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MANUAL OF
INSTRUCTIONS FOR THE GUIDANCE OF REGIONAL AUDIT
OFFICERS/LOCAL AUDIT OFFICERS/UNIT ACCOUNTANTS
ATTACHED TO M.E.S. OFFICES AND THEIR STAFF IN
THE INSPECTION AND LOCAL AUDIT OF ACCOUNTS
MAINTAINED IN M.E.S. FORMATIONS

SHORT TITLE

M. E. S. LOCAL AUDIT MANUAL

(1953 EDITION)

(Reprint 1973 incorporating correction slips upto and including
G. S. No. 34 of 1973)



सत्यमेव जयते

(References to M.E.S. Regulations pertain to 1968 Edition)

Issued by

AUTHORITY OF THE CONTROLLER GENERAL OF
DEFENCE ACCOUNTS

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1974

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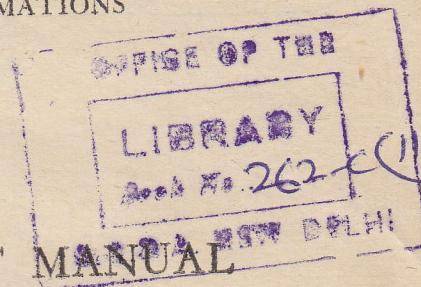


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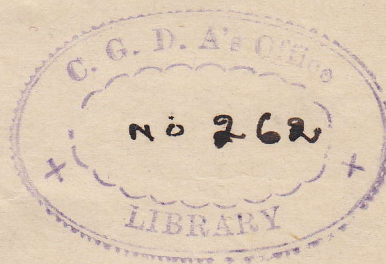


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DEFENCE ACCOUNTS

(ii)

REGISTER OF CORRECTIONS

No.	Date	Paragraph attached	Initials of person by whom posted and the date of posting
	25.9	Paragraph 1	
	25.9	Paragraph 2	
	25.9	Paragraph 3	
	25.9	Paragraph 4	
	25.9	Paragraph 5	
	25.9	Paragraph 6	
	25.9	Paragraph 7	
	25.9	Paragraph 8	
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PREFACE

The Manual contains instructions for the inspection and local audit of the accounts of M.E.S. formations. These instructions are supplementary to those contained in the departmental Codes and Regulations of the Government of India, and are meant to serve as a general guide to the officers and establishment employed on the inspection and local audit of M.E.S. work; they are not intended to cover self-evident exceptions, or matters of detail with which an individual with some experience of M.E.S. accounts is expected to be conversant. These are not to be quoted as authority in support of objections which will invariably be raised with reference to rules and orders of the Government of India and the administrative authorities. Before an objection is raised, the Audit Officer will satisfy himself that there has actually been a breach of Rules or Instructions on the subject.

2. The Manual is in four parts, *viz.*,

PART I.—General instructions relating to the check of the month's Cash Book and cash vouchers of M.E.S. formations, and the procedure for raising, recording, pursuing and clearing the objections and for presenting the results of audit to the M.E.S. authorities.

PART II.—Main points of Audit which a Regional Audit Officer should see at the time of his half yearly Inspection of M.E.S. formations.

NOTE:—The term "Regional Audit Officer" used in this manual includes the "Local Audit Officers" in areas where the inspection and review of local audit of the accounts of M.E.S. formation has been entrusted to them.

PART III.—Detailed instructions for conducting local audit of M.E.S. accounts, registers, ledgers, etc.

PART IV.—Extent of Audit by the Unit Accountants attached to M.E.S. offices and instructions relating thereto.

3. Regional Audit Officers and their establishments are expected to understand fully the contents of this Manual and to apply them in their inspection and local audit of M.E.S. accounts intelligently and with due regard to the interests of the State. Controllers may, if necessary, vary the instructions in the Manual in matters of detail to suit local conditions. Any proposed change involving a substantial and permanent departure from the basic rules should be referred to the C.G.D.A. for approval.

4. The C.D.A. Central Command will be responsible for keeping the Manual corrected up-to-date. For this purpose he will propose corrections periodically and send the draft amendments to the C.G.D.A. in duplicate for approval, quoting the orders on which the corrections proposed are based.

5. This supersedes the 1939 edition of the Manual and incorporates all orders issued up to September, 1953.

NEW DELHI;

18th November, 1953.

R. JAGANNATHAN

Controller General of Defence

Accounts.

M E S Local Audit Manual - 1953 Edition (Reprint 1973)

C S No44...../79.

In table of contents Page (v) of the above publication insert the following as opening item below heading "Part I- GENERAL ".

"Objectives.....1"

"Paragraph 1" allotted against item " objects of inspection and audit " may be amended to read as " 1A ".

Insert the following as new Para '1' with heading and the existing Para 1 may be renumbered as Para 1A "

" Objectives :

The objectives of RAO/LAO (MES) are to ensure that :-

(i) The resources placed at the disposal of MES formations are utilised for the purposes for which they are meant.

(ii) Pay, Stores and works accounts are maintained correctly and upto date.

(iii) The UAs attached to the MES formations discharge their duties properly.

(Authority :- Annexure A to C.G.D.A.'s circular No 13320/AT-Coord dt 3.4.79.)

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M.E.S. LOCAL AUDIT MANUAL

PART I

GENERAL

Objects of Inspection and Audit

1. The main objects of Inspection and Local Audit of M.E.S. Accounts are :—

(i) to subject to audit such accounts, vouchers, etc., as are not audited or as cannot be satisfactorily or completely audited in the C.D.A.'s main office;

(ii) to see that the initial records from which the accounts or bills, etc., are prepared, or on which they are based, are properly maintained in the prescribed forms and are checked as laid down in the rules;

(iii) to see that all moneys relating to public funds have been duly accounted for and expended only for the purpose for which they are intended; and

(iv) to see that the Unit Accountant posted by the C.D.A. is efficient and discharges his duties satisfactorily.

Responsibility of the R. A. O. for inspection and local audit

2. Each audit squad will, as far as possible, be led by an Accountant who should be physically present with them. He should exercise vigilance and sort out the points demanding the R.A.O.'s attention. The R.A.O., at the time of his visit to the M.E.S. formation, will check the efficiency of work done by his staff not by means of routine percentage checks but by test-checks to suit the requirements of each case. These test-checks should be in the nature of "sampling" for inculcating in the subordinate executive a wholesome fear, in the auditors a better audit sense, and also to see that they do not, by neglect or by collusion, defeat the objectives served by the present scope of audit. In addition to the points brought out by the local audit superintendent for personal attention by the R.A.O. and the process of "sampling", the R.A.O.'s main function will be to maintain discipline (including stern maintenance of audit "drill"), higher audit and liaison with the M.E.S. authorities for the efficient executive arrangements in the matter of making documents available, speedy settlement of objections, recovery of dues, etc. He will also assist the M.E.S. officers and Unit Accountants with his advice in matters affecting accounts, budget, etc., or the financial propriety of transactions. He may even offer suggestions bearing on the economy of public money and is expected to do so in all cases of avoidable clerical work in connection with accounts and audit. Such proposals recorded in writing should not ordinarily be embodied in Inspection Reports but submitted separately to the C.D.A. after consultation with the M.E.S. Officers and the Unit Accountant. In all such cases, personal discussions with the executive officers, if conducted in a friendly spirit and with a real desire to assist rather than to criticise, may lead to practical suggestions likely to result in tangible benefits of the finances of the State.

3. Detailed instructions for the inspection and local audit of the accounts, etc., maintained in the M.E.S. formations, are contained in parts II, III and IV of this Manual and the various orders issued from time to time. The extent of audit is laid down in Annexure 'A' to this part. The R.A.O. and his staff are expected to audit completely and intelligently all transactions of receipts and expenditure which fall within their respective spheres of check.

3-A. RAO, MES will examine all orders and sanctions affecting their work, issued by the Government of India and authorities subordinate to them, CGDA's letters, and Controller's office orders etc. in order to ensure that they are correctly applied in audit. For this purpose they will hold conferences monthly (or at longer intervals, where so authorised by Controllers) with their superintendents, and clerks readily available at their H.Qrs. stations. All important and doubtful points arising in the course of Local Audit, will be discussed at these conferences. The results of the conferences will be recorded in a Review Register. All doubtful points connected with the interpretation or applicability of Rules, Instructions, etc. will be referred to the controllers for orders.

A certificate of review of orders and sanctions will be submitted to the C.D.A. (FA Section), monthly by the R.A.Os.

NOTE.—The R.A.O., MES will see during his inspection that such conferences are also held in the office of Unit Accountants G.Es/B.S.Os. also and proper record of the discussion is maintained as laid down in MES UA's Manual.

In order to ensure that the orders discussed in the conferences have been correctly implemented, the R.A.O. will examine at few cases dealt with under the orders and record his results in a separate col. of the Review Register maintained by the U.A. G.Es/B.S.Os.

Notice of Inspection and Audit

4. The M.E.S. Officer should be given reasonably sufficient notice of the probable dates of inspection and audit under advice to the next higher authority and be requested (i) to obtain the necessary books, paper, etc., which should be specified, from his subordinate offices, and (ii) to be present at his headquarters to meet the R.A.O. in time to discuss the results of the inspection with him. Care should be taken not to disclose the name of the months, accounts of which it is proposed to audit in full nor to specify the works the accounts of which are to be examined in detail. The inspection and audit programme should be treated as confidential until a notice thereof is actually addressed to the M.E.S. Officer. *EPA. memo*

NOTE 1.—If important records are not produced at the time of inspection or audit, every possible step should be taken to secure their production. If such efforts are unsuccessful, the omission should be specifically mentioned in the report and such records should be subjected to a close examination at the next visit or, if such a course is deemed necessary, obtained for examination in the R.A.O's Office. If repeated delay is encountered, the matter should be reported specifically, in a separate letter to the C.D.A. Frequently, such delays and obstructions are a symptom accompanying serious irregularities or malpractices.

NOTE 2.—The provisions of this (main) paragraph do not apply to cases in which a surprise visit to an office by the R.A.O. is deemed necessary.

NOTE 3.—The audit inspection should be up to the end of the previous month, if the audit is taken up after the first week of the month or up to the end of the penultimate month if taken up earlier in the month.

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Page 2—

Add a new para No. 4-A after note No. 3 to para 4:—

Para 4-A—Local audit of MES sub divisions situated at stations outside the Headquarters of GEs will be carried out by RAOs/LAOs by selecting such sub-divisions in such a manner that all such sub-divisions are covered by audit within a period of 2 years i.e. once in 4 six monthly cycles of audit.

[**Authority:**—CGDA No. 18010/AT-S, dated 21-12-74 and even No., dated 25-4-75.]

Sd/- DCGDA (AT)

Approved.

Sd/- ACDA (CC)

5. Portfolios and files of paid vouchers, etc., pertaining to the period covered by the local audit will be obtained from the "E" Section of the main office. For this purpose, a requisition will be made about a fortnight before the local audit staff is expected to visit the M.E.S. formation. The "E" section will forward the necessary documents to the R.A.O. together with a list of cases (with full particulars thereof), which may have come to notice from time to time and regarding which it may be considered desirable that the R.A.O. or the local audit staff should specially look into during the course of inspection or local audit. A separate report embodying the results of investigations of such cases will be submitted to the C.D.A. for further disposal.

6. Any arrears and confusion in the accounts work of the M.E.S. formation should receive special attention of the R.A.O. who in consultation with the M.E.S. Officer and the Unit Accountant should devise ways and means to remedy the defects and to bring the accounts work up-to-date and if necessary render such temporary help as may appear suitable. If the arrears, etc., are so heavy that they cannot be pulled up in a reasonable length of time, a report to this effect should immediately be sent to the C.D.A. for necessary action suggesting ways and means to clear the arrears.

7. It should be seen that the various accounts, registers, etc., are signed by the M.E.S. Officer in token of his responsibility, that they bear the signature of the Unit Accountant in token of his check and that in the case of Registers, Ledgers, etc., they are regularly reviewed by the Unit Accountant and M.E.S. Officer. The R.A.O. should also see that the various accounts documents, returns, vouchers, etc., submitted to the Unit Accountant punctually by all concerned and that the records of payments, measurements and transactions in general are clear, explicit and self-contained.

Audit Enfacement

8. All registers, documents, vouchers, etc., which are audited will be enfaced "Audited", "Objected" or "Remarked" as the case may be and initialled, the particulars, *i.e.*, the date of check, the item or pages checked and the period of audit being noted in a fly leaf of the register, etc., and initialled by the auditor and signed by the superintendent. Only red ink or red coloured pencil will be used by the local audit staff when checking accounts books, registers, etc. All ticks and initials must be small and neat, care being taken to avoid obliteration of figures and other details contained in the accounts books and registers.

Results of Inspection

8-A. On the completion of the audit, the auditor(s) concerned will append a certificate to the office copy of the audit and inspection report issued on the accounts of each M.E.S. formation on the lines indicated below. The certificate should be examined by the Superintendent with the lists of accounts to be audited and countersigned by him. Before countersigning the certificate, the Superintendent will exercise such checks over the auditor's work as will satisfy him that the audit has been

AMENDMENT TO MES LOCAL AUDIT MANUAL 1953 Edn

CS No. 36 of 1974

I. Para 8A(i) under audit certificate add the following;—
as Sl items No. 5 and 6.

5. Number of mandays authorised. 6. Number of mandays taken.

(ii) *Delete* 'initials of the auditor' appearing under certificate (i) and
insert 'signature of the auditor'.

(iii) *Delete* the words dated signature of auditor" occurring under certificate (iii) and add the words dated signature of LAO/RAO, below
"dated..... of superintendent".

II. Para 207 (i) add the following as Sl items No. 5 and 6 under audit certificate.

5. Number of mandays authorised. 6. Number of mandays taken.

(ii) Add the following after "up to date" occurring in certificate No. (iii)
"The relative register e.g. Register of losses have been completed and linked, vouchers and other documents etc. have been properly filed"

[Authority : CGDA letter No. 18076/AT-S dated 14-5-74.]

efficiently carried out and that he can take complete responsibility for the audit done and for the statements made in the certificate:—

AUDIT CERTIFICATE:—

1. Name of the M.E.S. Formations.
2. Period of Audit.
3. Particular account selected for audit (*vide* selection order attached).
4. Dates of Audit.

6/4
Certified that:—

(i) The following accounts which are required to be audited have been audited to the extent and in accordance with the instructions in the M.E.S. Local Audit-Manual and other orders issued from time to time

Name of Register or Account	No. of Volumes	Name of the Auditor	Initials of the Auditor

Note.—If a separate list of Registers and Accounts is attached to the certificate, the necessary remarks to this effect should be given in the certificate.

(ii) All documents and vouchers etc. audited, test-checked or scrutinised have been enfaced "Audited", "Objected to", "Test Checked", "Test linked" or "Remarked on" as the case may be and initialled.

(iii) Items outstanding on previous objection statement(s) have been dealt with and the objection register has been completed up-to-date.

Dated signature of Auditor(s).

Dated signature of the Superintendent.

9. The results of the inspection and audit will be set forth in two parts *viz.* (i) The Inspection and Audit Report (to be known as Inspection Report), and (ii) the Local Audit Notes.

10. The following instructions will be observed in drafting the Inspection Report and Local Audit Notes.

(a) On reaching the headquarters of an M.E.S. formation, the R.A.O. should call on the C.W.E. whenever this can be arranged and also on the head of the formation and ascertain from them whether they desire any matter to be specially looked into. The result of the scrutiny of the points suggested by the M.E.S. Officer for special examination will be generally embodied in his report. If, however, the M.E.S. Officers require the points to be dealt with confidentially, they may be excluded from the report and dealt with separately.

(b) Objections and observations will be recorded by the audit staff concerned concurrently with the progress of audit. Each objection or observation should be self-contained and separately numbered. Objections and observations dealing with the audit of any particular document or class of documents will be kept together so that objections pertaining to a particular portion of accounts (*e.g.* revenue) are not scattered about in different parts of the report.

(c) As soon as the note relating to any particular document(s) or subject is completed, it will be submitted to the R.A.O. if present, for approval and issue in original to the M.E.S. authorities for their remarks and such action as may be necessary. If the R.A.O. is not present, the note will be issued under the signature of Superintendent. Notes concerning the Unit Accountant will be sent to him.

NOTE—Any tendency on the part of Auditors to raise objections simply for the sake of objections will be deprecated. The Supervisory staff should see that only necessary and important objections are issued. Particular care should be taken in regard to the language and tone of the report so that no offence may be taken. Whilst it is necessary to make it clear, as briefly as possible, how any loss has actually arisen or to indicate the manner in which loss might have occurred, insinuations must be avoided. It is not sufficient to quote the rule or the order violated; the actual or the possible effect of such deviation on the financial interests of Government should be explained intelligibly. The names of officers responsible for irregularities should not ordinarily be entered in the report, but in all cases of serious irregularities a note of the names should invariably be kept for record in the Regional Audit and the C.D.A.'s offices. It is not only sufficient to point out errors but it is also necessary to give helpful advice how best they can be avoided in the future. It is desirable that all statements and allegations made, and all figures should be based on clear documentary evidence, and that, if possible all the relevant facts should be ascertained.

(d) On receipt of replies from the M.E.S. authorities and the Unit Accountant efforts will be made to settle as many objections as possible on the spot. As regards objections which cannot be settled on the spot and those which are of sufficient importance to be placed formally on record, the superintendent or R.A.O. will determine whether they should find a place in the Inspection Report or in the Local Audit Notes. Action will then be taken as stated in subsequent paragraphs.

Inspection Report

11. (i) The report will consist of more important objections. It will detail the defects of procedure, and cases of financial irregularities noticed in the accounts. The general state of accounts and the nature of financial control over transactions will be described.

(ii) A draft para for each item desired to be included in the Inspection Report will be prepared separately and the substance of the reply furnished by the M.E.S. executive on the notes issued in respect thereof will be embodied therein.

(iii) The draft paras will be written neatly and will be concise and fully descriptive so as to obviate the necessity for any further reference to the accounts and registers concerned.

(iv) The draft paras should be discussed by the R.A.O. with the head of the M.E.S. formation.

Any amendments necessary should be carried out in them in red ink. The report should be initialled by the head of the M.E.S. formation.

(v) Reference should be made in the report, where considered necessary, to types of irregularities mentioned in audit notes e.g. if numerous defects are noticed in writing up the Cash Book attention should be drawn in the report.

(vi) Repetition or continuance of types of omissions, and irregularities noted in the previous reports should be mentioned in a separate para.

(vii) Paragraphs dealing with the same subject should be kept together under suitable headings. Such headings should be carried over from page to page and the word "continued" added in brackets to the headings till the subject is concluded.

(viii) The report will then be finally arranged and numbered and typed in half margin for issue over the signature of the R.A.O. within a week of the completion of the inspection and audit. Two copies will be sent to the head of the M.E.S. formation and one copy will be furnished to the C.W.E. of the Area.

"(ix)(A) On completion of audit/inspection of the accounts of a formation R.A.Os. should carefully analyse and classify the objections and observations as under:—

(a) Objections and observations that admit of local settlement.
(b) Objections having considerable financial effect or involving a serious infringement of rules and procedure in the maintenance of accounts which have to be dealt with at a higher level and thus warrant inclusion in Report on General State of Accounts.

(c) Items of financial advice and points of common interest which may merit circulation to other R.A.Os.

(d) Observations and points for noting by Sections of C.D.A's. office.

(B) The above will be dealt with by the R.A.Os. in the following manner:—

(a) should be pursued by the R.A.Os. to a finality.

(b) & (c) A self-contained properly edited report should be sent to the C.D.A.

(d) Relevant extract should be sent to the C.D.A.

(C) Items of an important nature will, if necessary be reported by C.D.A. to the Chief Engineer for information.

(x) Further disposal of the report will be watched by the R.A.O. who will maintain a register in I.A.F.A. 579 to watch the final settlement of the reports. The monthly progress report will be prepared from the register and other documents.

Local Audit Notes

12. This part will consist of notes affecting errors and omissions in accounts, failures of the Unit Accountant and minor irregularities which can be rectified under the orders of the M.E.S. Officer.

These notes will be copied neatly on I.A.F.A. 568 from the objection lists by the auditors and arranged by Sub-Divisions and subject matter, e.g. all items concerning Measurement Books will be brought together in the final or fair notes.

The notes after scrutiny and signature by the R.A.O. will be left with the Unit Accountant for final disposal.

The Unit Accountant will watch the settlement of items in the local audit notes, through the audit progress register to be maintained by him.

Outstanding Objections in the previous Reports

13. Before taking up the current audit, each auditor will study the previous Inspection Reports and Local Audit Notes relating to the portion of audit allotted to him and verify during the course of audit whether or not the instructions, if any, issued previously have been acted upon, and whether defects and omissions stated to have been rectified have actually been adjusted and if not, he will ensure that necessary adjustments are carried out during the period of audit. Objections not put right or types of irregularities repeated will be carried forward into or mentioned in the current Audit Notes and/or Inspection Report or dealt with separately as is considered expedient and feasible by the R.A.O. The previous Local Audit Note should then be treated as closed.

The Regional Audit Officer will ensure before leaving the station that all outstanding objections in the previous reports have been suitably dealt with as above. The previous Audit Report will also be reviewed by him with a view to verify that the defects and omissions pointed out therein have been rectified.

A report should be made to the C.D.A. of cases in which the R.A.O. has reason to believe that proper attention is not paid to audit objections and of cases of undue delay in the settlement of audit objections. The settlement of objections relating to financial irregularities should receive particular attention and should be pursued vigorously.

Programme of check of Periodical Services Measurement Books

14. From the portfolios of paid vouchers etc. received from the Main Office (*vide* para 5), the R.A.O. will pick up all requisitions involving additions and alterations to buildings which affect the P.S.M. Books. These requisitions as well as demolition statements and loss statements (buildings) will then be linked cent per cent with the relative entries in the P.S.M. Books.

15. Necessary arrangements should be made by the R.A.O. for a complete arithmetical check of all new or revised books. For this purpose, the R.A.O. will maintain a broad sheet showing the progress of the check of P.S.M. Books and the number and particulars of all new books and such old books as may have been revised since the last visit. All such additions will be noted in the broad sheet of P.S.M. Books in the R.A.O.'s office.

16. The R.A.O. should on 1st of April, submit a report to 'E' Section of the C.D.A.'s office that all new and revised books pertaining to the past financial year were duly checked.

