

SECTION-IV
Public Works Audit
Chapter-1
Scope of Audit

Audit Objectives and Scope

4.1.1 The main objectives of Public Works Audit are to see that:

- (i) initial accounts, vouchers etc. have been received in a complete state;
- (ii) all sums received/paid have been credited/debited to the proper heads of account;
- (iii) all charges are covered by sanctions and allotments;
- (iv) all vouchers and accounts are properly prepared, arithmetically correct, and are correctly classified; and
- (v) claims admitted for payment are valid according to the rates sanctioned by the competent authority.

Source documents

4.1.2 The following are the source documents to be checked at different stages of Works Audit:

- (i) Monthly accounts including schedules and schedule dockets.
- (ii) Vouchers.
- (iii) Cash and stock accounts.
- (iv) Sanctions.
- (v) Estimates of works.
- (vi) Computed tenders.
- (vii) Works Register.
- (viii) Transfer transactions of sub-divisions and divisions.

Stages of Works Audit

4.1.3 The following four stages are involved in checking works transactions:

- (i) Preliminary internal check by the Divisional Accountant in the Divisional Office.
- (ii) Check in the Office of the Accountant General (A&E) and Pay and Accounts Offices.
- (iii) Central Audit in the Office of the Accountant General (Audit).
- (iv) Test Audit during periodical inspection of the Divisional Office.

Preliminary Internal Check

4.1.4 Charged with the responsibility of applying certain preliminary checks on the initial accounts, vouchers, etc., the Divisional Accountant is responsible for examining the accounts returns of Sub-Divisional Officers to see that:

- (i) these have been received in a complete state;
- (ii) all sums receivable have been duly realized and credited to the proper head of account, and also to the appropriate personal account, if any, of the contractor, employee or other individual;

- (iii) the charges are covered by proper sanctions and allotments and are supported by complete vouchers setting forth the claims and the acknowledgements of the payees legally entitled to receive the sums paid;
- (iv) vouchers and accounts are properly prepared in all respects in accordance with rules and are arithmetically correct;
- (v) all charges are correctly classified, those debitable to the personal account of a contractor, employee or other individual being recorded as such in a prescribed account; and
- (vi) claims admitted for payment are valid and in order on the basis of rates sanctioned by the competent authority and of acts (e.g., quantities of work done, supplies made, service rendered, etc.) certified by authorized Government Servants.

Note: *It is not necessary that the Divisional Accountant should personally check the arithmetical accuracy of all vouchers and accounts. He is, however, responsible for ensuring that a cent per cent check is exercised efficiently under his supervision.*

4.1.5 The Divisional Accountant should exercise a similar check from day to day upon:

- (i) transactions recorded directly in the accounts of the Divisional Office; and
- (ii) bills and vouchers in respect of charges of sub-divisions submitted to the Divisional Officer for approval, the checks being exercised before the payment is made by the Sub-Divisional Officer concerned.

The cash and stock accounts of the entire division as well as all transfer transactions should also be scrutinised by the Divisional Accountant before they are included in the Monthly Account and connected registers and schedules.

4.1.6 The Divisional Accountant should ensure the following:

- (i) Every payment is so recorded and a receipt for it so obtained that a second claim against Government on the same account is impossible; if it represents a refund of a sum previously received by Government, the amount paid is correctly refundable to the payee.
- (ii) Expenditure, which is within the competence of the Divisional Officer to sanction or regularize, is not incurred, as a matter of course, under the orders of subordinate disbursing officers without his knowledge; all such items of expenditure should at once be brought to the notice of the Divisional Officer and his orders obtained and placed on record.
- (iii) Subordinate officers do not exceed the financial powers delegated to them either by the Divisional Officer or a higher authority.
- (iv) Allotments made by the Divisional Officer for individual works out of the lump sum provision made available to him for a group of works are not exceeded and expenditure against such individual allotments is adequately monitored.
- (v) In cases where two or more disbursing officers have to operate simultaneously against a single sanction, orders of the Divisional Officer are obtained placing specific restrictions on the extent to which each such officer could enter into monetary transactions. Similar orders of the Head of the Circle or the appropriate higher authority should be obtained if the disbursing officers of two or more divisions are involved in operating

against a single sanction. It may be advisable in such cases to provide for separate working estimates or other sanctions to cover the transactions of each officer and, for the purpose of bringing the expenditure to account, these should be treated as far as possible as independent transactions pertaining to the same group of works or the same project. If, however, this is not possible, special arrangements must be made for checking the total expenditure against the sanction.

- (vi) Works expenditure is checked with reference to the estimates in order to ensure that the charges have been incurred only in pursuance of the objects intended in the estimates. In the case of works expenditure on which is recorded by sub-heads (e.g. expenditure on brick work), the Divisional Accountant is responsible for checking the expenditure on each sub-head with the estimated quantity or work to be done, the sanctioned rate and the total sanctioned cost so that he may bring to notice all deviations from the sanctioned estimate.
- (vii) The authorized gross expenditure on a work is not exceeded without the orders of the competent authority and any surplus recoveries of expenditure are not utilized towards such additional expenditure; savings on account of abandonment of parts of a work, as evidenced by the quantities of the work executed or otherwise, are not utilized towards an unauthorized object.
- (viii) Recoveries of expenditure are watched in order to bring to the Divisional Officer's notice all marked deviations from the provision for such credits in the estimates of works and his orders thereon are obtained.
- (ix) Claims included in bills presented directly at treasuries by the Divisional Officer are examined; service books and leave accounts of subordinates are maintained in accordance with rules and the admissibility of leave applied for by subordinates is verified before the competent authority decides upon their leave applications. In all cases of doubt, however, he should advise the Divisional Officer to consult the Accountant General.
- (x) Muster rolls and petty vouchers which are not submitted to the office of the Accountant General (A&E) or the Pay and Accounts Officer are checked in detail.
- (xi) Satisfactory and efficient arrangements exist for checking computed tenders and the comparative statement of tenders correctly incorporates the totals as checked on the individual tenders. The Divisional Accountant should also personally undertake a sufficient test check of the computed and checked tenders to satisfy himself reasonably that the checking has been properly done.
- (xii) The rules and orders in force are duly observed in respect of all the transactions of the division. If the Divisional Accountant considers that any transaction or order affecting receipts or expenditure is such as would be challenged by the Accountant General if the latter were to apply the preliminary internal check, it is his duty to bring this fact to the notice of the Divisional Officer with a statement of his reasons and to obtain the orders of that officer. It will then be his duty to comply with these orders;

if, however, he has been overruled and is not satisfied with the decision, he should at the same time make a brief note of the case in the Register of the Divisional Accountant's Objections (Form MSO (Audit)-2) and submit the register to the Divisional Officer so that he may have an opportunity to either accept the Divisional Accountant's advice on reconsideration and order action accordingly, or to record, for the information of the Accountant General, his reasons for disregarding that advice. An objection entered in this register should not be considered as finally disposed of until it has been reviewed by the Accountant General (Audit), for whose inspection the register should be available at all times.

The Divisional Accountant may also be required by the Divisional Officer to undertake, on his behalf, such other scrutiny of the accounts of the receipts and disbursements of subordinate officers falling within his own powers of sanction as he may consider necessary.

4.1.7 The results of the examination of accounts and vouchers received from Sub-Divisional Officers should be intimated to them in all cases where it is necessary to obtain further information or documents such as accounts, vouchers, certificates, etc. or to direct them to correct the relevant official records or avoid the recurrence of any irregularity. The procedure to be observed in this regard may be prescribed by the Divisional Officer. The records connected with the results of this examination should be retained for inspection by the Accountant General (Audit).

