder per month |
|      | (G.O.Ms.No.40, SW(Edn-2)Dept. Dt:03.05.1999) |   |                            |   |                                |
| iii) | Cosmetic Charges                             | - | Boys                       | - | Rs.20/- per boarder per month  |
|      |  |   | Girls                      | - | Rs.25/- per boarder per month  |

**ANNEXURE – I(b)**

(Referred to in Para 34.06 (i)(b))

Rate of scholarship for the boarders of Vimukthi hostels  
(for children of those engaged in unclean operations)

Residential

Classes III to VIII – Rs.300/- p.m. per boarder for 10 months

Classes IX to X – Rs.375/- p.m. per boarder for 10 months

Day scholars

Classes I to V – Rs.40/- p.m. per boarder for 10 months

Classes VI to VIII – Rs.60/- p.m. per boarder for 10 months

Classes IX to X – Rs.75/- p.m. per boarder for 10 months

**ANNEXURE – I(c)**  
(Referred to in Para 34.06(ii))

Rate of maintenance/mess charges to post-matric students.

Sl. No	Name of course	Type of hostels and rate of mess charges		
		College attached hostels (CAH) Rs. Per month	Student managed hostels (SMH) Rs. Per month	Day scholars (DS) Rs. Per month
1.	Professional courses	740	--	--
2.	PG & Professional courses	--	340	330
3.	PG & Polytechnics	525	--	--
4.	Degree & others	400	250	--
5.	Degree 2 <sup>nd</sup> and 3 <sup>rd</sup> years	--	--	185
6.	Intermediate & Degree Ist year	--	--	140

**ANNEXURE – I(d)**  
(Referred to in Para 34.07(a))

Scale of monetary relief to the SC victims of atrocities

- a) For murder/unnatural death – Rs.2 lakhs on case to case basis, apart from either pension at Rs.1000/- p.m. and employment to one member of the family of the victim, full cost of education of the children and providing important food commodities for a period of 3 years.
- b) For disabilities - Rs.1 lakh
- c) For Rape/Mass Rape etc., - Rs.50,000/-
- d) For complete destruction/burnt houses – House to be constructed or to be provided at Govt. cost.

**ANNEXURE - II**

(Referred to in Para 34.05 (e))

Deputy Director should draw the menu chart taking into consideration the local market, rates of various commodities including vegetables, fire wood etc., communicate to the Wardens. Matrons and Assistant Social Welfare officers. During their tour, the inspecting officers should verify whether the menu prescribed is exhibited in the hostels and are being followed .

Inspecting officers are required to make their observations of inspections of the hostel in the Inspection Register.

Advisory Committee of each hostel, should meet every month and draw up and study the inspection reports of ASWOs and Deputy Director. Wardens should maintain the following registers.

1. Admission register of the boarders.
2. Attendance register of the boarders.
3. Attendance register of the staff.
4. Provision stock and issue register
5. Daily purchase register.
6. Permanent articles register.
7. Cash book.
8. Treasury bill book.
9. Stock of issue register of Dresses/N.P. Book, Note books .
10. Visitors registers.
11. Movement register of Warden/Matron and other staff.
12. Movement register of boarders.
13. Acquittance register.
14. Daily menu register.
15. Bills register.
16. Minutes units book of hostel advisory committee.

Replacement of utensils (6years)

Bedding (3years)

*(Memo 3474/81/73.8 dt. 1.1.1975 Govt. of Andhra Pradesh, Employment and Social Welfare (E) Department.*

Wardens/Matrons should obtain the monthly progress reports and attendance sheets of the boarders from the Headmaster's concerned. The attendance sheets duly signed by the Head masters should be enclosed to the provision bill.

*(C1/8160 /83 dt. 12.5.83 of the Directorate of Social Welfare.*

All the books supplied/purchased to be kept in almira and should maintain catalogue of books for use by the boarders of the hostels.

*(RC C1/3047/85 dt. 17.2.85 of Director of Social Welfare to all Deputy Directors of Social Welfare in the State).*

**ANNEXURE – III**  
(Referred to in Para 34.21 (a))

Rates of Mess charges for boarders of Tribal Welfare Hostels

(G.O.Ms.No.43, SW (TW-Edn.1) Dept. Dt:10.06.2005)

Sl.No.	Description of courses	College attached hostels (CAH) Rs. Per month	Students managed hostels (SMH) Rs. Per month	Day scholars (DS) Rs. Per month
1.	Professional Courses	740	340	330
2.	Post Graduate/Polytechnic Courses	525	340	330
3.	Graduate Courses	400	250	185
4.	Under Graduate Courses	400	250	140

Rates of allowances

1. Study tour charges Rs.1000/-
2. Thesis Typing/Printing Charges Rs.1000/-
3. Book grant for correspondence courses Rs.750/-

## CHAPTER 35

### ACCOUNTS OF WOMEN DEVELOPMENT, CHILD WELFARE AND DISABLED WELFARE DEPARTMENTS

#### SECTION I

##### WOMEN DEVELOPMENT AND CHILD WELFARE DEPARTMENT

**35.01 Introductory:** The activities of Women Development and Child Welfare department are focused on the educative, preventive, protective and rehabilitative aspects of women and child welfare through institutional and non-institutional services extending to orphan children and destitute women also.

##### **Organisational set-up**

The Head of the Department is the Director, who is assisted by a Joint Directors, three Deputy Directors, two Assistant Directors, one Accounts Officer and one Statistical Officer. The State of Andhra Pradesh is divided into six regions. Assistant Director, Women Development and Child Welfare, is in charge of each zone, who is assisted by District Women and Child Welfare Officers, Extension Officers at Mandal level and Village Development Officers at village level. Besides this, Director, Women Development and Child Welfare department is in charge of ICDS and assisted by Programme Officers, CDPOs, Supervisors, (Sectors) and Anganwadi Centres.

Department of Women Development and Child Welfare is broadly divided into following ten categories.

1. Women Welfare Institutions.
2. Training-Cum-Production Centres.
3. Women Technical Training Institute, Hyderabad.
4. Telugu Bala Mahila Pragathi Programmes.
5. Child Welfare Institutions.
6. ICDS Scheme.
7. Maternity Assistance to Agricultural Labourers.
8. Wheat based Special Nutrition Programme.
9. Drought Relief Nutrition Programme.
10. Flood Relief Nutrition Programme.

The district is the focal point around which all developmental activities rotate. Irrespective of the levels at which the actual plans get ultimately formulated, it is at the district level that the implementation of the plans take concrete shape.

**35.02(a) State Homes:** The State Homes were set up under the scheme of after-care programme during 1957-58; the five State Homes under the control

of the department are located at Hyderabad, Mahaboobnagar, West Godavari, Kurnool, and Srikakulam State Homes look after not only girls who seek protection on their own, but women discharged from correctional institutions and those who are considered to be in moral danger are also taken within its protection. These after-care institutions have, as their aim, rehabilitation of inmates through institutional treatment.

In addition to catering to their basic needs such as food, shelter and clothing, these institutions also provide for their education and facilities for undergoing vocational training.

**(b) Service Homes:** Service Homes are for serving destitute women, helpless widows and deserted wives. The minimum age fixed for their admission is 18 years and the maximum period they are permitted to stay in the homes is three years. Only in exceptional cases, extension upto one year is allowed. The inmates receive education upto matriculation and training in handicrafts which is decided after a thorough study of their ability, aptitude and educational background. They are thus prepared to be economically and socially useful citizens.

There are six Service Homes, run by the department and are located in West Godavari, Krishna, Nellore, Ananthapur, Warangal and Hyderabad.

### **35.03 Working Women's Hostels:**

Working women's Hostels are opened in the State to cater to the needs of women working in various Institutions and Private Companies.

The amounts specified by Government have to be collected from the inmates at the time of admission.

- (i) An amount equivalent to one month's mess charges.
- (ii) Caution money deposits.
- (iii) One month's advance mess charges, room rent and other overhead charges.

Item (i) and (ii) are to be sent to District Women Development & Child Welfare Officer to be kept in a commercial Bank for eventual refund to the inmates on vacating the Hostel and the other amounts to be remitted to Government account as departmental revenue.

### **35.04 Vocational Training Centres with Attached Hostels:**

With a view to providing technical education to girl students belonging to the low income group families, who after passing Higher Secondary School., SSC or Matriculation Examinations, cannot afford college education. The Women's Welfare Department runs 7 Vocational Training Centres with attached hostels. This training enables them to appear for the lower examinations held by the Board of Technical Education.

In each centre, 20 candidates are admitted as boarders and 10 candidates as day scholars.

### **35.05 Children's Home**

The Children's Homes cater to the educational needs of orphan and destitute children and also of those who are either fatherless or motherless. Boys of the age-group 7-12 years and girls of the age-group 7-18 are admitted in these homes. They are provided with free boarding and lodging and are sent to the local schools for education. The Department provides them books and stationary and expenditure on special fee, wherever payable is also met by the Department. Each Children's Home in the State accommodates 60 members.

**35.06** The dietary and cosmetic charges admissible to inmates of all the residential institutions under the control of Women Development and Child Welfare Department are at the rates prescribed by Government.

### **35.07 Scope of audit**

Besides the checks detailed in Chapter 4 regarding contingencies, stores, purchases etc., it should be generally seen whether :

- 1) The objects for which the expenditure is incurred, have been achieved.
- 2) The procedure for admission of inmates has to be studied to see whether they are in accordance with orders issued from time to time.
- 3) There may be instances where the institutions like the service homes, etc., established with the anticipation that it would draw in the estimated number of inmates but may not be functioning at all in actual practice. The expenditure however being incurred on the establishment, etc., in such cases should be specifically brought to light.
- 4) Cases may come to light where the institutions might attempt to admit members or retain the inmates beyond the maximum period allowed regardless of rules with a view to maintaining the minimum number of inmates. The disregard of rules should be brought out in the audit report in a detailed manner with sufficient statistical data supporting the comment.
- 5) Some of the institutions have manufacturing units. It should be seen whether or not profit and loss accounts are maintained in respect of these units, good market exists for the products manufactured, heavy stock of manufactured articles exist with reasonable chances of their being sold, and amounts are realized promptly towards articles sold.
- 6) It should be verified whether the expenditure towards maintenance of each inmate is within the scale prescribed.
- 7) It should be seen whether the number of boarders and day scholars in vocational training centers is in accordance with the fixed strength and the rate of scholarship paid to the boarders does not exceed the prescribed scale.

- 8) In respect of Children's Homes: It should be seen ;
- i) that only orphan and destitute children are admitted;
  - ii) that food, clothing, books, etc., are supplied free of cost only to the bonafide inmates of the home and there is no misuse of these articles;

**35.08 Audit Report:** (a) Directorate: The audit report should be forwarded to the Director of Women's Development and Child Welfare, Andhra Pradesh, Hyderabad, with copy endorsed to Secretary to Government of Andhra Pradesh, Women Development, Child Welfare and Disabled Welfare Department.

(b) State/Service/Children's Homes: The reports on the accounts of these institutions should be forwarded to the Heads of the Institutions concerned, copies being endorsed to the Director of Women Development and Child Welfare, Andhra Pradesh, Hyderabad.

## SECTION – II

### DISABLED WELFARE DEPARTMENT

**35.09. Introductory :-** Disabled Welfare Department was formed by Government in 1983 with the object of rehabilitation of disabled persons in the State. Various welfare schemes are implemented by the department for the allround development of persons with disabilities by improving their socio-economic and educational standards. Non-Governmental Organisations working in the field of service to the disabled persons are provided with assistance by Government of India.

**35.10 Organisational set-up :-** The department is headed by a Commissioner. He is assisted by Deputy Directors, Assistant Director, Accounts Officer, Placement Officer and Physical Director at headquarters office in discharging administrative, planning and executive functions.

At the district level Assistant Directors are responsible for the implementation of welfare schemes undertaken by the department under the overall supervision of District Collectors.

**35.11 Schemes implemented by the department:-** The schemes can be broadly classified under the following categories :

- i) Education
- ii) Social Security
- iii) Health and Housing

**35.12 Education :- (i) Educational institutions**

(a) Residential Schools:- The department is providing special education in eleven residential schools (5 for visually disabled at Visakhapatnam, Hindupur, Mahaboobnagar, Karimnagar, Vizianagaram and 6 for hearing impaired children at Miryalaguda, Bapatla, Karimnagar, Ongole, Hyderabad

and Vizianagaram) with a view to improve the educational standards of these children so that they can compete with normal children. Free boarding and lodging facilities are provided to the boarders of these schools at the scale prescribed by Government.

(b) Junior College for hearing impaired :- The department is maintaining one Residential Junior College for hearing impaired at Bapatla in Guntur District. The boarders are provided free boarding and lodging facilities in addition to study material free of cost.

(c) Teachers Training Centre for visually disabled:- A training centre for teachers to teach the visually disabled students was started during 1987-88. Every year 25 candidates (5 in service, 5 visually disabled and 15 open) are selected for imparting necessary training for a period of 10 months. The trainees are paid stipend at the rate of Rs.300/- per month per trainee.

(d) Hostels:- In order to provide education in a healthy atmosphere, the department is maintaining 38 hostels in the State to cater to the needs of the disabled students.

(e) Homes for aged and disabled:- Three homes for the aged and disabled persons are maintained by the department at Machilipatnam, Karimnagar and Ranga Reddy with a strength of 205 to cater to the needs of orthopaedically and visually disabled persons. Free boarding and lodging facilities are provided to the inmates at the scale prescribed by Government.

**(ii) Scholarships**

(a) Pre-matric scholarships:- Disabled students studying in classes from I to VIII and whose parental income is less than Rs.24,000/- per annum are sanctioned scholarships and other allowances at the rates specified in Annexure I (a).

(b) Scholarships to the disabled students studying in classes from IX onwards upto professional courses including training in vocational, technical and implant are sanctioned Government of India scholarships and other allowances at the rates detailed in Annexure I (b). Students whose parental income is less than Rs.24,000/- per annum are eligible for the scholarships.

(c) Scholarships to mentally retarded children:- Mentally retarded children admitted into specialised schools meant for them and whose annual parental income is less than Rs.12,000/- are sanctioned scholarship of Rs.1,000/- per annum per child. This scheme is limited to such mentally retarded children who are admitted into such of the special schools run by non-Governmental organisations which do not receive grant-in-aid from Government of India.

(d) Tuition fee to the students studying professional courses:- Tuition fees amounting to Rs.4,000/- per annum per student or as charged by the institution, whichever is less is reimbursed to the disabled students studying professional courses like M.B.B.S, B.E, B.Tech, M.B.A, Computers, B.Ed, etc. Only those students whose parental income is less than Rs.12,000/- per annum are eligible under this scheme.

*(G.O.M.S.No.7, Women Dev., Child Welfare & Labour (WH Desk) Dept dt.31.1.1994)*

(e) Reimbursement of Tuition fee to pre-matric and post-matric students of hostels:- Disabled students staying in Government hostels and studying in

classes from Ist to Xth in private schools recognised by Government are reimbursed tuition fees of Rs.25/- per month per boarder for 10 months.

*(G.O.Rt.No.580, S.W(G.2) dept. dt.26.7.1985)*

Similarly, hostel boarders studying post-matric courses are sanctioned reimbursement of tuition fee not exceeding Rs.500/- per annum per boarder or as charged by the institution whichever is less.

*(G.O.Rt.No.555, SW (G2) Dept. dt.25.7.1985)*

(f) Supply of text books to pre-matric students:- Hostellers as well as day scholars studying in classes Ist to Xth are supplied text books free of cost by the department.

*(G.O.Rt.No.562, SW Dept. dt.25.7.1985)*

(g) Supply of note books to the hostel boarders:- Orthopaedically disabled and hearing impaired hostel boarders are supplied note books etc., at a cost not exceeding Rs.150/- per boarder per annum. The boarders who are visually disabled are also supplied thick drawing sheets for writing purpose in Braille script.

*(G.O.Rt.No.533, SW(G) dept. dt.25.7.1985)*

(h) Books and instruments to I.T.I and Polytechnic Students:- Disabled students studying in I.T.Is and Polytechnics are supplied with books and instruments by the department. An amount of Rs.80 per student per annum is sanctioned to the I.T.I students and the students studying in Polytechnics are sanctioned Rs.103/- to Rs.549/- per annum per student depending on the course. Under this scheme, only students whose annual parental income is less than Rs.12,000/- are eligible.

*(G.O.Rt.N.557, SW. Dept.,dt.25.7.1985)*

i) Supply of Musical Instruments: Under this Scheme, disabled especially visually disabled persons including professionals undergoing diploma in various instrumental courses in Govt. and Private Music Colleges are provided with musical instruments free of cost upto a maximum of Rs.1000/-. Student/professional whose annual parental income is less than Rs.12,000/- are eligible for sanction..

*(G.O.Ms.No.552, S.W. (G.1) Dept. Dt: 25.07.1985).*

j) Scholarships to Research Scholars : To encourage disabled students joining research courses like M.Phil and Ph.D., the State Govt., is providing scholarships to enable them to complete their research. Research scholars of M.Phil and Ph.D. courses are sanctioned Rs.400/- p.m. as scholarship and Rs.1000/- p.a. towards contingent expenditure.

**35.13 Social Security :** The department is implementing a no. of schemes for rehabilitation and economic upliftment of disabled persons.

a) Economic rehabilitation : Under this scheme, disabled persons whose parents/guardians income is less than Rs.11,000/- p.a. are sanctioned an amount of Rs.3,000/- per candidate to enable them to eke out a living. The amount is sanctioned either as a free grant or as 30% subsidy of total outlay of the project with bank loan to the extent of 70% of the total outlay. Where margin money to the extent of 20% is available, the bank loan would be reduced to 50% of the outlay.

*(G.O.Ms.No.393, SW Dept Dt:16.10.1977).*

b) Unemployment Allowance : Under this scheme, persons with 60% disability (in the case of SCs and STs disability should be 40%) and who are registered in the District Employment Exchanges are sanctioned unemployment allowance of Rs.75/- p.m. This benefit is extended to disabled persons between the age group of 18 to 65 years and whose parents/guardians income is less than Rs.12,000/- p.a. The unemployment allowance is sanctioned by the District Employment Officers and payment is arranged by the Asst. Directors of Disabled Welfare of the concerned districts.

*(G.O.Ms.No.53, WDCW & DW Dept., Dt:15.07.1999).*

c) Financial assistance to advocates : Under this scheme, financial assistance to the extent of Rs.1700/- is sanctioned to disabled Law graduates irrespective of category. The assistance is provided to meet the expenditure towards enrolment fees and cost of Law books. Candidates whose annual income is less than Rs.12,000/- only are eligible under the scheme.

*(G.O.Ms.No.554, SW(G.2) Dept, Dt:25.07 1985).*

d) Disabled Pensions : Disabled persons who are between 18 years and 65 years of age and who have no regular means of subsistence from their own sources of income are sanctioned pension @ Rs.75/- p.m. This scheme is implemented w.e.f. 01.05.1999.

*(G.O.Ms.No.31, WDCW&DW (DW) Dept dt:29.04.1999).*

e) Incentive awards : To encourage marriages between disabled and normal persons for social integration and social reform a cash incentive of Rs.3000/- is awarded to either of the spouse, if a normal person marries a disabled person. The scheme is implemented by the department since 1985.

*(G.O.Ms.No.165, SW(G) Dept., Dt:25.07.1985).*

f) Subsidy on Purchase of Petrol/Diesel: Disabled persons owning motor vehicles and whose annual income does not exceed Rs.24,000/- p.a. are sanctioned 50% subsidy on actual expenditure incurred on petrol/diesel as shown below.

Type of vehicle	No of litres permissible/ per month
2 Horse power and below	15 litres
More than 2 H.P	25 litres

The subsidy on purchase of petrol/diesel is extended only for the use of vehicle from residence to the place of duty and back and to the places where day-to-day activities of the person make it necessary for him/ her to go. This Scheme is implemented since 1987 in the State.

(G.O.Rt.No.382 S.W.(G.1) Dept. Dt; 16-6-1987)

g) Telephone booths: The department, under economic rehabilitation programme, is providing telephone booths (at a cost not exceeding Rs.3,000/- per booth) free of cost to disabled persons who have obtained connections from Telephone department for starting business of their own.

#### 35.14 Other Schemes

a) Discretionary grants: The birthday of Louis Braille, founder of Braille script is celebrated in every district on 4<sup>th</sup> January every year. The District Collectors organise the birthday celebrations as a Government function in the districts at one place only. The budget provided under 'Discretionary grants' is utilised for this purpose. Similarly, for State and district level celebrations, the expenditure is met from available budget.

b) International day of disabled: Every year, December 3<sup>rd</sup> is observed as international day of the disabled. Games, sports, competitions in skill and talent for disabled are conducted on this day in each district in order to bring them into the main stream of public and to prove that they do not lag behind other normal persons. Expenditure for these functions is met from the sanctioned budget.

#### 35.15 Health and Housing:

a) Disabled Welfare department is taking up measures for prevention of disabilities through multipurpose identification camps, pulse polio immunisation Camps, implementation of action plan on children with disabilities, conducting of training to Medical officers of PHCs, convergence and multi sectoral co-ordination, awareness campaign on prevention of blindness, etc.

The main objective of conducting multipurpose identification camps are to register the needs of the disabled persons and to provide rehabilitation services to them. These camps are conducted in co-ordination with Medical & Health department, Revenue department and APSRTC. The department is providing Rs.10,000/- for conducting each camp.

b) Land is acquired for the purpose of house sites to disabled persons either by purchase from a private party or by acquiring Government waste land. The disabled persons are allotted houses sites at the scale prescribed for each house hold. House sites are allotted free of cost based on the monthly income limit fixed by Government.

c) Publicity is conducted through various channels by the department. Expenditure on transactions pertaining to publicity should be reviewed and irregularities brought to notice through the Audit Report.

**35.16** Besides the administrative and accounts wings, there are separate wings in the commissionerate dealing with publicity and cultural activities and for evaluation of the work of the department.

The objectives of the schemes are for the all round development of persons with disabilities. As such, besides general checks enunciated in Chapter 4 for check of various account records and specific checks detailed in paras 34.05 (e) and 34.06 (j) of Chapter 34 for scrutiny of scholarships and hostels, it should be ensured that accounts are maintained properly and that legal acquittances of beneficiaries are on record. The extent to which moneys spent by Government yielded fruitful results should also be evaluated. Reasons which lead to shortfall should be brought to light.

**35.17 Audit Report:** Audit reports pertaining to subordinate offices should be sent to the concerned officer with copy forwarded to the Commissioner of Disabled Welfare. Audit report relating to Commissionerate should be sent to Secretary, Women Development, Child Welfare and Disabled Welfare Department, Government of Andhra Pradesh.

**ANNEXURE I(a)**

(Referred to in Para – 35.12 (ii) (a))

Pre-matric scholarships for students of classes I to VIII (G.O.Ms.No.50, SW (G.1) Dept. Dt:01.03.1981).

Class	Scholarships per month	Other allowances		
		Transport allowance (for O.H. only) Rs. per month	Maintenance of prosthetic/orthopaedic aids. (for O.H. only) Rs. per month	Readers allowance (for V.H. only) Rs. per month
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I to V	35	50	25	25
VI to VIII	50	50	25	25

**ANNEXURE I(b)**

(Referred to in Para – 35.12 (ii) (b))

Scholarships for students from IXth class onwards

Class/Courses	Day Scholars Rs. p.m.	Hosteller Rs. p.m.	Other allowances		
			Transport allowance (for O.H. only) Rs. per month	Maintenance of prosthetic/orthopaedic aids. (for O.H. only) Rs. per month	Readers allowance (for V.H. only) Rs. per month
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
IX, X and Intermediate	85	140	50	25	50
Degree courses or its equivalent courses	125	180	50	25	75
P.G/Engg./Professional/Implant Training	170	240	50	25	100

## CHAPTER 36

### ACCOUNTS OF E.S.I. DISPENSARIES

**36.01 General:** In pursuance of Section 58(1) of the Employees State Insurance Act, 1948, the State Government have to provide for medical treatment of insured persons and their families under the Employees State Insurance Scheme and, under Section 58 (3) *ibid*, agreements are to be entered into between the Employees State Insurance Corporation and State Government concerned for sharing the cost of medical treatment given to the insured persons and their families coming under the scheme.

Government of Andhra Pradesh entered into agreement accordingly with the Corporation and the ratio of allocation of expenditure between State Government and Corporation is 1:7 with effect from 26<sup>th</sup> January, 1959.

*(Government Letter No.2214-Labour, II/59-3, Home (Labour-II), dated 16<sup>th</sup> December, 1959).*

The State Government runs full time dispensaries as well as part-time dispensaries under the scheme. The scheme in this State is under direct supervision of Director of Insurance Medical Services who is declared to be the Controlling Officer for all dispensaries under the scheme. The expenditure on pay and allowances of the Director of Insurance Medical Services and of the staff under him in the headquarters is also debitible to the scheme.

*(G.O.Ms.NO.1495, IC and L.,. dated 24<sup>th</sup> July, 1956, G.O.Ms.No.637, Home (Labour III) dated 14<sup>th</sup> March, 1959 (G.O.Ms.NO.994, L.E & TE (Labour II) Department dated 19.9.1978)*

The working of the scheme in this state is governed by “The Andhra Pradesh Employees State Insurance (Medical Benefit) Rules, 1957” and the agreement entered into with the Corporation. The rules are reproduced in the Annexure to this chapter.

**36.02 Scope of audit:** The object of local audit is to check initial accounts maintained in various dispensaries opened and also to check statements of accounts furnished by the State Government for recovering the cost from the Employees State Insurance Corporation. 25% of the various items of transactions of the scheme in the books of the Administrative Medical Officer, should be checked in audit.

*(Comptroller and Auditor General’s Letter No.379/Admn.-I/184-85, dated 14<sup>th</sup> February, 1956).*

**36.03 Process of audit:** The local audit of Employees State Insurance Scheme covers checking of accounts, records, etc., maintained by:

- (i) the Director of Insurance Medical Services, as a Controlling Officer of the Scheme; and
- (ii) dispensaries maintained under the scheme.

The instructions to be observed for local audit of accounts of Government Hospitals apply mutatis mutandis in respect of Employees State Insurance Dispensaries. Additional checks to be exercised in this regard are detailed in subsequent paras.

**36.04 Office of the Director of Insurance Medical Services:**

(a) The following registers, accounts etc, are to be test checked during local audit.

- i) Cash Book
- ii) Contingent Register
- iii) Register of Contingent Bills (countersigned)
- iv) Stock Register of Drugs.
- v) Register of Expenditure
- vi) Register of Adjustments.
- vii) Register of Recoveries.
- viii) Disbursing Officer's Register.
- ix) Permanent Advance Register.
- x) Service Books.
- xi) Register of Undisbursed Pay.
- xii) Acquittance Rolls.
- xiii) Stamp Accounts.
- xiv) Statement of Accounts.
- xv) Tenders and Contracts.
- xvi) Register of Security Deposits.
- xvii) Log Book of Ambulance Van.

As the statement of claims for purposes of reimbursement of expenditure from Employees State Insurance Corporation is prepared by the Director of Insurance Medical Services based on statements furnished by Insurance Medical Officers concerned, the main check consists of verification of correctness of the same from the sources from which the final statement of expenditure is prepared. Besides the usual checks, the following checks should be conducted.

(b) Register of Contingent Bills: The contingent bills in respect of local purchases of medicines, etc., by Insurance Medical Officers are countersigned by the Director of Insurance Medical Services before payment at the Treasury and they are noted in this register. It should be seen that entries in this register are recorded under proper authority.

(c) Purchase of Drugs: The Employees' State Insurance Corporation enters from time to time into rate-contract with various manufacturing firms, dealing

in medicines, for supply to institutions set up under the Employees State Insurance Act. The Employees State Insurance dispensaries, being one type of such institutions, should place their indents on these firms under contract, towards their requirement of drugs to be supplied at the prescribed rates and under the conditions prescribed in the contract. The indents are required to be placed by such of the officers of the Department as are declared "Direct Demanding Officers" who act under the instructions of the Chief Direct Demanding Officer i.e., the Director of Insurance Medical Services (E.S.I.). In the ordinary course Direct Demanding Officers are not authorised to make purchases at the risk and cost of rate contract holders in case of delay/failure to make supplies against supply orders unless they are able to obtain articles of similar or equal generic composition as the drugs indented, at a rate lower or equal to, but not exceeding the rates in the contract. Where local purchases are made outside the purview of the rate contract subject to the above condition, the purchases should conform to the provisions of Andhra Pradesh Finance Code and to the orders issued by Government and the Department in the matter from time to time. In cases of delay or failure to make supplies, the matter is to be reported to the Deputy Director of Medical and Health (ESI) Services or in serious cases to State Government who in turn shall approach the Corporation for necessary action as removal of the firm from the Rate Contract.

The benefit of concession in rate of Sales Tax/VAT under Central/State Sales Tax Act /VAT Act and the rules framed thereunder is also to be availed of by timely submission of form 'D'/relevant certificate or declaration to the contractor. Provision of funds should also be got arranged for payment of bills of supplies within one month of the execution of the orders by them. The State Government is empowered to deviate from the Corporation's contract in the event of their obtaining the medicines required or those of generic description and specifications equal to that of the medicines under rate contract at rates lower or equal to but not exceeding the rate contract of the Corporation.

In regard to items where rates of more than one firm are on the contract, orders should be placed on the firms whose rates are lowest (first preference). Orders should be placed with the firm quoting next higher rate only if the firm of first preference fails to supply the goods.

During local audit, it should be ensured that the purchase conforms to the above mentioned provisions and the stores received are in good condition and are properly accounted for in the matter of their receipt, distribution and dispensing.

*(Employees State Insurance Corporations Letter No.4-3/72 M.III, dated 15th September,1972).*

(d) Disbursing Officer's Register:

This is an important register maintained for purposes of consolidation of figures of expenditure under the scheme and for reconciliation of Departmental figures with those of the Accountant General (Accounts and

Entitlements) Andhra Pradesh, Hyderabad for purposes of reimbursement from the Corporation. It should be seen that this register is maintained properly and is in accordance with the instructions issued by Employees' State Insurance Corporation from time to time. The individual items from the statement of various dispensaries should be traced into this register and the correctness of postings, etc. should be checked in detail for the selected month. The figures arrived at in this register, should be checked carefully to see that allocation is in accordance with the agreement and rules framed by Government in this regard.

(e) Register of Recoveries: This register is maintained for watching recoveries from Employees State Insurance Corporation towards their share of expenditure under the scheme. It should be seen that this register is maintained properly and that recoveries are made promptly and brought to account without delay.

(f) Statement of Accounts: It should be seen that the statement is prepared in the prescribed form. The statement should also include liabilities like pension contribution and leave salary contribution of the employees of the State Government allotted to execute the scheme. The statement of accounts should be checked with concerned subsidiary records and it should be seen that details are worked out correctly and the statement is an accurate record of expenditure for claiming the share from the Corporation.