Record of changes in scales of Furniture

17. The R.A.O. will maintain for facility of checking the Station Register of Authorised Furniture, statement of orders amending the authorised scales of furniture or sanctioning new scales. This statement will be referred to at the time of local audit and it will be seen that each such order has been taken into account in the Register of Authorised Furniture. The fact that the necessary modification has been made

in the Register will be indicated in the statement by the auditor concerned.

List of Registers and Accounts to be audited and inspected

18. As a safeguard against omissions the R.A.O.'s staff will maintain a list of accounts, registers and ledgers pertaining to each division or sub-division, etc., to be audited and inspected. This list will be added to as and when a new account, etc., is started but no item will be deleted from the list except by the R.A.O. or his superintendent who will satisfy himself that (i) the register etc., has been audited up to the date of closing (ii) the balances, if any, have been carried forward to a new Register which has been brought on the list.

The R.A.O. is responsible for taking steps to ensure that the list is kept up-to-date throughout his tenure of office and is handed over complete to his successor.

Extent of Local Audit

19. The Inspection and Local Audit of M.E.S. account registers, etc., will be carried out half yearly and will normally be restricted to the extent shown against each item in Annexure "A" to this part, but it will be open to the R.A.O. to increase the extent of audit or to order a complete check of any particular account, should it be considered necessary that such a course is necessary in the light of the number and nature of errors found in the course of audit. Accounts and registers etc., not mentioned in the annexure will be audited completely.

20. The selection of the month's accounts to be audited in detail will be made by the R.A.O. and intimated by him to the audit staff confidentially. The selection of one month's accounts for detailed check does not, however, imply that the activities of the audit staff are to be confined strictly to the accounts of the month selected. If an irregularity is found which is also likely to appear in another month, or if for any other reason the scrutiny of the accounts for months other than the selected month is considered necessary or desirable the local audit staff should extend the scope of their audit or inspection to the requisite extent.

21. The selection of items in case of Muster Rolls, P.S.M. Books and bills (items 6, 9 and 11 of the annexure) will be made by the auditor but the superintendent and the R.A.O. will scrutinise his selection periodically to ensure that it is exercised with discretion.

22. Bills required to be checked with Measurement Books or P.S.M. Books (item 5 of the annexure) will be selected by the R.A.O. or in his absence by the Superintendent in such a way as to ensure that the scrutiny is spread over as many books as possible. A suitable record will be maintained in the R.A.O.'s office to ensure that the extent of audit prescribed in this respect is adhered to.

This record will show *inter alia*

(a) No. of final bills on running account and other bills based on Measurement Books or P.S.M. Books which were paid during the period covered by local audit.

CS No. 41 of 1975

Para 25

The second sub-para is reconstructed as under :—

The local audit party will test check the work of the Unit Accountant to the extent of ten percent. This will be done in local sub divisions half yearly and in outstation sub divisions bi-annually. Local audit in outstation sub divisions will be carried out by selecting sub divisions in such a manner as would cover all outstation sub-divisions within a period of two years i.e. once in four half-yearly cycles of audit.

Sd/— Dy. CDA CC

(Authy :—CGDA No. 18010/AT-S dt. 25-4-75 and even No. dt. 21-12-74)

U.S. No. 37 of 1975

Para 24—Para 24 is reconstructed as under :—

"The Unit Accountant before commencing the Local Audit of the local sub divisional officers accounts, will submit a programme in duplicate through the GE to the RAO for approval. The RAO will return the duplicate copy of the programme duly approved to the U.A. In cases where visit to outstation sub-divisions is involved the programme will be submitted in triplicate through the GE and the RAO to the CDA for approval. The RAO, while forwarding the programme to the CDA, will also intimate confidentially the months accounts selected for detailed audit in respect of each outstation sub-division. The CDA will, after approval, return the duplicate copy of the programme to the UA and the triplicate copy to the RAO concerned. The CDA/RAO will forward the relevant original vouchers in respect of selected month(s) to the Unit Accountant who will return the same on completion of audit. Detailed instructions for audit are laid down in part IV".

[Authority :—CGDAs letter No. 18010/AT-S, dt. 14-2-75.]

- (b) No. of Bills of each category (i.e. final bills on running account other bills) selected for check with the Measurement Books or P.S.M. Books.
- (c) No. and pages of Measurement Books or P.S.M. Books checked arithmetically and the results of check.

Extent of Local Audit by Unit Accountant

23. Unit Accountant should carry out the local audit of S.D.O's offices and will be responsible for the check of all numerical and quantitative store accounts etc., maintained in those offices. A list of such ledgers and accounts showing the extent of their check is given in Part IV of this Manual.

The frequency of visits to S.D.O's offices by Unit Accountant is left to the discretion of the C.D.A. Normally the outstation S.D.O's offices should be visited half-yearly. The audit will be conducted by the Unit Accountant in the manner laid down in Part IV and with reference to instructions issued from time to time.

Reconstructed by

24. The Unit Accountant will, before commencing the local audit of the S.D.O's accounts as mentioned above, submit a programme through the G.E. and the R.A.O. to the C.D.A. for approval. The R.A.O. while forwarding the programme to the C.D.A. will also intimate confidentially the month's account selected for detailed audit in respect of each sub-division. The C.D.A. will after approval return the duplicate copy of the programme to the Unit Accountant and the triplicate copy to the R.A.O. concerned. The C.D.A./R.A.O. will forward the relevant original vouchers in respect of selected month(s) to the Unit Accountant who will return the same on completion of audit. Detailed instructions for audit are laid down in Part IV.

*Cs No
18076/At
28/5/75*

25. During his periodical visits, the R.A.O. will, by personal inspection and supervision, satisfy himself that the Unit Accountants are carrying out their duties satisfactorily. As a primary auditor and financial advisor to the M.E.S. Officers the Unit Accountant is charged with certain responsibilities as laid down in M.E.S. Accountants Manual. The procedure observed by him in discharging his duties and the results achieved will be reviewed by the R.A.O. He should also scrutinise the objections raised by the Unit Accountant since his last inspection, record his remarks against each item and take notes (for incorporation in his inspection report or for other suitable action) of objections which after discussion with the M.E.S. Officer, where necessary he decides not to withdraw.

Reconstructed by

The Local Audit Party will test check the work of Unit Accountants to the extent of 10% in selected Sub-Divisions including outstation Sub-Divisions.

*Cs No
28/5/75*

26. No opinion on the work of the Unit Accountant or other Defence Accounts Department personnel will be expressed in the Inspection Report. If necessary, the Regional Audit Officer may issue separately a confidential letter to the Unit Accountant for the avoidance of failures on his part. A copy of this letter will also be endorsed to the C.D.A. Any remarks considered necessary by the R.A.O. will be endorsed on the C.D.A.'s copy of the letter before submission to him. This will enable the latter to form opinion about the work of the Unit Accountant.

Audit of Cash Books

27. The R.A.O. at the time of his normal visit to the M.E.S. formations will post-audit the vouchers retained by the U.A. i.e. Works Charged Personnel bills, Bill for the refund of licence fee and vouchers the amounts of which do not exceed Rs. 100.

28. Vouchers of categories (i) and (ii) above and final bills of all categories based on contracts will be forwarded to the CDA under a forwarding memo and his acknowledgement recorded. Vouchers requiring post-audit by the R.A.O. consist of the following types of bills except those requiring authorisation of provisional payments:—

- (a) Electricity and water supply bills.
- (b) Bills relating to the hiring of buildings with the exception of terminal compensation claims.
- (c) Bills for the supply of the stores and furniture.
- (d) Local Purchase Bills.
- (e) Bills for the conveyance and handling of stores.
- (f) Bills for refund of licence fee, etc.
- (g) Contingent bills and miscellaneous charges (which are not required to be pre-audited by the main office) laid down in para 114 M.E.S. Regulations and para 138 of M.E.S. Accountants Manual.
- (h) Bills in respect of licence fee of Land and Rates and Taxes laid down in para 642 M.E.S. Regulations.

The R.A.O. will carry out the audit of bills referred to above, with reference to the extracts of contract agreements, supplied by the C.D.A. where required and instructions contained in office Manual Part VIII.

29. The R.A.O. will see that the Unit Accountant has furnished a certificate to the effect that all vouchers in respect of the month have been received by him and accounted for in the lists referred to in the preceding paragraphs and that no voucher is left with the M.E.S. staff.

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35.

DRAFT AMENDMENT TO MES LOCAL AUDIT MANUAL (1953 Edition -
Reprint - 1973).

Page - 10 Para 27 :

In line No. 4 of Para 27 of the above Manual :
Delete Rs. 25/- and substitute Rs. 100/-.

Annexure 'A' on page 11 of above Manual :

1. Half yearly Inspection by Regional Audit Officers :

Sl.No. 1, Col.2. : In line No. 2 Delete Rs. 25/- and
substitute Rs.100/-.

Authority : CGDA New Delhi letter No. 18116/AT-s dated 29-8-1973

Approved

(Sd)/- (K Ganesan) 8.8.80
Dy.CGDA (Audit.).

(Sd)/- xxxxxx
Dy.CDA CC Meerut.

iii) Paras 153 and 154 of UA's Manual.

received under your letter cited above are forwarded herewith, duly approved for further necessary action. The amendment to O.M. Pt.VIII has been slightly amended.

Encl : As stated
above.

(IGRAL CHAND)

ON
19/8

for Controller General of Defence Accounts

Copy together with a copy of the above draft amendments to :-

1. All Cs.D.A.
3. O&M Cell
5. Accounts Section
7. All Groups in Audit Sec.
- ✓ 9. AN/VI (Central Library)

2. Regulations Section
4. Hindi Cell
6. Audit Coord and Monday List
8. Gp VI (Border Roads Gp).
10. Inspection Cell.

(IGRAL CHAND)

ON
19/8

for Controller General of Defence Accounts

LIST OF
CONTRACTORS

forwarded herewith,
amendment to

Defence Accounts

amendments to :-

Section

and Monday List
r Roads (p).
Cell.

of Defence Accounts

ANNEXURE 'A'

I. Half Yearly Inspection by Regional Audit Officers

Serial No.	Particulars	Whether checked, audited or prepared by the Unit Accountant	Extent of check by Regional Audit Officers
1	2	3	4
1	Examination of the list of vouchers up to and for Rs. 100 each and the scrutiny of the vouchers themselves.	Checked by the Unit Accountant.	One month's transactions in twelve months (at the end of twelve months).
2	Examination of the Acquittance Rolls	Do.	Do.
3	Verification of counterfoils of receipt books with the relevant entries in the Cash Book or with the entries in Head I statement in the case of receipts given in exchange of treasury receipts.	Do.	One month's transactions in six months.
4	Linking of cheque slips for cheques issued by the C.D.A. with the Cash Book.	Do.	10% of the total number of cheques issued to the G.E.S. etc.

Subsided by CMO 45

29.8.73

NO 18 11/AT

de 29/8/73

II. Half Yearly Audit by Local Audit Staff

Serial No.	Particulars	Whether checked, audited or prepared by the Unit Accountant	Extent of check by Local Audit Staff
1	2	3	4
Bills			
5	Check of bills (including requisitions) against measurement books and against periodicals services measurement books.	Checked by the Unit Accountant.	10% of all bills based on measurements or P.S.M. Books.
6	Arithmetical check of works bills and requisitions not required to be submitted to the C.D.A. vide para 544 M.E.S. Regulations.	Do.	As many items as work up to a total of 10% of the amount of bills.
Temporary Work Charged Establishment Bills			
7	Check of rates and arithmetical check	Do.	One month's bills in a completed half year.
Muster Rolls			
8	Check and audit of Muster Rolls (excluding checking of arithmetical calculations).	Do.	One month's M.R.S. in a quarter or two months in a completed half year.
9	Checking of arithmetical calculations in Muster Rolls.	Do.	One month's vouchers in twelve months (at the end of twelve months).

1

2

3

4

Measurement Books and P.S.M. Books

- 10 Checking of Measurement Books (including check of arithmetical calculations).

Checked by the Unit Accountant.

Only in respect of bills selected for check *vide* item 5.

- 11 Checking of arithmetical calculations in P.S.M. Books and audit thereof with vouchers, loss statements, demolition statements and completion reports.

Not checked by the Unit Accountant except when a claim is received and the entries effected have not been checked by Local Audit staff.

(i) Arithmetical calculations NIL after the initial 100 per cent check is over
(ii) Linking with vouchers (requisitions, etc. for additions and alterations), loss statements (buildings) demolition statements and completion reports for new construction 100 per cent.

NOTE—If the checks in (i) and (ii) above are carried out properly, P.S.M. Books will be checked fully.

Works Accounts—Register of Approvals to Works and Register of Sanctions.

- 12 (a) Check of Register of Sanctions (IAFW-2252) and Register of Approvals to Works (IAFW-1816) with the original sanctions.

Checked by Unit Accountant.

One month's transactions in six months.

- (b) Audit of expenditure against sanctions recorded in the Register.

Do.

Do.

Administrative Approvals and Technical Sanctions.

- ✓ 13 (a) Audit of technical sanctions.

Do.

One month's transactions in a quarter.

- ✓ (b) Check of the record of sanctions against which expenditure is audited.

Do.

Do.

Register of Appropriations

- 14 Check with the relevant orders and re-appropriation statements.

Do.

One month's transactions in a half year.

- 15 Checking of Construction Accounts for Works, Establishments and Tools and Plant charges etc., with the Registers of Sanctions, Approvals to Works, Appropriations, Requisitions, and with Contractor's Ledger, and also checking of the postings with relevant vouchers and checking of totals.

Do.

Do.

- 16 Checking of the Contractors' Ledger with the relevant vouchers including check of totals and balances.

Maintained by Unit Accountant.

One month's transactions in a half year. Postings of vouchers for issue of stores to contractors to be checked in full *vide* item 29.

1	2	3	4
17	Checking of Register of Unpaid Wages with Temporary Work Charged Establishment Bills and Muster Rolls and tracing subsequent payments of unpaid wages into the register.	Checked by Accountant.	Unit One month's transactions in a half year.
18	Checking of Register of Barrack Damages	Do.	Do.
19	Check of register of requisitions with relevant requisitions and register of appropriations.	Do.	NIL (No check is necessary beyond seeing that the total sanction has not been exceeded).
20	Check of transfer entries and transfer vouchers.	Do.	Two months' transactions in a half year.
21	Watch over special recoveries of all kinds ordered by competent authorities.	Do.	One month's transactions in a half year.
22	Watch over recoveries of departmental charges.	Do.	Do.
23	Checking of the register of sanctions (IAFW-2252) with paid bills relating to general charges (including linking of bills containing charges for pay of malis employed in hired buildings with lease agreements of those buildings).	Maintained by Unit Accountant.	Do.
<i>Stores Accounts</i>			
24	Check of the materials accounts and materials registers with the relevant vouchers (including comparison of the balance of the materials accounts with Summary of materials registers).	Audited by Unit Accountant 100%.	Materials Registers test checked to the extent of 10% and the remaining accounts to the extent of one month's transaction in a year.
25	Checking of the Road Metal Register	Audited by Unit Accountant 33-1/3%.	Test checked to the extent of 10%.
26	Checking of the Register of Demolition with relevant vouchers.	Do.	Do.
27	Audit of Stores-in-hand Ledger	Do.	Do.
28	Checking of postings in the stock Register with the relevant receipt vouchers and stores indents.	Audited by Unit Accountant.	Test checked to the extent of 10%.
29	Audit of Stores indents and transfer vouchers, (i) checking of the pricing with the Stock Book rates, (ii) Audit of indents and store transfer vouchers etc.	Audited by Unit Accountant 100%.	One month's transactions in half year. Vouchers relating to the sale of stores and issues to contractors to be audited in full.
30	Checking of Stock Purchase Register including analysis of Stock Book Rates.	Checked by Unit Accountant.	One month's transactions in a half year.
31	Station Register of authorised furniture.	Audited by Unit Accountant 33 1/3%.	Test checked to the extent of 10%.
32	(i) Checking of the Station Furniture Register with the relevant vouchers including checking of the arithmetical accuracy of the balances, (ii) Comparison of the balances in Station Furniture Register with the quantities shown in the Station Register of authorised Furniture.	Do.	Do.

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- 33 Checking of the changes in distribution of furniture as shown in the Unit Furniture distribution ledger with the relevant vouchers and checking of balances of the affected items with the Station Furniture Distribution Ledger and the Station Register of Authorised Furniture. Audited by Unit Accountant 33 1/3%. Test checked to the extent of 10%.
- 34 Annual Scrutiny of Estimates of renewal of furniture. Do. 33 1/3% of the estimates sanctioned in a year should be checked.
- 35 Checking of the Register of Articles of Tools and Plant on charge with the relevant vouchers. Do. Test checked to the extent of 10%.
- 36 Linking of paid bills and receipt vouchers for tools and plant charged direct to works with the register of articles in use. Do. Do.
- 37 Scrutiny of tools and plant distribution ledger including the examination of cases of hire of tools and plant and loan of tools and plant to contractors. Do. Do.
- 38 Checking of Log Books of installations, road-rollers and other mechanically operated transport maintained by M.E.S. Do. Do.
- 39 Checking of the Plant Record Book with the relevant vouchers relating to the receipt and issue of spare parts of E. & M. installations. Do. Do.
- 40 Annual Return of E. & M. Installations Audited by Unit Accountant 100%. Do.
- 41 Checking of bulb account with the relevant vouchers and requisitions. Audited by Unit Accountant 33 1/3%. Do.
- 42 Register of drawing and scientific instruments, etc. on charge—check with relevant vouchers. Checked by Unit Accountant. Two month's transactions in half year.
- 43 Fan and Meter Register—check of receipts and issues with relevant vouchers and check of recovery of hire charges. Audited by Unit Accountant 33 1/3%. Test checked 10%.
- 44 Scrutiny of loss statement and register of Losses. Loss statements checked by Unit Accountant and register maintained by Unit Accountant except in the case of Engineer Parks where this register is maintained by the executive. Two months' transactions in a half year.
- 45 Check of workshop account and workshop return. Checked by the Unit Accountant. One month's transactions in a half year.

Revenue Accounts

- 46 Checking of the licence fee Assessment Statements including the checking of postings of these statements in the licence fee Assessment Ledger. Do. 100%

1	2	3	4
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|----|--|--------------------------------|---|
| 47 | Checking of the licence fee Assessment Ledger both with the Register of buildings (including Register of sanctions in respect of hired buildings) and Revenue Ledgers. | Maintained by Unit Accountant. | Once in a Year. |
| 48 | Audit of occupation returns (annual and monthly) and checking of the postings of the occupation returns in the Revenue Ledgers. | Checked by Unit Accountant. | Annual returns to be checked completely and thereafter two months' transactions to be checked in a half year. |
| 49 | Scrutiny of all sanctions to the remission or reduction of licence fee except those accorded under para 22(b) and 22 (bb) A.R.I. Qrs. and Rents. | Do. | Two month's transactions in a half year. |
| 50 | Comparison of the Revenue Ledger with the monthly list of hired buildings and rentals paid during the month. | Do. | Once very half year |
| 51 | Checking of the licence fee bills including refund licence fee bills with entries in the Revenue Ledger. | Prepared by Unit Accountant. | Two months' transactions in a half year. |
| 52 | Scrutiny of bills of water and electricity in respect of paying consumers paying direct to M.E.S. | Checked by Unit Accountant. | One month's transactions in a half year. |
| 53 | Linking of bills for rates and taxes with the Revenue Ledger to verify the recovery of taxes when recoverable from the tenant. | Do. | Two month's transactions in a half year. |
| 54 | Linking of transactions relating to hire of furniture with the statement showing issues of furniture on hire and Revenue Ledgers. | Do. | 100% |

54-A. Add
 Note—The above statement as rendered by the B/S.O. is checked by his Unit Accountant with reference to the quarterly lists of vouchers with amounts pertaining to hire of furniture and fixture furnished by the Unit Accountant G.E's Office to the Unit Accountant B/S.O.

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|------|--|----------------------------------|---|
| ✓ 55 | Check of Register of Buildings | Checked by Unit Accountant. | 10% of amendments to Register of Buildings issued and a general verification that amendments where necessary, have been issued. |
| 56 | Checking of the arithmetical calculations in the Meter Reader's Books (Electric and Water). | Audited by Unit Accountant 100%. | One month's transactions in a half year. |
| 57 | Checking of the postings in the Consumer's Ledgers with Meter Reader's Books including checking of the calculations of charges with reference to the prescribed rates (also including check of Meter Reader's Books with the return of recoveries for water, in the case of non-entitled consumers in a Cantonment Station). | Do. | Do. |

AMENDMENT TO MES LOCAL AUDIT MANUAL (1953 Edition)

(1973 reprint)

C. S. No. 42 of 76

1. Page 15—Add the following as item 54-A after Sl. No. 54

1	2	3	4
54-A	Checking of Visitors Book MES Inspection Bungalow.	Checked by UA 100%	Two months transactions in a half year.

1

2

3

4

- 58 Checking of postings of entries in the returns of Recoveries for electricity and water with entries in the Revenue Ledger. Postings made by Unit Accountant. Two months' transactions in a half year.
- 59 Audit of Consumer's Ledgers including checking of title to free supply and the comparison of the Consumer's Ledgers and Fan and Meter Register with the return of Recoveries in order to see that the Return for the period has been correctly prepared. Audited by Unit Accountant 100%. One month's transactions in a half year.
- 60 Check of the objectionable items statements and the general abstract thereof. Prepared by Unit Accountant. Do.
- 61 Checking of the postings in Deposits and M.E.S., Advances Register with the relevant vouchers including checking of totals and balances. Do. Do.
- 62 Scrutiny of Deposits and M.E.S. Advances Register. Maintained by Unit Accountant. A general scrutiny as to the proper maintenance and a review of all outstanding items should be made every half year.
- 63 Register of revenue derived from lands, trees, usufructs, etc. maintained by the S.D.Os. Audit by Unit 33 1/3%. Accountant 100%.
- 64 Half yearly statement of electrical appliances on hire as on 1st April and 1st October. Do. Test checked to the extent of 10%.
- 65 Registers showing tools and plant issued on hire to civil bodies on yearly/monthly basis. Audited by Unit Accountant 100%. Do.
- 66 Log Book of Air Craft landing and housing charges. Do. Checked 100%.
- 67 Works Passing Register checked by UA. Broad check to ensure that it has been maintained properly in accordance with the instructions issued by the E-in-C from time to time.
- 68 Road Register (Property Accounts) checked by UA.