4.1.8 The Divisional Accountant is further required to inspect periodically, under the orders of the Divisional Officer, the accounts records of sub-divisional offices to check a percentage of the initial accounts. While reporting the defects noticed to the Divisional Officer for his orders, the Divisional Accountant will be responsible for personally explaining the procedural defects and deficiencies to the Sub-Divisional Officers and their staff and for providing necessary instructions to them. The results of these inspections should also be placed on record for the information of the Accountant General (Audit); serious financial irregularities should however be reported promptly for his information though these might have been set right under the orders of the competent authority. All cases of defalcation or losses of public money, stores or other property, which require to be reported to the Pay and Accounts Officer/ Accountant General (A&E) and the Accountant General (Audit) under the financial rules of the Governments concerned, should be immediately reported to them.

Checks by the Accountant General (A&E)/Pay and Accounts Officer

4.1.9 The monthly accounts, schedules, schedule dockets and vouchers received in the office of the Accountant General (A&E) are subjected to a preliminary check in that office in accordance with the instructions contained in Volume-I of the Manual of Standing Orders (Accounts and Entitlements). Where under the departmentalized system of accounts the monthly accounts are rendered to the Pay and Accounts Officer, this check is conducted by the Pay and Accounts Office in accordance with the instructions in the departmental manual.

Central Audit

A. General Checks

4.1.10 Central audit of works expenditure should be conducted in accordance with the general principles and rules laid down in this publication. Due regard should, however, be paid to the financial rules and orders of the Government concerned. The main points with reference to which the audit should be undertaken are the following:

- (i) sufficiency of the authority for incurring the expenditure;
- (ii) accuracy of classification of the charges against the works, persons, services and heads of account concerned;
- (iii) proof of payment to the correct individual (i.e. through the existence of a properly receipted voucher for all payments, where necessary); and
- (iv) observance of standards of financial propriety.

Note: *Where the Divisional Accountant employed on conducting the preliminary internal check in a Divisional Office is a member of the establishment of the Accountant General (A&E) and is posted by him to the Divisional Office, the Audit Office is responsible for seeing that the duties entrusted to the Divisional Accountant are performed efficiently. General supervision of the work of the Divisional Accountant is, therefore, an important function of the Audit Office.*

B. Audit of Sanctions and Orders

4.1.11 An important component of the audit conducted with reference to item (i) in the preceding paragraph is the scrutiny of sanctions and orders. Audit must verify whether expenditure on a work is covered by:

- (i) a sanctioned detailed estimate for the work; and
- (ii) an allotment (for each year during which any expenditure is incurred on the work), which may be either for the work itself or for the whole unit of appropriation within which the work falls along with one or more other works according to the rules on the subject prescribed by the Government concerned.

In some cases separate financial sanction of the competent authority may also be necessary under the provisions of the financial rules and orders of Government before any expenditure can be incurred on a work. Such sanction, when accorded by the Ministry of Finance of the Union Government is termed “expenditure sanction”.

4.1.12 Every sanction, whether relating to expenditure on works or to revenue or other transactions of a division, should be audited as soon as it is received in terms of the guidelines contained in the chapter ‘Audit of Expenditure’. In cases where a sanction authorizes expenditure which is known to be recoverable from a third party or which is required under rule to be so recovered or to be adjusted ultimately otherwise, the Accountant General (Audit) will make necessary entries either in the Objection Books or in a separate register at his discretion for keeping a watch over the recoveries and will exercise the requisite checks in the course of central audit or local audit.

C. Works Register

4.1.13 The Accountant General (A&E) maintains, in Part I of the Works Register, a detailed record for watching the progress of expenditure against the sanctioned estimate/allotment only in respect of works which cost Rupees One crore and above and where several Public Works or Irrigation Divisions are engaged in execution of the work.

In the case of Irrigation Projects for which a centralized accounting organisation has been established and if that organization also maintains identical records, no register need be maintained by the Resident Audit Officers and/or by the Accountant General (A&E). While, therefore, all orders regarding allotment of funds and financial sanctions (in cases where such sanctions are necessary under the rules of the Government concerned) should be communicated to the Accountant General (A&E) and Accountant General (Audit), technical sanctions need be communicated only in respect of such works for which Part I of the Works Register is maintained by the Accountant General (A&E). In respect of other works, the Central Audit Party should conduct a general review through the Schedule of Works Expenditure. Audit should also satisfy itself that necessary watch over the progress of expenditure against the sanctioned estimate/allotment is being kept by the divisional authorities who have to maintain a detailed record in respect of all works in the form of the Register of Works, which is scrutinized and subjected to test check during local inspections to the extent laid down in the Secret Memorandum of Instructions regarding Extent of Audit.

4.1.14 In respect of civil works of the Union Government for which the administrative approval of the Union Government or of officers of the Departments of the Union is necessary, the Central Audit Party is required to see that (i) such approval has been communicated to audit; and (ii) if the amount of the technical sanction exceeds the amount of the administrative approval, the excess has been approved by the competent authority. Similarly, in respect of both civil and irrigation works, where Public Works Officers are authorized to accord technical sanction to various component parts of a project after it has been administratively approved, the Central Audit Party is to see, in addition to the above mentioned points, that if the amount of technical sanction on any component part exceeds the provision for it in the project estimate which has received administrative approval, the excess has been approved by the competent authority.

4.1.15 In the case of civil works of State Governments, unless the Government concerned has laid down certain special instructions in this behalf with the concurrence of the Comptroller and Auditor General, the Audit Office is not required to see that a work has received the necessary administrative approval as well or that the amount of the technical sanction does not exceed, without proper authority, the amount of the administrative approval.

4.1.16 The watch over receipt of the administrative approval as well as the check that it is not exceeded by the technical sanction, referred to in the previous paragraphs, is to be exercised in Central Audit only in respect of works relating to a project which costs Rupees one crore or more and where several Public Works or Irrigation Divisions are engaged in the execution, as the Works Register maintained in the office of the Accountant General (A&E) is confined only to such works, as brought out in paragraph 4.1.13. Though, in respect of the remaining works, orders conveying the administrative approval and sanction to the estimate are furnished to Central Audit for scrutiny, the necessary test checks in regard to the availability of the administrative approval and it not having been exceeded by the technical sanction are exercised during local inspection when scrutinizing the Divisional Register of Works.

4.1.17 If, under the provisions of any financial rule or order, a competent authority holds that the preparation of a revised or supplementary detailed estimate to cover an actual or probable excess over a sanctioned estimate is unnecessary, and it condones or permits the excess, as the case may be, the relevant order will take the place, for the purpose of paragraph 4.1.11(i), of the technical sanction to a detailed estimate in respect of the excess. However, such orders need be furnished to Central Audit only in respect of the larger works in respect of which the Accountant General (A&E) maintains Part-I of the Works Audit Register.

D. Audit of Special Sanctions

4.1.18 Ordinarily, all cash, stock, and other charges incurred on a work which are covered by necessary allotment are admitted in Audit against the total amount of the technical sanction, if they are supported by proper vouchers where necessary, further detailed examination being left to the Divisional Accountant and the Inspecting Officer. If, however, Divisional Officers are required in any case, under the provisions of the financial rules and orders of Government, to obtain the special sanction of a higher authority in respect of any items of expenditure that are to be debited against the sanctioned cost of the work, such special sanction where necessary must be communicated to the Accountant General (Audit) for audit purposes. Special sanctions accorded by the Divisional Officer himself, in the exercise of his own powers, are communicated to the Audit Office only in respect of technical sanctions to estimates and sanctions to write-off stores or losses of public money because the check of expenditure against other special sanctions accorded by him is conducted, in his own office, by the Divisional Accountant.

Inspections and Local Audit

4.1.19 Where the accounts have been departmentalized, the initial accounts and records maintained in the Public Works Divisions are inspected periodically by the staff of the Pay and Accounts Office. These records and those in the Pay and Accounts Office, which are not susceptible of verification in Central Audit are to be inspected and test audited locally. The Central Audit conducted by the Accountant General (Audit) in the Office of the Accountant General (A&E) should also be supplemented by periodical inspections and test audit of initial accounts and such other accounts, vouchers, etc., as are not rendered to the Accountant General (A&E) or as cannot be checked adequately except in local audit. The general principles and rules relating to such inspections and test audit are prescribed in Section-VI.