### **36.05 Employees State Insurance Dispensaries :**

(a) General: The dispensaries opened under the scheme are intended exclusively to cater to the needs of employees of various institutions and their families insured under the Employees State Insurance Scheme. These dispensaries are just like other Government dispensaries with the only difference that there are no resources of revenue of these dispensaries. These dispensaries are under the charge of Medical Officers solely appointed for implementation of the scheme. The treatment including medicines etc., (either received from Medical Stores Department or by local purchase) is free of charge to the members of Employees State Insurance Scheme. For specialised or inpatient treatment at other Government Hospitals, the actual expenditure incurred on the insured employees is reimbursed to them by the Insurance Medical Officers concerned by drawing bills from the Treasury on production of necessary vouchers of Government Hospitals. The Director of Insurance Medical Services is the Controlling Officer for all dispensaries under the scheme. All the bills of local purchase drawn by Insurance Medical Officers are to be countersigned by the Director of Insurance Medical Services, before their payment at the Treasury.

*(Comptroller and Auditor General's Letter No.1615-Admn,I/348-56,dtd.11<sup>th</sup> July, 1956 and A.D.M.S. (N.S.I.S) letter No.1856/E.S.I./A.56,dtd.the 20<sup>th</sup> August, 1956-G.O.Ms.No.413, dt 16<sup>th</sup> February,1959 and G.O.Ms.NO.994-L.E.N.T.B. (Labour.II) Department dated.19.9.1978).*

(b) Besides the usual account records like Cash Book, Stock registers and other returns mentioned in the case of the office of the Director of Insurance Medical and Health Services, the following records are to be checked:

1. Purchase (local on contract) of drugs. See sub-para (a) above ).
2. Specialist drug register.
3. Stock register of instruments.
4. Index Cards, Exit Cards and Re-entry Cards.

c) Specialist Drug-Register: The register is prescribed by the Director of Medical Services for recording separately the stock of drugs dispensed to insured employees on the prescription of specialists. As the issue of these drugs should be made only on prescription of the specialist, it should be seen besides other checks, that each issue is supported by the prescription of the specialist towards the same. It should be seen that the register bears evidence of periodical check by the Insurance Medical Officers.

d) Index Cards: Exit Cards and Re-entry Cards: Under Rules 10 and 19 of A.P.E.S.I(Medical Benefit) Rules, 1957, each insured employee is given one identity card for himself and another for his family by the Regional Officer of the Employees State Insurance Corporation. The Regional Officer intimates, at the same time, the insurance number, the name of the employee, the name of the employer, etc. These details are recorded in the index cards issued to the employees.

As soon as an insured person is disentitled, an exit card is issued by the Regional Officer simultaneously to Insurance Medical Officer of the dispensary concerned. On receipt of the exit cards, the corresponding index cards are cancelled and the insured person concerned would be re-entitled to benefits of the scheme, only on receipt of re-entry cards from the Regional Officer.

It should generally be seen in audit that :

- 1) Index cards bear all particulars such as insurance number of the insured person, his name, the name of the employer etc. and in the case of families the number or numbers of the family and their relation to the insured person etc.
- 2) Index cards are duly cancelled when a corresponding exit card is issued.
- 3) In case of exit cards timely intimations are sent to Insurance Medical Officers of dispensaries regarding disentanglement of persons concerned;
- 4) Maintenance of these cards is upto-date and correct;

- 5) There is no time lag between the disentanglement of the insured person for benefits of the Corporation and receipt of the exit card for the same and consequent sanction by the Insurance Medical Officer; and
- 6) The Insurance Medical Officer takes sufficient precautions to check any abuse of the medical benefits extended to the beneficiaries.

**36.06 Audit Report:** The Audit Reports should be sent to the Director of Insurance, Medical Services and to the Medical Officers-in-charge of the dispensaries.

**ANNEXURE**  
(Referred in Para 36.01)

**PART - I**

1. Short title, extent and commencement: These rules shall be called the Andhra Pradesh Employees State Insurance (Medical Benefit) Rules, 1957.
2. They shall come into force in any area on the date or dates from which Chapter-7 of the Employees State Insurance Corporation, Act., 1948 comes into force.

Definitions: In these Rules, unless there is anything repugnant in the subject or context:

1. "The Act", means the Employees State Insurance Act, 1948 (XXXIV of 1948):
2. "Director of Medical Services", means the Principal Medical Officer appointed by the State Government to administer medical benefit in the State:
3. 'Drug' includes all medicines for internal or external use of human beings and all substances intended to be used for or in the treatment, mitigation or prevention of disease in human beings.
4. "Medical Practitioner" means a person holding a qualification granted by an authority specified or notified under Section 3 of the Indian Medical Degree Act 1916 (VII of 1916) or specified in the schedules to the Indian Medical Council Act, 1933 (XXVII of 1933) or a person registered or eligible for registration in a medical register of a State meant for the registration of persons practising allopathic, modern or scientific system of medicine:
5. "Mis-carriage" means expulsion of the contents of a pregnant uterus at any period prior to or during the sixth week of pregnancy:
6. "State Insurance Dispensary" means a dispensary established in separate building or part of an existing dispensary/hospital of any other building set apart for the exclusive use of insured persons either during all hours or during certain specified hours, provided that in the latter case drugs are maintained and dispensed separately in accordance with these Rules:
7. "State Insurance Medical formulary " means a list of prescriptions and injections laid down by the Corporation from time to time.
8. "State Government", means the Government of State of Andhra Pradesh:
9. All other words and expressions used herein and not defined shall have the meanings assigned to them in the Act, the rules made under Section 95 or the regulations under Section 97, as the case may be.

**PART - II.****3. Establishment of State Insurance Dispensaries:**

The State Government shall establish one or more State Insurance Dispensaries for the medical treatment of insured persons at any place where there is a concentration of not less than one thousand insured persons:

Provided that the Medical practitioner in charge of the dispensary may be a part-time insurance Medical officer so long as the concentration of insured person is less than two thousands.

**4. Provision of Medical Benefit where there are no State Insurance Dispensaries:**

The State Government shall make arrangements for providing medical treatment to insured persons residing at places where there are no State Insurance Dispensaries within a reasonable distance:

- a) by making arrangements for a mobile dispensary to visit a central spot near the places of residence of such persons:
- b) by making arrangements for an Insurance Medical Officer to visit any specified dispensary in the area for a part of day;
- c) by making arrangements for the treatment of such persons by part-time Insurance Medical Officers appointed for the purpose; or
- d) by making arrangements for the provision of such treatment at any hospital, dispensary, clinic or other institution maintained by the State Government, local body, a private institution or a private individual on such terms as may be agreed to by the Corporation.

**5. Medical Services provided by Employees:** Where an employer is providing medical services not lower than those provided to insured persons by the State Government, arrangements made for the continuance of such services for providing benefit to insured persons under such terms and conditions as may be agreed upon between the Government, the Corporation and the employer.

**6. Separate Hospitals or Bed:** The State Government may also establish separate hospitals or other medical institutions for the examination and treatment of insured persons or may reserve, on such scales and terms as maybe agreed upon between the Corporation and the State Government from time to time, separate beds for the exclusive use of insured persons in the hospitals or other medical institutions under its control or under the control of local body, private institution or individual.

**7. Abolition of Dispensary etc :** The State Government may, with the consent of the Corporation abolish any State Insurance Dispensary, cancel any of the arrangements made under Rules 4 and 5, effect such alteration as may be considered necessary in the location of any dispensary.

8. Allotments of insured persons: An insured person in any factory or establishment to which the Act applies may, at the time of filling the Declaration Form under the Employees' State Insurance (General) Regulations 1950, or at a subsequent time, indicate the State Insurance Dispensary or other medical institutions where arrangements for the provisions of medical benefits are made, to which he desires to be allotted or re-allotted and the State Government shall, so far as practicable and subject to such conditions as may be fixed, allot or re-allot such insured person to the dispensary or the institution indicated by him provided that where in the opinion of the State Government the circumstances so justify it may allot or recall an insured person to a dispensary or institution other than the one indicated by him.

9. Failure to Indicate Dispensary or Institution:

- i) An Insured person who does not indicate the dispensary to which he desired to be allotted shall be allotted to such dispensary as the State Government may consider suitable. (2) Institution of the dispensary or institution to which as insured person is allotted or re-allotted either under sub-rule (1) or under rule-7, as the case may be, shall be made to the insured person by the State Government.

10. Procedure for Obtaining Medical Benefit: An insured person who wishes to claim medical benefit shall bring his identity card to the State Insurance Dispensary or other hospital, clinic, mobile dispensary/post or any medical institution to which he is allotted, and claim such of it from the Insurance Medical Officer, incharge of the State Insurance Dispensary or the Insurance Medical Officer, of the Hospital, clinic or other institution to which he is allotted.

Provided that, in case of an emergency, an insured person may claim medical benefit under these rules from any Insurance Medical Officer whether he is allotted to him or not.

Provided further that where an insured person is unable to attend the State Insurance Dispensary Hospital, clinic, mobile dispensary/post or any other medical institution to which he is allotted, the Insurance Medical Officer will, on intimation being received, visit him at his residence, if he is satisfied, by interrogation or otherwise, that the insured person cannot reasonably be expected to come to the medical institution to which he is allotted.

Provided further that if the insured person or his agent fails to produce his or the insured person's identity card, as the case may be, as proof of the person claiming the benefit being an insured person the medical benefit may be refused to him.

11. Scale of Medical Benefit: The medical benefit provided under these rules shall be according to the following scale ;

1. Out-patient treatment shall be provided at a State Insurance Dispensary or in the manner indicated in Rule 4 and shall consist of all treatment, other than treatment involving the application of special skill or experience, and shall include ;
    - i) such preventive treatment as vaccination and inoculation.
    - ii) Ante-natal and post-natal treatment of insured women.
    - iii) The free provision of all drugs and dressings that may be considered necessary ; and
    - iv) Provision of certificates, free of cost, in respect of sickness, maternity, employment, injury and death, required under the Employees State Insurance (General) Regulations, or under directions or instructions issued from time to time by the Corporation.
  2. An Insurance Medical Officer shall visit an insured person at his or her residence in accordance with the second provision to rule 10 and in addition in all cases of confinement or mis-carriage, where the insured women or the registered midwife in attendance or any other reliable person reports that attendance by a medical practitioner is desirable.
  3. Where, in the case of a serious emergency or otherwise in-patient treatment in a hospital is considered necessary by the Insurance Medical Officer, the case shall be admitted to the nearest hospital which is established or specified for the purpose by the State Government if accommodation is available, and the treatment provided for the patient shall include free maintenance and such specialist and general treatment, including treatment at confinement where necessary, as may be available at the general wards of the hospital to which the insured person is admitted as well as those special investigations which are considered desirable and for which facilities exist at the hospital or at an associated laboratory.
  4. Facilities for the removal, free of charge of insured persons to hospital, where necessary, shall be provided by the ambulance or otherwise.
12. Conditions of service of full time Insurance Medical Officer:
1. Subject to the provisions of the Act and the Rules made thereunder, the State Government may subject to such conditions as may be laid down by the Corporation, appoint a suitable Medical Officer already in its service or any person possessing such medical qualification as may be laid down by the State Government in consultation with the Corporation as an Insurance Medical Officer.

2. An Insurance Medical Officer shall receive such salary and non-practising allowance as may be determined by the State Government with the consent of the Corporation.
  3. An Insurance Medical Officer shall receive such allowances and at such rates as may be sanctioned from time to time for Medical Officers of the State Government on similar grades in the localities in which they are stationed. An Insurance Medical Officer shall be entitled to leave and leave salary under the Leave Rules which, may from time to time be applicable to other similar, State Government servants.
  4. An Insurance Medical Officer shall be entitled to traveling allowance for journeys performed on official duties on the scale laid down in the State Government Rules applicable to Medical Officers of the State Government on similar grades.
  5. Full time Insurance Medical Officers shall not undertake private practice.
  6. An Insurance Medical Officer shall be subject to such other conditions of service as may be fixed by the State Government in consultation with the Corporation.
13. Allowances for other Insurance Medical Officers:
- Where the State Government appoints a part-time Insurance Medical Officer or confers the duties and powers of an Insurance Medical Officer on a Medical Officer in its service in addition to his duties, or any other Medical Practitioner, such Medical Officer or Medical Practitioner shall be paid such allowances as may be fixed by the State Government with the consent of the Corporation.
14. Staff to be provided at Hospitals, Dispensaries, etc.,:
- Each State Insurance Dispensary shall be in the charge of an Insurance Medical Officer.
- Provided that in cases where the concentration of insured persons residing near a State Insurance Dispensary so justifies, the State Government shall, in accordance with scale and subject to such conditions as may be agreed upon between the State Government and the Corporation, appoint two or more Insurance Medical Officers to such State Insurance Dispensary.
15. Notice of the time during which dispensary, hospital etc shall be open :
- 1) Subject to the approval of the State Government the Insurance Medical Officer or the Senior most I.M.O., as the case may be, shall for the time at which a State Insurance dispensary, hospital, clinic, mobile dispensary/post or any other medical institutions specified for the purpose shall remain open for the treatment of insured persons.

- 2) Notice of the time fixed under sub-rule (1) shall be given in such manner as the State Government may from time to time direct and in particular shall be indicated in a notice board displayed prominently at each place where insured persons are provided medical treatment and at each mobile dispensary/post.
16. Rank and precedence of Insurance Medical Officers:
  - 1) Where more than one Insurance Medical Officer has been appointed to a State Insurance dispensary, the State Government shall specify their rank or precedence.
  - (2) The senior most Insurance Medical Officer for the time being shall, from time to time, make such arrangements as he thinks fit for the distribution of the work at the State Insurance Dispensary among the Insurance Medical Officers appointed thereto.
17. Appointment of Subordinate Staff:
  - (1) The State Government, may with the consent of the Corporation, appoint such ancillary, technical or non-technical staff and such other subordinate staff as may be necessary for the proper provision of medical benefit, for insured persons by the State Government.
  - 2) The technical, non-technical and subordinate staff shall perform such duties at the Insurance Medical Officer, if there are more Insurance Medical Officers, than one, the senior Insurance Medical Officer, may subject to any orders of the State Government, from time to time direct.
  - 3) The technical, non-technical and subordinate staff shall be subject to such conditions of service and draw such salaries and allowances and receive such other benefits as may be fixed by the State Government with the consent of the Corporation.
18. Maintenance of medical and surgical equipment:

Every State Insurance Dispensary, hospital, clinic, mobile dispensary or any other medical institution specified for the purpose shall maintain such medical and surgical equipment as may be laid down by the State Government with the consent of the Corporation and all Insurance Medical Officers attached to State Insurance Dispensaries or to other medical institutions where provisions of out-patient treatment is made under Rule 4, shall prescribe such drugs as are required for insured persons but as far as possible in accordance with the State Insurance Medical formulary laid down by the Corporation.
19. Administrative Control : All State Insurance Dispensaries, hospitals, clinics, mobile dispensaries and other medical institutions specified for the purpose of providing medical benefit under these rules shall be subject to the administrative control and superintendence of the Director of Medical Services.

### PART III

#### PROVISIONS RELATING TO MEDICAL BENEFIT TO FAMILIES:

##### 19. A. Scale of medical benefit :

The Medical Benefit provided to the family of an insured person shall be according to the following scales:

1. General Medical Services, which will include treatment as the State Insurance dispensary or other authorised institution and shall consist of:
  - i) All treatment other than treatment involving the application of special skill or experience.
  - ii) Such preventive treatment as vaccination and inoculation:
  - iii) Free provision of drugs and dressings that may be considered necessary, but as far as possible in accordance with the State Insurance Medical formulary laid down by the Corporation and exclusive of such medicines as can be prescribed only by specialists for insured persons.
2. Free Maternity service to the wife of an insured person consisting of :
  - i) reasonable ante-natal treatment at the dispensary or clinic or other authorised institution.
  - ii) attendance by a mid-wife at the confinement at the residence of the insured person.

**B. Provision of general medical service:** State Government shall arrange to provide general medical services to the family of an insured person at a State Insurance dispensary, clinic of an Insurance Medical Practitioner of other institution maintained by the State Government, local body, private institution or a private individual, provided that the State Government may make arrangements separately for the family of the insured person at an independent State Insurance dispensary or at other institution, established or recognized for the purpose.

### PART IV.

**20. Medical records and statistical returns:** The Insurance Medical Officer in charge of each State Insurance dispensary, hospital, clinic, mobile dispensary or other medical institution specified for the purpose of each Insurance Medical Officer, as the case may be, shall :

- i) Keep such registers, books and accounts, as the State Government or the Director of Medical Services may, from time to time, specify in consultation with the Corporation ;

ii) Maintain a medical record in respect of such insured person allotted to the dispensary or to the Insurance Medical Officer, as the case may be, in the form laid down and supplied by the Corporation for the purpose and in accordance with the instructions issued by the Corporation in this behalf from time to time ; and

iii) Comply with the requisitions as may be made by the Corporation or the State Government or the Director of Medical Services in respect of the records, returns and statements in such form and in such manner as the authority making the requisition directs.

**21. Delegation of powers:** 1) The State Government may delegate any of the powers or duties conferred or imposed upon it by these rules to such of its officers as it may, with the consent of the Corporation; specify in this behalf :

2) Without prejudice to the provisions of sub-rule (1) , the State Government may delegate all or any of the powers or duties conferred or imposed upon it by Rule 8 or 9 to such officers of the Corporation, as it may deem fit.

**22. Relaxation:** The State Government may by special or general order relax, with the consent of the Corporation, any Rule under such circumstances and subject to such conditions as they may deem fit .

*(G.O.Ms.NO.413, Health, dated:16<sup>th</sup> February,1959).*

## CHAPTER – 37

### ACCOUNTS OF GOVERNMENT HOSPITALS

#### SECTION – I

**37.01** With effect from 1.3.87, the control and management of all Medical Colleges, Teaching Hospitals, Dental Colleges, Nursing Colleges and Nursing Schools attached to Teaching Hospitals except colleges and institutions of Indian system of Medicine was transferred to the University of Health Sciences in accordance with University of Health Sciences Act, 1986. Similarly, the control and management of all dispensaries and non-teaching hospitals except such hospitals which are primarily dealing with implementation of National Health Programmes like T.B., Leprosy control etc., was transferred to Andhra Pradesh Vaidhya Vidhana Parishad with effect from 1.3.87 in accordance with Andhra Pradesh Vidhya Vidhana Parishad Act, 1986.

**37.02 Scope of audit:** Besides the usual test-audit, the main object of local audit is to check the accounts of receipts and stores (including patient's cash and jewellery) of principal State hospitals including mental hospitals.

During local audit of the accounts of Government Hospitals, the Andhra Pradesh Medical Code, the Andhra Pradesh Medical Attendance (Integrated) Rules should also be referred to wherever called for. In addition, the Mental Hospital Code should also be referred to if the test-audit is on the accounts of Mental hospitals.

**37.03 (A) Receipts:** The following are the different kinds of receipts realized in hospitals. Some of these may not occur in certain hospitals:

1. Rent of Payward Rooms, etc., or beds in paywards.
2. Hospital stoppages including fees for medical attendance, X-ray treatment, fees for major operations, cost of special drugs supplied to paying patients, their diet charges and recovery of rent from the staff provided with quarters and hospital stoppages from paying insanes in Mental Hospital Accounts.
3. Sale proceeds of medicines.
4. Recovery on account of breakages, etc.
5. Sale proceeds of old stores and unserviceable materials.
6. Telephone charges recovered from patients.
7. Ambulance hire.
8. Contributions from public bodies and income from endowments.
9. Subscriptions and donations,

10. Recoveries of fees for loan of medical instruments, hospital dressings and oxygen cylinders supplied to medical practitioners.
11. Fees for training of candidates.
12. Recoveries for anti-rabic treatment.
13. Pathological examination fees, and ,
14. Miscellaneous receipts such as sale proceeds of old materials and usufructs of fruitbearing trees, lease of properties, auction sale of ashes, etc.

The demand and collection of the above receipts should be checked with the corresponding receipt registers maintained in the hospitals.

**(B) Expenditure:** The expenditure (other than those relating to pay and allowances of staff) of each hospital may be divided into four main divisions;

- a) Ordinary contingent expenditure;
- b) Expenditure connected directly with the diet of patients;
- c) Expenditure on linen, ward furniture, medicines, etc.,
- d) Capital expenditure on purchase of hospital equipments, apparatus, instruments, etc.,

The approved rules of the hospitals relating to scales of diet, rates of pay ward rents, hospital stoppages, fees for X-ray examination, radium treatments, hiring of Ambulance vans, etc., should be consulted before commencing the audit of the receipts and expenditure of a hospital.

- e) Expenditure towards entertainment of insane of mental hospitals and engaging them in sports activities.

**37.04 (A) Account books, Registers, etc. :** The following are the more important of the account books and registers required to be maintained in connection with the cash, stores and other transactions of the institutions; A-Books relating to cash transactions.

- i) Cash book, counterfoils of receipt books, stock book of receipt books, register of cheques received and remittance challans.
- ii) Permanent Advance Register and Contingent Register.
- iii) Register of bills, acquittance rolls and register of undisbursed pay, etc.
- iv) Ledger Account and Ward Rent Register.
- v) Nominal register of in patients, register of fees for issue of costly drugs register of hospital stoppages, register of recovery of diet charges.
- vi) Nominal Register of Radiographic and Electrocardiographic treatment, etc., and Register of paying patients of X-ray Department.
- vii) Register of anti-rabic treatment.

viii) Register of sale of medicines.

NOTE: The prescription book is a confidential record and therefore, the initials of the Medical Officer in the register of sale of medicines, may be taken as sufficient guarantee. That bills are issued for all prescriptions as entered in the prescription book. ( G.O. No. 449M. dated : 19.3.1910 ).

ix) Register of loan instruments, oxygen cylinders, etc.,

x) Register of miscellaneous recoveries (due from staff).

xi) Register of miscellaneous demands (lease of usufruct of trees, etc.,).

xii) Register of subscriptions and donations.

xiii) Poor fund account.

xiv) Patient's property register.

xv) Register of security deposits.

xvi) Register of fees charged for pathological and bacteriological tests.

(B) Stock accounts

i) Stock book of storable articles (diet articles), daily diet sheets and accounts.

ii) Stock book of furniture, crockery, etc., in wards.

iii) Stock book of furniture, crockery, etc., supplied to nurses' quarters.

iv) Stock book of linen.

v) Stock book of drugs and medicines, sera and vaccines and X-ray materials.

vi) Stock book of surgical instruments and appliances and stock book of other appliances.

vii) Stock ledger of office stores and furniture.

viii) Stock book of electrical and mechanical departments.

ix) Radium stock register.

x) Register of Books and Periodicals.

xi) Distribution register for non-consumable articles and equipment.

xii) Accounts relating to Blood Bank.

xiii) Stock register of raw materials for manufacture (in Mental Hospitals)

xiv) Stock register of manufactured articles, register of cash sales, personal ledger and bill books in Mental hospitals

xv) Stock registers of receipt books.

xvi) Register showing, transactions relating to "Entertainment and Sports Funds" (in respect of Mental hospitals).

**(C) Other registers**

- i) General breakage register, register of unserviceable materials and register of disposal of condemned articles.
- ii) Dhobi account.
- iii) Milk account and liquor account.
- iv) Register relating to daily expenditure of dietary articles:
  - a) Bedhead ticket.
  - b) Daily diet sheets of wards (Stewards diet sheet).
  - c) Daily consolidated diet sheets .
  - d) Diet Register.
- v) Register of sample diet articles sent to public analyst.
- vi) Service books, leave accounts of staff.
- vii) Measurement books (where maintenance works are undertaken)
- viii) Service Stamp Accounts.
- ix) Log books and Register of Ambulance.
- x) Register of recoveries from paying insanes (of Mental hospitals).
- xi) Register of Livestock, Tools and Plant (especially in respect of Mental hospitals).

**37.05 Process of audit:** The instructions for the checks of various registers and items contained in Chapter 4 should be generally followed along with the instructions given in the succeeding paragraphs.

**37.06 Check of receipts:** In examining the item of receipts, it should be ensured that ;

- i) the relevant registers mentioned above are maintained in accordance with the rules;
- ii) all items of receipt are accounted for under the right classification;
- iii) bills or receipts are issued for the recovery of demands on account of sale of medicines, diet charges, hospital stoppages and ward rent, etc.,
- iv) receipts are granted for all other collections such as subscriptions, donations and contributions;
- v) all collections are remitted into the Treasury (or Bank) without delay;
- vi) the recoveries of hospital stoppages, cost of special drugs, etc., are promptly made from the public and from Government servants as laid down in the Rules governing Medical Attendance and Levy of fees in Government Medical Institutions in Appendix-VII of the Civil Medical Code, Volume II.

NOTE 1: It should be ensured in respect of General and Medical Hospital Accounts, that the departmental reconciliation is conducted regularly with reference to accounts of our Office to guard against/detect in time cases of fictitious remittances into Government account and Certificates furnished to this Office. A test-check of remittances should be conducted by the field party as detailed in Chapter-4.

NOTE 2 : Any loss to Government due to short recoveries of hospital stoppages from paying in-patients on account of incorrect levy of fees etc., is to be made good by the officer or officers responsible.

NOTE 3 : Applications for reduction of hospital charges under Rule 38 of Appendix VII to the Civil Medical Code, Volume II, and the sanction accorded by the Director of Medical Services should be examined during local audit.

vii) Charges for the loan of hospital instruments and supply of hospital dressings to Medical officers in Government employ who are allowed to undertake private practice are recovered, as laid down in the Civil Medical Code;

viii) The prescribed fees for special courses of training in Government hospitals are recovered from trainees in accordance with the rules;

ix) the maintenance charges at the rates fixed in Appendix 18 of the Andhra Pradesh Financial Code, Volume-II, incurred on account of persons bitten by rabid dogs undergoing treatment at district headquarters hospitals are recovered from the local bodies of the area to which the indigent persons belong;

x) arrears outstanding at the close of a year are carried over to the subsequent year's register.

xi) the necessary sanction is obtained for the write-off of irrecoverable items;

xii) the recoveries towards the cost of quinine and cinchona febrifuge supplied to the local fund and municipal medical institutions from the reserve stock kept at the district headquarters hospitals are promptly made and brought to account;

xiii) whether all receipts entered in the register are brought into the cash book promptly and duly accounted for;

xiv) X-ray charges in the cases of all outpatients are recovered in accordance with the rules;

xv) prompt action is taken to enforce recovery from persons transferred to other offices or who quit service; and

xvi) action is taken to investigate losses, breakages, etc. of Government articles and that the cost is recovered from persons responsible for the loss or breakage and duly brought to account.

NOTE 4: Receipts to parties for money received as hospital stoppages or on other accounts in the hospital should be issued by the Superintendent of the hospital or by some gazetted officer authorised by him. Receipt should not be issued by any non-gazetted officer.

**37.07** Important points to be attended to in scrutinizing the main registers of revenue are indicated in the succeeding paragraphs.

a) Nominal register of in-patients, register of hospital stoppages and register of dietary charges: It should be seen whether -

- i) the columns in the Nominal register of in-patients are filled in completely as regards salary or income, designation, address, time and date of admission, discharge, etc;
- ii) steps are taken to verify the correctness of the income declared by or on behalf of the patients, in cases of doubt;
- iii) all cases of paying patients, entered in the Nominal register, are brought on to the register of hospital stoppages; advance collections of hospital stoppages charges are made with reference to the Civil Medical Code and connected executive orders on the subject in force;
- iv) recovery of stoppage, dietary and other charges are made promptly and in accordance with the rules;
- v) all receipts entered in the registers are brought on to the cash book promptly and duly accounted for;
- vi) the register of hospital stoppages is closed monthly and a statement of demand, collection and balance is drawn up;
- vii) arrear items are carried forward to succeeding months and special steps are taken for their recovery; and
- viii) the field parties should conduct a detailed and critical review of the arrears in collection of hospital stoppages. A few cases of heavy dues may also be taken up for a thorough analysis. The results of such review and analysis should be incorporated in the Inspection Reports to enable the Headquarters to consolidate and include a comment in Civil Audit Report. The para should interalia contain the following information.
  1. The demand, collection and balance position up to the end of last March clearly indicating the year-wise break up and the number of items and amount in respect of each year.
  2. The reasons for the arrears in collection of hospital stoppages may be ascertained from the department and incorporated in the paragraph. (Normally the hospital stoppages has to be collected in advance or at any rate before the discharge of the patients).
  3. Individual cases of heavy dues may be examined in detail and results included in the paragraph highlighting any lapse on the part of the department or lacuna in rules.

*(Circular No. 3 dated 26.4.1979 )*

- b) Register of fees charged for major operations and confinements:- The register is maintained in institutions where the recoveries are likely to be considerable. A check should be made to see whether –
- i) the assessment of charges is made correctly;
  - ii) recoveries are effected and brought on to the cash book; and
  - iii) amounts due are brought on to the register of hospital stoppages under the names of patients for prompt recovery;
- c) Register of fees charged for issue of costly drugs :- It should be seen whether -
- i) all drugs which come under the category of “Special and expensive drugs” with reference to Rule 29 of the Medical Attendance Rules are separately accounted for;
  - ii) issues to well-to-do patients in the general wards and to all patients in the special wards are properly recorded and that either full or half cost is recovered in accordance with the rules; and
  - iii) recoveries are promptly brought on to the cash book;
- d) Nominal register for radiographic and electrocardiographic examinations, etc., for new cases;-

Nominal register for electrical light, etc., treatment for old cases and register of paying patients – X –ray Department:-

The registers mentioned above are maintained in large institutions where the transactions in the X-ray Department are considerable. In other institutions, either consolidated registers are maintained or the amounts due are entered on the declaration forms themselves. The registers should be examined to see that –

- i) the charges are recovered at the rates in force as per orders of Government on the subject and the exemptions where made are in accordance with the executive instructions issued from time to time.
  - ii) the used up films requisitioned by the patients are charged for at the prescribed rates;
  - iii) the receipts are brought on to the cash book promptly; and
  - iv) the non-disposal of used X-ray films at regular intervals may be commented upon and it may be seen whether the sale proceeds realized have been credited to the accounts.
- e) Register of anti-rabic treatment: It should be seen that
- i) the column “occupation and income” is correctly filled, in all cases;

- ii) certificates of indigence are obtained in cases of non-paying patients;
  - iii) the amounts due from paying patients e.g., cost of vaccines plus telegram charges, if any, are recovered and brought on to the cash book; and
  - iv) the register is closed periodically and scrutinized by the officer concerned, to ensure recovery of all the amounts due to Government. (Vide rules in Appendix 18, Andhra Pradesh Financial Code, Volume-II)
- f) Register of loan of instruments., etc.: A check should be made to see that :
- i) charges are assessed as per rules for the loan of instruments, oxygen cylinders etc.,
  - ii) in the case of loan of oxygen cylinders, to ensure that,
    - a) a deposit as specified by Government is collected in advance.
    - b) a fee at the rate specified (for every 24 hours) is levied.
    - c) the cost of the gas and refilling plus railway freight and other incidental charges are collected.
    - d) the maximum period of loan is limited to 15 days

*(G.O.Ms.NO.3170, Health Department, dated:27th August,1953)*

- iii) the amounts due are realized and brought on to cash book.
- g) Register of miscellaneous recoveries (due from staff); This register shows the amounts due from the staff on account of :-
- i) loss or breakage of articles of crockery, instruments appliances linen, etc., as per details in the General Breakages Register;
  - ii) electric current charges and water charges from persons occupying Government quarters.