NOTE 1.—In all cases when one month's transactions in twelve months is prescribed (or month's transaction in a half year or one month's transaction in a quarter etc.) it is important that the test should be regarded as covering only those months' accounts which are already completed and closed at the time of the test any accounts then open and all future month's accounts must be considered as liable to test check at future visits, and not as already covered by the previous test. For example, if a G.E.'s Accounts Sec. is visited in May and accounts for March are selected for test check of item 23 above, that test check should not be regarded as a test of one half year January to June, since the accounts for May and June (and possibly April) were still open at the time of the test.

NOTE 2.—The above statement does not include items of work which are common to Army, and M.E.S. (e.g. checking of Railway Warrants, Credit Notes, Equipments Ledger in respect of Ordnance Stores, P.O.L. accounts etc.), in such cases the percentages of local audit as prescribed for the Army will also apply to M.E.S. formations.

NOTE 3.—The store accounts maintained by the E.S.D./Park are checked to the extent of 100% by the Unit Accountants *vide* M.A.G. circular No. 8653/A dated 6-11-43 and test checked by the R.A.O. to the extent of one month's transactions in a half year.

The Controller of Defence Accounts
Central Command,
Meerut Cantt.

:- Amendment to M.E.S. Local Audit Manual.

cc:- Your letter No. E/Tech/015 dated 28.12.77

'A' PAGE 16, SERIAL No.66

ing charges, add, "of unoccupied Air Fields on
M.E.S. charges"

Add Note 4 below Note 3 as under:-

Log Books of Air Fields other than unoccupied
Air Fields are maintained by Air Force authorities
and audited by GSA in terms of AF 78/71 and
Para 198 Air Force Local Audit Manual.

PART II

Inspection

Introductory

36. The R.A.O. will personally carry out inspection of the accounts to keep himself in touch with the financial affairs of the formation whose accounts he inspects. Registers, accounts and other documents not specifically mentioned in this part should be subjected to a general review. In deciding whether any documents, specifically mentioned in this part or not, should be subjected to a more detailed scrutiny, the R.A.O. will be guided by their general state and by the results of previous inspections and local audit. The results of inspections by higher engineer authorities as also the financial and other irregularities noticed elsewhere will also be taken into consideration in determining the extent of scrutiny of such documents.

Cash Book and Cash Assignment

37. The following paragraphs describe the main checks to be applied to the Cash Book and Cash Assignment at the time of inspection.

Cash Book

38. Cash in chest will be counted to see that it agrees with the balance of the cash book. On the conclusion of the counting of cash, the R.A.O. will ask the cashier to complete the cash book as regards any outstanding transactions for the day and to "balance" it.

Cash Assignment

39. It will be verified that—

- (i) a reconciliation statement is prepared every month by the M.E.S. Officer between the cash book balance and the treasury pass book;
- (ii) the amount is drawn from the assignment against audited and passed vouchers, acquittance rolls, bills, etc., and that note of the cash book item No. and date is kept under the initials of the Unit Accountant on the vouchers themselves to safeguard against the possibility of drawing cash twice against the same voucher; and
- (iii) the cash is brought to account in the cash book promptly in the cash column on its withdrawal from the bank.

40. The opening balance in the cash book at the time of inspection will be compared with the closing balance of the previous month and the cash book checked completely with the connected vouchers. The following points will particularly be looked into at the time of this check:—

- (i) that no payment has been made without the claim having been first checked by the Unit Accountant/C.D.A. and passed by the M.E.S. Officer;

- (ii) that the vouchers are complete in all respects and that the allocation noted thereon is also recorded in the relevant column of the cash book;
- (iii) that miscellaneous receipts and the amounts left unpaid from cheques for muster rolls and work charged establishment bills, if credited to imprest, do not increase the authorised limit of the imprest;
- (iv) that the posting of the cash book is not in arrears (*i.e.* it is posted as transactions occur);
- (v) that the procedure followed in the division is to make payments in the presence of an officer or a subordinate duly authorised by the head of the formation on his behalf;
- (vi) that in the case of cheques received from the C.D.A. there is no undue delay between the date of receipt of a cheque and the date of actual disbursement or (in case of vouchers to be paid from cash assignment/imprest) between the date of passing a bill by the M.E.S. Officer and the date of payment;
- (vii) that no payment has been made from cash assignment/imprest which under rules is required to be made only after pre-audit by the C.D.A.
- (viii) that the amount of imprest, where sanctioned is noted on the top of the form in red ink before the transactions for each month are recorded in the cash book, and that the unspent balance at the end of the financial year has been deposited into the treasury;
- (ix) that the cash book is regularly checked by the accounting officer;
- (x) that the balance in hand has been certified by the officer holding the cash assignment/imprest to be correct and actually in hand.

40-A. Public Fund Cash Accounts.—The inspection of the Public Fund Cash Account will be conducted along with the half yearly inspection of the MES Offices in accordance with the instructions contained in Section I, A.L.A.M. Part II.

Safe Custody of Cash and Important Documents

41. The R.A.O. will ascertain the procedure followed for the handling and custody of cash and satisfy himself that adequate arrangements have been made for safeguarding the cash and important documents relating to cash transactions.

42. For cheques issued for drawals of cash to pay muster rolls, petty bills whether in favour of self or outstation S.D.Os., it should be seen that the muster rolls and bills etc. are actually passed before the cheques are issued and the amount of the cheque does not exceed the amount of the muster rolls etc.

Original vouchers in possession of Unit Accountant

43. The files of original vouchers (not required to be submitted to the C.D.A.) on record with Unit Accountant will be obtained and the vouchers subjected to a general review. In the case of vouchers audited by his staff since the last inspection, the R.A.O. will see generally that in selecting items for arithmetical check the discretion vested in the auditor has been exercised properly.

Receipt Books (see para. 716 et seq. M.E.S. Regs.)

44. The Register of Receipt Books maintained by the Unit Accountant with reference to para 295, M.E.S. Standing Orders will be examined to see that—

- (i) it is properly kept;
- (ii) books are issued to individuals authorised to issue receipts, and
- (iii) counterfoils of used books are returned without undue delay to the Unit Accountant for record.

The stock of blank receipt books in hand will be checked with the entries in the Register.

45. All receipt books completed and returned to the Unit Accountant since the date of the last inspection and those still in use and in possession of individuals to whom issued as shown in the Register of Receipt Books will be obtained and examined to see—

- (a) that no pages are missing;
- (b) that the counterfoils are initialled by the individuals authorised to issue receipt;
- (c) that, if a counterfoil has been cancelled, satisfactory reasons for cancellation are recorded and the cancelled foil is attached;
- (d) that except for valid reasons, books which have been completed are not retained by the individuals in whose name they were issued; and
- (e) that in the case of completed receipt books which have been returned to the Unit Accountant he has recorded on the cover of the book a certificate to the effect that he has verified the amounts entered on the counterfoils with the relevant entries in the cash book or in the statements of transactions compiled under Head I of the Exchange Account as regards receipts issued in exchange for the treasury receipts.

46. All receipts issued during the selected month (*vide* Annexure to Part I of the Manual) will be checked in detail with reference to the following points:—

- (i) that the amount received as noted on the counterfoil is traceable in the cash book or in the statement of transactions compiled under Head I of the Exchange Account (in the case of receipts issued in exchange for the treasury receipts) and that the particulars noted in these documents are correct;

(ii) that in accepting cash, rules on the subject are not deviated from and that if any M.E.S. Officer other than the G.E. or imprest holding A.G.Es., accept cash on behalf of Govt. the sanction of the C.W.E. (which should be accorded with the concurrence of the C.D.A. (*vide* para. 715, M.E.S. Regs.) exists to this arrangement.

47. After the above check has been exercised, the receipt entries in the cash book and in the statement of transactions compiled under Head I of the Exchange Account will be reviewed to see that no unlinked items remain for which formal receipts should have been issued.

Register of unpaid wages (see para 552 M.E.S. Regs.)

48. The Register will be examined in order to see that :—

(i) it is properly maintained by the M.E.S. Officers to record the transactions relating to persons paid from their cash assignment or imprest;

(ii) it is checked and initialled by the Unit Accountant;

(iii) adequate action is being taken with regard to the clearance of outstanding items: and

(iv) the arrears not claimed within a period of 12 months of their becoming due are regularly marked off as forfeited. These will not be paid subsequently until sanction of competent financial authority under the rules in F.R. Part I is obtained.

Contingent Charges

49. Expenditure incurred on contingent charges will be examined from paid vouchers, construction accounts, register of sanctions, etc., with special reference to the following points:—

(a) that there is no breach of any standard of financial propriety;

(b) that the flow of expenditure is not too rapid;

(c) that the rates charged in vouchers not submitted to C.D.As. are not extravagant.

(d) that, if the expenditure during March is unusually heavy, it does not lead to financial irregularities;

(e) that expenditure is properly controlled with reference to financial limits imposed by Regulations or by Administrative Instructions; and

(f) that the expenditure on the local printing and local purchase of stationery articles is not paid from cash assignment/imprest but such bills are submitted to the "Regional Controller" in whose audit area the MES formation is located except those for supplies and services procured through Department of Printing and Stationery for which the C.D.A., C.C. is responsible to control the expenditure on an all India basis."

NOTE—A.I.I. (16 of 1965 lays down the orders for expenditure on stationery articles,

The R.A.O. will draw the attention of the M.E.S. Officer to any expenditure which seems questionable or excessive.

Bill Register

50. The Bill Register will be examined to see that bills are disposed of promptly. Necessary enquiries will be made about the outstanding bills and cases in which abnormal delays are evident or which otherwise seem to require investigation will be carefully examined.

Measurement Books

51. The Register of Measurement Books maintained by the Unit Accountant will be examined to see:—

(i) that the receipt, issue and return of measurement books and their transfer from one subordinate to another, are properly recorded;

(ii) that the register shows for all completed books the date on which they become due for destruction and that books already due for destruction have been destroyed.

52. It will be verified that a census is taken of measurement books once a year with the Register of Measurement Books and that no book is reported to be missing.

53. All measurement books in use together with those completed since the last inspection will be examined to see:—

(i) that the index is complete;

(ii) that the cubic contents or areas are entered in ink;

(iii) that measurements are taken by the S.D.O. himself (or if taken by any of his subordinates, the accuracy is checked by the S.D.O.), that the G.E. or the A.G.E. checks a sufficient proportion of all measurements taken in the division and that the arrangements in force for taking measurements and for checking measurements taken by junior officials and the results of the checked measurements are not such as to indicate laxity of financial control;

NOTE—Look for dated initials of the S.D.O. and the G.E. or the A.G.E. against the items of measurements checked by them.

(iv) that the dates on which the measurements have been taken are recorded in the measurement book;

(v) that the Unit Accountant's certificate of check of the measurements is endorsed at the end of the pages checked;

(vi) that the dates of transfer of measurement books from one S.D.O. to another are given on the measurement book itself (verify this date with the date shown on the Register of Measurement Books);

(vii) that on completion, measurement books are promptly returned to the GE's office and are not unnecessarily retained by subordinates;

(viii) that no pages are missing; and

(ix) that the entries in the measurement books are clear and properly attested, so that their authenticity cannot be disputed in a court of law.

NOTE 1.—When examining measurement books comment upon instances of delay between the dates of measurements and the dates of submission of bills. Also see whether the Unit Accountant has maintained a record of such instances of delay and of any other serious irregularities noticed in measurement books.

NOTE 2.—If for any reason a particular measurement book cannot be produced for inspection, a note of the number of the book will be kept in the inspection report so that it will be specially examined at the next inspection.

NOTE 3.—A few entries in measurement books selected *at random* should be checked to verify that the Unit Accountant and the local audit Staff exercise an efficient check over the books.

Periodical Services Measurement Books

54. The P.S.M. Books will be examined with reference to the following points:—

(i) that each P.S.M. Book contains a certificate to the effect that not less than 5% of the measurements shown therein have been checked by an officer;

(ii) that the books are kept up to date and are certified as correct by the G.E. and that all corrections therein are duly authenticated. A few cases of new buildings and of additions and alterations to buildings etc., will be selected to see that the P.S.M. Books have been completed or altered accordingly and that the entries in the P.S.M. Books have been checked by his staff;

(iii) that the particulars of the check exercised by the local audit staff *i.e.* the date of check and the pages or items checked have been recorded in a fly leaf of each P.S.M. Book and signed by the auditor;

(iv) that the general condition of the book is satisfactory and that there are no signs of unauthorised corrections and interpolations, etc.; and

(v) that a reliable record of periodical repairs executed is maintained in P.S.M. Books.

NOTE.—The record of the execution of repairs maintained in P.S.M. Books will be reviewed generally to see that it is a reliable one and that sanction of the competent authority has been obtained in cases where repairs were executed before they fell due.

Contracts

55. The R.A.O. will examine the guard file containing the duplicate copies of contracts and the Master Note Book to see:—

(i) that the duplicate copies (duly attested by the C.D.A.) of accepted contracts, deviation orders and amendments thereto have been carefully filed, and that the index is properly maintained;

(ii) that each contract has been given a serial No. and the year of contract; and

(iii) that the special points of interest coming to the notice of the Unit Accountant regarding the working of contracts have been noted in the Master Note Book as provided for in the M.E.S. Accountants Manual.

56. The R.A.O. will see that in the case of contracts signed by a person holding power of attorney on behalf of a contractor, a copy of the power of attorney, duly attested by a court of law, a Notary Public or the Garrison Engineer is recorded with the Unit Accountant.

Temporary Work Charged Establishment

57. The separate file (guard book) maintained by the Unit Accountant to record all sanctions accorded by the competent authority for the employment of temporary work charged establishment (industrial/non-industrial) will be examined to see that there are no cases in which the cost of clerical establishment entertained in excess of sanction has been or is being regularly charged to works, and that the number of chowkidars employed for vacant buildings is justified with reference to the location of each building or area.

It should further be seen that no leave salary is allowed to temporary work charged establishment except during casual leave granted under the provisions of para 89, Regulations for the M.E.S.

Contractors' Ledger, (see para. 491 M.E.S. Regulations)

58. The contractors' ledger will be reviewed to see that it is maintained in accordance with the rules and that the record maintained is reliable for production in a court of law, if necessary.

59. A few debits for stores in the contractors' ledger will be checked with the acknowledgements of each contractor for the value of stores issued to him and the rates charged verified with the contract agreement. It will be seen that the unstamped acknowledgement receipts are serially numbered, can easily be produced are securely filed and that they are kept under lock and key.

60. Some credits to contractors for unused materials returned by them will be audited with a view to seeing that no irregularity is involved and that the transactions do not result in loss to the State.

61. Investigations will also be made into the cause of any heavy and old outstandings and it will be verified that adequate action was and is being taken for their adjustment.

Register of Unstamped Acknowledgement Receipt Books

62. The above register (of U.S.Rs.) will be reviewed to see that a proper record of the U.S.R. Books is maintained. It should be verified that monthly outstanding statements showing cases where the link in the serial numbers of U.S.Rs. sent to the Unit Accountant is missing, are prepared and sent to the sub-divisions concerned and that satisfactory explanation for this is furnished by the sub-divisions.

Cases of unusual delay on the part of S.D.Os. in the submission of U.S.Rs. to the Unit Accountant should be brought to notice of the M.E.S. Officer through the Inspection Report.

Security Deposits

63. The register of securities will be examined with reference to the following points:—

(i) that the receipt or disposal of the security deposits of contractors and establishment is duly recorded therein;

(ii) that original acknowledgements of depositors for the refund of security deposits have been properly filed with the register;

(iii) that the M.E.S. Officer has recorded annually a certificate to the effect that all securities or the acknowledgements of the authorised custodians are in his possession or in that of the C.D.A.

(iv) that the security furnished in the form of Post Office Savings Bank deposits has been duly hypothecated to the M.E.S. Officer and that Savings Bank Pass Books exist for all such deposits noted in the register.

(v) that (a) acknowledgements of Government securities have been received from the C.D.A.'s office, (b) they are entered in the register, and (c) it will be seen that the items are verified with the accounts published by the C.D.A. in Part II of the Gazette of India.

64. It will be ascertained whether storekeepers, cashiers, (whether permanent or temporary) and Overseers, etc., in charge of cash and stores have given security and if so, to what extent and in what form. It will also be seen that necessary security bonds (I.A.F.W. 1802) have been taken and recorded. If exempted from furnishing security, necessary authority for exemption will be looked for. It will also be verified that action is taken for the adjustment of old items.

Acquittance Rolls

65. All paid establishment bills etc. since the time of the last inspection will be obtained and it will be verified that acknowledgements, stamped where necessary, have been obtained from subordinate engineering and office establishments.

Construction Accounts and connected Registers

66. The following registers, etc. will be examined generally to see that they are properly maintained, that they are kept complete up to date, that they bear the initials of the Unit Accountant in token of his check of the registers and that they have been audited by the local audit staff according to the programme:—

(i) Construction accounts for works, establishment charges and tools and plant.

(ii) Register of Sanctions.

(iii) Register of Requisitions.

(iv) Contractor's Ledger.

(v) Register of Barrack Damages.

(vi) Register of Approvals to Works.

(vii) Register of Terminal Compensation Claims.

67. The construction account folios of a project and a maintenance sub-head in respect of different sub-division will be examined generally to see that the construction accounts are properly maintained and reconciled by the Unit Accountant. The monthly totals will be compared with the figures shown in the relative expenditure returns against the project or the maintenance sub-head in order to verify that proper arrangements exist for enabling the M.E.S. Officer to watch the progress of expenditure against estimates and budget grants. It should be ensured that construction accounts are maintained strictly in accordance with orders laid down in (i) para 531 and appendix L, M.E.S. Regulations, (ii) para 206 Standing Orders for the M.E.S., and (iii) printed instructions on I.A.F.W. 2242-B.

67-A. Register of Terminal compensation claims will be scrutinized to ensure that the Terminal compensation claims have been properly pursued and that there was no undue delay in their finalization.

Register of Appropriations

68. The register of Appropriations should be generally reviewed and the grants allowed during the last quarter of the financial year should be specially scrutinised to see whether there were any cases, where orders were issued which in any way tend to encourage the spending of grants at all costs. If so, it is the duty of audit to take objections to such cases as involving risks of extravagance or irregularity. If there are any cases which point to the fact that the amount of work done was so large that it was impossible for it to have been properly done in the time available, particulars of such cases should be specifically brought to notice.

Transfer Vouchers and Transfer Transactions

69. The R.A.O. will review generally the file of transfer vouchers and select for detailed scrutiny a few involving a reduction in the charges against the accounts of a work.

Guard File of I.D. Schedules

70. The guard file of I.D. Schedules will be subjected to a general scrutiny to see that it is properly maintained and that there are no cases in which the adjustment of I.D. Schedules has been unduly delayed.

Revenue

71. The R.A.O.'s scrutiny of (i) Licence Fee Assessment Ledgers, (ii) Revenue Ledgers (including the record of Miscellaneous Items of Revenue), (iii) Consumers' Ledgers, and (iv) Meter Readers' Books, consists of seeing that they are properly maintained on authorised forms, that they are posted up-to-date, that the documents at items (i) to (iv) are initialled by the Unit Accountant in token of his check and by the G.E. or the Barrack/Stores Officer, as the case may be, in token of his scrutiny and that they have been audited by the local audit staff in accordance with the programme for local audit. Special attention will be paid to cases where a falling off is noticed in the revenue derived from any particular property.

① (a) 323 MESSR
b 11 Q10P
c Sub para 242
messr

② b 254 (a)
SAI
c 249 (b)
SAI
11

③ (a) 13 (d) MESSR
(a) 440 MESSR
(b) 440-441 MESSR
(c) 5260 OM-VII

72. In regard to the old outstandings of revenue it will be verified that proper action has been taken to effect realisation of the outstanding demands.

73. If there is any source of revenue in the division other than licence fee of buildings including electrical installations, hire of furniture and water and electricity charges, e.g., sale of grass and other usufructs, etc. (referred to in para 688 M.E.S. Regulations), rent of land, it will be verified that a record is kept by the S.D.O. B/R showing in respect of these miscellaneous items of revenue (i) the time when revenue falls due (ii) the balance due and (iii) the steps taken for realising it. The arrangements in force for watching the realisation of these items of revenue (i.e., whether the arrangements are likely to result in a leakage of revenue receipts) will be examined and commented upon, if necessary.

74. Sanctions accorded by the Administrative authorities to the reduction or remission of licence fee except those accorded under paras. 22(b) and 22(bb) "A.R.I. Quarters and Rents" should be scrutinised and a report sent to the C.D.A. whenever necessary.

75. The "Visitors Books" maintained in M.E.S. Inspection Bungalows will be checked to see that the amounts realised are in accordance with the rates of licence fee prescribed by the C.W.E. and that these amounts have been credited to Government and brought to account under the revenue sub-head concerned.

It will also be seen that the instructions contained in "Rules for the occupation of M.E.S. Inspection Houses (Amended 1951) issued by the E-in-C are adhered to.

76. The account of recoveries made by the M.E.S. for the charging of privately owned secondary batteries will be examined to see that it has been properly kept, that the G.E.'s permission for the work exists, that recoveries have been effected at correct rates and brought to account and that, if any repairs, etc. are carried out, the actual net cost and departmental charges have been recovered.

General

77. By a general scrutiny of the Stock Register, Materials Register, Road Metal Register, Station Furniture Register, Distribution Ledger, the Register of Articles of Tools and Plants on Charge and Distribution Ledger Tools and Plant, the R.A.O. will see that there is an indication that the stores, furniture and tools and plant have been checked during the last financial year by the G.E. or other officer appointed by him. Stock-taking reports will be obtained and it will be verified that proper action has been taken in respect of surpluses and deficiencies noticed at the time of stock-taking. In the case of Stock Register, it will be seen that maximum and minimum quantity for the various items of stock has been fixed by the C.W.E. and a few important items will be test checked in order to see that there is no tendency to exceed the maximum limit.

78. The numerical and quantitative stores ledgers and accounts will be reviewed generally to see that they have been properly maintained, that they have been initialled by the Unit Accountant in token of his audit and that the work of the Unit Accountant has been test checked

in this respect by the local audit staff in accordance with the programme of local audit.

79. A few transactions of fans issued on hire as recorded in the Fan and Meter Register will be linked into the Return of Recoveries on record with the Unit Accountant B/S.O. It will also be verified that half yearly statement of electrical appliances for which users are required to pay hire charges and the monthly statement of charges are rendered by the Superintendent E. & M. to the B/S.O. and the Unit Accountant G.E. on due dates.

80. If the division has a stock of coal, fuel or oil for consumption at power houses, etc., it will be seen that satisfactory arrangements are in force for controlling the consumption of Coal, etc. and that the consumption in any month is not unduly excessive as compared to the average consumption in the preceding months.

