

MANUAL OF TREASURY INSPECTION VOLUME I



ISSUED BY

**THE PRINCIPAL ACCOUNTANT GENERAL
(A&E), CHENNAI**

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TREASURY INSPECTION MANUAL

PREFACE OF THIS EDITION

The Manual of Treasury Inspection which was printed during the year 1996 is being followed till date. During these years, several developments occurred in functionality of State Government which needs to be incorporated in the Manual of Treasury Inspection. Hence the manual is revised now for the benefit of Treasury Inspection Party Members.

The Inspection work relating to the Treasuries/pay and Accounts Officers including sub Treasuries/Sub Pay and Accounts Officers have been entrusted to the Principal Accountant General (Accounts & Entitlement) office with effect from 1.4.91 vide orders of Comptroller & Auditor General No.513/O &M/ 8-91 dated 13.2.91. However, the work was actually taken up with effect from 9.9.91. the work relating to audit of pension payments at treasuries was taken up with effect from 1.7.92. Consequent on the transfer of work from Accountant General (Audit) to Principal Accountant General (Accounts & Entitlement), the relevant chapters relating to the Inspection work on treasuries available in the "Manual of Inspection State (Civil) (Secret) Fifth Edition Part III have been taken and a separate Manual has been brought for the benefit of the Treasury Inspection work in the Office of the Principal Accountant General (Accounts & Entitlement).

The Inspection of Directorate of Treasuries and Accounts has also been entrusted to PAG (A&E) office of the State to enable them to assess the correctness and validity of Books/records/vouchers and the quality of internal controls over financial reporting (vide HQrsLr. No. 418-SMU/ 20-2012 dt 29.12.2012).

The general procedure and principles to be followed in the headquarters section and by the Inspecting parties are included in chapter 1.

The instruction in part III should be read with the relevant provisions in the Manual of Inspection State (Treasury) Part I and II.

The contents of this Manual must be treated as Secret of the Department and the copies of the Manual should be kept in the personal custody of the AAOs/S.Os/A.Os concerned. These copies should not be treated as personal copies but should be duly handed over by the officers to their successors in case of transfer, leave, retirement, resignation from service etc.

The T.M section will be responsible for keeping the Manual upto date by issuing correction slips wherever necessary. Suggestions for such corrections from the Inspection parties etc. should therefore be sent to the T.M. section which will issue correction slips where necessary and put up a consolidated quarterly report through the group officer to the Principal Accountant General (Accounts & Entitlement) about the corrections carried out.

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CHAPTER I

GENERAL— CONSTITUTION AND FUNCTIONS

01: 01.GENERAL

The Inspection State (Treasuries), formerly known as Outside Audit Department (Civil), has been constituted for the purpose of conducting local audits and inspections of the accounts of the State Government Offices and institutions, other than Public Works and Forest Departments and Government Commercial Undertakings, for the audit of which the Comptroller & Auditor General of India is statutorily responsible. Such local audit **and inspections are undertaken with the object of supplementing the audit conducted in Central Office.**

NOTE: The functions relating to inspection of Treasuries was however entrusted to Principal Accountant General (Accounts & Entitlement) vide Comptroller & Auditor General's letter No. 513/O&M/8-91 dated 13.2.91.

The relevant sections of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 relating to the local audits and Inspection are reproduced below:-

Section 18: Powers of Comptroller and Auditor General in connection with audit of accounts:

- (1) The Comptroller and Auditor General shall in connection with the performance of his duties under this Act, have
 - (a) to inspect any office of accounts under the control of the union or of a State, including treasuries and such officers responsible for the keeping of initial or subsidiary accounts, shall submit accounts to him :
 - (b) to require that any accounts, books, papers and other documents which deal with or from the basis of or are otherwise relevant to the transaction to which his duties in respect of audit extend, shall be sent to such place as he may appoint for his inspection
 - (c) to put such question or make such observation as he may consider necessary, to the person in charge of the office and to call for such information as he may requires for the preparation of any account or report which it is his duty to prepare.
- (2) The person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor General, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

(Authority: C & A.G's Ir. No, 2255—Admn III/466-60, dated 17.11.1960, filed in OA Case 28-114/60-61)

01: 02.Copies of the Headquarters letter entrusting the work of audit of treasuries to the Principal Accountant General (Accounts &Entitlement) as well as copy of Accountant General (Audit) letters relevant to the subject are reproduced below.

Copy of office of the comptroller and auditor general of India Newdelhi-2 circularno.08/o&m/91 No. 513-o&m/8-91 dated 13.02.1991 addressed to:

All Accountants General (A&E)

All Accountants General (Audit)

Subject: Inspection of treasuries by A.G. (A&E).

Sir,

The question of entrusting the work of inspection of treasuries presently being done by A.G(Audit) to the A.G.(A&E)has been under consideration of this office for some time past. The objective of treasury inspection being primarily a verification to ensure whether the various checks and procedures prescribed for preparation of initial accounts are duly complied with by the treasuries and also in consideration of the fact that the annual report on the working of treasuries is being prepared by the AG(A&E), it has been decided that with effect from 1.4.91, the work of inspection of treasuries shall be done by the AG (A&E) dealing with compilation of accounts received from treasuries.

2. The existing norms regarding periodicity of audit and the composition of party for inspection of treasuries as prescribed in this office circular No. 32-TA-I/1984 issued under No. 981/TA-I/164-83 dated. 6.9.84 addressed to all Accountants General (Audit) (copy enclosed) shall remain the same with suitable modifications regarding designation of personal on the pattern of designation obtaining in A&E offices. The claim for extra staff, if any, will be considered on the merit of each case in due course.Theheadquarters work relating to drawing up of programmes for inspection, vetting and issue of inspection reports and follow up there of may be entrusted to one of the coordinating sections.

3. The AG(Audit) presently conducting the inspection of treasuries, shall hand over all relevant records relating to inspection of treasuries to the AG(A&E) to enable the latter to plan the work in advance. The staff so far sanctioned conducting work in advance. The staff so far sanctioned conducting work of inspection of treasuries in favour of the AG(Audit) will be adjusted against future sanctions.

Hindi version will follow.

Yours faithfully,

Sd./- (Roy S Mathrani)

Deputy Director (O&M)

/ true copy/

Copy of Lr. No. 362-AC.I/79-90/KW.I of OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA, NEW DELHI – 110 002.Dated : 3.5.1991 addressed TO All the Accountants General.

Subject: Inspection of Treasuries by Accountant General (A&E)

Sir,

In continuation of this office circular No. 08/O&M/91(513-O&M/8-9) dated 13.2.91 on the subject cited above, I am directed to clarify that the inspection of treasuries includes checking of procedural aspects as well as regularity of transactions taking place at treasuries/sub-treasuries and the entire work relating to inspection of treasuries which was hither to being done by Accountant General (Audit) is now to be done by Accountant General (A&E) w.e.f. 1.4.91. there would be only one inspection report of treasuries covering all the aspects/transactions taking place at treasuries, which would be prepared/processed/pursued by the Accountant General (A&E). Important items in the Inspection report meriting consideration for being featured in the Audit Report should be brought to the notice of Accountant General (Audit) for appropriate action.

2. Audit of Government transactions handled by Public Sector Banks such as payment of pensions, Public Provident Funds, receipt of direct and indirect taxes etc. does not fall under the ambit of inspection of treasuries and same should be continued with the Accountant General (Audit).
3. As already mentioned in this office circular *ibid*, to begin with, the work shall be done through staff out of the existing sanctioned strength of staff in A&E offices and the claim of extra staff, if any, will be considered on the merit of each case in due course.
4. The requisite transfer of work is to be planned/worked out in consultation with the Accountant General (A&E) office.
5. Kindly acknowledge receipt.
6. Hindi version will follow.

Yours faithfully,

Sd/(R.K.Soni)

Deputy Director (Accounts)

/true copy/

Copy of :

S. Lakshminarayanan
Director General (AE&C)

D.O.Lr. No. 85/AC.I/79-90 KW I-par
OFFICE OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA

Dated :10.2.1992.

Dear Shri Krishnan,

Please refer to your D.O letter No. AG(AU) I/CC/IV/11-32A/91-92/142 dated 10.1.92 regarding transfer of the work of inspection of treasuries from Audit office to Accounts office.

2. The issue raised by you has been examined. As no departure from the instruction already issued in the matter vide this office circular No. 513/O&M/8-91 dated 13.2.91. and 362-AC.I/79-80/KW I dated 03/05/91, is intended you may please transfer the work relating to audit of Pension payments at treasuries to Pr. A.G (A&E), Tamil Nadu without any further delay under intimation to this office

Yours sincerely,

Sd./-(S.Lakshminarayanan)

Shri K. Krishnan,
Accountant General (Au)I,
479, Anna salai,
Tamil Nadu , Madras—600 035.

/true copy /

OFFICE OF THE ACCOUNTANT GENERAL (AUDIT)-I, Tamil Nadu & Pondicherry.

R.H. Iyer,

DEPUTY ACCOUNTANT GENERAL (ADMN.)

D.O. Letter No. AG(A) I/CC/IV/11-3 A/92-93/75 Dated : .08.92

Dear Shri Ranganthan.

In continuation of the DO letter AG (A) I/CC/IV/11-32 A/92-93/20 dated 11.05.92, I am to state that arrangement may also please be made to conduct the audit of the following four transactions during the local audit of the treasuries which were hitherto audited by this office.

- (i) Check of pay fixation statement of treasury staff .
- (ii) Beriz deductions and Ivudittam allowance.
- (iii) Savings Bank Scheme in District treasuries.
- (iv) Special funds.

The results of the audit of these transactions may be included in the I Rs and pursued/settled by your office. An extract of the IR Paras pending on these objections will be communicated shortly.

Yours sincerely,

Sd/- R.H.Iyer

Shri G. Ranganathan,
Deputy Accountant General (Accounts),
Office of the Accountant General (A&E),
Madras.

/ true copy/

01: 03.HEADQUARTERS SECTIONS

Based on the above instructions at present 2 parties have been formed each with 1 Assistant Accounts Officer and 2 Accountants/Senior Accountants. The Gazetted supervision however is only 50% as only one Accounts Officer/Senior Accounts Officer has been posted for the work. The work to be attended to at Headquarters is attached to TM section.

- (a) The work attended to by TM section in this regard is detailed below :
- (i) To maintain the programme register containing up-to-date lists of treasuries/Sub-treasuries etc, the accounts of which are audited: their periodicity and duration of the audits :
 - (ii) To prepare annual forecast of local audits and inspections and to obtain AG's approval there for :
 - (iii) To draw tour programmes of both field audit parties and inspecting officers periodically (vide para 01:07) **to issue intimation (and also of changes in the programme)** of local audits to the officers concerned **and to DCM and other control /concerned sections for information** and necessary action regarding any points to be seen during inspection.
 - (iv) To draw up the budget proposals for the staff required.
 - (v) To deal with all general matters relating to local audits and inspections ;
 - (vi) To attend to general correspondence and all items of work incidental to the various items detailed above :
 - (vii) To **maintain** various registers and submit prescribed returns to Deputy Accountant General/Accountant General.

Maintenance of Programme Register:

A comprehensive list of treasuries and Sub Treasuries within the State to be locally audited should be drawn up and entered in the programme Register. This Register will show district-wise and department wise.

- (i) The name of Treasury/Sub Treasury.
- (ii) Location
- (iii) Periodicity of audit
- (iv) Party days allowed.
- (v) When due next and
- (vi) Remarks. Separate pages are set apart in the Register for each category of audit viz. annual, biennial, and triennial, etc. relating to each department. The Register should be kept upto—date as indicated in para 01:07 below.

Deviations in programme are permitted in special cases. A list of such deviations should be kept in a concurrent record and at the end of each month, the notings made earlier in the programme Register with reference to the approved programmes **should be amended suitably, incorporating all the deviations and** a note regarding completion of this work put up to the Branch Officer by 10th of each month.

(A.G's orders dated 29.01.1960 filed in O.A.case 2-35/59-60)

The Programme Registers should be submitted monthly to the Accounts Officer/TM and reviewed half yearly and submitted to Senior D.A.G. (Accounts) on 1st July. During this review, it should be seen that the entries in the Registers are complete in all respects and the entries there in are correct.

The main duties of the TM section in regard to inspection reports are as follows:

- (i) To vet the draft inspection reports received from the field audit parties relating to treasury inspections, freedom fighters pension scheme, etc.
- (ii) To verify whether the forwarding note sent by the field audit parties are complete in all respects and contains all prescribed certificates :
- (iii) To maintain a register to watch the receipt of the draft inspection reports from the field parties on completion of audit within a week of the last date of audit and to ensure that the reports are got approved by the Accounts Officer/Senior Deputy Accountant General and issued to the offices inspected within 30 days of the last date of audit. (This register is to be submitted to the Accounts Officer every Monday) :
- (iv) To scrutinize the replies received to the paras in the inspection reports and pursue them to finality :
- (v) To maintain other registers. Progress Registers, etc. as detailed in the Calendar of Returns in Annexure--I:
- (vi) To furnish extracts of important points in the inspection reports to Draft Paragraph Cell at the time of vetting the draft Inspection Reports :
- (vii) To maintain registers of all important points to be verified during the next audit of the various officers and to send the relevant papers to the field party : and
- (viii) To attend to correspondence and other items of work allied and incidental to the above.
- (ix) To bring to the notice of Accountant General (Audit) the important items in the inspection reports meriting consideration for being featured in the Audit Report.

01 : 04. TEST AUDIT PARTIES

- (A) The size of a field party is 1 Assistant Accounts Officer and 2 Accountants / Senior Accountants. If local audit of one office extends for a long period, say, for more than a month, more than one party may be deployed. Under no circumstances, should Accountants (Senior un-passed Accountants) be appointed in lieu of Assistant Accounts Officers for Inspection (C&AG's D.O letter No. 1135/NGE-III/71-66 dated 15.6.1966).
- (B) The Assistant Accounts Officer of the local audit parties will be responsible to discharge the following functions.
 - (i) Allocation of work among the members of the party:
 - (ii) Preparation of the Report where the inspection is not supervised by a gazette officer:
 - (iii) Discussion of the reports with the heads of offices in the case of non—supervised audits:
 - (iv) Issue of Part III of Inspection Report.

(Circular 5, dated 20-4-1966 of OAD and C &AG's D.O 113 NGE. III/76-66, dated 15th June 1966).

01:05. PROCEDURE AND GENERAL INSTRUCTIONS FOR THE CONDUCT OF LOCAL AUDIT AND INSPECTIONS:

A comprehensive list of the treasuries/sub-treasuries is to be maintained in TM section. The list should be reviewed every year and kept upto date. The programme of local audit should be drawn up for each quarter in such a way that every office may come under local audit in rotation, the periodicity of each office determined with reference to the orders in this regard.

(C&AG's D.O Ir . No. 2675 Admn . I 702-55, dated 31st December 1955 and letter No. 571 Admn. I/138-57-II, 14th March 1958 and AG's orders dated 20th March 1958, filed in case OA 28-99/Vol. II and C&AG's letter No. 975-TA I/191-69, dated 12.7.1969, filed in case OA/28-10/69-70)

01: 06. PROGRAMME

- (i) Forecast: Early in March each year, a rough forecast of the programme for the ensuing year is prepared by T.M section of the Inspection (Treasury) wing for the audits dealt with by it and got approved by the Accountant General. The programme would be based on the audits to be conducted during the ensuing year, the periodicity of audit of the various officers, new audits to be taken up, etc. and also the various the sanctioned staff strength.
- (ii) Drawing up programmes: the programme of the field parties is drawn up for each quarter and got approved six weeks before the commencement of the quarter, so as to allow sufficient time for drawal of the programme for the supervising Accounts Officers and issue thereof in advance. The supervision programmes of the Gazette officers is drawn up simultaneously for the next quarter. Copies of these programmers should be furnished to the Senior Deputy Accountant General, Accounts officer concerned and the Establishment and Correspondence (Despatch) Sections.

(Authority: AG's orders dated 28.1.1982 filed in ISC-I file No. 28-54/81-82)

In drawing up tour programmes of Inspecting Officers, continuous inspection duty away from Headquarters for long periods should be avoided to the extent practicable, subject to administrative consideration.

(Authority: C&AG's letter No . 2541 GE-II/104-79 dated 27.9.1980 filed in ISC Confidential Case 28-76/80-81)

In preparing the programme, care should be taken to see that the inspections are not arranged for, on dates on which the staff of the Treasuries to be inspected will be engaged in the preparation of accounts etc. to be rendered to the Accountant General (A&E) office.

- (iii) Authorities competent to approve programmer and deviations:
 - The authorities competent to approve the forecasts of inspection tour programme of inspection (Treasury) parties and officers of Department and to sanction deviations, etc, are given below. It should be ensured that each programme or deviation therein is approved by the competent authority.
 - (1) Approval of annual forecast of inspection ---Accountant General
 - (2) Taking up of new audits ----Accountant General
 - (3) Change in periodicity of existing audits, i.e biennial to annual, etc, ----Accountant General
 - (4) Tour Programmer of Supervision
Accounts Officers including deviations ----Accountant General
 - (5) Tour Programmer of local audit parties
Including deviations ----- Sr. D.A.G (Accounts)
- (iv) The local audit of the Entertainment and other allowances of the President/Governors should be supervised by the Senior Deputy Accountant General (Accounts). all preliminary objection memos should be issued over his signature to ensure that **frivolous** and petty objections are avoided.

(Authority: C&AG's Confidential letter No. 939/Admn.I/621-56(II) dated 28th April 1962, filed in OA case No. 14-8/62-63).

01 : 07. INTIMATION OF THE DATES OF INSPECTION

Intimation of the dates of inspection of all treasuries to be audited by the inspecting staff should be sent by T.M. section to the Inspection parties fifteen days before the commencement of the inspection. Intimation of the proposed inspection may be communicated through e-mail also.

NOTE 1: While advising the treasury officer of the date of inspection of the Special Fund Accounts, the names of the taluk selected for test-audit should also be stated.

NOTE 2: When a treasury or sub—treasury is to be inspected, the following officers should be requested to intimate special points, if any , that requires investigation during inspection:

The Manger, Reserve Bank of India, Madras --- Public Debt and Government Securities.

The Currency Officer, Issue Branch, Reserve Bank of India, Madras ---- Resource and Remittance.

The Manager, Central Accounts Section,

Reserve Bank of India, Calcutta ---- Bank's Remittance Facilities Scheme.

(Letter No. CAS RMT. 12/4158, General/30, dated 9th October, 1945, from the Reserve Bank of India, C.A.Section, Allahabad and DAG's orders, dated 24th October 1945- case TM. 4-10/1945-46).

01: 08. PERIOD TO BE COVERD DURING AUDIT

The instruction issued by the Comptroller and Auditor General are reproduced below:

“As far as practicable, every local audit or inspection should cover transactions up to the month preceding the month in which the inspection takes place. The local audits and inspections should be complete and **thorough** in respect of the transactions covered by them. There have been cases in which local audit by our staff failed to bring to light serious irregularities and even defalcations, which were later discovered by other agencies, it is needless to point out that even a single instance of this kind brings the whole audit department in to disrepute. This may be strongly impressed on all members of the inspecting staff.”

(C&AG's D.O.No. 1307/Admn .I/388-55, dated 24th June 1955 filed in OA Case 28-14/58-59).

01: 09 . TIME ALLOWED FOR INSPECTION

The time in terms of working days allowed for each audit is indicated against the relevant item in the Programme register maintained in T.M section. This should not ordinarily be exceeded. When, on any account, an inspecting officers or the Assistant Accounts Officer/ Section Officer proposes to depart from the approved tour programmer, he should send timely intimation to the headquarters with a view to obtaining the sanction of the Accountant General or Senior Deputy Accountant General, as the case may be, for the alteration and consequent change of programme.

NOTE 1 :The existing allocation of duration of audit should be reviewed closely, in orderto ensure that the time allowed for each inspection is adequate and not more than adequate, such review should be conducted every third year.

(Authority : C&AG's letter No. 380-Admn.III /517-61, dated 5.3.1962 filed in OA case 28-92/62-63).

NOTE 2 : Holidays—the Inspecting staff may, while on tour, avail of the holidays specified in the copies of tour programmers furnished to them provided the state of their work permits them to do so .

01: 10. DOCUMENTS NECESSARY FOR INSPECTION

The inspecting staff may take with them such of the office records as may be required by them in the course of the inspection. Seven days before the date of each inspection, the Assistant Accounts Officer/Section Officer concerned will be furnished by the concerned TM/PM Sections with a copy of the

last inspection report, notes and connected papers, to enable him to scrutinize on the spot whether the defects and irregularities previously noticed have since been rectified and other papers pointed out effected. All inspection reports and other papers furnished in connection with the inspection should be returned to the Headquarters immediately after the completion of the inspection. In the 'Brochure' to the chapters dealing with the audit of the several accounts, the various registers and accounts which have to be checked by the inspection staff have been detailed, the inspecting officer and his assistants should always set their dated initials on all vouchers, accounts and documents examined in the course of their inspection. All vouchers (pay, T.A, contingencies) loan, P.D accounts, Provident Fund and Miscellaneous vouchers) for the **periods selected for detailed local audit should be sent to the** inspection parties by the headquarters sections concerned for the purpose of detailed scrutiny and local audit. If any of these vouchers are not available **with the concerned DC Sections/RA sections, relevant extracts** of TM requisitions and the month selected for local audit should be sent to the concerned sections for transmission of those vouchers to inspection parties immediately. [(OO TM 163, dated 4.12.1968 file TM/4-12.A/68-69)]

In the case of departments where the submission of monthly detailed contingent bills to the controlling authority for countersignature is in force, the files containing the countersignature detailed bills, etc. should also be sent to the inspecting staff for audit. The vouchers should include:

- (i) Account Current vouchers,
- (ii) Adjustment bills including M.G.D. vouchers, and
- (iii) Detailed bills for abstract bills or advance bills.

It is desirable that the opportunity afforded by the local inspection is taken advantage of for discussing with the head of the office any important points noted from time to time in the course of the work in the Central Office. A memorandum of such points approved by the Deputy Accountant General concerned will be furnished to the inspection officers.

NOTE 1: The inspecting Assistant Accounts Officers/ Section Officers should record, under their dated initials, a certificate on the last page of each of the previous inspection report and audit note that the replies to them and to the further rejoinders there on have been verified on the spot and that all the outstanding items have been carried forward to the current inspection report and audit note.

(DAG's Memorandum No. TM. 4-5608, dated 3rd November 1926 approved by the A.G on 26-11-1926)

NOTE 2 : Cases of non-production of vouchers, accounts and documents required by the Inspection staff should be mentioned in the Inspection Reports. It has to be realized that non production of records has got a very special significance and that a mere postponement of the work to the next audit does not solve the problems but may in certain circumstances hide or help hide irregularities. A tactful, firm and at the same time courteous approach is necessary to get the documents. (OA Circular 11, dated 16.6.1965 file 28-153/64-70)

NOTE 3 : TM section will send the intimation of the local audit parties to DCM/PM/FM/GAD sections in the prescribed Performa 15 days before the commencement of audit by local audit parties. These sections may furnish to TM a statement of special points for scrutiny during local audit and also call for any wanting vouchers, schedules etc. TM section should also review compliance by the sections concerned through a suitable register and report cases of delay to Senior Deputy Accountant General (Accounts). T.M section will also be responsible for the marking of months for detailed audit.

01: 11. PRODUCTION OF FILES BY TREASURIES

- (i) It has been held that the document which the audit officer is entitled to requisition under section 18 of the C&AG's (DPC) Act, 1971 would include all the papers and document including note files and those certified to be secret. The State Government have agreed to

furnish all the papers and documents including note files, and records including note files and those classified as 'Secret' required in audit. The files and records including note files which are certified as "CONFIDENTIAL" shall, however, be indented only at the level of the group officer who will ensure that secrecy involved is safe-guarded.

(Authority; G.O.Ms. No. 433, Finance Audit -I, dated 15-4-1976 filed in ISC-I/General/28-97/76-77-78)

- (ii) Government have also directed the departments of Secretariat to issue suitable instructions to the subordinate officers under their control that the Internal Audit Reports of the respective departments should be made available to the audit parties of the Accountant General's office whenever they are required by them .
(G.O.Ms. 425, dated 26.6.1981 of Finance (Audit) Department).

01: 12. ACTS. CODES AND MANUALS

For an intelligent and efficient audit of inspection of the accounts, the inspecting staff should acquaint themselves thoroughly with the rules in the various Acts, Codes and Manuals and any special rules relating to such accounts and should also be conversant with the subsidiary rules from time to time. The Assistant Accounts Officers/Section Officers should invariably arrange to have a complete set of the various Acts, Manuals, etc. corrected up to date, at the time of inspection.

Audit Reference Books: Instructions regarding the scope of Audit and nature of checks to be exercised in respect of each institution are set out in the relevant chapters of this Manual. Supplementary instructions and copies of various orders issued by Government as well as the heads of Departments which cannot be manualised will be circulated from time to time by TM Section and it is essential for the field parties to index these orders institution-wise with brief nature of checks to be exercised etc. so as to serve as a permanent record. Obsolete orders should be periodically weeded out. The register should be handed over to **the successor Assistant Accounts Officer** whenever there is a change of incumbency.
(DAG's orders dated 12.12.1964 in OA File 28-129/64-65)

01: 13 DUTIES AND RESPONSIBILITIES OF THE INSPECTING OFFICER :

- a) The officer-in-charge of the work must acquaint himself with the system of finance of any institution, the accounts of which he is inspecting, what makes up its receipts and how its money is expended. He must then decide roughly what system of accounts is necessary for purpose of internal check and how far the existing system conforms to this standard. This is the elementary and primary responsibility of the supervising Officer to be discharged at whatever stage he comes in on the inspection. An inspecting officer, if responsible for audit of receipts, should make it his duty to so correlate all the accounts documents, that he may direct his staff to check, that all money due is received and all money received is brought to account.
(C&AG's Lr T.962-Admn.74-40,dt. 25.9.1940 case OA 33-6/40-41)

The Inspecting Officers are expected to Guide their staff, Do a certain amount of original work, Examine personally with reference to the initial documents all important points raised by their staff. See that necessary processes of audit have been completed by the inspecting staff and that no point of importance has escaped their attention.

The inspecting officers should not merely confine himself to the routine audit and inspection work. He should avail of the opportunity of assisting the departmental officers and accountants with his advice in matters affecting accounts, budget, etc, or the financial regularity of transaction bearing in mind, however, the general instructions laid down in Paragraph 6.1.3. of C&A,G's MSO (Audit).

b) The inspecting officer should try to get all the facts and explanations on the spot by discussing the points raised during inspection with heads of offices concerned. Whenever satisfactory explanation is not forthcoming and the inspecting officer feels that the points raised by him are so important that they may ultimately find a place in the audit report, he collect all relevant information and also to take attested copies of these documents, which are likely to be useful in pursuing the matter with the higher authorities, so that, while editing the draft paragraphs for the Audit report, the headquarters should not find themselves at a loss because of missing links in the facts and arguments set forth, necessitating a fresh reference through the next audit party, resulting in loss of time in finalizing the materials for the Reports.

c) It is also essential that in the case of supervised audits, the Inspection Reports should be drafted and edited by the Gazetted Officers.

(C&AG's letter No. 1307 Admn I/388-55, dated 24.6.1955, and C&AG's 76-Teach. Admn, I/385-65, dated 14.1.1966 filed in OA Case 28-14/58-59 and 28-132/65-66)

(d) The settlement of outstanding paragraph of the earlier inspection reports is one of the important duties of Inspecting officer. The comptroller and Auditor General has ordered that the discussion and settlement of such items of objection in respect of the offices situated at a station visited by an Inspection Party, but which are not actually Inspected by that party, should normally be done by the Inspecting Officer himself.

The Inspecting Officers are expected to :

- (i) Review the pending paragraphs
- (ii) Categories the outstanding paras into two categories, viz.
 - (a) Those requiring action at the level of the offices inspected and
 - (b) Those requiring action at a higher level
- (iii) To take up with the heads of office concerned both the types of cases, settle action taken or to be taken on items of
 - (a) Category and verify whether cases of (b) Category have been reported to higher authorities.
 - (b) Indicate the precise position against the paragraphs settling items of (a) Category if action is Satisfactory, otherwise, to mark for pursuance at higher level and
- (iv) Drop the paragraphs when so warranted.

The officers should indicate separately cases which require to be referred to higher authorities, so that separate action can be taken for those cases at headquarters.

(C&AG's Confidential letter No. 15 Admn.III/432.Admn. II/59 dated 9.1.1960 and Circular OA/Pro/757 dated 14.3.1960 filed in OAD case 28-152/59-60 and OA. GI.VI/28-153/64-66/687, dated 3.12.1965).

It should be recognized as one of the first duties of the inspecting officer to report to the Accountant General, separately and immediately, anything really serious or really important which comes to light in the course of his inspections, without waiting to include them in the inspections, without waiting to include them in the inspection report. Such interim reports may be shown in the first instance to the head of the office inspected for any comments of his own.

(TM Case 15-48 of 1930-41)

Inspecting Officer should send a separate report containing brief details of the important points noticed by them in local Audit to the group officer along with inspection report. TM Section should consolidated all such reports received from inspecting officers and submit the same to PAG by 15th of each month duly mentioning the name of office visited, duration of audit, nature of objection, name and designation of the person who raised it and amount involved.

01: 14. CONDUCT OF INSPECTIONS AND PREPARATION OF INSPECTION REPORTS/AUDIT NOTES. ETC.

The following instruction should be observed by the inspecting staff in the matter of preparing Inspection Reports and Audit Notes:

- (i) While Assistant Accounts Officers and Accountants should not make any relaxation of their own motion, it is very important that the prescribed checks are observed in the spirit and not in the letter as opposed to the spirit.
- (ii) A systematic, tactful, firm and at the same time courteous approach in getting the documents. The requisition for records and preliminary audit slips addressed to the Head of the office inspected are to be issued in specimen forms 1 and 2 printed at the end of the part I of this Manual. These may be handed over to any official authorized by the head of the office inspected, but it must be made clear at the very beginning of audit that whatever replies are received would be taken as from the officer-in-charge of the office inspected. It must be ensured that before audit is completed, replies to preliminary audit slips and verification of facts set out there in are obtained.

(Circular No. 11-OA VI/28-153/65-66/207 dated 15.6.1965)

- (iii) Objections which are simple directions and instructions for future guidance should be included in part III of the Inspection Report. All minor errors which are of no consequence to the finance of the State and can be set right on the spot should be so settled and the notes carefully filed for the approval of the Senior Deputy Accountant General. The value of an Inspection is enhanced more by the number of points thus settled on the spot than by what is loaded in the Inspection Report.
- (iv) Isolated routine objections need not, as a rule, be mentioned in the Report but if a number of similar points is noticed, the type of error or irregularity with a few of the worst instances may be mentioned.
- (v) If any office is particularly careless and pays no attention to the directions or repeats 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.
- (vi) Wherever any irregularity or delay, which was previously noticed, is taken up again by the test Audit Staff, the facts should be mentioned in the report with the reasons for its inclusion.
- (vii) Money value of objections should be specified wherever possible, not only for those coming under Paragraph 20.29 of C&AG's MSO (A&E) Volume I , but also for case of enquires and remarks made on doubtful points which may have potential money value, e.g. the amounts of contracts for which tender has not been accepted, values of the extra concession granted to contractors, not provided for in the agreement, etc.
- (viii) Objection which can be waived under Para 20.10.1 & 20.10.2 of C.A.G's MSO (A&E), Volume I should not be embodied in the report or the Audit Note but should be put up to the Senior Deputy Accountant General for orders.
- (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.
- (x) The names of the officers responsible for the irregularities should be kept on record in the rough notes in all cases of serious irregularities.
- (xi) When a letter or Government order is quoted, which in the opinion of the Assistant Accounts Officer may not be available in the Central Office, a copy there of should be sent to the T.M section along with the Inspection Reports.
- (xii) Treasury Inspection Party should see all the Inspection Reports of Regional Director of Treasuries and Accounts and Director of Treasuries and Accounts as valuable hints are likely to be obtained from the sources.

- (xiii) Routine and mechanical remarks to the effect that the general state of initial accounts was found to be satisfactory, despite the fact that such remarks are preceded or followed by a list of more or less very serious irregularities should be avoided. No generalization that the state of accounts is **satisfactory subject to remarks in the Inspection Report, should be made**. Such a general certificate may lead to legal and other complications besides creating a sense of complacency in the administrative Department/Ministry.

(C&AG's letter 52-C 12/DD (TA) 1969. Dated 15.1.1970, GA case 28-47/69-70).

NOTE: The need for an intelligent probe into the improper maintenance of initial accounts having a bearing on cash transactions has been emphasized by the Comptroller and Auditor General in his letter D.O No. 2405 Admn. III/479-60, dated the 5th December 1960 reproduced below:

“A number of instances have come to the notice of this office where local audit has satisfied itself by mentioning that certain records were not maintained properly by the offices concerned and asking for a rectification of these defects. Subsequent developments have, however, shown that in a number of such cases the defective maintenance of records was more or less had been sufficiently vigilant in such cases and made further probe, the frauds and misappropriations could have been brought to light much earlier. Again, in a number of cases, frauds and misappropriations **were subsequently detected by the Administrative Authorities** themselves though the periods during which such frauds occurred were covered by one or more local audits.

It is, no doubt, true that the local audit is only a percentage audit and frauds may occur even in a month falling during the period covered by local audit but not in the month, the accounts relating to which had subjected to detailed audit.

Where important initial records, e.g. Cash Book, Pass Books and Security registers, etc. are not maintained properly it will not be sufficient for us simply to state in the Test Audit Note or in the Inspection Report that such records were not maintained properly. Improper maintenance directly bearing on cash transactions will prima facie strengthen our apprehensions that all may not be well with the cash transactions of the office inspected. The Inspecting officer and the party should in such case, besides mentioning the technical defects and shortcomings in keeping the accounts registers, etc. also make an intelligent probe to see if the defective maintenance / non-maintenance is a camouflage to hide fraud and misappropriations.

It should be a pity if cases multiply where frauds and misappropriation are detected by administrative authorities, occurring during a period covered by local audit and which it had failed to detect. As already pointed out in Shri K.C. Chaudri's D.O letter No. 1307 Admn I /388-55, dated 24th June 1955, even a single instance of this kind brings the whole audit Department into disrepute, I would therefore, request you to impress this strongly on all members of the inspection staff”

(Deputy C&AG's letter D.O No. 2405-Admn. III/479-60 dated 5.12.1960 filed in OA 28-124/60-61)

- (xiv) When anything is noted as “not quite satisfactory”, the reasons should be stated in the body of the report in detail.
- (xv) Defects should not be recorded in general terms but at the same time unnecessary details should be avoided.
- (xvi) In drafting the Inspection Reports, the language used must be moderate and impersonal, as the effectiveness of an audit objection is more likely to be reduced, rather than enhanced by the use of strong language, as a matter of fact, the more serious the nature of an objection, the grater is the need for using language which is both polite and unexceptionable, the use of such words

please and kindly used as freely as possible. No improper or questionable motives should be attributed in the Inspection Reports, even by implication to any Gazetted Officers. All comments should, as far as possible, be concluded in the third person and in the impersonal and objective phraseology. The drafts should always be prepared by the Inspecting Officer himself, or by the Senior Auditor, if he is in supervisory charge of the party.
(C&AG's D.O.No. PS/588, dated the 23rd October 1956 thereon, filed in case OA 28-83/56-57)

All exaggeration of language should be carefully avoided and reports so drawn up as to afford no grounds for complaint from the local authorities in regard to their tone or substance.

- (xvii) When the report is likely to be of abnormal length, only the more important points should be included in the report and the rest added as an appendix, so that an unwieldy report may be avoided and attention may be better concentrated on the really important points finding mention in the report. Similar single objections should be grouped and there should normally be only a single paragraph on each type of objection.
- (xviii) If a really flagrant case of irregularity is detected, it should be investigated with the 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.
- (xix) In respect of suspected frauds that come to the notice of the inspection party during local audit the original documents need not be taken away by inspection parties. It has been decided that it would be sufficient if a note of the documents is kept and the matter brought to the notice of the superior departmental authorities Officer/Assistant Accounts Officer/Section Officer may specifically request in writing the Head of the office (in which the suspected fraud has been noticed) to keep the records and documents related to the case in safe custody. Further, to enable TM to report the matter to the departmental authorities, inspection parties should furnish full details of the documents on the basis of which the fraud is likely to be established. The case will also have to be reported in the inspection report in the usual manner.

(Shri R.K. Mukherji, Joint Director (TA)'s D.O letter No. 684-TA.I / 164-75, dated 22.8.76 filed in ISC-I / General/28-72/75-77)

NOTE: The Comptroller and Auditor General has seen an inspection report in which 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 instruction have been issued. This reduces inspection 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. Future, the word falsification should not be used unless the act is done to benefit the officer responsible. Otherwise, the term 'manipulation' should be used.

(AG's orders dated 11th November 1913, in the notes on Auditor General's No. 623-A 543-13, dt. 7th July 1914, communicated with no. 700-A&A 549-13, dated 7th July 1914,).

01: 15 MAINTENANCE OF DAILY DIARIES BY MEMBERS OF INSPECTION PARTIES.

- (a) Diaries indicating details of work done on each day by AAO & Sr. Acct should be maintained in form SY 324 of Book of Account Forms and an extract thereof sent along with the first IR of the month to TM Section.

- (b) The extract of daily progress register received from the Inspection Parties should be entered in a check register maintained in from SY 325 of the Book of Account Forms. This register should be closed on 20th of every month to A.O. TM for review.
- (c) All the treasury inspection party members are requested to conduct inspection on pensioners/Family pensioners drawing Central Freedom Fighter Pension / Central Samman Pension and to furnish the report in the format given in the Annexure 1, which has to be enclosed along with Inspection Report of the treasury concerned.

The major discrepancies noticed in this regard by other AG's offices are as below for guidance:

- More than 1 person is drawing pension against 1 PPO number
- Same person is drawing pension from 2 PPO number
- Pension is being credited in Bank A/C on some Freedom Fighter at twice the amount sanctioned
- Full dependant pension is being disbursed to two wives
- Pension is being disbursed after the death of the Pensioner, in addition to dependent pensioner.
- Details of the pensioners are missing on the PPO's
- Pension sanctioned by the State Govt. and being disbursed from the central revenues.

ANNEXURE

(To be enclosed with Inspection Report)

Data of Central Freedom Fighter pensioners drawing Pension through the State Treasuries

Name of the District Treasury / Sub—Treasury / _____ :

Total No of PPOs in District Treasury / Sub-Treasury /:

Sl.No	Name of the Pensioner	Relationship with the Freedom Fighter	PPO No.	A/C No	A mount of monthly pension	Dateof commencement of pension	Physical verification of PPO done

Signature of the AAO/TIP

01: 16. RESULTS OF INSPECTIONS

- (i) Inspection parties should broadly follow the pattern as below while drawing up their reports of inspection of offices.

PART I -- (a) Introductory.

- (b) Outstanding objections from previous reports in brief.

(c) Schedule of persistent irregularities.

PART II --- Important irregularities, i.e. irregularities involving recoveries, question of principle or losses, etc. which are likely to materialise into draft paras for the Audit Report.

PART III---Test Audit Note containing minor Irregularities which can be set right by the head of the office inspected without reference to higher authority.

A schedule of items settled on spot should be attached to the Test Audit Note nothing therein the procedural assurances about following correct procedure in future.

(Vide C&AG's letter No. 1647-Admn. III/268-60, dt the 16th August 1960. File in OA case No. 28.81/60-61).

NOTE: Part II of the Inspection Reports may be divided into Sections as under:

SECTION A:

Consisting of major irregularities (Case fit enough for being processed into Draft Paragraphs for the Audit Report).

SECTION B:

Consisting of irregularities which, though not major but to be brought to the notice of higher authorities and followed up by the Accountant General. Broadly speaking, all cases where the Head of the office inspected has to approach higher authority for obtaining orders of ratification / regularisation / condonation / write off should figure in Part II B, besides cases of financial irregularities such as extra expenditure, avoidable expenditure, settle a point of objection rests at the level of the office inspected, the points raised may be included in Part III unless the defects pointed out reflect lapses of a serious nature.

(Authority : C&AG's letter No. 2583 Admn . III OK. W. 26860, dated 2nd January 1961 filed in OA case 28.81/60-61).