It should be examined whether –

- i) entries are made properly in this register in respect of the cost of articles broken, damaged or lost and ordered to be recovered from the staff;
- ii) monthly postings are made of dues on account of electric current and water charges;
- iii) recovery is effected monthly from the salary of the persons concerned, either by short deduction or in cash ;
- iv) cash recoveries are entered promptly in the cash book ;

- v) the register is closed periodically with a statement showing the demand, collection and balance, so as to keep a close watch on overdue items; and
- vi) prompt action is taken to enforce recovery from persons transferred to other offices or who quit service.
- h) Register of miscellaneous demands (usufruct of trees. etc.): - In institutions where there are fruit-bearing trees which can be leased out or where there are other sources of revenue as from cycle stand, canteen, shops, etc., a register of miscellaneous demands should be maintained in the following form:-

Name of the Institution	Description of source of revenue with details and number of trees, etc.	In what places situated.	Name of lessee
(1)	(2)	(3)	(4)

Period of currency of lease	Amount realisable	Amount realised	When realised and credited in the cash book	Remarks
(5)	(6)	(7)	(8)	(9)

Columns 4 to 9 may be repeated twice or thrice so that the same form may be utilized for 2 or 3 years.

The register should be examined to see whether entries are made in regard to all possible sources of miscellaneous revenue, whether leases are given out after conducting an open auction and whether the lease amounts are collected and accounted for promptly. The record of bids should be scrutinized carefully.

- i) General Breakage Register.

**37.08 Register showing disposal of condemned articles:** The Superintendents of Government Medical Institutions may auction obsolete and unserviceable articles and write off their value from the stock books. Only registered medical practitioners, including medical men in Government employ, should be allowed to bid for unserviceable surgical instruments or appliances and the acceptance of the highest bid for any such articles is subject to confirmation by the Director of Medical Services, Andhra Pradesh.

(Vide Item 10, Appendix 23, Andhra Pradesh Financial Code, Volume-II)

The Registers mentioned above should be checked to see that –

- i) prompt action is taken to investigate into losses, breakages, etc., of Government articles;
- ii) the cost is recovered from persons responsible for the loss or breakage and duly brought to account;
- iii) if the recoveries are to be effected from the staff, necessary entries are made in the register of miscellaneous recoveries; and
- iv) the unserviceable articles which have a sale value are sold to the best advantage of Government (by open auction etc.,) and the amount duly brought to account.

NOTE: The record of bids should be scrutinized carefully.

**37.09 Paying Patients Accounts:** a) The following registers should be checked in auditing the receipts : -

1. Admission register of patients.
2. Paying Patients register or Ledger.
3. Payward register.
4. Bill Demand Register or Bill Collection register.
5. Bill books.
6. Receipt books.
7. Cash receipt register (in hospitals where receipts from paying patients are small, these are entered direct into the cash-book.)
8. Register of refunds to patients
9. Operation register.
10. Register of patients property.

b) Paying Patients' register: The paying patients register should be checked with the corresponding entries in the Admission register for a month to see whether the names of all patients who occupy rooms or beds in paywards are entered in it. It should also be ensured that the charges collected are at the prescribed rates.

c) Receipts, from paying patients: The entries of payments to the Paying Patients register with the counter foils of receipts are to be checked to see whether the advance fees for 10 days payable on admission is realized. The payments are to be checked with the counterfoils of receipts and it should be verified whether all payments are duly entered in the Patients register. All collections shown in the receipt books are to be traced into the cash book, or the Cash Receipt register. In the latter case it should be seen whether the daily total is transferred to the cash book. The daily remittances of these receipts into Treasury as shown in the cash book are to be checked with the receipted Treasury challans.

- d) Dues from paying Patients : Bed-head tickets of paying patients are to be examined to check the date of discharge or death of a patient, the date of transfer of a patient from a paying to a non-paying bed with the entries in the Patients' register, and to see that any amount due from the patient upto that date is correctly noted in the register. It should be examined whether proper action is taken to realize all outstanding amounts due from patients.
- e) Examination of Payward ledgers: The Payward ledgers have to be examined to see whether recovery is made in respect of all rooms occupied by patients.
- f) Refund to patients of excess receipts : It should be examined whether the amounts refunded to patients agree with the excess shown as due to them in the Paying Patients register and whether the payee's acknowledgements are taken in the register of Refunds or in the case of payment by money order, the money order acknowledgements are preserved. It should be seen that, at the time of payment, the refunds are noted on the back of the counterfoil receipt against which the refund is charged and also in the Cash Receipt register or the cash book against the corresponding receipt item to prevent a double payment. The refunds are to be checked with the entries of payment in the cash book.

**37.10 Check of expenditure :** It should be borne in mind that

- i) all payments are supported by bills or acquittance rolls duly passed for payment;
- ii) all vouchers are duly passed by the Officer-in-charge and stamped, "Paid" after payment.
- iii) Payments to suppliers are correctly calculated with reference to the rates in the tenders or agreements, if any, and that special or unusual items of charges are supported by competent sanction; and
- iv) In the case of local purchase of medicines and appliances, the rates paid are comparable with those of the Medical Stores, or those stamped on the cartons under the Drugs Price Control Order and such purchases are resorted to only in cases of emergency and after getting no stock certificates from the Medical Stores Depot ;
- v) The requirements for a day are all covered by one indent for purchase and such purchase is within the powers conferred on the authority making the purchase, without recourse to placing the indents piece-meal;
- vi) In respect of machinery maintained, it may be seen whether an up-to-date history sheet is being maintained and all bills paid are entered therein so as to avoid double payment.

## 37.11 Expenditure connected directly with the diet of patients:

The system of supply of diet through kitchen is being replaced by the system of supply of diet through canteens in a phased manner by Government. The local audit party should ascertain the system being followed in the hospital visited and should apply the checks accordingly in auditing diet bills etc. Diet charges constitute one of the main items of expenditure in hospitals. The initial record is the bed-head ticket, which shows the food prescribed for the patient by the Medical Officer under his dated initials. The nurse records these details in a daily sheet in ink, initials the days entry and sends the sheet to the steward. The latter enters in ink the nurses sheets in a consolidated daily sheet wardwise. The total of this made up on the following day, is carried again into the diet registers which are initialled daily by the Medical Officer who should occasionally test their correctness by comparing the entries made in the Steward's Diet Sheets.

The ingredients, some of them supplied daily or otherwise by contractors and some of them from stores, are separately tabulated before they can be billed for. Perishable articles are thus separately recorded in a separate statement and the statement initialled by the officer preparing it and signed by the Medical Officer. In this statement are also entered issues to the kitchen and other special issues. The former consists of bread issued at the prescribed rate for the preparation of cutlets and ghee (scale to be worked out by liquid measure) for the purpose of frying. The monthly total of the daily issues to dispensaries and wards as shown in the book of perishables is also posted into this statement. The totals of these columns are agreed with the supplies made by the contractors and with the quantities entered in their bills. The rates charged are checked with reference to those fixed in the contracts.

NOTE:1: Articles of diet required for State Hospitals are obtained by contract.

*(G.O.Ms.No.41,Public, dated 16.1.1904 and No.1439 Public, dated 21.11.1913).*

NOTE:2: The annual requirements of dietary articles of each financial year are to be assessed sufficiently in advance, during the last quarter of the previous financial year so that tenders are invited for supply and contracts entered into after their finalisation. Items like Rice, Wheat and Sugar may have to be obtained on permits issued by the Collector. Provisions like pulses, etc., are to be obtained from Co-Operative Stores (Sponsored by State or Central Government).

Requirements like eggs, fish, ice, milk, ghee and chicken are to be obtained from Government institutions. Items that could not be obtained as mentioned above, have to be obtained through contracts. The tenders received in this regard in respect of District level hospitals/Taluk and lower level hospitals are finalized in the Office of Director of Medical and Health Services/District Medical and Health Officer though action is initiated in those respective institutions. The institutions have to notify the invitation of tenders by circulation of notices in business localities, public offices and through

beating of tom-tom, etc. The comparative statement together with tenders received, particulars of earnest money deposited, income-tax clearance certificates, solvency certificates have to be forwarded by the institution to the finalizing authority for acceptance of one of the tenders in consonance with the provisions of the A.P., Financial Code and other executive orders issued from time to time. During the inspection of the accounts of the Director of Medical and Health Services, tenders should be scrutinised by the Inspection Party and deviation from the prescribed procedure and action of department resulting in loss to Government through uneconomical contracts, etc., should be commented upon. During the local inspection of the Institutions acting upon the contracts, it should be verified inter-alia, whether there is any default on the part of the contractor in executing the contract, such as delays in supply and on the part of the department as paying rate higher than that agreed to in the contract and other irregularities resulting in avoidable expenditure to Government and they should be commented upon in the report establishing them by support of full data ;

NOTE 3 : Samples of diet like bread, butter, milk, gingelly oil, ghee, coffee powder, dal, coconut oil will have to be sent to the examiner/Government analyst atleast once in a month.

The A.P. (Madras) Medical Code (Part I-Appx.XVII-Rule 15 lays down thus ;

If a sample does not confirm to the standard prescribed or is reported to be adulterated, it should be followed up by sending weekly samples. The contractor should be apprised of the unsatisfactory nature of the supply and of the action proposed to be taken under clause 9 of the agreement. If three consecutive samples are reported to be unsatisfactory or adulterated, action should be taken to terminate the contract. A register in the form prescribed (in the A.P. (Madras) Medical Code) should be maintained for sending samples to analysis, watching their reports and for taking action against the Contractors.

During the local audit, it should be verified whether action is taken by the institution as required above.

NOTE 4 :- The behead tickets are required to be written up daily and legibly. Where no extras are ordered, the blank columns should be scored through and the sheet initialled on the date the patient is discharged or on the last day of the month.

NOTE 5 :- For rules regarding the purchase of dietary articles for State Hospitals and agreements with contractors for such supplies, see Appendix VI of the Civil Medical Code, Volume-II.

NOTE 6 :- It should be verified in respect of accounts of Mental hospitals, that the produce harvested in Mental hospitals fields by the insane is also brought to account as receipts in the stock register of diet articles, to the extent it is reserved for such use as against for sale outside.

NOTE 7:- Each diet is calculated from 6 A.M. on the day of the order to 6 A.M. of the next day in all Hospitals. (Vide S.Gs letter No.24-G,dtd.7<sup>th</sup> May,1927).

NOTE 8:- The full particulars of permissible limits for diet costs, etc., are given in the Annexure I (a), (b) & (c).

NOTE 9:- Diet will be served at their beds to non-ambulatory patients as at present. The inpatients in the hospitals who are green ration card holders and other poor patients at the discretion of the Superintendent and other duty Medical and Surgical Officers will be given diet free of charge. Other patients will be supplied diet on payment basis. Those patients who make their own arrangements to get their food from outside the hospital will be permitted to do so by the Superintendent of the hospital.

The Superintendent of the hospital is permitted to prepare and issue coupons to the inpatients duly marking them into two classifications – one for “free supply” and the other for “on payment basis”. The Staff Nurses incharge of the wards will be authorised by the Heads of the Institutions to keep the account of the coupons issued for free supply and also on payment basis. The accounts branch of the hospital with the assistance of the Dieticians prepare the accounts at every week end.

The rates approved in G.O.Ms. No. 538 H & M (CI), dated 3.9.1983 will be made applicable for supply of diet for free patients and the Superintendent of the hospital will make payments as often as is required.

The contractor should arrange to prepare food according to the specifications of the Dietician and supply to the patients and Doctors. The diet will be prepared as per the specifications given by the hospital authorities and it will be same in quality and quantity for free patients and paying patients for a given specification of diet. He will make arrangements for serving diet either in the dining halls or in the dining space in each ward. For non-ambulatory patients in the hospital, the diet will be served at their beds. An amount prescribed by Government to each free patient/Doctor on an average will be paid to the contractor every week. The Superintendent of the hospital will fix the rates to be charged for paying patients.

Diet Rules:- For instructions to Medical Officers regarding the dieteric management of the sick, Part XIV of Appendix VI to Civil Medical Code, Volume II may be referred.

At the beginning of each financial year, the cost of each kind of standard diet should be calculated for each institution with reference to the accepted tender rates for the year and communicated to the Director of Medical Services and to this office.

NOTE 10 : The diet scales are applicable to all hospitals in the State except Mental hospitals and in the case of latter hospitals only to “Hospital” patients.

The daily abstract of diets should be kept separately for each day of patients. Separate abstracts should also be maintained for several classes of special wards. It should contain the following particulars.

1. The number of patients dieted on standard diet and the number dieted on extras classified according to the respective classes.

2. Actual cost of diet for the day i.e., the cost of standard diet plus the cost of extras and permissible limits for the day.

This is worked out by multiplying the number of patients dieted under each class by the cost of diet of that class calculated with reference to accepted tender rate and the total cost thus worked out to several classes of diets is the permissible limit for each day. The actual cost of diet referred to in (2) above should not exceed the permissible limit.

The comparison of the actual expenditure with the permissible limit both daily and monthly is necessary to ensure an effective check over the expenditure on diet in Government hospitals.

It should also be seen that special reports are made to D.M. & H.S. wherever the average monthly expenditure exceeded the permissible limit (G.O. 2008 P.H.dt.15.8.1930).

**37.12 Diet charges :-** The scrutiny of diet charges should receive very careful attention. All the checks and scrutiny which can be applied with efficiency in Central audit should be applied in it. Audit with reference to the scales of diet and the number of patients is to be effected by field staff. A test check of rates claimed in bills with the tendered rates may best be done by the field staff.

It should be examined whether –

- i) the daily requirements of diet articles indented for are in accordance with the entries in the bedhead tickets ;
- ii) the articles of diet supplied by contractors are checked daily (both for quantity and for quality) and passed by the Medical Officer ;
- iii) the articles like bread, ghee, oil, etc., are sent periodically for analysis by the Government analyst and action taken thereon.
- iv) the actual cost of each class of diet does not exceed the permissible cost (vide Annexure I and that in cases where it exceeds the limit, a report is made to the Director of Medical Services and his sanction to extra expenditure is obtained ; and
- v) in the case of supply by contractors, the original and supplementary indents, bearing the acknowledgement of the receiving officer are duly surrendered with the monthly bills, not only in support of the quantities billed for but also to prevent double claims and that they are duly cancelled after the bills are paid.

### **37.13 Quantum of check of diet accounts :-**

**A City Hospitals :-** One month's diet accounts of the General Hospitals are locally test-checked. The month of account for test-check is selected by the Branch Officer of the audit section concerned. Ten per cent of the entries in the bedhead tickets should be traced into the diet rolls..

Perishable articles in the ingredient sheet must be traced into the perishable articles statement. The entries in the latter statement must be traced into the bills of the supplier and the rates charged, checked with the contract rates.

NOTE :- Such articles as are not obtained daily but are purchased departmentally whenever needed should be excluded from the statement of perishable articles and shown in a separate departmental register kept for the purchase.

**B) Other Hospitals :-** The nominal register of patients dieted should be examined to see that the number and class of diets given agree with those charged for in the bills. When diets are obtained through contract at fixed rates, the diet bills should be checked with reference to the rate sanctioned for each class of diet. The bills should be checked with reference to the number, quantity and rate of the diet supplied. It should be seen that the stock register bears evidence of check by the Medical Officer incharge.

NOTE: - The diet accounts for one month and the connected registers should be examined on the same lines as laid down for the audit of the diet accounts of the City Hospitals.

**37.14 Stock accounts :-** In addition to the audit of receipts and expenditure, the stock accounts mentioned in the succeeding paragraphs have also to be checked as indicated therein.

**37.15 Stock Book of Diet Articles:-** The receipt entries in the stock register should be checked with the details furnished in the paid contingent vouchers of the hospitals concerned. The monthly totals of the issues of the various articles entered in the stock register should be checked with the totals given in the ingredient statements.

The stock accounts maintained in the hospital should be checked to see that -

- 1) the articles purchased are entered in the respective registers and are duly accounted for ;
- 2) the registers bear evidence of check by the Medical Office-in-charge, at fairly frequent intervals ;
- 3) the issue to kitchen of diet and other articles like firewood which are made according to a prescribed scale agree with the quantities actually consumed ; (If large savings are noticed systematically, a revision of the scale should be suggested if the circumstances justify such a course); and
- 4) the stock books contain indication of regular verification of the stock.

**37.16 Expenditure on linen, ward furniture, etc., :-** As regards expenditure on linen, it should be seen that -

- i) the contractors' bills are based on the indents with the Director of Medical Services sanction recorded on them, and that the articles purchased are entered in the respective stock accounts and properly accounted for ;
- ii) the stock of linen is verified periodically by the Superintendents of the hospitals or their nominees and a certificate of verification is furnished ; and

iii) the recoveries ordered, if any, for the linen lost are effected from the person responsible for the loss or their value written off under proper authority.

NOTE:- Wherever there is a dhobi establishment attached to any Government hospital, the uniforms of nursing orderlies employed therein should be washed by those dhobis, the necessary washing material supplied to them as in the case of other Government linen i.e., from contingencies. No separate payment should be made to the dhobis for this work

(G.O.Ms.No.2143, P.H.dated:14.6.1939)

**37.17 Stock accounts relating to furniture and crockery (supplied to wards) etc:** As regards furniture and crockery supplied to wards, etc. it should be seen that -

- 1) all the articles returned from the wards as unserviceable or requiring repair or replacements are entered in the disposal register and that the Medical Officer's orders regarding their disposal recorded;
- 2) if the orders of the Medical Officer are to the effect that the articles should be auctioned, that they are entered in the auction register and subsequently sold and the sale proceeds credited in the cash book ;
- 3) the articles sent for repairs are repaired and brought on to the stock book again ;
- 3) necessary recoveries are effected from persons responsible for articles broken or lost through neglect ;
- 4) the articles purchased do not exceed the number condemned unless there are specific reasons for the same.
- 5) the date of the contingent bills in which the cost of the articles purchased is included and the initials of the Medical Officer are given in the columns provided in the disposal register; and
- 6) the stock is verified once a year by the Superintendent or his nominee and the results recorded.

**37.18 Stock accounts of furniture, crockery, etc ., supplied to Nurses :-**

A standard scale of the furniture and crockery is fixed for Nurses' quarters in all hospitals. It should be verified in audit that this scale is not exceeded. It should also be seen that the cost of furniture supplied to Nurses' quarters does not exceed the monetary limit prescribed by Government from time to time and that cost of their subsequent replacement is within the financial limits laid down in Appendix 23 to A.P.F.C. Volume.II.

Nurses in Government employ are supplied with cooking utensils subject to certain limits if common messes are run by them. They are also given an allowance to meet the expenditure on the employment of servants for running the common mess. The limits fixed should be ascertained locally and the accounts of actual supplies checked against the same.

**37.19 Stock account of linen :-** It should be examined whether separate registers are maintained for (a) the total stock of linen in the institution (b) the reserve stock and (c) the stock kept in the wards, etc. It should be seen that

- i) the total stock is not in excess of the actual requirements as judged from the linen in use and that kept in reserve and their recoveries are effected in respect of any linen lost.
- ii) As per the provisions of Para 539 of H.S.O .the stock of linen of each variety to be maintained will be the number arrived at on the basis of daily number of inpatients treated during the year with an addition of 10% to meet unforeseen circumstances. The stock of linen maintained may be scrutinized and excess stock, if any commented.
- iii) As per the delegation of powers contained in Appendix 23 of APFC Volume II the head of the medical institutions are competent to write off the condemned linen upto a value of Rs.500 every time. It may be checked whether the linen condemned is within the powers of authority who ordered the write-off and whether it is being done at regular intervals.

**37.20 Stock accounts of drugs and medicines :-** The stock accounts should be checked to see that -

- i) drugs etc., obtained from the APHMIDC/Medical Stores Depot on annual and supplemental indents and by local purchase are promptly entered in the register ;
- ii) the issues are supported by indents in the proper form and are duly acknowledged ;
- iii) the issues are attested by the Officer-in-charge of the stores ;
- iv) the indents for fresh stock are not made as a matter of routine but are based on actual requirements, as may be evidenced by the average for many previous months.
- v) in cases where sub-stores are formed, the daily issues from the sub-stores are properly accounted for and the stock in the sub-stores is checked periodically ;
- vi) separate registers are maintained for costly drugs, so that the issue of drugs is duly noted in the prescribed register ;
- vii) proper registers are kept in the wards for recording the quantities of medicines and drugs received from the stores and for watching their utilisation ;
- viii) the quantities as per the ward indents kept in the stores agree with those noted in the copies of indents kept in the wards.
- ix) the main stock is checked at least once a year and certificates of verification recorded in each of the registers concerned ; and

x) the non-disposal of empty containers at regular intervals may be commented upon and it should be seen that sale proceeds realized have been credited to the accounts.

NOTE :- a) City Hospitals:- Twenty per cent of the issues of medicines should be traced into the ledgers.

b) Mofussil Hospitals:- Fifty per cent of the entries of receipt in the stock books should be checked with those in the annual and supplementary indents or vouchers in the case of local purchases. In regard to issues, ten per cent of the entries in the stock books should be checked with those in the indents.

c) Whenever transfers are made to Family Planning unit, values of each transfers are debited to Family Planning unit.

**37.21 Stock accounts of Sera and Vaccine :-** Apart from the checks on the lines indicated above, it should also be seen :-

i) whether, in the case of sera, the date of expiry of their potency is noted in the remarks column of the register so that the stock is not kept unused beyond the prescribed date.

ii) whether any appreciable stock is kept unused beyond the prescribed date, resulting in loss to Government; and

iii) whether recovery of cost is effected from paying and well-to-do patients, where necessary.

**37.22 Stock register of receipt books :-** It should be verified whether the receipt books received from the press are taken correctly as receipts, that a proper account of their distribution to the various branches of the hospitals is maintained, mentioning the book number and the commencing and ending serial numbers of the receipt foils, etc., and that used up books are also accounted for separately. It should also be examined whether the acknowledgement for handing over the receipt to the payee is obtained on the reverse of the counter-foil mentioning the amount actually paid, in words and figures.

**37.23 Stock accounts of surgical instruments and appliances etc. :-** The surgical instruments, appliances, etc., of a hospital stand distributed in operation theatres, wards, out-patient departments, etc., and persons in charge of the latter (i.e., theatre, ward, etc) are held personally responsible for their security. All instruments, etc., so distributed are treated as issues in the main ledger (showing the ward, etc., to which the supply has been made ) and the entries thereto are attested by the issuing officer.

A list of surgical instruments, appliances etc., prepared for each such location (operation theatre, ward, etc) by the issuing officer, is made over to the officer responsible for the custody of the articles. When new articles are issued or when old ones are withdrawn, necessary alteration in the list is made by the issuing officer only (and not by the officer-in-charge of the articles) over his dated initials. Thus the security of the articles distributed over several places is ensured and responsibility is also fixed in regard to the articles at each place.

The stock accounts (main) should be generally checked to see that the articles received on annual and supplemental indents and by local purchase are duly brought to account and that acknowledgements signed by the Ward Assistant Surgeons, etc. are available in support of all issues to the wards, operation theatres, etc.

It should also be seen (a) whether the stock in the main ledger has been verified annually by the Head of Office (b) whether the stock standing distributed in the several places (operation theatres, wards, etc) is verified by officers not connected with the custody of the articles (c) whether the verification of the stock at all the places is done simultaneously and not on different dates, and (d) whether the certificates of verification is duly recorded in the register and lists under the dated signatures of the officers entrusted with the work of verification.

NOTE 1:- In the case of mofussil hospitals, fifty per cent of the entries in the stock books should be checked with those in the annual and supplemental indents or vouchers in the case of local purchases. In regard to issues, ten percent of the entries in the stock books should be checked with those in the indents (AG's orders dated. 14.8.1937).

NOTE 2 :- The Heads of Medical Institutions in the State are permitted to obtain supply of surgical instruments directly from Surgical Instrument Plant of the Indian Drugs and Pharmaceuticals Ltd., Madras, without the medium of Medical Stores Depot, subject to the conditions that these purchases should be made within the financial powers delegated to the Heads of Medical Institutions, and subject to availability of funds.

The instructions issued in G.O. Ms.No.149, Finance (B.G), dated 31.8.1967 regarding regulation of release of budget provision and 10% savings should be followed while implementing the orders in Part I above.

*(G.O.Ms.No.1879, Health, dated 4.11.1967 of Government of Andhra Pradesh (H.H & M.A. Department), circulated in Cir.No.D.A.D./Civil/VI/Misc/67-68/35, dated 23.12.1967-File Misc.67-68 of Unit VI O.A.D./Civil/Headquarters.)*

**37.24 Use of drugs after expiry date :-** In order to have an accurate idea about the usefulness or otherwise of the medicines lying in the stock at any given time, it is considered necessary that the expiry date of each drug should be watched carefully. A mention of the date of expiry of the drug in the stock register should be made as and when the stocks are received and entered. A separate column is required to be opened in the stock register for this purpose. The concerned officer-in-charge watches the expiry date of the drug and sees that the drug should be used before the expiry date. Wastage through unused drugs rendered ineffective due to efflux of time should be brought to light during audit, analyzing the reasons therefor, such as incorrect estimation of requirements, etc.

*(Circular Memo No.Rc.No.116257/M.S.A/68, datte20.7.1968 from the Directorate of Medical and Health Services – Circulated in Circular No.O.A.D./Civil/VI/38-6/67-68/23, dated -9-1968, File No.38/6/67-68 of Unit VI OAD./ (Civil)/Hqrs)*

**37.25 Stock account of Radium :-** The following registers are prescribed in this connection .

- 1) Radium, if any, should be taken to Stock Register in Form A, showing the quantity of radium in stock, the quantity purchased from time to time with prices, the quantities issued for remarking and repairs and quantities received back after repairs and the quantities received back after repairs and remarking.
- 2) Radium diary in Form B, showing particulars of applications received from day-to-day for issue of radium for treatment.
- 3) Radium issue register in Form C, showing quantities of radium issued, the officer to whom and purposes for which they are issued and the dates of receipt of the radium issued.
- 4) Daily check book in Form D, showing at a glance the location of all radium containers.

In addition to the general checks prescribed for audit of stores and stock accounts, it should be seen in local audit that

- (i) arrangements made for the safe custody of the stocks of radium are satisfactory ;
- (ii) the stock in the radium-safe are checked once a month by the Superintendent of the hospital and a certificate to the effect is recorded in the stock register ;
- (iii) the actual stock of radium in the hospital is verified annually by the Superintendent with entries in the stock registers and daily check books and a certificate of verification furnished to the Director of Medical Services annually on the prescribed date;
- (iv) the procedure prescribed for the issue of radium is observed strictly ; and
- (v) the entries in subsidiary registers in Form D-1, Form G, Form-H and Form-I prescribed are duly correlated .

**37.26 Stock register of bill books :-** It should be seen that all books printed and supplied are entered in this register and all those issued are properly accounted for.

**37.27 Patients' property register :-** The register should be examined to see that –

- i) it is maintained in two parts (a) cash and (b) other properties ;
- ii) cash deposited by or on behalf of patients is immediately entered in the register and remitted into the Bank or the Treasury to the credit of the personal deposit account and when claims for refunds are made, amounts are withdrawn from this account and returned after necessary entries in the register ;
- iii) proper acknowledgements are obtained for the return of jewellery, cash,, etc., deposited by patients ;

- iv) in the case of deceased patients the property is forwarded to the Magistrate concerned for disposal;
- v) the register is closed periodically to see that items pending disposal are cleared off ; and
- vi) reconciliation of the cash balances as per register is made periodically with the figures in the pass book.

**37.28 Milk account :-** It should be seen that the supplies are recorded in the prescribed register as soon as they are made and that specific gravity of the milk supplied is also noted and the bills are passed with reference to entries in this register and the quantity of milk supplied. Any quantity short supplied should also be noted in the register to enable the difference, if any, between the contract rates and the higher rates of local purchases being deducted from the contractor's monthly bills.

- ii) Consequent on the setting up of Integrated Milk Projects, milk is generally supplied to the hospitals by I.M.P. The daily milk account may be scrutinized with the suppliers bills and any deficiencies pointed out. Transactions of atleast 10 days selected at random and falling within the period covered by local audit should be cross checked with number of patients shown on record as having been served milk.

**37.29 Liquor account and ice account :-** These should be checked to see that receipts and issues have been attested by a responsible officer and that the cost, if any, recoverable for supply to paying patients, hospital staff, etc., has been duly recovered and brought to account.

**37.30 Register of sample diet articles sent to Public Analyst :-** i) It should be seen that in the event of the quality of articles supplied by a contractor being below the requisite standard in three successive tests, the prescribed compensation is asked for or the rate for the supplies is reduced according to the terms of the contract.

- ii) As per the provisions of G.O.Ms.NO.10, Health, dated 4.1.1971, all Medical Officers are required to arrange for the proper check and analysis of all articles supplied by Co-operative Department and private suppliers before taking delivery of them. It may be ensured that samples are sent to Government analyst for analysis at stipulated intervals and any omissions brought out in the report.

**37.31 Tenders and agreements :-** It should be seen that the supply of diet and other articles and other services to the hospitals had been arranged by calling for tenders, that the lowest tender has been accepted and that, in cases where tenders other than the lowest have been accepted, sufficient reasons have been recorded by competent authority. The agreements based on such tenders should be called for and examined to see that they are in order and that the terms thereof are being duly observed. In cases where a contractor has failed to supply articles and local purchase has been resorted to, it should be seen that the loss to Government is made good by the contractor.

In the case of articles, the prices of which have been controlled by Government, it should be seen that the contract rates for the supply of such articles conform to the controlled rates and that payments are not made in excess of controlled rates in force from time to time. If a purchase is made at a rate in excess of controlled rates, audit may insist on Government sanction being obtained in ratification.

**37.32 Ambulance log book and petrol account :-** The log book should be scrutinised to see that journeys have been authorised by the Resident Medical Officer and that recovery of charges have been made and brought to account, wherever due. The petrol account should be checked to see that all purchases have been brought to account and that the average mileage of the van is indicative of proper use of the petrol without wastage or leakage. It should also be seen that the above registers are periodically reviewed by a responsible officer so that an effective control is exercised on the journeys and consumption of petrol. For detailed rules framed by Government please see Annexure II.

**37.33 Register of bills (drawn on the Treasury or Bank), Acquittance rolls, Register of undisbursed pay and allowances :-**

In addition to the usual checks prescribed for the above registers, it should be seen that the amounts representing the undisbursed pay and allowances of staff are not merged with the other categories of cash (hospital stoppages, patients' property, poor fund, etc) and that undisbursed amounts of over three months are remitted into the Treasury or adjusted by short drawal in the next bill.

**37.34 Service books, leave accounts:-** The service books should be checked to see that entries have been made therein then and there and duly attested by the competent authority, the quinquennial attestation by members have been duly made and that the leave accounts are maintained correctly. The prescribed percentage of leave accounts should also be checked.

**37.35 Poor fund accounts:-** These accounts should be test-audited by the inspecting staff during the inspection of the hospital accounts. The funds are supported entirely by voluntary subscriptions and are intended to be utilized for increasing the comfort and well-being of poor patients in the hospitals.

It should be seen in local audit that separate accounts are maintained for the fund and that the receipts and expenditure are accounted for correctly in accordance with the rules of the fund.

