

Internal Inspection Manual

DELHI DEVELOPMENT AUTHORITY

FORE-WORD

The need for a compilation, broadly indicating checks to be exercised during internal inspection by the field parties has been felt for long time. The role of internal inspection parties is similar to that of audit and they have to ascertain whether all receipts and payments have been properly accounted for and the purpose for which the money has been spent is in conformity with the aims of the Organization and to its benefit. The object of modern audit although it includes examination of cast transaction, has as its ultimate aim, the verification of the financial health of the undertaking. Internal inspection party is an instrument of financial control that has to check against extravagance, carelessness or fraud apart from checking the regularity and propriety of the expenditure. Adherences to the Rules and Orders framed by the competent authority have to be watched and that there is no wasteful expenditure on any scheme has to be ensured. There can be no exhaustive compilation on such matters and the inspecting staff has to exercise such checks as may be necessary. The present compilation only gives guidelines and should not in any way restrict initiative of the inspecting members to improve upon the situation.

I congratulate Shri. R.K. Mehra, Chief Accounts Officer who took the initiative and Shri. K.P. Jhamb Retd. Dy. Chief Accounts Officer, who has put in labour, in bringing out this publication.

August, 1985

(PREM KUMAR)
Vice-Chairman

PREFACE

This Manual contains general instructions and procedures to be followed by the Internal Inspection Branch (Headquarters) as well as the Internal Inspection field parties while inspecting the branches at the Headquarter Office as well as Divisional Offices. All members of the Internal Inspection Branch (HQ) and Internal Inspection field parties may ensure strict compliance of the provisions and procedures to be followed for Internal Inspection. In addition to the general instructions and procedures to be followed for internal Inspection, the Manual contains the following topics: -

- i) Procedures relating to Central audit of transactions of Public Works (Engg. Wing.).
- ii) Procedure and instructions relating to Special Audit.
- iii) Checking of Estimates of Works/Schemes.
- iv) Exercise of powers by the different functionaries in the DDA.
- v) Procedure relating to audit of annual accounts. The process of audit generally detailed in the Manual should be taken only as a guide to intelligent audit and in no case should it be considered as limiting the scope of auditor's duties. In fact, the efficiency of local audit/inspection depends largely on the intelligence, thoroughness and resourcefulness which are brought to bear in it. Since this Manual is mainly intended for the guidance and use of the staff of the Internal Inspection Branch, the provisions noted herein may not be quoted or referred to as authority in any correspondence outside the Organization and even in Inspection Reports.

This compilation is the outcome of earnest efforts of Shri. K.P. Jhamb, Dy. CAO. (Retd.) who was entrusted with the assignment keeping in view his experience, knowledge of relevant records. It will now be responsibility of A.O. (IA) to keep it upto date.

As this is the first ever Endeavour of this type, there may be some omissions and shortcomings, suggestions for improvements/ additions/ corrections shall be most welcomed.

August, 1985

R.K. MEHRA
Chief Accounts Officer

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CHAPTER – I

1) **Conduct of Local Audit/Inspection.**

- i) Before taking-up the audit of a Branch/Division, the Inspecting officer of the Local Inspection. Party should.

Study the documents in the Internal Inspection (Headquarters) relating that Branch/Division and make themselves conversant with its set up, the functions entrusted to it , the system of accounts being followed therein, delegation of powers to various officers/officials, records, registers and various documents required to be mentioned, schemes under execution therein in addition to the Inspection Reports of previous years.

- ii) Ensure that the members of the inspection party are duly briefed by Internal Inspection (Headquarters) about important matters to be looked into in particular.
- iii) Collect the files containing Inspection Reports for previous years in respect of which objections are still outstanding.
- iv) Collect the list of objection treated as settled subject to verification during next inspection.
- v) Acquaint himself with the provisions of Delhi Development Act. rules, regulations and orders issued under the Act and other documents governing the functioning of the Branch/Division to be inspected.
- vi) Call on the officer-in-charge/Divisional Officer of the Branch/Division at the very commencement of the inspection and seek his assistance in the supply of records, information required for inspection, provision of office accommodation and facilities for conduct of audit, for settlement of old objections. He should also meet the sub-ordinate officers, superintendents/Accountants etc.
- vii) Obtain in writing from the Branch Officer/Divisional Officer an exhaustive list of various fields of activities, schemes; duties/functions being performed and records being maintained so that all activities, functions and records being maintained in the Branch/Division are covered during the local inspection.
- viii) ensure that distribution of work among members of the local audit/Inspection party indicating the items of work to be done personally by the Inspecting Officer is affected. It should also be ensured that full details regarding the nature of work allocated to each member of the party is attached to the Inspection Report.

- ix) always bear in mind, while conducting local audit/inspection, the illustrative list of irregularities which are likely to conceal potential frauds as detailed in Chapter – VIII on special audit.

2) Calling of records.

- i) Section Officer must call in writing for registers and other accounts records/documents and files for audit purposes.
- ii) The Branch Officer/Divisional Officer is required to afford all reasonable facilities to the Inspecting Officer for the discharge of his functions and furnish fullest possible information required by him for the preparation of any official account or report and shall not withhold any information, books or other documents required by the Inspecting Officer.

If the information, books or other documents or a part thereof, are a secret nature, they should be sent by name to the Chief Accounts Officer and he will deal with them in accordance with the standing instructions for handling and custody of such documents. (Rules 8, 10 & 11 of GFRS).