PART II will be divided into further sections as under

PART II Expenditure audit Section - A

Section - B

Receipt audit Section - A

Section - B

(Authority : AG II / ISC IV / I / Cir, 52/76-77, dated 8.2.77)

- (ii) All objections, defects in system and all irregularities noticed in the course of inspection and all items of objections etc. of previous reports not finally settled or remedied till the date of the completion of the current inspection, should be classified and each class of defects should be dealt with in separate paragraphs. The draft report should be dealt with in separate paragraphs. The draft report should be completed before the inspecting staff leaves the office inspected. The draft report should be shown to the head of the office inspected (or his authorized representative) with a specific endorsement "for verification of facts" and the fact of discussion and verification got recorded by that officer.
- (iii) The report should be sent to the T.M section signed by the inspecting officer or the Assistant Accounts Officer / Section Officer as the case may be, duly accompanied by a summary sheet indicating paragraph-wise a gist of the points, ordinarily within five days from the last date of

inspection. If any delay is anticipated, the Senior Deputy Accountant General's permission should be obtained within the above time limit.

- (iv) All outstanding paragraphs of the previous reports, a list of which should be called for by the Inspecting Officers or Assistant Accounts Officers / Section Officers from the sections concerned, (if not already received along with the documents) should be discussed item by item, with the head of the office concerned and as far as possible, settled, on the spot. Such of the paragraphs of previous reports, as could not be so settled, should be carried forward to the current reports, as could not be so settled, should be carried forward to the current report as Part I of the report indicating briefly the precise point outstanding for settlement to facilitate further pursuit of the item. If more than one report is outstanding items should be brought forward separately for each reports.

(O.A Case 5-1 / 760 of 1950-51)

In respect of the Part III (Test Audit Note), which is not watched centrally, it should be verified during the next inspection whether all the objections have been settled. Points which remained unsettled either be included in the current Inspection Reports or Test Audit Note, depending on the importance of the objections.

A detailed note, indicating briefly the stage or the results of discussion, should be prepared and attached to the Inspection report; so that the pursuit of the old reports by the Headquarters sections namely T.M section might be facilitated.

- (v) All minor points should, as far as possible, be settled on the spot and only those which are not possible of such settlement should find a place in the Inspection Report / Audit note (Part III). Persistent omissions and defects and those which remain unrectified for many years should be specially discussed with the head of office and brought out prominently in the Inspection Report. (AG's orders dated 19th May 1959 in OA Case 28-19/59-60)

- (vi) The Test Audit Note (Part III), vide form 5 at the end of the Part I of this Manual, accompanied by the schedule of items settled on the spot, should be issued to the head of the office inspected, over the signature of the Inspecting Officer in the case of Supervised Audit and the Assistant Accounts Officer in other cases for necessary action and verification at the subsequent audit. A copy of the Test Audit Note and the Schedule of items settled on the spot should be sent to the Headquarters i.e. T.M Section along with the draft inspection report.

(C&AG's letter No. 2374 Technical Admn. I/367-65 dated 7.8.65 filed in OA case 28-79/65-66)

- (vii) The dates of commencement and completion of the inspection should invariably be noted on the outer cover of the report.
- (viii) The report should, as far as possible, be neatly typed by the local office typist after obtaining the approval of the head of the office or copied by the Accountant/Senior Accountant before dispatch to T.M section. They should be stitched in book form in such a way that the typed matter should be on the right hand side of the reader. The left hand side facing the typed matter should be left to be utilized for the office note and the orders of the Senior Deputy Accountant General.
- (ix) The report should be accompanied by :
- (a) Summary sheet of objections/Audit observations.
- (b) A list of the registers produced for audit with the initial of the official concerned who checked each record.
- (c) A certificate under the dated initials of the Assistant Accounts officer that the receipt books used have been checked since the date of last inspection in regard to continuity in serial number of receipt 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 : and
- (d) A certificate as precisely as possible about the general state of accounts examined by him. This certificate is embodied in the standard form given in the "Forwarding Document " which contains a detailed report on the processes and results of local audit vide form 3 at the end of this chapter.

NOTE: Comments on the orders of a controlling authority or the Head of the Department and objections indicating the need for prescribing a new rule or procedure for general observance should not be included in the Report but must be made as a separate office note or draft with in the Central Office (T.M section).

- (x) In view of the necessity of treating the percentage of audit in the case of statutory audit as 'secret' the Comptroller and Auditor general has decided, that in the Inspection Reports issued, it should be sufficient to state that a test audit was conducted without specifying the month's accounts subjected to detailed check. In the office file. However, a note should be kept as to the month's account which was subjected to detailed audit.

(Letter No. 12/Admn. Ii/1954, dated 6th February, 1954 from the Comptroller and Auditor General of India, filed in OA Case 28-10/54-55).

- (xi) With a view to ensure that the important objections are finalized and brought to the notice of the Legislature through the Audit Report at the earliest opportunity, the following instructions have been issued for the guidance of local audit staff :
- Specially serious irregularities which are Prima facie fit for inclusion in the Audit Report should be given special treatment and should never be mixed with items of lesser **importance or dealt within a routine manner. The Inspecting Officer/Inspection Party should** before writing up his report pick out such cases. If such irregularities have been factually established to his satisfaction after detailed discussions with the head of the office inspected and after reference to all the initial records of the office. They should be processed into draft paras straightaway for inclusion in the conventional audit Report and sent with a special letter to the Senior Deputy accountant General concerned. They need not be included in the Inspection Report but a brief paragraph mentioning that...(number) cases for inclusion in the Audit Report have been taken up separately may be included in the Title Sheet.

NOTE: It is particularly important that cases of defalcation and culpable negligences should be reported through the Sr.DAG concerned to the Secretaries of the Administrative and Finance Departments by name. This also applies to such cases detected in T.M section.

The Draft paragraphs thus prepared on the spot should be shown to the officer concerned for acceptance of facts and after incorporating the suggestion of the Sr. DAG along with the explanatory comments of the departmental officer if any. It should be ensured that the draft paragraph is drafted after a preliminary exchange of views with the departmental officers and should indicate the circumstance under which the irregularity department took certain action which is proposed to be commented upon in the Audit Report. The T.M section should deal with the Draft Paragraphs expeditiously and pass them on to the Reports Section of Accountant General (Audit) for further processing. The final action on the irregularity, etc, should also be watched by the respective sections through the files and objection books.

01: 17 RECEIPTS AND ISSUE OF INSPECTION REPORTS

- (i) On receipt of the draft inspection reports in T.M section should submit them to the Senior Deputy Accountant General for perusal and approval after going through the reports carefully to see that
- (a) Items of the previous inspection reports marked for 'Next Inspection' have been duly brought over to the current reports, if not finally disposed of and

- (b) Important points which are likely to go into Audit Reports are specially brought to the notice of the Senior Deputy Accountant General.

“In the case of local audits/inspections supervised by Gazetted officers, scrutiny and vetting of the Inspection Reports drafted by the supervising Inspecting officers by another Gazetted officer or an Assistant Accounts officer at the Headquarters (T.M section) will take away the initiative of the Inspecting officers and is likely to lessen their responsibility in careful drafting and vetting of the reports. These reports should be vetted only by the Senior Deputy Accountant General who may be assisted by T.M section in verifying the facts contained in these reports. These reports will be submitted to Senior Deputy Accountant General through the concerned Accounts Officer (TM) whose duty will be to coordinate points “likely to arise in similar audits “and arrange for instruction to be issued to parties for collection of similar data to facilitate preparing comments for Audit Report. The concerned Accounts Officer (TM) will be vetting the reports of non-supervised audits finalising and issuing them at his level, unless there are important points to be brought to the notice of the Senior Deputy Accountant General”.

(Authority : Letter No. 76-Teach. Admn . I/385-65 dated 14.1.66 of C&AG – Case 128-132/65-66).

- (c) Reports which are specially marked for the Accountant General by the Senior Deputy Accountant General should be submitted to the Accountant General for his approval, before issue. The reports will then be typed and sent to the departmental officers concerned with a forwarding letter (vide form No. 4)
- (ii) It has been decided by the comptroller and Auditor General of India in consultation with the Ministry of Law that the Inspection Report as finally issued to the Administration or Head of Office Inspected after scrutiny and editing in T.M Section of the Headquarters Office of an Accountant General / Comptroller should be formally signed by the Deputy Accountant General or by the Gazetted Officer who has dealt with the draft report at Inspecting, if it is not possible to get it signed by the Inspecting Officer himself.

In pursuance of the above decision, the procedure detailed below should be followed normally for the issue of Inspection Reports after they have been edited in T.M Section :

- (a) 1. The Inspection Reports in respect of supervised audits will on approval by the group Officers be issued over the signature of the Branch Officer of the headquarters section (T.M section).
(Authority : Coordination Committee’s (suggestions) Minutes of 30.1.79 filed in ISC/I/GI/28.14/78.79).

2. The Inspection Reports received from the Assistant Accounts Officer’s party will be issued over the signature of the officer in charge of TM section in Headquarters office.

- (b) T.M

The Inspection Report issued from the Treasury Miscellaneous Section may be issued over the signature of the Senior Deputy Accountant General. The first sentence of the forwarding letter (form No. 4) should read as under:

“I forward, in duplicate, Part II of the Inspection Report together with its appendix, etc,”

(c) In all case, a clean typed office copy typed office copy of the Report / Note, as finally approved, should be kept.

- (iii) The Inspection Report should be issued within one month from the date of completion of the Inspection.
(C&AG’s letter No. 1895-Admn. III/268-60, dated 20.9.1960 filed in OA GI. Case No. 28-8/71-72).

01:18. DISPOSAL OF INSPECTION REPORTS

- (1) T.M Section which issues the reports will be responsible for their disposal. They should watch their return with replies from the officers concerned and, if not received within a month, should call for them, the replies to the reports should be scrutinized and further remarks, if any, issued. The progress of action taken on each report till it is finally disposed of is watched through a register maintained in the form indicated in Annexure I.

A consolidated report showing the outstanding reports, and the action taken thereof is submitted to the Accountant General on the 15th of every month.

The register for watching the receipt and issue of Inspection reports and progress Register for settlement of Inspection reports should be maintained in the form given in Annexure II . Minor modification in these forms may, however, be made to suit local peculiarities.

(C&AG's letter No. 1656-Admn. III/152-60, dated 16.8.60 filed in OA case 28-30/60-61)

The correspondence relating to the Inspection Reports should be pursued in a systematic way by issuing reminders according to the programme indicated in annexure III. Apart from issuing omnibus reminders for all the paragraphs in a report, the sections should issued special reminders for selected points of importance involving large sums of recovery or grave irregularities from the third month onwards. Once such important items are selected for treatment by special letters, they will have to be pursued only by special letters thereafter (official or demi—official at different levels)

A half yearly report showing the list of Inspection reports and paragraphs outstanding for over six months with full details should also be forwarded to the concerned administrative department in the Government with copy to Finance Department

(AG's orders dated 25.8.54 filed in OA case 28-21/54-58)

- (2) (i) A separate objection book should be maintained as required in Para 7.1.44 of C.A.G's MSO (Audit), Volume I in TM section for recordings the objections raised in local audit and inspections, for which money values should also be assigned as far as practicable.

(Letter No. 1468-Admn. I/684-54, dated 22nd July 1955 from the C& AG filed in OA Case 28-69/54-55)

The objection book and adjustment register are to be maintained in MSO (Audit) Forms 10&12 respectively.

(C&AG's letter No. 692-TA I/635-66 dated 1.3.67, filed in O.A General Case 28.11/64-67)

- (2) (ii) (a) The value of stores or other articles which have to be written off under the orders of competent authority should also be entered in the objection book to facilitate watching of receipt of the orders of write off.

- (b) Where ever money value of the objection is not known a token amount of Rs. 100/- may be entered in the objection book.

The local audit party should furnish along with the draft inspection report, a statement in the form indicated below, showing the item to be entered in the objection book :

Paragraph Number	Amount to be held under objection	Remarks
1.	2.	3.

(A.G's orders dt. 2.5.56 on the review remarks of Internal Audit Department contained in I.A.D Case of 1956-57).

In regard to loans and advances, it is not necessary to record the individual items in the objection books where the detailed accounts are maintained by the Accounts Officers or by the departments for watching recovery of the amounts. Where the advances are not debited to a debt, Deposit or Advance head of

account, and where there has been a delay in recovery, the items may be segregated and commented upon in the Inspection reports and also recorded in the objection books.

Specific cases of shortages in departmental balance of stock for which responsibility has not been fixed and action for recovery has been taken, should be recorded in the objection books and clearance watched. The other cases of differences, discrepancies etc. need not be watched through the objection book.

It has been decided that for purposes of items mentioned above a time limit of two years may be applied for treating them as arrears.

(Authority: C&AG's letter No. 1047-Tech. admn. I/687 - 64 dated 7.4.65 and A.G's orders dated 27.4.65 filed in OA Genl. Case 128.116/64-65).

- (3) The authorities to whom the Inspection Reports should be issued and the procedure for watching of replies and communication of reports to Heads of Departments and Government indicated below

Unit inspected	To whom report should be issued	Watching of replies	Remarks
1. Treasury	Treasury with a copy of Part I of the Report to the Currency Officer Of the Reserve Bank of India . (vide instruction 13 under T.R. 4 of T.N.T.C. Vol	Replies watched from the Treasury officer and the Currency officer	Important points requiring attention of Treasuries will be referred to the Director. Points which are not settled after reference to the Director and all important irregularities are reported to Government. The results of inspection and the main defects and irregularities and other matters of special interest are summarised in the Annual review on the working of the Treasuries which is forwarded to Government.

(Authority : Letter No. 454 Tech. Admn. I / 55-63 dated 29.2.64 from the Comptroller and Auditor General of India filed in O.A. case 29.104/63.64)

NOTE 1 : The Audit Notes in respect of (Part III of the Inspection Report) the office inspected as mentioned above. (AG's orders dated 16th November 1959, filed in O.A. Case 28.55/59.60).

NOTE 2 : In respect of which are sent only to Heads of Departments with a copy to Government, matters which were not considered to be important in the beginning but which have become so, in view of further developments and the matters which are controversial and cannot be decided in consultation with the Heads of Department will be brought to the notice of Government for remarks or orders as the case may be.

(Authority : Government Memo. No. 131913 A Accts/ 63.6 dated 20.10.63 and orders of Accountant General dated 7.11.63 case No. 30.5(62-63)

- (4) Details of suspected frauds and the particulars of documents on the basis of which such frauds are likely to be established, received from the inspection parties should be recorded in a register in TM Section detailing in full the action taken from time to time till the cases are finalised. Steps should be taken to ensure that all cases of suspected frauds reported by the inspection parties are promptly brought to the notice of the next superior authority and also to the head of the Department furnishing the details of the particular document on the basis of which the alleged fraud is likely to be established.

(Shri R.K. Mukerji, Joint Director (T.A)'s D.O letter No. 684-TA I/164-75 dated 22.8.76 filed in ISC I/GenI/28.72/75-77).

01 : 19 . PRODUCTION OF INSPECTION REPORTS IN A COURT OF LAW

It has been decided by the Comptroller and Auditor General that once an Inspection Report has been made available to the head of the office inspected in its final form, the question whether or not privilege should be claimed for its production in a court should be decided by the Accountant General in consultation with the departmental authorities concerned. Audit need not claim privilege for a report already issued if the departmental authorities themselves do not wish to claim any privilege for it. If at any stage, it becomes necessary to produce, in a court the records of the audit office, only the final approved office copy should be produced and not the original notes of drafts.

(C&AG's Secret D.O No. 318 Admn. I/165-57 dated 9th February 1959 and A.G's Orders thereon, dated 27th March, 1959 filed in O.A Case 28.122/58.59)

01 : 20. INCIDENCE OF COST IN THE CASE OF SPECIAL AUDITS

- (i) While the inspection of offices and organizations under a state Government with a view to seeing that the organizations are running properly, maintaining proper accounts and keeping proper financial standards, is the responsibility of the State Governments, it also devolves on Indian Audit department to conduct a special detailed audit of an office or organization where there is suspected misappropriation or other serious financial irregularities even if this is not included in the regular programme of audit – article 300(1) of T.N.F.C. Volume I may be referred to in this connection. But in cases where the special audit is undertaken by this office at the request of the Government, the fact remains that the audit pertains to the expenditure and transactions out of the revenues of the Government and the audit will thus be considered as extension of the normal statutory responsibility of the Indian Audit Department. The cost of audit will, therefore, fall on the Audit Budget, vide item (iii) of Section C other charges VIII Incidence of expenditure involved in audit and keeping accounts, in appendix 5 of account Code for Accountants General.

(Authority: Comptroller and Auditor General's letter No. 2345-Admn. II/439 dated 29th September 1959 filed O.A Case 28.17/59-60).

- (ii) Undertaking of Special Audit by the Audit Department:

C&AG has clarified that while complying with the state Government's requests for undertaking special audits for special reasons. Accountant General should discourage any attempt to make the Audit Department assume responsibility for inspection which are primarily and really the duty of the

departmental heads. Unless the case presents special features and/or requires expert scrutiny by the staff of the Indian Audit and Accounts Department, Accountant General at his discretion, may not agree to requests from State Government to take up special audits. These are to be examined on their request/merits in the light of preliminary investigations carried out by the departmental authorities.

Where it is felt that preliminary or further investigation by departmental authorities is necessary before undertaking special audit, he may refer the matter to the state Government for getting the needful done.

(Authority : C&AG's D.O letter 796-TA I-110/77 dated 21.8.78 addressed to the Accountant General, Tripura and copy to all Accountants General-File 28.144/77-78.79)

01:21. CALENDAR OF RETURNS

A calendar of returns shall be maintained by the section Officer of TM section in the form prescribed in the Appendix to this Manual in order to observe the due dates prescribed for the various items of work. The actual date on which the work is completed should be filled in by the Assistant Accounts Officer in each case and the calendar of returns submitted to the Branch Officer every Tuesday and to the Senior Deputy accountant General on the 10th of each month together with the monthly progress report.

01:22. RESPONSIBILITY FOR MAINTENANCE OF THE MANUAL OF INSPECTION STATE

(TREASURY)

The Assistant Accounts Officer TM section will be responsible for keeping this Manual up to date. He should propose draft corrections to the Manual as soon as any rules or orders necessitating an amendment come to his notice. The Inspection Parties should also scrutinise at each inspection the relevant portions of the Manual to see whether it requires Amendment in any respect and make suggestions accordingly. The TM section will be responsible for the issue of corrections to the chapter relating to the inspection of Treasuries and audit of pension including Freedom Fighter Pension.

01 : 23. FURNISHING MATERIALS FOR THE FINANCE ACCOUNTS AND AUDIT REPORTS TO THE APPROPRIATION AUDIT SECTION.

The following materials should be furnished by TM section on the due dates .

- (i) Separate draft paragraphs on interesting cases of financial irregularities.
- (ii) The dates as communicated by A.A.D of A.G. (Audit) for State Reports should be noted in the Calendar of Returns.

ANNEXURE I (Vide Paragraph 01 : 18 (1))

REGISTER FOR WATCHING THE RECEIPTS AND ISSUE OF INSPECTION REPORTS

Sl.No.	Name of the office inspected	Name of the inspecting officers and staff	Date up to which the account is now audited	Date of Audit from to	Date of Receipt of draft report	Date of submission to A.O/D.A.G.
1.	2.	3.	4.	5.	6.	7.

Date of approval	Date on which sent for typing	Date of return for typing	Date of issue	Reference to progress registers	Remarks
8.	9.	10.	11.	12.	13.

ANNEXURE II (Vide Paragraph 01 : 18 (1))

PROGRESS REGISTER OF SETTLEMENT OF INSPECTION REPORTS

Sl.No.	Name of the unit inspected	Item No. of the register of inspection report	Date of completion of Audit	No. and date which report was issued	Due date of receipt of reply	No. & date of reminders etc.
1.	2.	3.	4.	5.	6.	7.
Date of receipt of first reply	Date of issue of further remarks	Further Correspondence Date of receipt of further replies Date of issue of further remarks or reminder		Date of closure of inspection report.	Remarks	
8.	9.	10.		11.	12.*	

*Herein individual number of the paragraph outstanding after six months of the issue of report should be given and circled as and when finally settled.

ANNEXURE III (Vide Paragraph 01 : 18 (1))

No. of reminders	When to issue	To whom to issue
INSPECTION REPORTS (TREASURIES)		
1st	1 month after the issue of original reference	Reminder to the officer concerned
2nd	45 days --do--	---do---
3rd	2 months --do--	D.O reminder to the Director of Treasuries and Accounts
4th	2 months and 15 days after the issue of the original reference	---do---
5th	3 months after the issue of original reference	---do---
6th	4 months after the issue of original reference	Reminder to Government
7th	5 month ---do----	D.O to Deputy Secretary to Government
8th	6 months ---do---	D.O to Secretary to Government by D.A.G. (by A.G. if the case is important).

(Authority: Government Memo. No. 126768/Acct.3/60-1 dated 26.11.1960 and D.A.G's orders thereon dated the 14th February 1961 filed in O.A. 28-106/60-61.)

CHAPTER 2

GENERAL PRINCIPLES AND PROCESSES OF LOCAL AUDIT / INSPECTION

02: 01: The general principles to be observed in inspections and local audits of the initial accounts of Government Offices and Institutions are laid down in the Manual of Standing Orders and the Secret Memorandum of Instructions. These and other instructions to be followed generally in the audit of these accounts are summarised below. These instructions represent the minimum that is expected of an intelligent accountant **and should never be considered as limiting the** accountant's duty. It should, wherever necessary, be supplemented with regard to the omissions in them. The true value of audit will be found to reside over and above this in the personal interest taken by the accountant in his work and the application of his own commonsense and experience to be over changing facts presented to him. The special rules and instructions applicable to the accounts of certain officers or institutions, wherever necessary, are given in the chapters relating to them.

02: 02: The primary object of inspections and local audits are as follows:-

- (i) Local Inspection to assure the Accounts Officer of the accuracy of the original date 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 received in the Accounts office and
- (ii) Local Audit to enable the Accounts Officer to conduct on the spot a test-check of the accounts maintained in certain Government and non- Government Institutions and Offices.

The primary function of audit is thus to verify the accuracy and completeness of accounts. All possible attention should, therefore, be devoted to the examination of initial records and accounts. It should also be ascertained whether the Treasury Rules, the General Financial Rules, and the relevant **departmental instructions are being followed by the departmental** Officers.

02:03 Before taking up the audit of any particular officer, the Test Audit Parties should make themselves conversant with the nature of the transactions, the system of accounts, the account books prescribed, the budget, departmental manual 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. The classes of accounts, which the local audit staff should deal with, are varied and in order to ensure that all fields of activities of the office inspected and all financial records maintained in the office are covered during the local audit. The Assistant Accounts officer of the party should, before commencing inspection, obtain, in writing from the head of office, an exhaustive list of the field of activities and records maintained.

Sometime, an intelligent investigation of matters which appear, on the superficial view, to be of no importance is likely to lead to the detection of grave irregularities or of a defect of system liable to lead to fraud irregularities or of a defect of system liable to lead to fraud and the inspection should be conducted with a keen eye for such possibilities. The accountants, should, however, be careful not to infringe on matters unconnected with the accounts or finances of the institution or which are otherwise outside the province of legitimate enquiry.

NOTE 1: The use of any form of questionnaire is prohibited.

NOTE 2: The material for the inspection report should be gathered by the inspection staff themselves from the available records which they have inspected. The authorities of the Institution, the accounts of which are being inspected, should not, ordinarily (except under the specific direction of the Inspecting Officer and with the concurrence of the head of the office) be asked to furnish details on which conclusions can be based, (OA case 28-48/53-54). Where it is necessary to do so, such details should be utilized after a test—check.

02: 04 GENERAL EXMINATION OF ACCOUNTS

The accounts of receipts and of stores, cash books for the entire period covered by the inspection should be examined generally to see that **they** are maintained in accordance with the prescribed rules and that the writings do not indicate any attempt to tamper with the records or to evade the requirement of rules. The recorded transactions should be **reviewed intelligently and doubtful and abnormal items should be** examined closely.

Where subsidiary registers of cash and stores accounts are kept, it should be verified that these are properly maintained and the totals and balances are correctly taken over to the main registers.

02: 05 AUDIT OF NON—TAX RECEIPTS

- (a) The need for devoting greater attention to the detailed audit of the administrative receipts (non-tax) in respect of the departments like Agriculture, Health, Education etc. has been emphasized by the Comptroller and Auditor General. Unlike tax receipts, non-tax receipts are mostly in the nature of receipts for services rendered or supplies made and often linked up with the expenditure incurred on such services or supplies. Audit of such departmental receipts cannot be done in isolation and it is necessary that transactions of these departments relating to receipts, works, stores etc. should all be seen in their proper perspective without giving up emphasis on any one particular aspect.

In order to effectively discharge the statutory obligation under Section 16' of the C&A.G's (Duties, Powers and Conditions of Service) Act 1971, **the field parties should apart from the usual expenditure audit** devote importance to the detailed check of the non-tax receipts, on the lines contained in Chapter 4 of the M.S.O (T) and the general and special instructions in the relevant chapters of this Manual. These instructions should not, however, be construed as exhaustive or as fettering the discretion of the Inspecting Official.

Inspection Report paragraph with money value exceeding Rs. 10,000/- or consolidated paragraph prepared by clubbing individual cases of the same type may be processed and forwarded to T.M section for inclusion in the Report on Revenue Receipts.

(A.G's orders in AG II/ISC IV / I Circular No. 52 / 76-77 based on Headquarters Circular letter No. 215 RA IV / 74-75 / 15.3.76 441 RA IV / 63-76 / 9.6.76 and 813 Rec. A IV / 74-75 / 3.11.76.)

The following are some of the general checks to be exercised in checking the receipts.

The various processes and stages of collection and accounting of receipts should be intelligently examined in order to ensure that there are no weak points in the system involving risk of leakage of receipts or commission of irregularities. It should be also seen that :

- (i) Adequate regulations and procedure have been framed to secure an effective check on the assessment, collection and proper allocation of revenue :
- (ii) Such regulations and procedure are being observed :
- (iii) Where any financial rule or order prescribes the scale or periodicity of recoveries, there is no deviation without proper authority from such scale or periodicity:
- (iv) A register of all recurring and non-recurring demands is kept in accordance with the rules and collections are watched against such demands:
- (v) Arrangement for collection are satisfactory and there are no outstanding requiring special notice;

- (vi) Payees are invariably granted machine-numbered receipts in the prescribed form, a proper stock account is kept of all Receipt Books, the stock thereof is periodically verified and a certificate of count of receipts forms is recorded before a Receipt Book is issued from stock
- (vii) Moneys received are brought to account immediately and there is no undue delay in their remittance into treasury;
- (viii) The returns of the counterfoils of used Receipts Books is properly watched and the counterfoils are recorded after check so as to ensure that there has been no delay or omission in bringing the receipts to accounts : and
- (ix) The responsibility of conducting the internal checks on the lines of (iv) and (vii) above is entrusted to some responsible official, and there is recorded evidence to the effect, that he exercised these checks.

02: 06 STORES AND STOCK ACCOUNTS

The audit of stores accounts shall be directed to ascertaining that the departmental regulations governing purchases, receipt and issue, custody, condemnations, sale and stock—taking of stores are well devised and properly carried into effect

- (a) As regards purchase of stores, it should be seen that
 - (i) They are properly sanctioned, are made economically and in accordance with any rules or order made by competent authority for purchase of stores required for the public service : in particular, when stores are purchased from contractors, the system of open competitive tender is adopted and the purchase is made from the lowest tender unless there are recorded reasons for not accepting the lowest tender :
 - (ii) The rates paid agree with those in the contract or agreement made for the supply of the stores :
 - (iii) Certificates of quality and quantity are furnished by the passing and receiving Government Servants before payment is made :
 - (iv) Orders for purchase have not been split up so as to avoid the necessity for obtaining the sanction of higher authority required with reference to the total number of the orders : and
 - (v) Claims have been promptly preferred against the shipper, landing contractor, supplier or the Marine Insurance, as the case may be, in respect of loss or damage to stores imported through the India Store Department and necessary recoveries effected:

NOTE: Audit may call attention to cases of uneconomical purchases of stores and to 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.

- (b) The accounts of stores should be generally examined to see that :-
 - (i) They are kept in the prescribed form :
 - (ii) Entries of receipts and issues are made in them as the transactions actually occur, issues are supported by proper authority and by proper acknowledgements and some official is held responsible for checking that this is done properly and for seeing that balances are worked out correctly ;

NOTE : The entries of issues in the stock and stores accounts for the period selected for test-check should be ticked off while checking them with reference to the issue invoices or vouchers.

After this work is completed the registers should be reviewed to see that there are no unticked items which might represent issue without proper authority or invoice / issue voucher in support

- (iii) The accounts of balances which were audited in the previous inspection have been produced complete in all respects, no entries in them have been tampered with, the closing

- balance as carried forward to the accounts under scrutiny, and there exists a certificate of periodical check of balances:
- (iv) 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 necessary action has been taken to adjust the surpluses or shortages noticed :
 - (v) There is no unnecessary accumulation of stores and where a reserve limit has been fixed by Government or other competent authority, it is not exceeded:
 - (vi) Adequate action has been taken for the disposal of surplus, obsolete and unserviceable stores.
 - (c) where a priced account is maintained, it should be seen that :-
 - (i) 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 :
 - (ii) the value accounts tally with the accounts of works and of departments connected with stores transactions, the total of the value account agrees with the outstanding amount in the general account : and the numerical balances in stock materials at reconcilable with the total of value balances in the accounts at the rates applicable to the various classes of stores: and
 - (iii) Steps are taken for the adjustment of profits or losses due to revaluation, stock-taking or other causes, and these are not indicative of any serious disregard to rules.

02: 07 DISPOSAL OF OBSOLETE, SURPLUS OR UNSERVICEABLE STORE

It should be seen during local audit that in the matter of disposal obsolete, surplus or unserviceable stores, the matter of disposal obsolete, surplus or unserviceable stores, the procedure laid down in article 140 to 142 of the Tamil Nadu Financial Code, Volume I is carefully observed by heads of offices.

02: 08 CASH ACCOUNTS

- (i) The arrangement for the drawal of cash from Treasuries, for realization 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.
- (ii) The cash book should be checked in detail for selected month and for other months a general scrutiny should be made:

NOTE: According to SR 3(a) of TR 10, moneys received by a Government servant on behalf of the Government (with the exception of moneys withdrawn from treasuries on bills for pay, contingencies, etc. which are accounted for and watched in other ways) shall be immediately brought to account in cash book form 5 or in the appropriate form prescribed in Tamil Nadu Account code or a departmental code etc.

In examining the Cash Book, it should be seen that:-

- (a) All transaction of receipts and payments are correctly recorded in the Cash Book in the prescribed form strictly in the order of occurrence and on the dates they actually took place :
- (b) All receipt of cash as shown in the counterfoil of receipt book as well as the cash received from the treasury on bills, cheques, cash orders, or Reserve Bank Draft are traceable under proper dates and with correct particulars (vide also SR 2(a) under Tr 10-T.N.T.C.Volume I).
- (c) Receipts which should be remitted into the treasury were so remitted without any delay:
- (d) All remittances are supported by receipted chalans :
- (e) The totals remittances for each month agrees with the amount shown in the consolidated Treasury Receipts in the case of Department rendering compiled accounts;
- (f) All payments are supported by proper vouchers complete in all respect;
- (g) The total are correct and the balances have been correctly worked out :
- (h) Private cash is not mixed up with the regular cash balance of Government;

- (i) The cash Book is closed and balanced on the prescribed dates vide SR 2(a) under TR 11:
 - (j) There are no erasures or interpolations and errors are rectified properly :
 - (k) There is no tendency to kept an unduly large cash balance in hand :
 - (l) That the security taken from cashiers, etc. is as prescribed by the Competent Authority.
 - (m) There is evidence in the cash book of verification of all entries made therein regarding receipts, payments and balances and the balances 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.
- (iii) Accounts of imprest and Temporary Advances, if any should be examined to see that are regularly closing and rendered punctually every month and that they are properly examined by the recouping officer, before recouplement.
 - (iv) The verification of the actual cash in hand is optional and is left to the discretion of the Inspecting Officer or the Assistant Accounts Officer in charge of the local audit. Whenever the verification is made, a memorandum may be drawn up as follows;

Previous day's 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 receipt, cheques, etc.

DEDUCT payments made during the day as per the cash book and to

be verified with reference to the sub vouchers.

NET TOTAL

The amount of cash in hand should agree with this total. It should also be seen in audit that the Government safe contains nothing but Government money . Whenever the cash is verified, it should be seen that the cash book is written upto date and all entries should be vouched to date of verification. The composition of the balance in hand so verified, i.e.cheques, notes, coins, etc..should be recorded in the Inspection Report also.

If, in any case, the cash balance pertaining to the cash book is counted, a simultaneous count of all cash balances (with relevant accounts in charge of the disbursing officer or other custodian of cash chest) is desirable. This verification of cash should preferably be done at a time when the officer-in-charge is present.

The above consideration applies also in respect of surprise inspection of cash undertaking when temporary misappropriation is suspected (vide Comptroller and Auditor General's D.O. No. 70 / Admn, 1 / 54 dated 26th July 1954).

- (iii) (a) with a view to facilitates early detection of embezzlement of moneys by entry of fictitious remittances in the cash book, the comptroller and Auditor General had decided that, during local audit, credits for receipts in the cash book for selected period should be verified direct from the books of the treasury. The Assistant Accounts Officer of the local audit party should have a list of remittances in respect of the selected period prepared from the entries in the cash book. He should then arrange to have the credits verified from the books of the Treasury by deputing a Test Audit Assistant / Assistant / Senior Accountant wherever necessary :
- (b) The verification should be made in respect of all remittances made by the office inspected, during the selected period including those made at sub-treasuries. As every sub-treasury is required to render a daily sheet accompanied by chalans in support of receipts, i.e

remittances made into the sub-treasury (vide local rulings (1) and (2) below Article 47 of the T.N Account Code Volume II and notes there under) and as these daily sheets are extracted from the initial records maintained at sub-treasuries. It will be sufficient if the remittances made as sub-treasuries are verified in the huzur treasury from the sub-treasury returns. In case the verification to be made relates to one sub-treasury only and the sub-treasury is situated in the same station as the office locally audited, the verification may be made in the sub-treasury.

(Comptroller and Auditor General's letters no 1986-Admn. I / 425-52 dated 23rd July 1953 and No. 2465 / Admn I / 425-52 dated 6th September 1953, filed in O.A Case 27-71 / 1953-55 and circular No. OA Proc. 39 .dated 13th April 1959, filed in OA Case 28-6/59-60)

(c) Remittances by private parties into Treasuries :

The above instructions regarding independent verification by audit parties would also apply to remittances made by private parties direct into treasuries through chalans towards repayment of loan installments or revenue due to Government etc.

NOTE: For instruction regarding checks of Subsidiary cash book paragraph 02.20 of this Manual may be seen.

02 :09 TENDERS AND CONTRACTS

- (i) The inspection staff should particularly see that tenders have been invited in the case of such purchase of articles and stores for which tenders have to be called for under the specific orders of Government or under the instructions contained in the manuals of the offices inspected.

They should examine the original tenders and compare them with the comparative statement and the agreement finally accepted. Cases of alteration of figures, over-writings and other unauthorized corrections of tendered rates, or other errors should be mentioned in the inspection reports on the accounts of the offices inspected. The inspecting staff will also see that the rules laid down by Government as set out in the manuals, in regard to invitation and acceptance of tenders or for entering into agreements with contractors, have been observed. Irregularities, if any should be commented upon in the Inspection Reports.

(T.M Case 4-113 of 1925-26)

- (ii) The inspecting staff should also see that, wherever necessary, the indenting officers have consulted the supply department when calling for tenders.

(T.M Case 11-9 of 1933-34)

NOTE : the detailed instruction in regard to purchase of stores by State Government department is contained in Article 125 of the Tamil Nadu Financial Code, Volume I and the rules there under.

(iii) The files for contract agreements should be scrutinized to see that :-

- (a) Tenders are invited in the most open and public manner and that satisfactory reasons are recorded for accepting a tender other than the lowest ;
- (b) Contracts are executed either on standard forms or on special forms prepared in consultation with the law officers of Government and the terms are precise and definite and there is no room for ambiguity or misconstruction therein ;
- (c) Contracts are sanctioned by the competent authority and the terms once entered into are not varied without special and proper sanction ;
- (d) Agreements generally provide that payment will not be made until the stores have been received and examined ; and

- (e) Suitable security has been taken from the contracts for ensuring the due fulfillment of the contract.

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 a written understanding as to price or rate at which payment is to be made.

- (iv) The instructions in Chapter 3 regarding checks of tenders and contracts including quantum of check should also be observed.
- (iv) Check by audit of Sales Tax; sales Tax is a tax on sales and not on purchases. There is nothing in the law to make this necessarily payable by the purchaser. In respect of payment under contracts, there fore, local audit has to see that;-
- (a) Tax has been paid only when it is payable and
- (b) Whenever sales tax is paid by Government on the purchase made:
- (1) The relevant contract of purchase includes a specific provision for the payment of sales tax and (2) even with the tax the purchase has been made on favourable terms by Government vis-à-vis Other contending suppliers. (Endorsement No. 2434-Admn I/628-54 dated 18th December 1954 and letter No.1280-Admn I/628-54 dated 128th June 1955 from the Comptroller and Auditor General of India –copy filed in O.A Case 28-23/55-56). In order to help the income tax authorities to know whether any contractor has been allowed such rates and conditions as to enable him to make high profits, the Comptroller and Auditor General desired that an arrangement should be made with them-(1) to allow the regular and confidential access to the records in our office at such intervals as may be fixed in consultation with them :and (2) to report specifically cases where there is such firm data as would lead to the conclusion that the contractor had made excessive profits.

To implement the above instruction in so far as they relate to instruction locally inspected by the Treasury Inspection Party, the filed parties should, during the scrutiny of contract document in local audit, carefully see whether there are any cases where contractors have been allowed or there is reason to believe that they have been allowed such rates or conditions as to enable them to make high profits. It should specifically be seen, in cases where tenders have not been called for, whether the market rates have been ascertained before deciding upon the contractor rates. If there are any cases of abnormally high rates, a special report should be sent to the Treasury Miscellaneous section. This section should communicate direct to the Income Tax authorities, after necessary scrutiny, such cases, as and when they are brought to notes by the Inspection Parties. (Comptroller and Auditor General's letter No. 491-Admn. 126-45 dated 28th June 1945 filed in case T.M. 15-123/45-63).

02: 10. REGISTER OF CONTINGENT CHARGES

It should be seen that –

- (i) The appropriation has been noted at the top of each column in red ink :
- (ii) The monthly total of each column has been struck and agreed with the disbursing officer's register of liabilities and expenditure:
- (iii) The date of payment in respect of each item has been initialed by the head of the office or other authorized gazette Government servants:
- (iv) Stamped receipts have been obtained from the payee in respect of all payments above Rs. 5,000/- and they are retained in the office for production to Audit parties :
- (v) Each item of expenditure is covered by proper sanction and purchases have not been split up to avoid sanction of higher authority; and

- (vi) The register has been reviewed periodically by the head of the office and suitable action taken in respect of undisbursed amount amounts for which payees acknowledgements are wanting.

02: 11 AUDIT OF EXPENDITURE

The local audit of expenditure should be of a limited character. The main point to be looked into is detailed below;

- (i) Vouchers for all sums of Rs. 500/- and below in amount , which are not required to be sent to this office, are kept on record duly cancelled so that they cannot be used again :
- (ii) Entries in the local accounts are properly vouched :
- (iii) The acquittance of menials, for whom pay has been drawn on contingent bills, have been duly taken in the office acquittance rolls ;
- (iv) All materials and stores billed for have been brought on the respective inventories ;
- (v) The articles or materials of menials , billed for have been purchased on the tender system wherever so required by the financial rules of the Government concerned :
- (vi) The quality and quantity of stores have been certified to before payment :
- (vii) The rates paid for are not in excess of the accepted and the market rates :
- (viii) Suitable notes of payment have been recorded against the original indents and invoices concerned to prevent double payment :
- (ix) The sub vouchers contain notes of dates of payments:
- (x) The details work up to the totals :
- (xi) There are no erasures and any alterations in the figures have been attested by the drawing Officer:
- (xii) The expenditure has been recorded under the correct heads of account:

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

02 : 12 TELEPHONES INSTALLED IN RESIDENCES

It should be seen whether recoveries have been made towards S.T.D and local calls in excess of the maximum number of calls allowed as per SI. No. 49 of Appendix 5, Tamil Nadu Financial Code, Volume II.

The trunk call registers of office and residential phones should also be checked to ensure that recovery has been made towards charges for private calls.