NOTE:- Other personal deposit accounts opened in the name of the Heads of Offices should also be scrutinized as in the case of cash property accounts.

**37.36 Stock register of raw materials for manufacture in Mental Hospitals:-** The receipts should be checked with the supplier's bills or invoices and in regard to issues, it should be seen that they are supported either by the receipt of converted raw materials in the same register or by the receipt of manufactured articles in the separate register maintained for them.

In checking the correctness of the manufactured articles received against the issues of raw materials, the approved scale for conversion, if any, should be consulted.

**37.37 Stock register of manufactured articles in Mental Hospitals :-** Most of the receipts would get checked while checking account of the issue of raw materials. It should also be seen that the purchases, if any, of manufactured articles as shown by the contingent register are similarly brought on to this register. The issues are either by sale or by appropriation for the use of insanes. In the case of sale, it should be seen that -

- i) if the sale is for cash, the sale is supported by a cash receipt for the price paid ;
- ii) if the sale is for credit, it is supported by a bill for a price and by the necessary entry in the personal ledger.
- iii) credit sales are confined to well-known persons ;
- iv) reference is entered against the issues to the numbers of the receipts of bills, as the case may be, and ;
- v) the prices at which the articles are sold are approved by the Superintendent and are not below the cost price. In the case of issues to the insanes, it should be seen that they are not in excess of the sanctioned scale .

**37.38 Personal ledger and bill books in Mental Hospital accounts :-**

These undergo scrutiny partially while the stock register of manufactured articles are checked. It should be seen that the amounts relating to credit sales are realized without delay and that reference to the number and dates of receipts are given both in the ledger and the bills. It should also be seen whether the outstanding items are brought to the notice of the Superintendent by the preparation of a list from time to time.

**37.39 Register of cash receipts in Mental Hospitals:-** It should be seen that-

- i) the collections according to the counterfoils of receipts are promptly brought on to this register on the very day of collection ;
- ii) the receipts are classified under the correct heads of account;
- iii) the daily and progressive totals are correct;
- iv) no portion of the receipts is used for expenditure ;
- v) the collections are remitted into the Treasury at frequent intervals; and
- vi) the receipted challans of the Treasury are carefully filed by the Department.

NOTE: Remittances for 2 months should be checked.

**37.40 Register of recoveries from the paying insanes :- With reference to this register; it should be seen that-**

- i) the names of all the insanes who are to bear their maintenance charges as seen from the papers relating to new admissions during the year are entered;

NOTE: Whoever signs, in order for admission of an insane into the hospital, is required to report to the Superintendent as to who should bear the maintenance charges and at what rate. When no such report is made, it is the duty of the Superintendent to institute enquiries on the point soon after admission.

- ii) the recoveries of fees, etc., in these hospitals are made with reference to the rules prescribed in Appendix-VII to the Civil Medical Code, Volume – II.;

NOTE: Applications for reduction of hospital stoppages under Rule 18 of Appendix-VII to the Civil Medical Code, Volume,II and the sanction accorded by the Director of Medical Services should be examined during local audit.

- iii) the dues are promptly realised by timely issue of bills and reminders ;  
 iv) the collections are promptly credited in the register of cash receipts; and  
 v) in cases where maintenance bonds are taken by magistrates from the relatives or friends of the insanes not belonging to this State, the prescribed minimum scales of charges are adopted.

#### **37.41 Register of livestock, tools and plant in Mental Hospitals :-**

The receipts should be checked with the bills or invoices and it should be seen that the issues are properly accounted for. It should be seen whether a quarterly verification of the stock was made as required by the provisions of the Mental Hospital Code.

#### **37.42 Insane's private property book :-** It should be seen that–

- i) the items of property belonging to insanes admitted during the year are all entered in the register ;  
 ii) acquittances are obtained for the property returned during the year ; and  
 iii) a periodical verification of the outstanding property is made from time to time and that a certificate of verification is recorded over the dated signature of the verifying authority.

**37.43 Register showing the transactions relating to “Entertainment and Sports Fund” in Mental Hospitals:-** The register is intended to see that the expenditure under this head does not exceed the limit fixed by Government. The accounts relating to the receipts and expenditure of private contributions are maintained in ledger form C.F.144.

At the time of local audit, the vouchers in support of the expenditure from this fund should be obtained from the Central Audit Section and subjected to check with the entries in the registers maintained. It should also be seen during local inspection that no expenditure is incurred from Government moneys when funds are available in the private contribution account.

NOTE : The funds constituted for each hospital consists of Government contributions and public subscriptions. Amounts whether public subscriptions or Government contributions which are not spent in a year remain part of the fund and are available for expenditure in the subsequent year.

NOTE: The Government contributions at a specified rate to the Mental Hospital, Waltair, only.

**37.44 Stock register of clothings:-** The following checks should be exercised to see that;

1. all new clothing articles shown as received agree with those shown in the bills of contractors in the case of cloth purchased ;
2. every issue for use in the ward is supported by requisition slip signed by a Medical Officer. (The issue shown therein should be checked with the entries about articles shown in the requisition slip)
3. there is an acknowledgement on the reverse of the requisition slip of the person to whom the clothing is supplied for use in the ward ;
4. the issues for use in the ward agree with the entries of receipts in the ward register ; and
5. all unserviceable articles are properly and promptly written off.

**37.45 Accounts relating to bread making unit, washing machines :** In some general hospitals, e.g., Guntur General Hospital, a bread making unit is being maintained and bread required for the patients is being manufactured. The production account may be scrutinised and any defects pointed out. Similarly, washing machines are maintained by the hospitals for washing linen etc., as in Kurnool General Hospital. The efficient utilization of machinery may be examined and comments made.

**37.46 (A) Purchase of medicines and drugs for supply to Government Hospitals :-** The Director of Medical and Health Services, Andhra Pradesh, Hyderabad finalises in accordance with the conditions laid down by Government in this regard with the assistance of the members of the Drug Selection Committee appointed by the Government of Andhra Pradesh, the list of items of drugs/medicines required in the Medical Institutions in the State and enters into the contract with manufacturers or their authorised distributors. The Direct Demanding officers (i.e. Superintendents, D.M.H.O's and Medical Officers-in-charge of Hospitals and Dispensaries) place orders on the rate contract firms within their financial powers and whenever the cost of their indent exceeds their financial powers they should obtain the sanction of the higher competent authority. In respect of certain items of medicines as specified by Government from time to time rate contracts have to be entered into with the Hindustan Antibiotics, Pimpri and the Indian Drugs & Pharmaceuticals Ltd., Hyderabad. It is not necessary to place indents with the Medical Stores Department, Hyderabad in respect of approved rate contract items. They are to be secured directly from the approved rate contract firms. But the indents for these items which are not available under rate contract but are available with M.S.D. can be placed with the M.S.D. only on specific orders of respective Directors (G.O.Ms. NO.5617 H.M. & F.W. (C1)

dt.23.11.88). The Direct Demanding officers have however to scrutinize the indents before hand to ensure that no medicines of equal therapeutic value available under rate contract are included therein.

In respect of narcotic drugs like Morphine and Pethedine, the indents should be placed with M.S.D. and if it fails to supply the indent within 30 days from the date of receipt of indent, the Direct Demanding officers may obtain the same from the approved firms under rate contract. The rate contracts are current for one year from the date of finalisation of the contract. The rates should hold good during this period and no increase in rates on any account during the currency of the contract is allowed. The rates are inclusive of all taxes except Sales Tax/VAT. They must be per unit in the metric system and must include all charges for original containers, packings etc. The prices are not to exceed the maximum wholesale price as per Drugs (Display & Control of Prices) Order 1966. Rates are to be uniform and not graded by the quantum of orders destination. Sales-Tax/VAT in respect of supplies from outside the State should be in correlation with 'D' form provided by the indentors. Rates should be FOR destination of any Railway Station in A.P., free postal delivery or free delivery at the institution if the supply is by a local contract firm. The rate contract firm is required to supply the stores within the time stipulated which is four weeks from the date of the order unless otherwise stipulated in the indent. On failure to do so, the Direct Demanding Officer reserves the right to purchase such stores in the local market and additional expenditure incurred has to be borne by the indentees under contract. During the local audit of medical institutions it should be verified whether purchase of drugs conforms to the prescribed procedure and conditions detailed above. During the audit of the accounts of the Directorate, it should be ensured that the procedure of inviting tenders and entering into rate contracts as prescribed by Government is properly adopted without giving scope for avoidable expenditure.

*(G.O.Ms.No.1477 Health Dated.22.6.1968 read with Government Memo No.824/ccl/68-8, Health, dated 7.11.1968).*

The Superintendents/D.M.H.O's should not make local purchase of medicines and drugs already included in rate contract or others of equal therapeutic value except with the special permission of the Director. It should also be verified that discounts, concessions and the like offered at the time of contract are actually allowed at the time of supply by the contracting firms.

**(B) Supply of medicines to Primary Health Centres :-**

An amount specified by Government is placed every year by the Director of Medical & Health Services, at the disposal of the District Medical & Health Officers, in respect of each Primary Health Centre in their jurisdiction, for supply of medicines. The procedure prescribed under rate contract should be followed in the purchase of medicines. To place indents with the M.S.D. for such items as are not covered by rate contract, specific orders of respective Directors should be obtained. Items not covered by either M.S.D. or rate contract have to be supplied by the District Medical & Health Officer through local purchase following the procedure of quotations. Failure

on part of the M.S.D to supply within a period of sixty days from the date of receipt of indent should be observed to be the inability of the MSD. To meet the requirements local purchases are to be effected by the District Medical & Health Officer without waiting for "No stock Certificate" from the former. The indent or the portion thereof which is not supplied by the Depot within the stipulated period of 60 days stands automatically cancelled. Expenditure in excess of the prescribed limit has to be met from the general funds of Panchayats. In respect of all orders for supply of medicines to P.H. Centres, the indent should stipulate that the medicines should be sent direct to the Medical Officers of the P.H.Cs together with 3 copies of the bills therefor. On receipt of consignment the Medical Officer of the Centre is required to verify the contents and send two copies of the bills with stock entries recorded thereon to the D.M.& H.O. for arranging for payment. The third copy is to be kept on the record of the P.H.C. During local audit it should be verified inter alia, whether the supply of medicines conforms to the above procedure.

*(G.O.Ms.No.26, H.H.&M.A., date 8.1.1968 & Circular memo No.63351/MSA/70, dt.6.4.70 of the D.M.S.)*

## SECTION II

### INDIAN MEDICINE DEPARTMENT.

**37.47 Indian Medicine Pharmacy :-** The activities of this pharmacy constitute purchase of raw materials (including gold, silver, etc.), preparation of medicines (Ayurvedic and Unani) and supply of the same to Government dispensaries. The pharmacy is in-charge of two Medical Officers, (one for Ayurvedic and the other for Unani medicines). The checks prescribed in respect of General Hospitals should be observed generally with special reference to the purchase of raw materials and production and supply of the medicines.

**37.48 Nizamia General Hospital :-** The hospital is attached to the Government Ayurvedic and Unani Colleges of Indian Medicine. The general checks applicable to General Hospitals apply-mutatis mutandis.

**37.49 Audit Report :-** The audit reports on the accounts of the hospitals (excluding the hospital attached to the Department of Indian Medicine) should be sent to the Superintendents of the hospitals concerned, with copies forwarded direct to the Director of Medical Services. The report on the accounts of the Nizamia General Hospital should be sent to the Superintendent of the hospital with a copy to the Director, Indian Medicine. The audit report on the accounts of Indian Medicine Pharmacy should be sent to the Director, Indian Medicine, and copy endorsed to Government. Points of importance, if any should however, be referred to Government for orders as soon as possible.

## ANNEXURE I

(Referred to in Note 8 below, Para 37.11 and Para 37.12(iv))

Extract : Part XIV of Civil Medical Code, Volume. II. Cost of Diet and Permissible Limit.

1. At the beginning of each official year, the cost of each kind of Standard diet and authorised extras should be calculated for each institution with reference to the accepted tender rates for the year. A copy of this list of cost of diets and extras will be supplied to each Medical Officer.

NOTE: In working out the costs, the average cost of diet articles purchased departmentally during the month of April should be taken as a temporary measure as the basis for calculation in respect of articles which are purchased departmentally from time to time.

*(G.O.Ms.No.2507, P.H. dated 12.8.1942).*

2. Copies of the accepted tender rates and the list of cost of diets and extras should be communicated to the Prl.Accountant General by the Deans/Superintendents of the hospitals.

3. Permissible Limit :- The daily abstract of diets (diet roll) should be kept up separately for each class of patients. Separate extracts should also be maintained for the several classes of special wards, i.e., A.B. and C class wards and for the General Wards. It should contain the following particulars.

- i) The number of patients dieted on standard diets and the number dieted on extras only classified according to the respective class of diets for which they are substituted ordinary, acuto, special, convalescent special, etc., as the case may be

NOTE: Self diets should be classified separately and should not be taken into account in the cost of diets. The extras issued under various classes of diets may be grouped together.

- ii) the actual cost of diet for the day i.e, the cost of the standard scales of diets plus the cost of the extras ; and
- (iii) the permissible limit for the day. This is worked out by multiplying the number of patients dieted under each class referred to in (i) above by the cost of diet of that class calculated with reference to the accepted tender rates and the total of the costs thus worked out for the several classes of diets is the permissible for the day. The actual cost of diet referred to in clause (ii) should not exceed the permissible limit.

NOTE: It is not necessary that the actual cost of the diets of each class should be compared with the permissible expenditure for that class of diet. It is sufficient if the actual cost of all the diet and extras is compared with the total permissible cost. In-patients on self-diet should be excluded from the calculation.

4. When the actual for a month exceeds the permissible limit, a special report should be made to the Director of Medical Services with full reasons therefor and sanction obtained for the extra expenditure incurred. The Prl.Accountant General will also bring to the notice of the Government in his half yearly or annual audit reports all instances of excess expenditure over the standard scales.

5. The comparison of the actual expenditure with the permissible limit both daily and monthly, is necessary in order to ensure an effective check over the expenditure on diet in Government hospitals and that it is sufficient if the special report to be made to the Director of Medical Services is confined to cases where the average monthly expenditure exceeds the permissible limit.

*(G.O.Ms.No.2008, P.H. dated: 15.8.1930).*

6. The daily comparative statement of actual cost of diets issued and that of the permissible limit for the day will be initialled by the Dean/Superintendent or the Resident Medical Officer who will endeavour to keep the daily cost within the permissible limit.

7. The expenditure of diets for special wards should be worked out separately and the average calculated daily for each class of wards. The average cost if found by dividing the amount spent on diets and extras by the number of patients for whom the diets and extras are issued for the day.

## ANNEXURE II

(Referred to in Para 37.32)

Common set of rules governing the Ambulance Vans in Andhra Pradesh, (Vide G.O.Ms.No.1391, Health, dated 7.7.1958)

1. Motor Ambulance is kept at the hospital concerned for the use of public and is used for the conveyance of the stock to and from the hospital, from and to any place respectively within the District or Municipal limits as the case may be within a radius of ten miles. Private practitioners may use the car to convey their sick patients to a hospital or to a private home. Applications for its use must be made to the Superintendent or the Resident Medical Officer or any of the Gazetted Assistant whom the Superintendent may authorize for the purpose. A uniform fee will be levied for journeys beyond. In all possible cases private person requiring use of Ambulance Car or Van should pay the charges in full in advance in the office of the Superintendent or the Head of the Institution where there is no such designation or to the Chauffeur before he takes the patient to the place of destination.

2. The Chauffeur is authorised to collect the fees from the indenting parties before the patient is brought to or to be taken from the Hospital. The Chauffeur will give a provisional receipt for the amount. The amount of fee paid for the Ambulance when once ordered by the parties should be remitted to Government even if it is not used subsequently. In the case of really indigent patients the Resident Medical Officer has discretion to remit the whole or any part of the prescribed fee in anticipation of approval of the Superintendent of the Hospital or the Head of the Institution.

3. The Car is not to be used for carrying patients suffering from infectious diseases or dead bodies. In case it is inadvertently used for such purposes it should be disinfected under the direction of the Superintendent or Resident medical Officer or the Head of the Institution before it is ordered for use again. They should be informed of the disease from which the patient for whom the car is supplied for is suffering.

4. The following registers shall be maintained for each vehicle in the forms shown in the Annexure to G.O.Ms.No.876, General Administration (Establishment-B) Department, dated 28<sup>th</sup> May,1957).

1. A log Book in Form A.
2. A Register showing the repairs, replacements and spare parts, etc., in Form "B"
3. A Register showing the cost of Petrol, Oil, etc., in Form 'C'
4. A Register of inventory of equipment in Form 'D'.
5. Hire Charges payment Register in Form 'E'
6. Receipt Book in Form 'F'.

5. The Van may be used whenever necessary for the following purposes free of charges :

1. To convey hospital patients to and from the Medical Colleges Departments in respect of the teaching hospitals attached to Medical Colleges for investigation and demonstration during the clinical classes and the monthly clinical meetings.
2. To convey pupil nurses to and from Railway Station when they proceed for appearing for the examination in General Sick Nursing at the Centre or Centres where the examinations are held and to and from local water works or other places in connection with the training in hygiene.
3. To convey Medical Officers and Theatre Nurses to and from their residence to attend on emergent cases after duty both by day and night.
4. For cashing of hospital bills.
5. For the conveyance of the blood bank unit to and from local collecting centers for collecting blood from the donors.

## CHAPTER 38

### ACCOUNTS OF MEDICAL COLLEGES

**38.01 Scope of audit:-** During the course of local audit of the accounts of the Medical Colleges, audit of the receipts and stores and stock accounts form an important item of check.

The main items of receipts are :-

- a) Fees from students on admission as tuition, registration fees, examination fees, etc.
- b) Fees collected by the clinical laboratories for analysis of specimens.
- c) Fees for courses in special subjects.

**38.02 Accounts, Records :-**The following are some of the important accounts records to be scrutinized during local audit.

- i) Cash book and receipts and challans.
- ii) Daily fee collection register.
- iii) Register of cheques received.
- iv) Nominal register.
- v) Stock registers (general) of instruments, surgical appliances, furniture, glasswares, expendable stores, laboratory equipment, etc.
- vi) Stock registers of the departments of Surgery, Chemistry, Bio-Chemistry, Medicine, Anatomy, Physiology, Pathology, Bacteriology, etc.
- vii) Register of receipt books.
- viii) Register of breakages.
- ix) Contingent register.
- x) Tenders and Contracts.
- xi) Register of Buildings and Lands/Quarters/Rent.
- xii) Sanction for fee concession.
- xiii) Register of caution money deposits.
- xiv) Hostel accounts.
- xv) Students' Van Account.
- xvi) Library accounts.
- xvii) Service books and leave accounts.
- xviii) Acquittance rolls.
- xix) Personal deposit accounts (in respect of caution deposits, union fee, stationery fee, calendar fee, sport fee etc.

**38.03 Audit of receipts :-** It should be seen that –

- i) a statement of demand, collection and balance is maintained to watch the recovery of fees;
- ii) all amounts due including registration fees as per nominal register are duly realized and credited to Government account ;
- iii) notes of fee concessions are recorded in the nominal register and attested by the Vice-Principal ;
- iv) refunds of fees collected erroneously are made on proper vouchers under proper authority;
- v) exemptions from payment of fees, as in the case of ex-servicemen, are supported by orders of Government ;
- vi) fee receipt books in standardized form, machine-numbered and supplied by Government Press with counterfoils, are used and that receipts are issued by competent authority;
- vii) the entries in the daily fee collection register are checked by the Principal or any other authorised gazetted assistant with the counterfoils of the fee receipts;
- viii) the fee collected and recorded in the counterfoils of fee receipts, collection registers and the cash book is verified with the challans and book balance as shown in the cash book by the Principal or under his orders by a gazetted subordinate at the close of business on each working day and initialled with date by the Principal in token of check;
- ix) all fee, except hospital fees, etc., payable by students is remitted in Bank/Treasury concerned, and not direct in the institution and that challans only are presented to it by the remitters ; and
- x) proper arrangements exist for verification and reconciliation of the receipts and their remittances to the Government account.

*(Memorandum No.991/FI/67-2, Edn., dated 17-4-1967 of the Govt.of A.P. Edn.(D) Dept. Circulated in Cir.Lr.No.OAD Civil VII/38-Misc/66-67, dated 23.5.1967).*

**38.04 Refund of Caution Money Deposits :-** Invocation of Article 27 (1) of A.P.F.C.Vol.I, to lapse to Government caution moneys deposited at the commencement of the M.B.B.S course would become inevitable in view of the fact that the six year course extends to 7 years (the period of currency of deposits) in respect of many of the students, failures being common. To avoid this, following course of action is to be taken.

- 1) The deposit is to be refunded to the successful candidates at the end of the sixth year.

2) The deposit should be refunded at the end of the sixth year and collected again at the commencement of the next year by a paper transaction in respect of unsuccessful candidates whose courses gets extended after the sixth year.

During local audit, it should be verified whether the refund of caution money deposit is in accordance with the above mentioned procedure.

*(G.O.Ms.No.93, Health, datd.28.1.1970 of the Govt.of A.P.(H.H.&M.A) Dept. circulated in D.O. No. T.M.I/Code-II/69-71/Vol.II/27- dated 1.5.1970 and Circular No.O.A.D/Civil/VI/38-1/2, dated 23.5.1970)*

**38.05 Breakage register :-** It should be seen that the entries in the register are approved by the Principal.

**38.06 Hostel accounts :-** It should be seen that-

- i) a complete record of the number of rooms in the hostel is kept ;
- ii) whether the allotments of rooms are made under the orders of the Principal or other officers authorised ;
- iii) the rent is recovered at the sanctioned rates, and recoveries brought to account without delay; and
- iv) expenditure towards electricity and water charges, wages of cook is recovered from the students residing in hostels as per the provisions of G.O.Ms.NO.132, M.dt.5.4.63. The recovery of such charges may be scrutinized.

**38.07 National Loan Scholarships :-** The national loan scholarships are sanctioned to students of Medical Colleges, as is done in case of other institutions for pursuing higher studies. The loan scholarship amounts are repayable by the scholars soon after they complete their academic career and get employed or in the event of their remaining unemployed on completion of a period of three years from the time they wind up their academic course in monthly installments.

During local audit it should be seen that the disbursements of the loan scholarships conform to the prescribed procedure and conditions; that there is proper machinery to watch the recoveries effectively; that the department keeps itself abreast with the changes in employment and address of the ex-scholars, by referring to Medical Register in the Director's Office and by contacting Indian Medical Council and its branches if necessary; that effective measures are taken to trace whereabouts of the unemployed among them without room for complacency; that penal action is taken against defaulters taking recourse to recovery under L.R. Act if necessary; that proper loan-ledgers are maintained, leaving no repayment item unadjusted to the credit of the scholars accounts and that prompt action is taken to write off items definitely known to be irrecoverable.

Special care should be devoted to detect and highlight cases of undue delay in refund to Government account of undisbursed amounts of scholarship and cases where proper acquittance towards disbursement are wanting are not forwarded to the Director of School Education, the sanctioning authority.

**38.08 Van account :-** Where a van is provided by the college for the use of the students, it should be seen that –

- a) the charges for the van are correctly computed and promptly recovered from the students ;
- b) the accounts relating to the van (i.e. accounts of spares, petrol account, repair account, etc)\_ are correctly maintained; and
- c) the prescribed rules regarding the use, etc., of the van are followed.

**38.09 A. Stipends :-** Stipends to the students who discontinue the studies without completing academic courses are to be recovered as per conditions of the agreement executed by them at the time of joining the P.G. course. The recoveries to be effected under this category may be analysed and commented.

**B. Purchase of journals :-** Generally advance payments towards subscription for journals are made. It should be ensured that all the issues subscribed for are received, recorded and made proper use of, that copies in lieu of issues missing in delivery are obtained or their cost made good.

**C. Rural Health Centres :-** These centers are attached to certain selected Medical colleges of the State with a view to providing for the students of the college to gain practical experience knowledge in both the curative and preventive branches. Family planning too forms an ancillary wing in these centers. The centers are administered by the Social & Preventive Department of the colleges and the requirements like medicines, etc., are also met by the college only. Situated, as the name suggests, in villages, these centers are also meant for imparting social hygiene to the villagers.

As the accounts of these centers form part of the accounts of the respective Medical colleges, they should be scrutinized during the local audit of the colleges conducted and review of schemes., if any, undertaken by the centers should also be conducted and included in the Inspection Report.

**38.10 Audit Report :-** The Audit report should be forwarded to the Director of Medical Education through the Principal of the college concerned in addition to the copies sent to the Principal of College, a copy of the report should also be sent to the Director of Medical Education inviting his attention to any specific points/serious irregularities.

In case of Govt. Ayurvedic and Unani Colleges, copies of audit report should be sent to Director of Indian Medicine and Homoeopathy Department.

## CHAPTER 39

### ACCOUNTS OF THE INSTITUTE OF PREVENTIVE MEDICINE

**39.01 General :-** The department has since become an independent Directorate during the year 1981. It is now known as “Directorate of Institute of Preventive Medicine, Public Health Laboratories & Food (Health) Authority”. The department is dealing with the manufacture and supply of life saving Sera and Vaccines, rendering of blood bank services, diagnostic services, analytical services such as water analysis. food analysis and implementation of Prevention of Food Adulteration Act in the State.

**39.02 Organisation of department :-** The following units are functioning in the department.

- I. Manufacturing unit:- Vaccine and other products produced :
  1. Anti Cholera Vaccine, 2) T.A. Vaccine 3) Rabies Vaccine 4) Tetanus toxiod, 5) Orosal Powder 6) Antigen and Anti Sera and Blood group sera pertaining to Central Blood Bank.
- II. Biological Standardisation and quality control section.
- III. Diagnostic Sections:-
  1. Bacteriology
  - 2) Serology,
  - 3) Mycology
  - 4) Parasithology
  - 5) Virology
  - 6) Biochemistry
  - 7) Clinical Pathology.
- IV. Central Blood Bank .
- V. Water and Waste Water analysis section.
- VI. Food Laboratory.
- VII. Enforcement of Prevention of Food Adulterations. (PFA) Act in the State.
- VIII. Animal house, mechanical wing etc..,
- IX. Immunisation clinics, Rabies vaccine clinic/International immunisation.
- X. Regional Public Health Laboratories (Zonal Offices at Warangal, Guntur, Vizag and Kurnool) They undertake the tests of clinical pathology, serology, biochemistry, water and food analysis.

The Central despatch section deals with the supply of all the products that are manufactured (viz. vaccines, orosal) in the Directorate.

**39.03 Scope of audit :-** The audit of accounts of this institution consists in the check of receipts and stores and stock besides audit of expenditure and also manufacturing operations.

**39.04 Accounts, Records :-** The following important registers or accounts have to be seen during local audit :-

- i) Cash Book.
- ii) Contingent Register.
- iii) Tenders, agreements, etc.
- iv) Specimen Register.
- v) Receipt Books.
- vi) Register of Receipt Books.
- vii) Stock Register of :-
  1. Stores.
  2. Cholera Vaccine.
  3. Orosal manufacturing unit.
  4. T.T. Vaccine unit.
  5. A.R.V. Unit.
  6. Food Labs.
  7. Animal house.
  8. Water Analysis unit.
  9. Biochemistry unit.
  10. Bacteriology unit.
  11. Pathology unit.
  12. Serology unit.
  13. Drug biological standards unit.
  14. Central Blood Bank.
  15. Central despatch section.
  16. Library.
  17. International unit.
- viii) Register of small animals and livestock.
- ix). Service Books.
- x).
  - 1 Acquittance Rolls.
  2. Stamp Account.
  3. Register of undisbursed pay.

**39.05 Process of audit :-** The instructions given in Chapter –4 for the various registers and those relating to the check of accounts of hospitals should be observed here also. In addition, the following checks should be conducted.

a). Receipts :- The receipts of this institute consist of

1. Sales of vaccine and Orosal powder.
2. Diagnostic test fee charges.
3. Water analysis test fee charges.
4. Food analysis charges.
5. Sale of blood charges.
6. C.G.H.S.

NOTE :- The vaccine is supplied to parties at the rate fixed by Government from time to time. The fees for test conducted by the institution is collected in accordance with the scale laid down by Government. It should be seen during local audit that all receipts are realized at prescribed rates and brought to account promptly.

Besides checking the correctness of proceeds with reference to rates, the pricing of the products like plasma, vaccine, blood etc., should also be scrutinized to examine whether the expenditure involved has properly been taken into account in fixing the rates.

(b) It should be verified :that-

- (i) the payments to donors for donation of blood are at prescribed rates and the stock of blood received as found on record agrees with the expenditure incurred therefor and
- (ii) the payments are supported by proper acquittances ;

(c) the stock account of coal and other kinds of fuel should also be examined to verify whether the consumption is in accordance with a prescribed scale therefor and that quantity of product is commensurate with the fuel consumed.

(d) Stock Registers of Vaccines:- It should be seen that –

- i) issues are covered by indent from parties and in accordance with the orders of the Director on the indents;
- ii) the acknowledgements are obtained for each issue from the party concerned; and
- iii) the cost of vaccine supplied is recovered promptly form the parties concerned and credited to Government without delay.

(e) Register of Specimens:- These registers are maintained for recording the tests conducted by the Institute. It should be seen that ;

- i) each entry is supported by a requisition duly approved by competent authority ;

- ii) in case of requisitions from Government Hospitals, the test is recommended “Free of Charge” or “On payment” by the Medical Officer concerned and in the latter case, the recovery of the fees is effected and brought to account promptly.
  - iii) the rates of fees charged for various tests conducted are in accordance with the scale prescribed by Government.
- (f) Register of Small Animals :- It should be seen that new purchases and newly born ones are duly recorded in these registers, that entries relating to deaths are supported by mortality certificates and that the sale proceeds of used animals are duly credited to Government.
- (g) Live Stock Register:- Besides the above checks, it should be seen whether tenders have been called for purchase of calves, etc., and whether the purchases are made economically.
- (h) Register of feeds and Register of fodder :- It should be seen that wherever necessary tenders are called for supply of fodder and feeds to the Institute. It should also be seen that the issue of feeds and fodder is regulated according to the prescribed scale and that a proper stock account is maintained., that the stock of fodder, special kind of grass, etc, purchased for animals to be experimented upon are entered duly in Stock register, that the entries in the registers agree with those in the vouchers for the selected months, and that the purchases of various kinds of fodder are effected while the animals (for which the fodder is meant) are alive that the various items of stock are not in excess of requirements.
- i) Stock Registers of Chemicals and Laboratory equipment :- It should be seen that :-
- i) the stock registers are maintained properly in the various sections;
  - ii) the receipts and issues are properly accounted for ;
  - iii) the issues are supported by indents approved by competent authority ;
  - iv) the amounts due to losses or breakages, etc., are either recovered from persons concerned or written off under orders of proper authority and
  - v) the stock bears evidence of periodical verification by the competent authority ;
  - vi) the breakage of samples, etc., are recorded every day and are within the permissible limits ;

**39.06 Audit Report :-** The Audit Report should be sent to the Director of Institute.

## CHAPTER 40

### FAMILY WELFARE PROGRAMME

#### SECTION – I

##### General

**40.01** Family Welfare is a centrally sponsored programme and is implemented through the State Government. In view of the vastness to this programme, very large amounts are provided on the various schemes of the programme. It is necessary to ensure that these funds are not diverted to any other programmes but are spent exclusively on Family Welfare Schemes. There can be a tendency on the part of the Department to treat part of the expenditure on the other normal health measures as expenditure under the Family Welfare Programme. Proper and adequate audit of the expenditure on Family Welfare Programme assumes, therefore, importance. It should be ensured that only the expenditure on such of the items as are authorised to be covered by Family Welfare Programme is claimed by the State Government and is reimbursed by the Government of India

As the final adjustment of Central assistance to States for Plan Scheme is based on the audited figures of expenditure instead of on departmental figures, the audited expenditure must naturally be assessed cautiously. Some of the points which should be borne in mind in conducting the detailed audit (Central and Local) are given in the ensuing paragraphs of this Chapter. While checks as are required therein to be conducted with reference to initial accounts fall under the purview of local audit, the same and other checks with reference to vouchers received with Treasury accounts, vouchers received in the form of detailed contingent bills, and verification of certification of requirements being satisfied, constitute the work in Central Audit on Family Welfare Scheme.

