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DEFENCE FINANCE DEPARTMENT

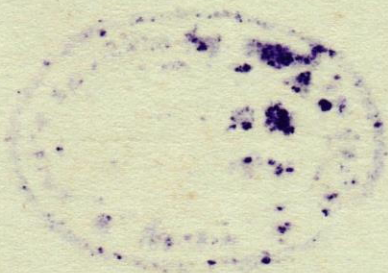


LOCAL AUDIT MANUAL (M.E.S.)

MANUAL OF INSTRUCTIONS AND PROCEDURE
FOR THE M.E.S. LOCAL AUDIT OFFICES OF
FINANCE CONTROLLER'S (WORKS) OFFICES

ISSUED BY AUTHORITY OF THE CONTROLLER GENERAL
DEFENCE FINANCE, BANGLADESH, DHAKA.

1983.





PREFACE

This Manual contains instructions and procedure for the conduct and disposal of work dealt with in Local Audit Offices (MES) under the Finance Controller (Works). The instructions in the Manual are supplementary to those contained in the standard "Codes" and "Regulations" of the Government of Bangladesh and are meant to serve as a general guide to the officers and establishment employed in dealing with M. E. S. work.

Finance Controller (Works) may, if necessary vary them in matters of detail to suit local conditions, but any proposed change which involves a substantial and permanent departure from the instructions in this Manual should be referred to the Controller General, Defence Finance for approval.

All alterations or additions to the Manual will be notified periodically by the Controller General Defence Finance by means of correction slips. The Finance Controller (Works) will bring to the notice of the Controller General Defence Finance cases in which important orders and instructions issued hereafter have not been incorporated in this Manual within six months of this issue.

This is a provisional issue. Any errors and omissions should be reported immediately in writing to the Controller General Defence Finance of Bangladesh, DHAKA.

FAZLUL HAQUE,
Controller General Defence Finance of Bangladesh,
DHAKA.

The 3rd July, 1983.

Dated :—



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FAZLUL HAQUE

Controller General, Defence Finance of Bangladesh
DHAKA

The 3rd July 1983
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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 in the F. C. (Works) office or as cannot be satisfactorily checked in his 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 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 F. C. (Works) discharges his duties satisfactorily and is up to the mark.

Responsibility of the L. A. O. for the Inspection and local Audit :

2. (a) The Local Audit Officer should personally carry out inspection and thus keep himself in touch with the financial affairs of the formations whose accounts he inspects. This touch is very important and, therefore, all important work connected with inspection should be done by him personally. He may have the assistance, at each inspection, of a clerk to perform routine work. This inspection clerk may be taken by him to outstations also. The Local Audit Officer will decide the nature of the work to be entrusted to the clerk at each inspection. A small percentage of the work done by the clerk should be reviewed by the Local Audit Officer on whom will rest the final responsibility for the correctness of inspection work.

(b) The L. A. O. remains responsible for the efficiency of the inspection and audit work as a whole though in actual practice some of the work may be done by the subordinate staff employed under him. Detailed instructions for the inspection and local audit of the accounts, etc., maintained in the M.E.S. formations are contained in Parts III and III of this Manual and the extent of audit is laid down in Annexure 'A' to this Part. The L.A.O. and his staff are expected to audit completely and intelligently all transactions of receipts and expenditure which fall within their sphere of check. The L.A.O. should at the time of his audit avail himself of the opportunity of assisting the officers of the M.E.S. and Unit Accountant with his advice in matters affecting accounts, budget, etc., or the financial property of transactions. He may even offer suggestions bearing on the economy of public money and is expected to do so all cases of avoidable clerical work in connection with accounts and audit. Such proposals if recorded in writing should ordinarily not be embodied in inspection reports but submitted separately to the F.C.(Works) after consultation with the Garrison Engineer and the Unit Accountant. In all such cases personal discussion with the executive officer, if conducted in a friendly spirit and with a real desire to assist rather than to criticise, may lead to practical suggestions which may be welcomed by administrative and executive authorities as likely to result in tangible benefits to the finances of the State.

Notice of Inspection and Audit :

3. (a) The Garrison Engineer should be given sufficient notice of the probable date of inspection and audit and be requested to be present at his headquarters to meet the L. A. O. in time to discuss the results of the inspection with him and also to inform his S. D. Os at outstations to be present at their Headquarters and to keep ready all the books, etc., for audit inspection by the Local Audit Party/L.A.O. on the dates shown in the audit Inspection programme. Care should be taken not to disclose the name of the month, accounts of which it is proposed to audit, nor to specify the works the accounts of which are to be examined in detail.

(b) On reaching the Headquarters of the division, the Local Audit Officer will call on the C.M.E.S. when this can be arranged, and also on the G.E. and ascertain whether they desire any matter to be specially looked into.

Whilst it is desirable to give the Executive enough time to collect the necessary records the notice should not be longer than is necessary for the purpose. The inspection and audit programme should be treated as confidential until a notice thereof is actually addressed to the Garrison Engineer.

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 L. A. O.'s Office. If repeated delay is encountered, the matter should be reported specially in a separate letter to the F. C. (Works). 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 L.A.O. is deemed necessary.

4. Portfolios and files of paid vouchers, demolition and loss statement (buildings), etc., pertaining to the period covered by 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 is expected to visit the Garrison Engineer's Office. The 'E' Section will forward the necessary documents to the L.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 L.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 investigation of such cases will be submitted to the F.C.(Works) for further disposal.

5. Any arrears and confusion in the account work of the division should receive special attention of the L. A. O. who in consultation with the Garrison Engineer and the Unit Accountant should devise ways and means to remedy the defects and to bring the account work up-to-date and if necessary render such temporary help as may appear suitable. If the arrears, etc., are so great that they cannot be pulled up in a reasonable length of time, a report to this effect should immediately be sent to the F. C.(Works) for such action as he may deem necessary.

6. The state of the accounts generally should be commented upon and attention drawn to irregularities noticed in previous reports which remained unremedied, with a view to their early settlement. It should be seen that the various accounts and registers, etc., are signed by the G. E. 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 and ledgers, etc., they are regularly reviewed by the Unit Accountant and the Garrison Engineer. The L.A.O. should also see that the various account documents, returns, vouchers, etc., are 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.

7. As primary auditors and financial advisers to Garrison Engineers, Unit Accountants are charged with certain responsibilities *vide* para 25 M.E.S. Accountants Manual. The procedure observed by them in discharging their duties and the results achieved will be reviewed by the L.A.O. who should also consider all the reports rendered by them to the L.A.O.'s or the F.C.(Works) regarding cases in which they disagreed with the Garrison Engineers. Any objection which the L.A.O. after discussion may with the Garrison Engineer, where necessary, decides not to withdraw, may be incorporated by him in his inspection report.

8. (a) All registers, documents and vouchers, etc., which are audited will be enfaced 'audited' 'objected' or "remarks" as the case may be and initialled, the particulars, *i.e.*, the date of check and the items or pages checked being noted in a fly leaf of the register, etc., and initialled by the auditor and signed by the Group Supdt. Only red ink or red coloured pencil will be used by the local audit staff. All ticks and initialls must be small and neat, care being taken to avoid obliteration of figures and other details contained in the account books and registers.

(b) *Result of Audit.*—On the completion of audit, the auditors concerned will append a certificate to the office copy of the objection statement issued on the accounts of each unit or formation on the lines indicated below. This certificate should be examined by the Supdt. with lists of auditable documents/Accounts and countersigned by him. Before countersigning the certificate, the Supdt. will exercise such checks over the auditors 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 Unit/Formation.
2. Period of Audit.
3. Months accounts selected for full audit (*vide* selection orders attached).
4. Dates of audit.

Certified that :—(a) the following accounts which are required to be audited have been audited to the extent and in accordance with the instructions contained in the M. E. S. Local Audit Manual and other orders issued from time to time :—

S. No., Name of Registers or Accounts, Audit No., No. of vols., Initial of the auditor

(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).

(b) All documents and vouchers, ect., 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.

(c) Items including Office Notes outstanding on the previous objections statements have been dealt with and the objection register has been completed up-to-date. The relative registers have been completed and linked vouchers and other documents, etc., have been properly filed.

Accounts audited by each auditor and his dated signature....
Supt.'s dated signature

Results of Inspection :

9. The results of inspection should be set forth in the Inspection Report which should detail the defects of procedure and financial irregularities noticed and describe briefly the general state of the accounts and the nature of the financial control over transactions. The report should be written up concurrently with the progress of inspection so that observations may be recorded at a time when they can be most clearly and readily stated. The observations made in the Inspection Reports should be concise and fully descriptive, so as to obviate the necessity for any further reference to the accounts and registers concerned.

10. As a rule, trifling matters which can be and have been set right on the spot or are of no consequence to the finances of the State, need not be mentioned, but if a number of similar points is noticed, it may be desirable to mention the type of error or irregularity with one or more instances, so that officials responsible for it may be duly instructed by the Garrison Engineer. Further, it is desirable that all statements and allegations made, and all figures should be based on clear documentary evidence, and that if possible, all relevant facts should be ascertained. It is also unnecessary to include in the Inspection Report minor defects which are of no financial consequence even if it has not less possible to remove them before the inspection is finished. Such defects should be noted in a Register to be maintained by the Unit Accountant and it should be seen at the time of the next visit that necessary action has been taken by the Unit Accountant. The Inspection Report should be completed before the L.A.O. leaves the office inspected and it should not be signed until the Garrison Engineer, if present at Headquarters, has been given the opportunity of reading and discussing the same and of suggesting any omissions or modifications.

Note:— The result of the scrutiny of the points suggested by the C. M. E.S./G.E. for special examination *vide* para 3(a) of the Manual will be generally embodied in the L.O.A.'s report. If however, the C.M.E.S./G.E. requires the points to be dealt with confidentially they may be excluded from the report and dealt with separately.

11. 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 had 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 Local Audit and the F.C.(works) Office.

12. The Local Audit Officer will within a week of the completion of the inspection/audit, furnish two copies of the report to the G.E. and one copy each to the C.M.E.S. and the 'E' Section of the Controller's Office. He will also report separately to the F.C. (works) all serious financial irregularities noticed at the time of his inspection.

13. No opinion on the work of the Unit Accountant or other D.F.D. personnel should be expressed in the Inspection Report by the L.A.O. He may, however, if necessary address the F.C. (works) separately if he has anything to say on the work of the Unit Accountant or his assistant as judged mainly by the quality of the work done by them during the entire period covered by the inspection, especially by the results of the audit check applied at the time of inspection.

14. The final settlement of objections within a reasonable time should be watched. Omissions to correct irregularities brought to notice in previous reports should be special noted and discussed with the Garrison Engineer. A report should be made to the F.C. (works) of cases in which the L.A.O. has reason to believe that proper attention is not paid to audit objections and of cases of undue delays in the settlement of objections. More specially the settlement of objections relating to financial irregularities should receive particular attention and should be pursued vigorously. Should the L.A.O. not be satisfied with the explanation of the G.E. he should drop the item from the Inspection Report, state definitely that a case of financial irregularity lies and report the case to the F.C. (works) confidentially. The decision reached should be noted in the Inspection Report which should not be finally recorded till then.

The provisions of paras 9, 10, 11 and 14 above apply equally to objection statements which would embody the results of local audit. A note will be kept in the office copy of the objection statement of unimportant errors and omissions which have been set right on the spot and which have not been mentioned in the body of the objection statement.

15. Progress of local audit and inspection of M.E.S. formations and settlement of objection statements and inspection reports will be watched through a visual chart and B.A.F.A. 579 respectively.

Programme of check of Periodical Services Measurement Books :

16. From the Portfolios of paid vouchers, etc., received from the main office (*vide* paragraph 4) the L.A.O. will pick up all requisitions involving additions and alterations to buildings which affect the Periodical Services Measurement 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 Periodical Services Measurement Books by the Local Audit Staff.

17. Necessary arrangements should be made by the L.A.O. for a complete arithmetical check of all new or revised books. For this purpose the L.A.O. will maintain a broad sheet showing the progress of the check of Periodical Services Measurement Books by the Local Audit Staff and the number and particulars of all new books and such old books as may have been revised since his last visit.

18. The L. A. O. should, on the first of July, submit a report to the F.C. (works) that all new and revised books pertaining to the past financial year were checked.

Record of changes in scale of furniture :

19. The L.A.O. will maintain for facility of checking the Station Register of Authorised Furniture a 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 accounts and Registers to be audited :

20. To ensure that no accounts are omitted in audit and inspection a list of all accounts, registers and ledgers required to be maintained by each M.E.S. formation and which he has to audit and inspect will be made out by the L.A.O. and sent to the F.C. (works) for approval. Any additions or alterations to this list will be carried out under the orders of the F.C. (works)

The list will be kept up-to-date by the L.A.O. and will be handed over by him to his successor. At the time of his visit to a M.E.S. formation the L.A.O. will himself examine the list of accounts to be audited and inspected and see that they have been audited and inspected.

Extent of Audit by the Central Local Audit Party :

21. The inspection and local audit of the M.E.S. accounts and 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 Local Audit Officer, to increase the extent of audit or to order a complete check of any particular G.E's accounts, should it be considered 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.

22. The selection of the month's accounts to be audited in detail will be made by the Local Audit Officer 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 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 to be a necessity or desirable, the local audit staff should extend the scope of their audit or inspection to the requisite extent and inform the F.C. (works) accordingly.