02 : 13 LOG BOOKS OF GOVERNMENT VEHICLES

- (a) The Tamil Nadu Departmental Vehicle Control Rules 1976, for the use, maintenance and repair of Motor Vehicles of the Departments of the State Government (except Police Department and PWD) are contained in Appendix 26 of the Tamil Nadu Financial Code, Volume II. The more important points of checks are to see that :-
- (i) The log book is maintained in respect of each vehicle correctly and entries for each trip are made then and there and attested by the officer using the vehicles ;
- (ii) In the case of officers who have been given staff or departmental vehicles in the city of Madras and the Heads of officers who wish to make use of the vehicle for the trips from their residence to office and back, recovery of hire charges have been made as per rule 4 (C)(appendix 26, Tamil Nadu Financial Code Volume II)
- (iii) The ceiling on consumption of petrol fixed by the head of Department has not been exceeded and any excess consumption of petrol has been ratified by the head of the Department:

- (iv) Payment for petrol is made after verification of the total quantity of petrol as per entries in the petrol register and the fact of passing of the suppliers bill for payment has been noted in the register ;
- (v) Fuel needs are met from the bunks maintained at the District Headquarters by Government Departments like armed Reserve, State Transport Department etc. to eliminate pilferage, etc. (G.O. MS. 1056 Home Department dt. 16.4.71).
- (vi) Repairs and servicing have been carried out through the local Motor Vehicles Maintenance Organisation except in the case of minor repairs which can be done through local workshop recognised for this purpose by the Motor Vehicles Maintenance Organisation :
- (vii) Spare parts required for the vehicles are procured from Government stores or in the absence from approved dealers :
- (viii) In case vehicles have to be repaired in a private workshop and the period of repair is excepted to be more than 60 days, and if the driver/cleaner is temporary and is the junior most in the department, he should be ousted from service (vide also rule 18 of appendix 26, Tamil Nadu Financial Code, Volume II):
- (ix) Batteries, tyres and other spares are not replaced before giving the minimum service excepted of them and that the yearly ceiling fixed for repairs has not been exceeded without specific sanction of the Head of the Department (the detailed rules issued in G.O. 356, Home dated 10th February 1965 may be perused in this connection) and :
- (x) Refunds of tax under the Motor Vehicles Taxation Act 1931 have been claimed promptly in respect of the period when the vehicle was not on the road.

NOTE 1 : Regarding replacement and condemnation of tyres and tubes of vehicles of Government Departments , the instructions issued in G.O. No. 1062, Home dated 5th April 1960 and G.O. Ms. 1664 Home dated 4th June 1960 may be referred to for guidance.

NOTE 2 : Motor Vehicles of all the Departments of Government (including Police, Public Works, Highways and Rural Work Departments) and local bodies will have to be condemned based on the recommendation of the three man technical committee constituted by the Collector of the District and after obtaining orders from the Government in the Administrative Department concerned. (G.O 3043 Home (Transport IV) Department dated 12.12.78)

02: 14 NOMINAL AUDIT TO BE CONDUCTED DURING LOCAL INSPECTION

Consequent on the decision taken to dispense with the system of nominal audit or check of the correctness of pay and allowances in the vouchers selected for audit in central audit (T.M. Section) through maintenance of fly-leaves of Establishment Audit Register, the following instructions have been issued by the Comptroller and Auditor General regarding the manner and extent of nominal check to be conducted during local inspection;

- (a) The nominal check during local inspection will be conducted in respect of pay bills of establishment for the period selected for test audit
- (b) Supplementary and arrear claims should be generally reviewed during local audit to ensure that the case are not kept pending unnecessarily and there are valid reasons for claiming them in arrears or in supplementary claims , and should be subject to detailed check in respect of such claims in the period selected for test-audit. It should also be verified whether the fact of drawal of the arrear claims has been noted in the office copies of the establishment bills for the periods to which the arrears pertain.
- (c) Apart from comparing the pay and allowances drawn by each Government servant in the pay bills of the selected period 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 proper acquittance obtained, the admissibility of pay and allowances drawn for each individual Government servant in the pay bills should be checked completely as indicated below :-

The nominal check should be exercised with reference to initial and primary records containing the authority for the events necessitating the regulation of pay and allowances of Government servants such as increment certificates, 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 to him, general orders of Government in regard to grant of special pay or compensatory allowance to any member of establishment or type of establishment, for this purpose, the local audit party should maintain a guard file of general orders governing pay and allowances of establishment. Copies of specific orders relating to particular establishment should be made available to local audit.

The paid establishment vouchers for the period selected for audit would be made available to the local audit parties well in time for checking them with cash book, office copies of the pay bills, acquittance rolls, treasury bill books etc. the pay and allowances drawn for each individual has also the previous deductions made towards provident fund, loans etc.. as per vouchers taken from the Central Office (DC / LA sections) should be compared with the corresponding entries in the office copies of pay bills.

NOTE: According to a case of embezzlement reported by the chief Educational Officer, Vellore, the Junior Assistant of a Government High School, presented pay bills at the Treasury without incorporating fully the recoveries towards Provident Fund, Khadi Loan etc., shown in the office copies of the pay bills. The net amount drawn from the Treasury was consequently more than that noted in the office copy of the pay bill and the excess drawn was embezzled. Such cases, enabled by omission of the drawing officers to exercise necessary checks, can be brought to light only by a comparison of the pay and allowances including deductions made in respect of each individual shown in the office copies of pay bills with the relevant original vouchers obtained from the Central Office (DC / LA section). Further, while checking the entries in the U.D.P Register, the amount disbursed each day should be tallied with the total of individual payments made each day, as worked out from the acquittance rolls. (File TM KII Case 5-C3 / 81-82)

- (d) The above checks should be integrated with the check of service books as prescribed and where service books are not made available they should be checked independently with reference to the initial and primary records mentioned above.
- (e) In addition to audit of pay and allowances drawn in the pay bills of establishment for the period selected for test audit in the manner prescribed above (a) cases of increments sanctioned to the members of the establishment of the office under inspection and (b) cases of fixation of pay on promotion or reversion during the period covered by local audit should also be checked during the local inspection / audit to the extent prescribed.
- (f) The inspection officers should include a separate paragraph of the Inspection Report either as Part II (a) or (b) or Part III as the case may be, the results of local audit of establishment, the service books and leave accounts. The covering memo to the Inspection Reports should indicate clearly the checks exercised and include certificate to that effect. In respect of nominal audit, audit of increment certificates, pay fixation on promotion / reversion, check of service books and leave accounts, check of office copies of bills and acquittance rolls. (Secretletter No. 102-O &M / 145-79 dated 20.3.80 of C &A.G. filed in ISC -I file No. 28-118 / 1980-81).

NOTE : The orders dispensing with nominal audit will not apply to the pay bills of gazette officers in whose cases the system of issue of pay slips by our office has been dispensed with and salary and

allowances are drawn in the same manner as for non-gazetted establishment . The orders do not also apply to the Resident audit (Pay and Accounts Officer, North, East, South, Secretariat, Madurai etc.) and hence the nominal audit of the corresponding establishment need not be done during local audit.(O.O TM / V / 11-8 / 80-81 / 84 dated 13.10.80)

(g) It has been decided that nominal audit of establishment will be conducted during the regular local audit of the departmental offices and that it is not necessary to form separate local audit parties for the purpose. In case any departmental office is not subject to local inspection at all because of the smallness of contingent expenditure incurred by that office, it should be ensured that such offices shall be subject to local audit at least once in 3 to 5 years for establishment audit.

02: 15 SERVICE BOOK

(A) The service books should be examined generally to see that :-

(i)A Service book is maintained for every non-gazetted Government servant and also for the non-self drawing gazette officers:

(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 on the front page are re-attested every five years :

(v)Annual certificate of verification of services are recorded in all Service Books.

(vi) the fact of recovery of foreign service contribution has been recorded in the Service Books by the Accounts officer in the case of personnel deputed on foreign service.

As service books will be the only document for the verification of service for pension, it has been decided by the comptroller and Auditor General that adequate attention should be paid during local audit to the review of Service Books .For extent of check. 'Secret Memorandum' of Instruction Regarding Extent of Checks in Local Audit / Inspections may be referred to. Service Books so checked should bear an audit encasement duly signed (with date) by the official incharge of the audit party. The check of service books should be to ensure that they are kept upto date and that they contain a certificate of annual verification of service with reference to the acquittance roll etc. the entries in pay columns should also be verified with reference to the office copies of pay bills for the period selected for detailed audit to see that they agree. The correctness of pay and increments allowed to the individuals from time to time for the period to which the check of Service Books relates should also be checked in the Service Books selected for scrutiny during local audit.

The check that no payment has been made to a Government Service beyond the date of attaining the age of superannuation or on the expiry of term of extension of service sanctioned by competent authority should also be done during local audit.

(Comptroller and Auditor General's Confidential letter No. 928 / Admn / 11 / 349-61 dated the 20th June 1962, 2056 / Tech. Admn. II / 349-61 dated 7.10.1965 and 417—TA.I / 785-68 dated 21.3.1969 filed in O.A. Case 2-3 /62-63 / 68-69)

(b) LEAVE ACCOUNTS : A percentage of the leave accounts of all non-gazetted Government servants and of non-self-drawing gazetted officers of the office inspected should also be checked as laid down in SMI regarding the extent of checks in local in local Audit / Inspection.

The checks should be conducted to ensure that:-

- (i) the leave account has been properly posted and closed soon after the incumbent's return to duty from leave and every entry has been duly attested (for this purpose the entries in the Register of Events should be traced into the Service Books and a test-check of the attendance register could also be made. The leave salary bills including the surrender leave salary bills should be checked with the Service Books to ensure that the leave period for which leave salary was claimed have been correctly debited in the leave account;
- (ii) The leave sanctioned has been correctly posted in the leave account with the entries of the leave sanction order in the body of the service book / roll has been attested:
- (iii) The leave at credit has been correctly calculated in accordance with the rules and the leave account revised with reference to orders regarding of probation, confirmation, etc :
- (iv) Certificate under FR 26 (bb) has been recorded in the Service Book wherever necessary :
- (v) Subsidiary leave accounts have been maintained wherever necessary and debits to such accounts have been correctly made ;
- (vi) The Collective record of the various kinds of special leave granted to the employee is maintained by the head of office in the form prescribed as per G.O Ms. 96, Finance, dated 4th February 1960 (as well as further orders in this regard) and whether the conditions for the grant of the leave have been fulfilled in individual cases ;
- (vii) The nature and extent of leave is correctly due and admissible to the employee under the leave rules by which it is governed:
- (viii) There are no cases of evasion of the leave rules. (ANNEXURE to C & AG's Secret letter No. – O&M / 145-79 II dated 20.3.1980 File ISC- I / 28-118 / 80-81).

- (c) (i) In the case of the Jail Department and other officers visited for Local Audit, the checks referred to above are exercised during the regular inspection of these offices. In the case of offices which are not inspected locally, the documents should be checked by the local audit staff when they visit for other inspections, the headquarters stations of the area wherein these **offices are located**.

The Headquarters section (T.M) should issue the necessary intimation for the documents being made available to the local audit staff at the specified places.

NOTE: In the case of offices which are not inspected locally, the check of increments is confined to certain offices relating to each department in each district. The selection of offices as per SMI should be done at random by the Senior Deputy accountant General (Accounts) in consultation with the Branch Officer in charge of the Treasury Miscellaneous Section concerned and a register should be maintained in form No. 6 to facilitate a judicious selection .

- (ii) The reports should be prepared for each office on separate sheets of paper, in half-margin and in duplicate (by carbon process) and should contain only cases of irregular grant of leave or increment requiring regularization or recovery of overdrawn leave salary or pay. 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 the Central Office (T.M section) for file.

NOTE : A statement in the form indicated below specifying the Service Books actually produced and checked during local audit should also be sent along with the Inspection Report by the Test Audit Accountants. A report as to whether all the offices, which were required to produce increment certificates of Last Grade Government servants together with the Service Rolls for check, actually produced those documents should be furnished.

SI . No.	Name of office	Particulars of service books produced and actually checked		Whether any objections were raised. If yes, reference to paragraph of Audit Note
		<u>Name</u>	<u>Designation</u>	
1.	2.	3.	4.	5.

On receipt of the report in the Central office, one copy should be retained in TM Section and the other copy should be sent to the Departmental audit Section concerned, for noting the items in the objection book and assigning them serial numbers as prescribed in Para 2318 of the Manual of Departmental Audit Section. The copy returned to the Departmental audit Section should then be dispatched to the Head of the office concerned for necessary action.

The reply to the audit Note or Inspection report, when received from the departmental Officer, should be sent back to the departmental audit section along with the original report, for watching the recovery of leave salary, regularization of the leave etc. the audit objection need not be pursued further in the TM section as the work devolves thereafter on the Departmental Audit section concerned.

- (d) In the case of annual and biennial audits the prescribed percentage of the service Books alone would be checked. In order that all the Service Books are checked once in the cycle prescribed, the local audit party should prepare a master list of Service Books maintained in the office visited, duly marking the Service Books checked and forward the list to Headquarters (T.M Section) along with the Inspection report. The master list should be sent to the party during the subsequent audit (s) so that selection should be made out of the unaudited Service Books so that all Service Books could be covered in a cycle. The master list should be updated at the time of local audit by deleting service books of persons transferred out etc., and adding names of new entrants.

NOTE : Since the detailed nominal audit in Central Audit is dispensed with, such objections mentioned above should be watched through Inspection Reports or special letters till final action is taken, the fact of which should be verified in the subsequent local Audit.

02 . 16. T.A BILLS

As the responsibility of audit in regard to checks exercised by Controlling Officers in T.A Bills has to be discharged by occasional test checks, audit should check a few specimen cases at the time of local inspection/audit of Government Officers, to ensure that the duties assigned to Controlling officers are properly exercised by them and draw attention to any cases that may come to notice in which the Controlling officer did not discharge the responsibilities assigned to him.

(C&AG's letter No. 478-A/II/72 Admn. II/59 dated the 8th May 1959, T.M Case 15-3/59-60 and O.A case 28-69/59-60).

For example. A test check of the timings of departure and arrival from/at Headquarters noted in the T.A Bills may be made with reference to the log books of the Government vehicles to see if the absence from Headquarters noted in the T.A Bills and the consequent claims for full/half D.A are correct or not.

02 : 17 TREASURY BILL BOOK (FORM T.N.T.C.70)

- (a) It should be seen that :-

- (i) All bills drawn and presented at the Treasury are entered in this register :

- (ii) The entries in column 1 to 6 have been attested by the head of the office :
- (iii) The token number is noted against each bill presented at the Treasury / PAO's office (vide Circular No .RC .D/26031/81. Dated 11.6.81 of the Director of Treasury and Accounts :
- (iv) The date and amount passed for payment have been filled in and attested by the Treasury officer:
- (v) There are no erasures, over-writings, etc. in the register :
- (vi) The cash received has been correctly taken to the Register of undisbursed pay Register of Permanent Advances etc., maintained for accounting of the disbursements, and dispatch of bank drafts received from the treasury to the parties is effectively watched through a suitable register.

NOTE : Government have authorized the use of two separate bill registers one for salary bills, T.A and other personal claims of Government servants and the second for contingencies and miscellaneous bills .(G.O Ms. 260 Finance (T&A) dated 25.2.78)

(b) REGISTER OF TOKENS (form T.N.T.C. 70-C)

Tokens are required to be issued by the token clerk to the parties presenting bills at the treasury/sub-treasury/PAO as an acknowledgement for the receipt of bills at the treasury etc. the drawing officer should maintain a subsidiary register in form 70-c to watch the returns of tokens relating to the bills not cashed : the non-availability of a tokens would mean that the corresponding bills have been encashed and should find a place in the U.D.P register etc. the Treasury Bill Books (form 70) and the token register (form 70-C) should be closed daily listing out the uncashed bills and the uncashed tokens to ensure that relative tokens are available for all the uncashed bills and the drawing officer should record a certificate accordingly .

It should be ensured that token numbers are furnished in the bill register by the Treasury without fail and that the closings are made as per rules .
(Instruction 33 under TR 16 and Circular No.RC No. D4/26031/81 dated 11.6.1981 of the Director of Treasuries and Accounts).

02 : 18 ACQUITTANCE ROLLS OF ESTABLISHMENTS

These should be examined to see that there is a proper acquittance for each amount disbursed, that the amounts have been disbursed to the persons entitled to receive them. That a certificate of check in accordance with rule 4 (d) TR 32 has been furnished by the drawing officer in the establishment bill and that the arrangements for keeping a proper watch over the undisbursed amounts are satisfactory. It should also be seen that necessary receipts for deductions from salaries of members towards dues to Registered Cooperative Societies have been obtained from the Societies concerned and pasted in the register maintained for this purpose.

NOTE 1 : Register in TNTC Code form 113 –A as prescribed in Article 87 –A of the Tamil Nadu Financial Code, Volume I are maintained to watch the recoveries to be made.

NOTE 2: it would suffice, if acknowledgements for the net amounts are obtained from the payees in such cases.

NOTE 3 : If a Government servant either willfully or under other circumstances does not receive payment within a period of three months and if the pay disbursing officer, acting upon the demand of the Cooperative Society pays the amount due to the Society, the amount paid may be taken as statement under the detailed head “Pay of Establishment “ the amount to be remitted to the Treasury will then to be less by the amount paid to the society.

02: 19 REGISTER OF UNDISBURSED PAY, ETC .

A register in form 20 should be maintained in each office to watch the disposal of undisbursed balances of any amounts drawn on contingent bills. It should be ensured that all bills encashed as per Treasury Bill Register have been properly accounted for, the amount disbursed each day agrees with the total of individual payments made each day as worked out from the acquittance rolls, the closing are made daily with an abstract of unpaid items and closing balances are carried over to the main cash book abstract for verification of cash and that moneys are not retained beyond a maximum period of three months.

After the implementation of ATBPS (Automated Treasury Bill Passing System) in addition to Register of Undisbursed pay, the register of ECS returns (RECS) must be checked by the Inspection party.

02: 20 CHECK OF SUBSIDIARY CASH BOOKS RELATING TO DEDUCTIONS ON ACCOUNT OF L.I.C.,C.T.D., CO-OPERATIVE SOCIETY DUES, ETC.

In G.O. Ms. No. 974, Finance (T&A) Department dated 7.8.73. Government issued orders that deductions made from salaries towards Cumulative Time Deposit, L.I.C. Premium, Cooperative Society dues, etc, are treated as private money and should be entered in a separate subsidiary cash book as 'Receipts' and their remittances to the concerned offices should be shown therein as 'disbursements' and in Government Memo . 51243/T&A/75-2 dated 4.12.75 (Finance (T&A) department) it was ordered that the balances as per the subsidiary cash book should be verified and that certificate of verification recorded in the subsidiary cash book should be put in a separate cover and deposited in the cash chest. The transactions in the subsidiary cash book should be checked to the same extent as applicable to the main cash book, vide Para 02:08, the remittances of the deductions so made may be checked for the Post Office /LIC/Cooperative Society as the case may be. (ISC I/ GI/ Circular 40/31.8.1976).

02:21 OVERTIME ALLOWANCE CLAIMS

The following checks should be exercised in the local audit of overtime allowance claims:-

- (h) Scrutiny of local records showing overtime duties and their checks with the actual claims .
- (ii) Whether overtime work is resorted to too frequently.
- (iii) Whether the same person or the same group of persons are being allowed overtime allowances too often.

(Letter No. 1904/Admn I/76-62 dated the 7th August 1962 of the Comptroller and Auditor General filed in T.M. Case 12.14.A/62-63).

02 : 22 AUDIT OF ADVANCES OF PAY, T.A ON TOURS , TRANSFER ETC.

As per the revised classification effective from 1st April 1974, all advances of pay on transfer, leave salary, T.A. on transfer, advances in connection with L.T.C and the like are debited to the same final head as pay and allowances. The drawing officers and controlling officers are keeping the detailed records of payment of these advances and their recoveries and are responsible for recovery in cash or by adjustment according to rules . Consequent on the discontinuance of the maintenance of objection books for advances in central audit, the efficiency of the systems and producers including the recovery of these advances evolved by the departmental officers and the accuracy of the detailed records kept by them should be checked during local from July 79 onwards.

All advances of pay, T.A on tour and transfer, leave salary advances etc. which remain outstanding for over two years should be segregated during local audit and commented upon in the Inspection Reports and also recorded in the objection book maintained in TM Section.

(C&AG's letter No. 5030 OM/26-79 dated 12.7.79 and C&AG's letter No. 2063 TAI/25 O&M/79 dated 20.12.79).

02 : 23 LOANS TO GOVERNMENT SERVANTS

The Government ordered in G.O.Ms. 610, Finance (Salaries) dated 27.6.75 that with effect 1.4.75, the detailed accounts in respect of loans and advances sanctioned to Government servants and recoverable in less than sixty monthly instalments should be maintained by the respective departmental officers. For this purpose, every head of the office will maintain the following three registers to record sanction and recovery of all loans to Government servant.

1. Loan Sanction Register.
2. Individual Loan Register.
3. Loan Recovery Register.

The form of these registers is given as Annexure to that G.O cited above. These registers should be reviewed by the Head of the office at least once a month to ensure proper maintenance and for taking suitable action for outstanding items.

The departmental drawing officers will have to reconcile their figures under debits/credits in respect of each category of loan/advance with the figures at the sub Treasury/Treasury and furnish to the subordinate controlling officers (District Officers). The District Officers should reconcile the figures in the Treasuries and forward them to the Heads of Departments with a copy to the accountant General. The Head of Department will agree the figures received by him with the ledger figures available with the Accountant General monthly. A certificate of the acceptance of balance should be furnished annually to the Accountant General.

The loan sanction register and the Individual Loan Register are common to all type of loans.

The local audit parties should check that the relevant records are maintained properly, the reconciliation is being done and that the acceptance of the Government Servants to the balances are received by the Head of the office.

The advance bills encashed during the selected period should be traced into the respective loans ledgers and recoveries noted in the ledgers should be traced into the establishment bills, to ensure that there are no omissions/wrong postings. If no advance bill has been cashed in the selected period any other period in which there are transactions may be selected by the inspection party. In cases where persons have been transferred out it should be seen that the last pay certificate and similarly in the case of persons who have come on transfer the advances pending recovery as per the LPC should be traced into the loan ledgers.

02 : 24 LICENCE FEE DEMAND STATEMENTS IN RESPECT OF GOVERNMENT RESIDENTIAL BULDINGS IN CHARGE OF PUBLIC WORKS DEPARTMENT

- (a) Commencing from September 1979 the check of license fee demand statements of non-gazetted staff and gazette officers whose entitlements are determined by the drawing and disbursing Officers and whose salaries are drawn in pay bills in the same manner as non-gazetted establishments had been dispensed with in central audit. Consequently, the existence of adequate system for proper determination of the license fee recoverable and recovery of dues from the allottee Government servants in such cases should be examined through suitable test-check of connected records during the local audit of the accounts of the Drawing and Disbursing officers. The procedure for determination and recovery of license fee due from Government servants has been prescribed in Articles 13 to 21 of the Tamil Nadu Financial code, Volume I. The nature and quantum of check to be exercised in this regard by the local audit parties during the audit of accounts of Drawing and Disbursing Officers are indicated in the SMI, regarding extent of checks in local audit/inspection.

- (b) (i) The above checks will be exercised either at the Accountants or at the Assistant Accounts Officer's level according as the field party is a single or a double Assistant Accounts Officer party.
- (ii) A specific certificate should be recorded regarding completion of these checks in the forwarding document accompanying the Inspection Report.
- (iii) The inspecting officer will ensure that the prescribed checks have been exercised.

(C&AG's office circular letter No. 824-TA I/74-72/ dated 17.9.79, orders of AG I dated 28.1.80 and ISC Circular No.72 dated 14.2.80 filed in ISC I case 28-9/79-80).

(c) A gist of orders regarding recovery of rent is furnished below :

1) No house rent need be recovered from the Government Servants who are occupying Government/Government rented accommodation in various grades of places in respect of employees in posts below the revised pay scale of Rs. 950-1500/- as hitherto done for occupying quarters provided by Government or its agencies.(G.O.Ms. No. 666 Finance dated 27.6.89)

The Government servants in the above scales of pay who reside in Government/Government rented accommodation in various grades of places are not eligible for House Rent Allowance.

(Orders are effective from 1.5.1981, G.O. Ms. 351 Finance (Allowance II) Department dated 21.5.81)

2) Recovery of rent from the employees in the following ranges of revised pay who reside in houses provided by or at the instance of government in various grades of cities and towns will be as indicated below:

Pay range and the percentage of pay with respect to the recovery of rent from the employees as per the latest Pay Commission order as given below:

HOUSE RENT RECOVERY W.E.F 01.06.2009

SI. No	Pay Range Rs	Grade 1 (a) Grade 2 (b)	Grade II	Grade III	Other Places
1	6000-10199	1.5%	1.5%	1%	1%
2	10200-18599	3%	3%	3%	2%
3	18600&above	4%	4%	4%	3%

NOTE : In respect of Employees in the grade pay of Rs. 1900/- and below, no rent recovery need be made for occupying quarters.

The Government employees occupying houses provided by the Accommodation Controller and who pay rent above the rate of rent prescribed for occupying Government quarters be allowed such amount in excess of the rent prescribed for occupation of Government quarters as House Rent Allowance.

3) The family of a deceased government servant is permitted to occupy government quarters for a period of three months or till the end of the academic year (to be taken as 30th April of each year) whichever is later subject to payment of rent in advance at the rate at which the deceased government servant was paying at the time of his demise. (G.O.Ms. 967, PWD dated 20.6.75)

02: 25 REGISTER FOR RECORDING THE ANNUAL ACCOUNT STATEMENTS OF SUBSCRIBERS TO THE PROVIDENT FUND RECEIVED FROM THE ACCOUNTANT GENERAL

In letter No. 11718/Funds/80-1 dated 24.9.80, the Government of Tamil Nadu, Finance (Funds) Department have issued instructions to all the Secretaries to the Government, heads of Departments, pay and Accounts Officers, Director of Treasuries and Accounts and Treasury Officers that all the Drawing Officers should-

- (i) Maintain a register for recording all the Annual Account Statements of subscribers to the Provident Fund received from the office of the Accountant General:
- (ii) Obtain there in the acknowledgements from the subscribers in token of having received the Statements from the Drawing Officers:
- (iii) Indicate the details of the office to which the Annual Account Statements have been forwarded in the case of subscribers transferred to other offices, and
- (iv) Produce the register for scrutiny by the Audit Party of the office of the Accountant General during their inspection of the office .

The maintenance of the register as per the instructions of Government should be reviewed and any failures should be commented in the report.

(Government of Tamil Nadu, finance (funds) Department letter No. 117918/Funds/80-1 dated 24.9.80, D.O letter No. AGI/FM II/GL. 3/79-73/80-81/74 dt. 11/80 from the Sr. DAG(GAD & Funds) and ISC Circular No. 58 of 1980-81 dated 24.11.80 filed in ISC I/GI. /28-104/80-81).

02 : 26 CHECK OF ACQUITTANCES FOR PAYMENT OF GRATUITIES

Where the gratuitant is permitted under the rules to receive the payment of gratuity through the Head of the Office, the amount will be drawn in a separate bill by the latter, and this will from the vouchers for the purpose of Central Audit in such cases. The actual quittance of the payee viz., person legally entitled to the gratuity or his/her legal guardian will be obtained and recorded by the Head of Office and should be checked at the time of local audit of the office.(Para 3.6.14 of C.A.G's MSO (Audit)

02: 27 SECURITY DEPOSITS

It should be seen that :-

- (i) Security is taken as required under rules from persons entrusted with the custody of cash or stores and from contractors for works and supplies :
- (ii) Security deposits are covered by a proper bond or agreement setting forth the conditions under which the security is held ;
- (iii) Government paper tenders as security is taken at its face value or market price, whichever is less, at the time of deposits and a re-adjustment is made in the manner prescribed by rules, if there is subsequent appreciation or depreciation in its value:
- (iv) The register of receipt and disposal of securities is properly maintained, all entries since last audit are correct and acknowledgements of depositors for returns of securities exist :
- (v) The register as well as the securities are examined at least once a year by a responsible officer of the department.

(vi) Either the securities or the acknowledgements of their authorized custodians (vide Government Securities Manual) are produced for inspection and

(vii) In the case of Post Office Savings Pass Books, they are hypothecated to the Head of the Office and are kept in his custody.

NOTE : The Government of Tamil Nadu have decided that the Scheme of Furnishing prize bonds as securities may be withdrawn, Prize bonds already deposited may continue as security deposits till they are withdrawn or returned after maturity. Heads of Departments may accept alternative forms of security deposits which are acceptable as security deposits if offered earlier. When prize bonds mature, they should be returned without delay and alternative forms of security obtained.

(G.O.Ms. No. 787 Finance dated 16.7.1965. filed in O.A.GI. Case 28-106/65-66).

02 : 28 LOANS

Audit of loans should be conducted with reference to the applications for loans and enquiry reports, valuation reports of properties offered as security, loan sanction orders, payment vouchers, security bonds, loan ledgers, demand Collection and balance Statements etc. the principal points to be seen in audit are whether :-

(i) The applications are in proper form and contain all the required details essential for the sanction of loans :

(ii) The security offered is sufficient and free from encumbrances :

(iii) The loan is admissible as per the rules governing the loan, and sanctioned by the Competent authority:

(iv) The amounts are drawn and disbursed only upto the required extent and with a view to avoid lapse of funds;

(v) The security bond is in safe custody :

(vi) Fact of payment is clearly recorded and acknowledgement obtained from the loanees :

(vii) When loan is disbursed in kind, necessary adjustment bills have been passed effecting debit to loan head of account by credit to service head of account;

(viii) When the loan amount is required to be disbursed in installments, conditions stipulated for the release of each installment are satisfied:

(ix) The loans are utilized for the purpose for which they were granted and there are no cases of diversion of funds and that there are proper methods of verifying the same and in cases where the loans have not been utilized properly, summary recovery has been ordered:

(x) The recovery of principal and interest at the prescribed rates is prompt and that in case of default, action is taken to recover the installments with penal interest at the prescribed rate :

(xi) In cases where the recovery of the installments of loans and the interest is vested in the Revenue Departments, necessary action or intimation in the prescribed form is sent to them promptly and certificates or acknowledgements are obtained wherever necessary:

xii) The loan ledgers and subsidiary registers prescribed are maintained in the proper form observing the instructions issued from time to time and kept up-to-date:

(xiii) The periodical returns prescribed have been prepared and sent on the due date to the authority concerned ;

(xiv) The demand, collection and balance statement shows the position correctly for each month:

(xv) There is proper monthly reconciliation of the receipt and payment figures under the loan heads of account with treasury figures and annual reconciliation with Accountant General's figures.

NOTE : Very often in commenting on the outstanding amounts of loan in the draft Inspection reports, statistical details of year wise outstanding are given with the remark suggesting expeditious and effective action being taken for the recovery of over dues. While such statistical information is helpful, it is more important to analyse individual items of substantial amounts outstanding and examine the causes for non-recovery. Where there has been no follow up action on the part of the department, such cases should be specifically commented.

02: 29 STAMP ACCOUNT

It should be seen that:

- (i) The account has been maintained properly, bringing to account all receipts and issues :
- (ii) The physical balance has been verified periodically and agreed with the book balance :
- (iii) Service postage stamps have been only for strictly official purposes: and
- (iv) The expenditure on telegrams is not excessive.

02: 30 ACCOUNT RECORDS NOT SPECIFICALLY MENTIONED

All other account records not specifically mentioned in the preceding paragraphs, or in the chapter dealing with the audit of the accounts of the particular office or institution, should be examined to see that :-

- (i) They are maintained in accordance with the prescribed rules and are up to date and
- (ii) They are periodically reviewed by a responsible officer.

02: 31 REGISTER TO WATCH EXPEDITIOUS SETTLEMENT OF AUDIT OBJECTION

In G.O. Ms. 773, Finance, dated 30.7.1960, orders have been issued regarding the maintenance of the above register, which enjoins on the Head of the Office to study a specified number of audit objections daily, fix a programme for getting final replies from subordinate officers and finalise reply to this office. The maintenance of the register as per government orders should be reviewed and any failures should be commented in the report .

02: 32 INTELLIGENT EXERCISE OF CHECKS

The efficacy of local audit depends largely on the intelligences, thoroughness and resourcefulness which are brought to bear on it .Even an apparently minor defect or irregularity might conceal a fraud or misappropriation. The inspecting staff should be alive to this and exercise the checks intelligently and not in a mechanical way. An illustrative list of irregularities which are likely to conceal potential frauds is given below for guidance.

- (i) Erasures, over-writing, interpolations and unattested corrections in figures, pass orders etc. in account books, and registers, bills presented at treasuries, invoices, sale bills, receipts, etc. :
- (ii) Removal of pages from Account books and registers:
- (iii) Tampering's in totals and carry-forward of totals, specially in cash books and stock books :

- (iv) Errors in totaling in bills:
- (v) Errors in carry over figures from subsidiary registers to main registers ;
- (vi) Delay in disbursement of moneys drawn from Treasury to payees (including money's recovered against court attachment, undisbursed salaries etc.)
- (vii) Non availability of challan in support of remittance entries in cash book .
- (viii) Tampering of figures in challans.

NOTE: Fictitious entries of remittances in Cash Book will be brought to light during the verification of credits for remittances direct from the books of the Treasury, as prescribed by the Comptroller and Auditor General.

- (ix) Persistent delay in the submission of payees stamped receipts which should be made available to inspection parties, supplier's invoices and countersigned detailed bills, to audit:

NOTE: For this purpose, a list of such items should be furnished by the D.C/L.A Sections to the Inspection Parties along with the vouchers and other documents for check in local audit. (O.O OA/23.46/58-57/461 dated the 29th March 1957)

- (x) Payments made on duplicate invoices, absence of proper references in invoices to entry in stock books :
- (xi) Issue in stock accounts not supported by proper indents and acknowledgement, issue on free transfer bills not acknowledged by the recipients:
- (xii) Failure to cancel sub-vouchers or paid invoices:
- (xiii) Bills presented at the treasury without entry in the treasury bill book, interpolation and alteration of entries in the Treasury Bill Book :
- (xiv) Items of stores, works, etc., paid for in bills not being traceable in the relevant registers, viz., stock accounts, works registers, measurement books etc.:
- (xv) Signing office copies of bills in full; differences between the entries in the office copies and fair copies of bills in regard to name of payee, endorsee etc. or absence of office copies ;
- (xvi) Persistent failure to conduct physical verification of accounts etc. not being attested:
- (xvii) Entries in important records like cash book, stock accounts etc., not being attested:
- (xviii) Absence of proper periodical scrutiny of cash book, stock books, contingent registers and Demand Collection and Balance registers by the Head of the Office or the authorized gazette Government Servant : and
- (xix) Non-reconciliation of Departmental figures with those of the treasury.

(A.G's orders dated the 19th December 1959, and D.A.G (OAD) orders dated the 25th December 1959 filed in O.A Case 2.31/59-60)

- (xx) Availability of huge balances under Suspense Heads and Adverse balances under Debt Deposit Heads as per the records maintained in the Treasuries and Sub-Treasuries.

CHAPTER 3

AUDIT OF CONTINGENT EXPENDITURE, TENDERS AND CONTRACTS

03:01 SCOPE AND EXTENT OF AUDIT

Scrutiny of contingent expenditure, tender documents, agreements and contracts, Service Register and Stock Accounts of Furniture and Consumable stores is under taken during this audit.

03: 02 PROCESS OF AUDIT

The audit checks to be exercised on common records such as Cash Book, Stock Register, and Service Books etc. are those prescribed in Chapter 2 of this Manual.

In the case of centralized purchase of stores, the instructions issued by the Comptroller and Auditor General, in his Secret letter 2478-Admn. II/184-58 dated 9.10.58, for examination of the connected transactions is extracted in Annexure I, to SMI regarding the extent of checks in Local Audit/Inspection. Paragraphs 333 to 338 of the M.S.O (Technical Volume I & Chapter VII of M.F.C (Volume I) contain detailed instructions for the audit and the general guidelines to be followed by the Departments of Government respectively. Further, instructions on the subject are given in Annexure II to this Chapter. These instructions should be adopted to suit the requirement of peculiar cases or types of contracts in the light of the Departmental Rules and regulations.

(C.A.G's letter 1521-Admn. I/87.59/12.5.60 OA case 28.100/1960-61)

In addition, the following points should also be seen:

- (a) In auditing stores and purchase transactions, it should be examined whether, before calling for tenders, the head of the Department/Office has obtained correct and adequate data on the type/specification and requirement of stores needed by all indenting units, the tender notifications should be checked to ensure whether they contain all terms for supply in a precise and explicit manner and whether they cover all the processes of supply such as period of supply, place of supply, delivery schedule, liability in regard to incidentals such as transport, delivery, handling, sales tax etc., verification of quantity and quality of goods and conditions for payment of cost.
- (b) At the tender acceptance stage, it should be seen whether the comparative statement is drawn up correctly and whether orders on acceptance are complete indicating reasons for rejection of advantageous offers, an important check is to see whether the entire process of consideration and acceptance of tenders has been done with the required expedition and any delay at any stage has occurred with justifiable reasons.

(In G.O. Ms. No. 1588, I&C, dated 14th March 1963, it has been laid down that tenders for supply of articles to Government should be finalised with utmost expedition and communicated at least within a month from the last date stipulated for receipt of tenders- vide paragraph 48 of the Report of Public Accounts committee for 1969-70. This has been reiterated in Finance Department Memo. 130213/Audit/170-2 dated 2.2.71).

(c) At the contract stage, it should be seen whether the contract embodies correctly the rates and all the terms and conditions contained in the tender notification as accepted or modified by the tender offers. The validity of the contract should be examined to see whether it is signed by both parties to the contract, duly witnessed and whether it is executed with maximum expedition after the acceptance of the tender.

(d) According to Article 127 of T.N.F.C. Volume I, if a contract for supplies is placed on a higher tenderer, in preference to the lowest acceptable offer in consideration of offer of earlier delivery, the contractor will be liable to pay to Government the difference between the contract rate and that of the

lowest acceptable offer, in case of failure to complete the supplies in terms of such contract within the date of delivery specified in the tender and incorporated in the contract.

It should be ensured that in all such cases, the contract incorporates the above penal clause suitably and the clause is also enforced in case of delayed delivery

(e) With reference to progress reports on implementation of the contracts rendered to the Heads of Departments by field officers of the Department, a general review should be conducted to examine whether there has been any deviation from the terms of the contract in regard to rate of supply, quantity, quality or other conditions.

NOTE 1 : Points arising from scrutiny of contracts and agreements in central Audit, if any,. Which are referred to local audit for detailed examination, should be attended to and a full report on results of such scrutiny should be sent to Headquarters along with the draft Inspection Report .

NOTE 2 : In order to enable the local audit party to select contracts for audit and review, a list of all contracts/purchase orders executed by the office audited should be obtained before commencing the audit and this list should be enclosed to the draft Inspection Report .

03 : 03 ACCOUNT RECORDS

The more important of the common account records are :

- (i) Cash Book,
- (ii) Register of tenders and Register of contracts,
- (iii) Tenders, Contracts and agreements,
- (iv) Service Book,
- (v) Register of Contingent Expenditure,
- (vi) Stock accounts of stationery
- (vii) Accounts of furniture,
- (viii) Control of expenditure statement,
- (ix) Log books of staff cars, vehicles etc.,
- (x) Account of Service Postage Stamps,
- (xi) Register of Trunk Call charges, and
- (xii) Register of local purchase of stationery.

ANNEXURE I

(vide Paragraph 03:02)

PROCEDURAL INSTRUCTIONS FOR THE AUDIT OF CONTRACTS AND AGREEMENTS

Audit of contracts and contractors bills, whether the contracts are placed by a Central Purchasing Agency or by Department generally fall under the following heads.

- A. Audit of contracts and agreements by themselves and with reference to indents and tenders.
- B. Audit of payments of Contractors bills against contracts, purchase orders and agreements,
- C. Audit and accounting of stores, equipment's, etc., purchased against such contracts by the consignee.
- A. Audit of contracts and Agreements, Tenders etc.

The general checks to be exercised are indicated in Paragraph 333 to338 and Annexure A of M.S.O (Technical). Other checks are detailed below:

- (a) In scrutinizing an Acceptance of Tender it should be seen –
 - (i) That the particulars regarding quantity and rates are furnished and the prices stipulated are firm. Particulars of the contracts providing price variation clause or provisional rates, should be sent to local audit for further examination :
 - (ii) That there is no omission of any important clause, eg. Inspection of stores, date and place of delivery, dispatch instructions, name of consignee, etc.,
 - (iii) That it is signed by an authority who is competent to enter into the contract. In case the signature on the order is that of an authority who is not competent to enter into the contract, a certificate to the effect that the purchase has been approved by the competent authority, is recorded there on mentioning also the designation of the authority whose approval has been obtained :

NOTE : In the copies of acceptance of tender, supply orders, etc. all the sheets containing rates, prices and other important conditions should be signed in ink by the purchasing officer

(iv) That, if the acceptance of Tender provides for payment to a party other than the contracting firm, a power of attorney is already registered on the books of the office : and

(v) The provision for the payment of sale tax, excise duty etc., should be checked with reference to the instruction issued by the government from time to time. Vague provisions, such as "Sales Tax will be paid, if legally leviable" should be objected to and the contracting officers asked to state in definite terms whether sales tax, excise duty etc., are payable and if so at what rate and on what amount.