Register of Losses

81. The register will be reviewed generally to see that it is properly maintained and that the cases of loss (particularly under the following heads) are not indicative of any serious disregard of rules:—

- (i) Losses due to disposal of stores at less than Stock Book rates.
- (ii) Losses or deficiencies during transit.
- (iii) Losses or deficiencies while in store.

The R.A.O. will make it a point to investigate cases of serious loss to Government due to depreciation of stock articles and to bring home the responsibility for any inadequate arrangements for storage of stock articles.

Register of Buildings

82. This register will be generally examined with a view to seeing that it is maintained properly, that correction slips are pasted promptly, and that no correction is made in the register without quoting a reference to the number and date of the amendment. (The R.A.O. will make sure by test checks that the Unit Accountant's copy of the Register and the Working copy of the G.E. agree with each other).

Review of Allotment of Quarters

83. The review of the allotment of quarters is the personal responsibility of the R.A.O. and shall be carried out by him at intervals of at least once in two months. For this purpose the occupation returns and list of vacant buildings submitted by the B/S.O. to the Unit Accountant B/S.O. will after preliminary check and action by him for the issue of license fee bill etc., be forwarded to the R.A.O. with his full remarks, if any, exhibiting clearly points he has settled on his own appreciation of the facts, and the points on which he wants direction from the R.A.O. They will be reviewed critically by the R.A.O. with a view to ensuring that Government accommodation has been utilised to the best advantage of the State, and that no wasteful expenditure is incurred in retaining hired and requisitioned buildings, when vacant Government buildings could with advantage be utilised for the purpose. Where R.A.O. is satisfied that there is "prima facie" a case of irregular allotment and/or extra

expenditure to the State, the matter should be taken up by him locally at the highest level accessible to him on the spot. Where, however, this method does not yield the desired results, such cases should be brought to the notice of the C.D.A. for further action with higher Administrative Authorities.

Guard File of Specimen Signatures

84. The guard file of specimen signatures will be examined to see that:—

- (i) it has been properly kept;
- (ii) it contains specimens of the signatures of all officers and subordinates preparing bills or holding imprests;
- (iii) it has been properly page numbered; and
- (iv) it contains a suitable alphabetical index.

Register of Suspense Accounts (I.A.F. (CDA)—258)

85. This register will be examined to see:—

- (a) that proper action has been taken towards the clearance of old outstandings, if any;
- (b) that no item is allowed to remain outstanding longer than is necessary; and
- (c) that no item which should under the rules be debited or credited to some other head of account is debited or credited to the suspense account.

Objections Statement (I.A.F. (CDA)—262)

86. The general abstract referred to in para 312 of M.E.S. Accountants Manual prepared by the Unit Accountant will be inspected and initialled by the R.A.O.

Books of Reference

87. It will be seen that all Codes, Books, of Regulations and files of circular letters maintained in the Account Section are kept corrected up-to-date, that the accounts records are properly arranged and that obsolete and time expired records are duly eliminated in the manner described in M.E.S. Accountants Manual.

The "Schedule of Prices" should be scrutinised to see that it is kept corrected up-to-date and that the date of amendment is clearly and correctly noted against each amendment so as to facilitate discrimination in cases in which the revised rate should apply.

Supply of Working Forms

88. The supply of working forms in hand will be examined to see that they are not in excess of or below reasonable requirements:

- 89.
- 90.
- 91.
- 92.
- 93.

PART III

Local Audit

94. It will be seen that no voucher is missing from the files of original vouchers retained by the Unit Accountant *vide* para 27(iv) of this manual and that:—

- (i) the charges are in order;
- (ii) the rates charged and the calculations are correct;
- (iii) the terms of the orders/contracts, if any, have been complied with;
- (iv) the vouchers have been checked by the Unit Accountant and passed by the G.E. at the proper time; and
- (v) no voucher has been held back which should properly have been submitted to the C.D.A. along with the Cash Book.

Muster Rolls

95. The audit of Muster Rolls will be conducted with special reference to the following points:—

(i) that the names of individuals and other particulars of identification *i.e.*, designation and father's name are shown in the Muster Rolls in such a way as will not admit of a double claim being preferred for the same person;

(ii) that the rate per diem allowed is appropriate to the class of labour and does not exceed the standard labour rate without the sanction of the competent authority;

(iii) that the total number of days are correctly worked out;

(iv) that the amount shown as payable is correct with reference to the number of days worked and the rate per diem;

(v) that the allocation to various works of the amount paid has been worked out correctly and agrees with the amount of labour actually employed on these works;

(vi) that the Muster Roll agrees with the Daily Labour Reports which show the number of person present and the material issued;

(vii) that the Muster Roll does not include charges for petty supervision unless authorised by the C.W.E. nor does it include charges for labour engaged through the agency of a contractor which should be paid for on Temporary Work Charged Establishment Bill;

(viii) that the payments for over-time if over Rs. 50 in any one month in the case of any one individual, has been approved by the C.W.E.;

(ix) that the progress of work done is recorded on the Muster Roll or in a separate sheet attached thereto;

(x) that a list of stores issued to each work and expended thereon is attached to the Muster Roll (this list should be checked with indents, etc.);

(xi) that if an item of work is stated to be unmeasurable, the G. E.'s certificate to that effect has been recorded against such item;

(xii) that there is an evidence to show that the record of attendance is occasionally checked by a responsible officer.

(xiii) that a percentage check of Muster Rolls either before or after payment has been exercised by the Surveyor's Assistant in the G.E.'s office;

(xiv) that the monthly Muster Roll of labour employed on repair of furniture is supported by—

(a) a list of stores issued for repairs of furniture during the month.

(b) a monthly progress report of articles of furniture repaired.

In cases where repairs to furniture are carried out partly by workmen paid on Muster Roll and partly by workmen paid on Temporary Work-Charged Establishment Bill (Industrial and Non-Industrial) it will be seen that copies of the documents referred to at (a) and (b) above are attached both to the Muster Roll and to the Temporary Work-Charged Establishment Bill and suitable remarks are made on the Muster Roll and the Temporary Work-Charged Establishment Bill with a view to linking the Muster Roll etc., with the relevant progress report and the list of stores;

(xv) that the Muster Roll was entered in the Central Record (Register) of Muster Rolls maintained by the Unit Accountant at the time of sanction by G.E. and that the sanction accorded by the G.E. has not been exceeded;

(xvi) in addition to the above, particulars of items left unpaid should be checked with the relevant entries in the Register of Unpaid Wages and in cases in which periodical repairs are executed departmentally, the progress sheets should be checked with Periodical Services Measurement Book (to the extent laid down in Annexure A, Part I) and it should be verified that a record of the repairs executed has been kept in the Periodical Services Measurement Book.

Temporary Work-Charged Establishment—Bill (Industrial and non-Industrial) paid by Unit Accountant

96. The audit of bills of Industrial and Non-Industrial Temporary Work Charged Establishment paid by the Unit Accountant consists in seeing that—

(i) all appointments have been sanctioned by the competent authorities;

(ii) the rates of pay of the individuals and the period to which the bill pertains are covered by sanctions;

(iii) when an individual has been employed on clerical duties, sanction of the C.E. has been obtained;

(iv) income-tax when due is recovered at the proper rates;

(v) the incidence of charge is correct;

(vi) the employment of personnel is limited to the duration of the works and that funds exist for the work on which they are employed; and

(vii) the bill is arithmetically correct.

Audit of Bills and Vouchers

97. In checking work bills and receipt vouchers for stores which have to be measured or counted with Measurement Books it will be seen that:—

(i) the nomenclatures of the items of works as recorded in the Measurement Book correspond, as far as possible to those of the items of work shown in the Abstract of Measurements (I.A.F.W. 2264) and in the bill;

(ii) the quantities shown in the Abstract (I.A.F.W. 2264) tally with the details in the Measurement Book and that totals of the Abstract agree with the totals as entered in the bill;

NOTE.—So long as the description entered in the Measurement Book (I.A.F.W. 2261) whether abbreviated or not, correctly and clearly covers the class of work involved and cannot be confused with any other item in Abstract of Measurements (I.A.F.W. 2264) it need not be entered in the Measurement Book word for word in accordance with the nomenclature shown in the abstract.

(iii) the quantities and source of supply of stores shown in the Measurement Book tally with the entries on the receipt vouchers.

98. The files of cash vouchers obtained from the C.D.A. and of original vouchers on record with Unit Accountant will be examined to see—

(i) that for all deductions on account of security deposits, formal receipts were issued and that the counterfoils of the receipts show clearly that the amounts were deducted from the bills;

(ii) that wages left unpaid in Temporary Work-Charged Establishment Bills and Muster Rolls for the selected month are traceable under proper dates and with correct particulars in the register of unpaid wages, that all payments of unpaid wages in the same month have been entered against the entries affected in the register and that no time-barred claim has been entered without proper sanction;

(iii) that general charges have been noted where necessary in the Register of Sanctions; and

(iv) that bills for stores purchased have been linked with receipt vouchers and that the particulars in the latter agree with those in the bills.

99. Bills for rates and taxes will be checked with reference to the licence fee assessment ledger and the revenue ledger to see—

(i) that the rates or taxes in the nature of house or property tax which by local rule or custom are payable by the owner and, therefore, have been paid as a charge against the State, have been treated as a part of the assessed rent of the building and that where such taxes have been paid by Government in respect of buildings hired by the State, this has been done in accordance with the terms of the lease;

(ii) that rates or taxes in the nature of service taxes, e.g., water, conservancy or lighting tax which by local rule or custom are payable by the owner and therefore have been paid by the M.E.S. as a charge against the State, have been recovered from the tenant;

NOTE.—The occupant of a Government owned or hired building in a hill station is only liable to pay monthly 1/12th of the annual amount of service tax during the tenancy. The balance is borne by the State.

(iii) that the element of service taxes when included in the property tax is separately assessed and recovered from the occupants of quarters;

(iv) that in cases where a tax has to be paid partly by Government and partly by the occupant, the amount paid on behalf of the occupant has been recovered from him. (In this connection attention is invited to para 24(h) A.R.I. Quarters and Rents, regarding the assessment and recovery of taxes for buildings owned or hired by M.E.S. within the Municipal limits of Calcutta and Bombay. It should particularly be seen that the tax upon the balance of the "annual value" which is borne by the State in these cases has been treated as part of the assessed rent of the building).

NOTE.—Bills for hire of residences should be traced into the Register of Sanctions and it should be seen that a list of all such residences has been furnished by the Unit Accountant G.E. to the Unit Accountant B/S.O. for entry in the revenue ledger.

Measurement Books

100. The arithmetical calculations of entries in measurement books in respect of selected bills will be completely checked. It will also be seen:—

(i) that the printed rules contained in the measurement books have been complied with;

(ii) that the entries are clear, explicit and self-contained;

(iii) that the quantitative value of each items of work agrees with the corresponding amounts appearing in the abstract attached to the bills.

NOTE.—Instances of delay in measuring of works after completion and also in preparation of final bills should be investigated. As delay in payment results in locking up contractor's capital and increases their expenditure which is reflected in the higher contract rates. Failure in measuring up work promptly also provides opportunity for false and exorbitant claims on the part of contractors.

Register of Unpaid Wages

101. The Register of Unpaid Wages will be audited to see:—

(i) that entries for the selected month have been correctly made from muster rolls and bills for temporary work-charged establishment (industrial and non-industrial);

(ii) that the subsequent payments in the selected month have been noted against correct entries in the register;

(iii) that all items and the record of subsequent payments are checked by the Unit Accountant and initialled by him; and

(iv) that the amounts not claimed within 12 months are marked off as forfeited to Government and that after the expiry of this period, no payment is made except under the sanction of the Area or Sub-Area Commander or in doubtful cases, of the Government of India.

Periodical Services Measurement Books

102. (i) Periodical Services Measurement Books in respect of cases of new buildings or of additions and alterations to existing buildings, etc., will be completely checked with reference to the documents referred to in para 14 of this Manual and duplicate copies of completion reports.

(ii) In addition, the calculations in every Periodical Services Measurement Book shown in the list kept by the R.A.O. will be checked. As a safeguard against unauthorised corrections, etc., all corrections in calculations should be initialled in ink by the local audit staff, an additional initial being affixed for every alteration. The particulars of the check, i.e., date of check and the pages or items checked should be recorded in a fly leaf of the Periodical Services Measurement Book and signed by the auditor. Specimen initials of the individual exercising the check should also be recorded.

NOTE—For check of bill with Periodical Services Measurement Books see Para 22.

Contracts

103. It will be verified that the Unit Accountant maintains a guard file of duplicate copies of all accepted contract agreements, deviation orders and amendments thereto with an index showing particulars of contracts given out and the serial number assigned to each.

104. The duplicate copies of contract documents will be examined to see with reference to the comparative statements of tenders that earnest money deposits were received and promptly accounted for in case the contractors concerned had not furnished the Standard Security Bonds.

105. With reference to the Register of Deposits and the Register of Securities it will be verified that the requisite securities, in proper form have been taken in all cases except where exemption has been allowed by the Chief Engineer, with the prior concurrence of the E-in-C, for the due fulfilment of contracts within the time specified in the agreements.

106. In addition to the above, it will be seen that:—

(a) where contract agreements definitely provide for credit to be given for the old materials obtained from demolition or for their re-use by the contractor, the approximate quantities likely to be available have been stated in the tenders, and

(b) the duplicate copies of contract agreements have been compared with the original and have been certified as correct by a Gazetted Officer of the C.D.A.'s office.

Contingent Charges

107. The original vouchers relating to expenditure on contingent charges will be checked with the Register of Sanctions and Construction Accounts to see—

(i) that the total expenditure on any item for which any financial limits have been laid down in Regulations or for which a lump sum allotment has been given, does not exceed the financial limits of the amount of the allotment;

(ii) that where any fixed allowance is paid to night chowkidars as a charge against contingencies on account of the cost of lamp, oil and wick, the issue of these articles is not made in kind;

(iii) that in the case of vouchers not submitted to the C.D.A. the classification of expenditure is correct and that the expenditure has received such sanction as is necessary under rules; and

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(iv) that no charges are adjusted to the accounts of MES Officers on account of Printing and Stationery, as such charges are adjustable in the books of the Regional Controllers except charges on account of supplies and services procured through Department of Printing and Stationery which are adjustable by the CDA.

Register of Barrack Damages

108. From the paid vouchers for the selected month, all requisitions and bills treated as barrack damages will be sorted out and the particulars of the party responsible for the damage as well as the amount of expenditure incurred on the requisitions and bills traced into the Barrack Damage Register. The entries will be linked with the adjustments made in respect of the Treasury Receipts for the amounts paid by the unit or formation into the treasury or with the cash book where recoveries are effected in cash. It will also be noted, if there are any old outstandings.

Construction Accounts for Works, Establishment Charges and Tools and Plant

109. From the original vouchers received from the C.D.A. and from muster rolls, bills of temporary work-charged establishment (industrial and non-industrial), contractors' acknowledgments for stores received and other original vouchers (both cash and stores), in the possession of the Unit Accountant, the postings in the construction accounts will be checked by the R.A.O.'s staff to see:—

(i) that the construction accounts folios are maintained in accordance with the rules given in Appendix "L" M.E.S. Regulations;

(ii) that every voucher pertaining to works accounts has found its correct place in the construction accounts;

(iii) that the totals of the construction accounts folios are correctly worked out and that the totals of the folios and abstracts agree with the corresponding totals shown in the abstract of receipts and charges;

(iv) that expenditure is correctly brought forward from the last year. The figures should be verified again after the final closing of the previous year's accounts to ensure that all transactions subsequent to March Preliminary Account have been taken into consideration;

(v) that sanctions and allotments noted in the construction accounts agree with the entries in the Register of Approvals to Works and Appropriations and that when a sanction is revised, the word "Revised" is written prominently against the amount of sanction;

(vi) that no service is executed nor any liability incurred in connection therewith without the administrative approval and technical sanction having first been accorded or without funds having first been allotted, except on grounds for urgent military necessity or urgent medical reasons when reference to the competent financial authority would entail dangerous delay. From the construction accounts it should be verified that in all cases in which the fundamental conditions mentioned above have been infringed, the report required by para 11 of the Revised "Works Procedure" has been made to the C.D.A. It should also be verified that no expenditure is incurred on deposit works without the necessary funds having first been received from the parties concerned;

**Draft Amendment to MES Local Audit Manual, 1953 Edition
(1973 Reprint)**

C. S. No. 39 of 1975

Para 497—Delete sub para (f) and and substitute as under:—

(f) that the expenditure on local printing and local purchase of stationery articles is not paid from the cash assignment/imprest but such bills including those for supplies and services procured through Department of Printing and Stationery are submitted to the 'E' Section of the Regional CDA in whose audit area the MES formation is located.

Para 107—Delete Para 107(iv) and substitute as under:—

(iv) that no charges are adjusted in the accounts of MES officers on account of printing and stationery, as such charges including on account of supplies and services procured through Department of Printing and Stationery are adjustable in the books of the Regional CDA in whose audit area the MES formation is located.

[Authority:—CGDA No. 18076/AT-S, dated 19-8-74.]

(vii) that the amounts shown in the construction accounts as "charges against" and "recoveries from" contractors agree with the balances shown in the personal accounts of the contractors in the contractors' ledger;

(viii) that action is being taken by the executive to clear the liabilities, if any, in respect of stores which have been received for use on works, but payment for which has not yet been made;

(ix) that no undue delay takes place in the submission of completion reports after the completion of the accounts of works and that the verification and transmission of the reports is recorded in the construction accounts. If no expenditure has been incurred for a considerable time in respect of a work the accounts of which are still open, an enquiry should be made into the cause of delay in closing the accounts of the work. If cases are found in which there have been obvious delays in closing the accounts, charges booked should be specially scrutinised to see whether they indicate any tendency to utilise savings towards unauthorised expenditure;

NOTE.—Cases of delay in the submission of completion reports should be noted and should be seen whether they have been included by the Unit Accountant in his list of such cases, *vide* para 291 M.E.S. Accountants Manual.

(x) that the completion cost of the work as booked in the construction accounts has been correctly noted in the Register of Approvals to Works;

(xi) that in the case of works carried out by the M.E.S. for other departments and in the case of deposit works for private bodies, cantonment department etc., departmental charges where leviable, have been adjusted and correctly calculated with reference to the actual expenditure booked in the construction accounts;

(xii) that construction accounts in respect of works for which financial stock-taking reports are required to be maintained contain a note to that effect in red ink.

(xiii) that in the case of new construction of additions and alterations to existing buildings; increase in capital cost has been noted in the license fee Assessment Ledger whenever necessary and that rent has been revised; and

(xiv) that the construction accounts are reviewed regularly by the G.E.

110. In the audit of construction accounts the following points should receive special attention:—

(a) Whether cases of marked excesses over administrative approval and technical sanction disclose any financial irregularity or serious error in accounting.

(b) Whether any known abandonment or curtailment of work has resulted in a corresponding saving in cost.

(c) Whether material modifications of or deviations from the sanctioned estimates as may come to notice have received the sanction of the competent authority.

(d) Whether the materials accounts have been finally closed on completion of the works for which such accounts were maintained.

(e) Whether the outturn from manufacturing operations is priced at rates fixed by competent authority in accordance with the rules and if there is a loss or a likelihood of a loss on any operation, the causes at work have been investigated to see that they do not indicate any financial irregularity or the fact that the departmental operations are less economical than acquisition of materials by purchase. It should also be seen that the manufacture account is balanced and adjusted once a year.

(f) Whether all charges booked against the account of a work are *bona fide* charges against that work and whether any item of expenditure has been debited direct to the work should correctly be charged to the contractor in accordance with his agreement.

(g) Whether liabilities for the execution of works or for provisions of stores have been entered in the construction accounts in accordance with the instruction laid down in para 210 M.E.S. Standing Orders.

111. If any closed accounts of completed or abandoned work were re-opened, the debits or credits booked against the re-opened accounts should be specially scrutinised to see that no irregularity has been committed.

112. Credit afforded to the accounts of works require close examination. Cases occur when measurements already booked and charged to another work are written back wholesale to another work on the plea that they were wrongly charged to the work in the first instance. Cases have also occurred of the cost of stores debited to a work having been written back after a considerable lapse of time. The audit of such transactions, therefore, calls for intelligent and vigilant scrutiny on the part of local audit staff with a view to ensuring that the original debit or the subsequent write back do not involve any irregularity.

113. Irregularities are also sometimes committed with a view to utilising grants (in order to avoid a lapse of funds) by ordering stores for works or for stock during the closing days of March and to pay for them before the 31st March even though the stores have not actually been received. Such irregularities are easily detected by checking the date on which the credit note was issued. All credit notes issued during April should therefore be connected with corresponding bills to see that none are for stores paid for in March before delivery. All stores actually received after 31st March should be booked in the accounts for the next financial year and not in the accounts for March Final or Supplementary. When irregularities of this nature are detected, sufficient detail should be given in the reports to admit of a proper appreciation of the cases.

DRAFT AMENDMENT TO MES LOCAL AUDIT MANUAL (1973 EDN)

Para 117 : In line 9 delete 'CGDA' and substitute 'CDA'.

Authority : CGDA No.18076/AT.S dated 13.12.1982.

APPROVED

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(Smt. Priti Mohanty)
DY. CGDA, CC, MEERUT

(Sd)/-(K Radhakrishnan),
Dy.CGDA, (Audit.)

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114. If there are any cases in which the cost of special tools and plant was transferred from one work to another in anticipation of the possibility of the articles being utilised on that work at some distant date, the transfer vouchers should be challenged in audit.

115. All closed accounts should be scrutinised to see that liabilities and anticipated credits have been adjusted, that special tools and plant, if any, charged to work have, as seen from the numerical account kept by the S.D.O., been disposed of and the proceeds adjusted and that the completion cost has been correctly reported.

116. After the final closing of the accounts for the year all construction accounts should be reviewed to see that the expenditure, outstanding liabilities and expected credits have been correctly carried forward to the next year's accounts in the case of work in progress and that in other cases the accounts of works have been closed.

Scrutiny of Expenditure on Repairs and Renewals

117. At the close of the year, the total expenditure on repairs and renewals of furniture in division as recorded in the construction accounts folios for repairs and renewals respectively should be reviewed in order to see how it compares with the normal authorised percentages laid down in Appendix 'B' to M.E.S. Regulations. For this purpose, the total book value of furniture on charge in the division should be obtained from the M.E.S. authorities and the percentages borne by the expenditure on (a) Repairs and (b) Renewals to this book value should be worked out. A report should be submitted to the ~~C.C.D.~~ ^{CCD} showing in respect of each M.E.S. Division (i) the total expenditure in respect of repairs and renewals separately, (ii) the total book value of the articles on charge, (iii) the percentage which the expenditure on repairs and renewals bears to this book value, (iv) excess of the percentages so calculated over the normal authorised percentages, and (v) the reasons for the excess.