Chapter-2

General Arrangements for and Methods of Central Audit

Introduction

4.2.1 The instructions contained in this chapter and the subsequent chapters of this Section are intended primarily for the Central Audit Support Sections and Central Audit Parties responsible for the audit of those transactions of the Public Works Department which are brought to account by Divisional Officers of the Department in accordance with the directions contained in the Account Code, Volume-III and the Financial Rules of the Government concerned. Subject to such exceptions as may be authorized by the Accountant General with the previous concurrence of the Comptroller and Auditor General, the instructions in this Section should be followed by other sections or parties of the Audit Office entrusted with the audit of the works mentioned in Article 4 of the Account Code, Volume-III.

4.2.2 These instructions are supplementary to the general directions contained in the preceding chapter and in Chapter-1 of Section-III which are applicable to Works Audit unless there be something repugnant in the subject or context and except to the extent that they are modified by the instructions hereinafter prescribed.

Source documents

4.2.3 Some important source documents to be looked into by Central Audit are:

- (i) Accounts with schedules and dockets.
- (ii) Vouchers.
- (iii) Works Register.
- (iv) Sanctions to Contracts.
- (v) Sanctions to fixed charges and miscellaneous sanctions and orders.

Arrangements for Central Audit

4.2.4 As mentioned in Section-III, Chapter-1, Central Audit is undertaken by Central Audit Support Sections, assisted by Central Audit Parties, the former in charge of an Audit Officer or Senior Audit Officer and the latter in charge of an Assistant Audit Officer or Section Officer. The primary responsibility for the audit of the accounts of Public Works Divisions and the related other functions rests with the staff of these Sections and parties. The Accountant General (Audit) will decide the actual distribution of work based on local requirements and keeping in view the instructions contained in Section-III, Chapter-1.

4.2.5 The Senior Auditor/Auditor in the Central Audit Party is primarily responsible for the audit of the accounts of one or more divisions as may be allotted to him subject to the overall supervision of and coordination by the Assistant Audit Officer/Section Officer who is also responsible for the audit of certain documents independently. They will audit the monthly accounts and schedules received from the Divisions in the Office of the Accountant General (A&E). It is, however, optional for the Accountant General (Audit) to entrust the audit of establishment and contingent expenditure accounted through the monthly accounts of Public Works divisions to the Central Audit Parties attending to the audit of establishment and contingent vouchers of other departments received with the treasury accounts.

4.2.6 As far as possible, Section Officers and Assistant Audit Officers selected for posting in the Works Audit Branch should be those who have had adequate training as a Divisional Accountant.

Audit Procedure

4.2.7 The work of audit should be taken up immediately on completion of each month's accounting work by the Works Accounts Compilation Sections in the office of the Accountant General (A&E). The programme of audit and deployment of Central Audit Parties for the purpose will be determined by the Senior Audit Officer/ Audit Officer in charge of the Central Audit Support Section, in consultation with the Office of the Accountant General (A&E). The Senior Auditor/Auditor of the Central Audit Party should examine the several schedules, schedule dockets, vouchers, etc., received in support of the monthly accounts and audit them in detail in accordance with the general, as well as special instructions, prescribed in the relevant chapters of this Manual. The Assistant Audit Officer/Section Officer will similarly undertake the Audit of the schedules and vouchers assigned to him. Audit of the vouchers need not wait for completion of postings in the Works Registers by the Accounts Office. Instances of slippages in completion of postings should, however, be brought to the notice of the Accountant General (A&E).

4.2.8 As far as possible, Supplementary Accounts of the year should be dealt with in audit in the same manner as the Monthly Account. It should, however, be borne in mind that there can be no cash transactions in these accounts nor any actual transactions relating to stock and that transfer transactions are permissible only to the extent indicated in Articles 199 and 236 of the Account Code, Volume III.

Current Review

4.2.9 As indicated in paragraph 4.2.5, the auditing responsibilities in respect of the monthly accounts and the supporting documents are shared by the Senior Auditor/Auditor and the Assistant Audit Officer/Section Officer in charge of the Central Audit Party. Besides, the vouchers received with the monthly accounts and audited by the Senior Auditor/Auditor should also be reviewed to the extent prescribed by the Assistant Audit Officer/Section Officer in charge of the party. During his audit and review, the Assistant Audit Officer/Section Officer should ensure that the requirements of Audit against Propriety and of Efficiency Audit as explained in Section-II, Chapter-2 ('Audit of Expenditure') have been kept in view and that the Divisional Accountants have attended to their auditing and accounting responsibilities duties satisfactorily. The following points should receive his personal attention:

- (i) All transactions that should have been treated as pertaining to a contract have been so treated and the rules have not been disregarded or the interests of Government have not been ignored in enforcing contracts, requiring action on the part of the Audit Office. The financial rules regulating the payment of advances to contractors and issue of materials to them have been borne in mind. In the case of final bills, it should be particularly seen that the date of actual completion of the work has been checked with that stipulated (Column 5 of Part-II of the Works Register).

- (ii) The spirit of the above instructions has been observed generally in the audit of vouchers, especially contractors' bills relating to other works and services.
- (iii) Whenever payments are made to contractors for items of work involving utilization of materials or stores for which secured advances had been disbursed in terms of Article 9 (32) of the Account Code, Volume-III, the value of such materials/stores used in the work has been recovered simultaneously from the contractors in accordance with the rules.
- (iv) The method stated to have been employed for estimating the value of work done in running account bills for works executed on lump sum contracts is *prima facie* not opened to objection.

4.2.10 The Assistant Audit Officer/Section Officer should also examine the audit notes prepared by the Senior Auditor/Auditor and satisfy himself that the objections raised are in order. He should edit them and also add any objections emanating from his scrutiny of the documents.

Completion of Audit

4.2.11 On completion of the audit and review, the Assistant Audit Officer/Section Officer should sign the pass order recorded by the Senior Auditor on the monthly account. He should also forward to the Central Audit Support Section a certificate of completion of audit and review, along with the selection register and copies of audit notes/memos. These audit notes/memos will be scrutinized and issued by the Central Audit Support Section with copy to the Accountant General (A&E) as envisaged in paragraph 3.1.30.

Maintenance of Note Books

4.2.12 A note book, in a suitable form, should be maintained by each Senior Auditor/Auditor for entering all points which cannot be noted in any part of the Works Register but on which action is required to be taken. Each such entry should be made concisely but in sufficient detail so that the action necessary may be readily understood. A note, with relevant references, should also be made against each entry in due course to indicate the action taken so that all points still requiring attention may be ascertained at any time. The Section Officer/Assistant Audit Officer shall undertake a monthly review of these note books.

4.2.13 Each Senior Auditor/Auditor should also maintain a separate note book to keep a record of points noticed from time to time in the course of Central Audit and which are to be brought to the Inspection Officer's notice. It should be ensured that all such points are reported to the Inspecting Officer in due course as prescribed in the Secret Memorandum of Instruction regarding Extent of Audit.

4.2.14 Arrangements may also be made for the communication of similar points noticed by other audit sections and requiring pursuance in local audit to the Auditor in the Works Audit Department so that these are also noted by him and are not lost sight of.

Audit of Sanctions to Contracts

4.2.15 As indicated in Annexure-I to Chapter-I of Section-III, the Senior Audit Officer/Audit Officer in charge of the Central Audit Support Section is responsible for the audit of sanctions to contracts for works, supplies, carriage, etc. Sanctions to contracts in respect of works registered in Part I of the Works Register accorded by authorities

higher than the Divisional Officer received in the Office of the Accountant General (A&E) are noted in Part II of the concerned Works Register by that office. Thereafter they are passed on to the Senior Audit Officer/Audit Officer in charge of the Central Audit Support Section for audit and final record division-wise, so that they are readily available for reference by the Central Audit Parties during audit of vouchers. Where arrangements exist for the receipt of copies of these sanctions in both the offices of the Accountant General (A&E) and the Accountant General (Audit), copies received by the former are retained by that office after being noted in the Works Register; these can be referred to by the Central Audit Parties during audit of the vouchers. The results of scrutiny of these contracts by the Central Audit Support Section should be made available to the Central Audit Parties before the audit of the transactions takes place and points to be examined during local inspection should be entered in the Register of Important Points for local audit.