**40.02 Broad outlines of scope of audit :-** The responsibilities of audit in certifying to the figures of expenditure on the schemes is greater than in the case of State Plan Schemes. Whereas in respect of State Plan Schemes, the State Governments have the discretion to vary the pattern of assistance within the Head of Development, in respect of Centrally Sponsored Schemes, the State Governments do not have any such discretion. Audit scrutiny should, therefore, be directed to ensuring that the pattern of assistance laid down by the Government of India in respect of the Family Welfare Scheme is not varied by the State Governments, that the assistance given by the Government of India to the State Governments is admissible in accordance with the pattern, and that different conditions attached to the implementation of the schemes by the Government of India are fulfilled.

*(Letter No.2425 T.A.I/323-67 dated 17<sup>th</sup> August, 1967 of C & A. G)*

## SECTION II

### Rural Centres, Primary Health Centres, Sub-Centres, Urban Centres and State Family Welfare Offices. etc.,

#### 40.03 Expenditure by the Central Government is incurred : -

- i) directly on various schemes sponsored by them ;
- ii) by way of grant-in-aid to the various institutions organizations, etc. Similarly, the State Government spends money received from the Central Government through “Ways and Means” advances : a) directly through their own agencies in hospitals, etc., b) indirectly by way of grant-in-aid under various powers delegated to them by the Central Government for sanctioning grant-in-aid.

Grants upto Rs.2,00,000 are sanctioned by the State Family Welfare Officer at his discretion in urgent cases, a report being made to the Grants Committee at State level at its next meeting. Grants above Rs.2 Lakhs and upto Rs.5 Lakhs are considered by the Grants Committee consisting of the Director of Health and Family Welfare/State Family Welfare Officer and Regional Director (F.P. and M.C.H.) of Government of India. The grant is sanctioned by the State Government.

*(G.O.I.M.H.(F.W.) Letter No.5-31/67- P&E., dated 10<sup>th</sup> July, 1967 read with No.5-VIII/69 Ply. 15-6-70).*

NOTE : The limits prescribed above apply to the grant as a whole and not to the instalment amount paid. The limit should be applied similarly for the grant paid to the institution as such and not for the amount paid towards each centre under the institution.

*(N.5-VIII Welfare Ply, dated 30<sup>th</sup> July,1969 and 15<sup>th</sup> June, 1970 of Government of India (M.H. D.F.P.) (G.O.Ms.No.705/M & H. dtd.9.12.85)*

The pattern of assistance is detailed in Annexure I.

Beyond that the administrative approval of Central Government is required. Grant-in-aid to various public sector undertakings and Auxilliary Nurse Midwife Training Centres is given directly by the Central Government.

Assistance is given by Government of India to Rural Family Planning Centres and Sub-Centres, Municipalities and Public Sector Undertakings, Urban Family Welfare Planning Centres, District Family Welfare Bureau, City Family Welfare Bureau, units of Central Social Welfare Board and Bhartiya Grameen Mahila Sangh, and units in industry and tea gardens. 100% Grant is also sanctioned for Family Welfare clinics attached to Technical Medical Institutions for training purposes irrespective of the fact whether they are run by the State Governments, Local Bodies or Voluntary Organisations.

The District Family Welfare Bureau and a separate cell under the State Secretariat are run by the State Government. The City Family Welfare Bureau are run by the Government/Corporations/Institutions. Rural Family Welfare Planning Centres, Sub-Centres and Urban Family Welfare Planning Centres are run by the State Governments as well as by voluntary organizations or local authorities.

The centers run by municipalities and public sector undertakings and units of Central Social Welfare Board and Bhartiya Grameen Mahila Sangh are fed by grant-in-aid by the Central or State Government as the case may be.

**40.04 Replacement of equipment :-** In the pattern of assistance by Government of India, provision is made for replacement of instruments and equipments at a cost specified by Government at each of the Rural Family Welfare Centres, Mobile Units, and State Sterilization Units wherever necessary.

*(G.I.M.H. (D.F) No. 22-23/69/ply., dated 2<sup>nd</sup> July, 1970).*

The cost of drugs/medicines should initially be as specified by Government and replenishing of the stock at the rate of about 25% once a month is permissible. Thus, the expenditure on equipping each mobile vehicle with medicines, etc., for a year should be within the ceiling prescribed by Government.

**40.05 Audit checks :-** It should be seen that :-

- i) proper record of medicines/drugs is maintained by each unit and the same is being submitted to the higher authorities ;
- ii) necessary log book for the vehicles is maintained and the vehicles are used for family welfare work only.
- iii) the log book is submitted regularly to the Controlling Officers who supervise the use and maintenance of the vehicle ;
- iv) that the expenditure on repairs and P.O.L is reasonable; and
- v) a mobile duty allowance is given to Government Doctors of mobile teams and this is regulated in such a manner as the State Government may consider appropriate. Similarly nursing staff and attendants are given the mobile duty allowance (special pay). The above special pay/mobile duty allowance to Doctors, Nurses and Attendants would be in addition to the normal daily allowance. This special pay would be admissible only for the period during which the staff was on mobile duty. This should be verified with reference to the entries in the mobile duty register.

**40.06 Supply of transistorized radio sets to the Rural Family Welfare Planning Centres/Sub-Centres :-** With a view to utilizing the vast potential of the powerful medium of radio and increase the frequency of Family Welfare Broadcast, the Government of India set up 22 Family Welfare Programme Cells at the Regional Stations of the All India Radio. While transmission frequency with regard to Family Welfare Programme is thus increased, it is considered that the listening net-work, specially in the rural areas should also be strengthened so that this increase transmission is put to optimum use for the large numbers in the rural areas for which it is intended. In rural areas, around Primary Health Centres and the Sub-Centres, availability of a small listening set to the educational staff under the Family Welfare Programme would be very useful firstly from the point of view of providing up-to-date education and information to the workers regarding the developments of the programme and secondly it would enable the workers to organize small listening groups

around such sets for such programmes. Transistorized radio sets are, therefore, made available to Extension Educators (Family Welfare), Family Welfare Health Assistant and Auxiliary Nurse Midwives at the Rural Family Welfare Planning Centres, Sub-Centres when they go on duty out of the centers and also visit field areas so that they may be able to get the broadcast listened to by people. It should be noted that these sets are the property of the Centres concerned and are not for the personal entitlement of the above mentioned workers. They must, therefore, deposit the sets with the Centres on their return from duty. It is the responsibility of the Centre to see that the sets are not misused. It is also necessary that the arrangements are made to -

- i) keep the workers informed about the radio programme on Family Welfare so that they can tune in accordingly ;
- ii) have periodical checkup that the sets are being put to the use for which they are intended.
- iii) obtain periodical reports from the workers about the use of the set.

The sets are provided directly by the Central Government through the State Family Welfare Officers/District Family Welfare Officers.

A sum not exceeding Rs.25/- only per annum is to be incurred per set by the Regional Family Welfare Planning Centres, Sub-Centres to meet expenditure on the following items :-

1. Batteries	Rs.15.00
2. Maintenance/repair charges	Rs. 2.50
3. Maintenance/repair charges (on average)	<u>Rs. 2.50</u>
	<u>Rs.20.00</u>

*(Lr.No.5-57/68 Fly., dated 29<sup>th</sup> May.1968 of G.I.M.O.H. F.W. and U.D. (Dept.of F.W.) File No.19-42/67-68 of O.A.D. Civil Hqrs.)*

It should be ensured inter-alia in audit that the expenditure on the said transactions is intra-vires the various conditions and scales prescribed as above by Government of India, that adequate arrangements exist to safeguard the Radios which are the Government property, that funds are not locked up in over-estimation of requirement and do not result in idle stock of radios.

**40.07 Equipment for audiovisual vans :-** Every District Family Welfare Bureau is provided with an audio-visual mobile unit i.e., a van with audio-visual equipment. For every 10 sets of 16 mm projectors, record players, generators, screen and P.A.E. set etc., one set costing not more than Rs.8000 of equipments as follows are provided is stand-by equipments.

		Rs.
1.	One Projector 16 mm	4,000=00
2.	One Public Address Equipment (Amplifier-transistorised ; microphone; and loud speaker units	600=00
3.	One record player	250=00
4.	One Gasoline Engine Oper. for	2,500=00
5.	One Film Strip Projector	450=00
6.	Miscellaneous	200=00
		8,000=00

These stand-by equipments are to be sent to those District Family Welfare Bureau where any of the above mentioned accessories are defective. They are to be procured by the State Family Welfare Officer. They may be kept with the authority who can supply the same to the point at which required. The defective equipments of the District Family Welfare Bureau should be called for, got repaired and utilized as stand-by equipments in their turn. Besides usual entry in Stock Register, an inventory register showing the account of the stand-by equipment should be maintained by the State/Division/District Family Welfare Bureau.

(G.I. M.H. (D.F.W.) No.51 (3) 69-ply. G.O.No./XIV-1/71-32, dated 19<sup>th</sup> June, 1971).

**40.08 Rent of buildings :-** Local bodies and voluntary organizations may hire, on rent, accommodation for Rural Family Welfare Planning Centers and Sub-Centres where there is no provision for construction of buildings or pending the construction of buildings.

The expenditure on account of rent of buildings for which the ceiling is Rs.1,500 per annum and Rs.600/- per annum for the main centres and sub-centres respectively may be met from the contingencies for which the following provision has been made in the pattern of expenditure :

		Contingencies
i)	Rural Family Welfare Planning Centres at Primary Health Centres	Rs.2,400 (per annum)
ii)	Rural Family Welfare Planning Sub-Centre	Rs.1,200 (per annum)
iii)	District Family Planning Bureau	
	a) Located in towns with a population of more than one Lakh.	Rs.15,000 (per annum)
	b) Located in towns with a population less than one lakh	Rs.10,000 (per annum)
iv)	Urban Centres	Rs.1,500 (per annum)

The hiring of the office accommodation by the State Government/Local Bodies/Voluntary Organisations is subject to the following conditions :-

- i) The scale of accommodation should be prescribed by the concerned authority of the State Government and certified to be suitable, and
- ii) The amount of rent to be fixed should be certified by the local Public Works Department authority to be reasonable .

In audit it should be seen that the rent paid is according to the scale and conditions prescribed above.

#### **40.09 Audit of centres run by Autonomous Bodies and Non-Government Institutions:-**

Audit of accounts of Centres run by autonomous bodies and non-Government institutions is conducted in accordance with the general rules or principles prescribed by the Government. The various points detailed in respect of the audit of centers run by Central Government/State Government apply mutatis-mutandis to the audit of the autonomous bodies of non-Government Institutions (See Section 14 and iv proviso of Comptroller and Auditor General (DPC) Act, 1971).

Audit parties should see that the various conditions as prescribed in the rules framed by the State Government/Central Government for the release of the grant are duly observed. It may also be seen that the rules framed by the Central Government/State Government are in accordance with the various provisions of the General Financial Rules and other orders issued by the Central Government/State Government from time to time.

The order conveying sanctions for grant-in-aid should clearly specify the conditions on which the grant-in-aid is given to the voluntary organisations/ institutions, etc., Audit should examine whether the conditions stated therein are fully complied with.

The duty of audit also extends to the test-check of the fulfillment of the various conditions of grant. They should also verify the condition of utilization certificates to this office. Normally, the utilization certificates should be based on departmentally audited statement of accounts and reports regarding performance or achievements of the grantee, vis-à-vis, the objects and conditions of grants.

It should be seen in audit whether next grant for a later year is issued only after the previous grant is utilized fully for the purpose for which grant has been issued and the necessary utilization certificate is issued.

Generally, a fresh grant should not be released unless the previous grant is utilized properly. However, in the case of institutions which have a good record of utilization of grants, the first instalment amounting to one-sixth of the year's grant may be paid in the month of April to meet their expenses for April and May out of the funds voted on account by the Parliament (Legislature). A second instalment of the grant upto 50% of the year's

provisions may be released after the budget is passed provided the institutions submit to the sanctioning authority at least an unaudited statement showing the expenditure incurred for the previous year's grant and resources available with it. Subsequent instalments should normally be released only after receiving the audited statement of accounts of the previous year. However, if there are any genuine difficulties in getting the audited statement of accounts in time, the subsequent instalments are also released in exceptional cases on the basis of the unaudited statement of accounts provided that the total amount of all the instalments released in a financial year without obtaining the audited statement of accounts does not exceed 75% of the amount provided in the budget of the year. Sanction in excess of this figures can be issued only with the approval of Government of India, Ministry of Finance.

Audit should see that above conditions are complied with. The following checks should also be carried out.

- i) Propriety audit should be conducted on profit and loss account maintained by the organisations / institutions.
- ii) It should be seen that the accounts represent the true and fair picture of the financial state of affairs.
- iii) The opening balance may be verified with the closing balance of last year's account.
- iv) The opening balance should also be reconciled with the amount remaining unutilised with the organization/institution. The position is that opening balance should not be less than the unspent balance of the amount sanctioned for family welfare purposes. If the opening balance is less than the unspent balance of the amount sanctioned for family welfare purposes, it must be assumed that the unspent amount has been spent elsewhere and not for family welfare purposes.
- v) It may be seen that the utilization certificates in the prescribed proforma in respect of the grant-in-aid along with the audited statement of accounts, etc., are furnished to the Department.
- vi) The expenditure on contraceptives should be verified with reference to expenditure incurred on the distribution of contraceptives free of cost, as the Government of India do not reimburse the amount spent on the purchase of contraceptives.
- vii) The amount received as grant-in-aid for family welfare should be shown in the profit and loss account separately and its utility also shown separately.
- viii) It may also be seen from the statement of assets and liabilities that the purchases made out of the family welfare funds are reflected there.
- ix) It should also be verified that arrangements exist for inclusion in annual return of surgical equipments sent by Government of Andhra Pradesh to Government of India..

(No.5-I(20)/69-Ply.Dated 28<sup>th</sup> April, 1971).

**40.10 Release of Central Assistance for the Family Welfare Scheme undertaken by the State Government :-** The Central Government prescribed the following procedure for the release of Central assistance for the family welfare work undertaken by the State Government.

The allocations of Central assistance are intimated to the State Governments annually, and the State Governments are required to furnish the quarterly progress of actual expenditure. They furnish towards the end of January of the financial year, a consolidated statement of expenditure showing the expenditure incurred during the three quarters ending the 31<sup>st</sup> December and the expenditure anticipated during the fourth quarter ending the 31<sup>st</sup> March following. On the basis of these progress statements of expenditure and subject to the approved outlays/pattern, etc. the Ministry arranges for the provisional release of Central assistance due, if any, to the State Governments. This is usually done in the month of March.

In the meantime, until the payments are made as indicated above, the Ministry of Finance releases to the State Governments “Ways and Means Advances” in ten monthly instalments commencing from the first month of the financial year, to keep them in funds for implementing the various Centrally sponsored schemes. The provisional payments released by this Ministry as stated above and similar release by other Ministries concerned with other Centrally sponsored schemes would, in the first instance be adjusted in the accounts against those “Ways and Means Advances” and the balances if any, remaining after such adjustments would be paid, subsequently to the States.

**40.11** The provisional payments so made are subject to finalisation on the basis of the audited figures of expenditure. If it is found at the time of finalisation that further assistance is to be provided to the State Government subject to the approved outlay for the year concerned, it is released as arrears to the State Government. If on the contrary, the provisional payments are found to be more than what was admissible on the basis of actuals, the excess amount is recovered, either by adjustment against the further releases or by obtaining as the case may be.

In this connection audit may see that (i) the information furnished in quarterly progress report of actual expenditure is correct and pertains to the family welfare programme, (ii) the figures are not be inflated unnecessarily, (iii) where the recovery is to be made from the State Government the same is actually done, (iv) there exists a satisfactory system of control of expenditure on family welfare programme by the State Government and necessary records are kept separately, v) the quarterly statements are sent regularly, and (vi) that the expenditure is being reconciled with the figures of this office regularly from month to month.

### SECTION III

#### Static Sterilisation Units, Sterilisation Beds, Mobile Surgical Units and Recanalisation Scheme.

**40.12** Sterilisation work is carried on in existing hospitals/institutions and in places where additional inputs are provided by way of additional staff, additional beds and also mobile units.

The pattern of assistance for strengthening of staff of hospitals for conducting sterilization operation at the Static Sterilisation Units is given in Annexure-3.

100% expenditure incurred on sterilization work by State government either by themselves or through voluntary organizations/local bodies is reimbursed to the State Government by the usual channel of ways and means advances as detailed in the foregoing Section of this Chapter.

The scheme of sterilisation provides for strengthening of staff of teaching medical institutions so as to provide training to Doctors in the techniques of female and male sterilization operations . At these institutions, the Medical Officers of not only the State Government but also of local bodies and voluntary organizations and even private practitioners having adequate facilities are trained free.

Mobile surgical units are established at teaching medical institutions and at district headquarters in accordance with the pattern given in Annexure-IV.

#### **40.13 Recurring expenditure for sterilisation beds :-**

a) The maintenance grant to Government Hospitals under the sterilization Beds scheme/post-partum programme would be admissible @ Rs.3000/- per bed/annum subject to minimum achievement of 75 tubectomies per bed/annum. In the case of local bodies and voluntary organizations the enhanced rate of Rs.3000/bed/annum would be admissible subject to the minimum achievement of 60 tubectomies per bed per annum as the resources are limited.

b) If the Government as well as non-Government/Voluntary organization fail to achieve the target of 75 tubectomies /60 tubectomies per bed per annum respectively as stated above if the performance level is 45 tubectomies per bed per annum, the maintenance charges @ 2400 per bed per annum, would be admissible as existing at present.

c) If the performance level of all types of institutions referred to above and below the target level of 45 tubectomies per bed per annum, proportionate grant at the norm of 43 tubectomies per bed per annum would be admissible.

d) If the voluntary institution/local bodies which have received construction grant for sterilization beds fail to achieve a minimum of 45 tubectomies per bed per annum, no maintenance charges would be admissible.

*(G.O.Ms.No.33/HM & F.W (D2) dept. dtd.10.6.1987)*

#### **40.14 Provision for a small operation theatre for sterilisation cases in hospitals:-**

An additional small operation theatre for sterilization cases could be set up in such hospitals where a separate sterilization unit is already established and the number of sterilizations performed should not be less than 175 vasectomy cases per month on an average for the past 12 months and these additional sterilization operation theatre are not established or utilized for purposes other than family welfare. The ceiling of expenditure on the construction of the buildings for the operation theatre is Rs.20,000. A non-recurring expenditure upto Rs.5000 is also provided for equipping the operation theatre.

The Government of India also allow the establishment of one operation theatre for each, for sterilization cases, in two selected hospitals without the pre-condition of minimum performance of 175 sterilisation cases per month for the past 12 months so that the States could, through these theatres, show better results. Additional operation theatres beyond these two should be sanctioned only on condition of 175 sterilization (vasectomy) cases per month is satisfied for the institution concerned .

**40.15 Surgical equipment:-** Surgical equipment as detailed in Annexure-5 is supplied by Government of India to the hospitals, both Government and private bodies, which possess necessary personnel and the technical skill for rendering services in family planning, i.e, conducting sterilization operations and making I.U.C.D. placements. The maximum cost ceiling for this equipment is Rs.1400 per hospital.

The supply of surgical equipment is subject to the following conditions.:-

i) the institutions concerned furnish a quarterly return regarding the work done by them, to the State Government through the District Family Welfare Officer concerned in the prescribed proforma. The Government would in turn furnish a return annually to the Department of Family Welfare (Government of India) in another proforma prescribed.

*(G.I.M.H. (D.F.P.Pno.5-1/20/plg/60, dated 28<sup>th</sup> April 1971).*

ii) if the performance of the institution concerned is not satisfactory for two consecutive quarters, the equipment is liable to be taken back;

#### **40.16 Audit checks**

Audit should see that

- i) the conditions prescribed by Government of India are fulfilled;
- ii) the performance of the institute is adequate
- iii) the necessary statements are sent to the Government of India regularly in the prescribed form,
- iv) the old surgical instruments are replaced only after they become unserviceable,

- v) the necessary record of unserviceable articles is kept properly,
- vi) where the unserviceable articles are disposed off that the amount of such articles is deposited in the Treasury without delay and sale is made according to rules.

**40.17 Recanalisation :-** Facilities for recanalisation are provided at (1) Medical College, Kurnool (2) Rangaraya Medical College, Kakinada. (3) Gandhi Medical College, Hyderabad (4) Kakatiya Medical College, Warangal, (5) Government General Hospital, Kurnool, (6) King George Hospital, Visakhapatnam.

The operation should be arranged free of cost at the selected State Hospitals. States may allow actual travelling expenses, diet charges and incidental expenses out of contingencies in suitable needy cases on merits to be decided at the level of State Family Welfare Officer. In the case of indigent person, the diet would be free and the question of making payment does not arise. Reimbursement is not admissible if the patient chooses to seek treatment from a private Doctor or clinic.

Audit should verify that payment to persons coming for recanalisation is made in accordance with the above orders and that no payment of diet charges is made to indigent persons who are supplied free diet and that operation is performed free and that no fee is reimbursed to the Doctor or no other expenditure is incurred from Family Welfare Funds.

**40.18 Drugs exempted from being purchased from Government Medical Stores Depot:-**

The following medicines required for I.U.C.D and sterilization operations are exempted from being purchased from Medical Stores Depot. The Director of Medical and Health Services is required to enter into rate contract with leading and reputed firms by calling for quotations and selecting the lowest tenders following the formalities as laid down in Andhra Pradesh Finance Code and in orders issued by Government in modification thereof from time to time, consistent with the quality for supply to the various institutions.

- A. Drugs for I.U.C.D.
  - 1. Vitamin 'C'
  - 2. Styptics
  - 3. Vitamin 'K'
  - 4. Vaginal antiseptic creams or jelly not antibiotic but Chemotherapeutic and non-arsenical (recommended FURACIN ointment)
  - 5. Dettol Cream.
  - 6. Furacin Cream
- B. Drugs for Vasectomy :
  - 1 Long acting sulphadurgs (recommended ORISUL-CIBA.).
  - 2 Pencillin Styptomycin Combination (Injectable Crysta-mycin)

- 3 Adrenaline Solution
  - 4 Anti-Allergic Agent (oral and injectable-recommended oral-synopen and injectable-Avil)
  - 5 Anaesthetic Agents-Ligino Caine Solution (Xylocaine)
  - 6 Analgesic Tablets containing sedatives (Cibalzin or Pheno Harbitone 1 Gr. Aspirin-5 Grs)
- C. Tubectomy :
- All as in 'B'.
1. Flaxadil.
  2. Prostigmin
  3. Thiopentone sodium
  4. Mephentin
  5. Allyl-nor-morphine (LETHIORONE)
  6. Injectable Cortice-Steroid (BENSOL)
  7. Plasma-Expanders (5% DETROSE in MACL and DEXTRAVEN)

(Memo No. 838-DDII/68-2, Health, dated 25<sup>th</sup> May, 1968).

## SECTION IV

### **40.19 Expenditure on construction of buildings under Family Welfare Programme:-**

The buildings under Family Welfare Programme are constructed either by the State Governments or by the grantee institutions to whom the grant-in-aid are given by the State Government or the Central Government as the case may be. The payment to State Government for construction either by themselves or by grantee institutions is given through the "ways and means advances" to be adjusted finally as per prescribed procedure. The Central Government also gives grants direct for construction of buildings to the Auxiliary Nurse Midwife Training Centres.

The States undertake the construction of buildings for the various Family Welfare units in accordance with the plan, specifications as prescribed by Government of India and according to the rates approved by the State P.W.D. for such constructions for their own buildings. The plan and specifications for the staff quarters at the Primary Health Centres level should also be those adopted by the State Government but according to the area specified by Government of India.

### **40.20 Pattern of assistance for construction of buildings for Sub-Centres:-**

The maximum ceiling for the construction of the sub-centres is Rs.12,000. In cases where estimate exceeds that ceiling, a copy of plan, specifications and estimates are to be furnished to the Government of India for

scrutiny and examination and approval. The above cost is exclusive of the cost of electrification which is calculated at the rates prevalent in the States, the electrical fixtures for ANMs being on the same scale as sanctioned for employees of similar status in the State

#### **40.21 Buildings for the main Rural Family Welfare Planning Centres :-**

The maximum ceiling of cost of constructions is Rs.75,000 except where a higher ceiling is sanctioned specifically after consultation with the C.P.W.D. This is exclusive of the cost of electrification which is calculated at the rates prevailing in the States; the fixtures for the Medical Officer and the staff is on the same scale as sanctioned by the State Governments for officers and staff of the corresponding status in the States.

Staff quarters are not to be provided for Family Welfare Health Assistants at PHCs.

The ceiling of cost of buildings for Sub-Centres and Main Centres would be the average cost for construction of buildings for the State as a whole. In cases where the estimates exceeds the above ceiling, copy of the plan, specifications and detailed estimates are required to be sent by the State Government to the Chief Engineer/Superintendent/Surveyor of works of the concerned zone of the C.P.W.D. with a request to pass on the documents to Government of India (Ministry of Health and Family Welfare) with his comments regarding specifications, costing etc., so that the estimates are examined by Government of India and necessary approval accorded.

#### **40.22 Appointment of staff in the State Family Welfare Bureau for construction purposes :-**

Following is the scale of staff permitted by Government of India to be borne in connection with the construction of buildings under the Family Welfare Bureau:-

Executive Engineer 1.

Junior Stenographer 1.

This unit acts in co-ordination with the State P.W.D. authorities with a view to ensuring that the programme of construction of buildings is pushed up and completed according to targets.

It should be seen in audit that the staff is in position and paid according to the State scales of pay.

#### **40.23 Construction of buildings for training of ANMs and LHVs.:-**

The pattern of assistance for construction of buildings for training of ANMs and LHVs which is admissible to private institutions, Government bodies, local bodies/institutions is detailed in Annexure-VI.

In the event of the grantee institutions ceasing to exist at any time such property reverts to the State/Central Government. A separate register is maintained by each sanctioning authority and copy thereof furnished to the Department of Family Welfare (Government of India) annually with audited

accounts after close of the financial year. It should also be seen that a specific clause is stipulated in the sanction of grant to this effect.

**40.24 Buildings under Post-Partum Programme :-** Under the scheme for Post-Partum Programme in selected hospitals the pattern of assistance for construction of sterilization wards is as detailed below :-

Sterilisation Ward :

Non-recurring – Rs. 7,500 Per Bed.

Recurring - Rs. 2,500

Hospitals having the following number of confinements and abortions, the assistance is as noted against them.

	No. of beds.	Recurring Rs.	Non-Recurring Rs.
3000 – 5000	10	75,000	25,000
5000 – 7000	12	90,000	30,000
7000 - 10000	15	1,12,500	37,300
Above 10000	20	1,50,000	50,000

The above allocation under this head can be utilised either on construction of a new building, or for construction of an additional storey or complete renovation of an existing structure.

The pattern for construction of the surgical wards is as follows:-

Surgical Theatres :

Construction – Rs.50,000 (Min Plinth Area 1,215 Sq.Ft)

Maintenance - Rs. 2,500 (including cost of staff, etc) annually.

**40.25 Audit checks :-** a) It should be seen that (i) the ceiling prescribed in the pattern of assistance is not exceeded or if exceeded the prior approval of the Government of India is obtained, (ii) initial accounts are in a complete state, (iii) the charges are covered by sanctions duly supported by complete vouchers setting forth their claim and the acknowledgement of the payees legally entitled to receive the sum paid, (iv) all the vouchers and accounts are arithmetically checked, (v) the accounts are, in all respects, properly prepared in accordance with the rules (vi) all the charges are correctly classified (vii) those which are debit to the personal account or running account of the contract or are recorded as such in the prescribed manner, (viii) every payment is to be recorded and receipt for it is so obtained that a second claim on the same account is impossible.

b) Audit should also check works expenditure with the estimates to ensure that (i) the charges incurred are in pursuance of the objects for which the estimate was intended to be provided, (ii) the conditions of the terms of contracts are duly fulfilled.

c) It should also be seen that satisfactory and efficient arrangement for checking the computed tenders exists. It should also be checked that the comparative statement correctly incorporates the totals as checked in the individual tenders.

d) The following additional points should receive attention.:-

In the case of all credits (whether cash receipts or transfer credits) which represent either (i) sale proceeds of stores or other property, or (ii) their transfer value, it should be seen that the disposal of the property is authorised by competent authority, and that the full value of the property (including supervision or other charges leviable under rules) is accounted for or, if there is a loss, that the loss is written off by the competent authority.

e) All schedules and accounts should be checked arithmetically.

f) In cases in which the figures of one account should correspond with figures of another account, the two accounts should be checked together and discrepancies, if any pointed out.

g) Audit should also verify that (i) records show that buildings constructed are according to the prescribed specifications and the rates charged are not higher than those prevailing in the neighbouring localities for the same type of work (ii) the building constructed out of Family Welfare Fund is verified by the Department to be on use for Family Welfare programme (iii) the completion report and the statement of assets are received by the sanctioning authorities as soon as the buildings are completed, (iv) the necessary progress report is sent regularly in the prescribed form.

h) Audit should also try to ascertain how far the overall objective of the major schemes for which money for construction of buildings are disbursed by the Central and State Governments can be said to have been attained and whether there has been any avoidable or wasteful expenditure.

**40.26 Audit checks on assistance to non-Government Institutions for construction of buildings :-** The general principles and procedure for payment of grant-in-aid as stated in Section-II of this chapter and in Para 4.80 of Chapter 4 of this manual is applicable for the audit of grant-in-aid for construction of buildings by the grantee institutions.

It should be verified during local audit that a completion report from qualified architect/engineer with details of expenditure incurred on each item together with a certificate from the State P.W.D. that the rates charged are not more than those as per schedule of rates for buildings, is on the record of the office of the sanctioning authority.

It should be seen that the plans of the buildings for the grantee are not modified without approval of State Government or Central Government (as the case may be)

The State Government/Central Government have a prior lien on the buildings for the recovery of the amount paid as grant in the event of building ceasing to be utilized for the purpose for which the grant was given. It should

be verified during audit that the Government sets upon its right in time in the event of default by the grantee.