23. The selection of items, in case of Muster Rolls, Periodical Services Measurement Books, and bills items 8, 9, 10 and 5 of the annexure) will be made by the Auditor by the Supdt. and the L. A. O. will scrutinize his selection periodically to ensure that it is exercised with discretion.

24. Bills required to be checked with measurement Books or Periodical Services Measurement Books (item 5 of the annexure) will be selected by the L. A. O. or in his absence, by the Supdt. 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 L. 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) number of final bills on running account and other bills based on Measurement Books of Periodical Services Measurement Books which were paid during the period covered by the local audit ;
- (b) the number of bills of each category (i.e., final bills on running account and other bills) selected for check with the Measurement Books or Periodical Services Measurement Books;
- (c) number and pages of Measurement Books or Periodical Services Measurement Books checked arithmetically, and results of check.

25. G.E's Unit Accountants should carry out the inspection of Sub-division Officer's Offices and be responsible for the check of all numerical and quantitative store ledgers, accounts, etc., maintained in those offices (as distinct from Revenue Accounts which will be checked by the Central Audit Party). A list of such ledgers and accounts showing the extent of this check is given in Part IV. Normally the Sub-divisional Officer's Offices should be visited half yearly. The audit will be conducted by the Unit Accountant in the manner laid down in Part III and with reference to any relevant instructions issued from time to time.

26. The quarterly local audit programme in respect of S.D.O's numerical store accounts should be submitted to LAO (MES) concerned by the Unit Accountants who will scrutinize and approve the same and intimate to the unit Accountant the month's accounts selected for his detailed audit. In cases however when the move of staff to outstations is necessary and the grant of T.A. and D.A. is involved local audit programme should be sent to 'E' Section of the F-C. (works) concerned for necessary sanction after this has been scrutinized by the L. A. O.

27. The records of the result of the Unit Accountant's inspection and audit will be scrutinize by the L. A. O. and the work of the Unit Accountants in this respect will be test checked by the L.A.O. and the Central Audit Party to the extent of 10% in selected Sub-divisions preferably those situated in the same station as the Garrison Engineer's Offices.

Arithmetical check of works bills and requisition not required to be submitted to the F.C. (works) vide Paragraph 737 Regulations for the M.E.S.

Ditto

As many items as work up to a total of 10 per cent of the amount bill.

Complete check to be exercised in other respects.

CASUAL PERSONNEL BILLS.

7. Check of rates and arithmetical check.

Checked by the Unit Accountant.

One month's bills in a completed half year.

MUSTER ROLLS

8. Check and audit of Muster Rolls (excluding checking of arithmetical calculations)

Checked by the Unit Accountant.

One month's transactions in a half year.

ANNEXURE 'A'

EXTEND OF AUDIT

Sl. No.	Particulars	Whether checked or prepared by the G.E.'s Unit Accountant	Extent of check by Local Audit Officers MES/Local Audit Staff.	Remarks.
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HALF YEARLY INSPECTION BY LOCAL AUDIT OFFICER.

1.	Examination of the list of vouchers up to Tk. 25 each and the scrutiny of the vouchers themselves.	Checked by the Unit Accountant.	One month's transactions in twelve.	
2.	Examination of the Acquittance Rolls.	Ditto.	Months, (at the end of the twelve months).	
3.	Verification of counterfoils of receipt books with relevant entries in the Cash Book or with the Schedule of bills in the case of receipts given in exchange for treasury receipt.	Ditto.	One month's transactions in six month.	
4.	Linking Schedule of Bills, cheque slips and cheque demands showing cheques issued by Controllers with the Cash Books.	Ditto.	10 per cent of the total number of cheques issued to the G.E. etc.	

HALF YEARLY AUDIT BY LOCAL AUDIT STAFF BILLS

5.	Check of bills (including requisitions) against Measurement Books and against Periodical Services measurement Books.	Checked by the Unit Acctt.	10 per cent of all bills based on Measurement on P.S.M. Books.	
6.	Arithmetical check of works, bills and requisition not required to be submitted to the F.C. (works) vide Paragraph 537 Regulations for the M.E.S.	Ditto.	As many item as work up to a total of 10 per cent of the amount bill.	Complete check to be exercised in other respects.

CASUAL PERSONNEL BILLS.

7.	Check of rates and arithmetical check.	Checked by the Unit Acctt.	One month's bills in a completed half year.	
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MUSTER ROLLS

8.	Check and audit of Master Rolls (Excluding checking of arithmetical calculations).	Checked by the Unit Accountant.	One month's transactions in a half year.	
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1	2	3	4	5
9.	Checking of arithmetical calculations in Muster Rolls.	Checked by the Unit Accountant	One month's vouchers in twelve (at the end of the twelve months).	

MEASUREMENT BOOKS AND PERIODICAL SERVICES MEASUREMENT BOOKS.

10.	Checking of Measurement Books (including check of arithmetical calculations).	Checked by the Unit Accountant.	Only in respect bills selected for check vide item 5.	
11.	Checking of arithmetical calculations in Periodical Services Measurement Books and audit thereof with vouchers, loss statements, demolition statements, and completion reports.	No.	<p>1. Arithmetical calculations nil after the initial 100% check in over.</p> <p>2. Linking with vouchers (requisitions etc.) for additions and alterations Loss statement (Buildings) demolition statements and completion reports for new construction 100%</p>	<p>Note :—If the checks in (i) and (ii) above are carried properly if effect P.S.M Books will be checked fully.</p>

WORKS ACCOUNTS REGISTER OF APPROVALS TO WORKS AND REGISTER OF SANCTIONS.

12.(a)	Check of Register of sanctions (BAFW-2252) and Register of approvals to works (BAFW-1816 with the original sanctions.	Checked by the Unit Accountant	One month's transactions in six months.	
	(b) Audit of expenditure against sanctions recorded in the Register.	Ditto.	Ditto.	

ADMINISTRATIVE APPROVALS AND TECHNICAL SANCTIONS

13.	(A) Audit of Technical Sanctions.	Checked by the Unit Acctt.	One month's transactions in a half year.	
	(B) Check of the record of sanctions against which expenditure is audited.	Ditto.	Ditto.	

REGISTER OF APPROPRIATIONS ETC.

14.	Check of with the relevant orders and re-appropriation statements.	Checked by the Unit Accountant	Ditto.	
15.	Checking of construction accounts for works estt. and Tools and plant charges etc. with the Regr. of sanctions. Approvals to works, appropriations requisitions, and with contractors ledgers, and also checking of the postings with relevant vouchers and checking of totals.	Ditto.	Ditto.	

1	2	3	4	5
16.	Checking of the contractors ledger with relevant vouchers including checking of totals and balances.	Maintained by the Unit Accountant.	One month's transactions in a half year.	Positions of vrs. for issue of stores to contractors to be checked in full vide item 25
17.	Checking of the register of unpaid wages with casual personnel bills and Muster Rolls and tracing subsequent payment of unpaid wages into the Register.	Checked by the Unit Acctt.	Ditto.	
18.	Checking of Register of Barrack damages.	Ditto.	Ditto.	
19.	Check of the register of requisitions with relevant requisitions and register of appropriations	Ditto.	Nil	No check is necessary beyond seeing that the total sanction has not been exceeded.
20.	Check of transfer entries and transfer vouchers	Ditto.	One month's transactions in a half year.	
21.	Watch over special recoveries of all kinds ordered by competent authorities.	Ditto.	Ditto.	
22.	Watch over recoveries of departmental charges.	Ditto.	Ditto.	
23.	Checking of the Register of transactions (BAFW-2252) with paid bills relating to general charges (including linking of bills containing charges for pay of <i>malis</i> employed in hired buildings with lease agreements of those buildings).	Maintained by the Unit accountant	Ditto.	
REGISTERS STORES ACCOUNTS ETC.				
24.	Check of the materials accounts with the relevant vouchers (including comparison of the balance of the materials account with the summary of materials registers).	Material account is checked by the Unit Accountant	One month's transactions in a year.	
25.	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.	Checked by the Unit Accountant.	One month's vouchers in a half year.	Vrs. relating to the sale of stores to contractors to be audited in full.

1	2	3	4	5
26.	Annual scrutiny of estimates for renewal of furniture.	Checked by the Unit Accountant.	33-1/3% of the estimates sanctioned in a year should be checked.	
26-A.	Register of drawing and Scientific instruments etc. on charge-check of with relevant vouchers.	Not checked by the Unit Acctt.	One month's transactions in a half year.	
27.	Scrutiny of loss statements and Register of losses.	Checked by the Unit Acctt.	Two month's transactions in a half year.	
28.	Check of workshop acctts. and workshop returns.	Ditto.	One month's transactions in a half year.	
REVENUE ACCOUNTS				
29.	Checking of the rent Assessment Statements including the checking of postings of these statements in the Rent Assessment Ledger.	Checked by the Unit Acctt.	100%	
30.	Checking of the Rent Assessment Ledger both with the Register of Buildings (including Register of sanctions in respect of hired buildings) and Revenue Ledgers.	Maintained by the Unit acctt.	Once in a year.	
31.	Audit of the occupation returns (Annual and monthly) and checking of the occupation returns in the Revenue Ledgers.	Checked by the Unit Acctt.	Annual returns to be checked completely and thereafter two months' transactions to be checked in a half year.	
31-A.	Scrutiny of all sanctions to the remission or reduction of rent except those accorded under Paras 22 (b) and 22 (bb) "Qrs. and Rents".	Ditto.	two month's sanctions in a half year.	
32.	Comparison of the Revenue Ledger with the Register of sanctions to verify that all hired buildings are shown in the ledger.	Ditto.	Once every half year.	
33.	Checking of rent bills with entries in the Revenue Ledger.	Prepared by the Unit Acctt.	Two months' transactions in a half year.	
34.	Scrutiny of bills of water and electricity in respect of paying consumers paying direct to M.E.S.	Not checked by the Unit Acctt.	Ditto.	
35.	Linking of bills for rates and taxes with the rent Assessment Ledger and Revenue Ledger to verify the recovery taxes when recoverable from the tenant.	Checked by the Unit Acctt.	Ditto.	

1	2	3	4	5
36.	Linking of transactions relating to hire of furniture with the Rent Assessment and Revenue Ledgers.	Not checked by Unit Accountant.	*100%	
37.	Checking of Register of Buildings Civil and Military.	Checked by the Unit Acctt.	10% of amendments to Register of Buildings issued and a general verification that amendments where necessary have been issued.	
38.	Checking of the arithmetical calculations in the Meter Reader's Books (Electricity and Water)	Not checked by Unit Acctt.	One month's transactions in a quarter.	
39.	Checking of the postings in the Consumer's ledgers with Meter Reader's Books including checking of the calculation of charges with reference to the prescribed rates (also including check of Meter Reader's Book with the Return of Recoveries of Water in the case of non-entitled consumers in a Cantt. Station).	Ditto.	One month's transactions in two months.	
39-A.	Checking of postings of items in the return of recoveries for electricity and water with entries in the Revenue Ledger.	Checked by the Unit Accountant.	Two months' transactions in a half year.	
40.	Audit of consumers ledgers including checking of the title of free supply and the comparison of the Consumer's Ledger and Fan and Meter Register with the Return of Recoveries in order to see that the returns for the period have been correctly prepared.	Not checked by the Unit Accountant.	One month's transactions in a quarter.	
41.	Check of objectionable items statement.	Prepared by the Unit Accountant.	One month's transactions in a half year.	
42.	Checking of the posting in Deposit and MES Advances Registers with the relevant vouchers including checking totals and balances.	Ditto.	Ditto.	
43.	Scrutiny of Deposits and M.E.S. Advances Register.	Maintained by the Unit Acctt.	A general scrutiny as to the proper maintenance and a review of all outstanding should be made every half year.	

Note.—In all cases when “one month’s transactions in twelve” is prescribed (or one “month’s transactions in a half year” or “One month’s transactions in 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 visit, and not as already covered by the previous test. For example, if a Garrison Engineer’s Accounts Section is visited in May and the accounts for March are selected for test check of item 42 above, that test check should not be regarded as a test of the half year January to June since the accounts for May and June (and possibly April) were still open at the time of the test.

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, Equipment Ledger in respect of Ordinance Stores, etc., etc.). In such cases the percentage of local audit as prescribed for the Army will also apply to M.E.S. formations (See also para 220).

3. Over and above the complete audit applied to the month’s Accounts selected for full audit (shown in column 4) all transactions in the remaining month’s accounts will be scrutinised broadly from a “commonsense point of view”.

4. (i) Cent per cent check on castings, opening and closing balances is exercised by the M.E.S. Unit Accountants.

(ii) L. A. Staff will therefore restrict the check on “casting” to one month’s transactions in a year with this proviso that the LAO will be at liberty to increase the percentage in any particular case if he thinks that this course is warranted by the state of accounts under check. The check on “closing” and “opening” balances will, however, be carried out cent per cent for all the months of the year.

PART II.—INSPECTION

INTRODUCTORY.

28. This part includes only the more important points which should receive the personal attention of the L.A.O., at the time of his inspection. Registers, accounts and other documents not specifically mentioned herein 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 L.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 which come to notice otherwise will also be taken into account in determining the extent of scrutiny of such documents.

Imprest and Cash Book :

29. The following paragraphs describe the main checks to be applied to the Imprest and Assignment accounts maintained in the Cash Book at the time of inspection.