Sanctions to Fixed Charges and Miscellaneous Sanctions and Orders

4.2.16 Sanctions relating to fixed or periodical charges whether in connection with work-charged establishment or other services, as well as miscellaneous sanctions and orders, such as sanctions to local purchase of imported stores, sanctions to remission of revenue, etc., should be scrutinized in Central Audit by the Central Audit Support Section. This scrutiny should be supplemented by a test check of the Divisional Register of Sanctions to Fixed Charges and Register of Miscellaneous Sanctions.

Chapter-3

Audit of Monthly Accounts and Related Records

Audit Objectives and Scope

4.3.1 The audit of monthly accounts and the schedules relating to several suspense and other balanced heads of account consists not only the application of the ordinary procedures of audit of expenditure and receipts to various debit and credit transactions accounted for during the month, but also scrutiny to ensure that:

- (i) the accounts have been received in complete and proper form;
- (ii) unadjusted balances under the suspense and other balanced heads have been correctly carried forward separately from month to month;
- (iii) these balances continue to represent bonafide assets or liabilities of Government capable of being realised or settled, as the case may be; and
- (iv) satisfactory action towards such realisation or settlement is being taken by the Divisional Officers.

In conducting this audit, the provisions of the Account Code, Volume-III, and the Financial Rules of Government relating specially to these accounts should be borne in mind.

4.3.2 It is an important function of Audit to see, as far as possible during Central Audit, and during local audit that the balance relating to each individual item, work, or job is kept distinctly and correctly and that the balances of several items relating to each head of account make up the aggregate balance recorded under that head. The accuracy of the details leading to the balance under each balanced head of account is verified according to the rules applicable to each case by the Office of the Accountant General (A&E) by maintaining broadsheets for each such head as provided in paragraph 8.30 of the Manual of Standing Orders (Accounts and Entitlements), Volume-I.

4.3.3 In the course of audit of the monthly accounts and supporting documents, the Central Audit Parties need not again undertake checks already exercised on these documents by the Accounts and Entitlement Office. The important checks to be exercised by the former on the monthly accounts and various documents accompanying them are indicated in the following paragraphs. The Accountant General (Audit) concerned may prescribe any other checks to be exercised in addition to these, depending on the local conditions prevailing in each State.

Audit Approach

4.3.4 As mentioned earlier in paragraph 4.1.9, the monthly accounts and the supporting schedules, vouchers, etc. received from the Public Works Divisions, which constitute the source documents for audit, are subjected to a preliminary check by the Works Accounts Compilation Sections in the Office of the Accountant General (A&E) as provided in the Manual of Standing Orders (Accounts and Entitlements), Volume I. The important checks to be exercised by the Central Audit Parties are set out in this chapter.

Monthly Account

4.3.5 Scrutiny and check of the Monthly Accounts involve mainly the following:

- (i) Verification of their proper format and completeness.

- (ii) Specific examination of the “Memo of Miscellaneous Cash Receipts Paid into Treasuries” and the Divisional Officer’s certificate of cash balance recorded on the reverse of the monthly accounts to ensure that there are no deviations from prescribed rules.
- (iii) Verification of the receipt of the original reports and certificates in support of the Monthly Account for March prescribed in Article 234(a) of the Account Code, Volume-III, and of the balances certified therein to ensure that these are equal, in the aggregate, to the closing cash balance as reflected in the monthly account.
- (iv) Investigation of the causes and implications of any unusual or serious instances of rush of expenditure towards the end of March disclosed in the statement of cheques issued during that month and received along with the accounts of any Division for the month of March. (Article 234(b) of the Account Code, Volume-III, is of relevance in this context).

Schedule of Revenue Realised

4.3.6 The audit of this Schedule should be conducted mainly with reference to the general directions contained in Section-II, Chapter-3, subject always to the provisions contained in the financial rules of the Government concerned and its service rules in regard to rents of public buildings (including installations) recoverable from the persons occupying them.

4.3.7 It is primarily the Divisional Officer’s responsibility to see that all revenues or other debts due to Government, which are to be brought to account in the Public Works Section of the accounts in terms of Article 20 of the Account Code, Volume-III, are correctly and promptly assessed, realised and credited to Government account. It is nevertheless also the duty of the Audit Office to see that revenues and other receipts of which it has cognisance, either through any entries in Government accounts or otherwise, such as orders of special recoveries received from the competent authority, are brought to account by the Divisional Officer.

4.3.8 In the course of audit of schedules of revenue realised, it should be seen that:

- (i) cash realisations of revenue agree with the details of receipts indicated on the reverse of the monthly account;
- (ii) amounts not actually realised have not been credited to revenue except as provided in Note 2 below para 9.1.4 of the Central Public Works Accounts Code;
- (iii) amounts shown under “Recoveries of expenditure” are actually creditable to the relevant heads and are traceable in the Schedule of Percentage Recoveries; and
- (iv) credits to revenue of sale proceeds or transfer value of unserviceable stores or other property are supported by the Survey Report and Sale Account; the disposal of the property has been authorised by the competent authority; the full value (including supervision or other charges that are to be levied under the rules) has been accounted for; and loss, if any, in disposal has been regularised by the sanction of the competent authority.

4.3.9 If, under the rules of Government, separate schedules of rents of buildings and lands are submitted by the Divisional Office, detailed procedure for their audit will be prescribed by the Accountant General (Audit) locally in consultation with the Government and incorporated in the local Manual. If it is noticed from the schedule that application of any rule, limiting the recovery of rent to a prescribed percentage of the emoluments of the occupant, has the effect of lowering the recoverable rent appreciably below the standard rent, the matter should be examined from the propriety angle, with reference to clauses IV(a) and V of Rules 45A and 45B of the Fundamental Rules or the corresponding Service Rules of Government.

Schedule of Refunds of Revenue

4.3.10 Refunds of revenue are usually classified in detail the same manner as revenue receipts but the amount of refund is required to be taken in reduction of revenue receipts under the major head concerned. It should be seen in Audit that:

- (i) all refunds have been authorised by competent authority;
- (ii) schedules in respect of refunds made by the Divisional Officer in compliance with orders of a court of law remitting a fine previously credited to Government are accompanied by the original orders of the court as envisaged in Note 3 below Article 230 of the Account Code, Volume-III; and
- (iii) the amount in respect of each refund was available from the original receipt to which it pertained and a suitable note specifying the amount refunded has been recorded against the entry of receipts in the relevant receipts schedule.

Schedule of Works Expenditure

4.3.11 During audit of the Schedule of Works Expenditure it should be seen that:

- (i) reference to the communication intimating the amount of sanctioned estimate/allotment is given in the schedule in cases where expenditure appears for the first time;
- (ii) the progressive expenditure does not exceed the amount of the sanctioned estimate or the allotment sanctioned for individual works or item of expenditure or groups of works or items of expenditure and action is being taken for regularisation of excesses, if any, over the estimate/allotment;
- (iii) action for fixation or revision of license fee has been taken on works connected with residential buildings being shown as having been completed; and
- (iv) the prescribed certificate has been recorded by the Divisional Accountant, as required under Note 1 below para 22.4 of the Central Public Works Account Code, in cases where schedule dockets are not required to be submitted (vide Note 1 below Article 211 of the Account Code, Volume III).