(vi) Acceptance of tenders placed in the letter part of a financial year should be specially scrutinized, and any tendency to rush of expenditure brought to notice. Requests for dispatch of heavy goods by passenger train, at a cost (in freight) which is disproportionate to the value of the materials, should be reported to the Local Audit Party, for detailed examination. In such cases, the party should see whether a higher rate was also paid for urgent delivery and whether the circumstances really justified the extra expenditure.

(b) In conducting audit of sanctions, the broad principles of financial propriety enunciated in Para 54 of M.S.O (Technical) should be borne in mind. In cases of doubt regarding the necessity for the propriety of expenditure sanctioned, the original papers leading to the issue of the sanction should be called for and scrutinized in central Audit, the Case may be sent with a brief note to local Audit Party/Higher Audit section (if the Accountant General considers this necessary) for examination.

(c) It should further be seen that -

(i) All requirements pointed out at the time of pre-scrutiny (if carried out) have been complied with or replied to the satisfaction of audit:

(ii) That the contract has not been made by or on behalf of a minor :

(iii) That the security deposit in the appropriate form and of correct amount has been lodged with in the period stipulated in the contract and that in the event of default, penalties leviable under the conditions of the contract have been enforced

(iv) That the contract has been signed for and on behalf of the President of India, Governor of a State or Chairman, etc., of a quasi-public body as the case may be:

(v) That all the conditions and requirements printed on the contract form have been complied with:

(vi) If the contract has been entered into with a firm, each one of the partners has signed, all the documents constituting the contract and if any partner be absent, these forms are signed by his duly constituted attorney.

(d) All Contracts and agreements required to be audited should be reviewed by the Superintendent and submitted to the Gazetted Officer for further review. Before auditing expenditure on purchase bills, the Branch Officer should satisfy himself that the sanctions and agreements were properly audited and bear suitable endorsement of audit and review.

(e) Cases of the type mentioned below, may, if necessary, be scrutinized carefully in consultation with the Higher Audit Section-

(i) Inclusion of any new item of expenditure not originally contemplated in a contract,

(ii) Extension in the date of delivery in contract where higher prices have been allowed on account of early delivery of stores,

(iii) Compensation allowed to firms in respect of contracts,

(iv) Any extraordinary stipulation in contract even if it is sanctioned by Government, etc.,

(v) Any special and apparently objectionable procedure of purchase, inspection and payment sanctioned by government, etc.,

(vi) All contracts on cost plus profit basis,

(vii) All contracts with private firms to act as Government stockists,

(viii) All sanctions to ex-gratia payments.

B. Audit of Bills for the supply of stores :

Besides the checks prescribed in Para 119 of M.S.O (Technical). It should be seen in auditing bills of contractors that –

(i) The purchase of the stores has been sanctioned by the competent authority ,

(ii) All purchases of stores are made in accordance with the instructions laid down in Chapter 8 of the Compilation of General Financial Rules (or the similar rules of that Government concerned) with special reference to the rule that no purchase which requires the sanction of a superior financial authority is sanctioned by lower authority in instalments,

(iii) The rates charged for in the bills agree with those in the Agreements,

(iv) That when the contract stipulates inspection in stages, e.g. at the time of manufacture or after erection at site, the necessary Inspection Certificates are furnished with the bills ;

- (v) That a claim for railway freight, insurance charges, etc. when the order is F.O.R place of dispatch, is duly supported by Cash Receipts, irrespective of their amounts,
- (vi) That when a contract is placed on the basis of rates prevailing in the market on the date of receipt of the order by the firm, or on the date of supply, such rates are verified with the intimation of market rates received from the suppliers. These rates should be confirmed by the Purchasing Officer. When the contract stipulates different prices for different periods, the date of dispatch/delivery of stores should be checked independently,
- (vii) That, when a contract has been placed for stores which are obtained from countries outside India, no payment on account of customs duty, or increase in customs duty is made, except under the provisions of the contract, or under the orders of competent authority,
- (viii) Whether any discrepancies or deficiencies have been recorded by the consignee in his receipt certificate supporting the balance of 10 percent or final 100 percent bill, in cases where advance payment of part-payment of 90 percent, is in vogue,
- (ix) That the stores have been delivered within the delivery period and the late delivery, if any, has been regularized by the competent authority.

C. Audit and Accounting of Stores, etc :

Please see the provisions in Chapter 8 of the General Financial Rules and Appendices 8 and 9 in General Financial Rules referred to in paragraph 2 of the Circular letter .
Local Audit of Purchase Bills, Contracts, etc

I. The main types of cases that may be examined in Local Audit are :

- (a) Acceptance of tender including Rate/Running Contracts, Supply orders,
- (b) Amendments, against Acceptance of Tenders, etc,
- (c) (i) Contracts placed from India direct with suppliers in U.K., U.S.A, and other overseas countries,
(ii) Contracts placed by India Mission, Trade Commissioners abroad (other than that in U.K, U.S.A),
- (d) Timber Purchase Orders ,
- (e) Office Orders, etc., issued by the Purchase Organisation on the subject of Sales Tax, Excise Duty, etc.
- (f) Disposal Contracts,
- (g) Arbitration cases, etc.

II. The following points should be kept in view in local audit :

- (a) Whether, as far as can be ascertained from the purchase files, demands of other indenting officers received at the time have been bulked together as far as possible to secure the advantage of bulk supply rates, etc. and if so. Whether the total quantity in respect of all the individual contracts issued against the bulked indents, does not exceed the quantity of bulked indents.
- (b) Whether purchase has been effected by single tender or negotiation. If so, whether sanction of the competent authority has been obtained and reasons recorded for resorting to this method of purchase.
- (c) (i) Whether all tenders were opened on the due date, and numbered and initialed with date by the officer opening them :
(ii) Whether comparative statement is on record and has been checked with original tenders.

- (d) Whether any delayed/late tender has been incorporated in Comparative statement and considered. And whether orders of the competent authority have been obtained to the consideration and acceptance of these tenders.
- (e) Whether the lowest offer has been accepted in each case, if not, the difference between the lowest offer and the offer accepted and the reasons recorded for rejecting the lower offers should be examined, it should also be seen whether the reasons are adequate. When favourable quotations are rejected on the ground that the firms are untried, it should be seen if the matter regarding the placing of a trial order with the firms with a view to secure economy in future purchases has been considered and appropriate action taken :
- (f) Whether the purchase price accepted is within the required limit of the estimated price of the indenter and if not, it should be examined whether confirmation about the availability of additional funds was obtained .
- (g) Whether the contract has been placed on a registered firm and, if not, it should be examined whether it is with or without security and whether sanction of the competent authority has been obtained.
- (h) Whether, in case of direct contracts placed on firm in U.K from India, advance/progress payments have been agreed to after a prior reference has been made to the Indian Stores Department, London and their practice ascertained.
- (i) Whether the rates accepted have changed in any case after the conclusion of the contract and, if so, whether the change in price has been effected with the approval of the competent authority and whether the reasons justifying such changes are adequate.
- (j) Whether any supplementary contract has been negotiated or payment authorized for any additional service required of the contractor subsequent to the placing of the acceptance of Tenders propriety and competency.

(C&AG's letter No.1521-Admn. I/ 87-59, dated 12th May, 1960, filed in OA Case No. 28-100/60-61).

CHAPTER 4
PERSONAL LEDGER ACCOUNTS

04: 01 PREAMBLE

Rules regulating the opening of Personal Ledger accounts and audit thereof are outlined below:

(a) S.R. 7(a) of T.R. 10, T.N.T.C Volume I:

When a government servant is permitted to handle in his official capacity moneys received, not on behalf of the government but in connection with the affairs of a government institution or non-government institution, such moneys should be included in the Public Account.

It is permissible to kept out of the Public account only such moneys pertaining to the funds which have not been set up under any status or Act or Authority of government and are absolutely unofficial in character and which the government servants handle as authorized office bearers of the fund purely in their capacity as officials of the funds and not in their official capacity (e.g) transactions of the Tamilnadu Police Benevolent Funds.

(b) S.R.7 (b):

When the moneys of the society or body are included in the government account with reference to clause (a) above, a personal deposit account shall be opened in the treasury in the name of the government servant concerned. When any such cases arises, the government servant shall apply to the government for opening a personal deposit account in his name in the treasury for the purpose.

(c) When such a fund is authorized to be held under Public account, audit there of will be conducted under section 13(b) of the C&AG's (DPC) Act, 1971.(C&AG's letter No. 163-TA I/20-78, dated 17.2.1979 filed in file No. 14-8/79-81 ECPA).

(d) Article 269 T.N.F.C Volume I: Personal deposit accounts are also created by transferring funds from the Consolidated Fund for discharging liabilities of the government arising out of special enactments, etc.

In such cases audit processes under Section 13 (a) of the C&AG's (DPC) 1971 would have to be carried out.

NOTE: In H.Qrs. letter No. 275-TAI/20-78 dated 2.3.1981, it was communicated that "Law Ministry's has advised

that it is not obligatory to keep the Prime Minister Relief Fund in the Public Account and we have accepted this position" As a consequence, the question of accounting the Chief Minister's Public Relief Fund of the government of Tamil Nadu in the Public Account of the State was not pursued with the State Government. (ECPA File No.14-8/79-81).

04 : 02 SCOPE AND EXTENT OF AUDIT

(A) The object of audit of personal ledger accounts opened under sub-para 1(a) above is to ensure that initial accounts of the moneys are properly maintained, that the moneys accounted for in the deposit accounts are correctly classified as deposits, that the persons operating on the accounts do not delay, remittances into the accounts of moneys received by them in connection there with, and that they do not make withdrawals or divert the funds temporarily for purposes unconnected with the accounts. The object of audit is also to safeguard against the possibility of fraud of embezzlement of the money lodged therein.

In the case of personal deposit accounts opened under sub-para 1 (d) above, all audit processes as for regular government expenditure will have to be followed.

(B) A list showing the banking deposit accounts, locally audited by this office, with particulars of the names of the officers operating on each account and the nature of the moneys lodge there in is given below :

(a) Solicitor to the Government of Tamil Nadu :

(i) Permanent Advance .

(ii) Money withdrawn from the treasury as advances for law suits by Head of Departments, etc. and deposited with the solicitor for meeting stamp duty on plaints, fees and other payments.

(iii) Moneys recovered or received in connection with pauper suits pending credit to government.

(iv) Fees received for work done by the Government Solicitor pending subsequent disbursement to his private account .

(v) Taxed costs and fees recovered from parties in suits or proceedings where they have been ordered by the Court to pay costs incurred by Government. The amounts due to Government for stamps, etc. are remitted into the Bank for credit to Government. The fees due to Government Pleader and Advocate General are drawn and disbursed to those officers.

(b) The Sheriff of Madras :

Moneys realized from suitors or realized by bailiffs for expenses of attachment and sale of movable and immovable properties, diet money and batta for witnesses summoned in Civil/Suits, etc.

(c) (1) The initial accounts relating to the personal Deposit Accounts of extra—curricular activities of Government Educational institutions have been taken up for local audit from 1957-58. The local audit will be confined to seeing that:-

(i) All amounts collected have been brought to account in the cash book (this will be done by tracing the amounts of counterfoils of receipts into the Cash Book) and

(ii) All payments or withdrawals are supported by cheque and proper vouchers.

As these transactions relate to non-government funds, it will not be necessary to extend the scope of our audit and examine the propriety of expenditure, method of purchase of articles etc .

(2) The following instructions have been issued by the Government of Tamil Nadu and the Director of School Education, Madras in regard to these Personal Deposit Accounts;

(i) Moneys realized on account of items, other than those relating to extra-curricular activities, viz. donations, scholarship amounts, examination fees, etc. should be credited to a separate Personal Deposit Account opened in the name of the head of the institution and should not be mixed up with moneys realized for extra-curricular activities.

(ii) Detailed accounts should be maintained separately for the various kinds of fees collected under extra-curricular activities and also for the several items accounted for in the separate Personal Deposit Accounts.

(iii) In addition to checking the accounts as and when the transactions take place, the head of the institution should check all the detailed accounts once a month or have them checked by a responsible officer, preferably a Gazetted Officer deputed by him for the purpose. A certificate of check should be recorded in the respective detailed accounts by the officer who conducted the check over his dated initials.

(iv) Special fees realized in respect of laboratory, library, medical inspection, calendar and bifurcated courses- engineering should be credited to Government Account. The special fees relating to the following items should be accounted for in the Personal Deposit Account of extra – curricular activities.

- (a) Games
- (b) Union
- (c) Audio-visual education
- (d) Literary Science etc. Associations.
- (e) Social Service League
- (f) Magazine
- (g) Fine Arts
- (h) Seva Samaj
- (i) College day
- (j) Stationery
- (k) Reading Room
- (l) Hobbies and Crafts
- (m) Home Science
- (n) Pupil Teachers Association in Training School
- (o) Bridge Fund
- (p) Excursion and Scouting

(G.O.Ms. 521, Finance dated 7th May 1958, and Proceedings No. Rc. 93 A4/57 dated 7th June 1958 of the Director of Public Instruction)

(d) The following are some of the other P.D. Accounts audited by this office:

- (i) The personal deposit accounts of Hostels such as;
 - Madras Medical College (Men's Hostel),
 - Madras Medical College (Women's Hostel),
 - College of Integrated Medicine Hostel,
 - Lady Willingdon Training College Hostel,
 - Government Arts College Hostel,
 - Madurai Medical College Hostel,
 - (Orders of AG in O.A Case 28-8/60-61)

(ii) P.D. Accounts of Registrar High Court consisting of :-

I Account—Civil Court Original Side Accounts

II Account---Civil Court Appellate Side Accounts

III Account---Suitors Accounts

IV Account—Sheriffs Accounts

(iii) Rent Controller

(iv) Official Liquidator attached to the High Court

(v) Principals of Polytechnics

(vi) Chairman, Industrial Tribunal

(vii) Secretary, Tamil Nadu Public Service Commission

(viii) Examiner of Local Fund Accounts

Personal Deposit Accounts of the Municipal Employees Pension Fund

Personal Deposit Accounts of the Panchayat Union Councils, Town Panchayats and Township

Committee Employees Pension Fund

The audit of the personal deposit accounts relating to the above funds will, however, not include the audit of the correctness of the certification of pension determined/paid in each case, since the pensionary charges are not met from the Consolidated Fund of the State Government.

(A.G's order in File ISC I/28-162/78-79 Volume II)

(e) During the local audit of the accounts of contingent expenditure etc, of certain institutions like Hospitals, Jails, Deputy Registrar of Cooperative Societies, etc. the Personal Deposit Accounts maintained by the Heads of Offices in their official capacity in respect of Poor Fund Account, Patients Property, Prisoners Cash Property Accounts, Accounts of Cooperative Societies under Liquidation, etc. should also be checked.

(DAG's orders vide Memo. OA/pro/233/11th July 1960 filed in OA Case 28-85/60-61).

04 : 03 ACCOUNTS RECORDS

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

(i) Cash Book and all vouchers (including chalans), paid cheques should be obtained from Central Office (LA Sections), and where a compiled account is rendered by the concerned office the vouchers should also be obtained from Central Office (L.A Sections).

(ii) Receipt books and cheque books.

(iii) Registers of Receipt books and cheque books.

(iv) Treasury/Bank Pass Books or fortnightly extracts and Remittance books.

04 : 04 PROCESS OF AUDIT

The following checks have to be exercised in addition to the general checks contemplated in Chapter 2 of this Manual. It should be seen that:

(i) Receipts are granted for moneys received by the Administrator of the accounts and they are promptly brought to account :

(ii) The withdrawals are correctly accounted for and they agree with those shown in the pass book and cash book :

(iii) The expenditure is properly vouched:

(iv) The expenditure is in accordance with the instructions issued for the opening of the Personal Deposit Accounts ;

(v) There is proper reconciliation of the balance in the Administrator's account with that in the treasury and that proper action is taken for the settlement of the discrepancies.

NOTE : While pass books will be written up by the non-banking sub-treasuries, in the case of banking Treasuries/sub-treasuries, fortnightly extracts of personal deposit accounts will be prepared by the treasuries and sent to the Bank for verification and return to the administrator of the P.D accounts with bank endorsement. The endorsed copy returned by the bank will serve as pass book and in case discrepancies are noticed they should be immediately reconciled

(Govt. Memo. 98963/T&A/78-2 Fin (T&A) Department, dated 30.5.1979 ISC Circular 11/80-81)

All the daily transactions should be struck at the end the day so as to avoid overdrawals in personal deposit (Art. 68-70 of A/C Code Vol. II of T.N.)

(vi) The circumstances under which the Personal Deposit Account was opened still continue to exist :

(vii) The balances outstanding for a long time are disposed of as per Article 271 (iii) of the Tamil Nadu Financial Code Volume I or as per general orders and the special rules, if any, governing the deposit in each case and

(viii) The Administrator is prompt in giving the annual acceptance of the balance, and has taken proper action to reconcile the discrepancy, if any.

04: 05 RESULTS OF AUDIT

Generally the objections relating to those accounts should be included in the Inspection Reports pertaining to the offices locally examined. In other cases, the Inspection Reports should be sent to the administrators of the accounts with a copy to the Head of the Department concerned.

CHAPTER 5

AUDIT OF DEPOSIT TRANSACTIONS

05: 01 PREAMBLE

A simplified procedure for the accounting and audit of deposit transactions (State and Union) had been introduced in two stages from the dates shown below :

I. With effect from 1.8.1963.in the case of the under mentioned State Deposits :-

- (i) Revenue Deposits
- (ii) Civil Court Deposits
- (iii) Criminal Court Deposits

II . With effect from 1.4.1966 in the case of the under mentioned “State Deposits” :-

- (iv) Deposits for work done for private bodies or private individuals
- (v) Deposits for fees received by Government servants for work done for private bodies
- (vi) Deposits in connection with Elections
- (vii) Deposits under Section 22-D of the Minimum Wages Act, 1948.

Under this system the maintenance of detailed accounts by the Accounts Officers had been dispensed with. Paid vouchers/Cheques in support of the debit shown in the Treasury Account and ‘Plus and Minus Memoranda’ are rendered by the Treasury to the A.G (A&E) office. Submission of monthly Extracts of Register of Receipts and Repayments (Form TA 43 and 440 and the annual return of clearance Register in form TA 43 had been discontinued. A detailed audit of the Deposit Account and payments with reference to credits in accounts is not conducted in Central Audit. To supplement Central audit, detailed test audit of the initial accounts has been substituted during local inspection of Treasuries and Civil Courts, which merely remit the total receipts in a lump without details and maintain the detailed accounts of Deposits- vide article 71 (2) of Tamil Nadu Account Code, Volume II.

(C&AG’s letter No. 1913 Admn. I/82-58 dated 13.6.1960 M.G. G.O. Ms. No. 662. Finance dated 18.5.1964, M.G. Finance Department Memo. 1293/R.II 66-3/28-2-1967 filed in DC 12 Case 1-4/60-65 Volume I and II).

05: 02 SCOPE AND EXTENT OF AUDIT

- (i) During the audit of the District Treasuries, deposit transactions are also subjected to a detailed check as per sub paragraph 4 below. The audit of the transactions in Pay and Accounts office will, however, be done by the Resident Audit Section.
- (ii) However, the Deposit transactions in all the banking courts, office of the Commissioner of Police, Madras, Offices of the Assistant Commissioners and Commissioner, Workmen’s Compensation act are also audited during the local audit of those offices.

05:03 ACCOUNTS RECORD

Register of Receipts and Repayments: TA 20 & 21
Plus and Minus Memorandum : TA 46
Clearance Registers; TA 43
Statement of Lapsed Deposits : TA 49

05: 04 PROCESS OF AUDIT

- (a) In auditing the above records it should be seen that :-
- (i) All the items of receipts have been numbered serially in the Register of Receipts ,
 - (ii) Separate serial numbers have been assigned each year in the fresh registers to be opened for each year,
 - (iii) The daily total in the register of Receipts and Repayments have been correctly entered in the cash book,
 - (iv) In the case of deposits adjusted by transfer to some other head of account, particulars of that head of account and the items in which they stand included in the Treasury accounts have been noted in the Register of Receipts and Repayments and also whether the amount has been credited in the Cash Book separately or in any other subsidiary register,
 - (v) All payments occurring during the period selected for audit have been noted under initials of the Treasury Officer/Presiding Officer of the Court, etc. both in the Register of Receipts and Register of Repayment,
 - (vi) The payments have been made to persons entitled to receive them as seen from the Register of Receipts and that no amount in excess of the original credit has been repaid,
 - (vii) The figures in the vouchers/cheques/repayment order sent from the Central Office (viz. L.A section) relating to the period selected for test audit agree with the entries in the initial records,
 - (viii) The monthly totals in the two registers are correct.
- (b) The total receipts and payment in the Registers of Receipt and Repayment, Plus and Minus Memoranda and the monthly accounts should be compared and agreed.
- (c) The statement of lapsed deposits should be checked to see that the deposits which should have lapsed to Government under the rules (Article 271 of Tamil Nadu Financial Code Volume I) are regularly lapsed to Government barring the exceptions allowed under the rules. It should also be seen whether the amounts lapsed are rounded off in the Register of Receipts and the amounts lapsed are deducted in the Plus and Minus Memo, for the month of March as laid down in the local Ruling (i) under Article 127 of Tamil Nadu Account Code (Volume II).
- (d) The Government of Tamil Nadu have ordered that the clearance Register referred to in Article 125 of Tamil Nadu Account Code (Volume II) though not required to be sent to Central Audit (L.A. Section) should be prepared and kept at the Treasuries. These clearance registers may also be called for in local Audit to check their correctness in all respects.
- (e) As the item-wise audit of the repayment of deposits has been discontinued since the introduction of the simplified system, the check of correctness of balances shown in the 'Plus and Minus' Memorandum as on 31st March of each year has assumed much importance. Special care may, therefore, be taken in exercising this check since this forms part of the review of balances to be conducted by audit. A separate paragraph on this point should be included in the Inspection Report.

Similar checks should be exercised while inspecting the offices which maintain detailed accounts of deposits such as Civil and Criminal Courts, Office of the Commissioner of Police, Officers of the Commissioner and Assistant Commissioners of Workmen's Compensation Act, etc. while auditing such accounts, special provisions pertaining to them as in Article 71 of Tamil Nadu Account Code (Volume II) the rulings thereunder and the Departmental instructions, etc. may be borne in mind. (DC XII/GI/Circular No. 1-4/321, dated 14.11.1967).

CHAPTER 6

ACCOUNTS OF FREEDOM FIGHTERS PENSION SCHEME

06: 01 PREAMBLE

The local audit of the Scheme is conducted in two stages:-

- (i) Audit of sanctions at the Secretariat (Public – Political) Department.

NOTE: The power of sanction of continuance of pension to widows and minor children of the deceased Freedom Fighter Pensioners and Ex. INA Pensioners exercised by the Government under the Tamilnadu Freedom Fighters Pension Rules 1966 has been delegated to the Collectors in their respective districts in G.O.699, Public (PP II) Department, dated the 18th March 1980.

The sanctions for continuance should, therefore, be checked during the audit of the Collectorate.

- (ii) Audit of payments of pensions at the Pay and Accounts Officers/Treasuries/Sub-Treasuries as in the case of other pensions.

06: 02 FIELD OF ACTIVITY

Under the scheme, sanctioned in G.O Ms. No. 2064, Public (General C), Department, dated 28.9-1966, the following categories of persons are eligible for monthly pension :

- (i) Freedom Fighters who were sentenced to imprisonment, or held under detention or were awarded capital punishment, or became permanently incapacitated due to firing or lathi charge in the course of participating in the National Freedom Movement launched before 1944. (Persons who took part in the Indian National Army Movement are also eligible for the Pension).

- (ii) The following dependents of freedom Fighters, who were killed in action during their participation in the National Movement:

- (a) Widows of the freedom Fighters – till their death or remarriage, whichever is earlier (condition regarding stoppage of pension of widows on re-marriage has been dispensed with and they are permitted to enjoy the pension subject to their satisfying the other conditions in force).

(G.O.2712, Public (PP II) Department dated 09.12.1980)

- (b) Clarification issued in this regard in letter No. Rc. 57188/93/L3 dated 25.8.93 of the Director of Treasuries and Accounts, Madras 35 is reproduced below :

From
The Director of Treasuries and
Accounts, 465, Anna Salai,
Madras -35

Rc. No . 57188/93/L3

Sir,

Sub : Central Freedom Fighter Pension – Family Pension – i.e continuance of CFF Pension to FF Pensioners having two wives as per legal heir certificates – admissibility of full quantum of F.P to each widow – clarification – requested .

Ref : Treasury Officer, Ramanathapuram letter Rc. 5964/G2/93 dated 12.6.93 .

The Treasury officer, Ramanathapuram in his letter cited has stated that one Central F.F.P from Thiruvadanai expired and his two widows have applied for family pension (i.e continuance of CFFP) as per legal heir certificate. Further, ha has stated that in a similar case, both the widows were sanctioned full family pension each at the then rate of Rs. 200/- with effect from 25.12.82 to 31.5.85 and at Rs. 500/- with effect from 1.6.85 vide Government of India No. 29/2131/73 FF87 dated 29.10.89 viz. to Tmt. SavariAmmal and Pichai Pillai both wives of A. SanthanamThevar at Thiruvadanai. He has also requested to inform as to whether there are any orders of Government of India for the payment of full quantum of CFF continuance of Pension to both the widows of deceased central FF Pension .

In view of the above, I am to request you to clarify as to whether the Central Freedom Fighter Family Pension may be paid in full quantum to each of the widows that is both the widows .

V. PACKIAM ,

For Director Of Treasuries and Accounts.

/ true copy /

To
The Accountant General (A&E)
Tamil Nadu, PAM IV Section 261
Anna Salai, Madras – 18.

Dated : 25.8.93

Copy of reply received in this regard from Government of India, Ministry of Home Affairs is given below :

No. 55/24/93-FF(P)

Government of India, Ministry of Home Affairs

New Delhi 3,
16 September 1993

To :

The Accounts Officer ,
Office of the Principal Accountant General,
(A&E), 261, AnnaiSalai, Madras – 6000 18.

Sub : Freedom Fighters Family Pension .

Sir ,

I am directed to refer to your letter No . PA (M)/IV/443 dated the 16th August 1993 on the subject mentioned above and to say that as per the extent rules, in cases where the freedom fighter pensioner dies, leaving behind more than one widow, the dependent family pension is sanctioned to each of the widow at full admissible rate treating them as separate entities. Each wife is entitled to full rate of pension i.e Rs. 1000/- p.m as per the present rate.

Yours faithfully,

Sd/--

(D.C.S. Rao)

For Under Secretary to the Government of India

(b) Minor daughters – till their marriage or till they obtain the age of 21 years, whichever is earlier .

(c) Minor sons - till they attain the age of 18 years.

The latest orders issued in G.O Ms. Public (Political Pension II) Department dated 11.8.95 are reproduced below .

Political pension - State Freedom Fighters Pension Grant of continuance pension to the son or daughter suffering from physical disorder or mental disability for life time – orders – issued .

PUBLIC (POLITICAL PENSION – II) DEPARTMENT G.O. Ms. No. 740 Dated : 11.8.95

From Tmt . S. Hemalatha, Ex-MLA, representation dated 28.10.93 and 10.11.93.

ORDER

Hitherto political pension is being continued to the wife/husband of the freedom fighters at the specified rate till their life time or to the son till he attains 18 years and to the daughter upto 21 years or till she gets married, whichever is earlier. The freedom fighters and dependants are also granted free medical aid including admission in 'B' class wards and a medical allowance of Rs. 15/-per month.

1. Tmt. Hemalatha, Ex-MLA, requested to Government that the children of freedom fighters who are suffering from physical disorder or mental disability or physically crippled or disabled, may be granted continuance pension till their life time. She has also requested that they may be granted medical concession also till their life time.
2. The request was examined in consultation with the Director of Medical Education and the Director of Medical and Rural Health Services. According to proviso under 6 (ii) and 6 (iii) and V under Rule 49 of Tamil Nadu Pension Rules 1978, if the son or daughter of a Tamil Nadu Government Servant is suffering from any disorder or disability of mind or physically crippled or disabled so as to render him/her unable to earn lively hood even after attaining the age of 18 years in the case of son or 25 years in the case of daughter, the family pension shall be payable to such son or daughter for life, subject to the condition laid down and based on the certificate issued by a Civil Surgeon, Following this analogy, the Government have decided to extend such concession in the case of the children of freedom fighters also, who suffer from such mental or physical disorders.
3. Accordingly, the Government sanction the continuance pension to the son/daughter of the freedom fighter who 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 years in the case of the son 21 years in the case of the daughters, till their life, subject to the following conditions, namely :
 - (i) If such son or daughter is one among two or more children of the freedom fighter, the continuance pension shall be initially payable to the minor children in the order of seniority after the demise of widow or widower of the freedom fighter until the last minor child attains the age of 18 or 21, as the case may be and there after the continuance of pension shall be resumed in favour of the son or daughter suffering from disorder or disability of mind or who is physically crippled or disable and shall be payable to him/her for life .
 - (ii) If there are more than one such son as daughter suffering from disorder or disability of mind or who are physically crippled or disabled, the continuance pension shall be paid in the following order, namely:
 - A) Firstly to the son and if there are more one son, the younger of them will get the continuance pension only after the lifetime of the elder.
 - b) Secondly, to the daughter and if there are more than one daughter, the younger of them will get the continuance pension only after the lifetime of the elder.
 - (iii) The continuance pension shall be paid to such son or daughter, through the guardian as if he or she were a minor.
 - (iv) Before allowing the continuance pension for life to any such son or daughter, the sanctioning authority shall satisfy that the handicap is of such a nature as to prevent him or her from earning his or her livelihood and the same shall be evidenced by a certificate obtained from a medical officer not below the rank of a civil Surgeon setting out, as far as possible, the exact mental or physical condition of the child.
 - (v) The person receiving the continuance pension as guardian of such son or daughter, shall produce every three years, a certificate from a medical officer not below the rank of a civil surgeon to the effect that the he or she continues to suffer from disorder or disability of mind or continues to be physically crippled or disabled.
5. As regards grant of medical facilities to the disabled or disordered children of the freedom fighters, they are generally eligible to such facilities by virtue of their getting freedom fighter pension with reference to G.O. Ms. 2590 health dated 22.10.90.

6. The expenditure on the grant shall be debited to the head “2235-social Security and Welfare – 60 other Social Security and Welfare Programmes – 102 Pension under Social Security Schemes – I. Non – Plan – AF. Pension to Freedom Fighters their dependants etc. 27 Pensions – (DPC 2235 60 102 AA 27009)”

7. This order issues with the concurrence of the finance Department vide its U.O No. 61950/Pub/95 dated 3.8.1995.

(By order of the Governor)

N.HARIBHASKAR

CHIEF SECRETARY TO GOVERNMENT

/true copy/

NOTE: The applicant should be a resident of Tamil Nadu and his /her personal income should not exceed Rs. 100/- per month to be eligible for the pension/income limit raised to Rs. 5,000/- per annum in G.O. 2712 (PP II) Department dated 9.12.1980).

(iii The pension admissible to Freedom Fighters (including Ex- Indian National Army Personnel) and their dependents receiving State Pension only has been increased from Rs. 100/- to Rs. 150/- per month and the pension admissible to Freedom Fighters (including Ex-Indian National Army Personnel) and their dependents receiving both State and Central Pension has been increased from Rs. 75/- to Rs.100/- per month with effect from 25.1.1981).

(G.O Ms. 175, Public (PP II) Department dated 29.1.1981).

However, with effect from 1.8.92, the quantum of pension now drawn by the Freedom Fighters including Ex-Indian National Army Personnel and their dependants has been increased and the revised rate of pension are as follows :

(i) The pension of Rs. 400/- per mensem now being drawn by the State Freedom Fighters alone be raised to Rs. 100/- p.m.

(ii) The Freedom Fighters who are drawing Swatantrata Sainik Samman Pension of Rs. 750/-p.m. from the Central Revenue will be paid a sum of Rs. 250/- from the State Funds.

(iii) The State pension of Rs. 100/- p.m now being drawn by Freedom Fighters who are in receipt of Central Revenue will be paid a sum of Rs. 250/- from the State Funds.

03 The pension of Rs. 400/- p.m now being drawn by the wives/husbands/Minor children of deceased State Freedom Fighter Pensioners be raised to Rs. 500/- p.m.(G.O. Ms. No. 887 dated 9.8.92)

Further clarification issued in letter No. 70140/II.II/92-22 Public (PP II) Dept. dated. Dated 27.5.93 is reproduced below.

From

Thiru P. Baskaradoss, I.A.S.,
Secretary to Government
The Director of Treasuries and Accounts,
Madras – 35,

To

All the District Collectors,
All the Dist. Treasury Officers,

The Accounts officer, Pension
Pay office, Madras – 6,
The Pay and Accounts Officer,
Madras –9.

Sub: Pension – Pension to Freedom Fighters including Ex. INA Personnel and their dependents –
Increase in the Quantum of pension sanctioned --- Instructions issued.

Ref :1. G.O. Ms. No. 877, Public (PP II) Department, dated 9.8.92.

2. From the director of Treasuries & Accounts, Lr. No. D.O. 821940/92/L3 dated 16.12.92

In G.O. Ms. No. 877, Public (Political Pension –II) Department, dated 9.8.92, the Government directed, among other things, that, will effect from 1.8.92,

(a) The Freedom Fighters who are drawing Swatantra Sainik Samman Pension of Rs. 750/- p.m alone (Rupees Seven hundred and fifty only) from the Central Revenue will be paid a sum of Rs. 250/- (Rupees Two Hundred and fifty only) from the State Funds: and

(b) The State Pension of Rs. 100/- p.m (Rupees One Hundred only) now being drawn by Freedom Fighters who are in receipt of Central Freedom Fighter's Pension of Rs. 750/- be raised to Rs. 250/- p.m (Rupees two hundred and fifty only).

2. Consequent on the enhanced amount of Central Pension from Rs. 750/- to Rs. 1000/- p.m. with effect from 12.8.92, the Director of Treasuries and Accounts had requested the Government to issue clarification as to whether the category of pensioners mentioned above may be paid Rs. 250/- p.m.

3. Thiru R.R. Dalavai, President, Tamil Nadu Freedom Fighters Association has filed write Petition No.19240/92, on behalf of the Tamil Nadu Freedom Fighters Association, Madras in the High Court, Madras seeking directions, among others, on the following issue :-

To order payment of pension from State Funds to those drawing Central Pension along Rs .250/-p.m from 1.8.92 onwards and to those drawing State Pension of Rs. 100/- p.m additional pension of Rs. 150/- p.m from 1st August '92 onwards.

4. In the judgement dated 12.4.93, Justice B. Raju issued a write of mandamus directing the Government to disburse of the amount due to the categories of pensioners visualized in para 3 (ii) and (iii) of G.O Ms. No. 877, Public (Political Pension –II) dated 9.8.1992 in terms of the said order.

5. The Government have decided to implement the direction of the High Court mentioned above. Accordingly, the Government directs that, with effect from 1.8.92,

(i) That all the Freedom Fighters drawing only Central Pension i.e. Swatantra Sainik Samman Pension be paid a sum of Rs. 250/- (Rupees two hundred and fifty only) from the State Funds, and

(ii) That all the Freedom Fighters drawing both State Freedom Fighters Pension and Swatantra Sainik Samman Pension be paid on enhanced State Pension of Rs. 250/- (Rupees Two Hundred and fifty only) instead of Rs. 100/- (Rupees One hundred only).

4. The expenditure should be debited to the head of account as already ordered and mentioned in Para 5 of the G.O first read above.

Yours faithfully,

Sd/-

For Secretary to Government

/true copy /

a) Central Freedom Fighters pension

Rs.6330/- + 58% DA from 2.10.2006 vide Govt of TN Lr.No 59048/ PP-1

2006, and GOI Lr.No.8/3/2006 FF (P) Bharat Sarkar, MHA, New Delhi dt 08/12/06

01.08.99 3000 + 600 (20%) DA from time to time

15.08.05 6000

01.08.06 6000 + 480(8%) DA from time to time

02.10.06 6330+3671(58%)

b) State Freedom Fighters pension Rates

Period	Rate of Pension	
From	pm	
01.10.1966	50/-	(Family pension 50/- pm)
15.08.1972	75/-	
01.04.1979	100/-	
25.01.1981	150/-	
10.06.1986	250/-	
01.08.1989	350/-	
01.01.1991	400/-	
01.08.1992	1000/-	
01.09.1995	1500/-	
15.08.1997	3000/-	
01.05.2007	4000/-	(GO 1185 dt 03.07.07)
01.08.2009	5000/-	(GO 524 dt 28.08.2009) (FP 2500/- pm)
01.08.2012	7000/-	(GO 717 dt 15.08.2012) (FP 3500/- pm)

c) Grant of another installment of Dearness Relief to the freedom fighters and their eligible dependants under the Swatantra Sainik Samman Pension (SSSP) Scheme 1980, w.e.f 01.08.2013 is as under:

Sl. No	Category	Present rate of basic monthly pension (w.e.f.02.10.2006)	Dearness Relief @ 193% of the basic monthly pension payable w.e.f. 01.08.2013
1(a)	Ex-Andaman political prisoners	7330/-	14,147/-
(b)	Freedom fighters who suffered outside British India(other than INA)	6830/-	13,182/-
2	Other freedom fighters	6330/-	12,127/-
3	Widow/widower of above categories of freedom fighters	Entitlement same as of the respective deceased freedom fighter	Entitlement same as of the respective deceased freedom fighter
4	Unmarried/unemployed daughter (subject to a maximum of three such daughters at a time)	1500/- each to all the three daughters	2895/- each to all the three daughters
5	Mother and Father	1000/- each	1930/- each

(As per orders of Ministry of Finance UO ID No 1(7)/EV/2004 dated 31.10.2013 and concurrence of Integrated finance division of Ministry of Home Affairs given vide their CF3204654/AS&FA(H) dated 05.11.2013.)

06:03 SCOPE AND EXTENT OF AUDIT

During local audit it should be seen that the sanctions to and payment of pensions are in accordance with the Tamil Nadu Freedom Fighters Pension Rules issued in G.O. Ms. 2064 (Public General-c) Department dated 28.9.1966 as amended from time to time .

06:04 RECORDS MAINTAINED

The registers to be maintained by the PAO/Treasuries and Sub-Treasuries will be the same as those relating to Service pensions.(ISC – I/General / Case No. 28-12/74-75-80)

06:05 PROCESS OF AUDIT

(1) Audit of Sanctions

The sanction orders should be scrutinised to ensure that:-

- (i) They have been accorded on the basis of records of enquiry regarding period of imprisonment, pecuniary status, age , etc. of the applicant.
- (ii) Pension is not sanctioned beyond the age of 18 years in the case of the dependent minor son and 21 years in the case of the dependent minor unmarried daughter, subject to other conditions of eligibility to the pension.

(2) Audit of Payments

It should be seen that :-

- (a) The various registers such as Register of Sanctions, Register of payment of pensions, etc, are maintained correctly and up-to-date.
- (b) There are no double payments.
- (c) Pensioners in receipt of both Central and State pensions are paid only the lower rate of pension (vide para 06 : 02 (iii) above).
- (d) Acquittance or money-order acknowledgements are available in all cases (according to the accounting procedures laid down in Public (General C) Department, Government Memorandum No. 7020/66-3/3-10-1966. No payment should be made for a month unless the money-order acknowledgement has been received for the earlier month).

Further clarifications issued in this regard in letter No. 13442/PP II/93-4 dated 28.7.93 are as follows

Copy of GOVERNMENT OF TAMILNADU LETTER NO. 13442/PP. II /93-4 , Public (PP . II) Department, Secretariat, Madras – 9, Dated : 28.7.93.

From
The Director of Treasuries and Accounts,
Madras – 35.
Sir ,

To
ThiruP. Baskaradoss, IAS,
Secretary to Government.

Sub : State Freedom Fighter Pension – Remittance of Freedom Fighter Pension /Family pension by
Money order at Government Cost – Certain clarification – Requested.

Ref : 1) Govt . Lr. Ms. No. 603, Public (PP. II) Department dated 27.5.92.

2) From the P.A to the DT & A, Madras –35, D.O. Rc. No. 9328/93/L3 dated 10.6.93.