30. 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 L.A.O. will ask the Cashier to complete the Cash Book as regards any outstanding transactions for the day and to 'balance' it.

A "Reconciliation Statement" should be prepared reconciling the bank balances as per cash book with the balances shown in the Bank Pass Book Bank Statement at the date of inspection. In addition, the following checks should also be carried out:—

- (i) mark of every entry in the Pass Book/Bank Statement from the 'counterfoils' of cheques and 'counterfoils' of paying in slips etc.
- (ii) Pair the entries in the Pass Book Bank Statement with the relative item in the bank column of the cash book paying particular attention to any time lags (e.g. that there is no undue delay between the date the bank gives credit for cash or cheques paid in and the date the remittance is alleged to have been paid in or ought to have been paid in; similarly that the cashier brings to account promptly in the cash column any cash with drawn from the bank).

31. After the above checks have been carried out, the cash book will be checked in the case of imprest with the schedules of bills, and cheque slips to see that 'cheques issued to imprest holder whether in favour of the Garrison Engineer himself or in favour of contractors' (except those issued to the contractor's bankers direct by the F.C. (Works) have been accounted for in the cash book. The item in the schedules checked with the cash book will be initialled by the L.A.O.

Note.—Before commencing this check the L.A.O. will see that the file of the schedules in complete and in serial order and that there is no break in the serial Nos. since the last inspection. On completion of checks the last schedules linked will be suitably endorsed to indicate the schedules from which linking at the next inspection should commence.

In the case of assignment, the cash book will be checked with reference to the counterfoils of the cheques and receipts, and original cash vouchers on record with the F.C. (Works) and U. A.

32. The opening balance in the cash book at the time of inspection will be compared with the closing balance of the previous month and 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 first been checked by the Unit Accountant and passed by the Garrison Engineer.
- (ii) That the vouchers are complete in all respects and that the allocation noted thereon is also recorded in column 7 of the cash book (in the case of pre-audit bills the head of account will not be shown in column 7 of the cash book but only the words 'preaudit bills' will be noted therein).
- (iii) That miscellaneous receipts and amounts left unpaid from cheques for muster rolls, casual personnel bills and salary bills, if credited to imprest, do not increase the authorised limit of the imprest.
- (iv) That the posting of 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 Garrison Engineer on his behalf.
- (vi) That there is no undue delay between the date of receipt of a cheque and the date of actual disbursement, or (in the case of vouchers to be paid from imprest) between the date of passing a bill by the Garrison Engineer and date of payment.
- (vii) That no payment has been made from imprest which under rule is required to be made only after preaudit.
- (viii) That the amount of imprest 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 sanctioned amount is not exceeded.
- (ix) That the cash book is regularly checked by the accounting officer.

33. The L.A.O. will ascertain the procedure following for the handling and custody of cash and, he will also see that adequate arrangements have been made for safeguarding the cash and important documents relating to cash transactions.

34. Current demands for cheques made by the 'Imprest Holder' outstation Assistant Garrison Engineer or imprest holding Sub-division Officers will be checked to see that the bills and muster rolls were actually passed before the demands were made.

N.B.—Only bills and muster rolls under demand at the time of the inspection need be seen.

Original Vouchers in Possession of Unit Accountant :

35. The files of original vouchers (not required to be submitted to the F.C. (Works) on record with the 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 L.A.O. will see generally that in selecting items for arithmetical check the discretion vested in auditor has been used properly.

36. The register of receipts books maintained by the Unit Accountant will be examined to see that :—

- (i) It is properly kept ;
- (ii) books are issued to individuals authorised to issue receipts.
- (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.

37. All receipt books completed and returned to the Unit Accountant since the date of the last inspection and those still in use and in the 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 individuals authorised to issue receipts ;
- (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 individual in whose name they were issued ;
- (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 Cash Book or in the Schedule of Bills as regards receipts issued in exchange for treasury receipts.

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

- (i) That amount received as noted on the counterfoil is traceable in the Cash Book or in the abstracts of Receipts and Charges (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 S.D.O. or Overseer accepts cash on behalf of Government the sanction of the C. M. E. S. [which should be accorded with the F.C's (Works) concurrence] exists to this arrangement.

39. After the above check has been exercised the receipt entries in the Cash Book and the abstract of Receipts and Charges will be reviewed to see that no unlinked items remain for which formal receipts should have been issued.

Register of Unpaid Wages :

40. The register will be examined in order to see that it is properly maintained, that it is checked and initialled by the Unit Accountant that adequate action is being taken with regard to the clearance of outstanding items and that arrears not claimed within a period of twelve month of their becoming due are regularly marked off as forfeited.

Bill Register :

41. 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. It will also be seen that the arrear list of bills prepared on every Monday is on record.

Measurement Books :

42. 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 will become due for destruction and that books already due for destruction have been destroyed.

43. It will be verified that a census is taken of all measurement books once a year with the Register of Measurement Books with a view to ensuring that no book is missing.

44. 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 area are entered in ink ;
- (iii) that measurements are taken by S.D.O. himself or, if taken by any of his subordinates, the currency 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 officials of low standing and the results of the checked measurements are not such as to indicate laxity of financial control ;

N.B.— Look for dated initials of the S.D.O. and 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 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 Unit Accountant, Garrison Engineer's Office and are not unnecessarily retained by subordinates.
- (viii) that no pages are missing.
- (ix) that the entries in the measurement books are clear and are properly made, that all corrections therein are properly attested, so that their authenticity cannot be disputed in a court of law.

Note 1.—When examining measurement books instance delays between the dates of measurements and the date 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 or any reason a particular measurement book cannot be produced for inspection a note of the number of the books 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 L.A. staff exercise an efficient check over the books.

Periodical Service Measurement Books :

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

- (i) that each P. S. Measurement Book contains a certificate to the effect that not less than 5 per cent 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 P. S. Measurement 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. Measurement Book and signed by the auditor.
- (iv) that the general condition of the books is satisfactory and that there are no signs of unauthorised correction and interpolations etc.
- (v) that a reliable record of periodical repairs executed is maintained in P. S. Measurement Books.

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

Contracts :

46. The L.A.O. will examine :—

- (a) the index of contracts showing the particulars of contracts given out;
- (b) the duplicate copies of accepted contracts;
- (c) Master Note Book;

To see :

- (i) that duplicate copies of accepted contracts and amendments thereto have been carefully filed;
- (ii) that each contract has been given a serial number and the year of contract;
- (iii) that the special points of interest coming to the notice of the Unit Accountants, Garrison Engineers' Offices, regarding the working of contracts have been noted in the Master Note Book as provided for in M.E.S. Accountants Manual.

The L.A.O. will also examine and comment on any special point of interest recorded by the Unit Accountant in the Master Note Book.

47. The L.A.O. will see that in the case of contracts signed by a person holding powers of attorney on behalf of a contractor, a copy of the power of attorney, duly attested by a Court of Law or an officer of the Political Department in the case of Tribal areas, is recorded with duplicate copy of the accepted contracts.

48. It will be ascertained from the Unit Accountant and the Garrison Engineer that provisions of paras. 91 and 103 of M.E.S. Accountants Manual are actually being observed in the division and that draft contract documents are eventually converted into agreements. If for any reason, this was not done in any particular case and a fresh contract was drawn and concluded, the L.A.O., will scrutinize the contracts, as actually concluded with special reference to the original draft.

49. The list of approval contractors maintained by the G.E. will be inspected to see that contractors are taken on the list with the sanction of the competent authority. From the names entered in the comparative statement of tenders, it will generally be seen that the tender forms were issued only to approved contractors.

Contractors Ledger :

50. 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.

51. 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 acknowledgements are serially numbered, can easily be produced, are securely filed and that they are kept under lock and key.

52. 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.

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

Security Deposits :

54. The Register of securities will be examined with reference to the following points :—

- (i) that the receipt or disposal of the security deposit of contractors and establishments are duly recorded therein;
- (ii) that original acknowledgements of depositors for the refund of security deposit have been properly filed with the register;
- (iii) that the Garrison Engineer 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 F.C. (Works).
- (iv) that security furnished in the form of Post Office Savings Bank deposits has been duly hypothecated to the Garrison Engineer 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 F.C's. (Works) Office (b) they are entered in the register and (c) it will also be seen that the items are verified with the account published by the F.C. (Works) in Part II of the Gazette of Bangladesh.

55. It will be ascertained whether store-keepers, 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 shape. It will also be seen that necessary security bounds (BAFW-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.

Casual Personnel :

56. The sanctions to the appointment of casual personnel showing the period of engagement, the work for which required and the rate of pay allowed, recorded chronologically in a separate file by the Unit Accountant 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 irregularly 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 such personnel except during casual leave granted under the provisions of para. 35 (iv) of the Regulations for the M.E.S. Their service Records will be examined to the extent and in the manner indicated in para 220.

Acquittance Rolls :

57. 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 :

58. 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 in accordance with the programme for local audit :—

- (i) Construction accounts for works, Establishment charges and Tools and Plant.
- (ii) Register of sanctions (BAFW-2252).
- (iii) Register of approvals to works (BAFW-1816).
- (iv) Register of Appropriation (BAFW-2224).
- (v) Register of Requisitions.
- (vi) Contractor's Ledger.
- (vii) Register of Barrack Damages.
- (viii) Labour Reports.

59. The construction account folios of a project and a maintenance sub-head in respect of different sub-divisions will be asked for and 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 Garrison Engineer to watch progress of expenditure against estimates and budget grants.

Register of appropriations :

60. The Register of Appropriations should be generally reviewed and grants allowed during the last quarter of the financial year should be specially scrutinized to see whether there were any cases, where orders were issued which in any way tend to encourage the spending of grants at all cost. If so, it is the duty of audit to take objections to them as involving risks of extravagance or irregularity. If possible, particular cases will be specified to show that the amount of work done was so large that it is impossible for it to have been properly done in the time available.

Transfer vouchers and transfer transactions :

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

Guard File of I. D. Schedules :

62. Guard file of the 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 :

63. The L.A.O's scrutiny of (i) Rent Assessment Ledger, (ii) Revenue Ledgers, (including the record of miscellaneous items of Revenue) and (iii) Consumers Ledgers consists of seeing (i) that they are properly, maintained on authorised forms, (ii) that they are posted up-to-date, (iii) that the first two ledgers are initialled by the Unit Accountant in token of his check and by the Garrison Engineer in token of his scrutiny and (iv) 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.

64. The old outstandings under the various sub-heads of revenue will be noted and it will be verified that proper action has been taken to effect realisation of the outstanding demands.

65. If there is any source of revenue in the division other than rents of buildings including electrical installations, hire of furniture and water and electricity charges, e.g., sale of grass and other usufruct, etc. (referred to in para 442, Regulations for the M.E.S.) rent of land, it will be verified that it bears the initials of the Unit Accountant in token of his check of revenues (i) the time when the revenue falls due, (ii) the balance due and (iii) the steps taken for realizing it. The arrangements in force for watching the realization 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.

65-A. Sanctions accorded by the Administrative authorities to the reduction or remission of rent, except those adopted under paragraphs 22(b) and 22(bb) "Qrs. and Rents" should be scrutinised and a report sent to the F.C. (Works) when necessary.

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

67. 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 Garrison Engineer's permission for the work exists, that recoveries have been effected to 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.

68. 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 Plant on charge and Distribution Ledger Tools and Plant the L.A.O. will see that there is an indication that the stores, furniture and tools and plant have been checked during the last 12 months

by the Garrison Engineer or another officer appointed by him. Stocktaking reports will be obtained and it will be verified that proper action has been taken on cases of surpluses and deficiencies noticed at the time of stocktaking. 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 Garrison Engineer and a few important items will be test checked in order to see that there is no tendency to exceed the maximum limit.

69. The following registers 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 check where necessary and that they have been audited by the local audit staff in accordance with the programme of local audit :—

- (1) Station Register of authorised furniture.
- (2) Plant Record Book and Fan and Meter Register.

70. A few transactions of fans issued on hire as recorded in the Fan and Meter Register will be linked with the Revenue Ledger to verify that hire charges are being recovered.

71. 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. It will also be seen how the monthly consumptions compare with one another.

Register of Losses :

72. 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 adjustment of stock to market rate or disposal of stores at less than stock book rates.
- (ii) Losses or deficiencies during transit.
- (iii) Losses or deficiencies while in store.

The L.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 arrangement for storage of stock articles.

Register of Buildings Military/Civil :

73. This register will be generally examined with a view to seeing that it is maintained properly, that correction slips are passed promptly and that no correction is made in the register without quoting reference to the number and date of amendments. (The L.A.O. will make sure by test checks that the Unit Accountants copy of the register and the working copy of the Garrison Engineer agree with each other).

Guard File of Specimen Signatures :

74. The file will be examined to see that it has been properly kept and that it contains specimen of the signatures of all officers and sub-ordinantes preparing bills or holding imprests.

Register of Suspense Accounts :

75. These registers will be carefully 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.
- (c) that no item which should under rule be debited or credited to some other head of account is debited or credited to the suspense accounts.

Schedule of Rates :

76. The schedule of rates will be generally scrutinized 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 that revised rates should apply. It will also be ascertained that analysis of rates exist for each item.