Schedule of Deposit Works

4.3.12 Cash receipts under deposit shown in the Schedule of Deposit Works should be verified with the “Memo of Miscellaneous Cash Receipts Paid into Treasuries” shown in the Monthly Account (Form 80). It should also be seen that:

- (i) the progressive expenditure does not exceed either the amount of the estimate or that of the cumulative deposit as recorded in the works register or in the schedule of deposit works and, if the progressive expenditure exceeds the cumulative deposit for a work, such excess (i.e. expenditure incurred in excess during the month as well as the upto date excess) is shown correctly in the schedule as debit to the head “Miscellaneous Works Advances” and it tallies with the entries in the Schedule of Miscellaneous Works Advances;
- (ii) in cases where Part II of the schedule is received monthly, all works which were included in the previous month’s schedule but do not appear in Part I of the current month’s schedule have been detailed correctly and in other cases, whenever it is received, it shows correct particulars of all unsettled deposit works of the Works Register other than those which appear in Part I for the month; and
- (iii) the Divisional Officer has taken action under the Financial Rules of Government to refund the unexpended balance of deposit or to effect recovery of the amounts spent in excess of the sums deposited, as the case may be, in the case of works shown as having been completed.

4.3.13 Report, if any, on the progress of expenditure on a deposit work accompanying the schedule for transmission to its responsible administrator (vide Note 2 to Article 230 of the Account Code, Volume III) should be verified during audit. The Accountant General (A&E) will transmit the verified report to the administrator of the work.

Schedule of Takavi Works

4.3.14 When a realisation is credited in this schedule by debit to the detailed head “Cultivators” subordinate to the relevant functional major head, it should be seen that acceptance of the debit by the authority concerned accompanies the schedule docket. It should also be seen that all takavi works which were included in the previous month’s schedule but do not appear in Part I of the current month’s schedule have been detailed correctly in Part II of the schedule.

Schedule of Debits/Credits to Miscellaneous Heads of Accounts

4.3.15 It should be seen in audit that only such disbursements and receipts which cannot be accounted for in any other schedule prescribed under Articles 213 to 224 of the Account Code, Volume III, have been noted in this schedule. It should further be ensured that no transactions have been accounted for under the final or debt head except under the authorisation of the Accountant General (A&E) as prescribed in Article 225 of the Account Code, Volume III.

Schedule of Debits/Credits to Remittances

4.3.16 If any responding item is stated to have been brought to account provisionally, the objection raised by the Divisional Officer should be examined with a view to verify that it is not indicative of any deviation from the rules either on his own part or on that of the other party to the transaction.

4.3.17 While scrutinising entries under the head “Public Works Remittances”, it should be seen that the totals in the schedule in respect of “I. Remittances into Treasuries” and “II. Public Works Cheques” are supported by the necessary details in the Schedule of Monthly Settlement with Treasuries (Form 51) and that the figures agree with the corresponding figures in line 2 of the Form.

Schedule of Settlement with Treasuries

4.3.18 While auditing the Schedule of Settlement with Treasuries, it should be seen that:

- (i) the difference in line 5 is supported by the necessary details in respect of each treasury;
- (ii) there is ordinarily no difference at the close of the year except on account of cheques issued up to 31st March but not cashed by then; and
- (iii) effective action has been taken by the Divisional Officer to clear the differences.

Schedule of Cash Settlement Suspense Account

4.3.19 Under the System of settlement of inter-divisional transactions in cash, all transactions relating to services rendered (including works executed) by one division on behalf of another division or supplies made by one division to another are settled by the divisions amongst themselves without the intervention of the Accountant General (A&E) irrespective of whether the divisions fall within the same account circle or in different account circles. The claims are to be settled within ten days as prescribed in paragraph 2 of Appendix 7 to the Central Public Works Accounts Code. It should be seen that claims not so settled have been taken up with the respective divisional officers concerned and have been adequately pursued.

4.3.20 Credit entries in the Schedule should be compared with the details given in the Memo of Cash Receipts on the reverse of the Monthly Account (Form 80).

4.3.21 There should normally be no balance under this head at the close of the year. In order to ensure this, the list of outstanding items should be reviewed monthly and the Divisional Officer addressed if the provisions of Article 185 of Account Code, Volume III, appear to have been ignored.

Schedule of Debits to Stock

4.3.22 The Schedule of Debits to Stock (Form PWA 28) should be checked generally in the manner and to the same extent as prescribed in respect of the Schedules of Works Expenditure. In cases where the rules provide that a detailed estimate can be dispensed with, the expenditure as authorised by the competent authority may be accepted as the amount of a sanctioned detailed estimate. When the manufacturing operation is shown as having been completed, it should be seen that the Divisional Officer has taken action in accordance with Article 163 of the Account Code, Volume III, to adjust the difference between the progressive figures of “Operation” and “Out turn”. In case this has not been done, his attention should be invited to this requirement and the matter pursued until the difference is settled.

Stock Account

4.3.23 In the audit of Stock Account, the “Detailed Account of Issues”, which constitutes the second part of the Stock Account, should be examined first. Entries relating to “Issues to Works, etc.” contained in this part should be agreed with the relevant entries in all the

Schedule Dockets of the month, and the remaining issues should be traced from the several accounts (relevant schedule dockets, consolidated contingent bill, etc.) as indicated in the form. If any issue represents the sale or transfer of unserviceable stores, the checks mentioned in paragraph 4.3.8 (iv) *supra* should be exercised. Part I of the Account should next be checked and it should then be seen that the closing balance of Stock, excluding any items of the sub-head “Manufacture”, which are not debitible against the sanctioned reserve limit of stock, does not exceed that limit.

Note: *The quantity accounts of all articles borne on stock, maintained under the rules of Government, have to be scrutinised during local inspection and reconciled with the value accounts.*

Schedule of Miscellaneous Works Advances

4.3.24 The Schedule of Miscellaneous Works Advances (Form PWA 32) will detail individually only the items affected during the month. The schedules relating to the month of September and March are required to be accompanied by a list of items outstanding for more than six months. Receipt of these lists will be watched in Central Audit, while their completeness will be checked in local audit at the time of examining the Divisional Suspense Register relating to Miscellaneous Works Advances. In the audit of “Miscellaneous Works Advances”, a distinction should be made between items that represent regular transactions correctly pertaining to this head and those that are indicative of either a disregard of any financial rule, or losses, retrenchments and errors awaiting adjustment. It should be seen that action is being taken by the Divisional Officer for the clearance of both categories of items. Those of the latter category should be registered in the Objection Book.

Schedule of Purchases

4.3.25 In the course of audit of the Schedule of Purchases, it should be seen that the debits/credits of the current month as reflected in the list of original transfer entry orders are correct by correlating these with the original transfer entry orders attached to various schedule dockets. Schedules for the months of September and March should be accompanied by a list of items outstanding for more than six months and the adequacy of the action taken by the Divisional Officer for their adjustment should be examined. It has also to be verified that all unclaimed balances outstanding for more than three accounting years have been credited to Government.

Schedule of Deposits

4.3.26 The Schedule of Deposits contains details of only those items affected during the month. The following would require the special attention of Audit:

- (i) Adjustment of debits against and to the extent of the corresponding credits so that there is no minus balance.
- (ii) If the Schedule reveals that any of the deposit items has been converted into any form of interest-bearing security, it should be seen that the certificate prescribed for the purpose has been recorded correctly at the designated place in the Schedule.
- (iii) In checking the Schedule for the month of March, it should be verified that lapsed deposits have been duly credited to Government in accordance with the provisions contained in Article 170 of the Account Code, Volume-III.

Note: *Similar checks should be exercised in respect of unaffected items not included in the Schedule at the time of scrutiny of the deposit register during local inspection.*

- (iv) Various debits and credits should be checked to ensure their agreement with the corresponding entries in the schedules concerned, vouchers and memo of miscellaneous cash receipts paid into treasuries in Form 80.
- (v) It should be verified that necessary details in support of deposits for work to be done are available in the Schedule of Deposit Works, instructions for the audit of which are contained in paragraph 4.3.12 *supra*.
- (vi) All opening balances against individual items should be checked entirely with their closing balances as reflected in the statement of the relevant month(s) in which these items were shown as having appeared.