I am directed to invite attention to the D.O letter second cited where in it has been reported that as per the existing procedure the State freedom Fighters Pension is payable only by Money Order and as the Government provide necessary funds separately under the head of account cost of Money order, towards the remittance of money order charges for sending the state Freedom Fighters Pension to the Freedom Fighters, the State Freedom Fighters Pension is now being paid through Money Order It has, therefore been presumed by the P.A to the Director of Treasuries and Accounts that the State freedom Fighters Pension is payable only by the Money order and may continue to be paid by Money Order irrespective of the amount involved and requested that the above presumption may be confirmed.

2. In this connection, I am to state that in the reference 1st cited, Government have already issued instructions, that, in addition to the existing system of payment of State Freedom Fighters' Pension to the Freedom Fighters', through Money Order , payable of the Freedom Fighters pension may also be made through the Banks, in which pensioners are having personal account. The above said scheme came into force with effect from September 92. The director of treasuries and Accounts, madras was also requested to give instructions to all Treasury officers / sub Treasury Officers in respect of the procedure to be followed in the payment of Freedom Fighters Pension through the banks. It has not been reported you in implementing the above procedure viz. for payment of pension through Banks. I am , therefore to request you to send a report in this regard to the Government urgently.

3. With reference to the payment of enhanced pension to the Freedom Fighters by Money order, I am to point out that the postal Money order to a single individual could be paid, at a time, to a maximum of Rs.

1,000/-. I am, therefore to request you to send the Freedom Fighters' Pensions and the Medical Allowance of Rs. 15/- separately by Money Order, limiting the amount to the above said ceiling of Rs. 1,000/* prescribed under postal Money Order system, to the State Freedom Fighters Pensioners, if they do not opt for payment through the Banks. If they opt for payment of pension through the banks the system of payment through the Banks already approved in Government letter Ms. No. 663, Public (PP . II) Department dated 27.5.92 should be followed.

Yours sincerely,

Sd/-
For Secretary to Government

/ true copy /

(e) Undisbursed amounts are promptly accounted for in the cash book of 'Money Orders returned' and remitted into the Sub—Treasury without any avoidable delay. The remittances into the Sub—Treasury should also be verified from the Sub—Treasury records in respect of the period selected for detailed check.

(f) In case of death of a pensioner, the amount of pension due till his date of death including unpaid arrears lapses. However, in exceptional cases, the Collector of the District is empowered to sanction payment of unpaid arrears (due to deceased pensioner) to the widow or other legal heir after examining the merits of each case, under intimation to government, it should be seen that in these cases of payments of arrears to legal heirs, orders of the Collector exist and there is proof of these requirements having been complied with.

(g) The annual mustering of pensioners has been done by the disbursing officers as per G.O Ms. 1531 Public (General – p) Department dated 3.7.1967).

(h) In memo. No. 6658/68-4 dated 25.9.1968. and Memo, 1856/68-12 dated 15.2.1969 of the Public (General – P) Department, Government have issued instructions regarding verification of the income of the pensioners, etc. and a periodical based on the results of verification is due to government from collectors on the 1st of November. It should be seen during local audit of the Treasury / sub—treasury with reference to the copy of the Collectors report that action has been taken to stop payment wherever necessary.

06:06 INSPECTION REPORTS

The draft inspection reports and relevant rough notes should be sent to Headquarters (T.M) separately processing the report and watching their disposal to finality.

NOTE : Even though Inspection by Accountant General (A&E) is confined only to Treasuries / Pay and Accounts Officers, the instructions given in this Chapter relating to examination of concerned records at Secretariat & Collectorate are for general information .

CHAPTER 7

ACCOUNTS OF SPECIAL FUNDS

07: 01 PREAMBLE

During the local audit of the accounts of Special Funds, which is conducted in the District Treasuries, the following accounts are audited:

- (a) Ryotwari and Proprietary Estates Village Service Transactions :
- (b) Cattle Pound Transactions : and
- (c) Irrigation Cess Funds .

Of these, the transactions under (a) and (b) above, though termed as Special Funds, are merged in the general revenues of the State and the expenditure is debited to "2053 District Administration ", while the transactions under (c) above are accounted for in a Personal Deposit Account operated on by the Revenue Divisional Officer concerned.

Transactions under item (a) mostly relate to the pay and allowances of Village Service Officers besides expenditure on the construction and repairs of Village Chavadies, provision of furniture, etc. The following are the classes of Village officers who are paid in full from State Revenue by whatever designation they may be known locally, viz. (i) Village Munsif (ii) Monigars or assistant to the Munsifs for collection work (iii) Karnams (iv) Assistant Karnams (v) Nirgantis (vi) Talayaris or Tandalgar and (vii) Vettis or Totis .

The rules laid down in the Fundamental Rules as regards pay and acting allowances do not apply to these village officers. When a substitute is appointed, during the absence of a permanent incumbent on leave or suspension, the whole pay of the officer shall be disbursed to the substitute. For other orders governing payment of additional charge allowances, T.A ., etc., Articles 49 and 50 of the Special Funds Code may be referred to .

Transactions under (b) cover receipts by way of impounding fees and appropriation there of towards payment of commission to pound keepers and petty works expenditure on maintenance of the Cattle Pond.

Item (c) above:

The irrigation Cess fund is a created out of the Cess Collections from of irrigated lands in lieu of voluntary labour to be provided for 'Kudimaramath' of channels .the following irrigation and drainage works are maintained out of the cess collections so made .

- (e) Carrying out Korambus, i.e banks of sand, grass, etc. across river beds for diverting water Into channels when water level in river is low .
- (ii) Clearing the channels.
- (III) Paying the special channel establishment for conservancy of the channels and for regulation and
- (iii) Carrying out special repairs and works, etc.

The expenditure on each channel or group of channels should be met out of the respective cess fund collection. At present, the cess fund is operated upon in the following five districts:

Triuchirapalli, Salem, Chingleput, Madurai and South Arcot.

The administration of the funds (a) and (b) is vested in collections of the Districts subject to general control by the Board of Revenue, while the administration of the irrigation cess Funds rests with Revenue Divisional Officers except in so far as it relates to the sanction of estimates and writing off of irrecoverable arrears, the latter powers being exercised by the District Collectors.

07: 02 SCOPE AND EXTENT OF AUDIT:

Under the provisions of the Special Funds code, the vouchers of the Cattle Pound and Ryotwari and Proprietary Estates Village Service transactions are audited by the Treasury Officers and filed in the Treasury and only a certificate of audit is furnished to this office along with the Treasury Accounts in support of the debit shown therein (this does not apply to Kanyakumari District to which the Special Funds Code has not been extended).

Similarly, the vouchers of the Irrigation Cess Fund transactions are filed with the Revenue Divisional Officer concerned and the vouchers are audited by the examiner of local Fund accounts.

NOTE : It has been ordered by the Government of Tamil Nadu that in the case of the three channels – Rajah, Komarapalayam and Mohanur channels – maintained by the Public Works Department out of Irrigation cess Fund collected by the Collector of Salem, the expenditure transactions, which will appear in the books of the Executive Engineer, upper River Conservancy Division, Tiruchy, need not be audited by the Examiner of Local Fund Accounts and that the receipt transactions only of the Irrigation cess Fund should be audited by the Examiner of local Fund accounts and should be open to a Further test – check by this office.

(Revenue Department Memo. No. 41541 – H.1/66-18, dated 15.4.1967 filed in WAD – I Case).

The object of the local audit is to test – check the correctness of the figures included in the Treasury Accounts under the several special Funds and efficacy of the internal audits.

To enable the effective conduct of local audit, the under mentioned documents should be forwarded by the departmental compilation section and L.A section concerned to the Inspection Parties:

- (i) P.D. Cheques relating to the Irrigation cess Fund .
- (ii) Consolidated statements of Village Service Charges and Cattle Pound transactions furnished by the Treasuries along with monthly accounts as per note 3 under Local Ruling 11 of Article 99 of Tamil Nadu Account Code Volume II.
- (iii) The latest monthly extract from the “Register of objections outstanding for more than 6 months “ in Form 50 sent to Central Office with reference to the Article 1207 of Special Fund Code for purpose of comparison and check of entries with those in the original register .

The initial records maintained in a few taluks (vide SMI) should also be called for and checked.

For this purpose, the selection of Taluk is advised to the Treasury Officer in advance. The intimation of local audit is also sent to the treasury Officer.

07: 03 PROCESS OF AUDIT

As mentioned earlier, the local audit is conducted mainly to test – check the correctness of the figures included in the Treasury Accounts under the several Special Funds and efficacy of Internal audit. The audit should be conducted with reference to the provisions contained in the Special Funds Code and Chapter XVIII of the Tamil Nadu Treasury Manual. Some of the more important checks to be exercised are as under:

- (i) The list of payment should be checked with the vouchers and reasons for missing vouchers, if any, should be investigated.
- (ii) The totals in the lists of payments should be traced into the consolidated abstracts to the paid vouchers and the sanctioned scale as per Treasury records.
- (iii) The postings in the Taluk Audit Registers should be tested with reference to the paid vouchers and the sanctioned scale as per treasury records.
- (iv) A percentage of the pay abstracts (as laid down in the SMI regarding the extent of checks in Local Audit / inspections) should be examined with reference to sanctioned scale, etc., and if the defects noticed are numerous or of a serious nature, the quantum should be increased.
- (v) In the case of Irrigation Cess Fund accounts, besides exercising the checks prescribed in the Chapter 4 on the audit of accounts of Personal Ledger Accounts, the pay bills of channel establishment, works accounts relating to the Kudimaramath accounts should be checked.
- (vi) Tahsildars are permitted to draw imprest advances for the disbursement of pay and allowances of the village establishment.

It should be checked whether the unspent balance of the imprest advance is remitted back promptly and whether the adjustment bills for the payments made from 1st to the 15th is presented on the next working day after 15th of every month. It should be seen whether the Tahsildars furnish projection statements (which should be prepared with reference to the actual of the previous month) along with each advance bill and a certificate of adjustment of advance drawn in the preceding month indicating there on (i) details of advances drawn in the preceding month, amount of advance, date of drawal and (ii) date of presentation of adjustment bill, amount adjusted, details of undisbursed amount remitted with chalan number and date .

(Proceeding No. K. Dis. A/9005/79 dated 10.1.1980 of the commissioner of Land Revenue (Main).

07: 04 RESULTS OF AUDIT

The Inspection Reports will be issued in two parts. One part dealing with the Treasury portion and the second part dealing with the taluk records. The Inspection Report pertaining to irregularities connected with the treasury records will be issued to the Director of Treasuries and Accounts with copy to the treasury Officer. The Inspection Report relating to the Taluk Records will be issued to the Collector of the District with a copy to the Board of Revenue.

(OA. II /GI . II/7-5/68-69/1293 dated 4.2.1970 addressed to the Board of Revenue and Board of Revenue letter No. M1/11769/68 dated 17.6.1970).

07: 05 RECORDS MAINTAINED

A list of important records processes of check and other ancillary details are contained in the Brochure on the accounts of 'Special Funds'.

CHAPTER 8

INSPECTION OF TREASURIES

08: 01 INTRODUCTORY

(A) The primary object of Inspection of treasuries is to assist the Director of Treasuries and Accounts in establishing a system of treasury working strictly in accordance with the prescribed rules. It is thus intended to supplement and not to replace executive Inspection. The audit Inspection can do no more than check generally that the rules prescribed by the Government are observed, apart from any special enquiry which the Government may desire. The Accountant General is responsible for seeing –

(i) That the procedure observed at treasuries meets all requirements of Audit and that the initial accounts are properly maintained.

(ii) That the orders regarding the custody and handling of cash and other valuables and the control of the balances are observed. (Auditor General's letter No. 597- admn. I/71-37 dated 18th December 1937, G.O. Ms. No. 70, Finance (Reforms) Department dated 23rd January 1938 and case TM. 4-7 of 37-38).

(iii) C&AG has also ordered as under:

“The arrangements existing in the Treasuries for the rendering of monthly accounts should be critically examined during these inspections and concrete measures suggested to the Treasury Officer and the Collector to improve the situation. There should be a close follow up of the suggestion made and non—implementation of the measures suggested should be taken up with the State Government periodically at a sufficiently high level.”

(C&AG's letter No. 1077-TA.I/202-78 dated 15.11.1978 filed in TM).

NOTE : The working of the Treasuries in Tamil Nadu is governed by the Tamil Nadu Treasury Code. The Tamil Nadu Treasury Manual may also be referred to.

It has been decided by the C&AG that the composition of the inspection party may be one Assistant Accounts Officer and Two Accountants with 100% gazette supervision. The parties may be allowed seven/three working days for the inspection of a district treasury/sub-treasury.

(C&AG's circular letter No. 412-TA.I/202-78/14-4-1981 filed in TM file 4-1A/81-82).

08 : 01 (B) A brief procedure outlined regarding Treasury Inspection as per the amendment issued to the Sub-para 20.17 of C&AG's Manual of Standing orders (A&E) Volume I (First Edition) is reproduced below for guidance .

GENERAL

20.17.1 of C&AG's Manual of standing order (A&E)Vol 1 Inspection and not local audit is applied to the accounts of treasuries, the object being to assist the revenue authorities in establishing a system of Treasury working strictly in accordance with the prescribed rules. It is not intended that those authorities should be relieved of their responsibilities for management and inspection, but the Inspecting Accounts Officer should see generally that the rules prescribed by Government are understood and observed. He may also be asked to undertake any special enquiry which Government desires to be made. The Accountant General is responsible for seeking (i) that the procedure observed at treasuries meets all the requirements of audit and that Accounts are properly maintained and (ii) that orders regarding the custody and handling of cash and other valuables and the control of the balances are duly observed. No responsibility for physical verification of balances of cash, stamps, or opium, however, rests on the Inspection Accounts Officers or indeed on the Indian Audit and Accounts Department.

NOTE : 1. In the course of examination of initial accounts received from the treasuries, the Accountant General may also come across serious shortcomings etc., which he may like to be looked into specifically during inspection of the concerned treasuries. The Inspecting Officer may be required to look into such cases and report the results of his investigation.

NOTE:2. Accountant General is not responsible for vouching the correctness of balances of cash, etc. appearing in any report required to be submitted by the Departmental Officers under the Treasury Rules.

20 . 17. 2 The Accounts of each district treasury and Sub-Treasury are inspected by an Accounts Officer deputed for the purpose. The Inspecting Officer should be assisted by a staff adequate to complete the inspection of treasury within the period allotted for the purpose. Previous notice of the dates of inspection is not necessary, but as far as possible, it is desirable to avoid visits to a Treasury office on days on which the treasury work is known to be heavy e.g., when the Accounts returns are due to be prepared for submission to the Accountant General or bills are to be examined and paid.

20.17.3 The Inspecting Officer should be given a memorandum of points (1) noted from time to time since the previous Inspection in the course of the work in the Central Office, as requiring special attention or examination on the spot (e.g. delays in the clearance of any arrears of work or any objections), and (2) for enquiry as may have been desired by the Accountant General vide NOTE : 1 Below Paragraph 20.17.1 or by the Currency Officer and the Manager of the Reserve Bank in charge of the Public Officer Debt work of the Government or by the Government .

NOTE : The concerned Group Officer or Branch Officer of the Office of the Accountant General should ascertain demiofficially from the Currency Officer and the Manger of the Reserve Bank in charge of the Public Debt work of Government, a few days before the date of inspection, whether there are any special points which those Officers may wish to be investigated on the spot by the Inspecting Officer.

20.17.4 The following paragraphs describe the procedure to be followed for reporting the results of the Inspection and the disposal of the Inspection Report.

Inspection Report

20.17.5. The results of the inspection should be set forth in a brief Inspection Report, which will be in two parts, one relating to currency, Resources and Public Debt matters and the other dealing with other points. Points of minor importance should be settled on the spot or communicated to the Treasury Officer through the Test Audit Note.

20.17.6. The Inspection Report should be completed before the Inspecting Officer leaves the treasury and it should not be signed until the Treasury Officer has been given an opportunity of reading and

discussing it and suggesting any omissions or modifications. If the Collector / Director of Treasuries having control over the treasury is present at Headquarters, any important point in the report should be generally discussed with him, if possible.

20.17.7. The Inspection Reports, as soon as it is signed, should be forwarded by the Inspecting Officer to the Accountant General. It should be accompanied by a note by the Inspecting Officer enumerating the items of the Report which involve considerable losses, or other irregularities of great importance. The Inspecting Officer should be careful to obtain all relevant facts in connection with each such item and discuss it specifically with the Collector / Director of Treasuries (or with the Treasury Officer in his absence), and in the note he should state that he has done so.

20.17.8. The Inspection Report should be examined in the Headquarters Section, and any remarks contained in it , which are not held to be in order, or are not important enough for inclusion should be deleted or modified. The report as finally approved should be sent to the Collector / Director of Treasuries with a copy to the District Treasury officer with a copy of the Sub-Treasury Officer. In all these cases a copy of the first part of the Inspection Report should be forwarded to the Currency Officer in whose jurisdiction the treasury is situated.

20.17.9 If, on consideration of the Inspecting Officer's note, it is held that any item in the Inspection Report is likely to find a place in the Audit Report, it should be brought to the notice of the Accountant General (Audit) for further necessary action.

20.17.10 The Collector / Director of Treasuries or the District Treasury Officer will pass such orders as he considers necessary on the points included in the Report and send a copy of the orders to the Accountant General and a copy of the orders on the points in the first part to the Currency Officer. The Currency Officer will forward his copy of the Report and of the orders there on to the Accountant General indicating whether so far as matters dealt with by the Bank are concerned, the action taken is adequate or whether any further action is required. The Accountant General may refer to the Commissioner of the Division or the State Government any matter brought out in the Report if, in his opinion, it should receive the attention of the Commissioner / Government or the action taken there on by the Collector / Director of Treasuries is inadequate. He should report to the State Government all important irregularities and points which are not settled by reference to the Commissioner. Any points of importance affecting the Central Government should be brought to its notice through the Comptroller and Auditor General. If the State Government desires, the general results of the inspections and the final orders passed there on will be summarized by the Accountant General and submitted to it. This summary may be included in the annual review on the work of treasuries if such a review is, under local arrangements, submitted to Government.

20.17.11 If the Government so desires, the Accountant General should submit to it a review of the working of treasuries in such form and detail as may be settled mutually. The review will be prepared by the Accountant General (A&E) regarding the audit portion necessary material for incorporation in the review will be supplied by the Audit Officer to the Accountant General (A&E).

08 : 02 INSPECTION BY THE OFFICERS OF THE DIRECTORATE OF TREASURIES AND ACCOUNTS

The inspection of the treasuries by officers of the Indian Audit Department shall not relieve the Director of Treasuries and Accounts of his responsibility for management and inspection. The Government of Tamil Nadu have accordingly directed that once a year the Director of Treasuries and Accounts should inspect each treasury and submit a report to the Government direct on the following matters.

- (i) The custody of cash and currency and Bank notes including those in the currency chest.
- (ii) The condition of boxes and locks.

- (iii) The custody of the keys by the Treasury Officer and the Treasurer.
- (iv) The guarding of the Treasury by the police sentries .
- (v) The security furnished by the Treasurer and the Shroff's.
- (vi) The amount of cash kept in the sole custody of the Treasurer.
- (vii) The custody of Reserve Bank Draft forms, cheque books, etc.
- (viii) Whether the stock of stamps, especially those of denominations for which there is no demand or only occasional demand, is appropriate and not excessive, and
- (ix) Whether the more important registers are up to date.

NOTE : The Inspection Staff of this office should however, during the inspection of the treasuries, call for the Government's orders on such reports which would have been communicated to the Director of Treasuries and Accounts and verify as far as possible, if proper action has been taken by the treasuries in accordance therewith.

(G.O. Ms. No. 601, Finance, dated 28th September, 1912, TM 4 – 18/405 dated 12th January 1913 and TM 4 – 3 of 1935 – 36)

In accordance with Instruction 14 under Treasury Rule 5 of the Tamil Nadu Treasury Code Volume I, the Director of Treasuries and Accounts should examine the stocks of stamps at least once in every six months and satisfy himself that they are kept under the joint lock and key of the Treasury Officer and the Treasurer and correspond with the book balances. Under S.R. 3, the Director of Treasuries and Account is required to inspect the working of the Treasury once a year with the object of ensuring that the procedure actually observed at the Treasury is in accordance with the rules and orders in all respects and that the accounts and other records are properly maintained .

In view of the growing number of cases of embezzlements and temporary misappropriations of the sale proceeds of Court fee and non – judicial stamps by the stamp vendors, etc., the Inspection of the Treasuries, satisfy themselves by a reference to the available records that there is evidence of the prescribed administrative verification having been conducted regularly.

(C&AG's Confidential letter No. 63-Admn. I/355-56 dated 12th January 1960, filed in TM Case 4-25/57-60).

The stock account of postal stamps and the connected records should be scrutinized. It should be seen inter alia that the stock accounts bear a periodical certificate of physical verification of stock. The stock verification report should be seen to find out whether there are any losses in stock requiring regularization. The discrepancies noticed in the Central Audit on the check of plus and minus memorandum but not settled, should also be critically examined and reconciled during the local inspection.

08 : 03 DETAILED INSTRUCTIONS FOR OBSERVANCE DURING INSPECTIONS

- (i) The inspection should be conducted in accordance with the general principles contained in Section V-C of the 'Secret Memorandum of Instructions regarding the Extent of Audit' issued by the Comptroller and Auditor General of India and subsidiary instructions detailed in the succeeding paragraphs. These should not be taken to be in any way exhaustive and the Inspecting Officer will be at liberty to examine any other points which he may consider necessary. The enumeration of the items of work is not intended to diminish his responsibility for the conduct of the inspection of the Treasury as a whole. (TM Case No. 4-7 of 1930-31)

NOTE : In regard to Treasuries banking with a branch of the Bank, the Inspecting Officer, will, however, omit the test check of the arrangements for the custody of treasure, receipt and issue of coins and other cognate matters .

(ii) The documents to be reviewed or test-checked during the Inspection are detailed in Annexure I to this Chapter .

(iii) The following documents required for the local inspection will be sent by the TM Section .

- (a) Statement showing the monthly receipts and payments at the Treasury as furnished by LA VI section and
- (b) The period selected by Sr.DAG for detailed audit with reference to the initial records maintained in the Treasury.

NOTE : In respect of treasuries where the system of payments by cheque has been introduced, viz. District Treasuries of Coimbatore, Madurai, Vellore and Tiruchirapalli, the paid cheques should be linked with their counterfoils and the cash book of the treasury during the local inspection of treasuries. For this purpose, the paid cheques have to be sent by LA 6A section to the Local Audit Party for detailed check. The inspecting officer should also review the work done by the local audit party.

(C&AG's letter No. 1041 TA. I / 122-72, dated 28th December 1977 filed in TM Case 12-14 / 77-78).

(iv) The Finance Attest Audit Manual (FAAM) of Indian Audit & Accounts Department lays down the framework for the process of financial audit within the Indian Audit & Accounts Department. Headquarters in notification no. 67/15-PPG/2011 dated 7 October 2011 constituted a Task Force for implementing the Finance Attest Audit Manual (FAAM) with the following Terms of Reference:

- Conduct Gap analysis between expectations of FAAM and wherewithal with field organaisations and solutions thereof
- Identify high risk accounting areas which could be focused upon by field offices, prepare a guidance note/checklist for field offices.

The check list containing various checks to be exercised during Treasury Inspection is given in Annexure V.

08 : 04 POINTS REQUIRING INSPECTING OFFICER'S PERSONAL ATTENTION

Extract of C&AG's orders in this regard is furnished below:

“The question of assignment of special duties and functions to the Inspecting officers in the course of Inspection of Treasuries has been further examined by this office. It has been decided that the Inspection Officer should bestow personal attention to important points mentioned below during the Inspection of the Treasuries. The items of work given are only illustrative and not exhaustive and the Accountant General can allot additional items depending upon their importance which may also be checked by the Inspecting officer in a particular Treasury / Sub-Treasury”.

(C&AG's letter No. 901-TA.I / 202-78 dated 10.8.1981)

The Inspecting officers are expected –

- (a) To do certain amount of original work :
- (b) To guide their staff :
- (c) To examine personally with reference to initial documents all important points raised by the staff.

Important items of work to be checked personally by the Inspection Officers during the Inspection of the Treasuries are detailed as under.

1. It is the foremost duty of the Inspecting Officers to investigate the reasons for delay in accounts and the rendition of monthly accounts to the Accountant General. Inefficiency in accounting can be due to defects in the organizational structure of treasuries such as buildings, cadre structure including recruitment and promotion, training of staff and norms for fixing staff requirements. This can also be due to delay in the receipt of bank scrolls from the bank or due to delay in the receipt of sub – treasury accounts by the treasuries. It is necessary for the Inspecting officer to examine in depth the reasons for delay in the rendition of complete accounts and suggest suitable remedies.

2. The Inspecting Officer should take with him a list of schedules, vouchers, etc., which have not been furnished along with cash account and list of payments during the last 6 months and discuss with the Treasury Officer the reasons for the omission to send these documents along with the account. He should particularly discuss the reasons for non- preparation of consolidated treasury receipts and statements of cheques encashed in respect of Public Works and Forest Division in account with the Treasury.

3. The Inspecting Officer should ascertain --

(i) That the treasurer has given adequate security covered by a proper bond, that the bond is registered and is kept in safe custody.

(ii) That the procedure prescribed for observance by the Treasury officer in charge of a treasury conducting business through the bank has been followed correctly and that there are no deviations from the prescribed procedure on the part of the bank :and

4. The Inspecting Officer should examine in detail all the treasury transactions for two or three days, vouchers for which happen to be at the treasury at the time of the inspection and satisfy himself

(a) That no money is presented to be paid into treasury without a challan, that each challan is in the prescribed form, that it bears the signature of the Accountant in token of his having examined it, that it bears the signature of the Treasurer in token of his having received the money, that the amount of each challan has been entered in the appropriate subsidiary register and that the daily total of subsidiary register has been carried to the Cash Book.

(b) That each voucher is in the prescribed form, that it bears the signature of the Accountant in token of his having examined it and entered in the appropriate subsidiary register, that it bears the pay order over the signature of the Treasury Officer and entered in his Cash Book and the daily total of each subsidiary register agrees with the amount shown in the Accountant's Cash Book.

(c) That the check register of transfer payments is properly maintained and that each voucher paid by transfer is stamped "paid by transfer".

(d) That vouchers pertaining to each schedule are arranged in numerical order and kept in that order lock and key till they are dispatched to the Accountant General (A&E).

(e) That daily sheets received from sub—treasuries reporting the receipts, payments and balance of the day are examined and posted on the date of receipt into the accounts of the district treasury.

(f) The Treasury officer should personally review 20% of the sub – Treasury vouchers provided that with the previous permission of the DTA the percentage check may be confined to 10% or 1000 vouchers which ever is less. (Para 87 of Treasury Manual of Tamilandu)

(g) That the check register of pay bills of all gazette officers who draw their pay from the Treasury is properly maintained, specimen signatures of the officers are pasted on relevant pages of the register and the pay slips received from the Accountant General are filed separately in one place .

(h) That in the case of payments authorized by Accountant General (A&E) the specimen signatures of all gazette officers of such officers who are authorized to sign payments orders on bills and vouchers or to

issue letters of authority for payments to be made at Treasuries are available at the Treasury and that the treasury Officer actually verifies the signature on the bill, voucher or letter of authority as the case may be and verifies specimen signature of the signing officer before the pay order is signed by him. Either separate register or separate pages should be allotted exclusively for recording specimen signatures of Gazetted officers belonging to AG (A&E). The Register of specimen signatures should be updated atleast once in 3 years after getting a current list of gazette officers from AG(A&E).

(i) That every payment made on the authority of letter of credit is noted against it at the same time the order to pay on the cheque is signed by the Treasury Officer, that a balance is struck each time a cheque is paid at the District Treasury and that the progressive total after each transaction is also recorded in the appropriate column of the register of payments subsidiary to the Accountant's Cash Book.

5. The Inspecting Officer should see –

(a) That the rules for supply, custody, sale and distribution of stamps are duly followed by the Treasury Officer and the relevant records are properly maintained.

(b) The stock of receipt books and cheque books for issue to Drawing Officers should be examined to see --

(i) That receipts and issues are accounted for properly.

(ii) That the count of cheque or receipt form on their receipt in the Treasury is certified by the Treasury Officer with his dated initials.

(iii) That proper arrangements exist for watching acknowledgements of books issued.

6. If possible, the Inspecting Officer should, for at least one day, see the annual closing of the treasury accounts by the Treasury Officer and satisfy himself that the procedure in force at the treasury is in accordance with the prescribed rules. It is also important to see that the Treasurer's and Accountant's Balance Sheet are written up independently on each other and their agreement is effected by the Treasury Officer himself. (Annexure to C&AG's letter No. 901-TA.I/202-78 dated 10.8.91)

7. As desired by the Currency Officer, Reserve Bank of India, Madras, the Inspecting Officer is requested to verify whether the existing arrangements for the safe custody of the secret documents such as cypher code etc. held by the treasury are adequate and perfect. (vide Instructions 4(1) to 4(7) under TR.3 of TNTC Vol. I). The Inspecting Officer is requested to check the Bank's secret documents held by the Treasury Officer for their safe custody and furnish a certificate direct to the Currency Officer, Reserve Bank of India, Madras, in the following form.

Certified that

(i) The Cypher Code :

(ii) Treasury Agencies Private check signal book :

(iii) The Secret Memorandum on differences likely to be found between forged and genuine notes (Bearing No.)

(iv) The sealer for securing the patent remittance boxes supplied to the Treasury are held in the personal custody of the officer in charge and that the documents mentioned at items (i) to (iii) above incorporate all the amendments issued thereto uptodate, the last amendment slip being numbered and dated respectively.

(Reserve Bank of India, Madras No M.A.C.Y / 1611 / Res. 31.24 (c), dated 18.9.1976).

NOTE: The above verification is due to be made only in respect of Non Banking Treasuries and sub – treasuries.

08: 06 INITIAL ACCOUNTS

C&AG's instructions regarding the importance to be attached to check of initial accounts and the points that could be checked by the Inspection parties are reproduced below:

“The scope of treasury inspection is laid down in Section VI – B of the Manual of Standing Orders (Technical) Volume I, and paras 54 to 66 of the Secret Memorandum of Instructions regarding Extent of Audit. In so far as the detailed checks to be exercised over the initial accounts, and the various subsidiary registers to be maintained by the treasury/returns to be submitted to the Accountant General, they are not exhaustively dealt with in these provisions of the Codes. The local manual of the Accountants General also deal with them in a general manner. More over, at present during the inspection of treasuries, greater attention is paid by the inspection officer and his staff to such administrative aspects of the working of the treasuries as:

- (i) Arrangements for custody and registration of treasure:
- (ii) Handling of cash and other valuables:
- (iii) Adequacy of security given by the Treasurer, Shroff, etc. :
- (iv) Observance of rules regarding the deposit of Government Securities with the Treasury Officers : and
- (v) Observance of procedure for examination of claims for payments, of all kinds made in Treasuries by the Government Orders etc.

Only scanty attention is paid during the inspection to the more important aspects regarding the maintenance / state of initial accounts, such as the several subsidiary registers and Cash Book and the various returns such as schedules/ lists of payments, cash abstracts, etc. to be rendered to the Accountant General (Vide Chapters 3 and 4 of Account Code, Volume II). The provisions regarding the detailed examination of at least the first four points mentioned above seem to have been laid down in the Manual at a time when most of the treasuries in the country were Non-Banking. With the increase in the number of branches of the agency banks (State Bank of India and its subsidiaries) and entrustment of cash business of Government to greater number of such branches, accredited to various treasuries, the number of non-banking treasuries have been considerably reduced and there seems to be no need for greater emphasis on these aspects of checks during the treasury inspection, which are more or less of an administrative nature. Further, in many States, the organisations such as “Directorate of Treasuries and Accounts” have been established and started under the control of the Finance Department which can look into these aspects. The time and energy of the Inspecting Officer and his staff may perhaps be usefully deployed towards the examination of initial accounts maintained by the Treasury with reference to the daily scrolls received from the Bank, the compilation of various subsidiary registers, the cash book, Cash abstracts etc., and the Returns prepared from them for submission to the Accountant General. Keeping these points in view, a broad outline of the checks which would be usefully under taken during the inspection of Treasuries is given below;

I.CASH BOOK (Form TA III)

It should generally be seen that the Cash Book (Form TA III) is maintained correctly incorporating all the Cash Book transactions relating to the District Treasury including its sub – treasuries. For this purpose, a test – check tracing transactions in respect of a year of accounts inspected from the several subsidiary registers from which the entries flow into the cash book may be made. At the same time, it must be ensured that agreement and reconciliation in respect of net receipts / payments of the period test – checked is effected between the cash Book and the corresponding entries in treasuries Cash Book (for Non-Bank treasuries), and the Bank Account (for Bank treasuries). In other words, by a test check it must be ensured that Rule 65 and 66 of the C.T.Rs are correctly followed in actual procedure by the Treasury Staff.

II. Subsidiary Registers (Forms TA 2 / TA 3)

Entries in subsidiary registers maintained in the Treasury in respect of accounts of the year inspected may come up for detailed examination by the party. In the case of debt, deposit and remittance heads, apart from tracing the entries in the list of payments / cash accounts, the entries may also be traced into the other connected records like memos in respect of Deposit Heads, "Register of adjustments by transfer" / "Register of misclassification by bank", etc. for an intelligent and useful examination in this regard, schedules / lists of payments of a number of typical months in respect of the treasury to be inspected where heavy transactions under expenditure heads / DDR heads have occurred may be selected in advance from the Central Office and taken by the party to the treasury for necessary checks with the subsidiary registers. Causes for non – submission of vouchers by the treasury in cases of 'wanting vouchers' referred to by the Central Office may also simultaneously be explored and analysed and efforts taken to procure them for onward transmission to Central Office during the inspection .

III. Register of Reserve Bank Deposits (Form TA 6)

Entries in this Register may be checked thoroughly with reference to the daily statements rendered by the Bank and it may be ensured that the net total as per the entries in the register is correctly transcribed under the head of account 'Reserve Bank Deposits' in the cash abstract, under debit or credit column, as the case may be . The entry regarding 'net total' should also be checked with the copy of the monthly statement rendered by the agency bank to the treasury for the corresponding months.

NOTE: (i) RBRD section will send the list of differences under the head Reserve Bank Deposits – States to the Inspection party. The reconciliation work done in the treasuries under this head should be looked into specially and a report on the results of reconciliation should be sent along with the Inspection Report.

NOTE II: Extract of G.O. Ms. 649 dated 16th June 1976 and Memorandum of the Reserve Bank of India on the Procedures to be followed by Treasuries/Sub – Treasuries and agency banks are furnished in Annexure II. It should be ensured during inspection that the correct procedure is being adhered to by the agencies concerned.

IV. Register of Deposits, etc.

Entries in these Registers may be traced from the other connected registers like extract register of R.B Receipts and repayments (TA 45) clearance Register (TA 45) etc. and memoranda as prescribed to be sent to the A.G's Office in terms of Articles 110 of Account Code, Volume II in addition to tracing the entries of credits/debits in the cash account and list of payments. List of lapsed deposits sent to the Accountant General for adjustment relating to the relevant year should be checked with initial records in the treasury.

V. Accounts of Reserve Bank of India Remittances

(Register in Form TA 25/TA 25A/TA 26)

Entries relating to the daily drawings / encashment in these registers in TA 25/25A/26 should be traced with corresponding entries under the head "Reserve Bank of India Remittances" in the cash Book; the corresponding application forms for the drawings may also be generally checked. It may be ensured that generally the provisions contained in Articles 78 to 85 of Account Code, Volume II are observed by Treasuries/Sub-Treasuries, besides those in the Remittance facilities scheme of the Reserve Bank of India. (C&AG's LR. No. 1077-TA. I/282-78 dated 15.11.1978)

VI. Initial Accounts

The transactions of the Treasury should be scrutinized and traced through the various stages upto the monthly account rendered to the A.G (A&E) office, in order to see that all the rules prescribed are

being observed in the maintenance and preparation of accounts and that the manner in which the accounts are maintained and prepared is not defective. The accuracy of compilations made by the treasuries from the initial records such as challans, daily bank scrolls, input register of Sub-Treasuries, etc. are to be test checked by the Treasury Inspection Parties. Each items of receipts or payments as reported in the daily bank scrolls have to be traced into the initial records such as daily classified lists of receipt and payments maintained in the treasury. In the case of transactions of Sub-Treasuries, the Sub-Treasuries daily sheets/input registers, etc. have to be verified to ensure correctness of compilation in the Treasury.

The forms of registers, accounts and returns should be examined to see that no unauthorized forms are used and that manuscript forms are not permitted where standards and printed forms have been prescribed. The following registers and documents among others should be reviewed:

- (i) Treasurer's cash book (Article 29 of the Tamil Nadu account Code. Volume II and Subsidiary Rules TRs 10 and 16).
- (ii) Accountant's day book (form TA –III/T.N.T.C)
- (iii) Treasurer's daily balance sheet (Article 54 of the Tamil Nadu Account Code, Volume II).
- (iv) Sub-Treasury daily sheets and accounts.
- (v) Register for percentage check of Sub-Treasury vouchers (Note 3 to Article 47 of Tamilnadu Account Code. Volume II) and
- (vi) Daily Classified lists of receipts and payments (form TA –VII).

It should be seen that the arrangements for a day-to-day preparation and submission of the account returns due to the Accountant General are satisfactory and there is no room for delay.

VII. Treasuries Banking with Branch Banks

Special rules for treasuries banking with a branch of the bank are laid down in the Treasury Rules and Articles 42 to 46 and LR there under of Account Code, Volume II. In respect of the accounts rendered by the bank, it should be seen that:-

- (i) The daily account with the register of daily receipts and payments supported by the connected chalans and vouchers are forwarded by the bank at the close of each day or on the morning of the next working day except on the 10th (or the 9th, if the 10th happens to be a holiday) and on the last working day of the month.
- (ii) All vouchers are conspicuously marked by the bank with the word 'paid'
- (iii) The entries in the register of daily receipts and payments are certified by the initials of the agent of the bank.
- (iv) Each item of receipt or payment is posted from the daily account into the cash book direct or through some subsidiary register and the net difference between total receipts and total payments of the day is posted into the Register of Reserve Bank Deposits.
- (v) The paid vouchers are numbered and arranged according to the register in which they are posted, and Advices of receipts and payments and consolidated receipts or certificates of receipts and payments required to be sent or given to the public officers are prepared in the treasury and not in the bank.

NOTE 1: The system of payment by cheques of bills exceeding Rs.50/- has been introduced in the District Treasuries of Coimbatore, Madurai, Vellore and Tiruchirapalli. At present all bills, the payment on which is for an amount of Rs.250/-and less to be paid in cash unless otherwise requested by the payee. (the limit of Rs.50/- fixed for cash payment previously was raised to Rs.250/-) In these treasuries, the postings in the Accountant's day book may be checked with reference to the bank scroll of receipts, and

the disbursements made from the imprest cash in respect of bills of Rs.50/- and below and the register of cheques drawn in TNTC 70-J in the case of other bills paid by cheque. Rules of procedure for the guidance of District Treasury approved by Government in G.O. Rt. No. 665 Finance dated 22.4.1978 may be seen in this connection.

NOTE 2 : The Inspecting Officer is not required to inspect the Bank.

VII. Accountant General has ordered that while checking the initial accounts of the treasuries during inspection, the accuracy of the compilation made by the Treasuries from the initial records like chalans and schedules should also be test checked to the extent laid down in SMI Regarding the extent of checks in local Audit/Inspection.

08.06. Currency Chest

Special attention should be paid to the observance of the rules regarding the maintenance by the Treasury of the currency chest book and the submission of the chest slips. It should be particularly seen that the currency chest book is kept inside the chest and not elsewhere and that the records show that currency chest slips are serially numbered (Instruction 14 under TR 11). It should be specially mentioned in the inspection report whether the rules on these points are observed by the Treasury.

The inspecting Officer should also report independently to the Currency Officer of the Reserve Bank, the balance in the currency chest as shown in the chest book as well as the number and date of the last chest slip recorded in the currency chest book, on the date of the inspection. The Currency Officer will confirm this balance as verified from his records in the letter addressed to the Director of Treasuries and accounts, Madras by name. The balance should also be reported in the inspection report, In passing orders on the report, the Director of Treasuries and accounts, Madras should indicate the receipt of confirmation of the balance from the Currency Officer.

(Letter No. C.C.3446, dated 28th May 1936 and C.C. 4391, B.R. 67-36 dated 8th July 1936 from the Controller of Currency, TM. 4-3/36-37)

The Inspecting Officer is merely required to report, if on the date of inspection the currency chest book is found in the currency chest or not and to see generally that the book appears to be properly written up, initialed, etc. and that the numbers of currency chest slips have been noted in the currency chest book .

The Inspecting Officer is not required to check the totals and the balances in the currency chest book to see that the balance reported to the Currency Officer has been correctly and legitimately arrived at. He has merely to report the balance as recorded in the chest book. The report should, however, be made direct without the intervention of the treasury staff.