Objection Statement :

77. The general abstract referred to in item 12 para 353 M.E.S. Accountants Manual prepared by the Unit Accountant will be inspected and initialled by the Inspecting Officer M.E.S. in token of his examination.

The outstanding objections will be scrutinized and it will be seen that adequate action has been taken to effect their clearance.

Books of reference etc. :

78. 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 account records are properly arranged and obsolete and time expired records are duly eliminated in the manner described in para. 379 of the M.E.S. Accountants Manual.

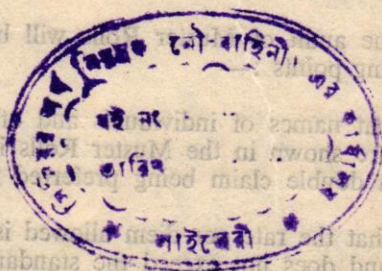
Supply of working Forms :

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

Stock Verification :

79-A. L.A.O., M.E.S. on his periodical visits to G.E's Headquarters will carry out physical check of selected stores, furniture, T and P. etc. stocked by E.S.Ds. and M.E.S. Units/Formations except at outstations which will be carried out by U.A. on behalf of L.A.O. during his periodical visits. L.A.O. will draw up a list of valuable and easily saleable articles, in consultation with the Cs. M.E.S. concerned and the E-in-C's. Branch, H.G.O. which will be kept as confidential, under lock and key by the L.A.O. The

physical verification should be carried out by the L.A.O. in company with the store-holder. The result of stock verification will be recorded in the stock verification reports to be signed by the L.A.O. and the store-holder. He will watch carefully that the discrepancies both surpluses and deficiencies pointed out by him are correctly accounted for under rules, L. A. O. (M.E.S.) may also at his discretion verify the stock of articles not included in the above list when he feels that there is an occasion for doing so. He should give advance notice of the dates on which the stock verification will be carried out and the particulars of the facilities such as provision of labour etc., required by him.



- to the following points:
- (i) that the names of individuals shown in the Master Roll are correct and that the claim being made for the same man.
 - (ii) that the amount shown as payable is correct with reference to the number of days worked and the rate per day.
 - (iii) that the total number of days is correctly worked out.
 - (iv) 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.
 - (v) that the Master Roll agrees with the Labour Reports in cases in which the submission of such reports has been ordered.
 - (vi) that the Master Roll does not include charges for petty supervision unless authorised by the C.M.E.S. nor do they include charges for labour engaged through the agency of a contract which should be paid for on C.P. Bill.
 - (vii) that payments for overtime if over Rs. 20 in any one month in the case of any one individual has been approved by the C.M.E.S.
 - (ix) that progress of work done is recorded on a Master Roll or on a separate sheet attached thereto.

PART III.—LOCAL AUDIT

Imprest/Assignment and Cash Book :

80. Before the audit of imprest/assignment and Cash Book is taken up, it will be verified that all the cash vouchers of the month have been received from the Finance Controller (Works). If there are any vouchers not yet submitted to the F.C. (Works) a note will be kept with a view to obtaining the same from the F.C. (Works) at the time of the next visit. Similarly the files of original vouchers recorded by the Unit Accountant will be reviewed to see that, with reference to the Unit Accountant's certificate on the office copy of the forwarding list, no voucher is missing. After the above verification has been done, the vouchers paid from the imprest will be examined in detail to see (i) that the charge is in order, (ii) that the rates charged and calculations are correct and (iii) that the terms of the contract, if any, have been complied with. It should be seen in particular that all the vouchers were checked by the unit accountant and passed by the Garrison Engineer at the proper time and no voucher has been held back which should properly have been submitted to the F.C. (Works).

Muster Rolls, etc. :

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

- (i) that names of individuals and other particulars of identifications are shown in the Muster Rolls in such a way as will not admit of a double claim being preferred for the same man.
- (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 is 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 Labour Reports in cases in which the submission of such reports has been ordered.
- (vii) that the Muster Rolls do not include charges for petty supervision unless authorised by the C.M.E.S. nor do they include charges for labour engaged through the agency of a contract which should be paid for on C.P. Bill.
- (viii) that payments for overtime if over Rs. 50 in any one month in the case of any one individual has been approved by the C.M.E.S.
- (ix) that progress of work done is recorded on a Muster Roll or on a separate sheet attached thereto.

- (x) that a list of stores issued to each work and expanded thereon is attached to the muster roll (this list should be checked with the 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 items.
- (xii) that there is an evidence to show that the record of attendance is occasionally checked by a responsible officer.
- (xiii) that the monthly muster roll of labour employed on repair of furniture is supported by :—
 - (a) a list of stores issued for repair of furniture during month.
 - (b) a monthly progress report of articles of furniture repaired in the proforma appended to E-in-C AHQ letter No. 5288/17/3, dated 26th April, 1939. In case where repairs to furniture are carried out partly by muster roll labour and partly by personnel paid on casual personnel bills, 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 C.P. Bill and suitable remarks are made on the muster roll and the C.P. Bill with a view to linking the muster roll, etc., with the relevant progress report and list of stores.

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 P.S.M. Book (to the extent laid down in Annexure 'A' Part I) it being verified that a record of the repairs executed has been kept in the P.S.M. Book.

Casual Personnel Bills :

82. The audit of C.P. Bills 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 a casual personnel has been employed on clerical duties sanction of the E-in-C has been obtained.
- (iv) income-tax when due is recovered at the proper rate.
- (v) the incidence of charge is correct.
- (vi) the employment of casual personnel is limited to the duration of the works and that funds exist for the work on which they are employed.
- (vii) the bill is arithmetically correct.

Note.—The check of C.P. Bills will be carried out on the lines laid down for establishment bills in the Annexure to Chapter II of the Mily. Audit Code, viz., bills *ad hoc* Rs. 100 will be audited in full and those under Rs. 100 subjected to a general scrutiny and completely audited once in every six months.

Audit of Bills and Vouchers :

83. 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 nomenclature of the items of work as recorded in the Measurement Book correspond as far as possible, to that of the item of work shown both in the Abstract of the measurements (BAFW-2264) and in the bill.
- (ii) the quantities shown in the Abstract (BAFW-2264) tally with the details in the Measurement Book ; and that totals of the Abstract agree with the totals as entered in the bill.
- (iii) the quantities and source of supply of stores shown in the Measurement Book tally with the entries on the receipt vouchers.

84. The files of vouchers received from the F.C. (Works) and of original vouchers on record with the 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 amount was deducted from the bill.
- (ii) that wages left unpaid in casual personnel 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 entertained without proper sanction ;
- (iii) that the unpaid wages traced in the Unpaid Register [vide (ii) above] have been accounted for either by credit to imprest or by payment into treasury.
- (iv) that charges on account of general charges have been noted where necessary in the Register of Sanctions (BAFW-2252) ;
- (v) that bills for stores purchased have been linked with receipt vouchers and that the particulars in the latter agree with those in the bills.

85. Bills for rates and taxes will be checked with reference to the rent assessment ledger and the revenue ledger to see :—

- (i) that rates or taxes in the nature of house or property tax which by local rule or custom are leviable on 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 under condition 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 leviable on the owner and therefore have been paid by the M.E.S. as a charge against the state, have been recovered from the tenant.

N.B.—The occupant of a Government owned or hired building in a hill station is only liable to pay monthly 1/2th of the annual amount of service taxes during this 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 case 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 the special rule laid down in para 24(h) A.R. Quarters and Rents, regarding the assessment and recovery of taxes for buildings owned or hired by the M.E.S. within the municipal limits of Dhaka. It should particularly be seen that the tax upon the balance of the annual value which is borne by the State in these special 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 all such residences be shown in the Revenue Ledger.

Measurement Books :

86. Arithmetical calculation in respect of selected bills, vide item 6 of Appendix 'A' Part I will be checked to the extent of authorised percentage fixed by the C.G.D.F. from time to time.

The measurements in respect of the selected bills should also be checked to see :—

(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 quantities of each item of work as shown in the measurement books agree with the corresponding entries appearing in Abstract of quantities and prices.

Note.—Instances of delay in measuring up works after completion should also be investigated as delay in payment results in locking up contractor's capital and increase their expenditure and consequently necessitates higher rates. Failure in measuring up work promptly also provides opportunity for false and exorbitant claims on the part of contractors.

Register of Unpaid Wages :

87. The Register of Unpaid Wages should be audited to see :—

(i) that entries for the selected month have been correctly made from Muster. Rolls and Casual Personnel Bills ;

- (ii) that all subsequent payments in the selected month have been entered against correct entries in the Register ;
- (iii) that all items and the record of subsequent payment are checked by the Unit Acctt. and initialled by him.
- (iv) that all amounts not claimed within twelve months are marked off as forfeited to Government and that after the expiry of this period no payments is made except under the sanction of the Distt. or Independent Brigade Commander concerned or, in doubtful cases, of the Government of Bangladesh.

Periodical Services Measurement Books :

88. (i) Check completely P.S. Measurement Books in respect of cases of new buildings or of additions and alterations to existing buildings, etc., with reference to the documents referred to in paragraph 16 of this Manual and duplicate copies of completion reports on record with the LAO.

(ii) In addition check calculations in every P. S. Measurement Book shown in the list kept by the Local Audit Officer. As a safeguard against unauthorised corrections etc., all corrections in calculations should be initialled in ink by the Local Audit Staff, and 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 P. S. Measurement Book and signed by the auditor. Sample initials of the individual exercising the check should also be recorded.

Only 25 per cent of the entries in a P.S.M. Book which has once been completely checked are required to be checked by the local audit staff but if in a particular book a mistake is found the book should be completely checked. New or revised books, however, should be checked fully.

Note.—For check of bills with P.S.M. Books see para 24.

Contracts :

89. Verify that the Unit Accountant maintains a file of duplicate copies off all accepted contracts and subsequent amendments with a covering list showing particulars of contracts given out and the serial number assigned to each.

90. With reference to the Register of Deposits and the Register of Securities verify that the required security, in proper form has been taken in all cases except where exemption was allowed by the C.M.E.S. or the E-in-C under para 421 Regulations for the M.E.S. for the due fulfilment of contracts within the time specified in the agreements.

91. In addition to the above, see that :—

- (a) Where necessary contracts definitely provide for credit to be given for old materials or for their use by the contractor, in which case the approximate quantities likely to be available will be stated in calling for tenders (Technical Instructions of the E-in-C, A.H.Q. No. 5, dated 1st June, 1936).

(b) The F.C. (Works) was consulted before the issue of tenders in all cases in which contracts provide for the free supply of water to the Contractor (Technical Instruction of the E-in-C, A.H.Q. No. 6, dated 1st June, 1936).

(c) The duplicate copies of contract agreements have been compared with the originals and have been certified as correct by a Gazetted officer of the F.C's. (Works) office.

Register of Barrack Damages :

92. From the paid vouchers for the selected month, sort out all requisitions and bills treated as barrack damages and trace the particulars of the party responsible for the damage as well as the amount of expenditure incurred on the requisitions and bills into the Barrack Damages Register. Link the entries with the cash book where recoveries are effected in cash and in the case of treasury receipts with Abstract of Receipt and Charges. Also note if there are any old outstandings.

Construction Account for Works, Establishment Charges, Tools and Plant :

93. From the original vouchers received from the F.C. (Works) and from muster rolls, C. P. Bills contractors acknowledgements for store received and other original vouchers (both cash and stores) in the possession of the Unit Accountant, check the postings in the construction accounts to see :—

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

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

(iii) that the total of the construction account folios are correctly worked out and that the totals of the folios 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 June Preliminary have been taken into consideration ;

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

(vi) that no engineer service is executed nor any liability incurred in connection therewith without administrative approval and technical sanction having first been accorded or without funds having first been allotted, except on grounds of urgent Military necessity or urgent medical reasons when reference to the competent financial authority would entail dangerous delay. From the construction a considerable time in respect of a work the accounts of which are fundamental conditions mentioned above have been infringed the report required by para 16 of the Regulations for the M.E.S.

has been made to the F.C. (Works). It should also be verified that no expenditure is incurred on Deposit Works without the necessary fund having first been received from the parties concerned ;

- (vii) that amounts shown in the construction accounts as 'charges against' and 'recoveries from' contractors agree with the balances shown in the personal account of the contractors in the Contractor's 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 payments for which have not yet been made. Liabilities for stores as recorded in the construction account should be checked with the Order Book for stores ;
- (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 has been apparent delay in closing the accounts, charges looked should be specially scrutinised to see whether they indicate any tendency to utilize savings towards unauthorised expenditure ;

N.B.—Cases of delay in the submission of completion reports should be noted and it should be seen whether they have been included by the Unit Accountant in the list of such cases BAF F.C. (Works)-268.

- (x) that the completion cost of the work as looked in the construction account 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 history sheets are required to be maintained contain a note to that effect in red ink ;
- (xiii) that in case of new construction or additions and alterations to existing buildings increase in capital cost has been noted in the Rent Assessment Ledger whenever necessary and that rent has been revised ;
- (xiv) that the construction accounts are reviewed regularly by the Garrison Engineer.

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

- (a) Whether cases of marked excesses overestimated costs 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 rule, and whether, if there is a loss or 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 would be. 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 which should correctly be charged to the contractor in accordance with his agreement.

95. If any closed accounts of completed or abandoned works 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.

96. Credits afforded to the accounts of works require close examination. Often 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 auditors with a view to ensuring that the original debit of the subsequent write back do not involve any irregularity.