The equipment purchased for the building constructed with the grant given by the Central/State Government vests in the Government and the grantee institution is required to maintain an audited record in the prescribed proforma of all permanent and semi-permanent assets acquired wholly or substantially out of the grant. Such assets are not to be disposed of, encumbered or utilized for any other purposes. Cases of default should be brought to light in the Inspection Report.

## SECTION V

### Maintenance of Vehicles

**40.27** The Maintenance of vehicles provided under the Family Welfare Programme is mainly the responsibility of Family Welfare Department. Similarly, maintenance of vehicles provided at P.H.C. where no vehicles have been provided from Family Welfare Funds is the primary responsibility of State Governments, but in order to provide greater mobility to the medical and para medical staff available at P.H.C under FW programme, assistance to the extent of Rs.9,500/- and 15,000/- have been made available under F.W. funds. This will be in addition to assistance being provided by State Government. As the Government of India is providing assistance for UNICEF vehicles and in view of the fact that there is only one viable vehicle at each P.H.C, it is also suggested that in those P.H.Cs where no UNICEF vehicles are available or UNICEF vehicles are off the road, State Government may also provide funds from their own sources for POL in respect of work done on Family Welfare vehicles for health activities. This will help in providing greater mobility to the staff at rural level and will also keep all P.H.C.s. at par so far as mobility is concerned.

Expenditure on vehicles provided at P.H.Centres or ANM Training Scheme should be debited under "Post-partum and ANM training respectively".

*(Government of India O.M. 12012/5/85/FWS (PLG) dtd. 6.9.1983)*

**40.28 Provision of vehicles :** Vehicles are sanctioned at the following scales at various levels .

A. State Family Welfare Bureau.

Two for supervision (one for a station-wagon type)

*(No.5VII(3)/70-Ply-G.O.No.VII/3/71(42)dtd.5-7-1971)*

B. District Family Welfare Bureau

One for Audio-visual purposes

One for Mobile sterilization unit.

One for Mobile IUCD-cum-sterilization unit

For population of 5 to 7.5 lakhs each

## C. City Family Welfare Bureau.

- (i) One jeep with trailer for supervisory work for a population between 5 to 7.5 lakhs each.
- ii) One station wagon for a population between 7.5 to 10 Lakhs.

The ceiling of cost of the vehicles is Rs.22,500 for a jeep and for other vehicles Rs.34,000.

**40.29** The Central Government provides the following assistance per vehicle per annum on petrol, oil and lubricants and for maintenance thereof.

Where no vehicle for Family Welfare is available.	Hire charges.	Rs.9,500/- per annum block level P.H.C.
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(Government of India OM.12012/5/86-FWS dated.20.10.86)

POL/Minor repairs	Petrol Driven	Diesel Driven
Major repairs	Rs.15,000/- per annum per vehicle	Rs.9,500/- per annum per vehicle.

(Government of India O M.121012/5/85-FWS dt.24.6.85)

**40.30** Provision of additional vehicles at district level for sterilization scheme, in addition to those referred to above is subject to the following ceilings of expenditure.

## Non-Recurring :

One additional vehicle for sterilization scheme including equipment for sterilization Rs.40,000

## Recurring:

1. One additional driver-cum-mechanic Rs. 1,320
2. Additional contingencies for maintenance cost of petrol, servicing, etc., Rs. 2,680

Total (Recurring) Rs. 4,000

Where the District Family Welfare Bureau has already a vehicle, it should be used for sterilization operations as well as for such purposes, IUCD (intra-uterine devices), camps etc., where these are introduced. The second vehicle should, in that case, be used for audiovisual education and should be suitably equipped.

Central assistance for all the family welfare vehicles in the fleet shall be calculated on the above amount per annum as an average for each vehicle. The sub-allocation of the amount may be done by the State Governments according to the coverage/operational conditions and life of vehicles, standard of maintenance services and repair facilities and expenditure thereon.

**40.31** Additional vans are allotted to the nine bigger States (among which Andhra Pradesh is one). These would be available at the State Family Welfare Bureau for use as relief vans for the district vans when one is out of commission and for special purposes, i.e, fairs, special campaigns, etc.

The following staff is sanctioned for the purposes:-

Driver	--	1.
Petrol, Oil and Lubricants' (maintenance and repairs)	--	As per usual pattern approved in this respect

**40.32** Vehicles for Regional Family Welfare Training Centre :

The Regional Family Welfare Training Centre is provided with vehicles as per following pattern :-

i) Two mini buses each with a capacity of 18 seats (excluding that for driver) for transporting smaller groups of trainees to the field areas.

(A centre which has already been provided with a larger bus will,, however, be provided with only one minibus as above )

ii) One jeep/station wagon for the use of faculty members of the training centre for carrying out activities to develop their rural and urban field practice and demonstration areas and to work on their own field projects and studies and also for utilizing the various resources for the benefits and the success of the training programme.

On provision of two additional vehicles, posts of two drivers-cum-mechanics and one cleaner for each Regional Family Welfare Training Centre may also be created. The expenditure on petrol, oil and lubricants and maintenance/repairs of the vehicles may be incurred on the usual scale. (Please refer to Para 40.31supra) as prescribed from time to time.

**40.33 Expenditure on petrol, oil, and lubricants for vehicles obtained from other departments on special occasions :**

Actual expenditure incurred on vehicles of other Departments drafted for use on special occasions is allowed to be met from Family Welfare Funds. Separate log books should be maintained indicating the mileage and item of Family Welfare duty for which the expenditure is met. The orders for sanction of petrol, oil and lubricants expenditure, should be based on the data given in these log books.

(G.I.M.H. (D.F.P.) No.19-30/00-70-Ply.G.O.No.VII-2/71 (41) dt. 22.7.1971).

**40.34 Procedure for supplying vehicles to States :-** An indent for the supply of units of chassis manufactured by the automobile companies is placed by the Department of Family Welfare on Director General of Supplies and Disposals, New Delhi. His Office places formal orders for supply of chassis on the manufacturers under information to the State Government and Department of Family Welfare, Ministry of Health, Government of India, quoting supply order number and date. The chassis are despatched direct to

the State Government by the manufacturers. On receipt of railway receipts the State Government is to take-delivery and thereafter local dealers of the manufacturer are to be contacted for pre-delivery servicing/inspection, etc.

In order to save time, the State could get the bodies built under their own arrangement as per specifications and designs approved by the Department of Family Welfare, Government of India.

The cost of chassis is initially met by the State Government and it is subsequently reimbursed by Government of India through "ways and means" advances.

**40.35 Audit checks :-** Audit should verify that -

- i) the various conditions prescribed for the delivery of the vehicles are observed ;
- ii) on arrival, physical test-check is recorded to have been made that the vehicles are in good working condition ;
- iii) log book is maintained for each vehicle and is periodically checked by the officer-in-charge of the vehicles.
- iv) vehicles are not lying idle but are put to proper use ;
- v) they are exclusively used for family welfare purposes, as could be seen from entries in log book, etc.
- vi) the necessary staff is according to the prescribed pattern and scale ;
- vii) expenditure on petrol, oil and lubricants etc., is reasonable and is within the prescribed ceiling and commensurate with the distance recorded to have been covered by the vehicles ;
- viii) vehicles are distributed according to the instructions of the Government of India.
- ix) vehicles are not used for private purposes but for bonafide official purposes, with prior approval of the competent authority.
- x) record of repairs and replacement, indicating the cost and the date on which they were carried out and of spare parts purchased is kept according to the rules.
- xi) a register is kept showing cost of petrol, etc., consumed .
- xii) the vehicle is test-checked every six months for fitness of journey and such report exists in the records ;
- xiii) the vehicles are not used for official purposes outside the sphere of duty of the official concerned.
- xiv) the T.A. charges of officials using Government vehicle are regulated according to the Supplementary Rules to Fundamental Rules (Central) or the A.P.T.A. Rules or the rules adopted by the organization, as the case may be.
- xv) all the journeys or tours are properly logged.

- xvi) the officers using staff cars should give remarks in log books in their own hand-writing, the mileage at the start and at the completion of their trips after verifying the milometer and that accounts of all incidental receipts or expenditure are kept and necessary entries are made regularly in the log books.
- xvii) the inventory of equipment is personally checked by the Controlling Officer every month and necessary recoveries on account of loss due to negligence and fault from the person concerned are made.
- xviii) the log book is scrutinized by a senior officer to ensure that there is no misuse and all officers who use the vehicles make the entries in the log books and sufficient particulars are given to indicate that the journeys are for official purposes ;
- xix) the log book of each vehicle is closed at the end of the month and a summary is prepared in the book showing details of duty and non-duty journeys during the month.
- xx) in the case of vehicles which are declared obsolete or unserviceable, whether the technical officers have certified to that effect.
- xxi) in case of loss of vehicles through accident or theft, whether necessary inquiry is held by the administrative authorities and responsibility fixed for making good the recovery ;
- xxii) whether the Government of India was informed of the loss of vehicle and of the circumstances leading thereto.
- xxiii) that staff car (Fleet Car) rules are followed.

## SECTION VI

### Post – Partum Programme

**40.36** This is a programme to motivate women in the post partum stage (after delivery) to accept terminal operations with more than two children and women with less than two children to accept non-terminal methods. The programme placed great emphasis on provision of better health for mothers and children.

This scheme is implemented in either a teaching hospital attached to a Medical College or Maternity Hospitals and similar institutions conducting a large number of deliveries, generally about 3,000 annually. Expenditure in respect of the post-partum programme both for Government and non-Government Institutions is incurred by the State Government concerned and is reimbursed to State Government by “ways and means advances”, and adjusted through the Central Government grant.

The programme in each of the hospitals is to be supervised by a Programme Director, who for the purpose of efficient implementation of the programme liaises with the Project Director in the office of the Commissioner (F.W.), Department of Family Welfare, Government of India, though the programme is under the control of the State Government. An Urban Family Welfare Planning Centre is also attached to each of the respective institutions.

A vehicle is provided to Government Maternity Hospital, Hyderabad, under the post-partum programme on an experimental basis. Accordingly, in addition to the staff admissible under the scheme, post of driver is also authorised for the vehicle and expenses for petrol, oil and lubricants and maintenance of the vehicle at the usual rates are also admissible.

The minimum targets fixed for each of the institution under post-partum Family Planning Programme is as follows:

a) Direct acceptors:-

i) Sterilisation cases	75% of OB (obstetric) & AB with 3 or more living children
ii) IUCD	10% of OB & AB cases with 0 to 2 living children.
iii) Other Methods	10% of OB & AB cases with 0 to 2 living children.

b) Indirect acceptors : -should be equal to target set for total direct acceptors.

iv) Sterilisation	50% of target for indirect acceptors.
v) Other Methods	50% target for indirect acceptors.

**40.37 Audit checks :-** Audit should see that (i) the staff is as per pattern and scale, (ii) the staff is not employed much in anticipation of the start of the programme, (iii) the staff employed for Family Welfare is not used for work other than Family Welfare, (iv) the surgical equipment is purchased and necessary record of the same is being kept separately, (v) the equipment purchased is as prescribed by the Government of India; (if any other equipment, not according to the list is purchased, it has to be ascertained whether it was done with prior approval of the Government of India). (vi) the audio-visual and other equipment is received from the Government of India and proper record of the same is maintained and the equipment is maintained in good condition and (vii) that the construction of building for surgical theatre and sterilization ward etc., is made according to prescribed ceilings.

Audit should see that the targets fixed are being achieved. If there is a shortfall, reasons for the same may be obtained and commented upon. The reports and returns should be utilized by the field parties in this regard.

## SECTION VII

### Compensation money for I.U.C.D. sterilisation work :

**40.38** The rates of compensation and incentives payable for the different kinds of Family Welfare operations, etc., are as detailed in Annexure VII : The additional amounts payable for the camps is separately mentioned therein.

A camp for this purpose would include additional improvised beds put up at a P.H.C/Taluk/Tahsil/District Hospital or a Rural dispensary.

In making disbursement of money, the Department is expected to exercise proper checks and regulate the payment with reference to the actual expenditure incurred to ensure correct utilization of funds. It should be verified from records, whether in order to increase the number of sterilization operations, persons from the older age groups or even unmarried persons are sterilized. Necessary instructions from Government exist to ensure that sterilizations, particularly vasectomy operations, are carried out in proper age-group and also on right type of persons in reproductive age-group (i.e., 44 years is the maximum age within which women are considered to be within the productive age-group) are sterilized.

Persons other than Indian Nationals are also provided with family welfare services if they ask for the same. However, in such cases, no compensation whatsoever is payable to the volunteer, Doctor, motivator, etc., Claims towards compensation are not, therefore, to be preferred at all, even by private medical practitioners or the Christian Medical Association of India.

**40.39 Cases of failure in first instance :-** The State Family Welfare Officer may, at his discretion, allow payment of compensation money to the volunteer concerned in such cases where sterilization operation has to be performed for a second time because of its failure in the first instance. Such payment shall be made out of “contingencies” and not out of provision for payment of “compensation” money. The number of such cases would obviously be small. Such cases should not, however, be included for statistical purposes in the total number of sterilization operations performed at the institution concerned.

The number of such cases for every year for a State is required to be intimated to the Government of India, Ministry of Health and Family Welfare and Works, Housing and Urban Development (Development of Family Welfare).

*(Lr.No.5-1/(37)/69-Plg., Dated 4<sup>th</sup> April, 1970-of G.O.I., M.H. F.P.W. and M & D., Dept., of F.P. File No.33-1/70-71 of Unit – Iv O.A.D. Civil Headquarters)*

**40.40** With a view to safeguard efficiency in the performance of operations, the number of male and female sterilization operations per table, per Doctor and per day are not to exceed 20 in number in case of male and 10 in case of female or 30 I.U.C.D. insertions per Doctor per day.

Audit should verify that the limit prescribed above is not exceeded.

NOTE :- The limitation on number of vasectomies was placed to ensure aseptic precautions. So long as efficiency is safeguarded, a Doctor may while working in sterilization camps or in mobile units, be permitted with the prior approval of Medical and Health Services, State Family Welfare Officer to exceed the limit of 20 vasectomies and paid accordingly.

*(G.I.O, M.H.(D.E.P.) No.5(1)/3470-Ply.dated18th September,1970)*

**40.41** The State Government also sends statistical data regarding sterilizations and I.U.C.D insertions to the Central Government. There are two sets of data regarding sterilizations and I.U.C.D. insertions. The first set of data is collected by the State Government for the purpose of claiming the bulk

compensation amount after their figures of expenditure are certified by this office and the second set of data is collected by the State Government for giving the necessary statistical data to the Central Government regarding their monthly/quarterly/annual performance. The data whether they are required for the first set or for the second set are prepared from the lowest formation and are consolidated at various stages through which they flow from the initial stage viz., the unit where the sterilization/I.U.C.D. is done through District Family Welfare Officers, State Family Welfare Officers, State Government and ultimately they reach the Central Government.

One of the main purposes of audit is to test-check the data supplied at each level to see how far they are accurate.

**40.42** Services of the following categories of Doctors are utilised in the Family Welfare programme :-

- 1) Doctors who are whole-time workers in the Family Welfare Programme (including members of C.H.S and C.F.P.C.)
- 2) State Government Doctors who are only part-time workers in the Family Planning Programme.
- 3) State Government Doctors who are whole time workers in the Family Welfare Programme.
- 4) Doctors working in mobile hospitals.
- 5) Doctors working in camps.
- 6) Doctors working in voluntary institutions undertaking sterilizations/ I.U.C.D. programme.
- 7) Private Medical Practitioners.
- 8) Doctors working in institutions set up by Public Sector organisations.

**40.43 Sterilisation camps :-** Central assistance is provided as detailed in Annexure 7 for running camps subject to the following conditions :-

- (a) Such large tubectomy camps are organized and improvised beds are put up for a minimum period of one week but not exceeding four weeks and at least 300 tubectomy operations are performed.
- (b) Such camps are held only in places where buildings are available for the patient to be kept in them for atleast 48 hours after the operation.
- (c) The operation is performed under general anesthesia with adequate anti- coverage on account of full regular hospital facilities not being available.
- (d) Triple antigen inoculation for the existing children of the lady undergoing operation should be provided.
- (e) The expenditure on accommodation, bamboo, cots and similar items should be debited to the camp but should be spread over to at least three camps.

*(Letter No.10-25/67 Plg., dated 11.1.1969, Ministry of Family Welfare ).*

**40.44 Audit checks :-**While auditing the camp accounts the following guidelines may be kept in mind that :-

- i) there is a specific order of sanction for holding the camp;
- ii) a cash book is maintained incorporating all the transactions ;
- iii) amounts are not drawn either far in advance of the camp date or after closure of the camp;
- iv) in respect of medicines purchased, there are proper entries both relating to receipt of medicines remaining unutilized and medicines not required for the camp are brought for use elsewhere ;
- v) in case of expenditure incurred on non-recurring items, the articles were returned to the main stores.
- vi) diet is given to the patient in accordance with the scale and provision therefor does not exceed the maximum limit;
- vii) in respect of dhobi charges claimed, the amount is not commensurate with the normal number of clothes that would have been washed ;
- viii) in respect of charges if any claimed towards painting cots etc., the number is supported by entry both in main stock register and in the camp stock register ;
- ix) expenditure incurred on electrification of the camp is not on the high side in view of the fact that camps are normally held in pucca buildings which have already electrical fixtures; and that bulbs etc., purchased were returned back ;
- x) the date-wise entries made in the admission register agree with the camp dates;
- xi) the no. of patients treated on a particular day agree with the entries in admission registers, diet register, medicines issue sheet so that it bears correlation with diet charges, medicine issued and the incentive amounts claimed.
- xii) the charges claimed for hot water charges viz., purchase of firewood, fuel, gas etc. are reasonable ;
- xiii) all articles borrowed from D.M. & H.O., are returned (shortages if any, should be commented in the inspection report.)
- xiv) dated acquittance are obtained from patient, promoter, Doctor and others who receive payments towards services rendered during the camp ;
- xv) no reimbursement of bus fare is given to the attendants ;
- xvi) expenditure incurred on medicine and petrol relates to the camp's period only and that they were accounted for in the respective stock register.

The break-up of the sum of Rs.90 and Rs.65 fixed by the Government of Andhra Pradesh within the ceiling of Rs.90 fixed by Government of India is given in Annexure VII.

*(Lr.No.10-25/67-Plg., Dated 11<sup>th</sup> April, 1969., H.O. F.P., (Dept. of F.P.)*

**40.45** In respect of Government Doctors working wholly in Family Welfare Programme, a minimum performance is fixed amounting to 150 insertions or 30 sterilisation operations or combination of both per month (one sterilization operation of male or female is taken as equivalent to 5 I.U.C.D. insertions). If they exceed the minimum performance they are allowed remuneration in respect of each additional case of I.U.C.D./Sterilization operations done at the prescribed rate for payment to Doctors for each of I.U.C.D., vasectomy and tubectomy respectively. A certificate to the effect that the required minimum performance is achieved is to be recorded by the Head of Hospital/Civil Surgeon before the payments for excess cases are authorised. Doctors who are working in the Central Family Welfare Corps are not entitled for the above payment. While going through the records of institutions, audit should make it a point to check whether the minimum performance conditions are satisfied before payment of compensation money to Government Doctors wholly employed in the family welfare programme.

NOTE 1 : With effect from 1<sup>st</sup> June, 1974, remuneration for Doctors is withdrawn.

NOTE 2 : District Family Welfare Officers should not normally be engaged in providing services under Family Welfare Programme as their functions of planning, co-ordination, supervision and evaluation are likely to suffer. Even if due to professional skill their services are utilized in some cases, they should not be paid any fees therefor.

*(G.I., M.H. (F.W) – 51/37/72-Ply, dated 19<sup>th</sup> November, 1972).*

**40.46** Government Doctors who are not employed whole-time in the Family Welfare Programme are allowed to receive additional remuneration for each operation at the prescribed rate provided this work is done by them without detriment to their normal duties. This concession is extended to Doctors who could be paid remuneration on per-case basis on the condition that they should be allowed remuneration in such cases at the rates prescribed by the State Government provided their work is done without detriment to the normal duties. A certificate that the above conditions are satisfied has to be recorded by the Head of the Hospital/Civil Surgeon before the payment is authorised. Field party should ensure the correctness of this certificate by a test check of the initial records.

NOTE:1. With effect from 1<sup>st</sup> June, 1974, remuneration to Doctors is withdrawn.

NOTE 2: In case there is only one Doctor at the Primary Health Centre paid from the health budget without an additional Doctor for attending to family welfare work, the former is allowed remuneration in respect of all cases of I.U.C.D/ sterilization at the rates prescribed by State Government, provided the work is done without detriment to his normal duties and a certificate to this effect is recorded by the Head of the Hospital/the District Medical and Health Officer concerned, before the payment is authorised.

*(No.23-10/69/Ply-GD-XI/4/71 (43). Dated 8<sup>th</sup> July, 1971 of G.I. Ministry of Health Dept., of F.W.)*

**40.47** Lady Doctors are appointed on part-time basis also on a remuneration of Rs 300 p.m. if they render service for at least 18 hours per week and perform a minimum of 100 IUCDs or 10 vasectomies or 15 tubectomy operations or a combination thereof. Audit should see that payment to such

part-time lady Doctors is made according to scale and is duly supported by data of their performance.

2) Where a private medical practitioner undertakes to render family welfare services in his or her own private clinic as part of the Government sponsored scheme, he or she is not to charge anything from the patients, under certain conditions imposed by Government and after test-check by a departmental officer, compensation money is payable at rates detailed in Annexure-VII, subject to rendering account therefore. He should also ensure the follow-up of cases.

3) A private medical practitioner so authorised by the Government may undertake to render family welfare services according to his/her convenience and choice on fixed days in the week in a clinic run by Government, by local body or by a voluntary organization in accordance with the Government's sponsored scheme. No fee is charged from the clients but an honorarium of Rs.100/- per month is admissible for part-time work at clinic provided the Doctors put in a minimum of six hours (three hours, twice a week or two hours, thrice a week) of work per week. They would be expected to give a minimum performance of 10 sterilization operations or 50 IUCD insertions or a combination of both within the honorarium of Rs.100/- per month.

From the records available with the District Family Welfare Bureau the data regarding private medical practitioners who are enrolled in the family welfare programme in one of the methods referred to above can be found. A few of these individual Doctor's cases can be followed up at random to see whether the relevant conditions are observed before the payments are made.

**40.48** A private medical practitioner so authorized by the Government may undertake to render Family Planning services for a minimum of four days in a month in a mobile clinic/camp organized by State authorities. No fees would be charged from the patients. Since the Doctor is bound to go with the mobile clinic or to attend the camp for the four fixed days in a month, he is allowed a retainer fee of Rs 100 per month. In case the Doctor concerned is, for any reason, unable to go in the mobile clinic/attend the camps on a particular day, it is his responsibility to arrange to send another trained Doctor in his place. In addition to the retainer fee, the private practitioner working under this scheme may be allowed remuneration if any allowed for the Doctor without any stipulation about the minimum performance.

In respect of private medical practitioner, the following decisions of Government of India apply:-

A private medical practitioner can undertake to render family planning services in his own clinic as part of his private practice. He should not charge anything for the distribution of contraceptives, which are supplied to him free of cost by the District Family Planning Bureau. He can also obtain loops for insertion, free of charge. He must, however, submit a monthly report of the cases done to the District Family Planning Bureau.

**40.49** In respect of the Doctors working in public sector undertakings, the position is that the public sector undertakings are allowed to adopt their own pattern of payment to the individual motivators, etc., within the overall amount fixed by Government of India. In respect of these transactions audit parties may call for the relevant orders and examine how far the conditions laid down by Government are fulfilled before the payment is made.

**40.50** In certain cases, the system of coupons is in vogue, in certain areas on experimental basis to process the payment of compensation amount to the Doctor, motivator and to volunteer. Wherever this is in vogue, audit parties may check the accuracy of information contained therein and also by cross reference to the entries in the coupon books, etc., of Doctors and motivators, if maintained.

**40.51** I.U.C.D. insertions/sterilization operations are done in State Government hospitals at various levels including Primary Health Centers, and Sub-Centres, in institutions run by voluntary organizations, nursing homes and dispensaries maintained by private Doctors and also in medical institutions run by public sector undertakings.

Advance compensation amount payable to the above mentioned agencies is drawn on A.C. Bills (Abstract Contingent Bills). These are to be regularized subsequently by presenting D.C. Bills (Detailed Contingent Bills). It should be watched in audit that D.C. Bills are presented in time. No further A.C. Bills are to be drawn unless and until the account of the earlier advance is rendered. Any lapse to present the D.C. Bill in time (within a month) or to return the money unaccounted for should be brought out conspicuously in the Inspection Report. All cases where the amounts have already been spent and vouchers are available but accounts have not been rendered, the reasons for delay in submission should be ascertained. Other important and significant irregularities should also be specifically brought to notice. A separate report in duplicate should be forwarded along with the Inspection Report.

*(Authority – I.C.H.O.O./XII/62-2/73-74/66, dated 10<sup>th</sup> December, 1973 based on C.A.G. Lr. No.72/T.A.1/20-1-73 )*

NOTE : In relaxation of Art. 99 of Andhra Pradesh Finance Code, District Medical and Health Officers, Superintendents of General and Headquarters Hospitals, Medical Officers of Taluk Hospitals and Medical Officers of P.H.Cs. are permitted to draw advances on a third abstract bill if they present detailed accounts for the first bill of similar type, to this office. Medical Officers of Primary Health Centres (not- re-organised) are also permitted likewise to draw a third abstract bill if they present detailed accounts for the first bill to the District Medical and Health Officer concerned, for countersignature and transmission to this office.

*( G.O.Ms.No.2029, Health, Dated : 14<sup>th</sup> October, 1969 ).*

D.C. Bills contain vouchers in respect of payments made to the parties with names and addresses. It should be verified during local audit that these particulars tally with the similar details kept in the three registers namely, Vasectomy Register, I.U.C.D. Register and Tubectomy Register.

These and other registers which are kept in accordance with the instructions of the State Government should be carefully scrutinized to see that the various conditions enumerated in the earlier paragraphs are satisfied before the actual payment to the concerned parties is made. Another equally important item for check is the target fixed and the achievement corresponding thereto. It must not be forgotten that the inference whether money paid in the form of compensation is well spent or ill spent depends entirely on the performance. Audit party should incorporate the performance against the targets fixed by the State Government/Central Government in the Audit Report.

A part of the compensation amount is also earmarked for the drugs and dressings. It should be seen whether the amount spent on these two items is commensurate with the number of operations/I.U.C.D. insertions done and the expenditure on per capita basis on drugs and dressings does not exceed the prescribed amount.

#### **40.52 Procedure for claiming and payment of the incentives :-**

The Medical Officers working in the teaching hospitals and non-teaching hospitals should give a certificate regarding the number of Vasectomies, Tubectomies and I.U.C.D. insertions done duly countersigned by the Head of the Institution for claiming the incentive amount. The Medical Officers working in Taluk Hospitals should give a certificate regarding the number of Vasectomies, Tubectomies and I.U.C.D. insertions done duly countersigned by the District Medical and Health Officer for claiming the incentive amount.

In Taluk Hospitals, the Medical Officer of the Taluk Hospital makes the payment to the promotor. In the case of teaching and non-teaching hospitals payments to the promotor is made by the Head of the Institution.

The Medical Officer who performs the operation exercises his discretion and apportions the payment to the person who assisted him during the operation.

It should be verified that the prescribed procedure is followed and payments are made properly.

Note:- The procedure of payment of remuneration to Doctors and promoters is withdrawn with effect from 1<sup>st</sup> June, 1974.

**40.53** The records of voluntary institutions, private medical practitioners, nursing homes, etc., in so far as they are associated with the family welfare work may be called for during local audit for a random check to the above effect or local audit may be arranged, if necessary, at the venue of the voluntary institution itself.

#### **40.54 Audit should exercise, inter-alia, the following checks :-**

- i) the expenditure on compensation is a proper charge against the grant or appropriation;

- ii) an order of sanction from the competent authority exists for payment of compensation money ;
- iii) money on compensation is spent by a Government servant authorised to incur it.
- iv) necessary receipts are obtained from the persons to whom the payments are made ;
- v) bill is in proper form and classification is correctly recorded ;
- vi) the amount is spent for the purpose for which it is drawn, consistent with the rules of financial propriety ;
- vii) the financial powers delegated to various authorities for drawal and disbursement of compensation money are exercised adequately and effectively ;
- viii) adequate checks are being exercised by the Department in payment of the compensation money to persons who are entitled to receive it.

## SECTION VIII

### **Training of Doctors, Medico Social workers, Nurses, Health Visitors etc.**

**40.55** State Government is provided 100% financial assistance by Central Government for reorganizing and up-grading of existing Family Welfare Training Centers and establishing new ones under the reorganised family welfare training programme. The pattern of financial assistance for each Family Welfare Training Centre is as given in Annexure 8.

The State Government, Central Government and Local Bodies pay travelling allowances under the rules to the trainees who are their employees. In case of other trainees, the traveling expenses are payable by the training centre at the following rates:-

Medical Officer	:	I class single fare from the place of residence to the Training Centre and back.
Others	:	II class single fare from the place of residence to the Training Centre and back

The trainees coming from outstations and receiving training at the State Family Welfare Training Centres and also at the Central Family Welfare Training Institutions, viz., (i) C.H.E.B., New Delhi, (ii) C.F.P.I., New Delhi, (iii) All India Institute of Hygiene and Public Health, Calcutta, (iv) Family Welfare Training and Research Centre, Bombay, (v) Regional Family Training Centre, Hyderabad. Visakhapatnam, Guntur and Kurnool. (G.I.M.H., F.W., NO.5-II/(2)/73, dated 28<sup>th</sup> April 1973) are paid stipends by the centre at following rates.

District Level	-	1200/- per month
a) Medical Officers (PHC)	-	800/- per month
b) Family Welfare Extension Educator (including health educators and social scientists). Family Welfare Health Assistants, Public Health Nurses, Instructors, Statisticians/Statistical Assistants, Investigators, Artists, District mass education and information officers, Social Workers and Health visitors	-	Rs.620/-per month
c) Auxiliary Nurse midwives (family welfare workers, female), basic health workers, computers stores Superintendent/Store Clerk-cum-Accountant).	-	Rs.450/-per month

(Ministry of H.&F.W Lr No.22015/1/85- R.H.D. dated.7.4.1986)

Stipend at the above rates would be admissible only to the trainees who are not in receipt of any daily or subsistence allowance. In case stipendiary trainees are in receipt of any daily or subsistence allowance directly from the Central Government, State Government or other sponsoring bodies, it would be adjusted against the stipend reducing the latter by the amount of daily and/or subsistence allowance. Stipends are admissible to all out-station trainees irrespective of whether they reside in the hostel, if any, attached to the Training Centre or not. In the case of State Training Centre the amount of stipend is initially paid by State Government and then recovered through the “ways and means advances”.

NOTE:- Stipends to the trainees in the Training Course of Auxiliary Nurse Midwives is payable for a maximum period of 18 months. The question of extending this period in the case of failures does not arise, as there should be no room for failures and as special coaching should be given to candidates who are weak. In any case, “Central” assistance towards payment of stipend cannot be given beyond 18 months.

(G.I., M (M.F.P.) Lr.No.5-II (i) Dated 16<sup>th</sup> January, 1969).