(Letter No. C.C.3965/B.R/67-36/dated 17th June, 1936, from the controller of currency, Calcutta Case TM 4-3/36-37)

The Inspecting Officer must verify that the chest Officers do not stock their note/coin balances in Reserve Bank of India Patent Boxes and that these boxes are returned to the Reserve Bank of India within the minimum time possible at 1/4th parcel rate as they are intended for movement of treasure only.

(Reserve Bank of India, Madras Issue Department Letter No. M.A.Cy.13754/Ex. Rem.3-9/64-65 dated 1.2.1965 filed in TM Case 4-12A/64-65).

NOTE 1: It is not necessary to report the balance in currency chests which are in the custody of the State Bank of India. The instructions in the Sub-paragraphs above do not apply to District Treasuries banking with a branch of the state bank, where the currency chests are in the sole custody of the bank.

(Letter No. C.C.6079, dated 23rd September 1936 from the Controller of currency, Calcutta Cases TM 4-3/36-37).

NOTE 2 : The Comptroller and Auditor General has decided that any suggestions which would have the effect of enlarging the duties of the Indian Audit Department beyond the scope of the instructions contained above should be dealt with in accordance with the following principles, viz.

- (i) That the responsibilities for the correctness of the currency chest accounts and balances should be that of the local executive officers : and
- (ii) That the visits of the audit staff to the Treasury should be inspections and not local audit.

(Auditor General's letter No. T.1000-Admn.I/80-39 dated 25th August 1939 Case TM 4-11/39-40).

08.07 Government Securities

It should be seen that the procedure for payment of interest on Government Securities is correctly followed and that the register and forms prescribed for recording the receipt and disposal of the securities in custody have been correctly maintained. The securities in custody should be verified with the entries in the register concerned.

(Chapter IV and VIII of the Government Securities Manual).

The following registers should be reviewed in this connection.

	Form Number of the Government Securities Manual
(i) Register of Interest Warrants	: 3
(ii) Register of bearer Bonds	: 5
(iii) Register of Enfaced notes	: 9
(iv) Register of payment of interest on Promissory Notes	: 14
(v) Register of powers of Attorney	: 16
(vi) Register of Government Securities Deposited for safe custody	: 19
(vii) Ledger account of Government Promissory Notes held at the credit of	: 23
(viii) Register of receipts and disposals of Notes held in safe custody	: 25
(ix) Interest Distribution Register	: 26

08:08 The Reserve Bank of India, Madras, desire that the Test Audit Staff should verify if the instructions contained in the Decentralization circulars issued from time to time by the Public Debt Office, Calcutta, regarding the decentralization of the Public Debt have been carried out. It would be

sufficient for this purpose if it were ascertained that the Treasury Officers have, on receipt back from the Public Debt Office, Calcutta of the list of Government Promissory Notes standing enfaced for payment of interest at their Treasuries.

- (i) Cancelled all the entries in respect thereof in their old Enfacement Register.
- (ii) Brought into use Enfacement Registers, and
- (iii) Forwarded to the Sub Treasury Officers in their districts revised lists in form No. 15 of the Government Securities manual, 3rd edition.

08: 09 Unclaimed securities

During the inspection of Treasuries, Securities, if any, remaining unclaimed with the treasuries for over twenty years may be examined and the particulars of such securities lying unclaimed for more than twenty years may be advised to the Public Debt office, Reserve Bank of India, Madras. Necessary audit slips may also be issued requiring the Treasury Officer to transmit such securities together with their correspondence to the Public Debt office, Reserve Bank of India, Madras. A paragraph may also be included in the Inspection Report for being pursued by the Central Office with the Treasury Officer and also the Reserve Bank of India, Madras.

(RBI P.D.O., Calcutta letter No. PDO/DT/4229/GF-81 dated 4th December 1981 filed in DCM Case 15-139/81-82 and orders of AG dated 11.2.1982 incorporated in TM Circular No. AG I/TM I/4-IA/81-82/627 dated 18.2.1982).

08 : 10 **Custody of Cash, Stamps, Opium and other Valuables**

The Inspecting Officers is not required the duty of verifying the balances of cash, stamps, opium, etc. in treasuries at the time of inspection. He should, however, continue to examine generally the following

- (i) Arrangements for handling cash and valuables (Subsidiary Rules under TR 11, Tamilnadu Treasury Code, Vol I). the Register of Valuables together with the Subsidiary registers of daily deposit and return of cash chests, and the Amanath Register should be scrutinized.
- (ii) Arrangements for handling stocks of forms of drafts, cheques and Public Works receipt Books (Subsidiary Rules and Instruction under TR 16 and 30). It should be examined during inspection whether actual stock of cheques books in a examined during inspection whether actual stock of cheques books in a treasury corresponds with the balance shown in the stock books of cheques books. (Case Tm. 5-8/34-36)

08:11 Custody, Supply and sale of Stamps

(Instruction 16 under TR 11 and chapter XXVI of the Treasury Manual and Madras Stamps Manual).

The store account, the double and single lock stock register, the combined posting and stock registers maintained for stamps issued to taluk offices, the sale registers and treasurer's daily balance sheet and the district posting register, abstracts of sales and the plus and minus memoranda should be carefully reviewed in this connection.

It should be seen that all issues of stamps from double lock registers are shown as receipts in the single lock registers and the issues (scale) from the single lock registers as well as direct issues to vendors from double lock registers (in the case of sub-Treasuries alone) are supported by cash receipts or credit in bank scrolls in the case of banking Treasuries. An extract of a paragraph on 'Embezzlement of scale proceeds of stamps' included in the Audit Report of the C&AG of India for the year 1977 -78 (Civil) – Government of Himachal Pradesh is furnished in Annexure III- for guidance of the parties to guard against irregularities.

According to orders issued in G.O.Ms. 1487, Home Department date 11.6.1979 imprests of Court Fee Labels amounting to Rs.5000/- have to be given to each of the Tahsildars and Sub-Registrars in the district. It should be ensured that accounts are rendered by the concerned officers each month along with certificates of verification of the balance stamps on hand. The accounts should be verified to ensure that sales reported by the Tahsildars/Sub-Registrars are properly accounted in the Sub-Treasury/Treasury accounts.

The numbers and values relating to each denomination of stamps entered in the monthly stamp accounts of the Sub-Treasuries should be checked in the District Treasury and a certificate to that effect appended to each of the Sub-Treasury Accounts by the Treasury Officer. This certification should be verified by the Inspecting Staff.

(TM Case No.6-1-506/1-31-32).

While checking the statement of sales of stamps, the correctness of the rate of discount allowed to licensed vendors should be checked with reference to the orders on the subject.

(Appendix-C of the Treasury Manual).

According to paragraph 333 of Tamilnadu Treasury Manual each Treasury shall maintain "reserve stock" equal to the probable consumption of 4 month in the case of non-postal stamps. Stamps not sold for years and held much in excess of the permitted limit may be listed out and the action taken for their disposal ascertained. The register for recording the receipt and disposal of unused copy stamp papers also be reviewed.

08: 12 Custody and disposal of Special commemorative stamps

The Inspecting officer should verify that the sale of special and commemorative stamps from Treasuries/Sub-Treasuries is discontinued after one month from the date of release. He should see that the stock of such stamps remaining unsold in the Treasury/Sub-Treasury after one month of their release is transferred to the nearest treasury serving the Philatelic Bureau, under intimation to the Post Master of the Philatelic Bureau.

The inspecting Officer should further examine that Treasuries serving Philatelic Bureau exhaust the stock of the Special and Commemorative stamps within a period of six months from the date of release and that surplus stamps are transferred to the Philatelic Bureau, Bombay for further sale.

A list of Treasuries in Tamilnadu to which the Controller of Stamps makes an initial supply of stamps for sale from the date of release of stamps is furnished in annexure IV. Similarly, a list of Treasuries/Sub-Treasuries in Tamilnadu to which the supply of stamps is made immediately after the date of release is furnished in annexure V.

(Circular No.644, dated 12.2.1968 of the Controller of Stamps, Central Stamp store, Nasik Road addressed to all Treasury Officers/Sub-Treasury Officers with a copy to this office (File TM Case 4-12/65-69)

08:13 Payment of Pension

- (i) The register of pension payment orders (form No.81 T.N.T.C) should be carefully scrutinized to see that it is correctly maintained according to rules. The files of pension payment orders should also be checked to see that they are maintained properly. In the case of payment of pensions by money order, it should be seen that they money order receipts have been received in all cases and that they are generally in order and duly filed. The receipts should also be examined to see that the signature on the money order receipts agree with those on the pension payments orders and that the amounts have in all cases been paid to the proper persons (vide SR 77 under T.R.16).

NOTE : Vouchers taken from the Headquarters Office should be checked with the initial records at the Treasury. While doing so, all the money order receipts of the Huzur Treasury and those of the selected Sub Treasury should also be scrutinized.

(C&AG's endt. No.98-9(O&M)/66 dated 10.5.1966 filed in TM Case 4-124/66-67).

- (ii) A test check may also be conducted to verify whether the reliefs/grand reliefs granted to Central Civil Pensioners/Family Pensioners/Railway Pensioners/Pensioners coming under Extraordinary Pension Rules, etc. have been paid in accordance with the orders of Government of India on the Subject from time to time and that there are no short payments/over payments.
- (iii) Based on G.O.Ms.No.1698. Finance (T&A) Department, dated 24.11.1975 the Director of Treasuries and Accounts requested that the arrangement might be made to have a test check of 'Check Register' maintained in Treasuries/Sub Treasuries with reference to Disbursers Half of the P.P.O to ensure that the rate of pension relief / D.A etc. have been correctly copied in check register as in the case of military pensions. The system of maintenance of check register was given effect to form 1.10.1977. The C&AG has given his concurrence to the introduction of this system for a period of two years on experimental basis. 100% check has to be conducted in initial stage. The Treasury officer may be requested to produce these records at the time of inspection of treasuries and Sub-Treasuries (344/OR ISC. I).
- (iv) Consequent on the issue of G.O.Ms.538, Finance (Pension) Department dt.12.5.1976 and G.O.Ms.146 Finance (T&A) dated 17.2.1976, dispensing with the authorization of this office for additional dearness allowances and authorizing Treasury Officers to make entries of revised/reduced pensions in the P.P.Os on account of Commutation of pension, etc. it has been decided that Inspection parties/ Officers during local Audit of Treasuries should check the entries made by the Treasury Officers in the PPOs/Check Registers.

(ISC Circular 527/6-77 dated 10/1976).

- (v) Imprests are drawn by the Treasury Officers towards disbursements of pension in the case of banking Treasuries. During the local inspection, the party has to critically examine cases where delays are noticed in the remittance of amounts drawn in excess of requirements (vide also para 146 of the Treasury Manual).

- (vi) Regulation of D.A to pensioners in respect of two pensions:

With reference to letter no.PA-I/General/65-9/73-74/122,dated 30.7.1979 of this office, the Director of Treasury and Accounts in his circular No. Roc./D4/6502/79 dated 29.10.1979 has issued instructions to all Treasury Officers that at the time of annual mustering of pensioners a certificates should be obtained from each pensioner regarding the drawal or otherwise of more than one pension. During inspection, the compliance with these instructions may be examined. (T.M. Case 4-8/80-81)

08: 14 Payment of Military Pensions

The check registers prescribed for all classes of pensioners should be scrutinized and it should be seen that the procedure laid down in the pamphlet “ Instructions for payment of Indian Military Pensioners” is correctly followed.

Besides the above, all the payments, recorded in the Military Payment Check Register relating to the period selected for test-check of civil treasuries, must be checked with the entries made in the descriptive rolls of the military pensioners maintained by the Pension Disbursing Officer. A full day has to be allotted for exercising various checks contemplated in the instructions for the payment of Military pensioners issued by the Controller of Defence Accounts (Pensions), Allahabad.

In addition to exercising a test-check of Military pension payments and scrutinizing the extent of the procedure laid down in the “Hand Book of Instructions for payment of Military Pensions” the Inspecting Officer should also check the accuracy of the change statements on a percentage basis. A certificate to the effect that all the necessary checks have been applied and that the procedure of Military Pension payments has been examined with special reference to the following list of more important points, should be recorded in the covering note of the inspection report. It may be examined during the inspection whether-

- (i) The payment registers in the prescribed form as indicated in Para 4 of the Hand Book of Instructions for payment of Military Pensions issued by the Controller of defence accounts (Pensions), Allahabad are maintained properly.
- (ii) The following general procedure for payment is observed:
 - (a) On receipt of the pension documents or authority from the Controller of Defence Accounts (Pensions), the name, rank, etc. of the pensioners and all other necessary particulars that have a bearing on the payment are entered in the appropriate columns of the payment register. When the pensioners appear to draw his pension, the pensioner is to be identified with reference to the manner prescribed and thereafter payment is to be made.
 - (b) After the payment is made, necessary notes are made in the payment or check registers against the names of the pensioner concerned in the respective monthly column and attested by the pension paying officer.
- (iii) Abnormal payments of pensions made by the Treasury Officers as indicated below are correctly reflected in the change statement submitted by them to the Controller of Defence Accounts (Pension) through the Accountant General along with the accounts:
 - (a) First payment of pension (provisional or final) to pensioners admitted to the pension establishment.
 - (b) Payment on account of increase or decrease in pension consequent on the issue of corrigendum P.P.Os.
 - (c) Payments on account of commutation of pension.
 - (d) Payments on account of life time arrears pension, etc. made to the heirs of deceased pensioners.
 - (e) Arrear payment of pension over one year authorized by the competent authority.
 - (f) Any other change in payment of pensions such as stoppage of pension under special orders or on account of misconduct or pension held in abeyance or partly restricted as a result of re-employment.
- (iv) Particular care is taken to distinguish in red ink all temporary pensions and that the word “Temporary “and the date of expiry of pension is noted in the check register.
- (v) All the prescribed certificates wherever necessary are on record with the Treasury Officer (e.g) in the case of a child who is unable to attend for payment owing to illness and in the case of payment of pensions to women who do not appear in public.
- (vi) Payments are made in the presence of the pension payment officer, the check register and the schedule of payment being placed before him. The pension payment officer is to identify the

pensioner by reference to the check register and he is to see that all the requisite certificates have been furnished by the pensioners and on being satisfied as to their completion, he is to order the payment due to them and at the same time enter under the dated initials the amounts paid and the dates of payment.

- (a) In the schedule of payment.
- (b) In the check register, and
- (c) The pensioner's pension certificates. The signature or marks of pensioner should be obtained in the appropriate columns of the schedule.

(Memorandum No. TM 4-4/58-59/38 dated 26.4.1958 addressed to all Inspecting Officers and test Audit Accountant filed in TM 4-4/58-59).

08: 15 Deposit and cash orders

- (i) The cheques in support of the debits in the Treasury account under Personal Deposits and under Deposits of local, District and Municipal Funds will be forwarded to the Inspecting staff from the Central Office.
- (ii) Interest is payable half-yearly on the monthly minimum balances in the deposit account of local bodies in respect of:
 - (a) Municipal General Funds
 - (b) Town Panchayat/Village Panchayat funds I & II
 - (c) Local Fund Deposits I to V
 - (d) Tuticorin Port Trust Fund (till their merger with the Major Port of Tuticorin).

Note: The half yearly interest has to be computed on the basis of monthly minimum balances. If any over-drawals occurred in any month the maximum amount of over-drawal should be taken into account in the place of minimum balance for that particular month and the interest chargeable on that over drawal should be worked out and the interest payable after deducting the above interest on overdrawal should be allowed for payment.

The following registers will be maintained by the Treasury Officers:

Form I : Register of Interest adjusted on Deposits of Local Bodies.

Form II: Proceedings of Treasury Officer.

Form III: Register of Recovery of Interest paid on Excess Grant.

The Examiner of local Fund Accounts shall show in the retrenchment slips issued for recovery of excess grants paid to the local bodies the details of the dates of payments and the accounts to which the payment has been made, to enable the Treasury to recover the interest adjusted thereon.

During inspection, it should be seen whether the registers are being maintained properly and correctness and completeness of the register and sanctions may be checked.

(ISC Circular 32/77-78,59/79-80 and G.O.2075, RD&LA, dated 24.12.1975).

08:16 Periodical of Pending Advances

If temporary advances drawn under Article 99, T.N.F.C Volume I are outstanding for more than four months, the Treasury Officer should write to the heads of department concerned to adjust the advances with detailed bills and vouchers within a month, failing which the matter should be taken up with the Government through the Director of Treasuries and Accounts. The register of Temporary Advances drawn should be reviewed to see that not more than two advances (three under special circumstances) are pending against each drawing officer, that the advances are adjusted within the time limit and that suitable action has been taken as indicated above in respect of all cases pending for more than four month.

(Government Letter no. 136493/81/80-1, Finance dated 31.1.1981 Director or Treasuries and Accounts Rc. No. 16737/81-1 D2 dated 11.4.1981 DCM file 11/2-14/80-81-82)

08:17: Control over Reconciliation of Departmental figures, expenditures and receipts with Treasury

Figures Instructions have been issued in G.O.Ms.920, Finance, dated 25.9.1975 and G.O.Ms.511, Finance (BG-I) Department, dated 1.6.1977 regarding prompt reconciliation of the departmental figures (expenditure and receipts) with those of the Treasury and the Accountant General. During local inspection of the Treasury it should be seen that the reconciliation of departmental figures have been effected with the Treasury figures by the District Controlling officers on the due dates and that the Treasury Officer has taken suitable action in this regard.

08:18: Loans and Grants sanctioned by Government

Consequent on the dispensing with the need for the issue of authorization by the Accountant General to the Treasuries for disbursement of Loans/Grants-in-aid sanctioned by the State Government, the heads of department or the Officers delegated by them are issuing disbursement orders to the treasuries with effect from 1.4.1965 as per orders contained in G.O.Ms.No.373 (Finance) Exp. A, dated 1.4.1965. In order to have a close and effective watch over the disbursement of such loans and grants-in-aid, the Director of Treasuries and Accounts, Madras, has, in consultation with this office issued suitable instructions in his circular letter No.13523/65-D3, dated 28.5.1966, prescribing the maintenance of a Register for this purpose. During the Inspection of Treasuries, this Register should be scrutinized to ensure whether the specimen signatures of the Departmental Officers empowered to issue disbursement orders on the Treasuries are posted in a Guard file and whether adequate precautions have been taken by the Treasury to avoid irregular payments.

(Authority : TM Circular No.TM.VIII/1550/66-67/Vol.II/290, dated 5.8.1966 filed in TM Case 15-50/66-67, Vol.II).

08: 19 Audit of transactions relating to Tamilnadu Social Security Scheme, 1974

The collection of subscription under the Tamilnadu Social Security Scheme, 1974 is done through the scheduled bank and Sub-Treasuries. The Collections are kept in the P.D. Account in the name of the Director of Social Security. Audit of Transactions relating to the scheme will be conducted in terms of Section 13(b) of the C&AG's D.P.C. Act (1971) and para 3.10.3 of C.A.G's M.S.O (Audit) and will be on the following lines:

- (a) The audit of the Scheme in the District Treasuries may be conducted during the normal inspection.
- (b) The transactions/ records relating to the Scheme maintained at the Sub-Treasury will be checked to the extent laid down in SMI regarding the Extent of Checks in Local Audit/Inspection.
- (c) The individual accounts of the subscribers under the scheme maintained at the District Treasuries will also be checked to the extent laid down as above.

- (d) The subscriptions collected by the Sub-Treasuries should be correlated with the stamps issued and it should be seen that all collections are duly accounted for and that the investments made of the monies received under the scheme tally with the collections and differences, if any, are analyzed and reconciled.(C&AG's Ir. No.723-TA I/19-76 dt. 29.7.78 filed in ISC-I/General /28-165 dt. 9/78 and AG I/ECPA/14-159 /74-77/42 dated 4.5.78).

08:22: Correlation of Treasury work with work in the Central Office.

Special attention should be paid to the correlation of the checking work relating to the inputs from Treasuries in the Central Office and the inspection work at the Treasury. Before proceeding on inspection, the Inspecting Officer should have brief notes prepared regarding the Treasuries to be inspected, showing in each case, the amount of annual receipts and payments, the records of the treasury as shown in the last annual report, any questions of importance under discussion, at the time, between the Treasury and the audit office, the standing, etc., of the treasury officer and any salient features of the district etc. likely to react on treasury business. The Inspecting Officer should ascertain from the Senior Deputy Accountant General the general conditions of the current work of the treasury and devote special attention during the inspection, to matters, if any, in which the treasury is reported to be inefficient, should in any particular case the regular audit of the accounts of a treasury indicate that local check of the departmental registers in the case of "refunds" would be useful, the Accountant General may instruct the Inspecting Officer to carry out such a check.

(Auditor General's letter No.717-A.590-14 dated 9th July 1915).

It is of particular importance that the Inspecting Officer should examine with care the manner in which audit objections are dealt with by the treasury officials. A consolidated list of out standings should be prepared and furnished to the Inspecting Officer prior to the Inspection, and he should go through this carefully with the Treasury Officer, and point out the action necessary for the clearance of each item. It should also be the aim of the Inspecting officer to investigate as far as possible, the genesis of the objections raised- whether they are due to defective work on the part of the treasury or to departmental orders or practice- and intimate to the Treasury Officer, the remedy therefor.

The Inspecting Officer should be furnished with the file relating to the last inspection report (including the subsequent correspondence thereon, if any) of the treasury he has to examine, and his first duty is to see whether the defects marked "NEXT AUDIT" have been remedied, as promised in the replies, either by the production of the required documents, etc., or by the adoption of the procedure suggested. The further correspondence, if any, on the replies to the report, should also be perused, with a view to seeing how the several matters referred to were eventually settled. In all cases, where the promised action has not been taken attention should at once be drawn to the matter and in cases of missing documents, the office should be given every opportunity of rectifying its previous omissions before the completion of the inspection. If, however, the required documents etc. are not produced by the time the inspection is over, the fact should be clearly mentioned in the current report in detail.

08:23: Suggestion for Improvement of Treasury

The system of Treasury inspection provides facility for the consideration of reforms of general importance. Suggestions for such reforms should be separately submitted to the Accountant General. The following questions should receive special attention:

- (i) The removal of unnecessary clerical labour in the Treasury or of duplication of work between the Treasury and the Central Office. As regards the former, an examination of the local treasury accounts forms may be found profitable.
- (ii) The possibility of transferring any portion of audit work from the Central Office to the local

- inspecting staff with a view either to increase the efficiency of audit or to reduce work on the whole without in any way impairing its efficiency; and
- (iii) In the case of non-banking Treasuries the extent to which the arrangement for the encashment of currency notes has been adopted, the facilities afforded to the public for the free exchange of notes for coin or vice versa and the amount of attention bestowed by the Treasury Officer.

If the work of a treasury is in an unsatisfactory condition as disclosed in the inspection, the following question should be put to the Treasury Officer and his answer obtained:

- (i) Is the Treasury Officer allotted any work besides those devolving on him under the Tamilnadu Treasury code? If so, specify them.
- (ii) Do the additional duties so allotted seriously affect the efficiency as regard his duties as Treasury Officer? If so, specify in what way?
- (a) Have there been many changes among the treasury staff since last inspection and are those changes made without reference to the convenience of the Treasury?
- (b) Have such changes affected the efficiency of the work in the Treasury and if so, in what way? If, in the answer, the unsatisfactory state is attributed to additional extraneous work thrown on the Treasury Officer on frequent changes in the treasury staff, then the inspecting officer may bring this to the notice of the Director of Treasuries and Accounts.

(Case TM.23-149 of 1926-27 and TM Case 3-38 of 1929-30)

08: 24 Issues of Cheques – Cancellation etc.

Cheques: All payments for amount due on each bill exceeding Rs.250/- should be done invariably by cheques subject to the provisions of subsidiary Rule 15(A) under Treasury Rule 16 of Madras Treasury Code Volume I, Rule 160 of Central treasury Rules, Vol I cheques can be issued for payment on individual bills of not more than Rs.250/- if so desired by the payee. Payments on bills endorsed in favour of supplies made or services rendered (viz. Payment to Telephone Department Madras, States Electricity Board) should invariably be made by cheques only irrespective of the amount due for payment (para 85 of PAO Manual).

Cancellation of cheques: A cheque drawn may have to be cancelled either at the instance of the payee or on account of it being time barred vide subsidiary Rule 45(b) under Treasury Rule 16 of Madras Treasury Code Volume I/Print Rule 162 of Central Treasury rule, Volume I. the procedure to be followed in such cases is as under:-

- (i) If the cheque has not been issued on the date of cancellation, the payment having not been entered in the accounts the cheque will be cancelled, after the audit section has cancelled the entries, if any, in the initial records made by it originally for recording the payment for the claim on account of the cancellation of that claim subsequently. The fact of cancellation of the cheque is to be noted in the counterfoil of cheques drawn and the cancelled cheque retained in the cash. Branch in the cheque pad relative to the serial number of that cheque.
- (ii) If the cheque is required to be cancelled after its issue, in addition to the above procedure the readjustment in accounts on account of the non-drawal of the claim originally preferred is to be made by the audit section concerned. Necessary transfer entries are to be made minus debiting the service head or original head to which the payment has been charged initially and minus crediting the head of account 'Suspense Account – pre-audit cheques' (Union/State) as the case may be besides the other entries in the initial records for the cancellation. Such transfer entries proposed by the audit sections are to be routed through

Compilation (Bank) Section. The cash Section should be make an entry against the corresponding item in the payment register of the date on which the cheque was issued for the fact of cancellation of that cheque citing reference to number or the authority necessitating the cancellation of the cheque.

- (iii) If the cheque cancelled is also simultaneously followed by the issue of a fresh cheque no adjustment in accounts is necessary. It is sufficient if the issue of the fresh cheque with the number thereon is noted against the entry previously made in the payment Register for the cheque and in the counterfoil of the cheque originally drawn. The issue of the new cheque should however be entered in the payment Register on the date of its issue in red ink, care being taken to ensure that the amount of that cheque is not extended to the total of day's payment in view of the payment having been charged already in the accounts.

If, in the case referred to in sub-para (iii) above, the cheque to be cancelled is not produced by the payee or as not available, the Reserve Bank or the bank where the Transactions of the PAO occur should be addressed to stop payment. In cases where cheques are not cashed within three months after the month of their issue, the payees should be advised by the Cash Section of the fact of those cheques having become time-barred cheques. If the payee complies with the request, the procedure outlined in sub-para (iii) should be followed. If no reply is received from the payee within a month after the issue of intimation by the Cash Section and if the fact of non-payment of cheque is also certified to by the bank, action should be taken to cancel the cheque and write back the entries in the accounts as laid down in sub-paragraph (ii) of this paragraph. (para 92 of P.A.O. Manual).

08:25: Preparation of reports

While the inspection is in progress, the officer should record every objection formally and pass it over to the Treasury Officer who should be required to reply to it at once. No detailed explanation need be required. The remarks of the Treasury officer should be confined to a bare statement whether the fact on which the objection is based is correct. This should be done in form No.7 (appended at the end of this Manual Part I) which provides separate columns for the reply and for orders of the Inspecting officer, whether the objection is to be included after modification. The Inspecting Officer must obtain from the Treasury Officer the detailed sheets before he leaves the station.

Minor irregularities for which the treasury account staff is responsible may go into the Appendix. Those referring to the cash department and those for which the Treasury Office is responsible (e.g. for want of supervision) should go into the report.

08:26: Follow-up action on the inspection reports

At present the replies to the treasury inspection Reports are generally being watched/pursued in the Treasury Miscellaneous section of this office. In respect of serious mistakes of a recurring nature in the procedure regarding the maintenance of subsidiary register/cash abstract, etc. corrections to rectify the errors would also have been suggested to the Treasury Officer by the party for being carried out either in the accounts on hand, or by sending appropriate correction memos to the Accountant General for approval and carrying out the corrections in the latter's books. In these cases, besides sending the Draft Inspection Reports to the Headquarters, the party on its return to Headquarters may also usefully verify the treatment given in the concerned Compilation/Accounting section in the Headquarters Office of such mis-postings, etc. in the accounts of the relevant month. If the mistakes already stand rectified in the Central Office, a suitable 'Note' should be given by the Inspection party to the section concerned about the advices tendered to the

treasury, so that there may be a proper linking of the mistakes in procedure, etc. detected and the rectification done in the Accounting Sections to correct the same. Wanting documents etc. which were produced during the inspection of the Treasuries should also be passed on with suitable notes to the relevant compilation/accounting sections, to enable them to clear outstanding items under 'suspense'/remittance, etc., heads where they may be outstanding for want of documents, schedules, etc.

(C&AG's letter No.1077-TA.I/202-78 dated 19.11.1978)

08:27: Due dates and procedure for submission and dispatch of the reports.

The Inspection reports should be sent by the Inspecting Officer to the Central Office within a week from the date of completion of the Inspection and the report will, after approval by the Senior Deputy Accountant General, be forwarded to the Director of Treasuries and Accounts, with a request to return the report with replies within a fortnight from the date of its receipt, any points which may be considered specially important being specially brought to notice in the covering letter. If any question of procedure, etc. mentioned in the report is reserved for further examination in the Central Office, suitable action should be taken. A copy of Part I of the Inspection Report should be sent to the Currency Officer of the Reserve Bank of India and the reply from him watched. The Inspection Reports are forwarded to CTA/DTO/STO through mail, followed by the Hard copy to the office inspected with effect from 01/04/2014.

(Vide orders of DAG(A/cs) dated 13/03/2014)

Note: Paragraphs of the Inspection reports dealing with important irregularities should be communicated to the Government also at the time of issue of the reports.

(Government Revenue Department Memo. No.104276/A/55-10, dated 14th May 1955 and AG's orders, dated the 9th June 1955 on the TM Section note filed in OA Case 28-20/55-56).

08:28 Action on the replies to the Inspection Report

On the return of the inspection report with replies, the replies will be reviewed by the Treasury Miscellaneous Section and submitted to the Senior Deputy Accountant General with a note on draft of further remarks in accordance with the following instructions:

- (i) The replies to the several paragraphs should be gone through in all cases and each reply marked in red ink "accepted" "further remarks" or "next inspection" as the case may be. The paragraphs of the reports which require settlement on the spot should be clearly marked either on the drafts offering further remarks, or separately, if there are no further remarks, so as to obviate the necessity of the next Inspection Officer going through all the paragraphs of the notes.
- (ii) The work 'accepted' should be noted in all cases where the original objection is either withdrawn on the explanation offered or a promise has been made to comply with a more or less unimportant suggestion. If, however, the suggestion which has been accepted is one of some real importance the work "next inspection" should be inserted below the reply in order that the next Inspecting Officer may not omit to see whether it has been adopted. Ordinary defects in the maintenance of registers, etc., are matters which the next Inspecting Officer is likely to discover for himself if they still continue, and it is therefore, unnecessary to draw his special attention to them.
- (iii) The words "further remarks" should be inserted.
 - (a) When a suggestion or objection is disputed in any way and it is intended to endeavour to enforce it.
 - (b) When a promise is made to give effect to the audit instructions or suggestion; and

- (c) When further communication is promised either on receipt of a reply from the officer to whom a copy of the objection has been sent, or on completion of the enquiry into the matter.

As soon as the notes have been gone through in the manner stated above, a draft should be put up for the Senior Deputy Accountant General's approval offering further remarks on all the paragraphs marked. In disputed points an endeavor should be made to meet the arguments, if any, advanced against the proposal or to explain the reason why it was made and the advantages to be gained by its adoption. In the case of further replies promised the fact of their being awaited should be intimated.

08: 29 Communication of main defects to the State Government

The results of the inspection and the orders passed by the Director of Treasuries and Accounts should be clearly summarized in the annual review on the working of the treasuries; care should be taken to make special mention of the main defects and irregularities and of other matters of special interest brought to light during inspections.

ANNEXURE I
DISTRICT TREASURY
RECORDS CALLED FOR

Certificate of Executive Engineer regarding strong rooms
Register of Padlocks and Keys
Safe custody articles register
57-A Register (Temporary Advance)
ECS Returned Register RBR - 7
DCRG & GPF payment Register & other claims (A Register / B Register C Register Register of Personal
Deposit account opened every year based on the Prl.AG's Order
Treasury account (Main accounts & Sub Accounts)
Inputs 1 & 2
List of Payments.
Budget register
Register of Controlling of Expenditure
Cash Book & allied records
Contingent Register
Pass Book of savings bank account
Treasury Pass book
Register of Court Attachments
Register of Double claims
Register showing the recoveries of Co-operative dues etc.
Register of Specimen Signature
Service Books of staffs
Alteration Memorandum Register
CTR & CTI Register (PWD/HW/FOR)
LOC Register
Blue Book
Register of audit objections
Register of Gazetted Officer (41 C) (Self Drawing Officers)
Stock files (GO's / CTA's circular etc.,)
Register of irregularities
Register of Cheques TNTC 70 J / TNTC 121
Token Register 70 A, 70 D , 69 etc., Permanent advance register,UDP et
RBD Register & Files

Certificate of Acceptance of Balance Register (COAB)
Reconciliation register
Register of Stamps (Double lock, Single lock, Invoice, vendors list etc.,)
Register of Personal Deposit Accounts
Chittas of Inoperative Personal Deposit Account
Register of Revenue Deposit / Security Deposit & Election Deposit
Half Yearly interest Files & Budget allotment
Register of Civil Court Deposits & Criminal Court Deposits
Daily Bank Scroll of receipts and payments
Lapsed Deposits file & Register
Opium Register
Cashier Security (Jr Asst)
Number Book
Register of Over drawal
Pay Bill Office copy Register

**SUB TREASURY
RECORDS CALLED FOR**

Certificate of Executive Engineer regarding strong rooms
Register of Padlocks and Keys
Safe custody articles register
57-A Register (Temporary Advance)
ECS Returned Register RBR - 7
DCRG & GPF payment Register & other claims (A Register / B Register C Register Register of Personal
Deposit account opened every year based on the Prl.AG's Order
Inputs 1 & 2
Budget register
Register of Controlling of Expenditure
Cash Book & allied records
Contingent Register
Pass book of Saving bank account
Treasury Pass book
Register of Court Attachments
Register of Double claims
Register showing the recoveries of Co-operative dues etc.
Register of Specimen Signature
Service Books of staffs
Alteration Memorandum Register
Blue Book
Register of audit objections
Register of Gazetted Officer (41 C) (Self Drawing Officers)
Stock files (GO's / CTA's circular etc.,)
Register of irregularities
Register of Cheques TNTC 70 J / TNTC 121
Token Register 70 A, 70 D, 69 etc., Permanent advance register, UDP etc.
RBD Register & Files
Certificate of Acceptance of Balance Register (COAB)
Register of Stamps (Double lock, Single lock, Invoice, vendors list etc.,)
Register of Personal Deposit Accounts

Chittas of Inoperative Personal Deposit Account

Register of Revenue Deposit / Security Deposit & Election Deposit

Half Yearly interest Files & Budget allotment

Register of Civil Court Deposits & Criminal Court Deposits

Daily Bank Scroll of receipts and payments

Lapsed Deposits file & Register

Opium Register

Cashier Security (Jr Asst)

Number Book

Register of Overdrawal

Pay Bill O/c Register

PENSION

RECORDS CALLED FOR → (District Treasuries & Sub Treasuries)

Check registers (ALL BANKS)

Disbursers Halves of Pension Payment Orders.(all categories)

Conditional payment register

Death Information/ Register

First Payment Register

Festival Advance Register

Double pension Register

“Mustering” register

Employment / Non remarriage Information Register.

Health Fund Register

FSF Register

Medical reimbursement register

Pension Imprest Register & Disbursement register

Plus & Minus Register

Recovery watching register

Commutation Restoration register

PR Register – New / Revised pension cases received from District Treasury

Files:

First payment register of Pension / CVP (Annexure II)

Bank correspondence relates to Undrawn Pension

Pension schedule (All)/(Pension / Family Pension/ DA Arrears / Pongal Bonus)

PAY & ACCOUNTS OFFICE

RECORDS CALLED FOR

57-A Register (Temporary Advance)

ECS Returned Register RBR - 7

DCRG & GPF payment Register & other claims (A Register / B Register C Register Register of Personal Deposit account opened every year based on the Prl.AG's Order

PAO accounts (Main accounts & Sub Accounts)

Inputs 1 & 2

List of Payments.

Budget register

Register of Controlling of Expenditure

Cash Book & allied records

Contingent Register

Pass Book of savings bank account

PAO Pass book

Register of Court Attachments

Register of Double claims

Register showing the recoveries of Co-operative dues etc.

Register of Specimen Signature

Service Books of staffs

Alteration Memorandum Register

CTR & CTI Register (PWD/HW/FOR) (**only Madurai**)

LOC Register (only **Madurai**)

Blue Book

Register of audit objections

Register of Gazetted Officer (41 C) (Self Drawing Officers)

Stock files (GO's / CTA's circular etc.,)

Register of irregularities

Register of Cheques TNTC 70 J / TNTC 121

Token Register 70 A, 70 D , 69 etc., Permanent advance register, UDP et

RBD Register & Files

Certificate of Acceptance of Balance Register (COAB)

Reconciliation register

Register of Personal Deposit Accounts

Chittas of In operative Personal Deposit Account

Register of Revenue Deposit / Security Deposit & Election Deposit

Half Yearly interest Files & Budget allotment (only Madurai)

Register of Civil Court Deposits & Criminal Court Deposits

Daily Bank Scroll of receipts and payments

Lapsed Deposits file & Register

Cashier Security (Jr Asst)

Number Book

Register of Overdrawal

Pay Bill Office Copy Register

RJD OFFICE

RECORDS CALLED FOR

Inspection reports of Prl AG (A & E) /CTA

Stock files (GO's / CTA's circular etc.,)

Program for conducting inspection @ DT's/ ST's

Files & Registers related to the Health Fund

Statement of Review meeting (CTA)

List of District Treasuries & Sub Treasuries

CTA OFFICE

RECORDS CALLED FOR

Inspection reports of Prl AG (A & E)/CTA

Stock files (GO's / CTA's circular etc.,)

Program for conducting inspection @ RJD's / DT's/ ST's/ PAO's

Files & Registers related Budget allotment

Scheme files& correspondence

List of PAO's / RJD's /DT's/ST's

Audit of CTA

To assess the correctness and validity of books/records/vouchers and the quality of internal controls over financial reporting

- Temporary Advance – Issue of Stop Payment Order- pl refer Article 99- TNFC VOL.I-on non-salary bills of DDOs concerned under the HOA in which the advance was drawn. So, there is no impact on salary bills.
 - GO.Ms.No.430 Fin(Pension) dept dt.6.8.2004---New Contribution Pension Scheme from 01.04.2003.10%BP+GP+DA.
 - E-pension
 - HOA check – vr from pao(s) – misclassification- vr
 - Digital scanning of PPOs-Cameo-
 - ATBPS—Provision of Employee ID for prevention of defalcation, etc.,
 - Nominal and Number Audit-staffing pattern-vilavankode experience
 - e-governance-ELCOT
 - Networking of all the Treasuries-TNSWAN-ELCOT
 - K SECTION-Non-reconciliation of booked figure with actual outgo to FIs in respect of housing loans(8658-00-102)
 - Foreign services of officers
 - Compilation of monthly vacancy position by 'C' section
 - Proposals to Govt.- services of persons from Survey Dept-'C' section
 - Q section-Files on embezzlement/defalcation – records thereof
 - Files reg. correspondence with govt. on various issues
 - Contempt cases-GO 234-'D' section
 - TA,RECS,Unencashed cheques,wanting vr.
-

- Share certificate register.
 - IF&HRMS
 - Formation of new PAOs
 - Previous IRs
 - Printing and transfer of stamps
 - All AMC, Computer training to staff and procurement
 - Asset management system
 - Digital signature certificates
 - Section-National Health Insurance Scheme
-

Points to be seen

In connection with inspection of the offices of 'Regional Joint Directors of the Treasuries and Accounts Department' and the office of the Commissioner of Treasuries and Accounts' in the last quarter of 2013-14, it is suggested that the following issues may be looked into by the TIPs.

Action initiated by the Regional Joint Directors on the issues discussed below may be looked into.