97. Irregularities are also sometimes committed as a result of anxiety to utilize grants (in order to avoid a lapse of funds) by ordering stores for works or for stock during the closing days of June and to pay for them before the 30th June even if 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 July should therefore be connected with corresponding bills to see that none are for stores paid for in June before delivery. All stores actually received after 30th June should be booked in the accounts for the next financial year and not in June Supplementary or Final accounts. When irregularities of this nature are detected sufficient details should be given in reports to admit of a proper appropriation of the case.

98. 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 utilized on that work at some distant date, the transfer vouchers should be challenged in audit.

99. All closed accounts should be scrutinized to see that liabilities and anticipated credits have been adjusted, that special tools and plants in any charged to the 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.

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

Contractors Ledger :

101. In the audit of Contractors Ledger which should contain transactions for the whole Division including outstation Sub-Divisions it would be verified that the closing balances of the previous months have been correctly brought forward, that all original vouchers received from the F.C. (Works) Muster Rolls, C.P. Bills, contractors acknowledgements for stores, indents, issue and transfer vouchers for the month which affect contractors accounts have been correctly posted in the Contractors Ledgers and that the resulting balance has been correctly worked out and analysed so as to show in detail the amounts outstanding in respect of each work.

102. In checking the postings in the ledger it should be seen that security deposits of contractors are not included in their personal account and that, when a deduction made from a contractors bill for one work is creditable to the accounts of another work, two distinct entries are made in the ledger i.e. one for the payment made on account of the former work and the other for the recovery creditable to the later.

103. Vouchers for debits against contractors should be examined to see that the charges have been accepted by the contractor and that the rates charges are correct. In case of debits for stores it should be seen that issues have been made in accordance with the terms of the contract and that contractors dated acknowledgements have been obtained in all cases. The rates should be those shown in the contract agreement. Any additional stores not specified in the contract should be charged for at the Stock-Book/V. P.V.E.S. Rates prevailing on the date of issue, plus/minus the Contractor's percentage or the market rate whichever may be higher.

104. 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.

105. The closing balance as analysed should be reviewed and checked with the contractors 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 contractors bill. The cause of any large balances outstanding against contractors should be investigated and reasons for non-adjustment in bills if any received should be investigated. The deferment of recovery of outstandings constitutes unauthorised financial aid to contractors

and 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 413 and 414 of the Regulations for the M.E.S. it should be seen that the adjustments provided for therein are carried out.

Register of Appropriations :

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

- (i) that the Register is properly maintained and is up to date and that the check exercised by the Unit Accountant is efficient.
- (ii) that Appropriations made to sub-divisions from the reserve at the disposal of the 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 ;
- (v) that no transfers in the appropriations for a year are sanctioned after close of that year.

N.B.—A few statements of re-appropriations of funds sanctioned by the G.E. should be examined in order to verify that the amounts transferred do not exceed the financial powers of the G. E. as laid down in para 61, Regulation for the M.E.S.

Register of Approval to Work—(BAFW-1816) :

107. It will be seen :—

- (a) that the register is properly maintained and is kept up to date ;
- (b) that particulars of sanctions and noted in the 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 F.C. (Words).
- (f) that in the new year's registers necessary particulars have been correctly transcribed from the previous register.

108. The completion cost as noted in the Register will be checked with the construction account. 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 (as modified by the amount of the accepted contract) for that service or particular item, the excess is regulated in accordance with the rules laid down in para 65, Regulations for the M.E.S. Transfers of anticipated or actual savings from one item of a project to another should be particularly scrutinized 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 the service or project as originally approved or which is not fairly contingent on its actual execution.

N.B.—The register of Requisition will be checked on the above lines with reference to the original requisitions received from the F.C. (Works) with original vouchers.

Scrutiny of Technical Sanctions.

109. All technical sanctions whether recorded in the Register of Sanctions or in the Register of Requisitions will be scrutinized to see :—

- (i) that 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 especially when the cost of work is subsequently increased by transfer of savings from another work ;
- (iii) that the administrative approval where required under rules exists ;
- (iv) that 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 canons of financial property.
- (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.

110. The following items should receive special attention of the local auditor :—

- (i) All requisitions or estimates for renewal of furniture should be linked with the loss statements, survey reports, or expense vouchers for article of furniture to see that the estimate for 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 estimate etc. include no provisions for renewal of articles of surplus and obsolete furniture retained in accordance with para 195, Regulations for the M.E.S. 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 P.S. Measurement Books in order to verify that repairs are not sanctioned to be carried out without the approval of the competent authority before the prescribed interval.

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

- (iii) The classification of a 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.

Transfer Entries and Transfer Vouchers :

111. 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 of budget head.

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

- (1) To correct an error in allocation.
- (2) To distribute the expenditure on a work over all the accounts effected in cases where a joint work, in which two or more parties are interested is taken to the accounts of one party.
- (3) To adjust by debit or credit to the appropriate head of account (or work) an item outstanding in the accounts for Q.M.E.S. Advances or P-Deposits.
- (4) 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 P-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) amounts debited credited to remittance heads ;
 - (e) percentage charges leviable under rules *i.e.* establishment tools, and plant, and workshop charges etc.

113. 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 are closed, no correction is made except in the following cases :—

- (i) an error or omission in the recorded expenditure of a work.

- (ii) all errors affecting M.E.S. Advances and Deposits or 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 BAFW-2253 or an order recorded on some other document *e.g.* Loss statement, contractors bill etc. which sets forth a clear and concise explanation of the correction or adjustment.

114. 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 is to resort to rectifications either by writing down the value of materials or writing back expenditure to some other estimates where a saving is anticipated and so on. Attempts are also made sometimes to utilize saving 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 retransferred back in accounts for the next year.

115. In the audit of transfer vouchers and transfer transactions it should be seen that the files of transfer vouchers produced for audit are complete, that the vouchers are checked by the Unit Accountant and passed by the G. E. before they are incorporated in 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 are:—

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

116. 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 expenditure on works the estimate or the allotment for which would have been exceeded but for the transfer so made should be specially examined.

117. It should be seen in particular that the transfer vouchers do not include fictitious adjustment *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 (iii) the writing back of the value of materials used on a work to avoid excess outlay over appropriation etc.

118. Local Audit should see in particular that all periodical transfer transactions, *e.g.* those relating to the adjustment of departmental charges are prepared and incorporated in accounts regularly and in time.

Register of Sanction BAFW-2252.

119. 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 as to bring to notice expenditure incurred against the sanctions after the expiry of the period of its currency.

120. It should also be seen that all administrative sanctions for general charges have been communicated by the sanctioning authority direct to the F. C. (Works).

Note.—If there is any reason to believe that any sanction is *ultra vires* the fact should be reported for orders of the F.C. (Works) who should be apprised of full circumstances of the case.

121. All paid bills relating to general charges (e.g., rent for hired buildings, rent for land, payments for railway sidings and platforms, rates and taxes, etc.) should be traced into the Register of Sanctions to see that sanction of the competent authority to the charges incurred exists, that no expenditure is incurred beyond the period for which a charge was sanctioned, the expenditure has been correctly posted in the register against the sanction concerned and that there are no cases in which claims in respect of those charges for the same period have been preferred twice.

122. The bills containing charges in respect of the pay of mails employed for the maintenance of gardens in buildings hired by the State should be checked with the lease agreements on record in the G. E.'s office to verify that the employment of the 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 the 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 Revenue.

Materials Register :

123. From the original bills and transfer vouchers pertaining to stores purchased for works, from indents, the receipt vouchers and the list of credit notes relating to such stores in the possession of unit accountant as accounted for in the materials (construction) Account, check the receipt and issue of stores as posted in the Material Register. Also compare the balance of the construction account folio of the Materials Account with the summary of the Materials Register and note the discrepancies unless the difference is trifling. (As regards liabilities for stores received but not paid for see para 93 (viii) above).

N.B.—Before local audit of these accounts is taken up, it should be seen that the pages of the materials Register are serially numbered, that there are no erasures or unauthorised corrections are not subsequent to the date of the last audit. After audit the last balance of each article checked should be stated in words in the remarks column and initialled by the local auditor.

124. See if Materials Accounts of completed works are closed as soon as possible. If any stores are left in hand, action taken for their disposal should be ascertained.

125. Scrutinize the Materials Account to see if there are any cases in which materials were purchased at the close of a financial year (i.e. May or June) and debited to the Materials Account merely to utilize funds. If it is

found that the materials so purchased continue to remain on charge for prolonged periods, the inference to be drawn is that purchases were made simply to avoid lapse of funds. Trace back the entry to the original transaction, and if necessary place it under objection.

126. 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. (Para 649 M.E.S. Regulations).

127. It should be seen that limits up to which materials should be collected have been prescribed and are not exceeded and that, in cases 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.

128. 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 scrutinized.
- (iv) the rates and profit or loss are readjusted periodically to ensure that the total of the balances in the Material Register agree with the balances in the Account and the latter agrees as nearly as possible with the value of materials in hand.

Road Metal Register :

129. Check the Road Metal Register with the original vouchers on which payment has 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. As regards issues check the register with the muster rolls, measurement books or contractor's bills for consolidation. In cases of surpluses or deficit fund as a result of check measurement see that the surplus are brought to account and deficits are written off under the orders of the competent authority. Any minus figures should be particularly examined and traced to their origin.

N.B.—The instructions contained in the note to para 123 above apply in the case of local audit of Road Metal Register.

Register of Demolitions :

130. Entries in this register in respect of materials obtained from demolition will be linked into the statements on record in the G. E.'s. office and the demolition certificates attached to bills containing charges for demolition with a view to verify the correctness of demolition statements certificates. Also see how the stores entered in the register have been disposed of and check the adjustment made on their account to verify that the value has been adjusted according to rules.

Stores in Hand Ledgers :

131. Check the receipt column of the ledger with the original indents (in possession of the unit accountant) in the case of stores drawn from stock in

bulk, with the Demolition Register in the case of stores received from demolitions and with the original transfer vouchers or local purchase bills as regards stores drawn from Materials Account of an other work or purchased. Link the issuers with the progress sheets of muster rolls of with the construction account of the work in which the stores have been actually incorporated. Also examine these ledgers in order to see whether the following conditions are satisfied :—

- (i) that the G.E. has inspected these ledgers periodically and has signed them in token of his having done so.
- (ii) that the balance in hand of such stores as have not been definitely incorporated in any work when priced at stock book rates at the end of the month does not exceed Rs. 500 in value.

Sanction of the G. E. is required to regularise any excess over this amount. If there are items of which there have not been any issues for a considerable period, suggestion should be made for their transfer to stock or utilization elsewhere.

N.B.—The instructions contained in the note to para 123 above apply in the case of local audit of stores in hand ledgers also.

Indents and Receipt Vouchers :

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

133. 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 allocated 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 contractors acknowledgement for the stores exists.

(Rates charged to Contractors should be checked with the contractors agreement, it being seen that in case of stores not provided for in the contract, market rates are charged if they are higher than the stock book rates).

134. 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 purchases by the M.E.S. the rates charged are correct according to the order or agreement, if any.

135. In 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 265 to 267 of the M.E.S. Accountants Manual and that adequate action is being taken for their final settlement.

Stores Issued by the Army to M. E. S. :

136. The Local Audit Officer of the issuing Army Unit or Formation will send a copy of the vouchers to the FC(Works) 'E' Section and obtain its acknowledgment. The Superintendent, Local Audit Party M.E.S. while proceeding in Local Audit duty will collect all such copies and during the course

of audit will verify that the cost of stores has been properly adjusted duly brought on charge. The local audit Superintendent will also satisfy himself 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.

Stores Issued by the M. E. S. to the Army :

137. The Local Audit Superintendent will verify that the Unit Accountant Garrison Engineer's Office has on record acknowledgments of the Army L.A.P. of the formation to which the stores have been supplied by the Garrison Engineer.

He will test check the correctness of the adjustments made in the M.E.S. Accounts in respect of such stores issued to and by the M.E.S. based on one month's transactions in a half year.

Vouchers for Sale of Stores :

138. When stores are sold by public auction see that they have been auctioned in the presence of an M.E.S. Officer by the auctioneer appointed by the M.G.O. for the station or group of stations. It should also be seen that the list of reserve prices was prepared in accordance with the provision in para 695 M.E.S. Regulations. In cases of sales of stores to private individuals or to other departments it should 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.

Stock Register :

139. Check the postings in the stock Register with the quantities of stores shown as received and issued on the original receipt vouchers and store indents.

Note.—When checking the Stock registers see that there are no spare parts of E & M. 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.

140. The stock verification report for stock taking since the last audit should be obtained and the adjustment of discrepancies verified. It should be seen that stock taking is regularly done and that the result does not disclose any need for improving the storage arrangements.

141. The balances of the various articles of stores should be checked with the maximum quantities fixed and any excesses noticed should be pointed out in the Objection Statement. It should generally be seen that steps are taken to keep balances as low as possible compatible with requirements and facilities and time taken for recoument.

142. Fresh acquisitions of stores should be checked with the existing balances and the maximum quantities 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.

143. Any large accumulations of stores specially in the case of stores liable to repaid 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 Order Book :

144. Scrutinize the Order Book in order to see that the orders have been placed on the authorised source of supply, that the value of orders falls within the powers of purchase of the authority placing the order, and that the powers of local purchase are not resorted to for replenishing stock.