**40.56** State Government provides suitable accommodation for housing the new training centre to be set up; resort to acquire rented buildings only where the State Government is not in a position to provide their own buildings. For constructing its own buildings, the State Government should provide suitable sites for the centers free of cost and the actual construction of the building should be in accordance with the plan given and plinth area limited to that prescribed by the Government of India. The latter provides 100% assistance to the State Government for construction. Wherever the buildings have to be hired, the rent for such buildings should be settled in advance with the assistance of local authorities. The rent for such buildings should not, however, in any case, exceed the ceiling of Rs.2500/- p.m.

The candidates sponsored by voluntary organizations should execute a surety bond to the effect that after the completion of training they would serve the Central Government/State Government /Local Bodies /Voluntary Organisations for a period of at least one year.

**40.57 Training of Auxiliary Nurse Midwives :-** Duration of A.N.M's training course is one and half years. The grant to A.N.M. Training Centres run by local bodies and voluntary organizations is given direct by the Central Government. In case of those run by State Government, payment is made through the usual "ways and means advances".

No Central assistance is given if the number of students admitted in any institution is less than 10. However, in cases where out of 10 or more students initially admitted a few students subsequently discontinue training, bringing thereby the total number of trainees to less than 10, the assistance continues to be provided.

The staff conducts the training programme with the assistance of the nursing staff in the hospital and is also responsible for running the Family Welfare Planning Centres. These centres are also utilized for practical training of Auxiliary Nurse Midwives.

**40.58 Dais Training Scheme :-** With a view to improving the midwifery services in the rural areas by utilizing the existing personnel and introducing adequate knowledge of cleanliness and aseptic into their work so that their practice is improved, dais are trained in their professional work and also in using their influence in the community to further the family welfare programme. After the initial period of training, the dais work in close co-operation with the auxiliary nurse-midwife of the village. She refers the antenatal mothers to the A.N.M. for advice as well as call her in cases of difficult labour. The dai is encouraged to advocate to her clients the need for and advantages of small family. She is treated as a motivator for family welfare in the village. She also functions as a depot holder for conventional contraceptives.

Government of India bear the expenditure on the following items :-

- i) Stipends to Dais :- A stipend of Rs.1/- per day per dai is paid when she attends the training class in the Primary Health Centre. As she is required to attend the centre once a week and the training period is spread over six months, a total expenditure upto a maximum of Rs.30/- per trainee is admissible.
- ii) On the completion of the training each dai is provided a midwifery kit at a cost not exceeding Rs.150/- per kit. Dais kits are provided by UNICEF free of cost. No expenditure should be incurred by the State Government on kits, as long as UNICEF continues the assistance.
- iii) After the completion of the training, the dai is entitled to a payment of Rs.1 per delivery conducted by her towards the cost of cotton, soap, antiseptic-drugs, etc., This amount is paid to her by the Medical Officer of the Primary Health Centre through the auxiliary nurse-mid-wife who supervises the work of the dai.

iv) Each Primary Health Centre/Urban M.C.H. Centre with a training centre is provided with the necessary teaching equipment for the scheme at a cost not exceeding Rs.500/- per Primary Health Centre.

Dais teaching sets are provided by International Agencies, i.e., UNICEF and USAID free of cost and no expenditure should be incurred by the State Government on these teaching sets, as long as the assistance of the said institutions continues.

v) Each Primary Health Centre/Urban M.C.H. Centre should maintain a register of the hereditary dais trained by them

The expenditure involved is to be met from the “ways and means advances” and included in the quarterly statement of expenditure furnished to the Ministry.

The Services of the dais are extended to Family Welfare activities on the following terms.

- i) An extra follow up fee of Re.1/- is admissible per case of I.U.C.D. and Rs.2/- per case for sterilization over and above the normal motivation fee admissible under the State Government orders.
- ii) She may be appointed as depot holder for distribution of conventional contraceptives and she may retain the sale proceeds as her selling commission.
- iii) She may be paid an honorarium of Rs.5/- for supplying information regarding births in her village to give some idea of the impact of the programme from village to village.

*(G.I.M.H.(D.F.W.) No.5-VII (1)/70-Ply. Dated 27 the May,1970)*

**40.59 Training of L.H.Vs :-** With effect from November,1968 the scheme of training of LHVs has been made a part of the Family Welfare Programme and is centrally sponsored. Accordingly, the Central assistance is at 100% for new LHV schools opened after 1<sup>st</sup> November, 1968 as well as for the expansion of the pre-1968 LHV schools. However, the expenditure of schools opened prior to 1<sup>st</sup> November,1968 remain the committed expenditure of the State Government.

**40.60 Holding of Orientation Training Camps :-** Expenditure for holding these camps for small durations is admissible at the following rates :-

- i) For a 3 days camp-at the rate of Rs. 10/- per head.
- ii) For a 2 days camp-at the rate of Rs.7.50 per head.
- iii) For a 1 day camp-at the rate of Rs.4/- per head.

This is subject to a maximum of Rs.600/-, Rs.400/- per orientation camp attended by 60/40 persons.

Out of the above expenditure, food charges etc., may be around Rs.2/- per day and the balance of the amount is meant to cover expenditure on items like sanitary installations, transport, hiring of furniture, shamianas, etc.

The expenditure on food should, however, be incurred on the participants coming from outside areas and not on local residents.

The orientation Training Camp should, as far as possible, be associated with or followed by services camps so that the persons who are motivated can be provided ready service. Proper precautions should, however, be taken in selection of cases. The individual should be properly educated before vasectomy/I.U.C.D. insertion. The possible complications and arrangements for treatment should be explained and after care should be ensured. Evaluation should also be arranged.

It should be ensured in audit that the expenditure is confined to the limits and conditions prescribed .

*(Lr.No.5-19/Ply, dated 8<sup>th</sup> November,1968 of G.I. M.O.H., F.W. and U.D. Department of Family Welfare File No. 19-42/67-68 Unit-I of OAD Civil Headquarters.).*

#### **40.61 Orientation Training Courses of Private Medical Practitioners by the Indian Medical Association :-**

(1) One day course in the Capital of the State: This is for the members of the Indian Medical Association who are stationed in the Capital of the State. No D.A. or T.A. is admissible to the trainees, who should be atleast 100 in number.

(2) Two day course for G.M.P's from Indian Medical Association branches of the State : This course is conducted at the Capital of the State. The training is for two representatives – from each of the branches of the Indian Medical Association within the State. The total number of trainees should not exceed 40. Each Doctor is paid halting allowance on an ad-hoc rate of Rs.10 per diem. In addition he is entitled to reimbursement of first class railway fare (or the actual fare incurred, if less ) from the place of his residence to the State Capital and back.

The courses are run by the State Family Welfare Bureau in co-ordination with the Branch of the Indian Medical Association at the Capital. No additional staff is sanctioned to the Bureau on this account but an amount of Rs.500/- per annum is admissible to the Bureau towards stationery and printing charges. Besides, grant-in-aid is released to the Branch of Indian Medical Association at the Capital, at the rate of Rs.20 per Doctor who attends the two day course excluding his D.A. and T.A.

*(G.I.M.H.(D.F.W.No. 5-91/67-Ply./G.O.No.IV-I/70 (3), dated 12<sup>th</sup> February, 1970 P.17/C of File XXII-4/70-72 of D.P.H. Section )*

#### **40.62 Audit checks :-** It should be seen that -

- i) Expenditure incurred is in accordance with the pattern of assistance laid down by the Government of India/State Government.
- ii) The object of expenditure is not altered without the approval of the Central Government ;
- iii) The staff is not employed in anticipation of the scheme ;

- iv) The candidate sponsored by the voluntary organizations executed the necessary surety bond to the effect that after completion of the training the trainee would serve the Central Government/State Government/Local Bodies/Voluntary organizations for a period of at least one year. (It should be seen that check is being exercised by the Department to see whether this condition of rendering one year service is complied with ).
- v) The scale of pay allowed to staff does not exceed the pay granted to similar category of staff of the State Government ;
- vi) Necessary receipts are obtained from persons to whom the payments are made ;
- vii) Stipend and T.A. paid to trainees are in accordance with the rate prescribed by the Government ;
- viii) Rent towards office accommodation is paid according to the prescribed scale ;
- ix) That the stipend, etc., is paid according to prescribed scale and conditions.

## SECTION IX

### Miscellaneous

**40.63 Miscellaneous Purpose Funds Account :-** a) According to the instruction of Government of India from July 1977 onwards, a fund for miscellaneous purpose two institutes is provided in order to enable them to regulate the supply. Immunisation is given through the Child Health Clinics of Family Welfare Planning Centres, M.C.H. Centres, Maternity and Children Hospitals, and Maternity Homes etc., where integrated Maternity and Child Health and Family Welfare Services are given.

b) Immunisation of expectant mothers against Tetanus :-

This immunization is given to mothers registered at the antenatal clinics attached to Family Welfare Planning Centres, Maternity and Child Welfare Centres, Maternity Hospitals, and Maternity Homes where integrated Maternity and Child Health and Family Welfare services are offered and specially through those institutions where post-partum programme is carried out.

c) Prophylaxis against nutritional anaemia for Mothers and Children :- The programme is envisaged for prophylactic management of border-line cases to prevent them from development of anemia and to improve their level of haemoglobin. Regular record in respect of every beneficiary should be kept under this programme, showing the special recordings of hemoglobin and the quantum of drugs issued. The tablets are procured by the Central Government and made available to the State Government through the Government Medical Stores Depot.

d) Prophylaxis against blindness (in Children) caused by Vitamin 'A' deficiency Children between 2 & 6 years of age registered at the Child Welfare Clinics of Primary Health Centres, Maternity and Child Health

Centres, Maternity homes and Hospitals are given each a dose of two lakh international units of Vitamin 'A' by mouth once every six months till they attain six years of age. Proper records should be maintained in this regard. The programme is implemented by Maternity and Child Health personnel working at various levels. Vitamin 'A' is procured by Central Government and distributed to the States through the Medical Stores Depots.

The State Government has to incur the expenditure on these programmes initially from ways and means advances and claim for assistance by reporting the expenditure to Central Government through the quarterly returns.

#### **40.64 Universal Immunisation Programme :-**

The type of activities to be carried out by the Medical Colleges are broadly the same which are for districts and PHCs. The same are listed below. Specifically Medical Colleges are required to :-

- i) Coordinate the implementation in 3 PHCs and the Urban areas in which they are located.
- ii) Conduct vaccination coverage assessment surveys.
- iii) Organise sentinel surveillance .
- iv) Develop active surveillance and follow up of all reported suspect cases.
- v) Involve the medical students and interest in the programme.
- vi) Monthly monitoring of progress and supervision of field work.
- vii) Evaluation of cost – effectiveness of various methodologies/strategies of implementation.
- viii) Participation in training programme.

District :

- i) Prepare a plan of action for the district.
- ii) Arrange a briefing session with the concerned officers of the PHCs, Medical Colleges, Sentinel Centres, other Government agencies and voluntary organizations.
- iii) Define job responsibilities and coordinate the work of the various agencies.
- iv) Plan an indent for the required quantities of vaccines indicating periodicity of supply.
- v) Arrange for the collection of vaccines from the Stores/nearest airport; keep not more than 3 months' requirement at the district stores if electricity supply is reliable, distribute not more than one months' requirements to the PHCs after checking the previous balance of stock and maintain records of vaccines requested, distributed in stock.
- vi) Draw up an inventory of the cold storage facilities and indicate further requirements to the State EPI Officer

- vii) Chalk out strategies of implementation of different areas and draw up a time schedule for outreach operations and campaigns in consultation with the MOs of the PHC.
- viii) Check that all supplies and equipment required are available, place an indent with the State EPI Officer or arrange for procurement if funds are available.
- ix) Make arrangements for the availability of required quantities of ice, kerosene and other supplies as well as for mobility for the staff.
- x) Arrange for active surveillance of polio mycelities and neonatal tetanus, identify sentinel centers, coordinate their work and arrange for field investigations when necessary.
- xi) Ensure regular monitoring and supervision of work, send monthly feed back to the State EPI Officer.
- xii) Organise epidemiological evaluation of the services in consultation with the State EPI Officer.

**PHC :**

- i) Prepare a plan of action for the PHC, chalk out strategies of implementation for the coverage of the eligible children and pregnant women in the areas and draw up a time schedule for outreach operations and campaigns.
- ii) Arrange a briefing session with the concerned staff to explain the objectives of the programme and the strategies of implementation. define job responsibilities.
- iii) Place in indent for the required quantities of vaccines with the concerned District Health Officer, check balance stocks before placing orders for fresh supplies and keep out more than one month's requirements.
- iv) Check that all supplies and equipment required are available place an order with the District Health Officer or procure if funds are available.
- v) Make arrangements for the availability of required quantities of ice, kerosene and other supplies as well as for the mobility of the staff.
- vi) Arrange for wide publicity to encourage community participation.
- vii) Ensure regular monitoring and supervision of work, ensure completion of recommended immunization schedule at the right age, and send monthly feed back to the District Health Officer.
- viii) Participate in the epidemiological evaluation of the programme.

**40.65** Expenditure incurred in connection with laying of foundation stone, opening of F.W. building and inauguration ceremonies should not exceed Rs.500/- on each occasion and it should be met from within the overall ceiling of expenditure approved for the construction of building.

(Vide G.No.10-38/Ply.Dt. 5.12.72 of G.O. I.M.H. & F.W.)

**40.66 Expenditure incurred on T.A. of officers and staff:-** Total travelling allowance allowed during a year to the subordinate staff should not be more than 10% of the total pay and allowances admissible during the year and for Gazetted Officers, 15% for all rapid marches unplanned and unnecessary tours and repeated visits to the same place should not be allowed. Transfer of staff working under Family Welfare Programme within a period of 3 years in a particular station is avoided unless it is inevitable in the interest of programme so as to avoid unnecessary expenditure on T.A. Whenever such a transfer is ordered a report on each case should be sent to D.M. and H.S. and ratification obtained.

*(Vide Lr.No.56463/T.A/71, datd.20.5.1972 of Director of Medical and Health Services)*

**40.67 Performance audit :-** It is essential that expenditure on different schemes of Family Welfare should be examined to ascertain whether -

a) such schemes are executed efficiently and economically ;performance is satisfactory according to the various targets fixed by the Central Government.

This invariably implies that the physical performance of various programmes should be correlated to financial costs and to the long-term objectives.

It may also have to be ascertained (i) whether the physical target prescribed has been achieved within the estimated time,

ii) how far the final purpose and object is achieved,

iii) whether the performance compares well with the results obtained and there is no serious or recurring shortfall in the fulfilment of the targets.

In addition to the above, the following general points in performance audit may be seen ;

(i) That the staff has not been engaged before the procurement of machinery required for running the centers ; and

(ii) Whether there have been any serious avoidable delays in the progress of work of a scheme resulting in the total cost of the scheme going up or holding up of the connected schemes.

All the Inspecting Officers/Section Officers of audit parties should collect the particulars in the proforma indicated below and submit the same along with the Audit Reports of the Institutions in which Family Welfare Programme is implemented.

## Proforma of Statement

Year	Name of the operation	Targets fixed - Physical/ Financial	Targets achieved Physical/ Financial	Percentage achieved - Physical /Financial	Reasons for short fall in Target, other remarks.
(1)	(2)	(3)	(4)	(5)	(6)

*(O.A.D .Civil/VI/19-52/68-69/47, dated 18<sup>th</sup> February, 1969-File No. 19-52/68-69, Unit, VI of O.A.D. Civil Hqrs)*

**40.68 Audit Report:-** Where the institution locally audited is constituted for implementation of the Family Welfare Scheme exclusively, the report of results of audit is sent to the Head of the Institution endorsing copies to the State Family Welfare Officer and the Director of Health Services, Family Welfare and Drugs Control, where the transactions of Family Welfare Scheme form a part of the work of the institutions, as in Hospitals/D.M.H.O's Office/Rural Health Centres etc., the results of audit would go into the over all Audit Report. The report is sent to the Head of the Institution endorsing a copy to the Director for necessary remedial action.

## ANNEXURE I

(Referred to in Para 40.03)

### **Grant to voluntary organisations and Local Bodies for Family Welfare Programme :**

The Government of India give 100% financial assistance to voluntary organizations and local bodies for the formation of the following schemes under the Family Welfare Programme :-

i)	Family Welfare Planning Centre :-	Recurring	Non-Recurring
	Urban	Rs.19,780	Rs.3,000
	Rural	No approved pattern.	
ii)	Sterilization Unit :-		
	Rs.10,000 for conducting sterilization operations.		
iii)	Family Welfare Bureau.	Rs.52,500	Rs.72,000
	and		
iv)	Mobile Clinic and		
v)	Information Centre		

There is no approved pattern for these projects and the grants are sanctioned on the recommendations of the State Family Welfare Officer with the concurrence of the Ministry of Finance.

- i) Grants are also given to the Education Leaders at the following rates :-
- |  |                    |
|--|--------------------|
| a) Regional Family Welfare Education Leader      | Rs.4,000 per year. |
| b) District Family Welfare Education Leader      | Rs.2,000 per year  |
| c) Zonal Family Welfare Education Leader.        | Rs.2,000 per year. |
| d) Institution Family Welfare Education Leader . | Rs.4,000 per year  |

Since the Family Welfare Programme is a target oriented time-bound programme, it is considered necessary that the grants to local bodies and voluntary organizations should be related to the performance of such bodies. For this purpose the targets may be laid down according to the following criteria –

- 1) Targets for Urban Family Welfare Planning Centres run by the local bodies and voluntary organizations :

For centers in districts/towns selected for “intensive work the targets shall be 1250 IUCD insertions per annum, 175 sterilization operations per annum and motivating 400 new cases in the use of condoms and 100 new cases in the use of foam tablets, jellies, etc., over and above the number of the active cases remaining on their roll at the beginning of the year. For centers situated in other areas, the targets shall be 700 IUCD insertions per annum, 125 sterilization operations per annum and motivating 400 new cases in the use of condoms and 100 new cases for the use of foam tablets and jellies over

and above the number of active cases on their roll at the beginning of any year, constitution grants may be considered on the basis of achievement of the targets as indicated.

2. Targets for Family Welfare Planning Centres in rural areas under local bodies and voluntary organizations ;-

Family Welfare Programme in rural areas is closely and intimately linked up with the Primary Health Centres and has, therefore, to be executed by the State Governments. However, as a number of rural family welfare centers were already functioning at the time of sanctioning the recognized family welfare programme and several new centers were since established in rural areas under voluntary organizations on the recommendations of the State Government, these areas are not likely to be covered by the State Governments in the near future. Many of these centers in rural areas are not fully staffed with Doctors and para-medical personnel. Several of these have only skeleton staff and look after a small population. These centers should strictly be considered as equivalent to sub-centres under the reorganized programme. Targets of these centers, cannot therefore, be laid down on the same basis as has been done for urban centers. Central Social Welfare Board is running a number of centers with only a lady health visitor and looking after a very small population. For rural centers under voluntary organizations and local bodies, having a Doctor on their establishment, the targets are 11 IUCD insertions per 1,000 population, 3.5 sterilization operations per thousand population and motivating 4 persons per thousand population in the use of condoms and 2 women per 1000 population in the use of foam tablets and jellies, if the centers are situated in the intensive districts. For rural centres not situated within the intensive districts, the target should be 10 IUCD insertions per thousand population, 2.5 sterilization operations per 1000 population and motivating 4 persons in the use of condoms and 1 woman in the use of foam tablets and jellies.

For rural centers which do not have any Medical officer on their establishment the targets in respect of motivating persons for IUCD insertions, sterilization operations and use of conventional contraceptives should be in the same proportion as for units having a Doctor and getting these institutions and operations are to be carried out through nearest regular Family Welfare Planning Centres.

3. Targets for sterilizations units having whole-time staff :-

Such units are generally under the State Government's in hospitals upto taluk level. Sterilization units are not generally sanctioned in favour of voluntary organizations. Only a few such units are sanctioned to bigger organizations on special recommendation of the State Health Department. Those sterilization units with whole time staff should work on a mobile basis, organize Vasectomy camps and perform a minimum number of 150 Vasectomy operations per month as has been recommended by the Mukherjee Committee or Doctors attached with mobile units in paragraph 3.1 of its recommendations.

**ANNEXURE II**

(Referred to in Para 40.04)

**List of drugs to be carried out by mobile I.U.C.D/sterilization vans in the States for emergency medial relief.**

1.Pulv. Bismuta Kaoline	Gr.5 x 200 powders.
2.Tablets Sulfaguaiendin	500 tablets.
3.Tablets A.P.C.	500 tablets.
4.Lotic Argyrol (10%) for Ophthalmic use of vials of 2 grams.	20 Vials.
5.Tablets Sulphadiazine	300 tablets.
6.Tablets Beledenal	40 tablets.
7.Injection Adronaline	10 amps.
8.Polyvalent Anti Snake Venom	2 amps.
9.Injection Pethedine	10 amps.
10.Injection Atropine Sulpha Amoiple	10 amps.
11.Bandages.	3 in X 20
12.Cotton Wool	1 Kg.
13.Gauze	1 Than
14.Liq.Iodi Mitis	200 ml.
15.Dettol	300 ml.
16.Tinc.Benzain Compound	200 ml.

**ANNEXURE III**

(Referred to in Para 40.12)

**Pattern of strengthening of staff of hospitals for conducting sterilization operations**

Static Unit - Ceiling of cost up to which Central assistance is available.

Medical Officer.	One
Operation Theatre Nurse	One
Operation Theatre Attendants	Two
Contingencies	Rs.1000 per annum.

The scale of pay and allowances are the same as per similar category of persons in the States. Static Sterilization units are closed from 1-4-72 except in cases where Central Government's approval is otherwise accorded.

**ANNEXURE IV**

(Referred to in Para 40.12)

Non-Recurring :

Cost of Vehicle Rs.25,000 ( for each mobile unit).

Recurring Sterilization Unit (Mobile)  
(One for District Bureau).

1.Assistant Surgeon, Grade-1,	1
2.Operation Theatre Nurse	1
3.Operation Theatre Attendant	1
4.Driver-cum-Mechanic	1
5.Cleaner	1
Mobile I.U.C.D. Unit	
1.Assistant Surgeon – Grade –I (Preferably a lady Doctor)	1
2.Auxiliary Nurse Midwife	1
3.Attendants (1 male and 1 female)	2
4.Driver-cum-Mechanic	1.

**ANNEXURE V**

(Referred to in Para 40.15)

a) List of surgical instruments required for IUCD programme in various categories of hospitals.

Sl.No.	IDPL No.	Equipment and Nomenclature	Qty.
1.	2.	3.	4.
1.	03.25	Cervical Forcep S.S. (Killis)	6
2.	07.09	Dr.Shriodhkar's IUCD Hooks S.S.	4
3	09.10	Speculum Vaginal (Cuscos) Large.	4
4	09-11	Speculum Vaginal (Cuscos) Small.	4
5	10.11	Sound Uterine (simpson) S.S.	4
6.	04.05	Scissors, Curved or Flat.	4
7.	09.12	Speculum Vaginal (Duck Bill double – ended).	4
8.	09.13	Retractor, Vaginal	4
9.	10.10	Applicator double ended with ¾” in length thread at either end.	4
<b>V.M.S. NO.</b>			
10	05281	Syringe all glass 2 ml.luer nozzle	1
11.	05282	Syringe all glass 3 ml.luer nozzle.	1
12.	05127	Gloves, operation bag	6
13.	14018	Nail Brush	1
14.	05174	Needle, hypoderimic (23 CX 25.4 m.m.) to fit luer nozzle syringe.	1 doz
15	N.I.V.	Try. S.S. 8” in X 6 in. with cover having a knob at the top of the cover 22.S.W.G. sheet.	1
16.	N.I.V.	Bowl 6” in S.S. 24/ S.W.G. Sheet.	1.
17.	N.I.V.	Try. With cover S.D. 11” X 9’ ub 22 S.W.G. sheet.	1

(b) List of Surgical Instruments required for Sterilisation, Programme in various categories of Hospitals.

Sl. No.	IDPL No.	Equipment and nomenclature	Qty.
1	2	3	4
1	03-22	Forceps Harrison's Double Jawed, Bowl sterilizing.	1
2	03-23	Forceps Cheatles	2
3	03-21	Forceps Sponges Holding with serrated jaws.	6
4	06-20	Forceps, Artery, Mosquit Traight.	24
5	03-24	Forceps, Peritonium	6
6	02-03	Forceps,Dissecting	6
7	10.09	Dissector	6
8	04-04	Scissors, Straight	6
9	11.09	Needle Aneurysm.	6
10	06-01	Clip, Towel, Cross Action V.M.S.No.	12
11	05154	Handles, Bard Parker No.3 (to fit No.15 blades)	6
12	05150	Knife, Hard Parker Blade No.15 (Packets of six)	3
13	05190	Needle, Suture, Cutting Straight, Traingular pointed size2, Packet of 6	3
14	05101	Neele, Suture, round bodies, half circle, size 15, packet of six.	2
15	13021	Thread, Linen, Size 20, 30c.m. Hanks, of 50	4
16	05175	Needle, Hypodermic 38. 1 c.m. long 26 S.W.G. to fit luer nozzle syringes.	12
17	05283	Syringe all glass 10 m. luer.	6
18	05128	Gloves, Operation Size 6, pair of	6
19	05129	Gloves, Operation size of 6 ½ pair of	6
20	05130	Gloves, Operation size 7, pair of	6
21	05131	Gloves, Operation size 7 ½ pair of	6
22	N.I.V.	Tray, Stainless steel, Kidney shaped, 25 c.m.	4
23	N.I.V.	Tray, Stainless steel, shallow, size 27.50 c.m. X 22.50 c.m. with cover.	6

**ANNEXURE VI**

(Referred to in Para 40.23)

(a) Pattern of assistance for construction of buildings to private institutions, Government body and Local Body institution for A.N.M. Training Centres.

Private Institutions :

Non-Recurring.

- |     |   |   |   |
|-----|---|---|---|
| i)  | 100 Percent of non-recurring expenditure subject to a maximum of Rs.2,000 per seat in the hostel for double number of annual admissions         | : |   |
| ii) | Minor addition and alterations to existing buildings and purchase for furniture, equipment etc.<br><br>(100% subject to a maximum of Rs.10,000) | : | building, repairs and educational aids for each training institutions. This assistance is not, however, admissible if it is already received by the Institution previously. |
|     | Government and Local Body Institutions.   | : |   |
| i)  | Construction of hostel for the trainees.  | : | 100% of non-recurring expenditure subject to a maximum of Rs.1,500 per seat in the hostel for double the number of annual admissions.                                       |
| ii) | Minor additions and alterations to existing buildings and purchase of furniture, equipment.<br><br>(100% subject to a maximum of Rs.7,000)      | : | For Family Welfare equipment. etc. This assistance is not however admissible if it is already received by an institution previously.  |

(b) Pattern of assistance for construction of buildings for L.H.Vs., Training Centres.

(Referred to in Para 40.23)

Non-Recurring

- |    |                     |   |  |
|----|---------------------|---|--|
| 1. | Building            | : | In accordance with area & plan given in drawing No. at the rate of construction as per State Provision P.W. Dept.2-22012/4/62-RHD dtd.1.11.83 of Government of India M.H. & F.W. |
| 2. | For Hostel Building | : | 100% subject to a maximum of Rs.1,500 per seat in the hostel for double the number of annual admission.  |

**ANNEXURE VII**

(Referred to in Para 40.43 and 40.47)

Norms of assistance to the acceptors of Family Planning with effect from 1-5-2004  
(G.O.Rt.No.1020, HM&FW (D.1) Dept., dt.27.9.2005)

**(A) Family Planning Surgeries in Government institutions and special camps**

Sl. No	Description	Tubectomies		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transportation	220	280	500
2.	Drugs and dressings kept at the disposal of DM&HO	60	-	60
3.	MPF kept at the disposal of Commissioner, Family Welfare	20	-	20
4.	Doctor fee	-	-	-
	<b>Total</b>	<b>300</b>	<b>280</b>	<b>580</b>

Sl. No	Description	Vasectomies		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transportation	150	350	500
2.	Drugs and dressings kept at the disposal of DM&HO	25	-	25
3.	MPF kept at the disposal of Commissioner, Family Welfare	25	-	25
4.	Doctor fee	-	-	-
	<b>Total</b>	<b>200</b>	<b>350</b>	<b>550</b>

Sl. No	Description	IUD insertions		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transportation	-	-	-
2.	Drugs and dressings kept at the disposal of DM&HO	20	-	20
3.	MPF kept at the disposal of Commissioner, Family Welfare	-	-	-
4.	Doctor fee	-	-	-
	<b>Total</b>	<b>20</b>	<b>-</b>	<b>20</b>

CSS – Centrally Sponsored Share

NSP – Normal State Plan

**(B) Sterilisation by PMPs in Private Nursing Homes**

Sl. No	Description	Tubectomies		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transporation	220	280	500
2.	Drugs and dressings kept at the disposal of DM&HO	-	-	-
3.	MPF kept at the disposal of Commissioner, Family Welfare	30	-	30
4.	Doctor fee	50	-	50
	Total	300	280	580

Sl. No	Description	Vasectomies		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transporation	150	350	500
2.	Drugs and dressings kept at the disposal of DM&HO	-	-	-
3.	MPF kept at the disposal of Commissioner, Family Welfare	-	-	-
4.	Doctor fee	50	-	50
	Total	200	350	550

Sl. No	Description	IUD insertions		
		CSS Rs.	NSP Rs.	Total
1.	Compensation to acceptor towards loss of wages including diet and transporation	-	-	-
2.	Drugs and dressings kept at the disposal of DM&HO	-	-	-
3.	MPF kept at the disposal of Commissioner, Family Welfare	-	-	-
4.	Doctor fee	-	-	-
	Total	-	-	-

CSS – Centrally Sponsored Share

NSP – Normal State Plan

Small camps or other institutions where diet is not normally provided.	Small Camps		Extra amount of Rs.25 allowed in non-diet institutions and in camps. In a dietary institution this is not permissible	Diet Rs.25 in non-diet institution. In diet institutions Rs.25 should be drawn and credited to Government Account. This amount of Rs.25 shall be utilized for diet of volunteers anaesthetists etc. arrangements for camps, provision of beds, transport charges. Sanction for camps for purposes of claiming Rs.70 per case include tubectomies done on additional improvised beds put up at P.H.C/Taluk/Rural dispensaries
a) Acceptor	15	a) Acceptor	15.00	
b) Doctor	5	b) Doctor	5.00	
c) Anaesthetic	5	c) Anaesthetic	5.00	
d) Asst.to Doctor	3	d) Asst.to Doctor	2.50	
e) Promotor	5	e) Promotor	5.00	
f) Drugs,Diet and incidentals etc	32	f) Drugs and dressings	12.00	
	<u>65</u>	g) Exgratia	0.50	
		h) Diet	<u>20.00</u>	
			<u>65.00</u>	

**ANNEXURE VIII**

(Referred to in Para 40.55)

**Pattern Of Assistance For Training Centres.**

Non-Recurring:

Articles	Number	Cost
Mini Bus/Bus		Rs.1,36,500/- (if bus is provided) or 1,15,500/- (if mini buses are provided)
Duplicating Machine		Rs.80,000/- (Rs.Eighty Thousand)
Sound Projector (16mm) Typerwriter. Furniture Recurring : Items of Expenditure		Ceiling of Expenditure.
a) Pay and allowance, etc of staff		Payment with reference to scale of pay existing for similar staff in the State.
b) Stipends and T.A. to trainees at prescribed rates.		Rs.25,000/-
c) P.O.L and fund for major repairs.		As per scale given in Section-VI (P.O.L.)
d) Contingencies		Rs.6,000/-
e) Rent for training Centre and hostel for trainees in case Government accommodation is not available.		Rs.18,000/-

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## CHAPTER 41

### GUIDELINES FOR CONDUCTING AUDIT OF ACCOUNTS IN THE CENTRAL GOVERNMENT OFFICES WITH THE INTRODUCTION OF DEPARTMENTALISED ACCOUNTING SYSTEM.