Special Tools and Plant Received Sheets and Indents

4.3.27 The accounts of receipts and issues of special tools and plant contained in the Tools and Plant Received Sheet (Form 13) and Tools and Plant Indent (Form 14) forming part of the Monthly Accounts should be checked to see that all tools and plant purchased or transferred from other divisions or sub-divisions have been brought to account in Form 13 and that all issues shown in Form 14 are supported by receipts of the parties concerned. The payment details given in Form 13 should be checked with the connected vouchers or transfer entries. In the case of issues, it should be seen that Form 14 is supported by survey reports and sale accounts wherever necessary.

Annual Certificates of Balances

4.3.28 The Divisional Officer's Annual Certificate of Balances (Form PWA 46) should be examined in Central Audit to the extent possible from the schedules received in Central Audit. To the extent these certificates are based on initial records maintained in the Division, their correctness should be broadly verified during local audit. Any points suggestive of deviations from the financial rules should be taken up with the Divisional Officer or higher authorities depending on the facts of the case. Other aspects requiring the attention of Audit are dealt with below:

- (i) The audit of the Schedule of Debits to Stock and the Stock Account for the month of March should not be considered as having been completed until Certificate No. 1 relating to manufacture, land, kilns, etc., storage and other sub-heads of stock has been verified, and the closing balances reconciled with the Stock Account. Cases where the sanctioned limits of stock reserves and balances appear to be unusually high or in excess of the normal requirements of the divisions concerned should be brought to the notice of the Accountant General (Audit) for such action as he may consider necessary.
- (ii) Certificate No.2 relating to Workshop Suspense and Certificate No.3 relating to Other Suspense Accounts (*viz.*, Purchases and Miscellaneous Works Advances) and Deposits are necessary for completing the year's audit of transactions relating to those heads. These certificates should be reconciled with the relevant schedules and their correctness verified in Central/Local Audit.
- (iii) Similarly, the audit of Works Accounts for the month of March should not be considered as having been completed unless Certificate No.4 (Form PWA 46) relating to Works Accounts has been examined in local audit to

see that (1) the accounts are complete in all respects; (2) the closing balance in respect of “Contractors” under each of the three heads into which these accounts are divided (*viz.*, “Advance payments”, “Secured Advances” and “Other Transactions”) agrees with the total of the balances in the Contractor’s Ledger (Form PWA 43) which is scrutinised during local audit; and (3) the certificate does not indicate any deviations from the rules requiring action on the part of the Audit Office. Large fluctuations in the balances may form the subject of special enquiry.

- (iv) Certificate No.6 relating to Cash Settlement Suspense Account should be reconciled with the Broadsheet maintained by the Office of the Accountant General (A&E). Large balances under this head should form the subject of special enquiry.

Note: *For rules governing the annual verification of balances, see Chapter-11 of the Manual of Standing Orders (Accounts and Entitlements), Volume I.*

Schedule Dockets

4.3.29 All transfer entry debits/credits in the Schedule Dockets should be checked in audit with the relevant transfer entries to ensure correctness of the charge/credit. It should be verified that necessary particulars of all cash refunds are available and that they do not indicate any financial irregularity; these cash refunds should also be tallied with the “Memo of Miscellaneous Cash Receipts paid into Treasuries” in Form 80.

4.3.30 It should also be seen during audit of Schedule Dockets that (i) the sale accounts and survey reports are attached, wherever necessary; and (ii) and that disposal of the stores and the transfers have been authorised by the competent authority in the case of credits representing sale proceeds of stores or the value of other transfers, the full value of the assets (including supervision charges or other charges leviable under rules) has been accounted for, loss, if any, has been regularised by the competent authority.

Schedule Docket for Percentage Recoveries

4.3.31 The instructions in the foregoing paragraphs do not apply to the Schedule Docket for Percentage Recoveries (Form PWA 25). The Schedule Docket should be checked simultaneously with the schedule relating to the expenditure on the works which are assessable to percentage recoveries of charges on account of Establishment, Tools and Plant and Accounts and Audit. It should be checked seen that (i) the charges shown in Form PWA 25 under each of these heads have been calculated correctly in accordance with the rules; (ii) the total amount of these charges has been debited correctly to the account of each work in the expenditure schedule concerned; and (iii) credits on account of recoveries under each of the three heads have been brought to account correctly in accordance with the directions contained in Articles 69 and 72 of the Account Code, Volume-III.

Vouchers

4.3.32 The general principles and rules of audit governing audit of expenditure are also applicable to the vouchers received with the Monthly Accounts of Divisional Officers. The important points relating to the audit of vouchers are as follows:

- (i) If it is noticed, as a result of audit, that an excess or short payment has been made on a voucher received in support of a claim for a work executed by another division, the discrepancy should be notified to both the originating divisions and the division finally adjusting the charge.

- (ii) As far as possible, payments to contractors agreements with whom have been sanctioned by authorities higher than the Divisional Officer should be scrutinised to verify that there are no unauthorised deviations from agreed upon rates and other relevant conditions, as communicated by the sanctioning authority.

Note: *In respect of payments to contractors against contracts sanctioned by the Divisional or Sub-divisional Officers, the rates allowed should be checked with the schedule of rates wherever the schedule of rates has been prescribed and where there is a clear indication that the rates are based on the schedule and expressed as either equal to those prescribed therein or as a percentage above or below the schedule of rates.*

- (iii) Payments made to other contractors on their first or final bills or on running account bills should be generally examined to ensure that the value of work done or supplies made is not in excess of the financial limits up to which a Divisional Officer is empowered to accept tenders or contracts.
- (iv) Availability of the necessary sanctions in respect of charges requiring a special sanction should be verified. If the charges relate to works connected with a project costing Rupees one crore or more and on the execution of which two or more Public Works or Irrigation Divisions are engaged, it should be verified that the charges have been noted against the sanction entered in the Works Register.
- (v) It should be seen that new supplies of tools and plant for which payments have been made have been brought on to the relevant numerical or quantitative accounts. This check should be exercised during local inspection of the Division, except in the case of special Tools and Plant, the numerical account relating to which should accompany the Monthly Account of the Division (see Article 41 of Account Code, Volume-III) and be checked in Central Audit with reference to the voucher or account pertaining to the charge.
- (vi) Land Award Statements are received, checked, and disposed of by the Office of the Accountant General (A&E). The procedure to be observed in this regard will be prescribed by the Accountant General (A&E) with reference to the rules made by Government for payment of compensation for land taken under the Land Acquisition Act. The payment vouchers should be audited against the award statements and entries in the register of land charges maintained by the Accountant General (A&E).

Chapter-4

Objections on Public Works Transactions

Objectives and Approach

4.4.1 Objections noticed during audit of the monthly accounts and connected documents are to be communicated to the departmental officers in the form of audit notes as mentioned in paragraph 4.2.11. The objectives to be achieved by communicating the objections to the departmental officers are:

- (i) to register, where necessary and in one shape or another, all irregularities in transactions as well as other points arising out of the examination of accounts and vouchers, unless these are trivial or the objection has been waived by the competent authority.
- (ii) to convey the objections at once to the Divisional Officers and thereafter to pursue them till they are regularised or explained satisfactorily; and
- (iii) to provide an opportunity to the Superintending Engineer to review, every month, objections relating to non-availability of or excess over financial sanctions as well as objections that highlight (a) serious delays in the regularisation of excesses over sanctioned estimates/allotments; and (b) absence of or excesses over administrative approval in respect of large projects or works.

Any other important points noticed in Audit should also be reported to the Superintending Engineer if the amounts involved are substantial, or the deviations from prescribed rules are serious, or these points do not receive adequate or prompt attention of the Divisional Officer.

4.4.2 Subsequent paragraphs of this chapter delineate the procedure to be observed for achieving these objects. The Accountant General may prescribe further detailed procedures relating to the preparation and disposal of Audit Notes.