FURNITURE

Station Register of Authorised Furniture :

145. Check the Station Register of Authorised Furniture (BAFW-1811) and 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 the units, etc., in regulations and that the reserves of furniture held at the station are within the scales of reserves laid down in Barrack and Hospital Schedules. Compare this register 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. Also see that articles (if any) 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 Station Register of Authorised Furniture.

N.B.—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 :

146. The receipts in this Register should be checked with the original paid bills relating to purchases of furniture and from Muster Rolls and C.P. Bills for new articles manufactured under estimates for new supplies and renewals and from transfer vouchers received from other L.A.O's for articles transferred from other divisions. Similarly, all issues should be checked with reference to issue vouchers in respect of transfer of furniture to other divisions and loss statements or expense voucher. The correctness of the balances should also be checked arithmetically.

N.B.—The last balances of the articles at the close of local audit should be stated in words in the remarks column and initialled by the auditor.

147. For issues noted on the authority of transfer vouchers for transfer to other Divisions it should be verified that a receipted copy of the vouchers is on record. An unreceipted copy of such vouchers should be obtained and forwarded for linking purposes to the L.A.O. to those audit area the articles have been transferred. In the case of expense vouchers and loss statements it will be seen that they have been noted in the Register of losses maintained by the G.E's Unit Accountant.

Distribution Ledgers :

148. Examine the following ledgers and see that they are correctly maintained :

(1) Station Furniture Distribution Ledger.

(2) Unit Furniture Distribution Ledger.

149. Also verify (i) that quantities shown in the Unit and Station Distribution Ledgers against the various articles of furniture correctly work up to the quantities shown in the division Distribution Ledger.

(ii) that the quantity of each article of furniture in charge of the unit as shown in the Unit Distribution Ledger is not in excess of the number authorised for the unit as shown in the Division Register of Authorised Furniture, and (iii) that the Unit Furniture Distribution Ledgers contain signatures of both the M.E.S. representative and the representative of the unit in token of its reconciliation with the unit's copy of the ledger and that all receipts and issues subsequent to the date of the reconciliation are supported by accepted vouchers. It should also be seen that no issues of furniture are made to individuals without authority on temporary receipts or on loan.

150. In cases where articles of furniture are shown in the Station Furniture Distribution Ledger as issued on hire, it should be verified that the hiring is authorised by regulations, and that the S.D.O. concerned has intimated to the unit accountant the capital cost of the articles in question. The capital cost should be checked with the Furniture Rate List and the transactions linked with the Rent Assessment Ledger and the Revenue Ledger in order to verify that rent of furniture is being recovered by the Unit Accountant.

151. In the case of furniture supplied to quasi-commercial and manufacturing concerns and to Warrant and non-Commissioned Officers in such concerns, viz., Military Farms Department A.S.C. Bakeries and the A.O. and Clothing Factories, rent of furniture is required to be intimated to those concerned. It will be seen that necessary intimation has been sent and the acceptance of the officer concerned obtained.

Scrutiny of Expenditure on Repairs and Renewals :

152. At the close of the year the total expenditure on repairs and renewals of furniture in the division as recorded in the construction account 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' regulations for the M.E.S. For this purpose, the total book value of the furniture on charge in the division should be obtained from the M.E.S. authorities and the percentage borne by the expenditure on (i) repairs, and (ii) renewals to this book value should be worked out. A report should be submitted to the FC(Works) 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.

TOOLS AND PLANT

Division Register of Articles on Charge :

153. From paid bills relating to purchases and from Muster Rolls and C.P. Bills pertaining to manufacture of tools and plant (including expendable tools) and from transfer vouchers received from other L.A.Os. for articles transferred from other divisions, check the receipts into the, (i) Division Register of articles on charge, (ii) the S.D.O's. Register of articles in use, and (iii) the Numerical Ledger of small tools. Similarly, check all issues with reference to issue statements in respect of tools and plant transferred to other divisions and loss vouchers in survey reports.

154. In case of tools and plant (including expendable tools) specially purchased and charged to a work it should 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 should be seen that no article is removed from the Numerical Account in the plea that the 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 utilized on the latter at some distant date.

155. In checking the Numerical ledger of small Tools, etc. it should be seen that the ledger is a bound book with machine numbered pages and that each addition or deduction to the total of any item on charge is initialled by the G.E. and the subordinate on whose charge they are.

Note.—The last balance which should be checked of each article at the close of local audit should be stated in words in the remarks column and initialled by the Auditor.

156. In the case of sales and transfer of Tools and Plant the orders of the competent authority approving the sale or transfer should be looked for and in cases of transfer to other M.E.S. divisions it should be verified that an accepted copy of the transfer voucher is on record. An unreceipted copy of such vouchers should be obtained and forwarded for linking to the L.A.O. concerned.

157. The tools and plant distribution ledger should be examined to see that it is properly maintained and that the total of each article in the Distribution Ledger agrees with the total of that article as shown in the Register of Articles on charge. It should also be verified that Distribution Ledgers has been reconciled by the executive annually between the 1st December and 1st March with the individual registers 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 the annual reconciliation should be supported by accepted vouchers.

158. Scrutinize the Distribution Ledgers and the S.D.Os. Numerical accounts, etc. to see if any Tools and Plant have been issued on loan to contractors or on hire to any individual. If so, in the case of issues on loan to contractors verify that the issue is covered by a definite statement to that effect in the contract agreement and that contractor's receipt is to that effect in the contract agreement and that contractors receipt is on record. In

the case of issues on hire see that the sanction of the C.M.E.S. exists in accordance with para 176, Regulations for the M.E.S. that an intimation of hire has been sent to the Unit Accountant and noted by the letter in the Revenue Ledger for the recovery of hire charges. In cases of tools, etc. lost by contractors see that 10 percent departmental charges are recovered in addition to the value of the tools and credited to revenue (Para. 669 Regulations for the M.E.S.).

159. In the case of road rollers and other mechanically operated transports maintained by the M.E.S. the relevant log books should 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 roller, 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 at finished rates.

Rent Assessment Ledger (P.A.F.W.-2230) :

160. If any bicycles are maintained in the division for the use of the staff of M.E.S. offices it should be verified that they have been brought on charge in the Register of articles of Tools and Plant on charge and that the number in use in each office does not exceed the scale laid down in para. 196 Regulations for the M.E.S. In the case of excesses see that sanction of the E-in-C exists.

P. O. L. Accounts :

161. (a) The following Registers, Books will be examined to see that they are correctly maintained :—

1. Vehicle Daily Running Account (BAFZ-2212).
2. Vehicle Log Books (BAFZ-2197) for all vehicles.
3. Drivers Car Diaries (BAFZ-2209) for motor cars, and motor cycles.
4. Ledger of Stores and Stock (BAFZ-2109).

(b) It should be seen in local audit that :—

- (i) the No. of vehicles on charge is not in excess of the sanctioned number ;
- (ii) the receipts and issues of P.O.L. are duly supported by requisite vouchers ;
- (iii) the issues of P.O.L. have been duly accounted for in V.D.R.A ;
- (iv) no P.O.L. is drawn for the period the vehicle was in workshop (by comparing V.D.R.A. and Log Book) ;

- (v) the duties performed are authorised and that recoveries have been effected when the vehicles are put to private use ;
- (vi) that the cost of maintenance, repair, and renewals of transport is charged to the service on which they are employed. In the case of Government motor cars and motor cycles the running expenses should be charged to the detailed head Travelling Allowance of sub-Head 'E' Establishment ;
- (vii) that a proper record is maintained of the running expenses incurred and of the duties performed ;
- (viii) that effective control is exercised over the expenses particularly the consumption of petrol, oil and lubricants and authorised mileages per gallon compare favourably with the Standards prescribed from time to time in Bangladesh Army Orders.

REVENUE ACCOUNTS.

Rent Assessment Ledger (B. A. F. W.-2230) :

162. The local audit of this ledger consists in seeing :—

- (i) that the capital cost of residential buildings as entered in the Register of Buildings agrees with that shown in the Rent Assessment Ledger and that the cost of such items as compound walls, fences and out houses, etc. has been taken into account ;
- (ii) that all rentable buildings whether Government owned, hired, lessed or appropriated have been shown in the ledger and that squash racquet courts and tennis courts are shown separately ;
- (iii) that the assessed rent of the accommodation, internal electrical installation and furniture in respect of each building entered in the ledger has been calculated on the capital cost, and sanction by the competent authority, in accordance with the rules contained in paras 9, 11, 12, and 23 of A.R. Quarters and Rents.

Note 1.—As regards items (i) and (ii) above complete check will be exercised in the course of the first visit of 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 changes statements (i.e., occupation returns) received during half year.

Note 2.—For this purpose the following documents should be consulted :—

- (a) Duplicate copies of completion reports (Para 219).
- (b) Requisitions involving additions and alteration received direct from the F.C's. (Works) Office (Paragraph 16 ante).
- (c) Quarterly amendments in Registers Buildings referred to in paragraph 344 M.E.S. Regulations.

163. When a part of a building is rented or when a building is subdivided into two or more parts some or all of which are rented by different occupants, it should be seen that the assessed rent of each tenant has been fixed in accordance with para 9(k). A.R. Quarters and Rents, and recorded separately in the Rent 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 (*vide* Engineer-in-Chief's memo. No. 33616/22/EIB, dated 3rd July, 1936 circulated under Financial Adviser, Military Finance, endorsement No. 4747/*B, dated 13th July, 1936).

164. 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 rent is revised with effect from the date on which the accounts of the works relating to additions and alterations were closed and that when a building already occupied is subsequently electrified, rent for the electrical installation is assessed from the date on which the installation was passed fit for use and the supply of current was available. (Para 441 Regulations for the M.E.S.).

165. Scrutinize the Rent Assessment Ledger in order to see that it contains the dated initials of the G.E. against each assessment or re-assessment and that the unit accountant records in the ledger annually a certificate to the effect that the capital values of the buildings as shown therein agree with the values shown in the Register of Buildings as corrected up to date and that rents of buildings have in all cases been revised where necessary. (Para 208 of the M.E.S. Accountants Manual).

166. Compare the Rent Assessment Ledger with the Revenue Ledger in order to verify that all buildings, squash racquet and tennis courts shown in the Rent Assessment Ledger have been entered in the Revenue Ledger, that both the Ledgers are cross referenced and the assessed rents shown in the Revenue Ledger agree with those shown in the Rent Assessment Ledger. (In cases where a building is actually occupied prior to the closing of accounts of expenditure on its construction, acquisition or equipment the assessed rent is required to be fixed previously, *vide* para 441 Regulations for the M.E.S. In such cases it should be seen that the unit accountant has used the word 'Provisional' against the assessed rent as shown in the Revenue Ledger).

Note.—This check should be exercised to the extent indicated in Note 1 to para 162 above.

Occupation Returns :

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

- (i) that the return is rendered on the proper form *i.e.* BAFZ-2170 ;
- (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 Public Buildings ;
- (iii) that the return is signed by the authority responsible for its submission ;

(iv) that the relevant columns of the return are properly filled in.

168. The following points should be looked into when scrutinizing the occupation Returns :—

- (i) That there is no undue delay between the date of allotment and the date of occupation.
- (ii) That where the allotment of accommodation is stated to be free of rent or at a reduced rate of rent, the authority in support is quoted and is correct.

Note.—Class II followers of supply units are not entitled to free accommodation *vide* Army Headquarters memo. No. 31258/3/Q, dated 17th January, 1936. Nor are staffs, departments and formations outside Army Headquarters entitled to free accommodation for private printing presses maintained by them *vide* para 14(g) A.R. Quarters and Rents.

(iii) That when accommodation is allotted free of rent or at a special rate of rent for a limited period, *e.g.*, cases coming under paras 14(c) clauses (i) and (iv) (i) and 14(m) A.R. 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 return. 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) That when an available Military Building is allotted free of rent to a unit for use for a specified purpose (*vide* para 14(m) A.R. 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 the 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 (E-in-C Army Headquarters memo. No. 48917/4/E-2A, dated 26th February, 1935).

Note.—In cases when buildings are used as Army Child Welfare Centre, the maintenance charges of such buildings and fixtures and installations whether Government owned or provided from regimental and or private funds are debitable to M.E.S.

(v) That when the allotment of accommodation is on payment of rent but subject to a certain percentage of salary, the rate of salary as shown in the occupation return has been verified by the Unit Accountant by reference to the Accounts Officer.

(vi) That when accommodation is leased to private persons not in Government employ :—

- (a) an agreement on the lines approved by Government from time to time exists ;
- (b) the instrument is properly stamped ;
- (c) the current market rate for rent is quoted on the occupation return ;
- (d) the rent is charged at the market rate provided it is not less than the assessed rent.

(vii) That when accommodation allotted for cinemas is stated to have been leased out on the concessional rate of Rs. 1.50 P.M., a certificate exists to the effect that the admission into the cinema is controlled by the Station or Unit Commander concerned and that charges made to the troops have been approved by the Station Commander. It should also be verified that rent for internal electrical installation has been charged in addition both in the case of cinemas and in the case of dairies run by contractors exclusively for the benefit of the troops. For purposes of assessment of rent for electrical installation in respect of buildings used as cinemas under para 18(b) (iii) A.R. Quarters and Rents, and capital cost of the internal electrical installation excludes the cost of fans installed. It should, therefore, be seen that the hire charges of fans, at the prescribed rates *vide* para 7 of Annexure 'A' to Appx 'O' of Regulations for M.E.S. are also recovered in addition to the rent of internal electric installation.