**41.01** (a) The payment and accounting procedure under the Departmentalised Accounting System has been laid down in the Civil Accounts Manual issued by the Ministry of Finance Department of Expenditure (Special Cell) in May, 1981. Except to the extent specifically modified in the Manual and in the detailed schemes for departmentalisation of accounts prepared for different Ministries/Departments, the rules and orders contained in the G.F.R., C.T.R., Account Code volume I will continue to be applicable.

(b) The instructions contained in the Civil Accounts Manual may be kept in view while conducting local audit of the accounts maintained by various Pay and Accounts Officers/Drawing and Disbursing Officers.

**41.02** State of work in the Pay and Accounts Unit.

(a) In order to watch proper functioning of the payment and accounting units set up under the scheme, periodical returns about the state of work has been prescribed. For this purpose, Principal Accounts Officers are required to prescribe a suitable monthly return to be furnished to them monthly by the Pay and Accounts Officer under their charge.

(b) The report should show the position in regard to the following items with reasons for delay or outstanding.

- i) Compilation of accounts and transmission of the monthly accounts to the Principal Accounts Officer.
- (ii) Verification of daily/weekly scrolls received from the paying banks with the accounts rendered by the D.D.Os.
- (iii) (a) Details of bills awaiting payments for over a week.  
(b) Details of letters pending over a month.
- (iv) (a) Maintenance of P.F. Accounts/position of monthly posting and agreement.  
(b) Figures of unposted credits/debits for the month and to the end of the month.
- (c) Transmission of D.D.O. wise statements to Accountants General (A&E) for purpose of transfer of the ledger cards allotting fresh numbers and indicating old numbers.

- (d) Final closure cases-total number and outstanding for over two weeks.
  - (v) Position of maintenance of detailed accounts of long term loans and advances.
  - (vi) (a) Pension cases pending disposal-total and number of cases pending over two weeks.
  - (b) Applications for commutation of pensions-pending over two weeks.
  - (vii) Progress in settlement of inward/outward accounts whether all inward accounts have been examined settled and adjusted.
  - (viii) Progress in post check of the accounts and vouchers of the D.D.Os authorised to issue cheques including payment Disbursing Officer.
  - (ix) Progress in reconciliation of credits and debits under “Cheques and Bills” and details of old outstandings.
  - (x) Delays in receipt of Demand Drafts from Banks.
  - (xi) Any other points or errors in work.
- c) In order that the Pay and Accounts Officers are in a position to keep effective control over the various items of work, they are to maintain a Calendar of Returns which would show the various returns, their due dates and the authorities etc., when they are due and actual date of submission.

**41.03** The Government of India, Ministry of Finance Controller General of Accounts vide their O.M. A-60011/77/M.F.I.C.G.A/Inspection/69 dated 26.4.80 have laid down further guidelines regarding supply of records pertaining to month's selected for internal audit. As these guidelines will also apply mutatis mutandis in the case of audit of D.D.O's offices to be conducted by statutory audit parties these may also be kept in view while conducting, audit of above offices. Special attention is, however, invited to the following points mentioned in the above points.

- (a) The payments made by the cheque drawing D.D.O. during the selected month (s) will be verified by the audit party with reference to the counterfoils of cheques, copies of the bank scrolls, pay bill register or office copies of the paid vouchers available with the D.D.O. It will therefore, not be necessary for the party to obtain original paid vouchers etc. from the Pay and Accounts Officer, However in the case of payments of long-term loans/advances etc for which the bills are presented by him to the Pay and Accounts Officer for pre-check and payments, the audit party shall obtain from the Pay and Accounts Officer, a list of all such payments made by him during month (s) selected for audit for purpose of checking that the cheques/bank drafts marked account payee, had seen made over to the correct payee and their acknowledgements obtained, and that the cheques/Bank drafts issued in favour of the cheque-

drawing D.D.O. for arranging payment in cash had been entered in the Cash Book maintained by him.

b) In the case of D.D.O.'s without cheque drawing powers, the original paid vouchers for the month (s) selected for local audit would be required by the audit parties. These should therefore be obtained by them from the Pay and Accounts Officer. However, the lists of payments and cheques issued by the Pay and Accounts Officers/Cheque-drawing D.D.Os in the case of payments pertaining to such D.D.Os. will not be required by audit parties and these need be called for from the Pay and Accounts Officer.

c) The lists of payments and paid vouchers will be furnished by the Pay and Accounts Officer to the parties promptly on receipt of necessary requisition. A list showing particulars of discrepancies/defects or other irregularities, if any, noticed during the course or scrutiny of bank scrolls with reference to the related paid vouchers and cheques, remaining unsettled or any other important point requiring investigation may also be furnished by the Pay and Accounts Officers to the audit parties for on the spot examination and report.

*(Civil Accounts Manual Para 12.9).*

Paid vouchers etc., are to be supplied to audit parties under proper acknowledgement. The audit parties may, therefore, return the vouchers etc. after obtaining proper acknowledgement to avoid any complications in future.

#### **41.04 Selection of months for detailed audit :**

It has been decided that the inspection party will itself make selection on the basis of review of Cash Books, vouchers and expenditure in general.

NOTE 1: Inspection party may also comment on the discrepancies, defects or irregularities brought to its notice by the Pay and Accounts Office with regard to drawl of cheques by D.D.Os with Cheque drawing powers.

NOTE 2 : It may also be seen that list of cheques issued by Pay and Accounts Officer along with relevant particulars for the period covered by Audit is received by it from Inspection Civil headquarters before commencement of audit for verification of initial records so far as audit of D.D.O's without cheque drawing powers is concerned.

#### **41.05 Instructions for LA Headquarters Section :-**

L.A I Section will prepare programme of D.D.O's (with or without cheque drawing powers) well in advance and L.A Section will directly call for lists of cheques issued from the Pay and Accounts Officers concerned along with statement of discrepancies/defects or irregularities noticed if any, in the case of D.D.O. with cheque drawing powers without reference to the Accountant General under whose jurisdiction Pay and Accounts Officer is placed for timely supply to the inspection party. These lists will, however, be sent to the field party with the previous Inspection Reports etc. through LA Section (dealing with Central Departments at Headquarters). These

instructions will also apply mutates mutantis for local audit of C.R.P/B.S.F. Battalion or Unit Office.

#### 41.06 Results of audit :

The results of local audit of departmentalized Accounts Officers, Drawing and Disbursing Officers and other units of the Government of India will be included in Inspection Reports or Test Audit notes. The Inspection Reports which include important objections will be pursued by Audit Officer through correspondence. Test Audit Notes which include less important objections and which do not require a reply in details will be sent to the Pay and Accounts Officer concerned for pursuance with the Drawing and Disbursing Officer of unit inspected by audit. The clearance of such items will be checked by audit during the subsequent audit of the Pay and Accounts Officer.

It has been decided that the field parties should give one copy of Test audit note to the Head of Office and to send duplicate copies to LA-I Headquarters duly signed by the Section Officer/Assistant Audit Officer/Inspecting Officer along with the Inspection Report. The Headquarters Section, in turn will send one copy of test audit note to the Pay and Accounts Officer concerned.

#### 41.07 Scope and extent of audit of Pay and Accounts Officer/D.D.O's :

(a) It has been decoded that the local audit of Pay and Accounts Officers should be directed towards, testing adequacy and efficiency of internal checks and check the efficiency and effectiveness of working of system. These checks are given in the following paragraphs :-

- 1) Critical review of the reports of the Internal Audit unit to see that no serious financial irregularities or lacunae in the accounting procedures have escaped.
- 2) Review of the adequacy of the action taken by the end Accounts Officer for remedying the defects pointed out by the Internal Audit unit.

b) General Review of Control Records :- It may be ensured that all the registers and records as indicted in paras 13, 14 of Civil Accounts Manual are maintained according to the instructions contained therein.

c) Checks to be exercised during local audit of D..D.Os with cheque drawing Powers:- The Drawing and Disbursing Officers with cheque drawing powers act on behalf of the Pay and Accounts Officer in discharge of their functions. The paid folios (Cheques) and original vouchers are with the Pay and Accounts Officer concerned. Hence the checks to be exercised during local audit of these offices (D.D.O's) will have limited scope and will be confined to the following :-

- i) Verificaton of correctness of the net amounts shown in the Pay Bill Registers or office copies of the paid vouchers for the selected month with the amount noted in counterfoils of cheques.
  - ii) Verification of the entries in the Cash Book and other relevant records with reference to the accounts noted in the office copies of the concerned account record.
  - iii) Verification of entries relating to the paid cheques in the copies of the Bank scrolls received by the D.D.O's from the Bankers with the amount noted in the counterfoils.
- b) Audit of Contingencies (Index Sheet Point) :- Audit of contingencies can be effective only by an intelligent scrutiny of the transactions with the purchase bills, files and other related documents available in the office of the D.D.O's. A list of important and heavy transactions under contingencies should be prepared from the records of Pay and Accounts Officer during local audit for further audit of transactions in D.D.O's.

The list prepared may be proposed as 'Index Sheet Point' for examination in the office of the D.D.O. concerned.

- c) Audit of Sanctions to Grant-in-Aid Payments :-

At present audit of sanctions of the payments of grants in aid is done in the main office and audit of payment is done in the Pay and Accounts Office and check of utilization and audit of effectiveness of expenditure is conducted in the office of the sanctioning authority. For this purpose Pay and Accounts Officers may be asked to give voucherwise details of the grants paid in a year, so that under Section 13 and 15 of the Comptroller and Auditor General's (D.P.C) Act, 1971 audit can be done with advantage in the office of the sanctioning authority. The list so obtained may be forwarded to the Audit Officer, LA I after recording an indication of having done, so at the foot of the title sheet.

*(Authority : CAG's letter No.1023-T.A. I/147-81 dated.28.8.81).*

41.08 Undertaking of Special Audit by I.A. & A.D. at the request of Government after departmentalisation of accounts of Central Government :

In the case of Central Ministries/Departments whenever requests for special audit, investigation, frauds etc are received, the Ministry/Department concerned should be advised to approach the Pay and Accounts Officer concerned first for arranging the investigation as a part of internal audit. If in any case Principal Pay and Accounts Officer requires the assistance of audit only then the special Audit may be undertaken. A detailed review of such of the cases of fraud, embezzlements and other serious irregularities which come

to notice during the course of audit or otherwise may however be conducted interalia reviewing critically the results and effectiveness of internal audit investigation. The audit office may take its own initiative of taking up special audit of any office in which fraud etc had taken place after obtaining the approval of Headquarters office wherever necessary (Hqrs Lr .No 285-TA I/110-77 dt 18-4-1978).

## CHAPTER 42

### **Audit of Centrally Sponsored Schemes and those aided by World Bank and other Foreign Governments**

**42.01** A number of schemes are being implemented by various departments financed by the Centre either in full or to a prescribed percentage. A list of such schemes are available along with the budget documents, department-wise in EAP cell.

**42.02** As the standard of Audit Certificates on Centrally sponsored schemes will depend on our efforts to bring out financial irregularities in the implementation of these schemes, field parties should consider this item of work as of utmost importance and ensue that irregularities relating to these schemes are invariably highlighted in the Inspection Reports.

**42.03** Certain specified areas requiring scrutiny are given below for guidance of the field parties.

- a) Diversion of central funds.
- b) Over statement of achievements
- c) System failures
- d) General disregard/violation of Central Government guidelines/instructions.
- e) Incorrect allocation of Central funds.
- f) Delay in release of funds.
- g) Inflated expenditure figures.
- h) Failure to provide matching State's contribution.
- i) Inadequacies in monitoring mechanism.

All the field parties conducting audit of the various departmental offices particularly Secretariat and Offices of Heads of Departments should look into the above aspects and report defects/omissions noticed in local audit in addition to any other irregularities in the implementation of Centrally sponsored schemes. A proforma prescribed in this regard is given in Annexure appended to this chapter which should be sent to AO/EAP cell by name by the field parties.

*( HQrs Office DO letter No.183-Audit (MOM) 215-95 dt 05—5-95 )*

**42.04** EAP cell will issue Audit Certificates in respect of Centrally Sponsored Schemes, based upon the expenditure booked by the Accountant General (A&E) under each Scheme/Head of Account. If the amount drawn by the departmental authorities and booked by the Accountant General (A&E) was not actually spent and kept in PD account or Bank account, the audit certificate does not reflect the true picture of expenditure incurred under each scheme. As the Centre provides assistance in respect of these schemes, it is essential to point out amounts drawn but not utilized for the intended purpose

and kept in PD account/Bank account etc., or lying in the shape of DDs, Cheques etc. The details of unspent balances should be furnished by the field parties directly to the EAP cell.

**42.05** In case, the required details/information on Centrally sponsored schemes are not forthcoming from departmental records, reasons therefor i.e., whether it was due to non production of records, PD accounts Bank pass book etc., or non/improper maintenance of records, mixing up of scheme funds with other funds of the department etc., should be specifically mentioned in the IR para.

**42.06** A preliminary audit enquiry should be issued on the first day of audit, calling for records and PD accounts/Bank pass book relating to Centrally Sponsored Schemes and reply should be obtained as early as possible without waiting till the last date of audit. If Centrally Sponsored Schemes are not implemented or where there are no objections noticed on the schemes, the fact should be certified in the format I given in Annexure and “NIL” statements should be sent to EAP cell duly filling the columns 1 & 2 i.e., name of the office and period of audit.

**42.07** Collection of data relating to Centrally Sponsored Schemes and exercising checks in respect of these schemes should be shown in the allocation sheet and these items of work should be entrusted to AAO/SO of the party by the Inspecting Officer. A certificate to the effect that all checks in respect of centrally sponsored schemes have been conducted and format sent direct to EAP cell should invariably be recorded against item No. 37A (Part I) of the forwarding document.

**42.08** Interest accrued on depositing scheme funds in savings account should normally be spent for the purpose of that scheme. Action taken by the Department contrary to this i.e., retention of interest amount without utilization/remittance, diversion to some other purpose with or without orders of Head of Department/State Government should also be highlighted in the Inspection Reports. New topics, areas escaping audit purviews and any other objections of interesting nature and constraints faced by field parties in pointing out the objections in respect of Centrally Sponsored Scheme should be brought to the notice of Group Officer (IC) in therefor of a ‘note’ along with documentary evidence to refer the matter to Head Quarters Office/Central Ministry.

*(LA I circular No.12 dated.17-07-1995)*

**42.09** Similarly some of the schemes are implemented with the aid from World Bank and Foreign Governments. The details of such schemes, if any, should be ascertained from the office taken up for local audit and follow the procedure detailed above mutatis-mutandis as a scheme with financial assistance from Centre.

**42.10** The following procedure is prescribed for issue of audit certificate under World Bank assisted projects. The local audit (special) party inspecting the World Bank assisted projects should submit its report to LA I section and it would be processed in the concerned LA section. Four copies of the

finalized and approved report would be sent to EAP cell. The EAP cell will forward these reports along with audit certificates to the concerned project authorities/Government of India/Government of A.P. The concerned LA section will pursue the reports to their finality.

*(EAP cell circular No.50 dated.20-09-90)*

**42.11** The LA sections maintain a register in the following proforma for pursuance of objections raised by local audit parties and in order to enable EAP cell to issue audit certificate.

1. Period to which the expenditure relate including the amounts objected with reasons therefor.
2. The authority on whose accounts the objection was raised.
3. Para number and report particulars.
4. Details of the Centrally Sponsored Scheme to which it relates/World Bank Assisted Projects including the G.O. No. and date on which the scheme was sanctioned.

**42.12** The General instructions laid down in Chapter 4 of this manual should also be followed in addition to the above instructions.

**ANNEXURE**

(Referred to in para 42.03 and 42.06)

**FORMAT**

(to be sent direct to AO/EAP cell)

(use separate form for each scheme)

1. Name of the Office :
2. Period of audit & Year of I.R. :
3. Whether objections on the following topics are noticed in audit
  - (a) Diversion of Central funds :
  - (b) Diversion of achievements :
  - (c) System failures :
  - (d) General disregard/violation of Central Govt. guidelines/instructions. :
  - (e) Incorrect allocation of Central funds :
  - (f) Delay in releasing funds :
  - (g) Inflated expenditure figure :
  - (h) Failure to provide matching State contribution :
  - (i) Inadequacies in monitoring mechanism :
  - (j) Any other point of interest (specify) :

If so please give reference to para No. and AE No. In which objection has been commented in IR. :
4. Whether checks have been exercised & objection raised with reference to the following aspects.
  - (a) Amount drawn from the consolidated fund and paid to an autonomous institution or local body where it is not utilized for the purpose for which it is meant. :
  - (b) Amount drawn from Consolidated Fund and paid to a public sector undertaking with a specific direction that should be kept in PD Account to be opened in the Treasury. :
  - (c) The amount is withdrawn from the Consolidated Fund and kept in Bank account. :
  - (d) The amount is withdrawn from the Consolidated Fund and kept in the form of cheques, cash etc. If so, please give reference to para No. and AE.No. in which the above objection was included in I.R. :
5. In case, required details/information in respect of above objections are not forthcoming reasons therefor may please be stated. :
6. If no Centrally Sponsored Schemes are implemented or where no objections are noticed in the schemes it may be so certified.

**Calendar of Returns etc. due from and to Inspection (Civil)**  
**Head Quarters Section.**  
**SECTION - I**

Returns due to authorities outside this office.

A - ANNUAL :

Sl. No.	Name of Return	To whom due	Due Date	Authority.
1.	Communication of Forecast to State Government.	Government of A.P. (Finance) and Administrative departments concerned.	15 <sup>th</sup> march.	Para 3.01 (f) of Manual of Inspection (Civil)
2.	Report on the expenditure on State Hospitality to Central and other VI.P.s while attending the A.I.C.C. Sessions.	Comptroller and Auditor General of India.	Whenever Sessions are held in the State.	CAG's Lr.No.1362 (Audit) dt.4.9.1963 and 22.9.1965, File 47/2 65-66/Unit XII.
3	Annual return in respect of Audits undertaken under Section 14 of the Comptroller & Auditor General's (DPC Act, 1971)	C.& A.G.	31 <sup>st</sup> October.	CAG's Lr.No.305 TA.I (RGL) 79-77, dt.18.3.1981.
4.	Return on the completion of audit of non-commercial institutions under section 19 (2), 19(3) and 20 (1) of the CAG's DPC Act,1971.	C & A.G.	20 <sup>th</sup> January	CAG's Lr.No.639-TA.I (RGL) 11-80, dt.5-7-1980.
5.	Communication of Settlement of paras I to V of part-I of the register of settlement of objections/Inspection reports.	Secretary to Government in Administration department.	15 <sup>th</sup> November.	O & M 7-28/82-83/58-1, dt.30.6.1983.
6.	Furnishing a set of Local audit programmes of Audit Offices for the immediate financial year.	C & A.G. (Inspection)	15 <sup>th</sup> April.	CAG's D.O.No.409/Insp.28-87, dt.3.6.87.

**B. HALF YEARLY :**

1.	Half yearly reports of outstanding Inspection Reports and paras	Government of Andhra Pradesh	1) 1 <sup>st</sup> August in respect of reports issued to the end of December last. 2) 1 <sup>st</sup> February in respect of reports issued to end of June last.	Para 3-18 (a) of Manual of Inspection (Civil)
(1)	(2)	(3)	(4)	(5)

**C. QUARTERLY :**

1.	Report on completion of Audit of autonomous bodies and authorities under Section 14 , 19 (2), 19 (3), and 20 (10) of CAG's (D.P.C.) Act, 1971.	C & A,G.	Should reach C.A.G. by 10 <sup>th</sup> of January, April, October, July.	D.O. Lr.No.890 T.A. I/R.G.L. 93-77, dated 26.10.1977 from Joint Director Office of C.A.G. addressed to A.G.
(1)	(2)	(3)	(4)	(5)

**D. MONTHLY :**

1.	Monthly progress report in respect of the outstanding. Separate Audit reports of the State Autonomous bodies requiring placement before Legislature.	C.A.G.	First week of every month.	C.A.G's Lr.No.202Rep/286-79 dt.4.2.1980.
(1)	(2)	(3)	(4)	(5)

**SECTION II**

Returns due to Office/Sections within the Office.

**A ANNUAL :**

Sl. No.	Name of Return	To whom due	Due date	Authority.
1.	Certificate of Carry forward of entries in the previous Calender of Returns to the present Calender.	Branch Officer	2 <sup>nd</sup> April	Appx.V.B. Section II of I.T.A.D. Manual Vol.I 128/57., T.M. Rev.30.3.1953.
2	Reports regarding the Confidentials to be destroyed.	Branch Officer/ Correspondence Section.	10 <sup>th</sup> May.	T.M.O.O.No.35, dated.6.3.1954.
3.	Staff proposals for purposes of inclusion in B.E. of subsequent year.	E.B.	7 <sup>th</sup> July (or such other date intimated by E.B. every year)	E.B.O.O.No.177, dated 17.9.1962, and E.B.O.O. No.200, dated 17.6.1977.
4.	Indent for supply of Standard Forms and Bound Registers required for use in the subsequent year.	O.E.I. Forms Section	15 <sup>th</sup> January.	O.E.I/C-20/79-80/4 datd.14.11.79
5.	Report on handing over of Old Records upto 31 <sup>st</sup> March last to the records branch.	O.E.	15 <sup>th</sup> August.	O.O.Correspondence O.R. 74, dated 27.6.1960.
6	Intimation to furnish a list of offices under the audit of this office for forecast purposes.	All Audit.	2 <sup>nd</sup> January.	Para 3.02 (a) of Manual of Inspection (Civil).
7	Forecast of Programme for local audit of offices for the subsequent years.	Sr.Dy.Accountant General.	15 <sup>th</sup> February.	Para 3.02 (a) of Manual of Inspection (Civil)
8	Outstanding Inspection Reports /Paras issued to end of March (as at the end of March)	Report Section	23 <sup>rd</sup> October.	.....
9	Arrears in respect of local audit not conducted.	Sr.DAG	Quarterly report for the month ending March.	Para 3.05 (B) of Manual of Inspection (Civil).

Sl. No.	Name of Return	To whom due	Due date	Authority.
10	Proposals for issue of Merit Certificates Review of consolidated, list of nearby places where field parties are permitted to stay for want of accommodation at duty point. (Programme Unit)	Sr.D.AG / Prl. Accountant General.	31 <sup>st</sup> May	62.22 General A.G's order in File ICH.I/XI-18/81-82 Vol.III.
B.	HALF YEARLY			
C.	QUARTERLY			
1	Digest of Important and Interesting Cases.	B.O.	5 <sup>th</sup> April, 5 <sup>th</sup> July, 5 <sup>th</sup> October 5 <sup>th</sup> January.	O.O.4452 dated 23.3.1952.
2.	Register of Waiver/Write off passed by B.O./Sr.D.A.G	Sr.DAG.	5 <sup>th</sup> April 5 <sup>th</sup> July, 5 <sup>th</sup> October, 5 <sup>th</sup> January.	O.O No.142, dated.17.2.1953.
3.	Quarterly arrear Report.	Audit Coordn.	Do	O.O.No.T.M 31 dated 19-3-1957.
4	Register of Irregular and insufficient sanctions.	B.O/Sr.DAG	5 <sup>th</sup> April 5 <sup>th</sup> July 5 <sup>th</sup> October 5 <sup>th</sup> Jan.	O.O.T.M.140, dated4.2.1952.
5.	Submission of Quarterly Programme of O.A.D. parties and Supervisory Officers along with District-wise Programme Register.	Senior Deputy Accountant General.	5 <sup>th</sup> June 5 <sup>th</sup> September 5 <sup>th</sup> December 5 <sup>th</sup> March	Para 3.02 (a) of Manual of Inspection (Civil)
6	Programme Cycle Index Register (SY.336) along with Programmes.	B.O./ Sr.Deputy Accountant General/D.A.G.	- do -	- do -

Sl. No.	Name of Return	To whom due	Due date	Authority.
7	Material for inclusion in the Quarterly Audit Bulletin.	Audit Coordn	1 <sup>st</sup> April 1 <sup>st</sup> July 1 <sup>st</sup> October 1 <sup>st</sup> January	T.M.I./Rev.I 28-1/69-70/O.O.271. Dated.28.8.1965.
8	Material for Local Bulletin	Audit Coordn.	5 <sup>th</sup> July, 5 <sup>th</sup> October, 5 <sup>th</sup> Jan. 5 <sup>th</sup> April	O.O.T.M-I Rev.I/ 11-40/ 69-70/47 dated.25.4.69.
9	Register of Special Audits	Branch Officer	10 <sup>th</sup> Quarterly	Para 3.21 (ix) of Manual of Inspection (Civil).
10	Register of cancelled audits	Sr.D.A.G.	10 <sup>th</sup> Quarterly	Para 3.02 (a) of Manual of Inspection (Civil)
11	Register of Inspection Reports selected for test check of P.A.G. (To be maintained by L.A.I./Programme Unit)	Branch Officer	5 <sup>th</sup>	I.A.U. L.A.I/General/62-178/80-89/0053/dated.7.8.1989.
D.	MONTHLY			
1	Monthly Report on the State of Work and Calendar of Returns.	Branch Officer/ Sr.DAG.	3 <sup>rd</sup> .	Para 121 of M.G.P.
2.	Points-cum-Progress Register.	Branch Officer	1 <sup>st</sup>	Para 3.21 (iv) of Manual Inspection (Civil)
3.	Register of Dictionary of ,References.	Branch Officer.	5 <sup>th</sup>	HAD 14-25/53-54, datd.19.3.1954, I.T.A.. Lr.135 datd.27.2.67.
4.	Material for Monthly D.O. letter to C.A.G.	P.A. to P.A.G.	5 <sup>th</sup>	Orders of D.A.G. Dated.13.1.1960
5	Closing of C.L./R.H. and late attendance account of the personnel in Inspection wing.	Branch Officer	5 <sup>th</sup>	Para 60 of M.G.P.
6	Civil Inspection wing Register for watching recovery of Audit fee (S.Y. 338).	Branch Officer	5 <sup>th</sup>	Para 3.21 (x) of Manual of Inspection (Civil).

Sl. No.	Name of Return	To whom due	Due date	Authority.
7	Register of Inspection Report selected for test check of A.G. (to be maintained by LAI/Programme Unit)	Branch Officer	5 <sup>th</sup>	IAU LAI/General/62-178/80-89/0053 Dated.7.8.89.
8	Inspection Reports selected and pursuant action by Sections in I.C.wing.	Branch Officer	5 <sup>th</sup>	IAU LAI/General/62-178/80-89/0053 Dated.7.8.89.
9	Duty List	Branch Officer	10 <sup>th</sup>	E.B.O.O. 85, Dated.2.9.1953.
10	Register of Codes and Manuals.	Branch Officer	15 <sup>th</sup>	H.A.20 dated.10.7.1957
11	Register of points to be referred to the Director of Inspection.	.	20 <sup>th</sup>	T.M.O.O.No.115 Dated.3.9.1954
12	Statement showing the sanctioned strength of men on roll/men on leave ,utilisation of leave reserve.	Admn	5 <sup>th</sup>	Circular No. OA II/VI/68-69/287, dated.6.3.1968
13	Register of Statistics	Branch Officer	20 <sup>th</sup>	O.O.T.M.8402, Dated.7.6.1957.
14	Statement of Events and acquittance Rolls.	Bills	10 <sup>th</sup>	EB/G/18, Dated.13.2.1959
15.	Register containing District-wiselist of Offices locally audited.	Branch Officer.	25 <sup>th</sup>	Para 3.02 of manual of Inspection(Civil)
16	Register of points to be verified during the next local audit.	Branch Officer	20 <sup>th</sup>	Para 3.21 (i) of Manual of Inspection (Civil)
17	Section Officer's/ AAOs Note Book.	Branch Officer	25 <sup>th</sup> (Alternate Months)	M.G.P.
18	Closing of Objection Book	Branch Officer	29 <sup>th</sup>	Para 3.21 (vi) of Manual of Inspection (Civil).

Sl. No.	Name of Return	To whom due	Due date	Authority.
19	Register of Financial Irregularities.	Branch Officer	15 <sup>th</sup>	Para 3.21 (v) of Manual of Inspection (Civil)
20	Closing of Despatch Register.	Branch Officer	18 <sup>th</sup>	M.G.P.
21	Verification of list of furniture.	OE-I	5 <sup>th</sup>	O.M.I.O.O. C-27-2/73-74/207 dated.11.9.1973.
E.	FORTNIGHTLY :			
1	Register of Draft para for incorporation in the C.& Ar. G's Report.	Principal A.G.	21 <sup>st</sup>	Para 3.21 (v) of Manual of Inspection (Civil)
F.	WEEKLY :			
1	Closing of Inward Register.	Branch Officers	Every Monday.	O.O. 65, dated.4.1.1957
2	Register to watch the Despatch/ Receipt of vouchers due to local audit parties from T.A.D. Section (XI)	Branch Officer	Monday	Para 3.10 of Manual of Inspection (Civil).
3	Calendar of Returns.	Branch Officer	Every Tuesday to end of Monday.	
4	Inspection Report Registers.	Branch Officer	Every Monday to end of last Saturday	Para 3.21 (iii) of Manual of Inspection (Civil).
5.	Progress Register of submission of Inspection Reports and watching their clearance.	Branch Officer.	Every Monday (B.O.) 3 <sup>rd</sup> & 17 <sup>th</sup> of Every Month to Sr.D.A.G.	Note 1 under Par 3.13 of Manual of Inspection (Civil).

**SECTION – III**

Returns due from outside authorities and from other Sections of the Office.

Sl. No.	Name of Return	To whom due	Due date	Authority.
1	Particulars of Preparation of Forecast.	From all Sections.	31 <sup>st</sup> January.	....
2	Particulars of Preparation of Forecast.	All Heads of Departments.	31 <sup>st</sup> January.	Para 3.01 of Manual of Inspection (Civil).
3	Material for audit of transactions relating to conduct of Government business, National Defence Fund, C.D.S., A.D.S.etc.	Local Head Offices of the Banks concerned.	1 <sup>st</sup> Week of April	Para 3.02 of Manual of Inspection (Civil).

**SECTION - IV**

Unforeseen entries or occasional matters

Sl. No.	Name of Return	To whom due	Due date	Authority.
1	Calculation of daily rates of audit fees.	C.A.G.	Within 2 months of revision of rates of pay and allowances	Para 4.6 (c) Manual of Inspection (Civil).