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Register of Appropriations

118. In the audit of the Register of Appropriations it should be seen:—

(i) that the Register is maintained properly and is up-to-date and that the check exercised by Unit Accountant is efficient;

(ii) that appropriations made to sub-division for the reserve at the disposal of G.E. do not exceed the unallotted balance as shown in the Register of Appropriations;

(iii) that bulk allotments for petty and periodical repairs made to S.D.Os., as entered in the Register of Appropriations agree with the amounts noted in the Register of Requisitions maintained by the Unit Accountant;

(iv) that the postings in the selected month are correct with reference to the authority noted against each entry; and

(v) that no transfers in the appropriations for a year have been sanctioned after the close of that year.

Register of Approvals to Works

119. It will be seen—

- (a) that the register is properly maintained and is kept up-to-date;
- (b) that particulars of sanctions as noted in register are borne out by the orders conveying the sanctions;
- (c) that the authority quoted and the amounts noted are correct;
- (d) that the cost of service at contract rates has been correctly calculated on the conclusion of the contract and that action has been taken to reduce the original amount of sanction whenever necessary;
- (e) that all sanctions noted in the register have been communicated direct by the sanctioning authority to the C.D.A.; and
- (f) that in the new year's register, necessary particulars have been correctly transcribed from the previous register in respect of works in progress.

120. The completion cost as noted in the register will be checked with the construction accounts. It should also be seen that if the completion cost of any service or item of a service as noted in the register exceeds the amount of the administrative approval for that service or particular item, the excess is regularised in accordance with the rules. Transfers of anticipated or actual savings from one item of a project to another should be particularly scrutinised and it should be seen that savings due to abandonment of a part of a work or to any other cause on any service or project are not applied without sanction of the competent authority to carry out additional work not contemplated in that service or project as originally approved or which is not fairly contingent on its actual execution.

121. All technical sanctions auditable locally in the register of approvals to works or in the register of requisitions will be scrutinised to see—

- (i) that the sanctions have been accorded by the competent authority;
- (ii) that the amount of sanctions (which will be the amount of administrative approval in cases in which a detailed estimate or requisition is not required to be prepared) does not exceed the powers of the sanctioning authority concerned specially when the cost of a work is subsequently increased by transfer of savings from another work;
- (iii) that the administrative approval where required under rules exists;
- (iv) that the sanction is not accorded piecemeal with a view to bringing the amount within the powers of the sanctioning authority;
- (v) that in cases in which separate administrative approval is not required under rules, the expenditure sanctioned is authorised and that there is no infringement of any of the standards of financial propriety; and
- (vi) that the classification of charge is correct and that the work which should be treated as barrack damages is so treated and not charged to the State. In all such cases it should be seen that necessary entries have been made in the Register of Barrack Damages.

122. The following items should receive special attention of the local audit staff:—

(i) All requisitions or estimates for renewal of furniture should be linked with loss statements, survey reports, or expense vouchers for articles of furniture to see that the estimate or requisition is for replacement of similar articles which have either been surveyed off or otherwise disposed of and struck off charge. It should also be seen that the requisition or estimate etc., includes no provision for renewal of articles of surplus and obsolete furniture retained in accordance with para 661 M.E.S. Regulations nor of articles of furniture supplied as free gifts by the Red Cross Society to Military Hospitals.

(ii) Requisitions or detailed estimates for periodical repairs should be checked with the record of execution of such repairs maintained by the S.D.O. in the Periodical Services Measurement Books in order to verify that repairs are not sanctioned without the approval of the competent authority before the prescribed interval.

NOTE.—It will also be seen at the time of local audit that the prescribed procedure is followed in the Division for the audit of sanctions by the Unit Accountant before the requisitions are passed on to the S.D.Os. for execution.

(iii) The classification of sanctions should be checked and in case original works are classified and sanctioned as repairs it should be seen that the classification is in accordance with rules and has been approved by the authority empowered to do so.

Register of Sanctions

123. Sanctions relating to standing charges as recorded in the Register of Sanctions will be checked with the original orders to ensure that they have been correctly transcribed and that in the case of sanctions of a temporary nature, the period of sanction has been prominently noted so as to admit of the detection of any expenditure incurred against the sanction after the expiry of the period of its currency.

In the case of hired buildings it should be verified that the amount shown in column 4 of the register tallies with that shown in the lease agreement. Further the lease agreements should also be subjected to a general scrutiny to see that they are in order and contain no unusual provisions.

124. It should also be seen that all administrative sanctions for general charges have been communicated by sanctioning authority direct to the C.D.A.

NOTE.—If there is any reason to believe that any sanction is *ultra vires*, that fact should be reported for orders of the CDA who should be apprised of full circumstances of the case.

125. All paid bills relating to general charges (e.g. rent hired buildings, license fee for land, payment for railway sidings and platforms rates and taxes etc.) will be traced into the Register of sanctions to see that the expenditure has been correctly posted in the register against the sanction concerned and that no charge is admitted without proper sanction or beyond the period of sanction. In the case of debits of railway sidings and platform charges it will further be seen that (i) sanction of the competent authority exists, (ii) the debit has been verified by the

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CWE and the certificate prescribed in Appendix J. M.E.S. Regulations obtained, and (iii) charges for the same period have not been adjusted before. It will also be seen that action has been taken for the disposal of a siding if it is not required.

126. The bills containing charges in respect of the pay of malis employed for the maintenance of gardens in buildings hired by the State should be checked with the lease agreements on record in G.E.'s office to verify that the employment of a mali forms a condition of the lease and that, if the building has been hired for use as residence, the individual occupying the building, where a mali is employed is entitled to rent free quarters. In all cases in which malis are employed by the M.E.S. it should be verified that the revenue derived from the gardens is credited to Government.

Register of Terminal Compensation Claims

126-A. This register will be scrutinized to see that it has been properly maintained and all sanctions/claims are entered as soon as received in Accounts Section. They have been properly pursued and there was no undue delay in their finalisation.

Stock Purchase Register (IAFW 2316)

127. The original receipt vouchers and the list of credit notes for stock should be linked with the different folios of the Stock Purchase Register and it should be verified that the estimated cost of the stores and charges for freight have been correctly entered against the items affected. The overhead charges approved by the C.W.D. should be added to the estimated cost of stores and freight and it should be seen that the stock book rates have been correctly worked out.

128. It will be seen that action is taken by the G.E. to revise stock book rates in cases where, on receipt of fresh consignments, any rates are seriously affected. If any stock book rate is found to have been revised on receipt of fresh consignments, it will be verified that the difference in the value of stores issued since the date the revised rate takes effect has been readjusted.

129. It will be verified that the average cost of each article purchased during the year has been noted in the Register and that it has been worked out correctly. (This average rate is calculated after the close of the accounts for March by dividing the total cost, estimated if actual still unknown, including overhead charges of all consignments at the fixed percentage by the total quantity received).

Annual Returns of M.E.S. Installations

130. It should be seen that the Annual Returns have been correctly prepared with reference to the capital cost, and depreciation recorded in the Plant Record Book and other expenditure based on the information available in construction accounts, log sheets etc.

131. In addition to checking the Returns with various records from which they are prepared they should also be subjected to a critical examination and opportunity should be taken of investigating and making observations on any important variations between the various elements of cost (per unit of output) of the previous year and of the year under report.

132. The Command Comparative Statement of Installations (a copy of which is supplied to the R.A.O.) will also be checked with the annual returns in order to see that the information in regard to each installation mentioned therein is correctly worked out with reference to the annual returns for the installations and that the corrections made, as a result of the audit in the annual returns have been incorporated in the statement.

[C.G.D.A. (then M.A.G.) memo. No. 6477-At/B dt. 3-3-39 refers.]

Completion Reports

133. The completion reports should be checked to see—

(i) that the excess over administrative approvals and technical sanctions, if any, are regularised by C.F.A.

(ii) that they are prepared on proper form I.A.F.W. 2266 or 2268 as the case may be, and are accompanied by I.A.F.W. 2251 when a service consists of more than one item;

(iii) that the materials account, if any, has been cleared; and

(iv) that necessary entries have been made in the Periodical Services Measurement Book, Register of Approvals, Register of Buildings and licence fee Assessment Ledger in the case of rentable buildings.

**Service Books, Railway Warrants, Credit Notes, Books of Forms...
"D" and "E", etc.**

Service Books

134. Service Books will be examined to see—

(i) that they are all up-to-date and that every entry was attested at the time of the event;

(ii) that the opening page has been re-attested every five years;

(iii) that the last entries regarding rates of pay and dates of increments in certain selected service books are borne out by salary bills;

(iv) that service books are maintained for all civilian subordinates and that service rolls are kept for all class IV employees; and

(v) that a register of service books is properly kept and that the number of service books/rolls produced at the time of inspection agrees with the number shown in the register.

135. The test check of service books will be conducted to the extent and in the manner indicated below :—

(a) A general scrutiny of the entries in the books selected for 'test check' to examine whether the general rules prescribed for the maintenance and custody of service books are being observed in practice.

(b) Initial verification of the correctness of leave granted during the preceding 10 years (if this verification was not done in the past). When a service book is taken up for subsequent review, this check will cover all leave sanctioned since the last inspection of that particular service book.

(c) Check of the fixation of initial pay (once only).

(d) Check of counting of service towards increments, particular attention being paid where broken periods are concerned.

(e) Verification of the admissibility of joining time availed of.

(f) In the case of privilege leave granted to non-gazetted Government servants who are governed by the leave rules in the C.S.R., it will be seen that necessary entries regarding so much of the leave granted as has been earned in respect of service in departments other than the Defence Services have been made and communicated to the Audit Officer.

(g) Annual certificate of service verification by the head of office on the service book where necessary will be looked for.

(h) Verification of the posting into all service books of all part II Orders (Office Orders) issued in any one month during a year.

"As regards (a) to (g), the entries in 25% of the current service books will be examined within each period of approximately 12 months; if periodical visits are made the check will be spread over the whole year. Within the prescribed percentage, the service books of all individuals who are due to retire within three years following the date of audit will be included in the selection for local audit."

136. In order to ensure that all the ground has been covered systematically, a complete record will be kept for all service books "test checked" each year. The service books actually checked will also be endorsed with a note to this effect, dated and initialled by the testing official concerned.

Railway Warrants, Credit Notes, etc.

137. Audit of Railway Warrants and Credit Notes should be conducted with reference to instructions contained in Appendix 'C' Section I, A.L.A.M. Part I. In addition, it will be seen that the Unit Accountant has been furnished regularly with the list of Credit Notes issued in respect of consignments of stores received for works.

Transport Indents

138. The L.A.O. of the unit providing the transport will furnish to the R.A.O. concerned a copy of the covering memo with which the priced indents have been forwarded to the Unit Accountant G.E.'s Office for necessary adjustment. The Local Audit Staff will, at the time of local audit of G.E.'s accounts, test check the correctness of the adjustments made by the G.E.'s Unit Accountant based on one month's intimation in a half year. The month selected for this purpose will normally be the month for which detailed audit is carried out. The local Audit Superintendent will bring to the notice of the C.D.A. through the R.A.O. any cases coming to his notice during the course of his test check, in which the transactions were not adjusted in the accounts for the month in which the transport indents were received by the Unit Accountant G.E.'s Office or in the following month's accounts. The reasons for the delay in adjustment will also be ascertained and intimated to the C.D.A. for such action as may be considered necessary.

Contractor's Ledger

139. In the audit of contractor's ledger which should contain transactions for the whole Division including outstation sub-divisions it should be verified that the ledger is maintained contract-wise, that the closing balance of the previous month has been correctly brought forward that all original vouchers received from the C.D.A., and Muster Rolls, Temporary Work-Charged Establishment Bills (Industrial and non-Industrial), contractors' acknowledgments for stores, indents issue and transfer vouchers for the month which affect contractors accounts have been correctly posted in the contractors ledger and that the resulting balance has been correctly worked out and that certificate of agreement with the balances in the respective construction accounts has been endorsed by the Unit Accountant and analysed so as to show in detail the amounts outstanding in respect of each requisition in case of term contracts. It will also be verified that statement of credit/debits in respect of each contract is furnished to the contractors every month.

140. In checking the postings in the ledger it should be seen that when a deduction made from a contractor's bill for one work is creditable to the accounts of another work, two distinct entries are made in respective folios of the ledger i.e., one for the payment made on account of the former work and the other for the recovery creditable to the latter.

141. Vouchers for debits against contractors should be examined to see that the charges have been accepted by the contractors and that the rates charged are correct. In the case of debits for stores it should be seen that issues have been made in accordance with the terms of the contract and that contractor's dated acknowledgments have been obtained in all cases. Any additional stores not specified in the contract should be charged for at the stock book rate prevailing on the date of issue or the market rate whichever is higher.

It should also be verified that the overpayments detected by the Technical Examiner as communicated by the C.D.A. have been correctly debited to the contractor's accounts.

142. All credits for unused stores returned by contractors should be closely examined to ensure that the stores received are actually required by Government, that they have been duly taken on charge and that they do not cause any excess over the specified limits. The rates at which credit is given should be compared with the original and current issue rates and it should be ascertained that depreciation etc., in stores since their issue has been taken into account. If the quantities are appreciable, the circumstances in which the stores were left unused should be investigated.

143. The closing balance should be reviewed and checked with the contractor's columns in the construction account. Generally, it should be seen that there are no old outstandings and that adequate action is taken to adjust the amounts regularly from contractor's bills. The cause of any large balances outstanding against contractors should be investigated and reasons for non-adjustment which constitute unauthorised financial aid to the contractors should be challenged in audit. Action taken for the clearance of items over 6 months old should be closely examined. In cases in which a contractor's account cannot be settled immediately in the

circumstances explained in paras 475 and 476 of the M.E.S. Regulations it should be seen that the adjustments provided for therein are carried out.

Transfer Entries and Transfer Vouchers

144. Transfer entries are intended to transfer an item of receipt or expenditure from the accounts of a work in progress or from one budget head to the accounts of another work or budget head.

145. In the audit and scrutiny of transfer entries it will be seen that the adjustment falls under one of the following categories:—

- (i) To correct an error in allocation.
- (ii) To distribute the expenditure on a work over all the accounts affected in cases where a joint work in which two or more parties are interested, is taken to the accounts of one party.
- (iii) To adjust by debit or credit to the appropriate head of account (or work) an item outstanding in the accounts for MES Advances or T. Deposits.
- (iv) To bring to account certain classes of transactions which do not pass through the cash book, *e.g.*—
 - (a) treasury receipts received from private individuals in connection with payments made direct into the treasury and payments to or receipts from other departments etc., which do not appear in the cash book;
 - (b) amounts due to contractors on closed accounts. These are debited to the work concerned and credited to T. Deposits and Advances, Sub-Head Miscellaneous Deposits;
 - (c) revenue receipts not recovered in cash, such as departmental charges for work done etc., by the M.E.S. for other departments and sale of stores or tools and plant on credit;
 - (d) amount debited/credited to remittance head; and
 - (e) percentage charges leviable under rules *i.e.*, establishment, tools and plant, and workshop charges etc.

146. Items wrongly classified in the accounts, both in respect of revenue and expenditure heads, may be corrected at any time before the accounts of the year are finally closed. It should be seen that after the accounts of the year are finally closed, no correction is made except in the following cases:—

- (i) an error or omission in the recorded expenditure of a work provided it exceeds Rs. 10, and
- (ii) all errors affecting M.E.S. advances and deposits and remittance heads. These must be corrected however old they may be.

It should also be seen that every transfer entry is supported by an authority on the transfer voucher or an order recorded on some other document *e.g.*, loss statements, contractor's bills etc., which sets forth a clear and concise explanation of the correction or adjustment.

147. Too much stress cannot be laid on the importance of a thorough check of transfer vouchers. Irregularities, of a more or less serious character, often lie in transfer transactions, particularly when

the executive staff are faced with an excess or probability of an excess on any estimate or allotment. The tendency then it is to resort to ramifications either by writing down the value of materials or writing back expenditure to some other estimate where a saving is anticipated and so on. Attempts are also made sometimes to utilize savings by means of fictitious debits. Credits afforded to the accounts of a work in first few months should be closely examined to verify that unnecessary issues of stock were not made to works in one financial year to utilize grants and transferred back in the accounts for the following year.

148. In the audit of transfer vouchers and transfer transactions it should be seen that the files of transfer vouchers are checked by the Unit Accountant and passed by the G.E. before they are incorporated in the accounts, that vouchers affecting the construction accounts of a S.D.O. originate from and are signed by him and that the allocation has been correctly made. It should be seen that vouchers—

- (i) are self-explanatory and that they establish clearly the correctness and the necessity of the correction; and
- (ii) are in order generally and that the original error does not disclose a defect in the system of accounts or indicate any financial irregularity.

149. If the vouchers involve a reduction in the charges against the estimate of a work, the circumstances (which should be verified) in which the charges were wrongly allocated in the first instance are clearly set forth in the transfer vouchers. Transfer vouchers which had the effect of reducing the expenditure on works the estimate or the allotment for which would have been exceeded but for the transfers so made should be specially examined.

150. It should be seen in particular that the transfer vouchers do not include fictitious adjustments, e.g., (i) the debiting to a work of the cost of materials not required or in excess of actual requirements; (ii) the debiting to a particular work, for which funds are available, of the value of materials intended to be utilized on another work for which no funds are available; and (iii) the writing back of the value of materials used on a work to avoid excess outlay over appropriation, etc.

151. It should also be seen that all periodical transfer transactions, e.g., those relating to the adjustment of departmental charges are prepared and incorporated in the accounts regularly and in time.

152. In the case of stores issued by the Army etc. to M.E.S. and *vice versa*, the following procedure will be followed:—

I. Stores issued by Army, Air Force and Navy to M.E.S.

The L.A.O. of the issuing Army etc. unit or formation will send a copy of the voucher to the R.A.O. responsible for the audit of the M.E.S. formation and obtain his acknowledgment. The local audit staff while auditing the accounts of the M.E.S. formation concerned will verify that the cost of stores has been properly adjusted in the M.E.S. accounts and that the stores received for stock have been duly brought on charge. It will also be seen that an effective check is exercised by the Unit Accountant to ensure that all stores received by the M.E.S. from Army formations are properly adjusted.

II. Stores issued by the M.E.S. to Army, Air Force and Navy

The local audit staff will verify that the Unit Accountant has on record acknowledgments of the Army etc. L.A.O., in respect of the issue vouchers scheduled to that officer, for stores supplied to the Army etc. formations from the M.E.S.

The correctness of the adjustments made in the M.E.S. accounts in respect of (I) and (II) above will be test checked based on one month's transactions in a half year.

Register of Buildings

153. It will be verified whether amendments have been made to this Register in regard to all new works (including additions and alterations to existing buildings except as stated in para 225 *et seq* MES Regulations) in respect of which completion reports have been rendered during the quarter. For this purpose, the record of the corrections kept by the Unit Accountant in a fly leaf of the Register will be compared with the statement of works etc. in respect of which completion reports have been received from the G.E.

10% of all the amendments to this Register issued since last audit will be checked with the relevant original records to see that they were correctly prepared. Thereafter these amendments will be traced into the Register of Buildings to verify that the entries in the Register have been duly corrected.

NOTE.—In the case of works (completed during the quarter) which affect the capital cost of E/M-installations it should be seen that necessary amendments have also been made to the Plant Record Book of the installation concerned. The percentage referred to above does not apply to amendments to Plant Record Books.

Suspense Register

154. The Register of Suspense Accounts (Deposits and M.E.S. Advances) will be checked with the original bills and transfer vouchers etc., relating to heads "T—Deposits" and "G—M.E.S. Advances" and the construction accounts as regards deposit works, and it will be seen that the register has been correctly posted, and that the balances are arithmetically correct.

155. The Deposit Register will be scrutinised with special reference to the following points:—

(i) The register should contain full particulars of the transactions to admit of action being taken for final adjustment.

(ii) It will be seen that any amount which should have been finally adjusted by credit to some service head has not been placed under deposit.

(iii) Deposits over 3 years old (excluding the year of deposit) are credited to revenue and that balances of a rupee or fraction of a rupee are not taken to a subsequent year's register but are credited to revenue during the year then closing. In the case of original deposits not exceeding one rupee, it should be seen that such deposits are credited to revenue after they have been outstanding for one whole account year. (Para 583, Regulations for the M.E.S. refer).

(iv) In the case of deposit works it should be seen that debits do not exceed credits and that when outlay on deposit works exceeds the amount deposited, the excess is transferred to head "G—M.E.S. Advances" to watch recovery thereof. When on completion of a work, the balance of deposit is refunded the refund should be treated as minus realisation and posted as minus credit. (Para 565 Regulations for the M.E.S. refers).

(v) In cases where an amount previously credited to revenue [*vide* item (iii) above] is refunded under proper sanction, it should be seen that a note is invariably made against the original entry to avoid a second claim for refund being made on the same account. This also applies to cases where a sum due to a contractor and held in deposit on closed accounts is ultimately paid to the contractor concerned.

156. The Register of M.E.S. Advances will be scrutinised to see—

(i) that, except as specified in para 279 M.E.S. Regulations no expenditure has been debited to head "M.E.S. Advances" on the ground of absence or insufficiency of sanctions or allotments and that no item has been included which was eventually debitible to a budget head or to a department; and

(ii) that items relating to sales on credit are not allowed to remain outstanding for an unduly long time and that departmental charges have been correctly levied in the case of such sales, where necessary. (Para 796 *et. seq.*, M.E.S. Regulations refers.)

157. All minus items should be traced to their original source and the circumstances leading to minus outstanding should be carefully investigated to verify that no financial irregularity is involved.

158. The total of the monthly transactions (both debits and credits) as shown in the Deposits and M.E.S. Advances Registers should be compared with the Abstract of Receipts and Charges and Punching Medium to verify that the totals in both the documents agree.

159. The review of suspense balances should be checked with the registers and other records and it should be seen that it has been correctly prepared and that the balances are correctly shown.

160. In general it will be seen that full particulars of each item are given so that the clearance thereof can be watched independently. It is not sufficient to see that the balances carried forward from month to month are correct, it is an important function of audit to see that the balance relating to each individual item, work, or job, is kept distinct and correct and that balances of several items relating to each head of account make up the aggregate balance recorded thereunder. When on the expiry of a year a new register is opened, it should be seen that the balances have been correctly carried forward with correct particulars and that adjustments made in the March Final and Supplementary Accounts have been taken into account.