Audit Notes

Part - I

4.4.3 Audit Notes on the monthly accounts of a division should be prepared in two parts in Form MSO (Audit)-3. Part-I thereof should include:

- (i) all objections relating to non-availability of financial sanctions in cases where these are necessary in addition to the technical sanctions and to excesses over such sanctions; and
- (ii) in respect of works included in Part I of the Works Register maintained by the Accountant General (A&E), objections relating to non-availability of sanctioned estimates/allotments; excesses over sanctioned estimates/allotments regularisation of which has been delayed for over six months; and absence of or excesses over administrative approval.

The last three columns of Part-I of the Audit Notes should be left blank, the first two of these for the Divisional Officer and Superintending Engineer respectively to record their explanation/remarks, and the last column for the record, on its return, of the action taken by the Audit Office on reviewing the replies.

Part-II

4.4.4 Part-II of the Audit Notes should include all other objections whether relating to the substance of the accounts on the score of deviations from financial rules or of standards of financial propriety; miscellaneous remarks, observations and enquiries on minor matters; or to the form of the accounts and vouchers. In the preparation of this part of the Audit Note, a distinction should be made between (1) remarks and observations relating to errors of omission or commission in the compilation or preliminary examination of the accounts on the part of the Divisional Accountant; and (2) points relating to the substance of the transactions brought to account.

4.4.5 Certain standard objections that usually highlight instances of non-availability of sanctions to special charges, overpayments and short recoveries, delays in the adjustment of debts due to Government, etc. should be included at the end of this part of the Audit Note under appropriate headings. The first entry to be made in red ink under each of these headings should indicate the total amount involved in the objections awaiting adjustment including those relating to the accounts of the month to which the Audit Note pertains, details in regard to the latter being incorporated concisely but clearly in the column provided for the purpose.

Note: *Amounts involved in objections, when entered in the money columns, may be expressed to the nearest Rupee.*

Issue of Audit Notes

4.4.6 As soon as these have been passed, each of the two parts of the Audit Notes should be separately signed by the Assistant Audit Officer/Section Officer of the Central Audit Party. On their receipt in the Central Audit Support Section, the Audit Notes should be vetted and sent, after entry in the objection Book wherever required (see subsequent paragraphs on Objection Book), to the Divisional Officer for furnishing his explanations and replies. The Divisional Officer should also be advised to return Part-II directly to the Central Audit Support Section, and to return Part I through the Superintending Engineer so that he may also add his comments and orders.

Objection Book and Registration and Pursuance of Objections

4.4.7 The Objection Book, to be maintained in Form MSO (Audit)-4, is intended to (i) serve as a continuous record of the objections raised through Part II of the Audit Note and clearance of objections during and to the end of each month separately for each division; (ii) afford ready means of reviewing the outstanding objections; and (iii) facilitate compilation of such statistical data in regard to the objections, as may be required from time to time.

4.4.8 Objections included in Part I of the Audit Note need not be recorded in the Objection Book because such objections will be reflected through the Schedule of Works Expenditure. Of the objections included in Part II of the Audit Note, only those should be brought on to the Objection Book which relate to non-availability of sanctions to special charges, overpayments and short recoveries, delays in the adjustment of debts due to Government, and other objections for which the maintenance of a record of money values is necessary according to the instructions contained in Section VII of this Manual.

4.4.9 A set of pages of the Objection Book should be reserved for each of these distinct categories of objections and for objections in respect of which a separate record may be required for any purpose. Another set of pages should be reserved for keeping note of overlapping objections.

4.4.10 Each Senior Auditor/Auditor is responsible for recording in the Objection Book the objections arising out of audit of the documents in Central Audit as well as those noticed during inspections of public works offices for which a money value record is to be kept before communicating them to the Divisional Officers concerned. He should also see that objections arising out of the audit work transferred to a Central Audit Party attached to another Central Audit Support Section are also incorporated in his audit note unless a separate objection book is maintained in the other Central Audit Support Section.

4.4.11 Under each head the objection relating to each distinct transaction should be treated as a separate item, and a serial number should be assigned to it.

4.4.12 The amount placed under objection during the month in respect of any item should be noted against it in black ink in the appropriate column of the month concerned, and below this entry should be noted in green ink (as the denominator of a fraction the numerator of which is the entry of the amount placed under objection during the month) the progressive total of the amount placed under objection to end of the month. In the case of objections categorised as "Miscellaneous", full particulars thereof should be placed on record. In the case of items, for which the money column are not required to be filled in the auditor will set his initials in the amount column of the month in which the item has been placed under objection. The postings of all items placed under objection should be verified by the Assistant Audit Officer/Section Officer before the Audit Notes are issued, and in token of verification, after the entries of the month have been abstracted, he should initial the entries in the abstract (vide paragraph 4.4.20).

Note: *If, in the case of any objection the money value of which was not recorded initially, it transpires subsequently that it should be recorded, the total amount under objection at the time of the discovery should be entered against the item concerned in the money column of the current month, with a suitable explanation in the "Remarks" column which should be attested by the Assistant Audit Officer/Section Officer.*

4.4.13 The following should not be entered in the Objection Book with the objective of watching recovery or adjustment otherwise:

- (i) Advances and advance payments that have been made under proper authority, and debts due to Government which do not indicate any financial irregularity.

Note: *The realisation of such assets is to be watched separately through one of the accounts prescribed in the Account Code, Volume III, or this Compilation, and an entry in the Objection Book will be necessary only when there is an actual objection such as non-availability of sanction of the competent authority, absence of prescribed certificates, etc.*

- (ii) Objections connected with the settlement of Remittance Account transactions. (A separate book is provided for these in terms of Articles 110 and 142 of the Account Code, Volume IV).

4.4.14 All entries in the objection book are to be made with due care, so that the book may at all times represent a complete and accurate record of all objections raised, objections cleared and the basis for doing so and the balances outstanding.

Clearance of Objections

4.4.15 On their being returned, the Audit Notes should be reviewed by the Senior Audit Officer/Audit Officer who, if necessary, will make a further reference in writing to the Superintending Engineer or the appropriate higher authority before filing them. Any sanctions or orders recorded by the Superintending Engineer or the Divisional Officer on an Audit Note should be scrutinised and any objection removed thereby should, at the same time, be adjusted, vide paragraph 4.4.19.

4.4.16 It should be seen that the explanations and replies of the Divisional Office are signed by the Divisional Officer himself and not by the Divisional Accountant, and, if a statement contains a sanction or order which is to form the authority or basis for the removal of an objection or the acceptance of a transaction in audit, that the sanction or order, as the case may be, is signed by the competent authority.

4.4.17 A suitable register should be maintained in the Central Audit Support Section for watching the prompt disposal of Parts I and II of the Audit Notes. The Assistant Audit Officer/Section Officer should review this register weekly and take any action that may be necessary, and at least once a month the register should be submitted to the Senior Audit Officer/Audit Officer.

4.4.18 An objection should be removed as soon as the necessary sanction or document is received, or when the audited accounts show that the expenditure under objection has been adjusted or recovered, or when the delay, defect or doubt, as the case may be, has ceased to exist or has been explained. The removal of an objection should be indicated in the Objection Book by an entry of the amount adjusted in the column "Amount cleared" for the month following that of which the accounts were last audited, the progressive total of the adjustments being also noted at the same time in the manner prescribed for the posting of amounts placed under objection. In respect of items for which the money column was not filled in, the auditor should merely place his initials in the relevant column for the month concerned to indicate their adjustment. As a precaution against error, a red ink line should be drawn across the page in all the remaining columns. The reference to the order, account or other document, on the authority of which the objection has been removed, should also be noted in the column provided for the purpose.

Note: *Brief notes of, or references to, all correspondence or other action taken towards clearance of any objection should be kept in the "Remarks" column of the Objection Book.*

4.4.19 All entries relating to the adjustment of objections should be attested by the Assistant Audit Officer/Section Officer. In respect of objections removed by sanctions and orders, or other documents, the examination or acceptance of which can be completed before the audit of a Monthly Account, the Assistant Audit Officer/Section Officer will be responsible for attesting the adjustment entry at the same time as any sanction or order is received and accepted. Adjustments dependent upon the audit of a Monthly Account should be made as soon as the awaited event takes place.