1. Receipt from banks and timely return to banks of VDMS by the treasuries with specific reference to the discrepancies noticed between the two sets of figures, if any, and further action initiated/to be initiated with the link branches of the banks.
2. Correct classification in the treasury accounts of additional pension/additional family pension payable to pensioners/family pensioners over 80 years of age, in terms of CTA's circular no. 60038/2013/E2 dated 31.01.2014.
3. Classification of receipts and disbursements under the appropriate and relevant heads of account in the Treasury/PAO accounts.
4. Action taken for clearance of long pending 'temporary advances' in the treasuries.
5. Action taken for clearance of long pending 'unencashed cheques' in the treasuries.
6. Action taken at the treasuries for clearance of long pending 'unencashed cheques' as pertaining to Public Works Divisions – issue of minus/plus CTRs/CTIs to the appropriate divisions.
7. Issues relating to 'NIC' – operation of unauthorized heads of account in the treasury accounts with/without nomenclature.
8. Issues relating to 'NIC' relating to operation of ATBPS in the treasuries/PAOs.
9. Issues relating to 'RECS' (Return ECS) amounts' handled at the treasuries and their proper accountal followed by payments to the appropriate payees.
10. Issues relating to operation of 'Personal Deposit Accounts' relating to previous year and current year - in terms of circular no. 060037/2013/E1 dated 31.12.2013 from CTA.
11. Correct classification in the treasury accounts of 'employee's subscription and Govt's contribution' for CPS in respect of Public Works Department DAOs recruited through Staff Selection Commission – in terms of the latest orders of the Government.
12. Other issues relating to Treasuries/PAOs operating under the control of the respective RJDs.

ANNEXURE II

(Note (ii) under Paragraph 08:05 (iv))

RECONCILIATION OF RESERVE BANK DEPOSITS

(A) Extract of G.O.Ms. No.649. dated 16th June 1976 from the Deputy Secretary to Government.
Government of Tamil Nadu.

In the G.O first cited. Certain instructions were issued for the timely and proper reconciliation of the figures as per the treasury accounts with those as per the books of the Reserve Bank of India. The Reserve Bank of India has also issued certain instructions in its memorandum of procedure for the reconciliation of discrepancies between the amounts received from or paid to the Agency Bank on Government account and the amounts in respect of such transactions as shown in the books of the Accountant General and for streamlining the procedure for proper reconciliation of the two sets of figures. In the light of the instructions issued by the Reserve Bank of India and in consultation with the Director of Treasuries and Accounts, the Government passes the following further orders.

(i) RECONCILIATION OF DAILY TRANSACTIONS

Use of two Pass Books:

The Manager or Agent of the Bank transacting Government Business shall forward to the Treasury at the close of every day a pen carbon copy of the scroll cash book together with the pass book and all the appertaining vouchers and challans. The Treasury Officer/ Sub-Treasury Officer shall scrutinize entries in the scrolls with reference to vouchers and chalans and then tally them with the pass book. Since this process will take some time, the treasury Officer/Sub Treasury Officer will not be able to return the pass book to the bank on the same day. Hence, two pass books shall be maintained in the place of one pass book, these books being used on alternate days. The pass book should be scrutinized by the Treasury Officer /Sub Treasury Officer and returned to the bank positively on the succeeding day of the date of receipt either with the signature of the Treasury Officer/Sub treasury Officer or with a memorandum indicating the corrections which are required to be made. In the event of the pass book being returned to the Bank with Memorandum indicating any corrections the figures shall be reconciled by the bank with the least possible delay and the pass book thereafter be signed by the Treasury Officer/ Sub-Treasury Officer.

(ii) MAINTENANCE OF ERROR SCROLL/PASS BOOK FOR REPORTING AND RECTIFICATION OF ERRORS.

If an initial error or omission in the daily statement furnished to the Treasury / Sub -Treasury is subsequently found out by the bank, the bank shall report the errors to the Treasury/Sub-Treasury in a separate scroll (Error Scroll) and a separate pass book (Error pass book). The entries in the error scroll and error pass book shall be checked by the Treasury Officer/Sub-Treasury Officer and the pass book returned to the Bank with the signature of the Treasury Officer/Sub-Treasury Officer.

(iii) MONTHLY STATEMENTS OF RECEIPTS AND DISBURSEMENTS:

(a) The Manager or Agent, State Bank of India shall send a monthly statement of receipt and disbursement to the Treasury Officer/Sub-Treasury Officer with whom he is having account on the last working day of the month succeeding that to which they relate. The statement will be sent in triplicate in the case of Treasuries and in quadruplicate in the case of Sub-Treasuries. The

monthly statement prepared by the Bank should be based strictly on the pass books as signed by the Treasury Officer/Sub-Treasury Officer.

- (b) The Treasury Officer/Sub-Treasury Officer shall scrutinize the monthly statement with reference to the Register of Reserve Bank Deposits maintained in the Treasuries (TA 6) and furnish a certificate in all the copies of the statement that it has been checked and found correct. The Sub-Treasury Officer shall retain one of the four copies for the office record and forward the three other copies as certified to the Treasury Officer before the 3rd of the succeeding month for all months except March. The statement for March shall be sent to the Treasury Officer before 8th of the succeeding month. The Treasury Officer shall after making necessary check with reference to District Treasury Records, forward one copy direct to the concerned Branch of the State Bank of India, send one copy to the Accountant General along with consolidated monthly statement (vide instructions) and retain one copy for his office records. In respect of the District Treasury Transactions, the treasury officer shall retain one of the three copies, of the statement for his record, return one copy to the Branch of the State Bank of India and forward the third copy to the Accountant General with the monthly statement.
- (c) The Treasury Officer shall send the certified monthly statements relating to all the Branches of the State Bank of India in the District to the Accountant General by 10th of the month succeeding to which it relates except the statement for March which will be sent by 15th of April.
- (d) In case of any discrepancy brought to the notice of the bank after sending the monthly statement, the Manger or agent of the State Bank of India will send a supplementary monthly statement clearly marked "errors and omissions-adjustments on account of transactions already cleared". Each such supplementary statement shall be certified by the Treasury Officer/Sub-Treasury Officer. Copies of such statements shall be sent by the Sub –Treasury Officers to Treasury Officers and by Treasury Officers to the Accountant General as in the case of any other Statement.

The instruction issued in the G.O. first cited shall be deemed to stand modified to this extent.

(B) EXTRACT OF RESERVE BANK OF INDIA MEMORANDUM:

Para 4 : Proposed modifications in the existing procedure .

In order to facilitate reconciliation of Government accounts, it has been decided, with the approval of the Comptroller and Auditor General and Ministry of Finance, Government of India, that the following procedure should be followed by the treasuries and Sub-Treasuries and the agency banks.

- (i) The accounts of Sub-Treasuries to the extent that they are consolidated and incorporated in the Accounts of the Treasuries should be made upto the end of a calendar month.
- (ii) The State Bank of India has arranged to get the monthly statement of receipts and disbursements as prepared by each of its branch scrutinized and certified by the Treasury or Sub-Treasury Officer concerned, before the statement is dispatched to their Data Processing Centre at Bombay (Worli). A similar procedure will be followed by the Branches of the subsidiary banks and other bank in the public sector at places where such branches transact any business on behalf of treasuries and Sub-Treasuries before the monthly statement are dispatched by them to their respective head or link or designated offices.
- (iii) The monthly statements intended for scrutiny by Treasury Officers will be sent to them in triplicate by the Branches of the agency banks and those intended for scrutiny by the Sub-Treasury Officers will be sent to them in quadruplicate by the branches concerned. These statements should be submitted in all cases not later than the 1st working day of the month succeeding that to which they relate.

- (iv) As the monthly statements will be built up from the details of the daily transactions, whether in cash or through the realization or payment of cheques, as written up in the pass books, which are submitted by the agency banks to the treasuries or Sub-Treasuries which in turn will be based on the daily scrolls, and as some time will have to be allowed to the treasury and Sub-Treasury Officers to scrutinize the entries in the scrolls and to tally them with the pass books every day, two pass books in place of one will be introduced, these books being used on alternate days, so that one whole day might be available to the Treasury or Sub-Treasury Officer for checking the transactions as entered in each pass book. Each treasury and Sub-Treasury will acknowledge immediately the receipt on each day of the pass book tendered to it on that day along with the scroll for the preceding day and the number of chalans and vouchers supporting the entries in the scroll, and will have the whole of that day thereafter for completing the scrutiny of that pass book along with the scroll and the chalans and vouchers. The pass book as scrutinized at the Treasury or Sub-Treasury should be returned positively on the succeeding day to the agency branch, either with the signature of the treasury or Sub-Treasury Officer or with a memorandum indicating the corrections which are required to be made. In the event of the pass book being returned to the branch of the agency bank with a memorandum indicating any corrections, the figures should be reconciled with the least possible delay and the pass book should be signed as soon as possible, monthly statements as prepared by the branch of the agency banks should be based strictly on the pass books as posted and signed by the treasury officers or Sub-Treasury Officer as the case may be.
- (v) In the case of a treasury, after a treasury officer has scrutinised the monthly statement prepared by the branch of the agency bank, he should return one of the three copies of it to the branch of the agency bank, a certificate to the effect that it has been checked and found correct and should forward to the Accountant General (vide sub-paragraph(vii) below) another copy of the Statement with his certificate. The third and last copy will be retained at the treasury for its record.
- (vi) In the case of a sub- treasury, one of the four copies of the monthly statement will be retained by the sub-treasury for its record, and the three other copies as certified by the sub-treasury will be forwarded by the sub-treasury to the treasury officer before the 3rd of the succeeding month. One of these three copies will be forwarded by the treasury officer to the concerned Accountant General vide sub-paragraph (vii) below, one will be returned by the treasury officer direct to the branch of the agency bank serving the sub- treasury and one will be retained by the treasury for its record.
- (vii) The treasury will submit the consolidated monthly statements referred to above in sub-paragraph (v) and (vi) to the Accountant General by the 10th of the month, succeeding the month to which it relates. The monthly statement for March for which a little extension of time is necessary should be sent not later than the 8th of the succeeding month by the sub-treasury and the 15th of the succeeding month by the treasury.
- (viii) On receiving the certified monthly statement, the branch of the agency bank should forward it immediately in the case of the State Bank of India to the data processing centre at Bombay (Worli) and in the case of any other Bank to the head or link or designated office as the case may be, where it will be checked against the daily statements received at that centre or office from the concerned branch for that month.
- (ix) After this check, the data processing centre or office as the case may be will dispatch the consolidated monthly statement, so as to reach Central accounts Section of the Reserve Bank of India at Nagpur not later than the 20th of the succeeding month in the case of all months other than March (the statement for the month of March should reach the Central accounts Section of Reserve Bank of India by the end of April). The Reserve Bank of India, Central Accounts section, Nagpur will forward the monthly statements to the respective Accountant General, etc. by the 28th of the succeeding month in the case of all months other than March and by the 15th May in the Case of March.

- (x) It often happens, because of strikes or other difficulties at the branch of an agency bank, that the books of the branch remain unbalanced for many days. As the daily statements or receipts and disbursements on Government account as prepared by the branch and entered in the pass book may in such circumstances be provisional, an initial error or omission in the daily statements as furnished to the treasuries and to Reserve Bank of India might have to be rectified subsequently by the agency bank. In these cases, as well as in other cases involving clerical errors, in order to facilitate the scrutiny of the relevant transactions and the reconciliation of balances, the branches should introduce a separate scroll (error scroll) as a separate pass book (error pass book) for the adjustment of entries which have already been made earlier in the relevant pass books for the Centre or State as the case may be. After the entries in the error pass book have been checked by the concerned treasury or Sub-treasury officer, they can be incorporated in the relevant monthly statement.
- (xi) If the monthly statement of a branch reveals any discrepancy when checked with the daily statements from the same branch with reference to which a monetary settlement has already taken place, the discrepancy should be advised by the data processing centre or the head or link or designated office as the case may be, to the concerned branch which will then make the necessary entries in the error scroll and error pass book (vide sub-paragraph(x) above). In case the monthly statement for the relevant month has already been prepared and sent by the branch to the data processing centre or head or link or designated office, the adjustment will also be reported by the branch to the data processing centre or office, as the case may be, in a supplementary monthly statement clearly marked "Errors and Omissions. Adjustments on account of transactions already cleared" and that centre or office in turn will forward the statement after scrutiny to the Central Accounts Section of the Reserve Bank of India at Nagpur in addition to the usual daily statement. Each supplementary statement will be certified by the Treasury/Sub-Treasury Officer as the case may be. A copy of this Supplementary statement clearly marked "Errors and Omissions-Adjustments on account of transactions already cleared" will also be sent at the same time by Sub-Treasury to the Treasury Officer and the Treasury Officer to the Accountant General as in the case of any other statement.
- (xii) As the agency bank is not concerned with the misclassification or the wrong description of any item, so long as the transaction which has been put through and reported by it is itself bonafide, except to the extent that consolidated statements in respect of the Centre (Railways), Centre (Defence), Centre (Posts and telegraphs), Centre (Telecommunications), Centre (others) and State (including transactions on account of other States) are to be furnished by it, the error scroll or error pass book should be used by the bank only for correcting any misclassification or wrong description which may affect the consolidated accounts under the heads mentioned above as already furnished, and for carrying out inter-governmental adjustments. Such inter-governmental adjustments will be made only by the Accountant General on being reported to them by the Treasury Officer.

ANNEXURE III

(PARAGRAPH 08 :11)

Extract of paragraph on “Embezzlement of sale proceeds of stamps” include in the report of the C&AG of India for the year 1977-78 (Civil)-Government of Himachal Pradesh.

DEPARTMENT OF FINANCE
EMBEZZLEMENT OF SALE PROCEEDS OF STAMPS

In the poonta Sub-Treasury, the opening balance on 1st March 1977 of non-judicial and court fee stamps under single lock was Rs.0.04 lakh, stamps worth Rs.1.77 lakhs were issued from double lock to the single lock from March to October 1977. Since the single lock registers showed the balance of stamps on 31st October as NIL, Rs.1.81 lakhs should have been accounted for during the period as sale proceeds. However, an amount of Rs.1.55 lakhs only had been credited to Government Account as sale proceeds and the balance of Rs.0.26 lakh had not been accounted for. When the discrepancy was pointed out (2nd December 1977) by audit, the amount was got deposited by the Sub-Treasurer on 3rd December 1977. This amounted to temporary misappropriation of Government finds.

Audit scrutiny further revealed that contrary to the provisions of the Sub-Treasury Rules (Volume I), the Himachal Pradesh Stamps Rules. 1977 and the Accounts Code Volume II:

- (i) The balance in single lock register had not been worked out by the Sub-Treasurer from March 1977 onwards;
- (ii) The balance in hand with the Sub-Treasurer had not been shown in the daily indents nor had the indents/stock books of the Sub-Treasurer been checked by the Assistant Treasury Officer;
- (iii) The daily sales had not been compared with the chalans by the Assistant Treasury Officer nor had he checked /attested the daily balance in the single lock register;
- (iv) Monthly abstract of transactions indicating opening balance, receipts, issued and closing balance, etc. had not been prepared by the Sub-Treasurer nor had monthly physical verifications of stamps been done by the Assistant Treasury Officer;
- (v) Closing balance of the various kinds of stamps in the plus and minus memoranda had not been tallied with the balance in the stock registers (double lock and single lock) and had not been certified as such;
- (vi) During his inspection (October 1977) the Assistant Superintendent, Treasury had not conducted the surprise check of single lock balances.

ANNEXURE IV
(PARAGRAPH 08:12)

List of Treasuries in Tamil Nadu to which initial supply of Commemorative Stamps is made:

- 1.Madras (for supply also to Anna Salai Post Office through the Presidency Post Master, Madras):
- 2.Madurai.
- 3.Ootacamund.
- 4.Cuddalore (For supply to Pondicherry).
- 5.Tiruchirappalli.

ANNEXURE V
(Paragraph 08:12)

List of Treasuries in TamilNadu to which supply of Commemorative Stamps is made immediately after the date of release

1. Vellore
2. Thanjavur
3. Tirunelveli
4. Salem
5. Coimbatore
6. Nagercoil
7. Cuddalore

ANNEXURE VI

ATBPS USER MANUAL: (SEE VOLUME II OF TREASURY INSPECTION MANUAL)

Annexure VII

FINANCIAL ATTEST AUDIT GUIDELINES

Audit checks on the financial controls in a Treasury / Pay and Accounts Office and on the selected transactions appearing in their places to be executed during the Treasury Inspection.

Sl. No	Audit Checks	Yes/No	Remarks of the Treasury Inspection Party members (Paras to be included wherever necessary)
1.	Verify receipt of daily scrolls, pass books from the bank and proper maintenance register of daily receipts and payments. This should be done at least for transactions of two days in a month selected at random.		
2	Verify fact of checking entries in register of daily receipts and payments by the treasury officer for transactions of two days in a month selected at random.		
3	Verify enfacement of challans by treasury officer before crediting to government account for sample transactions selected.		
4	Verify posting of receipts and payments from daily account to the cash book directly or through subsidiary registers at least for transactions of two days in a month selected at random.		
5	Verify posting of net difference between receipts and payments of the day into Register of Reserve Bank Deposits at least for transactions of two days in a month selected at random.		
6	In respect of non banking treasuries verify payment and receipt procedures to ensure that vouchers, cheques and bills are passed by treasury officer before payment and challans scrutinized by him before receipt at least for transactions of two days in a month selected at random.		
7	Verify the proper maintenance of following Registers: a) Register for Reserve bank Deposits b) Registers for revenue deposits class-wise c) Registers for personal deposits d) Registers of bill passing branch consisting of register of token, register of pay orders and register of objected bills e) Register of Abstract Contingent Bills and adjustment thereof f) Register of withdrawals through letter of credit g) Register of lapsed deposits h) Plus and Minus Memoranda		
8	Verify controls for watching expenditure against budget allotment.		

9	Check effectiveness of controls on receipt and issue of stamps, stamp papers, small coins, opium, cheque books and receipt books.		
10	<p>In respect of computerised treasury accounts check of the following IT controls should be carried out:</p> <ol style="list-style-type: none"> Examine selected transactions from token entry, passing of bills to the compilation of treasury accounts in the treasury accounting system. In respect of sub treasury transactions check the consolidation of the sub treasury transaction in the treasury accounts. Verify the monthly accounts for one month at least to ensure that all reports provided in the system is being generated and are accurate and complete. Check the input controls like validation checks exercised before data entry, authorisation to enter primary data and changes to primary data, privilege granted to data entry operators to enter data and the changes and controls to ensure duplicate entry. Verify data processing controls to ensure the integrity of master data, effectiveness of logical controls, correct processing, absence of manual intervention in processing and proper transfer of data from one processing stage to another. Check selected output controls to ensure that the outputs are correctly generated and are in tune with pre-input control parameters. 		
11	<p>In respect of non-banking treasuries verify the maintenance of following records/processes:</p> <ol style="list-style-type: none"> Treasurer's cash book to ensure that there is no register subsidiary to the cash book and transfer payments are not included in cash book. Accountant's cash book and its checking by Treasury Officer Process of agreeing treasurer's daily balance sheet with that of the accountant and review of the process by the Treasury officer. Process of agreeing totals of cash book with corresponding entries in the Subsidiary registers. Process of incorporating balances of sub treasuries in the Accountant's daily balance sheet. 		
12	Verify whether Daily statement of receipts in respect of sample date chosen tallies with total of challans;		
13	Verify whether Daily statement of payments in respect of sample date chosen tallies with total of vouchers;		
14	Verify whether the receipts and payments for selected date is posted to cash book/subsidiary registers;		
15	Verify whether the difference between receipts and payments is posted in Register of Reserve bank deposits;		
16	Verify whether the receipts and expenditure are entered in the pass book of the bank;		
17	Verify whether the accounts have been balanced correctly;		
18	Verify whether Cash at treasuries and remittances (transit) are properly worked out and are nil figures for banking treasuries;		

19	Verify whether the treasury-wise balances of cash are at minimum.		
20	Verify whether Bank Reconciliation Register is maintained to ensure correctness of adjustments between cheques and bills and Reserve Bank Deposits thereby ensuring minimum balances under <i>Major Head 8670-Cheques and Bills</i> .		
21	Check that the total of payments reported by treasuries in daily schedules relating to Reserve Bank of India Remittances is debited to Reserve Bank of India A/C.		
22	Check that the total of issues reported by treasuries in daily schedules relating to RBI Remittances is credited to Reserve Bank of India A/C.		
23	Check that daily schedules of RBI Remittances are supported by vouchers.		
24	Verify whether the deduction in Plus and Minus Memoranda are equal to receipts in accounts.		

Assistant Accounts Officer /TIP II

Countersigned

Treasury Inspecting Officer

APPENDIX
(VIDE PARAGRAPH 01:21)

Calendar of return for the Headquarters Section (Viz.T.M)

Sl. No	Name of the return	To or from whom due	When due	Authority	Twelve monthly columns	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SECTION I : Return of a permanent or recurring nature due to authorities outside the office						
(a) ANNUAL						
1.	Frequency and duration of local audit to be reviewed	Principal Accountant General	Once in three years	Note Under para 01:9 of the Manual (CAG's Ir.No. 380 Admn. 11 517-61, dated 5.3.1962).		
(b) HALF-YEARLY						
1.	Report showing the list of inspection reports & paras outstanding for over 6 months with full details to the Admn. Department of the State Government with copy to Finance Department	Government of Tamilnadu	7 th April, 7 th October	Vide B.O. No. ISC/28-181/79-80/598,dt.24.7.1979.		
SECTION II :Return due to the Gazetted Officer or other Sections within the office						
(A) ANNUAL						
1.	Temporary Staff to be sectioned by the Comptroller and Auditor General for Succeeding Year	Estt. Section	2 nd July	A.G.'s Order O.A. 26-1/41-42 dt.30.4.52		
2.	Annual Forecast of Inspections	A.G	7 th March	Para 01:06 (i) T.I. Manual		
3.	Material for appropriation	A.A.D.	15 th	A.A.D.		

	accounts-paras relating to No. of offices inspected-reports pending with State Governments.		September	Circular issued every year		
4.	Statistics regarding the volume of work done in each audit office (i.e fair index of work done in Audit Offices)	D.C.M	15 th August	DCM/IV/11-2/80-81/77 dated 1.7.80		
5	Verification of nominations made under L.P.R.1950 (I) G.A.D. Section (ii)Held by A.O (Claims)	Sr.D.A.G.(Fds/GA D) Sr.D.A.G.(Admn.)	(31st December)	DAA(ISC) order dated 17.5.78 (O.A 2B-13/78-79)		
6.	Report on the review of offices/institutions included in the forecast of inspections of the previous year but not audited in that year (with reasons)	A.G.	25 th April	I.A.D Test Audit Report & Reply in ISC.I/GI/28-198/79-80/2399 dt.25.3.80 (para 2(a))		
7.	Report of Census of files	DAG (Accounts)	10 th July	Estt, 7-7/61-62/68 dt. 11.6.62 read with TM-IV/11-4/40 dt.9.8.79		

(B) HALF-YEARLY

1.	List of persons to be trained in Hindi	Estt. Section	1 st June 1 st December	Estt. 7-25/61-62/46 dated 12.5.61		
2.	Programme Register	Sr.DAG (A/cs)	1 st January 1 st July	Sr.DAG's orders dt.26.2.70 (28-15/59-60)		

3.	Review of Objection Books by Headquarters section (if more No. of sections are formed)	Sr. DAG (A/cs) / AG	12 th Jan, 12 th july	O.O44/61-62 dt.20.9.61		
4.	List of paras which were taken to the special notice of government but which remains to be cleared for over one year	A.O	30 th June 31 st December	28-94/55-56		

© QUARTERLY

1.	Quarterly report on the State of work in the Section (to C&AG)	TM	1 st of April, July, October and January	Para 14.3 of C.A.G's MSO(A&E)		
2.	Certificate regarding the existence of copies of the Secret Memo. Regarding the extent of audit and I.S.C Manual.	T.M	1 st of April July, October & January	Para 989/MGP/Corr.I/ GI.VI/80-81/57 dt. 6/80		
3.	Certificate regarding physical verification of books	B.O	10 th April, July October and January.	A.G-PA, III/50-55/59 dated 11.5.60		
4.	Duty list Register	B.O	10 th April, July October & January	O.M. No. C.L.XXVII, dated 27.7.54		
5.	Register of ledger and Manuals	B.O	14 th April, July, October & Jan	O.O. 15-13/60-61/135 dated 7.1.61		
6.	Correction slip register (the T.I Manual)	A.G	5 th April, July, October & January	O.O. TM 12-10/59-60 (106 dt.3.3.60)		

7.	Register of cases formed in the Section	B.O	15 th April, July, October & January	T.M. O.O 298 dt 7.1.69		
8.	Report on the maintenance of codes & Manuals	B.O	15 th April, July, October & January	T.M 15-13/60-61/135 dated 7.1.61		
9.	Report of return of old records to O.R section	B.O	30 th April, July, October & January	T.M. 15-13/60-61/135 dated 7.1.69		
10.	List of residential addresses of the members of the section	Estt.Section	10 th May, August, November & February			
11.	Review report of six month's register	A.G	10 th Feb, May, Aug, Nov.	Para 1527 (v) of D.C. manual		
12.	Copies of Programmers to be furnished	T.M	22 nd June, Sep, Dec & March.	A.O's order dated 24.12.66		
13.	Furnishing of materials for the Quarterly audit bulletin	Estt. Section	1 st working day of April, July, Oct&Jan.	Estt.1/7-297/A/68-69/17 dated 6.4.64 and Estt. I/7-297/79-81/440 dt.22.9.80 (filed in 28-56/79-81)		
14.	Materials for the Quarterly D.O to C & A.G.	Secy. To A.G.	5 th May, Aug, Nov & Feb	Sr.DAG's orders in the report for the quarter ending 31.3.81 (28-11/79-81)		

15.	Register of issue of Electronic Calculators to field parties (certificate from parties to be watched)	T.M	1 st April, July, Oct & Jan	A.O's orders dt. 5.8.81		
16.	Register of Statistics	T.M	Last day of April July, Oct & Jan	-----		
17.	Recovery Register	Sr.D.A.G. (A/Cs)	5 th Apl, Jul, Oct, Jan.	B.O. 26/79-80, dated 13.11.79		
(D) ONCE IN TWO (BI-MONTHLY)						
1.	S.O.'s note Book	B.O	25 th of even month	Circular 57, dt.12.11.81 para 712/MGP		
2.	Accountant's Note book	B.O	---DO--	---DO---		
(E) MONTHLY						
1.	Local audit of the accounts of old age pensions, list of audit arranged (To enable the previous I.R to be forwarded to parties)	A.O/T.M	10 th			
2.	Monthly report on the State of work in the section	T.M	5 th	Para 711/MGP		
3.	Calendar of returns	D.A.G	5 th	Para 212/MGP		
4.	Late Attendance register	B.O	5 th	Para 212/MGP		
5.	Suggestions for improving the existing procedure & method of work	O&M	7 th	I.A.D. 3-15/64-65/117 dated 12.11.64		
6.	Register of pending cases	D.A.G	10 th	O.O/185/61-62 dt 2.11.61		
7.	Register of Codes and Manuals	B.O	14 th	TM15-13/6061/135 dated 7.1.61		
8.	Despatch Register	B.O	18 th	Para 706/MGP		
9.	Correction slip register to T.I.	B.O	5 th	T.M 12-10/19/62-		

	Manual			63 dt 9.7.62		
10.	Review of monthly reports including consolidation of quarterly arrear report	Sr.D.A.G	10 th			
11.	Programme deviation Register	A.G	10 th			
12.	Programme Register	A.O	10 th			
13.	Register of Important points	Sr.DAG	12 th			
14.	Register of documents sent out of office	A.O	15 th			
15.	Register of increased/decrease of work of parties	A.O	20 th			
16.	Closing of six months register	Sr. D.A.G	20 th			
17.	Closing of objection books	B.O	29 th			
18.	Register showing measures taken (Suo moto register to settle outstanding objections)	B.O	29 th			
19.	Progress Register of IRs.	B.O	10 th			
20.	Spot settlement of outstanding paras of inspection reports	Sr.D.A.G. (A/Cs)	10 th	Orders of Sr. DAG(ISC) dt. 3.1.80 dt. 8.1.80 (ISC case 28- 13/79-80)		
21.	File order register of events	Sr.D.A.G	15 th			
22.	Extract from register of events	Estt.	25 th	Estt. III/Bill/I/43, dt 24.12.70		
23.	Report of return to O.R. Sec.	B.O	25 th			
24.	Report regarding arrears cleared as a follow-up of observance of arrear clearance week	A.G	5 th	O.O Estt. 7-7/75- 76/174 dt. 19.7.75 and Sr.DAG's order dated 14.8.75		
25.	Register of case of withdrawal of	B.O	15 th	D.A.G (ISC) orders		

	funds in advance of requirements (C&AG's instructions 439, ref./249-75 dt.5.5.78)			dt. 17.9.79 (filed in 28-158/78-79)		
26.	List of institutions audited during the month under Sec 15 of the Audit Act	AA Cell	1 st	Note from AA Cell dt.6.12.79 and order of Sr.DAG(ISC)dt.15.12.79 (28-47/79-80)		
27.	Register of points for examination during next audit	B.O	5 th	D.A 28-103/55-56 390, dt. 31.5.56		
28.	Register of points for inclusion in the audit report	TM	5 th			
29.	Register of Suspected frauds noticed during local audit	Sr. D.A.G (A/C's)	15 th	Para 715/MGP		
30.	Register of statistics	A.D	25 th	Hindi Cell 7-24/81-82/88 dated 9.6.81		
31.	Statement showing the number of letters issued to State/Central Government Offices to Hindi speaking areas.	Hindi Cell	5 th	Hindi cell 7-24/81-82/88 dated 9.6.81		
32.	Recovery Register	A.O	5 th	B.O. 26/79-80 dt. 13.11.79		

(F) FORTNIGHTLY

1.	Register of pending cases	B.O	8 th / 23 rd	Para 702 of MGP		
2.	Register of points for examination during next audit	B.O	5 th /20 th	DA. GI.II/I/28-30/66-67/382 dated 19.5.67		
3.	I.R. File order Register	B.O/DAG	3 rd /18 th			
4.	Register of important points	B.O	10 th 25 th	PA.GI.VI/646 dt.9.2.65		
5.	Register to watch the receipt of	Sr.DAG	15 th / 30 th	Sr.DAG's orders		

	receipts in respect of irregularities specially brought to the notice of government and heads of Departments.			dt. 22.5.74		
(G) WEEKLY						
1.	Purport Register	B.O	Monday	Para 703/MGP		
2.	Calendar of Returns	B.O	Tuesday	Para 709/MGP		
3.	Register of receipt and issue of Inspection Reports received (Monday Register)	B.O	Monday	Para 01: 17 of T.I Manual		
4.	Register for watching the returns of documents from Inspection parties	B.O	Monday			
5.	Check register for receipt of extracts of daily progress register from Inspection parties.	A.O/H.Qrs.	Thursday	Para 01:16 of T.I Manual		
SECTION III : Returns due from outside authorities or from other Sections of the Office						
(A) HALF- YEARLY						
1.	List of new offices formed	Due from DC Sections	10 th April & October	Circular No. TM IV/11-4/79-80/107 dt.24.3.80.		
(B) FORTNIGHTLY						
1.	Statements showing the dispatch of documents of Local audit Parties for the month	From TM Section	7 th & 22nd	O.O ISC/VII/22-40/79-80/1018 dated 10.10.79		
SECTION IV : Unforeseen entries on occasional matters (Entries to be made as and when occasion arises)						

FORM-I
(See Paragraph 01:14 (ii))

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (ACCOUNTS & ENTITLEMENT).
TAMILNADU, MADRAS—18.

Inspection Party No.

CAMP :

Audit Slip No.

Date :

TO

Sir,

The following records may please be made available immediately for check by the Treasury
Inspection Party.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- etc.

Yours Faithfully,

A.A.O / Treasury Inspection Party

***** To be addressed to the head of the Office

Form 2

(See Paragraph 01:14(ii))

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERALA (ACCOUNTS & ENTITLEMENT),
TAMILNADU, CHENNAI-18.

Treasury Inspection Party No.

Camp:

Audit Slip No.

Date:

To

(To be returned in original with reply immediately)

Sub:

Basis:

Audit Observations

Reply

Remarks indicating final
action with reference

to

pages of Inspection Report
where necessary

AAO /Inspecting Officer

***To be addressed to the Head of the office inspected

FORM 3
Paragraph 17 (viii) (d) of ISC Manual (V edition)
PART I

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (A&E), TAMIL NADU, CHENNAI-18

TREASURY INSPECTION PARTY NO.
SUPERVISED

SUPERVISED / NON

FORWARDING NOTE TO ACCOMPANY THE INSPECTION REPORT
(TO BE ANSWERED BY THE TREASURY INSPECTION PARTY)

PART I A:

1. Office/unit inspected :
Full address of the office indicating :
the location.
 - i. Nearest Railway station and its distance :
 - ii. Name and designation of the officer in charge :
of the office / unit inspected.
 - iii. His Telephone No. Off./ Res. :
Note: Extract of 1 (I to VI) to be furnished to
ISCI (Program also)
2. Name(s) of the Sr. Accountants/AAOs :
3. Name of the Asst. Accounts Officer :
4. Name(s) of the Supervising Officer :
5.
 - i. Date of current Audit :
 - ii. No. of working days :
 - iii. Periodicity of Audit :
 - iv. Whether periodicity needs any revision if so :
state reasons.
 - v. Adequacy of time, extent of saving (proposal :
for enhancement of duration of audit should
be accompanied by statistical data)
 - iv. Date of supervision by I.O. :
 - v. Date of receipt of documents from central :
Office (vide para II of ISC Manual)
6.
 - a. Earlier Inspection Reports Rough Note etc. :
 - b. Copy of the list of outstanding Paras sent to :
the Office to be inspected.
 - c. All Vouchers including loans grants etc. For :
the selected month.
 - d. Files of countersigned DC bills :
 - e. Points marked for investigation during the :
local audit
 - f. Particulars of important objections raised in :
central Audit remaining unsettled for over a
year (if there is any please indicate the extent of
delay)

- i. Date of last audit. :
- ii. Name of Assistant Accounts Officer(s) :
Supervision Officer during the last audit :
7. Date of audit by the Internal Audit / Departmental Inspection (Internal audit / departmental report are to be studied and list of important points if any intimated to central office) :
8. Period of accounts covered during the current Audit (this should be up to the month preceding the month in which the Inspection takes place vide para 1.09 of ISC manual) :
9. Year wise details of Receipt and Expenditure :

YEAR	RECEIPT	EXPENDITURE	SALARY
GRANTS-IN-AID	LOANS	CONT. EXPENDITURE	OTHER EXPENDITURE

10. Whether all the documents required for audit were Produced? (If the departmental authorities are not Co operative in the production of records a separate Confidential note may be sent to DAG (Accounts) See also Note 2 below Para II) :
11. Whether note showing field of activities indicating Inter alia major schemes under implementation in the office inspected is attached (Vide Para 01-06-of ISC Manual) :
12. Month (s) selected for test audit and whether audited?:
If it is altered reasons there for may be stated (para01-07) (ix) of ISC Manual.
13. Whether the preliminary observations slips were issued in the manner prescribed and replied (Para 01-15 (ii) of ISC Manual) :
14. Have you appended a test audit note and Schedule of items settled subject to Verification during next audit along with Report(please give reference and page no.) :
15. a) Name and designation of the departmental Officer with whom the report was discussed :

- b) Date of discussion. :
16. Paragraph if any of the report which might be
 Considered for possible inclusion in the Audit
 Report (copies of all the relevant papers should
 be sent along with an extract of the para in this
 Inspection Report directed to DAG Accounts
 (also see para 01-07 of ISC Manual). :
17. Whether all the points marked for verification
 Scrutiny of Central Office have been examined
 and action taken thereon indicating against the
 respective paragraph in the Report of test
 Audit Note as the case may be. :
18. Has the AAO under his dated initials gives a
 Certificate on the last page of each audit note
 that the replies to the audit observations and
 further rejoinders have been verified on the
 stand that all the outstanding items have been
 carried forward to current inspection report
 (Note 1 below para 1-11 of ISC Manual). :
19. Whether any memorandum of important points
 (Approved by Group Officers) noted in the course
 of work in Central Office has been received of
 discussion (Para 1-11 of ISC Manual) :
20. Whether any items of points were communicated
 to the party by the Main Office (TM Section)
 for verification / collection of particulars.
 If so furnish the following details:
- Section from whom the request was received :
- ii Nature of work involved :
- iii No. of items communicated :
- iv No verified :
- v Balance not verified :
- vi Whether the work has been completed :
21. Whether action in regard to all outstanding
 Paragraphs of the reports audit regard to the
 last audit note was taken as laid down in Para
 01 – 17 (iv) of ISC Manual :
22. Particulars of the notes Central Officers, if
 any (Give Subject matter in brief) :
- i :
- ii :
- iii :
23. Have you any comment on scope of audit and
 or suggestions for amendment to ISC Manuals :

24. Details of originators of paragraph in Part IIA /IIB/III.

Details of originators of paragraph in Part IIA /IIB/III					
I. Name of person	Accounts	Pension	Accounts	Pension	
II. No. of slips issued					
III. No. of objection raised					
IV. No. of objection dropped					
V. No. of objection incorporated Para IIA, IIB, III (giving reference to Para)					
	Para	Para	Para	Para	

Part I and Part II If so, please attach a note :

25. Money value of objections the report (vide para 1 – 19-2 III & IV of ISC Manual

	Money value of objections the report (vide para 1 – 19-2 III & IV of ISC Manual	
	Para	Amount to be held under objections
Pension	Para	
	Para	
	Para	
	Para	

Sr.Acct
CAMP:
DT:

Asst.Accounts Officer/TIP-II

Inspecting Officer

To BE ANSWERED BY THE (SUPERVISED) AAO/AO/SAO

26. Remarks on the General state of accounts (vide para 1:15A(iii) of ISC Manual) :
27. Did the Inspection Officer satisfy himself that the staff carried out the Inspection of Accounts and Accounts records as prescribed in ISC Manual and that all the prescribed checks have been conducted. :
28. Whether a note containing comments of suggestions regarding the need for prescribing a no rule of procedure has been sent. :
29. Whether reconciliation of departmental figures with the accounts figures has been completed by the office in time? Indicate the arrears if any in this regard. :
30. Whether scrutiny of the detailed accounts of loans maintained by the Office has been conducted? :
31. AAOs and Sr.Accountants / Accountants been made in accordance with the instructions on the subject? Attach the allocation sheet (vide para 01:10(b) instructions regarding restructuring of IA & AD. :
32. (a) In respect of Inspection of Treasuries whether the secret documents such as cipher code etc. of the RBI have been verified and a certificate regarding their safe custody furnished to the currency officer, RBI. Whether secret instructions have been complied with 9 vide para 39.04(7) of: ISC Manual. :
- (b) Whether the currency chest has been certified with reference to the reports of proper handing over and taking over of charge whenever there is a change in the incumbency of officials holding charges of currency chest. :
33. Whether the Register of Vouchers due to the Accountant General has been specially scrutinized. :
34. Whether the stamped receipts are made available to the Inspection parties and whether they are checked. :

Part I-B

CERTIFICATE

CERTIFIED THAT –

1. All important records such as Cash Book, Receipt Books, vouchers, cheques, Personal Deposit Account, Challans and other connected records, stores and stock accounts, tenders and contracts, log books etc. have been checked and that the prescribed percentage checks were exercised.

NOTE 1: Inspecting staff should study that:

- (a) the arrangements for realisation, withdrawal, custody, remittance of cash and the accounting thereof are in conformity with the prescribed rules; (the budget; (c) Administration Reports;
- (d) Stock verification files, etc.

NOTE 2: Inspection staff should ensure that

- a) the security deposits have been obtained from subordinates entrusted with cash or stores and from contractors for supply of articles:
 - b) the physical verification of stores has been conducted periodically and on 31st March of the year, the necessary certificates of verification have been recorded in the registers and that action has been taken in respect of surplus or shortages noticed.
2. The receipt books used have been checked since the date of last inspection in regard to continuity in serial number of receipt entries in the cash book and completeness in all respects and that unused receipt books are under proper custody and have been verified and found correct.
 3. The credits for the remittance made by at the Treasury/Sub Treasury at during the months of have been verified direct from the books of the Treasury(list of remittances at pages..... of I.R.) (Para 02:08 (v) of the Manual)
 4. a) The Service Books selected for scrutiny have been checked to the extent prescribed in Para 02:15 (vi) of the Manual and that the service books so selected include the service books of all Government servants who are due to retire during the next five years.
b)The G.P.F/C.P.S account numbers have been noted in all Service Books.
 5. The exhaustive list of field of activities of the office and of the records maintained has been obtained from the head of office (List at page) and that the Accounts of all field of activities have been scrutinized (vide Para 02:06 of the Manual).
 6. The Register prescribed in G.O. Ms. 773 Finance dated the 30.7.1970 to watch expeditious settlement of audit objections has been maintained by the departmental officer and that the register has been scrutinized (vide Para 02:31 of the Manual)

7. The requisite quantum of audit in regard to the entries made in the registers relating to loans to Government servants has been done as prescribed in Para 02:23 of the Manual and that the correctness of figures furnished in the monthly statements reconciled by the Drawing Officer has also been checked.
8. The statement of lapsed deposits has been checked as prescribed in Para 10:04 © of the Manual (this certificate should be given in regard to the office which maintain detailed account of deposits).
9. Certified that arithmetical accuracy of vouchers and Sub vouchers relating to the selected months (viz.....) has been checked and the acquaintances verified and tallied with the net payable amount shown in the bills. (vide Para also 02:14 of the Manual and Para 2 B of SMI regarding the Extent of Local Audit).
10. Certified that a register of Nominal Audit indicating the office inspected, the year for which nominal audit was conducted, percentages of checks exercised, the actual month selected for audit is being maintained and that the checks prescribed have actually been exercised (vide Para 02:14 (f) of ISC Manual and the ISC Circular, dated 9.3.1981)
11. Certified that a test-check of the work done by the Accountants has been conducted by the AAO of the Local Audit Party to the extent prescribed in Para 3(b) of SMI regarding the Extent of Local Audit.