161. In reviewing the balances it should be particularly seen that no item remains unadjusted longer than is reasonably necessary for bringing about its clearance in the ordinary course with due regard to the rules applicable to each case. Delays in adjustment should ordinarily form the

subject of an enquiry through the objection statement but special cases may be taken up with the G.E. by correspondence also, and when the delays become serious, or the G.E.'s replies to audit enquiries indicate that adequate action is not being taken towards clearance, the matter should be reported to the C.D.A.

Register of Losses

162. The register of losses will be checked with the loss statements and expense vouchers in the possession of the Unit Accountant and it will be seen—

(i) that the amounts of losses as shown in the loss statements and expense vouchers have been calculated at the correct rate, *i.e.*, at the stock book rates in the case of stores, furniture and at the capital cost shown in the Register of Buildings in the case of losses of buildings;

NOTE.—The demolition of buildings (other than surplus buildings) before the expiry of their normal life by reason of structural defects, etc., represents a 'real loss' and the unexpired value of such buildings should, therefore, be included in Register of Losses.

(ii) that the loss statements and expense vouchers have been properly adjusted in the ledger accounts of the articles concerned;

(iii) that losses etc., which have not been regularised under the sanction of the competent authority have been included by the Unit Accountant in his objection statement; and

(iv) that all losses due to theft, fraud or neglect and those of unusual occurrence have been properly dealt with under the rules in the Financial Regulations for the Defence Services and that losses sanctioned are within the financial powers of the sanctioning authority.

Loss statements and expense vouchers relating to furniture articles will be traced into the Register of Losses with a view to ensuring that all of them have been entered therein to watch the receipt of sanctioned copies. Cases of old outstanding loss statements and expense vouchers will be commented upon.

Objection Statements (O.I.S.)

163. The Unit Accountant's objection statement on the accounts of the month under review will be checked to see that all items of objectionable outlay pertaining to the accounts of that month have been recorded therein under appropriate heads in accordance with the detailed instructions given in para 310 of the M.E.S. Accountants Manual.

It should be verified that all items of irregular outlay, *i.e.*, expenditure incurred without administrative approval or technical sanction, or in excess of administrative approval or technical sanction, expenditure incurred without appropriation or excess over appropriation and outstandings against contractors, etc., which come to notice as a result of the checking of the construction accounts and other registers have been brought out by the Unit Accountant in the objection statement.

It will also be seen that the objection statement is self-contained and up-to-date, *i.e.*, it includes all items of previous statements which still remain unadjusted.

The "General Abstract" referred to in para 312, M.E.S. Accountants Manual prepared by the Unit Accountant should be checked and initialled.

Revenue Accounts

*Licence fee Assessment Ledger (I.A.F.W. 2239) [Para 682
M.E.S. Regulation refers]*

164. It will be seen—

(i) that the capital cost of residential buildings as entered in the Register of Buildings agrees with that shown in the licence fee Assessment Ledger and that the cost of such items as compound walls, fences, out-houses etc., has been taken into account;

(ii) that all buildings for which licence fee is leviable whether Government owned, hired, leased or appropriated, have been shown in the Ledger and that squash racquet courts and tennis courts are shown separately; and

(iii) that the assessed licence fee of accommodation, internal electric installation and furniture in respect of each building entered in the ledger has been calculated on the capital cost, and sanctioned by the competent authority in accordance with the rules contained in paras 9, 11, 12 and 23 of A.R.I. Quarters and Rents.

NOTE 1.—The checks referred to at items (i) and (ii) above will be exercised in the course of the first visit to the G.E.'s office after 1st April with reference to all the residential buildings in the station. Thereafter the check will be confined to new cases of occupation as indicated in the change statements (i.e., occupation returns) received during the half year.

NOTE 2.—The check referred to at item (iii) above will be exercised with reference to assessment or reassessment statements relating to cases of additions and alterations affecting capital values made during the half year. For this purpose the following documents should be consulted—

- (a) Duplicate copies of completion reports.
- (b) Requisitions involving additions and alterations received direct from the C.D.A's office.
- (c) Quarterly amendments to Register of Buildings and referred to in para 383 M.E.S. regulations.

165. When a part of a building is licensed or where a building is sub-divided into two or more parts some or all of which are licensed to different occupants, it would be seen that the assessed licence fee of each tenement has been fixed in accordance with para 9(k), A.R.I. Quarters and Rents and recorded separately in the licence fee Assessment Ledger. It should also be seen in such cases that the capital value of the portion(s) bears the same ratio to the capital cost of the building as the area of the main rooms of the portion(s) bears to that of the main rooms of the whole building.

166. In the case of additions and alterations affecting the capital value of residential buildings (as noted in the Register of Buildings) it should be seen that the assessed licence fee is revised with effect from the date on which the works were completed. The adjustment of licence fee as a result of difference between the completion cost as known and taken into account at the time of completion and that on the closing of the accounts should be carried out later on. It should also be ensured that when a building already occupied is subsequently electrified, licence fee for the electrical installation is assessed from the date on which the installation is passed fit for use and the supply of current was available. (Para 682, Regulations for the M.E.S. refers.)

The Licence Fee Assessment Ledger will be scrutinised to see that all calculations are correct, that it contains the dated initials of the G.E. against each assessment or re-assessment, that the Unit Accountant has recorded in the Ledger annually a certificate to the effect that the capital costs of the buildings as shown therein agree with the costs shown in the Register of Buildings as corrected up-to-date, and that licence fees of buildings have in all cases been revised where necessary and intimated to the Unit Accountant B/S.O. It will also be verified that the lists of assessments and re-assessments furnished by the Unit Accountant G.E. to the Unit Accountant B/S.O. agree with the assessed licence fee shown in the licence fee Assessment Ledger. A note of all such lists will be taken by the Local Audit Staff for the check of Revenue Ledger maintained by the Unit Accountant B/S.O.

168. The Revenue Ledger will be compared with the Lists of Assessed Licence Fee referred to in the preceding paragraph in order to verify that all buildings, squash racquet and tennis courts shown in the above list have been entered in the Revenue Ledger and that the assessed licence fee shown therein agree with those shown in the list furnished by the Unit Accountant G.E. In cases where a building is actually occupied prior to the closing of the accounts of expenditure on its construction, acquisition or equipment the assessed licence fee is required to be fixed provisionally *vide* para 682 M.E.S. Regulations and should be shown as such by the Unit Accountant G.E. in the licence fee assessment statement. In such cases it should be seen that the Unit Accountant B/S.O. has used the word "Provisional" against the assessed licence fee shown in the Revenue Ledger, and that the provisional assessment has been worked out as accurately as possible taking into account the recorded expenditure as well as the full liabilities. In such cases it will also be seen that provisional assessment is revised on the final closing of the accounts. If the variation between provisional and final assessment is 5% or less, it will be seen that it has been given effect from the date the accounts are closed and in case of the variation being more than 5% the final assessment is given retrospective effect from the date of occupation. This procedure will also apply to additions and alterations affecting the capital value of the buildings *vide* para 166.

Occupation Returns

169. The general completion of the return should be checked to see—

- (i) that the return is rendered on the proper form;
- (ii) that the description of the buildings is correctly given in the form and that it tallies with the description in the Revenue Ledgers and/or Register of Buildings maintained by B/S.O. under para 30 of revised Barrack Services Memorandum.
- (iii) that the return is signed by the authority responsible for the submission; and
- (iv) that the relevant columns of the returns are properly filled in.

170. The following points should be looked into when scrutinising the occupation returns:—

- (i) There is no undue delay between the date of allotment and the date of occupation. If the accommodation is not occupied and the allotment is not formally cancelled by the Station Commander, ensure that the

licence fee has been charged from the date of allotment. If the accommodation has been occupied after the lapse of more than ten days, it should be ensured that the licence fee has been charged from the eleventh day of allotment.

(ii) Where the allotment of accommodation is stated to be free of licence fee or at a reduced rent, the authority in support is quoted and is correct.

NOTE.—Temporary personnel not borne on peace establishment of units, corps, service and departments or whose duties do not require them to live near their place of work are not entitled to free accommodation (para 1 (k) A.R.I. Quarters and Rents). Nor are staff, departments and formations outside Army Headquarters entitled to free accommodation for private printing presses maintained by them *vide* para 14(g) A.R.I. Quarters and Rent.

(iii) When accommodation is allotted free of licence fee or at a special rate of licence fee for a limited period [e.g., cases coming under paras 14(c) clauses (i) and (iv), 14(i) and 14(m) A.R.I. Quarters and Rents], the period of allotment during which the concession is intended to apply is mentioned in the order conveying the sanction and that this period has been shown in the occupation returns. It should also be verified that the Unit Accountant has kept a suitable note of this period in the Revenue Ledger to watch that the building is vacated at the end of that period, or that the sanction is renewed.

(iv) When an available military building is allotted free of licence fee to a unit for use for a specified purpose [*vide* para 14(m) A.R.I. Quarters and Rents], the allotment has been sanctioned by the competent authority. It should further be verified by reference to the Register of Buildings that the authority and the purpose for which the building has been loaned have been recorded in the remarks column of the Register of Buildings concerned and that the value of building has not been included in the total value of buildings when calculating the authorised annual maintenance charges. It should also be seen by reference to the Register of Requisitions that the building is not being maintained by the M.E.S. at the expense of the State.

NOTE.—In cases where buildings are used as Army Child Welfare Centre the maintenance charges of such buildings, fixtures and installations whether Government owned or provided from regimental and/or private fund are debitable to MES.

(v) If married accommodation is allotted to officers, the Unit Accountant has ensured that the officer is not below the authorised age limit. As I.C.Os. under 25 years of age are normally entitled to single quarters, it will be seen that married quarters have been allotted only if they are surplus to requirements.

(vi) When accommodation is leased to private persons not in Government employ, it will be verified that—

- (a) an agreement exists;
- (b) the instrument is properly stamped;
- (c) the current market rate of licence fee is quoted on the occupation return;
- (d) the licence fee is charged at the market rate provided it is not less than the assessed licence fee; and
- (e) that one month's licence fee is paid by these individuals in advance and that in case regular payment is not made necessary action for the vacation of accommodation by these personnel is taken.

(vii) When accommodation is allotted for cinemas, a contract agreement on the proper form has been executed with the highest bidder. It should be seen that the rate of licence fee accepted is not less than the assessed licence fee of the buildings including furniture and fixtures, where supplied by Government. It should also be verified that licence fee for electric fans, fixtures and/or furniture used by the cinema contractor are charged for at the rates of hire prescribed in the M.E.S. Regulations in addition to the amount of the licence fee of building, if they are installed subsequent to the issue of notice of tender for the lease. In cases where the fans, fixtures and/or furniture existed before the issue of tender notice, it should be ensured that the notice of tender contained a clause regarding non-recovery of hire charges for these items separately. In the case of buildings used as dairies run by contractors exclusively for the benefit of troops it should be verified that licence fee for internal electric installation has been charged in addition to the licence fee laid down in para 19(b)(i), A.R.I. Quarters and Rents.

(viii) When accommodation is allotted to officiating non-gazetted incumbents of Ordnance and Clothing Factories and the Ordnance Inspection Section it has been verified by reference to the C.D.A. (Factories) that they hold substantive appointments specified in para 1(f), A.R.I. Quarters and Rents in which cases they are entitled to licence fee free quarters.

(ix) When accommodation is allotted to non-gazetted technical officers of the Ordnance and Clothing Factories or Ordnance Inspection Section appointed to officiate in gazetted appointments, both the substantive and officiating pay are noted in the occupation return, so that licence fee payable may be calculated in accordance with the rules in para 13(j), A.R.I. Quarters and Rents.

(x) When a military building is allotted for use as an institute for a body of soldiers belonging to a unit, corps or service under para 19(c), A.R.I. Quarters and Rents reference is quoted to the sanction of the Area Commander for the use of the building for such purposes, that no extra expense is involved in the adaptation or maintenance of building and that it is stated in the occupation return whether the institute is run by the Unit, corps or service as the case may be, or by a contractor.

171. As regards scale of accommodation the following important checks will be exercised:—

(a) it will be seen that no individual (except for valid reason) has been allotted accommodation in excess of the scale to which he is entitled under regulations or superior to that authorised for his rank or appointment. If superior quarters or excess accommodation are allotted at the request of the occupant, it should be verified that the fact has been noted in the Revenue Ledger and that the increase rate of licence fee has been charged.

(b) When an individual is allotted accommodation inferior to his rank it should be seen that sufficient reasons for not allotting full accommodation have been recorded.

(c) Accommodation allotted to contractors for use as institutes should be checked in order to verify that licence fee has been recovered for any room or rooms which have been occupied by contractors but which do not form part of an institute.

172. In the case of vacation of quarters, the following checks will be exercised:—

(a) It will be verified from the Revenue Ledger that an intimation of the occupation of building by the person reported as vacating it was duly given in the first instance and noted in the Revenue Ledger.

(b) The cause of vacation should be looked for. If a building is vacated for reasons other than transfer, vacation of appointment, etc., and sufficient reasons are not forthcoming in support of the vacation of the quarter by an individual who is required under rule to occupy Government quarters, it should be verified that action has been taken under para 6(a), A.R.I. Quarters and Rents as indicated below:—

(i) *Officers in receipt of lodging allowance and others*—Licence continued to be issued.

(ii) *Officers not in receipt of lodging allowance and others*—Licence fee is continued to be claimed.

(iii) *Individuals entitled to free quarters*—The C.D.A. concerned has been informed that claims for compensation in lieu of quarters are not to be authorised.

If action as indicated above has not been taken by the Unit Accountant due to a disagreement between him and the executive authorities, it should be verified that the Unit Accountant has reported the full facts of the case to the R.A.O./C.D.A. and obtained his orders.

If a building is vacated by an officer proceeding to practice camps, etc. for a period not extending beyond 3 months, it should be verified that lodging allowance has not been admitted to the officer in such cases.

(c) In the case of vacation of quarters for reasons of transfer or vacation of appointment it should be seen that the quarters are reallotted to the successor of the officer vacating the quarter or to some other officer in order to save Government from loss.

(d) If a building is vacated before the end of a month by an individual other than that who is entitled to be housed by the State, it should be verified that (except as stated in clause I of para 6(a), A.R.I. Quarters and Rents) licence fee has been charged from the individual vacating it, up to the end of the calendar month in which vacated or up to the date of the re-allotment of the building whichever is earlier. It should be particularly seen that re-allotment of the vacated building in such cases does not involve loss of revenue by the vacation of another quarter in the same station.

(e) If a building leased out to a private person not in Government employ is vacated, it should be seen that proper notice for vacating the quarters as required under the agreement has been received from the tenant in time. If no such notice has been received it should be verified whether the amount due from the tenant in lieu of notice in accordance with the terms of his agreement has been recovered.

173. The following independent check should be carried out to verify the accuracy of the occupation returns:—

(i) Date of occupation etc., of a few buildings should be verified by reference to station orders etc. and these should be consulted for this purpose at the time of the check of the occupation return.

(ii) The occupation return should be compared with the returns of recoveries for water and electricity rendered by the executive authorities.

174. Sanctions accorded by the administrative authorities to the revision and reduction of licence fee except those under paras 22(b) and 22(bb), A.R.I. Quarters and Rents are checked in full by the Unit Accountant from the records in his possession with the exception of rates of pay which are to be verified by him by a reference to Accounts Officer concerned. The prescribed check will also be exercised by the Local Audit staff at the time of their periodical visit to G.E.'s offices.

Annual Occupation Returns

175. The Annual Occupation Returns will be checked in the following manner:—

- (a) See that the return has been properly prepared.
- (b) The return includes all the buildings main or subsidiary such as garages and those used for the accommodation of unauthorised followers etc., under para 14(i) (I) A.R.I. Quarters and Rents, squash racquet and tennis courts shown in the register of buildings (except those in active occupation of Units according to scale of accommodation definitely authorised by Government) and also buildings hired by Government.
- (c) A comparison between the annual occupation returns and consumers' ledgers and returns of recoveries for water and electricity should be made to see that buildings in respect of which charges for water and electricity have been made are duly shown as occupied in the occupation return.

(d) The particulars shown in this return should be compared with those noted in the Revenue Ledger except in the case of personnel entitled to licence fee free accommodation where the particulars will be compared with the initial occupation return. Cases in which the two documents do not agree should be pointed out in the Local Audit Report.

NOTE.—The annual occupation return should be fully audited with regard to the points mentioned in para 170 above.

Revenue Ledgers (I.A.F.W. 2240)

176. From the occupation returns and returns of recoveries (electric and water) the postings in the Revenue Ledger should be checked to see that all the required information has been correctly transcribed in the ledger, that the assessment side of the Revenue Ledger has been correctly completed and that all licence fee bills have been properly prepared and issued promptly in all cases in which any charges are recoverable. The correctness of the totals in column 15 of the ledger should be verified. The recovery side (i.e., column 16) of the Revenue Ledger will be checked with the top lists received in acknowledgement of the licence fee bills from the C.D.A. or accepted rent bills in other cases in the possession of Unit Accountant B/S.O. or with the lists of cash recoveries and Head I Statement (Treasury Receipts) furnished by the Unit Accountant G.E. and it will be seen that the totals in the ledger are arithmetically correct, that the recoveries made agree with the assessments, that there are no old outstandings and that all amounts over due for a month have been shown by the Unit Accountant as outstanding in the monthly O.I.S. and adequate action taken for their recovery. It will be particularly seen that any undue delay in the receipt of acknowledgements has been reported by the Unit Accountant to the C.D.A. for necessary investigation and administrative action.

177. The Revenue Ledgers will be audited particularly with reference to the following points:—

(i) The amounts of licence fees and other charges, *e.g.*, licence fee of internal electrical installation (where recoverable separately), hire of furniture, hire of fans, charges for water and electricity and service taxes, if any, have been calculated in accordance with the rules on the subject as contained in the various Regulations and orders, issued from time to time.

(ii) Proper action is being taken to clear all outstandings.

(iii) If no entries appear in the revenue ledger in respect of a building during any period it should be seen that the word "Vacant" is entered against the period in question.

(iv) In the case of an officer who halts at a station where there is no hotel or military inspection bungalow, either for duty at that station or on the way to duty at another station, and occupies a military building, the recovery of licence fee if due will be made on the basis of 24 hours constituting a day. It should be seen that this concession is not admitted if the period of occupation exceeds 168 consecutive hours [para 6(c)(i), A.R.I. Quarters and Rents].

(v) The charging of licence fee etc., for buildings for which licence fee is leviable, occupied prior to closing the accounts of expenditure on their construction, acquisition or equipment should not be deferred until the accounts of the expenditure are finally closed. In such cases it should be seen that provisional licence fee as fixed by the G.E. has been recovered from the date of occupation and that difference, if any, between the provisional and final assessments has been subsequently adjusted (para 682 M.E.S. Regulation).

(vi) In the case of quarters occupied by re-employed pensioners it should be verified that recovery of licence fee has been made with reference to the total emoluments including the amount of pension [para 13(g) A.R.I. Quarters and Rents].

(vii) In the case of buildings occupied by private persons (including pensioners and regimental contractors), it should be seen that recovery of licence fee is made monthly in advance and an additional one month's licence fee which will be treated as deposit has been recovered and that the market rate of rent is charged if this is higher than the assessed licence fee [para 694 M.E.S. Regulations and para 14(b), A.R.I. Quarters and Rents refer].

(viii) In the case of military buildings occupied licence fee free under the orders of the Area Commander as Post and Telegraph Office and residential accommodation of the officers in charge of those offices, it should be seen that licence fee of electrical installation has been recovered. (Para 18 A.R.I. Quarters and Rents).

(ix) In cases where internal electrical installation has been fitted in tents supplied to officers etc., it should be seen that licence fee has been recovered at 10% of the capital cost of the installation.

(x) In cases where Government buildings or parts thereof have been let to private individuals or are being used for purposes of cinema exhibitions, it should be verified whether insurance has been effected on such buildings in accordance with the rules contained in para 637 M.E.S. Regulations.

(xi) (a) In the case of quarters occupied by Govt. servants drawing pay in the revised scale and whose emoluments are less than Rs. 220 per month, licence fee is charged on the basis of assessed licence fee or $7\frac{1}{2}\%$ of their emoluments whichever is less. In case of persons in receipt of salary of Rs. 220 and above, the recovery of licence fee will be at the rate of 10% of their emoluments or assessed licence fee, whichever is less, subject to the proviso that the net salary after deduction of licence fee shall not be less than Rs. 202.55.

(b) Licence fee in respect of each Regimental Shop (such as tailor, bootmaker, barber, dhobi, fruit, vegetable, grocer, halwai, general stores and fish etc.) from the contractor/petty contractor and Units and formations, if the regimental shops are run under their own arrangements, has been recovered at the following rates:—

(i) Where the floor area is 120 sq. ft., subject to the limitation of 150 Rs. 1.50 p.m. sq. ft. at the discretion of the O.C. Unit, and above 150 sq. ft. with sanction of next higher administrative authority, if it is not administratively feasible to restrict to the authorised scale of 120 Sq. ft.

(ii) where additional area over and above the floor area of 120 Sq. ft. is allotted to a contractor at his own request, subject to the condition that the accommodation in question cannot be used for other authorised purposes. At assessed licence fee or market rent whichever is higher, vide Para 14(b) 'Qrs. & Rents.'

NOTE:—This will not apply in the case of regimental shops at the IMA, Dehradun, NDA Khadakvashta OTS Madras and Army Cadet College, Poona where assessed licence fee will be charged in accordance with AHQ No. 58550/MT 6 dated 4th Jan 1971.

(xii) In the case of accommodation occupied by the Military Farm Bakeries and the Ordnance and Clothing Factories, it should be seen that a bill showing the total capital value of the buildings occupied including quarters (other than officers) occupied by individuals entitled to licence fee free quarters, the rate at which licence fee is assessed and the total amount of rent has been sent to the formation concerned. (Para 287, M.E.S. Standing Orders refers). The correctness of the bills will be verified and it will be seen that an accepted copy of the bill is on record in the B/S.O.'s office.

(xiii) In cases of vacation of quarters before the end of a month it should be seen that action has been taken to effect recovery of licence fee and other charges for the broken periods, or if the officer has been transferred, to send an intimation through the C.D.A. to the Accounts Officer concerned.