(viii) That 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 FC (Air) that they hold substantive appointments specified in para 1(f) A.R. Quarters and Rents, in which case they will be entitled to rent free quarters.

(ix) That 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 rents payable may be calculated in accordance with the rules, in para 13(j) A.R. Quarters and Rents.

(x) That 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. Quarters and Rents, reference is quoted to the sanction of the Divisional Commander for the use of the building for such purpose, that no extra expense is involved in the adaption or extra maintenance of the buildings and that it is stated in the occupation returns whether the institute is run by the Unit, Corps or service, as the case may be or by a contractor.

Note.—The intention of the rule in para 19. Quarters and Rents is that available accommodation may be allotted for use as institutes by bodies of soldiers of units and formation for whom institutes are not authorised.

- (xi) That when free accommodation is allotted to temporary personnel referred to in para 1(k) :—A. R. Quarters and Rents, it has been stated that their duties require them to live in particular quarters in order to be near their works.

169. As regards scale of accommodation, the following important checks should be exercised :—

- (a) It should be seen that no individual (except for valid reasons) 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 of excess accommodation are allotted at request of the occupant, it should be verified that the fact has been quoted in the Revenue Ledger and that the increased rate of rent 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 rent has been recovered for any room or rooms which have been occupied by contractors but which are not shown in regulations as forming part of an institute [Para 18(b) A. R. Quarters and Rents].

170. In case of vacation of quarters, the following checks should be exercised :—

- (a) It should 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 causes 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 quarters by an individual who is required under rule to occupy Government quarters it should be verified that action has been taken under para 6(d) A.R. Quarters and Rents as indicated below :—
 - (i) *Officers in receipt of lodging allowance.*—The F.C. (Army) Pay-I has been informed that lodging allowance should continue to be withheld.
 - (ii) *Others not entitled to free accommodation.*—Rent is continued to be claimed.
 - (iii) *Individuals entitled to free quarters.*—F.C. concerned has informed that claims for compensation in lieu of quarters are not to be entertained.

If action as indicated above has not been taken by the unit acctt. due to a disagreement between him and the G.E. it should be verified that the unit accountant has reported the full facts of the case to the FC(Works) 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 re-allotted to the successor of the officer vacating the quarters 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) Quarters and Rents) rent 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 reallotment 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 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 is in accordance with the terms of his agreement has been recovered.

171. Independent checks over the accuracy of the occupation returns :—

(i) Date of occupation, etc., of the building can also be verified in some cases by reference to reappropriation statements of buildings and 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 in respect of recoveries for water and electricity charges rendered by the executive authorities.

172. Sanctions accorded by administrative authorities to the remission and reduction of rent except those under paragraphs 22(b) 22(bb) 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 the Accounts Officer concerned. The prescribed check will also be exercised by the Local Audit Staff at the time of their periodical visits to G. E's. Offices.

173. The manner of check of the quarterly occupation return is shown below :—

(a) It should be seen that the general completion of the return is correct.

(b) The return should be checked to see that it includes all the buildings, squash racquet and tennis courts, shown in the Register of Public Buildings (except those in active occupation of units according to scale of accommodation definitely authorised by Government) and also those hired by Government.

(c) A comparison between the quarterly occupation return and consumers Ledgers 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 quarterly occupation return.

(d) The particulars i.e., the name, rank and rate of salary, etc., of the occupant and the date of occupation, etc., shown in this return should be compared with those noted in the Revenue Ledger. Cases in which the two documents do not agree should be brought out in the local audit report.

Note.—The quarterly occupation return should be fully audited with regard to the points mentioned in sub-para 2 of para 168 above.

Revenue Ledgers (B. A. F. W. 2240) :

174. From the occupation returns and from the return of recoveries (electric and water) check the postings in the Revenue Ledger and 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 rent bills have been properly prepared and issued promptly in all cases in which any charges are recoverable. Verify the correctness of the totals in column 12 of the ledger. Also check the 'recovery' side of the Revenue Ledger with the accepted rent bills in the possession of the Unit Accountant or with the Cash Book and the schedule of Treasury receipts and see that the totals in column 19 of the ledger are arithmetically correct; compare the recoveries made with the assessments, analyse the balance in Col. 20 and note if there are any old outstanding. Verify that all amounts overdue for a month have been shown by the Unit Accountant as outstandings in the monthly objection statements and that adequate action is being taken for their recovery.

175. Audit Revenue Ledgers and look particularly for the following points :—

(i) That the amounts of rents and other charges, e.g. rent 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 Regulations for the M.E.S. and A. R. Quarters and Rents.

(ii) That 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 during that period the building was vacant and that the word 'Vacant' is entered against the period in question.

(iv) In the case of refunds or remissions of revenue it should be seen that a note against the original demand or realization has been made so as to avoid a double or erroneous claim and that a note of payment has been made on the counterfoil of the original receipt (Para 294 Standing Orders issued by the Engineer-in-Chief refers). Refund Rent Bills issued by the U. A. due to late receipt of Vacation Returns should be entered by him in a manuscript register. This register should be audited cent per cent by the Local Audit Staff at their usual visit to U. A's. Office.

- (v) In the case of an officer who halts at station where there is no hotel or military inspection bungalow either for duty at the station or on the way to duty at another station, and occupies a military building, the recovery of rent 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) A. R. Quarters and Rents].
- (vi) The charging of rent, etc., for rentable buildings 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 rent 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 441) Regulations for the M.E.S.
- (vii) In the case of quarters occupied by re-employed pensioners it should be verified that recovery of rent has been made with reference to the total emoluments including the amount of pension (Para 13(g) A. R. Quarters and Rents).
- (viii) In the case of buildings occupied by private persons (including pensioners and regimental contractors) it should be seen that recovery of rent is made monthly in advance. When houses are let to private persons it should be seen further that the market rate of rent is charged if this is higher than the assessed rent, (Para 455 Regulations for the M.E.S. and Para 14(b) A. R. Quarters and Rents).
- (ix) In the case of military buildings occupied rent free under the orders of the G.O.C. District as Post or Telegraph Offices and residential accommodation of the Officers-in-Charge of those offices, it should be seen that rent of electrical installation has been recovered (Para 17 A. R. Quarters and Rents, read in conjunction with Army Department letter No. 34707/1/E-5-B, dated 9th December, 1932).
- (x) In cases where internal electrical installation has been fitted in tents supplied to officers, etc., it should be seen that rent has been recovered at 10 per cent of the capital of the installation.
- (xi) 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 201 Regulations for the M.E.S.
- (xii) In the case of quarters occupied by Government Servants in receipt of a salary not exceeding Rs. 100 P. M. and paid from Defence Services Estimates or occupied by banniahs, regimental contractors and other traders and their employees, it should be verified that the recovery of rent has been regulated in accordance with paras 13(h) and 14(i) A. R. Quarters and Rents.

Note 1.—For the purpose M.E.S. personnel employed on other than a monthly basis for short periods whether paid on muster rolls or in special cases on C. P. Bills should not be viewed as Government servants for the purposes of the rule in para 13 (h), *ibid.* (A.H.Q. Memo. No. 4108/iii (E-5-B), dated 16th April, 1934).

Note 2.—The intention underlying paragraph 13(h) (ii) Quarters and Rents is that ordinarily the assessed rent, subject to a maximum of 10 per cent of salary, will be charged to Government servants in receipt of a salary of more than Rs. 50 per mensem but less than Rs. 100 per mensem for occupation of Government accommodation to which they are not entitled. It should, therefore, be seen that the concession referred to in this paragraph is granted only when special reasons exist, such reasons being recorded. The mere fact, that an individual is in receipt of low rate of pay is not, in itself, sufficient reason for granting the concession.

Note 3.—A.G.O.C. District has no power under paragraph 14(i) (I) (b) ibid to sanction any reduction or remission of rent in the case of banniah or a contractor, etc., if his income as assessed by the O.O. exceeds Rs. 100 per mensem. Accordingly it should be seen that in such cases the local rate of rent or the assessed rent whichever is more, is recovered under paragraph 14(b) of Quarters and Rents.

(xiii) In the case of accommodation occupied by Grass and Dairy Farms, Medical Stores Depots and Workshops, Bakeries, Butcheries and Army Ordnance and Clothing Factories, it should be seen that a bill showing the total capital value of the buildings occupied including quarters occupied by individuals entitled to rent free quarters but excluding officers quarters, and the rate at which the rent is assessed and the total amount of rent, has been sent to the formations concerned. (Para 287 Standing Orders). The correctness of the bill will be verified and it will be seen that an accepted copy of the bill is on record in the G.E's. Office.

(xiv) In cases of vacation of quarters before the end of a month it should be seen that action is taken to send immediately a bill for recovery of rent and other charges for broken periods or if recovery is not effected an intimation is sent through the P.C. (Works) to the accounts officer to whose circle of audit the occupant has been transferred.

(xv) The Local Audit Staff should verify that rent 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 rent is recovered it should be ascertained whether the building to which the court is attached, is occupied or vacant and, if occupied the reasons for the non-recovery of rent for the court should be investigated.

(xvi) In the case of hired buildings :—

(a) the periods during which a hired residence remained vacant should be ascertained and enquires 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 class of individuals entitled to demand quarters from Government cases 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.

- (xvii) The Revenue Ledger should be checked with the Tools and Plant Distribution Ledger, the Sub-Division Registers of articles in use to see that recovery of hire charge for tools and plant issued on hire are being correctly made.
- (xviii) 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 "Deduction of Expenditure" is credited to Revenue or *vice versa*.
- (xix) Any suspension of allotment of accommodation or a proportionate remission of rent 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 paras 3(d) (iii) and 21(a) of A. R. Quarters and Rents does not confer on local authorities powers for such suspension of allotment or remission of rent.

Capital and Revenue Accounts of Civil Residences :

176. Capital and Revenue Accounts of Civil residences are required to be prepared periodically. These accounts should be checked in local audit to see that they have been correctly prepared from the Register of Buildings, Construction Accounts and the Revenue Ledger.

Meter Readers Book :

177. 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 reference to the meter readings.

In addition any doubtful or suspicious entries and adjustments, if any made in the Book, in respect of previously recorded consumption should be carefully examined.

After check as above, the entries in the Meter Readers Books should 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 it being 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 Readers Book and under the correct category of supply, e.g., illumination power on restricted hour basis etc.

Consumers Ledger :

178. After the consumption shown in the Consumers Ledger has been checked with the Meter Readers Book *vide* Para 177 it should be examined with special reference to the following points :—

- (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 rules;
- (iv) that the hire charges for fans as assessed is correct with reference to the number of fans issued and the sanctioned rate. The number of fans should be checked with the Fan and Meter Register B.A.F.W. 2181;
- (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 connection to Cinema buildings, the electric energy supplied for motor generators for Cinema projectors is charged at the illumination and not the power rate;
- (vii) that any adjustments 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 records and that securities have been deposited by consumers in accordance with the order contained in para 4 (B.A.F.W.2191) (Rules for the supply of electric energy to private buildings) (Paras 765 and 766, Regulations for the M.E.S.
- (ix) that in the case of B.A.F. and B.N. entitled non-paying consumers, action has been taken to effect recovery of charges for electricity (including rent of internal installation) and water consumed by them in the manner indicated paras 278 to 280 Standing Orders;
- (x) that in the case of electric energy and water supplied to entitled non-paying consumers of manufacturing and quasi-commercial concerns detailed in clause (xiii) of para 175 ante, 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 standing Orders and that an accepted copy of the bill is on record;
- (xi) that in 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 Officer Commanding Station according to season. In cases of excesses it should be seen that action has been taken to have the excess consumption regularised. (Appendix 'B' Barrack Synopsis and Q.M.G. in India, Memo. No. 49467-2(E-4) Q-3), dated the 8th June, 1936, circulated under Financial Adviser, Military Finance, endorsement No. 4199/QB, dated 15th June 1936);
- (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 consumers are required to be effected by the Cantonment Authority under the Cantonment Act, the total cost at the All-Bangladesh flat rate of all water supplied by the M.E.S. to such consumers less collection and audit charges is debited to main head 2-L (b).

(3) with reference to the quarterly statement of water prepared by the S.D.O. from the Consumers Ledger. This statement should be checked by the local Audit staff in order to verify that it has been correctly prepared.

181. In the case of electric energy used in Military Buildings occupied by 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 when 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 in accordance with the instructions laid down in the Engineer-in-Chief, Army Headquarters, Technical Instruction No. 6 dated 1st June 1936.

180. Cases of consumption of electric energy in military buildings used by A.F.P. units for purposes of recreation (i.e. as A.F.P. Clubs) under sanction of the Officer Commanding Station should be particularly watched. In such cases it should be verified that the cost of energy as well as rent of electrical installation has been recovered.

181. In the case of electric energy used in Military buildings occupied by Pakistan 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 its lines. If the lines have been wholly electrified the unit will be entitled to a free supply of energy and will not be entitled to issues of lamps, oil, wicks, etc. If however, a part of its lines is electrified, the unit will be entitled to a free supply of energy for the electrified part but will receive proportionately, lower issue of lamps, oil, wicks, etc. It should be verified by reference to the unit's account 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 used for fans have been recovered from the unit (Paras 773 and 774 Regulations for the M.E.S. and para 34 A.R. Quarters and Rents).