Sr. Acct.

AAO / TIP

Camp:

Date:

PART II

FOR USE AT HEADQUARTERS EDITION MEMORANDUM TO BE SUBMITTED BY
HEADQUARTERS ALONG WITH THE EDITED INSPECTION REPORT

35. (a) Date of despatch of Inspection Report by the TIP :
- (b) Date of receipt of the report in Headquarters :
- C) Extent of delay in receipt at Headquarters. :
36. (a) Whether reasons for delay in dispatch :
have been explained and if so, the :
reasons in brief.
- (b) If not, have the reasons been called for :
from the LAP/I.O.
37. Date of submission by the Accountant :
38. Date of submission by the AAO/TM :
To B.O/ Sr.DAG (A/cs).
39. Has the party made any observation regarding :
the adequacy of time allowed for audit? If so, :
action taken thereon.
40. Paragraphs considered fit for circulation to :
other parties for gathering similar information :
for development into a consolidated comment :
Para No. :
Caption :
41. Paragraphs considered fit for processing into :
Draft paragraphs. :
Para No. :
Caption :
42. Has the AAO furnished/appended/ :
Indicated Answer `Yes` or `No`
- a) the certificates of verification of remittances :
in the cash books with the books of Treasury :
with reference to Para 02:08 (v) of the Manual
- b) the certificate of check of important records such :
as cash book, receipt books, chalans and other :
connected records, stores and stock accounts, :
etc. to the prescribed extent.
- c) a list of service books maintained/checked during :
local audit, as required in Para 02:15 (d) of the Manual
- d) the certificate regarding the maintenance and scrutiny of:
the register to watch the expeditious settlement of audit:
objections in the departmental office. :

- e) Certificates of check of:-
- i) registers relating to loans to Government servants and :
ii) statement of lapsed Deposits.
 - f) certificate of arithmetical accuracy of vouchers and :
and Sub vouchers related to the selected months has :
been checked and the acquittances thereof then verified :
and tallied with the net payable amount shown in the bills. :
 - g) Certificate of checks prescribed for Nominal Audit :
 - h) Certificate of test-check of the work done by the :
Accountants.
 - i) Statement showing the scrutiny of the accounts of :
all the field of activities of the office inspected (vide :
circular No.OAD/General/VI/28-163/64-65/767,dated.26.3.65) :
 - (j) Test audit note (Part III) and the schedule of items settled :
subject to verification in the next audit. :
- k) Audit Note Book detailing the various checks exercised :
(vide also Para 01:16 (viii) (b) of the Manual)
- l) A note on the examination of points marked for local :
scrutiny by TM or other branches
 - m) A list of items sent for verification/obtaining further :
information, particulars, etc. detailing the number of :
items verified and the number of items for which :
particulars were gathered and reasons for not verifying :
the balance or for not obtaining the particulars required. :
- n) Statement of outstanding paras of previous reports in :
the manner prescribed :
(vide OAD Circular No.44, dated 13.*.1964)
- o) Any note to T.M. :
- p) Full details of originators of paragraphs with reference to :
OAD Circular No.44, dated 13.7.1964.
- q) The money value of objections :
(vide Para 01:18 of the Manual.):
- r) Spare copies of annexure, as required in office circular :
ISC/GI/12/76-77

REPORT PUT UP FOR APPROVAL

SR. ACCT

A.A.O./TM

Sr.A.O.(HEADQUARTERS)

Sr.DAG(Accounts)

AFTER ISSUE OF THE INSPECTION REPORT

43. Inspection Report issued under
(Reference No. and date)
44. Whether the inspection report issued was despatched
within 30 days of the last date of audit. If not,
reasons for delay should be indicated.
45. Action taken on items at serial numbers.
46. Reference to entries in control Registers

Reference to be noted in the Registers

	Page No.	Item No. in the relevant register
i) Objection Book for the month of (refer item 26 supra)		
ii) Progress Register		
iii) Consolidation for D.P. (Refer item 43 supra)		
iv) D.P.Register (individual Paras) (Refer item 44 supra)		
v) Programme Register (Refer items 1 & 5 supra)		
vi) Register of pending cases (Refer items 23, 24 supra)		
vii) Register of important points for Next audit (Refer item 23 supra)		

Certified that

- i) Action has been taken on all remarks/orders
of Accounts Officers/Senior Deputy Accountant General
- ii) Action on the settlement of outstanding paras of
previous reports with reference to remarks of AAO/
SO/I.O. has been taken.
- iii) The Part III of the I.R. has been filed with neat copies
of Part I and II of the I.R.
- iv) All the files, voucher bundles sent by this office have
been received back from Audit Party.
- v) The note sent to T.M. by the AAO/SO/I.O. for examination
at Sl.Nos.20, 23, 24 and 31 has been diarised.

Purport Register No.

Date:

Sr. Accountant

AAO

SAO/AO

NOTE: At Headquarters, the clean office copy file should contain:

1. Forwarding document and edition memo.
2. Field of activity.
3. Office copy of letter forwarding the I.R.
4. Clean copy of the Report, and
5. Part - III.

Design	Noted	Checked
Sr.Acct		
AAO		

FORM – 4

(Vide Paragraph 01: 17. 1(c))

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (ACCOUNTS & ENTITLEMENT),
TAMILNADU, MADRAS—18.

To be returned with reply not later than 30 days

No. PAG. (A&E)/TM/Unit /

Dated :

From

The Principal Accountant general
(Accountant & Entitlement),
Anna Salai,
Madras ----600 018.

To

Sir,

I forward herewith the report of Inspecting on the accounts of -----
-- A copy of the report has been forwarded to him. You may kindly arrange to send his/their replies with your remarks/orders indicating the action taken thereon.

- (i) Part-IB of the report indicates the paragraphs of the previous inspection reports still remaining unsettled. The settlement of these outstanding paragraphs requires expeditious action.
- (ii) Part-IC of the report brings out persistence of defects, omissions and irregularities pointed out in the previous inspection reports, but not rectified. These require investigation into the continued existence of the defects, etc. and immediate remedial measures.
- (iii) Part II of the report deals with important defects and irregularities for which action has to be initiated at the level of the Head of the Department/Government.

PART III

A List of other defects and omissions noticed during the local audit has been issued on the spot to the Head of the Office inspected with a request to set right the defects and omissions. A report of the action taken on this list may kindly be verified during departmental inspections. The rectification of the defects and omission will be verified during next audit by the Inspection Party.

The receipt of the Inspection Report may kindly be Acknowledged.

Yours faithfully,

For Senior Deputy Accountant General (Accounts)

Endt. No. AG(A&E)/TM

Dated :

Copy forwarded to the-----
----- with a copy of the Inspection Report for Information and necessary action.

With a copy of Inspection Report and a supplement to Part III (Test Audit Note) for information and necessary action. Reply to Supplement to Part III is not required to be sent to this office. However, the rectification of the defects pointed out there in will be verified during the next Audit.

For Senior Deputy Accountant General (Accounts)

FORM – 5
(Vide Paragraph 01: 16. 1(V)

From

The Accounts Officer (Inspection)
The A.A.O of Treasury Inspection Party,
Office of the Principal Accountant General,
(Accounts & Entitlement),
Tamilnadu, Madras---600 018.

To :

Sir,

SUB: Part III of Inspection Report on the accounts of -----
----- conducted during

I am to enclose a list containing minor defects/omissions noticed during the local audit of
your office conducted from-----to-----

The minor defects/omissions may please be rectified / supplied and the relevant
records shown to the next audit for verification.

Yours faithfully,

Accounts Officer (Inspection)
Assistant Accounts Officer
of Treasury Inspection Party.

Copy forwarded to the Senior Deputy Accountant General (Accounts), Office of the Principal
Accountant General (Accounts & Entitlement), Tamilnadu, Madras for information.

Accounts Officer (Inspection)
Assistant Accounts Officer
of Treasury Inspection Party.

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FORM – 6

(Vide Note Under Paragraph 02: 15.(C) (i))

Register for Selection of Offices for check of increment

District	Names of offices (according to departments)	Number of members for purposes of check of increments	when last selected	Selection of offices by the Branch officer concerned ****	Final approval by the Senior Deputy Accountant General (Accounts)	Remarks
1	2	3	4	5	6	7

**** A memo should be sent to the Branch Officer at the beginning of each year asking for details of offices selected for each programme of inspection.

FORM- 7
(Vide Paragraph 08:27)

S.Y. 212

Serial Number of Paragraph of report	Inspecting Officer's remarks	Treasury Officer's explanations	Collectors remarks and orders	Accountant General's final remarks	Local Government's orders
1	2	3	4	5	6

PART II
BROCHURE -- 1
BROCHURE ON THE ACCOUNTS OF SPECIAL FUNDS
(CHAPTER 07)

4.1 ACCOUNT RECORDS

The following are the more important account registers etc. to be examined in local audit.

(1) TALUK ACCOUNT

- (a) Taluk audit register (Form 12).
- (b) Sanctioned scale of establishment (Forms 10 and 11).
- (c) Register of works (Form 4) and measurement books, agreements etc.
- (d) Office copies of lists of payments (Form 14 and 15).
- (e) Statement of arrears (Forms 16).
- (f) Office Copies of consolidated statements (Form 17).
- (g) Register of payments to village Officers and check register (Form 13).
- (h) Register of fines imposed on village Officers (Form 18).
- (i) Pound-Keeper's accounts and Registers of fines imposed on pound-Keeper's
- (j) Register fir watching periodical and recurring charges.
- (k) Register for watching periodical and recurring charges.
- (l) Cash book, Contingent registers and copies of contingent bills, vouchers etc.

2.Records relating to Audit work at Treasury :

- (a) Sanctioned scale of establishment (Forms 10 and 11).
- (b) Register of works.
- (c) Objection Statements.
 - (e) Adjustment register.
- (f) Register of objections outstanding for more than six months.
- (g) Quarterly review statements.
- (h) Despatch register of objection statements.
- (i) Abstracts of all sanctioned estimates.

3.RECORDS CONNECTED WITH VERIFICATION OF FINAL FIGURES:

- (a) Register of receipts and charges of the several special Funds (Form 56).
- (b) Statements sent with the Administration report on cattle pounds.
- (c) Statements of irrigation Cass fund (Form 57).
- (d) Alteration Memoranda.

4.RECORDS RELATING TO IRRIGATION CESS FUND :

- (a) Cash Book cheque books and vouchers.
- (b) Pass Book.
- (c) Statements of Channel wise demand of irrigation cess.
- (d) Statements of collections of irrigation cess.
- (e) Taluk Demand Register of irrigation cess.
- (f) Taluk Register of Channel – wise expenditure.
- (g) Irrigation Cess Fund Voucher List.
- (h) Taluk Register of sanctioned scale of irrigation Cess Fund establishment.
- (i) Taluk demand, collection and balance statement of irrigation Cess Fund.
- (j) Taluk Financial Statement of irrigation Cess Fund.
- (k) Monthly statement of receipts and expenditure of the Irrigation cess fund.
- (l) Register of Miscellaneous properties (liked trees, etc. on channel banks).
- (m) Inspection Bungalow-Visitors' books.
- (n) Inspection of works, sanctioned estimates tenders, agreements, etc.

4.11. PROCESS OF AUDIT

(i) The postings in the register of receipts and charges of the several Special Funds should be checked for the specified period, with reference to the documents from which the postings are made, namely

- (a) The consolidated Taluk Returns for payments to Village Officers and (b) other audited vouchers and returns, in regard to other transactions not embodied in these consolidated returns.

(Vide article 208 of the Special fund Code).

The monthly totals in the Postings Register should then be compared with the monthly figures in the Treasury Accounts. The annual totals of the Postings Registers should be examined with the Statements sent by the Treasury Officers to this Office with reference to note 3 under Local Ruling II under Articles 95 to 99 in Tamilnadu Account Code, volume II. If any differences are noticed, the postings register for the month concerned should be carefully examined and the difference reconciled. It should also be seen whether all the alterations ordered by this office have been carried out correctly.

(ii) TEST-AUDIT OF VOUCHERS AND ACCOUNTS: The principal points for examination are explained below.

- (a) The processes of internal check on the vouchers relating to these Funds are laid down in chapters VI and VII of the Special Funds Code. Compliance with these provisions should be verified.

- (b) Lists of payments should be checked with the vouchers for selected period and the reasons for missing vouchers, if any, investigated at once.
- (c) The totals in the lists of payments should then be traced into the Consolidated abstract of payments to village Establishments (Form No. 17) which should also be examined in the manner explained in Article 162 of the Special Funds Code.
- (d) The pay abstracts should be carefully examined with reference to the sanctioned scale and in other respects. Alteration in the sanctioned scale should be verified by reference to the orders quoted.
- (e) The payment of arrears should be traced in the statement concerned (Form No.16) and entries initialed.

NOTE 1 : The procedure of payment of salary from Kist collections has been ordered to be discontinued vide G.O.ms. 3327, dated 29.11.66.

NOTE 2: In cases where arrear payments happen to be numerous in the month selected for test-audit, a percentage check will be sufficient.

- (f) The vouchers for other items connected with the village service charges such as those relating to re-funds, construction and repairs, etc. should be examined for the whole period under inspection and any irregularities noticed in regard to the advance of money, or the submission of detailed bills etc. should be commented upon.
- (g) In the case of sale proceeds of old materials of village Chavadies, it should be seen that sale lists are forth coming and that they had been duly approved by the officers concerned-vide article 22 of the special Fund Code.
- (h) The vouchers relating to the construction and repair of village chavadies should be audited with reference to the points enumerated in rule(i) to (xiv) of articles 165 of the Special Funds code.

(iii)IN EXAMINING THE TALUK ACCOUNTS THE FOLLOWING POINTS SHOULD BE SEEN: (a) They are neatly and correctly maintained in accordance with the Instructions in the Special funds Code.

- (b) In particular, it should be seen that all entries requiring the attestation of the Tahsildar or Deputy Tahsildar, Sheristadar or head Accountant have all been so attested.
- (c) The office copies of the lists of payments or of the consolidated statements should also be compared for the selected period with the corresponding returns in the Treasury.

- (d) The sanctioned scales as entered in the Taluk audit register should be verified with the corresponding figures in the Register of sanctioned scale maintained in the Treasury, and
- (e) The postings in the Taluk Audit Registers should be tested with reference to the paid vouchers available at the treasury.

(IV) GENERAL REVIEW OF INTERNAL AUDIT WORK: The following general checks should be exercised in regard to objection statements issued by the Treasury, while auditing the funds transactions as the primary auditors:

- (a) That trivial objections are not raised.
- (b) That the objection statements are issued and returned promptly on the due dates and the closing entries correctly made in accordance with the rules.
- (c) That items objected to are cleared in the manner laid down in the Articles 199 to 201 of the Special Fund Code.
- (d) The adjustments are properly noted against the items concerned.
- (e) That the quarterly review etc. are properly carried out and that prompt action is taken to clear off outstanding items more than six months old and
- (f) That the provisions of Articles 198 of Special Fund Code have been followed regarding safe custody of vouchers.

(V) AUDIT OF IRRIGATION CESS FUND : In addition to the checks prescribed in the Chapter on the audit of accounts of Personal Ledger Accounts. In regard to P.D cheques for this Fund Accounts. Transactions of the Fund should be test-checked with reference to Monthly Demand. Collection and Balance Statements, pay bills of channel establishments, Works Accounts, Cash Book and vouchers etc. on the lines indicated in Chapter 12 of the Special Fund Code.

PART III
PERIODICITY AND EXTENT OF CHECKS
SECTION 1

GENERAL INSTRUCTIONS

1. INTRODUCTORY

The audit procedures and the nature of audit to be applied to the different classes of transactions pertaining to the account of the various State Government Offices and of bodies/authorities under sections 14, 15, 19 and 20 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act. 1971 during local audit of the offices and Institutions have been laid down in the Comptroller and Auditor General's Manual of Standing Orders (Audit), C&AG's Memorandum of Instructions regarding the extent of audit and Part I &II of this Manual. In accordance with Comptroller and Auditor General's instructions (Circular No. 127-TA I/206-81 dated 28.1.1982 filed in AGI/ISC I/General /28-43/79-81 that the quantum of checks prescribed in the Secret Memorandum of Instructions should not find a place in the local manuals to be issued by the Accountant General, orders relating to periodicity and quantum of audit have been consolidated separately in this Part.

2.GENERAL

The instructions of the Comptroller and Auditor General, both general and specific to particular departments, as also those issued by the Accountant General, relating to periodicity and quantum of local audit are furnished below.

(A) PERIODICITY OF LOCAL AUDITS

While communicating the periodicity of local audit, it was stated by the Comptroller and Auditor General that the Accountant General might vary the periodicity if Special circumstance in the State justify such a variation and that it was not necessary to approach Headquarters for approval of the periodicity in those cases, as also for audit of any other type of offices.

(C&AG's Confidential letter No. 380 – Admn.III/517-61 dated 5.3.1962 filed in OAD/G1. File 28-94/62-63).

NOTE : wherever the periodicity of audit has been modified taking into account local condition, the change of periodicity has been indicated in Section II below, against the respective offices/departments.

(B) QUANTUM OF DETAILED CHECKS

(a) In addition to a general scrutiny of the accounts and registers for the entire period since the last audit, the transactions relating to one or two selected months should be checked in detail. The quantum of detailed check shall be as follows except when a specific quantum has been laid down in succeeding paragraphs in respect of specific departments or types of accounts.

Annual Audits	One month's accounts
Biennial Audits	One month's accounts for each period of twelve months, with an additional one month's account for any broken periods in excess of six months that have elapsed since the date of last inspection.
Triennial and other Audits	Two month's accounts (1 month to be selected from the financial year immediately preceding the inspection and another month from the remaining years)

(C&AG's letter No. 15-Admn. III/432-Admn.II/59 dated 9th January 1960 filed in OA Case 28-152/59-60)

(B) SELECTION OF MONTHS FOR DETAILED CHECK OF RECEIPT TRANSACTIONS:

The selection of month(s) for detailed audit is made by the Headquarters section based on the quantum of expenditure incurred. Adoption of the same periods for check of receipts in the institutions concerned may not be helpful since there may not be any revenue transactions in those months concerned. For example, in Arts Colleges, receipts from fees are collected mainly during June, July, October and January. Inspecting Officers may, therefore, use their discretion and select any one or two months, as the case may be. For detailed check of receipts after obtaining the figures of monthly receipts from the institutions concerned at the time of audit.(Circular No. 26/78-79/AG II/ISC Hqrs).

3. SUPERVISION OF LOCAL AUDIT/INSPECTION

(a) Extent of supervision by Gazetted Officers in the District Treasuries is 100%

(C&AG's letter No.3054-GE II/70-70 dated 25.9.78 and letter No.3523-BRS/GE II/54-79 dated 13.12.75 filed in ISC IV/28-19/79-80).

(b) Review of work done by the inspecting accountants during Local Audit by the Supervisory Staff:

(i) The comptroller and Auditor general, in his letter no. 48-TA I/2-79 dated 17.1.79 had directed that the Assistant accounts Officers/Section Officers in charge of field parties (Senior Assistant Accounts Officer/Section Officer in case there are more than one officer) should conduct a test-check of the work done by the Accountant(s) in the field party including the check of totals expected to be made by the latter. The quantum of check prescribed for different items of work and quantum of super check to be exercised by the Assistant Accounts Officer/Senior Officer when these are done by the Accountants are indicated in Appendix I.

(ii) While recording a certificate of the general review. The Assistant Accounts Officer/Section Officer should specify the individual items of work done by the Accounts, which were test-checked by him and the percentage adopted in all the items so test-checked.

If the Assistant Accounts Officer/Section Officer had to test-check any item other than those shown in Appendix I, he should report to Headquarters, details of individual record (peculiar to the office/Establishment visited) which were checked by the Accountant and test-checked by the Assistant Accounts Officer/Section Officer. The quantum thereof test-checked by the Assistant Accounts Officer/Section Officer may be determined by himself if the audit is unsupervised one. The records checked and the percentage adopted should be mentioned specifically. A statement indicating the work entrusted to the Accountant. The quantum of check exercised by him and the quantum super checked by the Assistant Accounts Officer/Section Officer should accompany each draft Inspection Report without fail. Based on these reports, Headquarters section will arrange to obtain the orders of the Senior Deputy Accountant General/Accountant General on the adequacy of the checks and for fixing a revised quantum for future years in respect of special records peculiar to individual offices.

(ISC General file 28-35/78-79 and ISC Circular No.52, dated 2.3.1979).

SECTION II

INSTRUCTIONS APPLICABLE TO THE AUDIT OF THE MAIN CLASSES OF TRANSACTIONS AND DEPARTMENTS OF THE STATE GOVERNMENT.

1.INTRODUCTORY

The audit of different classes of transactions and State Government Offices should be conducted in accordance with:

- (1) The general principles, rules and supplementary regulations laid down in CAG's MSO (Audit).
- (2) The special procedure applicable to each class of transactions and offices as set out in the relevant chapters of Part I and II of this Inspection Manual.
- (3) The general instructions contained in Section I of this part.

The following paragraphs indicate the extent of checks of the various transactions/records to be carried out as prescribed by the C&A of India/Accountant General.

2.GENERAL PRINCIPLES AND PROCESSES OF INSPECTION
(CHAPTER 2 PART 1 OF THIS MANUAL)

Item No.	Ref. to para in the chapter in Part I of this Manual	Particulars of items and prescribed checks	Extent of check
1	2	3	4
i	02:08 cash accounts	Check of arithmetical accuracy in Cash Book. This check should also include verification of the opening balance for proper carry forward of the previous month and that of the closing balance of the month selected for scrutiny to next month. (the check of the cash book will, however, continue to include verification of remittances into the treasuries and checking of entries relating to receipts with counterfoils of receipts, etc. In respect of the months selected for test-check)	<p>In the Case of</p> <p>(a)Annual Audits Accounts of one month to be selected at random by the Inspection Party</p> <p>(b)Biennial and Triennial audits: Two month's accounts selected for test-check. (C&AG's Secret Ir. No. DO 770-TA/117-7 of 7.9.74 filed in ISC-I Case 12-4/74-75).</p>
<p>NOTE : The above instructions will apply to the local audit of departmental offices where there is no adequate internal check by an internal audit organization set up for this purpose. In the case of departmental offices where an effective</p>			

internal check organization is functioning the existing quantum of check of verification of cash book (i.e) detailed check for the month/months marked for audit and a general scrutiny in respect of other months will apply.
(C&AG's letter F. 656 TA I/1968 dt. 1.4.69, file OA 28-47/68-69).

ii	02:08(V) (a),(b),& (c)	Remittances into the Treasuries	Accounts of two months selected for test-check.
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(C&AG's Ir.No.1986-Admn.I/425-52 of 23-7-53 and No.2465/Admn. I/425-52, dated 6.9.53 filed in OA case 27-71/1953-55 and circular No. OA Pro.39, dated 13.4.1959, filed in OA Case 28-6/59-60).

NOTE: If there are no remittances during the months selected for detailed check of cash book, the Assistant accounts Officer/Section Officer should select two other months during the period covered by audit for verification of the remittances.

(Circular No.ISC IV/(I) Misc. dt. 5.11.74 and AG II/ISC IV/GI/19 dated 27.6.1977).

iii	02:14(a)	Nominal check of pay bills of establishment	In the Case of	
			a)Annual Audits: Accounts of one month selected for test-audit.	b)Biennial or less Frequent audits: Accounts of two months selected for test-check.
iv	02:14(b)	Check of supplementary and arrear claims	Accounts of month/months selected for test-audit as in item (iii) above.	
v	02:14(c)	Check of rate of pay shown in the pay bills with service books and the acquittance rolls.	Pay bills for the month/months selected for audit as in item(iii) above.	
vi	02:14(e)	Check of increments sanctioned and cases of fixation of pay on promotion or reversion	20% of the sanctions/fixations made during the period covered by local audit.	

NOTE : This check may be integrated with the check of Service Books mentioned below.

(C&AG's Lr. No. 687-O&M/145-79 II(2), dt. 22.7.1982-TM Case No. 11-8/81-83).

vii	02:15(a) (vi)	Check of service books	In the case of:		
			a)Annual Audits: 25% of the Service Books inclusive of the Service Books of all the Government servants	b)Biennial audits: 50% of the service books inclusive of the Service Books of all the	c)Triennial audits and audit of longer periodicity:

			<p>who are due to retire within the next five years should be checked. The selection should be so made that a service books of all the member of an office are covered in a cycle of 4 years-vide para 02:15 (d) of inspection Manual Part1.</p>	<p><i>Government servants who are due to retire within the next five years should be checked.The selection should be so made that the member of an books are covered within the period of two consecutive audits.</i></p>	<p>100% of the service books should be checked.</p>
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NOTE : The selection of Service Books may be so arranged as to cover the 20% cases of increments/fixation mentioned under Column 4 against item (vi) above.

viii	02:15 (b)	Check of leave accounts	5% of the service books of all non-gazetted government servants and of non-self-drawing Gazetted Officers, the selection being made in such a way as to include the accounts of all persons who are likely to retire before the next inspection.
ix	Note under para v02:15 (c) (i)	Check of increments in the case of officers not inspected locally.	Two officers relating to each department in each district
x	02:24 (a)	Loans to government Servants-Tracing of debits & Credits into loan ledgers, pay bills, etc.	Accounts of month/months selected for detailed audit in addition to a general review of the outstanding, etc.
xi	02:24 (a)	Check of determination and recovery of licence fee due from Government servants:	
		(1) office copy of statement prescribed in art .14(a) of TNFC Vol.I (Para 267 of TNPW A/c Code) Correctness of particulars shown in the statement should be verified both in regard to the name of the	In respect of statement relating to the month/months marked for detailed check.

		personal and in regard to emoluments shown therein.	
		(2) Check of demand statement received from PWD (Art.14 (b) of TNFC. Vol.I) to see whether the documents cover all the persons shown in statement at (1) above and whether the demands raised need any revision with reference to any change in emoluments.	All demand statements relating to recoveries realized in month(s) selected for detailed check should be checked.
		(3) office copies of pay bills:	---DO----
		(i)To check whether recoveries have been made in the pay bills for all the persons who are included in the demand:	

3. AUDIT OF CONTIGENT EXPENDITURE: TENDERS AND CONTRACTS
(Chapter 3 Part I of this Manual)

A.PERIODICITY

(a) The accounts of the departments of secretariat and the officers of the hands of departments of Government are audited on a triennial frequency.

(b) Based on comptroller and auditor general's directions in his Secret letter no.2478 Admn. II/84-58 dated 9.10.1958, addressed to all Accountants general, that the local audit of the Stores purchase organization or the Central purchasing Agency should be done at least once a year, the periodicity being increased at the discretion of the Accountant General, it had been decided that in the case of departments where the purchase of annual requirements of stores of the department as a whole in the state is attended to centrally and necessary contracts are entered into by a central Agency, their accounts should be audited with annual frequency.

(c) The accounts of all officers in and around the State Headquarters, where the volume of contingent expenditure exceeds Rs.5.000/- and all other officers in the mofussil with the annual contingent expenditure exceeding Rs.50,000/-are to be audited (A&C : G.O.Ms. No.100, Finance, dt. 1.2.1954 and C&AG's No.2675 Admn.I/702-55 dt.31.12.55 OA case 4-2/1953-54 and 28-99/1955-56).

(b) C&AG's secret Ir.No.2478 Admn. II/184/58 dt. 9.10.58 addressed to all Accountants general).

B. Quantum of Audit (Vide Para 03:02(a) to (e) of part I of this Manual)

All contracts, the value of which exceeds Rs.50,000/- should be examined in full and other contracts checked to the extent shown below :

VALUE	EXTENT
Rs.20,000 to Rs.50,000	50%
Rs.10,000 to Rs.20,000	25%
Rs.5,000 to Rs.10,000	10%
Less than Rs. 5,000	5%

All contract documents checked during audit should be reviewed by the Inspecting Officers.
(C&AG's orders dated 28.3.59 filed in case OA 28-7/59-60)

NOTE: C&AG's instructions issued in Secret Ir. No.2478 Admn.II/184-58 dated 9.10.59 on the Subject of local audit of officers dealing with large scale purchases are reproduced in Appendix II.

6.AUDIT OF SPECIAL FUNDS
(Chapter 7 Part I of this Manual)

A.PERIODICITY

The accounts of the Special Funds are audited biennially in the District Treasuries.

B.QUANTUM OF AUDIT

(a) Audit of Vouchers:

- (i) Village service Charges—Vouchers for two months relating to the pay of establishment and all vouchers relating to other items such as refunds, construction and repairs, etc. should be test-checked at the Huzur treasury.
- (ii) Cattle pound transactions : All vouchers other than those relating to commission payments and construction and repairs of pounds should be checked at the Huzur Treasury.
- (iii)Irrigation cess Fund : A test check of vouchers, relating to two selected months and a general review of the Demand Collection and checked. (Vide para 4 II(v) of the brochure 4).

The initial records maintained in one or two taluks should be called for and checked (Vide last 2 Sub-Paras of para 10:02 Part I of this Manual).

- (iv) At least 25 percent of the pay abstracts for the two selected months should be examined with reference to the sanctioned scale and if the defects noticed are numerous or are of a serious nature, such further percentage of vouchers should be similarly examined as may be necessary.(Vide para 10:03 (iv) of Chapter 10 and para 4II (ii) (d) of the Brochure 4 in Parts I and II respectively of this Manual).
- (v) Not less than 20 percent of the sanctioned scales entered in the Taluk Audit register should be verified with the corresponding figures in the Register of sanctioned scale maintained at the Treasury.(Vide para 4 II (iii) (d) of the Brochure 4).
- (vi) Twenty percent of postings in the taluk audit register should be tested for any two months selected at random with reference to the paid vouchers at the Treasury.(Vide para 4 II (iii) (e) of the Brochure 4).

B. Check of final Figures :

(i) Lists of payments should be checked with vouchers for two selected months and the totals in the lists of payments should be traced into the consolidated abstract of payment to village establishments (Form 17). The office copies of the list of payments should also be compared for two selected months with the corresponding returns in the Treasury. (Para 4 II (ii) (b) and (c) and Para 4 II (iii) (c) of the Brochure 4).

(ii) The posting in the Register of receipts and Charges of the several special Funds at the Treasury should be checked for two months with reference to the consolidated taluk returns for payments to village

Officers and other audited vouchers and returns in regard to other transactions not embodied in those consolidated returns.(Para 28 II (i) of the Brochure 4).

(iii)Entries in the Adjustment register may be traced for any selected month to ensure that adjustments are properly noted against the items concerned.(Para 4 II (iv) (d) of brochure 4 of Chapter 10).

7.INSPECTION OF TREASURIES
(Chapter 08 Part I of this Manual)

A.PERDIODICITY

All district Treasuries are inspected annually.(Letter no. 1077-TA I/202-78/15-11-78 of C&AG of India filed in ISC GL. File 29-147/78-79).

NOTE: When inspection of a treasury is taken up, one or two Sub-Treasuries under it may also be selected for inspection in such a manner so as to ensure that all the Sub-Treasuries under each District Treasury are covered in a cycle of 5 years.(Vide C&AG's letter No.679-TA I/202-78, dated 12.6.1981 read with the letter No. AG I/TM I/III/4-IA/81-82/287 dated 4.9.1981).

B.QUANTUM OF AUDIT

Sl.No	Ref. to para in the Chapter in Part I of this Manual	Prescribed checks	Extent of check
1	Note under Para 11:03(iii)	Check of paid cheques with the counterfoils and the cash book	Two months to be selected by DAG (A/Cs)
(C&AG's letter No. 1047-TA I/122-72 dt.28.12.77 filed in TM Cases 12-14/77-78)			
2.	08:05 I	Check of cash book (Form TA III) tracing Transactions in respect of a year of accounts from the subsidiary registers	At least a month's transactions may be traced.
3.	08:05 II	Check of subsidiary registers	Entries in respect of one month's accounts in about 10% of the total number of subsidiary registers maintained in the Treasury in respect of accounts of the year inspected may be taken up for detailed examination by the party. The selection of the subsidiary registers should be made intelligently to cover not only cases of large number of vouchers in a department/major head in a month/year of accounts inspected, but also cases of certain Debt/Deposit/remittance heads.
4.	08:05 III	Register of Reserve bank Deposits	At least two months entries to be checked.

		(Form TA 6)																									
5.	08:058 IV	Register of deposits etc.	----DO----																								
6.	08:05 V	Accounts of Reserve Bank of India Remittances (register in form TA 25/TA 25A/TA 26)	-----DO-----																								
(Authority for items 2-6 C&AG's Ir. No. 1077-TA I/282-78 dated 15.11.78 filed in TM and also Secret Ir. No. 722-TA I/202-78-II dated 15.6.62 of C&AG filed in TM Case AG I/TM I/III/4-IA/81-82)																											
7.	08:05 VI	Initial accounts	The transactions of the Treasury for several days (usually 10 consecutive days) in a month should be scrutinized, the month of account to be test-checked being selected by Sr.DAG (A/Cs).																								
(C&AG's Endt. No. 98-9/O&M/66 dated 10.5.68 filed in TM case 4-12 A/66-67).																											
8.	08:05 VIII	Check of accuracy of compilation made by the Treasuries from initial records like challans, etc.	<table border="0"> <tr> <td></td> <td>By</td> <td>A.A.O</td> </tr> <tr> <td></td> <td>By A.O</td> <td></td> </tr> <tr> <td>Receipts upto Rs.2500/-</td> <td>12 1/2%</td> <td>6</td> </tr> <tr> <td>1/4%</td> <td></td> <td></td> </tr> <tr> <td>Receipts between Rs.2501 & 10,000/-</td> <td>25%</td> <td>12</td> </tr> <tr> <td>1/2%</td> <td></td> <td></td> </tr> <tr> <td>Receipts exceeding Rs.10,000/-</td> <td>100%</td> <td>50%</td> </tr> <tr> <td>Above Rs. 5 lakhs</td> <td></td> <td>A.O will check 100%</td> </tr> </table>		By	A.A.O		By A.O		Receipts upto Rs.2500/-	12 1/2%	6	1/4%			Receipts between Rs.2501 & 10,000/-	25%	12	1/2%			Receipts exceeding Rs.10,000/-	100%	50%	Above Rs. 5 lakhs		A.O will check 100%
	By	A.A.O																									
	By A.O																										
Receipts upto Rs.2500/-	12 1/2%	6																									
1/4%																											
Receipts between Rs.2501 & 10,000/-	25%	12																									
1/2%																											
Receipts exceeding Rs.10,000/-	100%	50%																									
Above Rs. 5 lakhs		A.O will check 100%																									
(C&AG's Ir. No. 385-TA I/68-76 dt. 9.5.77 TM II – B/77-7B /Unit V)																											
9.	08:16(i)&(iv) 11:17	Payment of pensions	One month's vouchers should be checked with the initial records at the treasury. For this purpose the selection of the Sub-Treasury as well as the month of payment of pensions (both at District and Sub-treasuries) will be made by Sr.DAG(A/Cs).																								
(C&AG's Orders in Lr. No. 98-9(O&M)/66, dt. 10.5.66 filed in TM case 4-12A/66-67).																											
10.	08:16 (iii)	Check of 'check Register' of Pension payments	100% check has to be conducted at the initial stage vide Ir. No. AGII/PA I/GI/9-125/73-77/208 dated 17.12.77 and ISC –I/GI. Circular																								

			No. 80/77-78.
11.	08:78	Deposit and cash orders.	One month to be selected by Sr.DAG (Accounts).
12.	08:22 (b) & (c)	Social Security Scheme 1974: At Sub- Treasuries: At the District Treasury	4 month Accounts (33 1/3%) should be checked at the selected Sub-Treasuries. Individual accounts of the subscribers under the scheme maintained at the District treasury will be checked to the extent of 33 1/3% during each inspection.
(C&AG's Ir. No. 723-TA I/19-76 dt. 29.7.78 filed in ISC I file GL. 23-165/78-79).			

APPENDIX I
(Vide Paragraph 3 (b))

Quantum of superchecks to be exercised by Assistant accounts Officers in Audit.

SL. No	Records to be checked	Quantum of check prescribed			Quantum of check to be exercised by AAO as super check
		Annual	Biennial	Triennial	
I. Cash					
1.	Office Cash Book	1 Mth	2 Mth	3 Mths.	Items (1) to (5) Normally these have to be checked by the AAOs themselves. Where for exceptional reasons a senior competent Acct is entrusted with this work, the quantum of test check to be done by AAO would be 5% including the check of totals for one month expected to be made by the Accountant
2.	Treasury Bill Books and token register	„	„	„	
3.	T.N.T.C 70 & T.N.T.C 70C	„	„	„	
4.	Security Register	„	„	„	
5.	Undisbursed pay Register	„	„	„	
6.	Contingent register and bills	„	„	„	Item (6) to (8) & (10) 5% has to be test – checked by AAO including check of totals for a month.
7.	Permanent advance Register and Vouchers	„	„	„	
8.	Recovery register	„	„	„	
9.	Pay Bills register and acquittances	„	„	„	Item (9) A test-check of one page. If acquittance rolls runs to pages. If not the entire total for one month.
10.	Office copy of travelling allowance Bills with Tour journals of Officers	„	„	„	
II. STORES					
1.	Physical verification reports	1 month and a general review			Item (1) to (3) to be normally checked by AAOs However, when these items are entrusted to Accountant 5% of transactions/entries to be super checked by AAOs All other items except (13) and (14) -5% to be test-checked.
2.	Bill Book	„			
3.	Job Sheets	„			
4.	Stock of raw materials/Bin Cards	„			
5.	Order Book(Invoice Book)	„			
6.	Stock book of Finished Goods	„			
7.	Invoices of inter/intra departmental transfers	„			
8.	Credit sales Register	„			
9.	Day Book of sales	„			
10.	Purchase Order Books with invoices	„			

11	Stores Received book with invoices	„	
12	Stock Book of Indents	„	
13	Gate passes	„	
14	Tools and Plant Register	„	

III.MISCELLANEOUS

1.	Trunk Call register	Month marked	AAOs should review items (4) &(5) to the extent of 5%
2.	Register of Audit objections	General review	
3.	G.P.F. nomination Index Register	Month marked	
4.	Vehicles log book	„	
5.	Stock book of Stationery/Furniture	„	
6.	Stamp Accounts	„	
7.	Register of advances	„	

APPENDIX II
(Vide Note under Para 3 B)

Copy of secret Letter No. 2478 Admn. II/184/58 dated 9.10.58 of the Comptroller and Auditor General of India, New Delhi, addressed to all the Accountants General and comptroller, Kerala (Except the Accountant general, Bihar)

SUBJECT : Local audit of Offices dealing with large scale purchases.

The question of adopting a uniform procedure in central and Local audit of stores Purchase organization or Central Purchasing Agency in States dealing with large scale purchases of stores, etc. has been under consideration of this office for some time past. It has been under decided that the contracts, purchases orders and connected documents of the Organization or agency should not escape audit and apart from the normal Central Audit, the following principals should always be kept in view.

(i) The local audit of the Stores Purchase Organization or the central purchasing Agency should be done at least once a year, periodicity being increased at your discretion.

(ii) All contracts and purchase orders above Rs.50,000/-should be audited and reviewed in detail in local audit, and a percentage of others test – checked according to the quantum of audit and review laid down by you, taking into account the local conditions and circumstances. All important and unusual contracts should invariably be reviewed. If a lower limit is now in vogue, above which cent percent audit is done, it is not incumbent that the quantum should be raised at once.

(iii) Rates and Running Contracts should be audited and reviewed in full.

(iv) Para 53 (i) of the “Memorandum of Instructions regarding the extent of audit” should be followed strictly, i.e the Inspecting Officer should review all regular contracts executed by the Store Purchase Organization or the Central Purchasing Agency, and test-check other agreements, made since last inspection.

(v) There should be a proper co-ordination between the audit in the Headquarters office of payments made by the departments concerned, and the local audit of contracts, purchase orders, etc. of stores purchase Organization or the Central Purchasing Agency.

/true copy/