(xiv) The Local Audit Staff should verify that licence fee is recovered for all squash racquet and tennis courts shown in the Revenue Ledger irrespective of whether they have been allotted to individuals entitled to free accommodation or not. If in any case no licence fee is recovered, it should be ascertained whether the building to which the court is attached is occupied or vacant, and if occupied reasons for the non-recovery of licence fee for the court should be investigated.

(xv) In the case of hired buildings—

(a) the periods during which a hired residence remained vacant should be ascertained and enquiries made as to whether the residence could not be given up to avoid loss to the State;

(b) the justification for continued hiring should be generally reviewed with reference to the available Government owned accommodation;

(c) When any of the residences hired for a particular class of individuals entitled to demand quarters from Government, ceases to be required for such an individual, it should be seen that it is given up at the earliest opportunity and is not continued to be hired for allotment to another individual not so entitled to be supplied with accommodation, particularly when such an allotment involves loss to the State.

(xvi) Entries in the Revenue Ledgers may be verified with reference to the list of issues of Tools and Plant on hire with hire charges shown therein prepared by the G.E. and forwarded to the Unit Accountant B/S.O. after check by the Unit Accountant G.E.

(xvii) The allocation of receipts should be checked to see that they have been correctly classified and that no item of receipt which should under rules be treated as "deductions from expenditure" is credited to Revenue or *vice versa*.

(xviii) Any suspension of allotment of accommodation or a proportionate remission of licence fee on the ground that the accommodation is wholly or partially uninhabitable during a certain part of the year on account of climatic reasons should be challenged in audit. The rule in para 3(d) (iii) and 22(a) of A.R.I. Quarters and Rents, does not confer on local authorities powers for such suspension of allotment or remission of licence fee.

(xix) In auditing the revenue accounts in respect of accommodation allotted to Service Officers the orders contained in A.O. 5/S of 48 and A.I. 10/S of 50 (as amended) will be kept in view by the Local Audit Staff.

Water and Electricity charges

178. From the contracts in force during the period covered by local audit, a list should be made out of works for which according to the terms of the agreements, water was required to be supplied on payment to contractors. The account of consumption of water for these works should be traced in the consumers' ledger and it should be verified that the amounts recoverable have in all cases been debited by means of transfer vouchers to the contractors. In cases where water is either supplied free to a contractor with reference to his agreement or is issued to a work executed departmentally, it should be verified that the cost has been assessed by the G.E. and debited direct to the work concerned.

179. In the case of electric energy used in Military buildings occupied by Units, it should be ascertained whether the unit has installed electrification at unit expense in the whole of its lines or only in a part of the lines. If the lines have been wholly electrified, the unit will be entitled to a free supply of energy and will cease to be entitled to issues of lamps, oil, wick, etc. If, however, a part of its lines is electrified, the unit will be entitled to a free supply of electric energy for the electrified part but will receive a proportionately lower issue of lamps, oil, wick etc. It should be verified by reference to the Unit's accounts that the unit does not draw oil lamp and wick in the former case and does not receive these articles on full scale in the latter case. It should further be seen that in either of the two cases stated above, charges for electric energy be used for unauthorised appliances have been recovered from the unit (Paras 773 and 774, Regulations for the M.E.S. and para 32, A.R.I. Quarters and Rents refer).

180. In the case of private consumers, it should be seen that bills are prepared and sent promptly; that recoveries are effected regularly; and that adequate action is being taken for the adjustment of outstandings.

181. In the case of Electric Energy supplied to paying consumers for Power purposes, it should be seen that charges for such consumptions have been correctly made at the appropriate rates in force at the time of supply of Electric Energy.

In so far as power supply to Private consumers is concerned, it should also be seen that sanction of the Area Commander to the provision of Power Connection exists.

182. In the case of electric energy supplied for refrigerators and electric kettles in Lady Nurse's quarters it should be seen that climbing totals of meter readings are intimated monthly to Senior Lady Nurse by the B/S.O. and that at the end of the year all consumption in excess of the free allowance is charged for (Note under para 33, A.R.I. Quarters and Rents refers.)

Returns of Recoveries

183. Any delay in the submission of returns of recoveries (water and electricity) to the Unit Accountant by the due dates should be brought to notice of the B/S.O./G.E. and if necessary of the C.W.E.

Refunds

184. In the case of a refund or remission, it should be seen that a note against the original recovery has been made by the Unit Accountant B/S.O. to avoid a double or erroneous claim. Any acknowledgement previously granted by the M.E.S. executive will be taken back and destroyed by the Unit Accountant and a note of re-payment made on the counterfoil of the original receipt.

185. Unit Accountants B/S.O. are required to keep the office copies of all refund bills in a separate file bearing separate consecutive serial numbers prefixed by a distinctive mark "Refund". The R.A.O. at the time of his periodical visit to the formation will post audit these refund bills to the extent of one month's bills in a quarter to see that no erroneous or inaccurate refunds have been authorised that acknowledgements or duplicate copies thereof as the case may be, are on record with the Unit Accountant.

Workshops

Register of Work Orders

186. In checking this Register it should be seen that the classification of work orders e.g., work orders for M.E.S., work for other Government Military Department, etc., is correct and that for all orders, estimates have been sanctioned and work orders accepted by the demanding officer. In the case of jobs undertaken for private persons and works chargeable to Regimental Funds it should be seen that sufficient deposits have been received and adjusted in the accounts.

187. If jobs are shown as completed, completion cost should be checked with the expenditure sheet and it should be seen from the workshop account that the cost has been debited to the party concerned. Outstanding should be investigated and pointed out in the local audit report.

188. A comparison of the completion cost with the estimated amount should be made to see that there is no wide variation. If a large variation is detected, the daily sheets for the work should be checked with the estimates of work (I.A.F.W. 2227) to find out that the variation is not due to wrong allocation of any charge. In the case of savings also it should be verified with reference to the estimate that there has been no omission in raising debits for materials, labour or power, etc.

189. After the close of a year, the Register of Work Orders should again be reviewed to see that recoveries have been effected in all cases and that if there were any unfinished jobs on the 31st March, interim bills for the expenditure incurred up to that date were adjusted in the account by debit to the parties concerned.

Daily Labour Sheet (I.A.F.W. 2236)

Daily Material Sheet (I.A.F.W. 2235)

Daily Miscellaneous Charges Sheet (I.A.F.W. 2213)

190. These sheets should be checked with the original vouchers received from the C.D.A. or those in possession of the Unit Accountant; it being seen that all transactions have been accounted for against the correct work order or overhead. In particular it should be seen that no item of expenditure which should properly be treated as direct expenditure is charged to overheads and the abstract of Receipts and Charges should be consulted to see that all vouchers have been traced into the Daily Sheets.

Expenditure Sheets (I.A.F.W. 2230)

191. Expenditure sheets should be checked in detail to see—

- (i) that the jobs were undertaken under proper authority;
- (ii) that they were properly recorded in the register of work orders;
- (iii) that the estimated cost is correct with reference to the estimate;
- (iv) that all labour, materials and other miscellaneous charges pertaining to them were properly brought forward from the daily sheets;
- (v) that the monthly totals under the portion "daily expenditure" in the expenditure sheets are arithmetically correct and that these totals have been correctly carried to the summary;
- (vi) that the progressive expenditure has not exceeded the estimated amount.

202. The ledgers and accounts will be checked by the Unit Accountant to the extent laid down in Annexure "A" to Part I of this Manual and any relevant instructions issued from time to time.

As a safeguard against omissions, the Unit Accountant will maintain a list of accounts, registers and ledgers pertaining to each sub-division to be audited by him. This list will be added to as and when a new account etc. is started but no item will be deleted from the list except by the Unit Accountant who will personally satisfy himself that (i) the register, etc., has been audited upto the date of closing and (ii) that balances if any, have been carried forward to a new register which has been brought on the list. *Note*

203. The frequency of visits to S.D.Os. officers by the Unit Accountant will be fixed by the C.D.A. having regard to the local conditions.

Normally the outstation S.D.O's offices will be visited half yearly.

204. Before commencing the local audit of S.D.Os. accounts the Unit Accountant will submit a programme in triplicate through the G.E. and the R.A.O. to the C.D.A. for approval. The R.A.O. while forwarding the programme to the C.D.A. will also intimate confidentially the particular months' accounts selected for detailed audit in respect of various ledgers and registers maintained by each sub-division. The C.D.A. will, after approval, return the duplicate copy of the programme to the Unit Accountant and the triplicate copy to the R.A.O. concerned for information.

205. The relevant original vouchers will be forwarded to the Unit Accountant by the C.D.A., on selection of the accounts for detailed audit. They will be returned by the Unit Accountant soon after the audit is completed. The selection of different months' accounts of various ledgers and registers for detailed check does not, however, imply that the activities of the audit staff are to be confined, strictly to the accounts of the month selected. If an irregularity is found which is likely to appear in another month or if for any other reason the scrutiny of the accounts for months other than the selected month is considered to be necessary or desirable, the Unit Accountant should extend the scope of his audit or inspection as may be deemed necessary.

206. All accounts and registers, ledgers, documents and vouchers, etc., which are audited will be enfaced "Audited", "Linked", "Test Checked", "Objected to", "Remarked on", as the case may be. The Unit Accountant and the auditors will affix their dated initials and designations to each of these accounts in token of their having conducted that part of the examination, audit scrutiny or test check for which they are personally responsible. All marks and initials must be small and neat, care being taken to avoid the obliteration of figures and other details entered in the executive records.

207. On the completion of audit, the auditor(s) concerned will append a certificate to the office copy of the objection statement issued on the accounts of each sub-division on the lines indicated below. This certificate should be examined by the Unit Accountant with the list of accounts to be audited and will be countersigned by him. Before countersigning the certificate, the Unit Accountant will exercise such checks

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See Page 8

Rec constructed

By no

18076/17

28/6/75

**Draft Amendment to MES Local Audit Manual, 1953 Edition
(Reprint 1973)**

C.S. No. 38 of 1975

Para 204—Para 204 is reconstructed as under:—

“The Unit Accountant before commencing the local audit of the local sub-divisional officer's accounts, will submit a programme in duplicate through the GE to the RAO for approval. The RAO will return the duplicate copy of the programme duly approved to the UA. In cases where visit to outstation sub-divisions is involved, the programme will be submitted in triplicate through the GE and RAO to the CDA for approval. The RAO while forwarding the programme to the CDA will also intimate confidentially the particular months accounts selected for detailed audit in respect of various ledgers and registers maintained by each outstation sub-division. The CDA will after approval return the duplicate copy of the programme to the UA and the triplicate copy to the RAO concerned for information.”

[Authority:—CGDA letter No. 18010/AT-S, dt. 14-2-75.]

Approved.

DCGDA

Price: Inland Re. 0.10P.—Foreign 3d or 4 cents.

over the auditor's work as will satisfy him that the audit has been efficiently carried out and that he can take complete responsibility for the audit done and for the statements made in the certificate.

Audit Certificate

1. Name of the sub-division.

2. Period of audit.

3. Months' Accounts selected for full audit (*vide* selection orders attached).

4. Date of audit.

Certified that:—

(i) The following accounts which are required to be audited have been audited to the extent and in accordance with the instructions in the M.E.S. Local Audit Manual, and other orders issued from time to time.

Name of Registers or Accounts (1)	No. of Volumes (2)	Name of Auditor (3)
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NOTE—If a separate list of registers and accounts is attached to the certificate, the necessary remarks to this effect should be given in the certificate.

(ii) All documents and vouchers, etc., audited, test checked or scrutinised have been enfaced "Audited", "Objected to", "Test Checked", "Test Linked", or "Remarked on", as the case may be, and initialled.

(iii) Items outstanding on previous objection statement(s) have been dealt with and the objection register has been completed up-to-date.

[Signature]
Dated Signature of Auditor.

Dated Signature of the Unit Accountant.

208. Detailed instructions with regard to the raising and pursuing of audit objections as a result of the local audit of store accounts are contained in Appendix "B" to the A.L.A.M., Part I. They should be rigidly followed.

209. The Unit Accountant will immediately bring to the personal notice of the R.A.O., by a special report, all cases in which:—

(i) the prescribed accounts are non-existent or missing, or have not been produced;

(ii) the accounts maintained by a sub-division are in an unsatisfactory state;

(iii) the procedure adopted in maintaining the accounts is not in conformity with that authorised in rules or standing orders.

210. The Unit Accountant will also submit to the C.D.A., through the R.A.O., a progress report periodically as required by the latter showing the name(s) of the sub-division(s) the accounts of which he

been locally audited during the period under report with the following particulars in each case:—

- (i) the dates of commencement and conclusion of local audit;
- (ii) the period of accounts locally audited;
- (iii) the date of despatch of the objection statement; and
- (iv) the general state of the accounts.

In the case of sub-divisions in which local audit is in progress and has not been concluded during the period under report, the word "In progress" will be entered against items (ii) to (iv).

211. Detailed instructions regarding the local audit of S.D.Os' accounts and registers are contained in the following paragraphs.

Verification of castings and closing and opening balances of store accounts

212. (a) *Castings*—It will be seen that an account of each article is maintained on a separate page in the store ledgers, the balance being struck after each transaction. The Unit Accountant will check arithmetically the totals leading up to the balances in the ledgers as prescribed below.

(b) *Closing Balances*—To ensure that the final closing balance at the end of the period under audit is correct, the total issues of each article will be struck and deducted from the aggregate total of receipts and the opening balance. The accuracy of intermediate balances need not be verified. A line will be drawn neatly against the verified closing balance of each article in ledgers which will be initialed and dated in ink or coloured pencil by the auditor, an additional initial being affixed by him against every alteration to such balances. The closing balances shall also be stated in words and figures separately in the remarks column.

(c) *Opening Balances*—The last audited closing balances represent the opening balances. It will be seen particularly that the last audited balances have not been altered or erased since they were checked and initialed.

Materials Register

213. (a) *Receipts*

Credit in respect of stores received from all sources will be checked in full into the materials register by the Unit Accountant from the following documents to ensure that the description and quantity of stores procured have been correctly brought to account:—

- (i) Paid bills.
- (ii) I.D. Schedules.
- (iii) I.S.D. London invoices.
- (iv) Indents.
- (v) List of credit notes furnished by the G.E. with reference to Section 23 of M.E.S. Accountants Manual.
- (vi) Receipt vouchers prepared by the M.E.S. Officers (which are linked with the consignor's issue vouchers).

add
Aug.
1003/AT.S
27-8-76

V. Sarnagapani
(V. SARNAGAPANI)
for Controller General of Defence Accounts

22/7/78
Copy together with a copy of draft amendments to :-

1. All Controllers of Defence Accounts
2. Regulations Section (Local).
3. O & M Cell (Local).
4. Hindi Cell (Local).
5. 'G' Section (Local) (Library & Monday List).
6. Audit Coord (Local) (Inspection & Monday List).
7. All groups in Audit Section.
8. Accounts Section (Local)

(Two copies)

m/
V. Sarnagapani

AMENDMENT TO M.E.S. ACCOUNTANTS MANUAL 1952 EDITION (1973 reprint)

PAGE -64 -

Add the following as heading above para 212 and a fresh para 212.

visitors Book of M.E.S. Inspection Bungalow

- 2.12 The unit Accountant will check the Visitors Books maintained in M.E.S. Inspection Bungalow and will ensure that the amounts realised are in accordance with the rates of licence fee prescribed by the C.M.E. and that these amounts have been credited to Government and brought to Account under the revenue sub-head concerned. It will also be ensured that the instructions contained in "Rules for the occupation of MES Inspection Houses" (as amended) issued by the C-in-C are complied with. This will be checked by the U.A. to the extent of 100%.

Sd/- A.C.D.A.

(b) *Issues*

(i) Issue vouchers are prepared by the S.D.O. monthly in which the total quantities of all stores issued during the period and the amount debitable to each project or each item of the project, as the case may be, will be shown, separately. A copy of the issue voucher, together with the supporting receipted indents will be furnished to the U.As. for adjustment, checking the materials register and the "Statement of stores issued" attached to the final bill. The issue entries in the materials register will be completely traced in the copies of indents thus received and castings and balances verified. The total issues for the period entered in the materials register in respect of each article and checked as above will be agreed with the sum total of quantities for each article shown in the corresponding issue vouchers. Issues will also be traced from the relevant indents into unstamped dated acknowledgements taken from contractors *vide* para 447 M.E.S. Regulations.

(ii) Issue rate as fixed by the G.E. should be checked and it should be seen that they are correctly noted on each page of the materials register.

(iii) The special account maintained with reference to Para 774 M.E.S. Regulations showing the amount of stores actually received and issued for works should be linked with the materials register.

(iv) The quantitative statement of materials remaining surplus at the close of works prepared with reference to para 775 M.E.S. Regulations will be checked with the corresponding balances shown in the materials register.

(v) It should be seen that pages of the register are serially numbered that no page is missing, that there are no erasures or unauthorised alterations and that the dates against the initials to alterations are not subsequent to the date of last audit.

214. It should be seen that the limits up to which materials should be collected have been prescribed and are not exceeded and that, in cases in which materials have been acquired for works not yet sanctioned, the sanction of the authority competent to accord administrative approval to the work has been obtained for the acquisition of stores.

215. The register should be generally reviewed to ascertain that:—

(i) the register is examined regularly by the G.E.,

(ii) the articles have been checked within the last 12 months and have been certified to be in good condition;

(iii) articles are not retained on the account unnecessarily. Items not operated upon for six months or over should be specially scrutinised;

(iv) the rates and profit or loss are re-adjusted periodically to ensure that the total of the balances in the materials register agrees with the balances in the account and the latter agrees as nearly as possible with the value of materials in hand.

Materials Accounts

216. The materials accounts will be checked with the relevant vouchers. The discrepancies, unless trifling, will be noted and objected to. It will also be seen that action is taken by the executive to clear the liabilities, if any, in respect of stores which have been received for use on works, but payment for which has not been made.

217. It will be seen that materials accounts of completed works are closed as soon as possible. If any stores are left in hand, it should be ascertained what action has been taken for their disposal.

218. The materials accounts will be scrutinised to see if there are any cases in which materials were purchased towards the close of a financial year (*i.e.*, in the month of February or March) and debited to the materials accounts apparently to utilise funds. If it is found that the materials so purchased continued to remain on charge for prolonged periods, the inference to be drawn is that purchases were made to avoid lapse of funds. Such transactions will be placed under objection.

Indents and Receipt Vouchers

219. All indents and receipt vouchers should be checked to the extent laid down in Annexure A to Part I of this Manual.

220. In the case of indents it should be seen that they have been prepared and signed by the S.D.O. and receipt of the stores shown therein has been acknowledged by the individual concerned to whom the stores have been issued, that they are priced at the correct rate, that the calculations are correct, that all alterations in quantities are attested, that the stores have been correctly allotted to the works concerned and that when stores are issued to contractors they are so shown on the indents with the amounts recoverable and that the contractors' acknowledgements for the stores exist.

(Rates charged to contractors should be checked with the contract agreements, it being seen that in the case of stores, not provided for in the contract, "the issue rates fixed for such stores shall be the highest of the following rates :—

- (a) Stock Book rate as on the date of the issue of the stores.
- (b) Market rate as on the date of acceptance of tender. *stores*
- (c) Rate deduced from the tendered rates in case of contracts based on Bills of Quantities and Item Rate contracts.
- (d) Rate in the M.E.S. schedule adjusted by the contractor's percentage in case of contracts based on M.E.S. Schedule of Rates".

221. Receipt vouchers should also be checked arithmetically, it being seen that they are prepared immediately on receipt of stores, that the quantities, description of stores and the source of supply shown on the vouchers agree with the particulars in the suppliers invoice and that in the case of direct purchase by the M.E.S., the rates charged are correct according to the order or agreement, if any.

Q 35
74

C.S. No. 35 of 1974

Page 66, Para 220 sub para 2 and Page 67 Para 222(a) as amended by C.S. 32 of 1973—

Substitute item (b) by the following “Market rate as on the date of issue of stores”.

[Authority.—E-in-C letter No. 35446/E8 dated 9-5-72 and 19280/E8 dated 23-5-73.]

MGIPCBE—S1—3 CGDA/ND/74—3-6-75—4600.

In the case of deficiencies in stores which may be found on their receipt, it should be seen that they have been dealt with in accordance with paras 317—326 of the M.E.S. Accountants Manual and that adequate action is being taken for their final settlement.

Divisional Stock Registers

222. The postings of receipts in the stock registers will be checked with:—

- (i) Debit vouchers in respect of supplies made through the D.G., S. & D.
- (ii) Cash vouchers for supplies paid from cash assignment or imprest.
- (iii) Receipt vouchers prepared by the M.E.S. officer (which will be linked with the consignor's issue vouchers).

If original copies of receipt vouchers in the case of documents mentioned at items (i) and (ii) above have not been received by the time the audit has been taken up, they should be linked on receipt and the adjustment of discrepancies noticed during the linking of the two sets of documents watched through the objection statement.

The postings in the registers including balances from the last year will be checked item by item with the previous registers and the above mentioned vouchers, it being seen that the description and quantity of material are the same as on the vouchers.

The responsibility for the collection of consignee's, receipts in respect of I.S.D. bills for 100% advance payments made by D.A.G. (I. & S.) devolves on the Unit Accountant, who will maintain a register for the purpose and which will be seen during the local audit. It should also be seen that in this register, 10% and 90% payments made by the D.A.G. (I. & S.) are also recorded and linked by the Unit Accountant.

Issues

The issues will be checked with:—

(a) Stock indents and issue vouchers.

In the case of indents it will be seen that they have been prepared and signed by the S. D. O. and receipt of the stores shown therein has been acknowledged by the individual concerned to whom the stores have been issued, that they are priced at the correct rate, that the calculations are correct, that all alterations in quantities are attested, that the stores have been correctly allocated to the works concerned and that when the stores are issued to contractors they are so shown on the indents with the amount recoverable, that the contractors' acknowledgements for the stores have been received and linked. Rates chargeable to contractors should be checked with the contract agreement, it being seen that in the case of stores not provided for in the contract "the issue rates fixed for such stores shall be the highest of the following rates:—

- (a) Stock Book rate as on the date of the issue of the stores.
- (b) Market rate as on the date of acceptance of tender.

(c) Rate deducted from the tendered rates in case of contracts based on Bills of Quantities and Item Rate contracts.

(d) Rate in the M. E. S. schedule adjusted by the contractor's percentage in case of contracts based on M. E. S. schedule of Rates".

Note.—This check should be carried out as and when indents and issue vouchers are received by the Unit Accountants for adjustment.

(b) Transfer vouchers in the case of issues made to other divisions/formations.

(c) Loss statements, sale accounts etc., in the case of stores lost or sold.