182. 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 outstanding.

183. In the case of electric energy supplied to paying consumers for power purposes it should be seen that sanction of the G. O. C. Distt. to the provision of the power connection exists and that charges for such consumption have been correctly made at the appropriate rate in force at the time of supply of electric energy.

184. In case of electric energy supplied for refrigerators and electric kettles in Lady Nurses quarters it should be seen that climbing totals of meter readings are intimated monthly to the Senior Lady Nurse by the G. E. and that at the end of the year all consumption of excess of the free allowance is charged for (T.I. of the E.-in-C., A.H.Q. No. 2 dated 1st March, 1936).

Return of Recoveries:

185. The Returns of Recoveries (water and electricity) as submitted to the U. A. or the Cantonment Authorities 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 the Return. 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 Ledger. The total amount recoverable by the M.E.S. from private consumers, as shown in lump sum figure 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.

186. Any delay in the submission of these returns to the Unit Accountant by due dates should be brought to notice in the local audit report.

Electrical and Mechanical Installations :

187. (a) The Annual Returns of Electrical and Mechanical Installations referred to in para 743 Regulations for the M.E.S. should be checked with the Register of Public Buildings, Plant Record Book, Log Sheets of installations, Installation running records, Consumers Ledger and Constructions Accounts Maintained in the office of the G.E. or the S.D.O. and it should 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 should particularly be seen that all items of expenditure (including that on renewals) or proforma 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. personally by the L.A.O. or his Superintendent.

(b) After the return has been checked as above it will be forwarded to the C.M.E.S. with the L.A.O.'s certificate of check, a copy of the costing sheet in the return will at the same time be forwarded to the P.C. (Works) office for information and eventual check of the consolidated costing sheet.

(c) When the L.A.O. and the G.E. are unable to come to an immediate agreement on any particular point, it may be left over for subsequent settlement by correspondence, the return being transmitted as such to the C.M.E.S. with all due expedition. Similarly if for any reason the L.A.O. is unable to check the return immediately on receipt, the return will be forwarded unchecked to the C.M.E.S. The office copy of the return on record with the G.E. will then be checked as soon as possible, and remarks if any, communicated to the C.M.E.S. separately after discussion with the G.E.

188. In addition to checking the Returns with the 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.

189. The Command Comparative Statement of Installations in various divisions (a copy of which is supplied to the L.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 return for the installations and that the corrections made, as a result of the audit in the Annual Return have been incorporated in the statement.

Plant Record Book :

190. By reference to the construction accounts for new installation or for additions to the existing plant and for superior replacements it should be seen that all new capital expenditure and major spare parts of M/M. Installations have been brought to account in the Plant Record Book and that the capital cost shown is correct. In cases of replacement the cost to be shown in the Plant Record Book should be the gross expenditure i.e. without taking into account sale proceeds, if any, of the old plant, etc.

191. The capital cost of buildings forming part of E/M Installations and as shown in the Plant Record Book should be checked with the Register of Buildings annually as soon as possible after 1st July to see that all corrections in the latter have been incorporated in the former.

192. The rate of depreciation adopted for each machinery and building should be checked with the approved rates vide para 420 of the Standing Order for the M.E.S. 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 renders service for the full anticipated period and is discarded or disposed of before the whole of its cost has been charged as depreciation, the balance (less the sale proceeds) shall be charged to the cost accounts either in one lump sum or in annual installments fixed by the E.-in-C.

Fan and Meter Register (B.A.F.W. 2181) :

193. This register should be examined to see that it is maintained in accordance with the fly-leaf instructions printed in the register, that the register is no maintained as to afford proper means for checking the receipt and issue of fans and meters and that there are no evident signs of unauthorised corrections and interpolations, etc.

194. All new purchases of receipts of meters and fans as ascertained from original bills, receipt vouchers and vouchers received in support or I. D. Schedules should be linked with the entries in the Register. Any articles struck off charge should be verified with the original vouchers and survey reports, etc.

195. The location of fans as noted in the Register should be scrutinized and it should be verified by reference to the Consumers Ledgers or the Returns of Recoveries that hire charges have been levied wherever due.

Log Sheets of Installations and Log Books of Road Rollers :

196. The consumption of stores as shown in the Log Sheets for the period covered by the local audit should 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 on the stores in Hand Ledger during the period have been shown in the Log Sheets. Differences, if any, should be reconciled.

It should also be generally 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 the log sheets bear evidence of scrutiny by the S.D.O. and the G.E.

WORKSHOPS

Register of Work Order :

197. In checking this Register it should be seen that the classification of work orders e.g., Work orders for M.E.S. work orders for other Government Military Departments etc., is correct and that for all orders, estimates have been sanctioned and work orders accepted by the demanding officers. 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 accounts.

198. If jobs are shown as completed the 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. Outstandings should be investigated and pointed out in the Local Audit Report.

199. 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 accounts viz. the Daily sheets for the work should be checked with the estimate of work BAFW-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.

200. 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 30th June interim bills for the expenditure incurred up to that date were adjusted in the account by debit to the parties concerned.

Daily Labour Sheet (BAFW-2236).

Daily Material Sheet (BAFW-2235).

Daily Miscellaneous Charges Sheet (BAFW-2313).

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

Expenditure Sheet (B.A.F.W.-2230) :

202. 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 Order ;
- (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 correctly been carried to the summary ;
- (vi) that the progressive expenditure has not exceeded the estimated amount,

Workshop Account :

203. The postings in the debit and credit sides of these Workshop Account (BAFW-2233) should be checked with the daily sheets and vouchers which are not required to be passed through the Daily Streets. The total of the workshop account should be checked with the financial accounts to see that the total credits and debits as shown in the workshop account agree with the corresponding amount in the financial accounts. In case of there being any difference it should be seen that it has been analysed by the Unit Accountant and that action has been taken to adjust the same. In addition it should be seen that audit charges have been correctly calculated and adjusted and that recoveries on account of overhead percentage credited to the prescribed head of account.

204. It should be ascertained how the waste and by products such as scrap iron, saw dust ashes, etc., are disposed of. If sold, it should be verified that credits are afforded to the workshop account. The sale proceeds and the rate at which the waste and bye-products are disposed of pertaining to a period should be compared with those of the previous periods to ensure that they are disposed of to the best advantage.

Monthly Workshop Return :

205. Review the financial working of the workshop by checking the monthly workshop Return (BAFW-2234) with reference to the instructions contained in para. 16 et seq. of Appendix 'P' Regulations for the M.E.S. The capital costs should be checked from the Plant Record Book and the Register of Buildings and the booked expenditure and credits compared with the figures in the workshop account. All calculations should be checked to see that they are correct.

Register of Public Buildings—Military/Civil :

206. Verify 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. 148 (Regulations for the M.E.S.) in respect of which completion reports have been rendered during the quarter. For this purpose, compare the record of the corrections kept by the Unit Accountant, a fly-leaf of the Register with the statement of work etc., in respect of which completion reports have been received during the quarter which are furnished by the P.C. (Works) to the L.A.O. quarterly.

Select 10 per cent of all the amendments to this Register issued since last audit and check them with the relevant original records to see that they were correctly prepared. Thereafter, trace them 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 Register Book of the Installation concerned. The percentage referred to above does not apply to amendments to plant Record Book.

Bulb Account (B.A.F.W. 1773) :

207. Check receipts from stock with the relevant store indents and check issues to units, departments and individuals and also check destruction of worn out bulbs as entered in the Bulb Account with the relevant bulb requisitions.

See that issues to units, etc., are signed for in Col. 24 of the account, that issues during a period agree with the number of worn out bulbs of equal wattage shown as received and destroyed during that period and that, 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. (Verify that recovery has been effected from the occupant in such cases). (Para 753 Regulations for the M.E.S. and para 608 et seq Standing Orders).

Note.—Before local audit of this account is taken up it should be seen that pages in the Register (BAFW-1773) are serially numbered and that no page is missing. The balances should be checked.

Suspense Registers :

208. Check the Registers of Suspense Accounts (Deposits and M.E.S. Advances) with the original bills and transfer vouchers, etc., relating to head 'P—Deposits' and 'Q.M.E.S. advances' and the construction accounts as regards Deposit Works, and see that the register has been correctly posted, and that the balances are arithmetically correct.

209. Scrutinize the Deposit Register 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 should 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. (Paras 618 and 619 Regulations for the M.E.S.).
- (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 Q.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 realization and posted as minus credit (Para 572, Regulations for the M.E.S.).
- (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 passed 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.

210. Scrutinize the Register of M.E.S. Advances to See :—

- (i) that, except as specified in para 610, Regulations for the M.E.S. no expenditure has been debited to head M.E.S. Advance on the ground of absence or insufficiency of sanctions or allotments and that no item has been included which was eventually debitable to budget head or to a Department; and
- (ii) that items relating to sales on credit are not allowed to remain outstanding for unduly long time and that departmental charges have been correctly levied in the case of such sales, where necessary. (Para 680 et seq. Regulations for the M.E.S.).

211. All minus items should be traced to their original sources and the circumstances leading to the minus outstandings should be carefully investigated to verify that no financial irregularity is involved.

212. 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 Financial Compilation in other to verify that the totals in both the documents agree.

213. 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 the balances are correctly shown.

214. In general it is required to be seen that the particulars of each item are so detailed that the clearance thereof can be watched independently. It is not sufficient to see that the balances carried 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 the balances of the 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 June Final and Supplementary Accounts have been taken into account.

215. In reviewing the balances the point to ensure is 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 Garrison Engineer by correspondence also, and when the delays become serious, or the G. E's. replies to audit enquiries do not establish that adequate action is being taken towards clearance, the matter should be reported to the P. C. (Works).

Register of Losses :

216. Check this register with the loss statements and expense vouchers in the possession of the Unit Accountant and see :—

- (i) That the amount of losses as shown in the loss statement and expense vouchers has 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;

- (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 the circumstances (which should be investigated) attending the losses have been correctly stated. It should also be seen that all losses due to fraud, and negligence or unusual occurrence are dealt with under the rules in the Financial Regulations for the Army and that all other losses sanctioned are within the financial powers of the sanctioning authority.

Objection Statements :

217. Check the Unit Accountants objection statement on the accounts of the month under review and 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 353 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., 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.

Also see 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 353, Accountant's Manual prepared by the Unit Accountant should be checked and initiated.

218.

Completion Reports :

219. Check the completion report to see :—

- (i) That the report has been prepared on the proper form BAFA-2266-A and there is no undue delay in the submission of Part A as laid down in G.H.Q. No. 858491-I-E-2-A, dated 25th July 1944 after the physical completion of the work;
- (ii) That para B, of the completion reports have been completed by the G. E. on receipt of the same from E-in-C/CMES after the accounts of the work have been closed;
- (iii) That the excess over administrative approvals and technical sanctions are within the permissible limits or are regularised by the C.F.A.;
- (iv) That the materials account, if any, has been cleared;
- (v) That the necessary entries have been made in the Register of Buildings and Register of approvals to works.

After the checks referred to above have been exercised, the L.A.O. will transmit the original completion reports to the C.M.E.S. for disposal and retain duplicate copies thereof in his office for linking the same with the relevant entries in the Periodical Services Measurement Book.

SERVICE BOOKS, RAILWAY WARRANTS, CREDIT NOTES, BOOKS OF FORMS 'D' & 'E' ETC.

Service Books :

220. 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 ;
- (li) That the last entries regarding rates of pay and dates of increments in certain selected service books are borne out by salary bills (Annexure 'A' to L.A.O.S. Hand Book) ;
- (iv) That service books, service records and service rolls are maintained for all civilian subordinates, casual personnel and Class IV Government servants respectively ; and
- (v) that a Register of Service Books is properly kept and that the number of service books produced at the time of inspection agrees with the number shown in the register.

11. 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 (C.S.R. Article 176).
- (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 Military Department have been made and communicated to the Audit Officer concerned with reference to I; A.O. No. 595 of 1937.

- (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 postings into all service books of all Part II orders (Office Orders) issued in any one month during a year i.e. during one inspection in a year).

As regards (a) to (g) the entries in 10 percent of the current service books will normally 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 personnel within a year or two of the normal age of superannuation will normally be included.

III. In order to ensure covering all the ground systematically a complete record will be kept of 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. :

IV. It should be seen that all books are kept under lock and key. Issues should be verified to see that the instructions contained in paragraph 75, Passage Regulations (*vide* also Annexure I to L.A.O's. Hand Book) have been complied with and that the Unit Accountant has been furnished regularly with lists of credit notes issued in respect of consignments of stores received for work and stock.

ADJUSTMENT OF THE COST OF GOVERNMENT TRANSPORT SUPPLIED BY THE ARMY TO THE M.E.S.

221. Store Section furnishes to 'E' Section a copy of the covering memo. with which the priced indents have been forwarded to the Unit Accountant, Garrison Engineer's Office, concerned for necessary adjustment. The local Audit Superintendent while proceeding on Local Audit will collect these memos. for test check of the correctness of the adjustments made by the Garrison Engineer'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 FC (Works) through the Inspecting Officer, 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 Garrison Engineers, Unit Accountants, or the following month's accounts. The reasons for the delay in adjustments will be ascertained and intimated to the FC (Works) for such action as may be considered necessary.