Monthly Closing

4.4.20 Entries relating to each category of objection should be totalled separately and a general abstract prepared every month in a separate section of the Objection Book. The progressive total of each category should be carried forward from month to month and the unadjusted balance from year to year. The Assistant Audit Officer/Section Officer should examine and initial the abstract and submit the Objection Book to the Senior Audit Officer/Audit Officer.

4.4.21 The Assistant Audit Officer/Section Officer and the Senior Audit Officer/Audit Officer should closely review the Objection Book at the time of its monthly closing. Delay in settling an objection or circumstances that come to light subsequent to the raising of the objection may warrant its being reported to the Superintending Engineer though this was not done initially. Such objections should, therefore, be suitably brought to the notice of that officer. Objections that continue to remain unsettled even after two or more reports being made to the Superintending Engineer or are otherwise of a serious or important nature should be specifically brought to the notice of higher authorities.

Annual Closing

4.4.22 The Objection Book should be closed annually and the balances of outstanding objections should be carried forward to the following year's Book, the entries being attested by the Assistant Audit Officer/Section Officer. All such items should be noted under the relevant groups in a separate section of the Objection Book of the following year. If the outstanding balances thus brought forward relate to two or more years, the balances of each year should be similarly registered in a separate section. Action in this regard cannot, however, be completed in all respects until the Supplementary Accounts of the year have been audited; but, in anticipation of this event, it is permissible to transfer to the following year's Objection Book such items of the old Book as may be affected by the accounts of the new year that are audited before the Supplementary Accounts. The Assistant Audit Officer/Section Officer is, however, responsible to ensure that any corrections necessitated on completion of the audit of the Supplementary Accounts are carried out neatly in the new Objection Book in due course through plus or minus entries, as the case may be, along with suitable remarks.

Annual Review of the working of Public Works Divisions

4.4.23 The Accountant General (A&E) should submit a review on the working of Public Works Divisions to the Government in such form and detail as may be settled mutually. The Audit Office will make available to the A&E Office necessary materials relating to the audit portion for incorporation in the review.

SECTION-V

Forest Audit

Introduction

5.1.1 The checks to be exercised in the office of the Accountant General (Audit) on the Monthly Cash Account and supporting documents are detailed in the succeeding paragraphs. The Accountants General (Audit) are empowered to add any other check/checks which they may like to exercise on the accounts/documents taking into account the provisions in the codes/manuals of the State Government and other local conditions.

Source documents

5.1.2 The following are the source documents to be audited:

- (i) Monthly Cash Account rendered to the Accountant General (A&E) by the Divisional Forest Officers.
- (ii) Vouchers in support of payments.
- (iii) Monthly Lists of Sanctions.
- (iv) Classified Abstract of Revenue and Expenditure (Form FA5).
- (v) Schedules of transactions with other agencies.
- (vi) Ledger Accounts.

Scope and Extent of Audit Scrutiny

Cash Account

5.1.3 The accounts of receipts and disbursements which are rendered to the Accountant General (A&E) by the Divisional Forest Officers in the forms prescribed in Chapter VII of Account Code, Volume III, should be checked to see that:

- (i) the Cash Account shows merely the totals of the month in respect of those items enumerated in Articles 282(a) and 282(b) of the Account Code, Volume III, and that all other items of receipts and charges have been entered in detail in the said accounts; and
- (ii) charges have been incurred with reference to the relevant sanctions and allotments and various advances and recoverable payments are covered by proper authority.

Further, the certificate recorded on the Monthly Cash Account in terms of Article 289 of the Account Code, Volume III, should be scrutinised to ensure that:

- (i) cash recoveries of service payments have not been shown in the Cash Account as separate items;
- (ii) refunds of forest revenue have been accounted for by deduction from revenue in the Cash Account; and
- (iii) receipts and recoveries on Capital Account have been deducted from expenditure under 'Capital outlay on Forestry and Wild Life' in the Cash Accounts.

Charges

5.1.4 All vouchers in support of payments should be examined generally in the same manner as payment vouchers received from treasuries. Charges should be examined with reference to the sanctions and allotment and it should be seen that proper authorities are available for advances and recoverable payments.

5.1.5 Works and conservancy charges beyond the powers of sanction of the Divisional Forest Officer either because of their nature or their quantum, should receive special attention. It should be seen that the requisite sanctions for these charges exist and that they have not been exceeded without proper authority.

5.1.6 In scrutinising works and conservancy charges, it should be specially ensured that the total expenditure upto date is examined with reference to the sanction in cases where expenditure on a work is spread over two or more months. Care should be taken to group together works forming part of a single scheme, even though sanctioned piecemeal, in order to verify that the entire scheme has received the sanction of the competent authority and that the aggregate expenditure does not exceed the total sanctioned amount without proper authority.

5.1.7 Charges recorded under the head "Establishment" are subject to the ordinary rules and procedure of audit relating to such charges.

5.1.8 It should be seen that the charges have been correctly classified with reference to the particulars furnished in the vouchers, the Classified Abstract of Revenue and Expenditure and the monthly lists of sanctions received from the Conservator and that the allocations under "Capital" and "Revenue" are, in particular, in accordance with the prescribed rules.

Classified Abstract of Revenue and Expenditure

5.1.9 It should be seen during audit that sufficient details have been furnished in Column 8 of the Classified Abstract of Revenue and Expenditure so that the charges can be easily understood and checked. It should also be seen that the 'Remarks' column of the Abstract contains (i) the authority for charges not within the powers of sanction of the officer submitting the accounts; and (ii) the expenditure incurred previously on works spread over two or more months.

Schedules of Transactions with Other Agencies

5.1.10 While checking the accounts for March, it should be seen that all correcting entries affecting the schedules of transactions with other Governments and Railways received in the Office of the Accountant General (A&E) at least up to 12th April have been given effect to.

Ledger Accounts

5.1.11 Important points requiring attention during scrutiny of the Ledger Accounts are as follows:

- (i) It should be seen that the Abstract for March in each year is supported by a brief statement explaining the circumstances in which each item outstanding for more than twelve months had remained unadjusted and the steps, if any, taken for their expeditious clearance.
- (ii) The closing balance should be reviewed to verify that the relevant rules and orders governing their clearance have been observed.

- (iii) Outstanding balances that have not been cleared within a reasonable period should form the subject of special enquiry.
- (iv) It should be seen that the Divisional Officer has furnished, in the 'Remarks' Column, the details of the items making up the balances in cases where the outstanding balances exhibited in columns 12 and 13 comprise of more than one item.

Review of Audit

5.1.12 The instructions contained in Section-III, Chapter-1, will apply generally to the current review of audit of Forest Officers' accounts.

Results of Audit

5.1.13 The results of audit of bills and accounts should be communicated to the Divisional Officer in Objection Statement in Forms MSO (Audit)-5 and 6, the latter form being used in those Audit Offices in which the system of maintaining a Combined Objection Book and Objection Statement is in vogue. The Objection Statement will be returned in original, within the prescribed time, through the Conservator.

5.1.14 A list should be forwarded by the Accountant General (Audit) to the Conservator each month showing the dates on which the Objection Statements were sent to each divisional office. The list will be completed and sent back to the Accountant General by the Conservator after all the Objection Statements for the month have been returned.

5.1.15 Objections will be registered and dealt with generally in accordance with the instructions contained in Chapter-VII, Chapter-1.

5.1.16 'Forest Advances' made under proper authority, which do not present any financial irregularity, should not be placed under objection or entered in the objection book with the objective of watching their recovery or adjustment.

Annual Review of the Working of Forest Divisions

5.1.17 The Accountant General (A&E) should submit a review on the working of Forest Divisions to the Government in such form and content as may be settled mutually. The Audit Office will make available necessary material relating to that Office to the A&E Office for incorporation in the review.