NOTE 1.—When checking the stock registers it will be seen that there are no spare parts of M.E.S. installations borne on charge in the register. These spare parts and other consumable stores for installations are required to be brought to account in the plant record book and the stores-in-hand ledger of the installation concerned.

NOTE 2.—The checks provided for in this para will be exercised concurrently and not at the time of periodical inspection and audit.

Vouchers for sale of Stores

223. When stores are sold by public auction, it will be seen that they have been auctioned in the presence of an M.E.S. officer by an approved auctioneer for the station or group of stations. In cases of sales of stores to private individuals or to other departments and Government employees under para 796 M.E.S. Regulations with the prior sanction of the Government of India it will be verified that the rates charged and calculations are correct, that authorised departmental charges have been levied and that if it is a sale on credit, the amount has been debited to "M.E.S. Advances" pending recovery.

It will be seen that there are no excessive holdings and stock verification is carried out periodically and discrepancies regularly adjusted. The adjustment of stores received from ASC and other departments of Defence Services will also be verified in the Financial Accounts.

"Stock Limits".

224. For every item of stock authorised to be held in Divisional stock a maximum quantity will be fixed by the CWE. Items and quantities so fixed should not exceed 4 month's requirements of stores necessary for minor works and maintenance. The UA will check that the stock held is authorised and is within the maximum limits prescribed by the CWE.

A test check of important and expensive items will be carried out by the RAO during his periodical visits. This check will be spread throughout the year. It will generally be seen that steps are taken to keep balances as low as possible compatible with requirements and facilities and time taken for recoupment. Any tendency to keep excessive balance will be commented upon.

Fresh purchases of stores should be checked with the existing balances and the prescribed maximum quantities to be held, so as to ensure that purchases are not made indiscriminately. Cases in which purchases are made of stores of which there have been no issues for a considerable time, should be specially investigated. Any large accumulation of stores, especially in the case of stores liable to deterioration, should be pointed out and it should be seen that adequate action is being taken for the disposal of surplus stores. Action taken for the disposal of any unserviceable and obsolete stores should be looked into".

Stores-in-hand Ledger

225. The receipt column of the ledger will be checked with the original copies of the indents (in possession of the U. A.) in the case of stores drawn in bulk from maintenance stock, with the demolition register in the case of stores received from demolitions, with the original transfer vouchers or local purchase bills as regards stores drawn from materials registers of another work or purchased, and from receipt vouchers in respect of stores obtained from M. E. S. stores organisation. As regards issues the ledger will be checked with the sub-indents (I.A.F.W. 2305) and linked with the list of stores submitted in support of muster rolls, temporary work charged personnel bills etc., for the services concerned or log sheet or Mileage Card IAFZ-2212 (Revised as the case may be). It will be seen that the sub-indents specify the work in which the materials have been used.

In the case of stores issued to a work different from that to which they were charged in the first instance, it will be verified that necessary adjustment vouchers have been prepared and adjusted in the accounts.

Unit Accountant will verify that stores are not held in excessive quantities and that the sanctioned monetary limit is not exceeded. If there is any excess, it will be placed under objection which required regularisation under the orders of the CWE. "At present a limit of Rs. 3,000 when priced at stock book rates at the end of each month has been fixed *vide* para. 779".

226. It will also be seen that the G.E. has inspected these ledger periodically and has signed them in token of his having done so.

If there are any stores of which there have not been any issues for a considerable period, suggestions should be made for their transfer to the stock or utilization elsewhere.

Road Metal Register

227. The road metal register will be checked with the original vouchers on which payments have been made for the collection of road metal and road surfacing materials, etc., to see that all metal, etc., paid for has been brought on charge. The issues will be checked with I. A. F. W. 2305. It will be seen that I.A.F. W. 2305 is approved and signed by the S.D.O. and specifies the particular work in which stores have been used. It would also be linked with the list of stores attached to the muster roll or other relevant bill etc., for the work concerned. In cases of surpluses or deficiencies found as a result of check of measurements it will be seen that the surpluses are brought to account and deficiencies written off under the orders of competent authority. Any minus figures should be particularly examined and traced to their origin.

Demolition Register

228. (a) Demolition register is the original record of materials obtained from demolitions. Entries in this register will be linked into the demolition statements or other sanctions for demolition on record in the G. E.'s office to verify that sanctioned demolition statements etc. exist for the buildings demolished. Credits for materials obtained from demolition will be verified from demolition certificates attached to bills

into the demolition register with a view to verify the correctness of demolition statements or other sanctions for demolition on record the register have been disposed of and adjustment made in order to verify that the value has been adjusted according to rules laid down in para 828, M. E. S. Regulations.

It will also be seen that each entry in the register is initialled by the S. D. O. in charge of the sub-division.

Demolition Statement

(b) From the demolition statement it will be verified that the demolition has actually been carried out and materials accounted for. In the case of buildings sold for demolition, the demolition statements will be linked with the sale accounts.

Register of Authorised Furniture

229. The station register of authorised furniture (I.A.F.W. 1811) will be checked to see that the number of articles of each type shown against the various units and formations does not exceed the authorised scale laid down for units, etc., in the regulations and that the reserves of furnitures held at the station are within the scales of reserves laid down in Barrack and Hospital Schedule (India). This register will be compared with the station furniture register in order to verify that articles of approved pattern plus those of obsolescent pattern on charge to make up deficiencies, do not exceed in number the authorised scales. It will also be seen that the articles supplied as free gifts by the Red Cross Society to Military Hospitals and their capital value as assessed by the G. E. are entered separately at the end of the register of authorised furniture.

NOTE.—After the initial check of all the items entered in the register has been carried out further check will be confined to cases of modifications and for this purpose the local audit staff will maintain a suitable record of all amendments to Barrack and Hospital Schedules and other Government orders affecting the authorised scales.

Station Furniture Register

230. The receipts in this register will be checked with the original paid bills relating to purchases of furniture, from muster rolls, etc., for new articles manufactured under estimates for new supplies and renewals, and transfer vouchers received from other Unit Accountants for articles transferred from other divisions. Similarly all issues will be checked with reference to issue vouchers in respect of transfer of furniture to other divisions or loss statements/expense vouchers. The correctness of the balances will also be checked arithmetically.

In the case of transfer to other divisions, it will be verified that a receipted copy of the voucher is on record. An unreceipted copy will be obtained and forwarded for linking purposes to the consignees' Unit Accountant.

Furniture Distribution Ledgers

231. (a) It will be seen that the quantities shown in the unit and station distribution ledgers agree and the unit, furniture distribution ledgers bear signatures of both MES representative and the representative of the Unit in token of its reconciliation with the unit copy of the ledger and that all receipts and issues subsequent to the date of reconciliation are supported by accepted vouchers. It will also be seen that no issues of furniture are made to individuals without authority on temporary receipts or on loan.

(b) It will be verified that the quantities of each article of furniture issued to a unit does not exceed the authorised scale as per station register of authorised furniture.

(c) In cases where articles of furniture are shown as issued on hire it will be verified that hiring is authorised by regulations, and that the capital cost was included in the statement of furniture issued on hire received from the B/S.O.

(d) In the case of furniture supplied to quasi-commercial and manufacturing concerns and to JCOs and NCOs in such concerns *viz.*, Military Farms Department, ASC Bakeries and Ordnance and Clothing Factories, etc. the rent of furniture is required to be intimated to those concerned after check by the Unit Accountant. It will be verified that necessary intimations have been sent and acknowledged by the parties concerned.

Tools and Plant

232. Tools and Plant Ledgers including Tools and Plant charged direct to works and registers of articles of tools and plant in use.

(a) From paid bills relating to purchases and from muster rolls etc., pertaining to manufacture of tools and plant (including expendible tools) and receipt vouchers, linked with the consignor's issue vouchers received from other Unit Accountants in respect of transfer from other divisions or received from engineer stores organisations, the receipts will be checked into (i) station register of articles on charge (ii) S.D. O's register of articles in the use and (iii) numerical ledger of small tools. Similarly all issues will be checked with reference to issue vouchers in respect of tools and plant transferred to other divisions and loss statements or survey reports.

(b) In the case of tools and plant (including expendible tools) specially purchased and charged to a work, it will be seen that the service to which the cost has been charged is noted in the numerical account and that they are disposed of on the completion of the service which should be credited with the depreciated value. In the case of such tools and plant, it will be seen that no article is removed from the numerical account on the plea that work to which its cost has been charged has been closed. Similarly there should be no transfer from one work to another in anticipation of the possibility of the articles being utilised later on at some distant time.

(c) In checking the numerical ledger of small tools etc., it will be seen that the ledger is a bound book with machine numbered pages and each addition or deduction to the total of any item on charge is initialled by the G.E. and the subordinate on whose charge the tools are.

(d) In the case of sales of tools and plant, the orders of the competent authority approving the sale will be looked for and in the cases of transfer to other M.E.S. divisions it will be verified that an accepted by a definite provision to that effect in the contract agreement and vouchers will be obtained and forwarded for linking to the consignee's Unit Accountant.

(e) In the case of road rollers and other mechanically operated vehicles, it will be verified that the log books are being maintained in respect thereof.

(f) If any bicycles are maintained in the division for use of the M. E. S. staff, it should be verified that they have been taken on charge in the register of articles of tools and plant and that the number in use in each office does not exceed the scale laid down in para 118 M.E.S. Regulations. In the case of excesses it will be seen that the sanction of the Chief Engineer exists.

Tools and Plant Distribution Ledger

233. (a) The tools and plant distribution ledger will be examined to see that it is properly maintained and that the total of each article in the distribution ledger agrees with total of that article as shown in register of articles on charge. It will also be verified that distribution ledgers have been reconciled by the executive annually between the 1st September and 1st December with the individual register of articles on charge and that both parties have signed the ledgers in token of this annual reconciliation. All transactions subsequent to the date of annual reconciliation should be supported by accepted vouchers.

(b) Distribution ledgers and the SDO's numerical account, etc., will be scrutinised to see if any tools and plant have been issued on loan to contractors or on hire to any individuals. If so, in the case of issues on loan to contractors it will be verified that the issue is covered a definite provision to that effect in the contract agreement and the contractors' receipt is on record. In the case of issues on hire, it will be seen that the sanction of the Chief Engineer or Dy. Chief Engineer exists in accordance with para 943 M. E. S. Regulations if the issue is not provided for in the contract agreement and that an intimation of hire has been received by the Unit Accountant for necessary action. In cases of tools, etc., lost by contractors, it will be seen that 10% departmental charges are recovered in addition to the value of the tools and credited to Revenue. It will be specially seen that the issue of tools and plant on hire are made only to those bodies specified in para 942 M. E. S. Regulations and that recoveries are affected as indicated therein.

Log books of Installations, Road Rollers and other Mechanically operated Transport Maintained by M. E. S.

234. (a) The consumption of stores as shown in log sheets for the period covered by audit will be checked to see that all stores, the cost of which has been charged to the construction accounts during the month or those which have been issued from the quantities held in the stores in hand ledger during the period have been shown in the log sheets. Differences if any will be reconciled.

(b) It will generally be seen that the log sheets contain a reliable record that there are no unexplained large variations between the day to day consumption of stores and that log sheets bear evidence of scrutiny by the SDO and the GE.

(c) In the case of road rollers and other mechanically operated transport maintained by the M. E. S., the relevant log books will be examined to see whether proper accounts of running expenses and repairs are kept and whether such expenses are proportionately accounted for according to the use made of the road rollers etc., and that proper recoveries have been made in cases in which a road roller is supplied to a contractor for a work for which he is paid for at the finished rates.

(d) In the case of Government mechanical transport it will be seen that:—

(i) the cost of maintenance, repairs and renewals of such transport is charged to the service on which they are employed;

(ii) a proper record is maintained of the running expenses incurred and for the duties performed;

(iii) an effective control is exercised over the expenses particularly the consumption of petrol, oil and lubricants;

(iv) the Government transport is not put to "unauthorised" use and where it is put to private use, recoveries are effected under the rules.

"P. O. L. Account and Mileage Card IAFZ-2212 (Revised)."

235. It will be seen that:—

(i) the "Mileage Card" is arithmetically correct,

(ii) the quantity of petrol charged off in the stores-in-hand ledger as issued to vehicles agrees with the total quantity of petrol shown as drawn in the relevant mileage cards.

(iii) full particulars of duties are given in the "Car-Diary IAFZ-2209 (Revised)" and that kilometre reading and MT gasoline/diesal drawn have correctly been recorded in the Car Diary.

(iv) the running mileage per litre of vehicle is not below the authorised limit fixed.

Detailed instructions for the check of these accounts are contained in Army Local Audit Manual Pt-I.

Plant Record Book

236. (a) By reference to the construction account for the new installations or for additions to the existing plant and for superior replacement it will be seen that all new capital expenditure and major spare parts of E. & M. installations have been brought to account in the Plant Record Book and that the capital cost shown therein is correct. In cases of replacement it will be seen that the procedure laid down in paras 905 and 906 MES Regulations has been followed.

(b) The capital cost of buildings forming part of E. & M. installations and as shown in the plant record book will be checked with the register of buildings annually as soon as possible after 1st April to see that all corrections in the latter have been incorporated in the former.

(c) The rate of depreciation adopted for each machine and building should be checked with the approved rates *vide* para 420 of the MES standing orders and the arithmetical accuracy of the amount charged off as depreciation should be verified. The charge for depreciation will cease after a plant has been in use for its full anticipated life and the depreciated value becomes nil. If a plant, etc. does not render service for the full anticipated period and is discarded or disposed of before the whole of its cost has been charged as depreciation, the residual value (less the sale proceeds) shall be charged to the cost accounts either in one lump sum or in annual instalments fixed by the Chief Engineer.

Fan and Meter Register

237. (a) The register will be examined to see that it is maintained in accordance with the fly leaf instructions printed therein, that it affords proper means for checking the receipts and issues of the fans and meters and that there are no evident signs of unauthorised alterations and interpolations etc.

(b) All new purchases and receipts of meters and fans as ascertained from the original bills, consignors' issue vouchers I. D. Schedules, etc., should be linked with the entries in the register. Fans or meters struck off charge will be verified with the original vouchers, survey reports, loss statements, etc.

(c) The location of fans as noted in the register will be scrutinised and verified by reference to consumers, ledgers or the return of recoveries so as to determine that hire charges have been levied where due.

Bulb Account

238. The receipts of bulbs will be checked with the relevant store indents and issues with the bulb requisitions in respect of bulbs supplied to units, departments and individuals. The destruction of worn out bulbs as entered in the bulb account will be checked with the relevant

bulb requisitions. It will be seen that issues to units, etc., are signed for in column 24 of the account and that issues during a period agree with the number of worn out bulbs of equal voltage shown as received and destroyed during that period and where a new bulb is issued without exchange or is issued in return for a broken bulb, a signed receipt from the occupant is obtained and the transaction treated as a barrack damage. It will be verified that recovery has been effected from the occupant in such cases.

Stock-taking

239. It will be seen that stock-taking is done in accordance with the orders contained in paras 243, 670 and 782 M.E.S. Regulations. The Unit Accountant should see that the registers, ledgers, etc. have been initialled by the M.E.S. Officer in token of the balance having been checked and that surpluses have been taken on charge and deficiencies regularised under orders of the C. F.A.

Electric and Mechanical Installations

240. (a) The annual returns of electric and mechanical installations referred to in para 901 M. E. S. Regulations will be checked with the register of buildings, plant record book, log sheets of installation, installation running records, consumers' ledger and construction accounts maintained in the office of the G.E. or S.D.O. and it will be seen that the returns have been correctly prepared and that the statistical information which they contain is in accordance with the data furnished in the original records. It will also be seen that all items of expenditures (including that on renewals) or proforma (including leave and pensionary) charges which should be taken into account in working out the rate have been duly included either as a direct charge or by addition to the capital cost as required by rules. Any corrections which should as a result of this check be made in these returns will be carried out after they have been discussed with the G.E. The return will then be certified as correct in the column provided for the purpose on page 4 of the form.

(b) After the return has been checked as above, it will be returned to the G. E. for onward transmission to the C. W. E. A copy of the costing sheet in the return will at the same time be forwarded to the C. D. A.'s office for information and eventual check of the consolidated costing sheet, received from Command Headquarters.

The annual return will not be held over on account of disagreement over any point. If any point cannot be settled immediately, it may be left over for subsequent settlement by correspondence, the return being transmitted as such to the G.E. Unit Accountant should bring the disputed point to the notice of the C. D. A. while forwarding the copy of the costed sheet. The views of the G. E. should also be incorporated in the forwarding letter.

NOTE.—In the case of installations in the audit area of the C.D.A., Patra, the copy of costing sheet will be forwarded by the Unit Accountant to the C.D.A. and not to the C.D.A., C.C. The C.D.A. will check the Command Comparative statement so far as his area is concerned and inform the C.D.A. C.C. of his having done so.

Register of Revenue derived from Lands, Trees, Usufructs etc., maintained by S.D.O.'s

241. The Unit Accountant will check the ledgers to watch that the credits on account of disposal of grass and other usufructs have been accounted for properly *vide* para 688 M.E.S. Regulations.

Meter Readers' Books for Electricity and Water

242. The check of the meter readers' books consists in seeing:—

- (i) that the form has been completed to show the building number, the name of the owner and the number, maker and the owner of the meter;
- (ii) that the meter reading is regularly taken, and
- (iii) that the consumption has been correctly worked out with reference to the meter reading. In addition any doubtful or suspicious entries and adjustments, if any, made in the meter readers' books, in respect of previously recorded consumption should be carefully examined.

After check as above, the entries in the meter readers' book will be traced into the consumers' ledger or in cases in which a consumers' ledger is not required to be maintained, into the return of recoveries, and it will be seen that the consumers' ledger or the return of recoveries has been correctly written up as regards the meter readings and consumption, that the consumption is shown against the same building and consumer as shown in the meter reader's book and under the correct category of supply *e.g.* illumination, powers on unrestricted hour basis, etc.

Consumers' Ledger

243. After the consumption shown in the consumers' ledger has been checked with the meter readers' books it will be examined with special reference to the following point:—

- (i) that the rate applied for each kind of supply is correct;
- (ii) that the amount assessed has been correctly worked out;
- (iii) that the free supply of water and electricity, wherever given, is in accordance with the rule;
- (iv) that the hire charges for fans as assessed are correct with reference to the number of fans issued and the sanctioned rate. The number of fans, etc., will be checked with the statement of incidental charges submitted by E/M staff to the B/S, O.;
- (v) that assessment on account of incidental charges has been correctly made with reference to the initial record kept for such charges;
- (vi) that in the case of connections to cinema buildings, the electric energy supplied for motor generators and for cinema projectors is charged for at the illumination rate and not at the power rate;

(vii) that any adjustment on account of arrears or refunds are in order.

(viii) that in the case of non-military connections for supply of water in bulk and supply of electricity to private buildings, necessary agreements have been executed and are on record and that securities have been deposited by consumers in accordance with the orders contained in para 4 of I. A. F. W. 219 (Rules for the supply of electric energy to private buildings and para 846, 856 and 860. Regulations for the M.E.S.);

(ix) that in the case of entitled non-paying consumers, of the Indian Air Force and the Navy, action has been taken to carry out the adjustment of charges for electricity (including rate of internal installation) and water consumed by them in the manner indicated in paras 278 to 280 M.E.S. Standing Orders;

(x) that in the case of electric energy and water supplied to entitled non-paying consumers of manufacturing and quasi-commercial concerns, a bill for the total charges for electric energy and water including charges on account of any rent of internal electrical installation has been sent to the parties concerned in the manner indicated in para 288 M. E. S. Standing Orders and that an accepted copy of the bill is on record;

(xi) that in the case of water and electric energy consumed by entitled consumers, the actual consumption does not exceed the scales of free allowance as fixed by the O. C., Station, according to season. In cases of excesses it should be seen that action has been taken to have the excess consumption regularised;

(xii) that in a Cantonment Station when the M. E. S. Officer is functioning as the 'Officer' under section 233 of the Cantonment Act and the recoveries for water supplied by the M. E. S. to non-entitled under the Cantonment Act, the total cost at the all India flat rate of all consumers are required to be effected by the Cantonment Authority water supplied by the M. E. S. to such consumers less collection and audit charges is debited to main head 4—C(I) with reference to the quarterly statements of water prepared by the S. D. O. from the consumers' ledger. This statement should also be checked by the local audit staff in order to verify that it has been correctly prepared.

Returns of Recoveries (water and Electricity)

244. The returns of recoveries (water and electricity) should be checked with the corresponding consumers' ledgers in order to see that the returns for the period under review have been correctly prepared and that all consumers required to be shown therein have been duly shown. In cases in which consumers' ledgers are not required to be maintained, the return should be checked direct with the Meter Readers' book and audited in accordance with the instructions laid down for the audit of Consumers' Ledgers. The total amount recoverable by the M.E.S. from private consumers as shown in lump sum figures in the Return of Recoveries, should be checked to see that it agrees with the details of that

amount as recorded in the different folios of the consumers' ledger. It will also be verified that hire charges for electrical appliances for which users are required to pay have been included in the return of recoveries (electricity) I.A.F. W. 2218 in respect of individuals from whom recovery is effected by "Pay Authorities" and in the bill (electric) I. A. F. W. 2217 for consumers paying direct to the M. E. S. The accuracy of the entries made therein will also be checked by the Unit Accountant and test checked by the Local Audit Staff.

244A

Add New Para
(Works Passing Register)

245. The register will be subjected to broad check quarterly to ensure that it is maintained properly and in accordance with the instructions issued by E-in-C vide his letter No. 41917/E2, dated 18/20.11.64 as may be amended from time to time.

246. *Road Register (Property Accounts)*—Road register will be scrutinized to see that it is maintained properly and contains all particulars of a road, showing separately for each road and length, expenditure on new construction (Capital Outlay) and Annual expenditure on maintenance etc. The above register will also show all bridges, culverts, drains and retaining walls.

Page 78—Add a new para 244-A with the heading as under—

244-A Visitors Book MES Inspection Bungalow

It will be seen that:—

- (a) The visitors Book is maintained in the MES Inspection Bungalow and all Visitors sign their names, their address and the amount paid.
- (b) The time of arrival and departure is completed by the visitors and recoveries at the rates prescribed by the CWE are effected.
- (c) The amount realised is credited with the cashier of the GE concerned promptly and accounted for in the Cash Book.
- (d) The instructions contained in the 'Rules for the occupation of MES Inspection Houses' (as amended) issued by the Engineer-in-Chief are strictly adhered to.

C. S. 42

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