- iii) If records are not supplied in reasonable time or if there are any other serious hindrances to the conduct of local inspection, the Inspecting Officer should immediately report the matter personally to the next higher officer/S.E. failing which to the Chief Accounts Officer followed by a detailed report in writing to the Accounts Officer (Internal Inspection Headquarters), who would take up the matter with the next higher Officer/Head of the Department/Chief Engineer for removing the hindrances or for suspending the local inspection.

3) Period covered by Local Audit/Inspection.

Every local inspection should cover transactions upto the month proceeding the month in which the inspection takes place. The Cash Book should, however, be checked up-to-date.

4) Extention of time of Local Inspection.

Local audit/inspection should be completed within the allotted time because extention of the allotted time not only leads to arrears in local audit/inspection but also entails delayed audit in other cases disturbing the time schedule of audit programme.

Where, however, the Inspection party faces difficulties during the course of local audit, which are likely to cause extention of existing time allotment, the Inspecting Officer should immediately bring the same to the notice of the Accounts Officer (Internal Inspection Headquarters) or the Chief Accounts Officer by phone following it up with a one to the Accounts Officer (Internal Inspection Headquarters).

The Inspection should assess the work load vis-à-vis the time allotted at the earliest occasion and, where necessary, reduce the time allotted under intimation to the Accounts Officer (Internal Inspection Headquarters) of ask for extension of time giving detailed reasons for the same. As far as possible, the extension of time should be asked for within half the allotted period, as it would otherwise be difficult for the Accounts Officer (Internal Inspection Headquarters) to make suitable arrangements at a later stage in regard to an extension of time.

If an extension is approved, local audit should be completed within the approved extension of time for local audit.

5) Quantum and Extent of Audit.

The quantum and extent of audit applicable to various records will be as approved by the Finance and Accounts Member.

6) Method of Ticking.

In auditing the accounts all entries checked should be ticked or cross ticked by the Section Officer/Auditor with pencil. Section Officer/Auditors are forbidden to make notes corrections or remarks on any of the registers or documents of the Branch/Division which they may audit.

7) Collection of information, Copies of documents in support of Objections etc.

- i) All objection detected during the course of local audit should be communicated to the Branch Officer/Divisional Officer through Memoranda/Half-margins issued over the signatures of the Inspecting Officer/Section Officer. The audit Memos/Half margins should be brief, precise and to the point. They should only seek information and not suggest any conclusion of pre-disposition on the part of the local Audit Party. Inspecting Officer should ensure that half margins on all important matters received his approval. The return of these audit Memos/Half margins within three days from the of issue should be insisted upon and cases of delay should be brought to the notice of Branch Officer/Divisional Officer by the Inspecting Officer promptly.

Paras for the draft Inspection Report should be prepared after considering information/arguments advanced in the replies to Audit Memos/Half margins. Where no replies are received, the para should be prepared on the information gathered from remarks.

- ii) The Inspecting Officer and the Audit Party should try to get all information through accounts and other connected records and obtain explanations on the spot by personal discussions so that Audit Memos/Half margins are reduced to the minimum. The issue of audit

memos/half-margins should mostly be confined to confirmation of objections.

- iii) The finalization of material on each objection should not be postponed till the final stages of local audit as this is likely to lead to accommodation of unverified data and it may be possible to include this objection in the draft inspection report due to shortage of time towards the close of audit.
- iv) In the case of audit of longer periods, advance copies of paras proposed to be included in the draft Inspection report should be issued to the Branch Officer/Divisional Officer from time to time so that discussions on the draft Inspection report will not be postponed on the ground that he requires time for studying the report prior to discussion.
- v) When statistics are given in the draft Inspection Report, current year's figures should also given showing the up-to-date position in addition to the figures for the year of account of which is being audited.
- vi) The amount of over payment or other irregular payments which have to be kept under objection should be worked out to the extent feasible during the inspection itself and not left to be calculated by the Branch/Division inspected and intimated to internal Inspection (HQ) later on. The full financial implications of each objection, or approximate value thereof, calculated from the data in hand should be brought out in the Inspection Report to stress the significance and gravity of audit objection.
- vii) Where important initial e.g. cash book, pass books, Security Registers etc. are not maintained properly, the Inspecting Officer and the Audit Party besides mentioning the technical defects and shortcomings in keeping these records, should make a probe to see if the defective or non-maintenance indicates any mis-appropriation etc.

8) Primary objects of Inspection.

The primary objects of inspection are (i) to see that the initial accounts from which the accounts rendered by the Branch Officer/Divisional Officer are compiled, or on which they are based, are properly maintained in the prescribed forms and that financial rules and orders are being, are properly maintained in the prescribed forms and that financial rules and orders are being carried out and (ii) to test the degree of care exercised by the Branch Officer/Divisional Officer responsible for keeping the accounts over the accuracy of original records. At the same time, a test audit of accounts, vouchers etc. should be carried out to provide, the material upon which a conclusion regarding (i) & (ii) above may be reached.

An Inspecting Officer is not merely expected to confine himself to routine audit and inspection work. He should avail himself of the

opportunity of assisting the Branch Officer/Divisional Officer and Supdts./Accts. With his advice in the matters effecting accounts, budget etc. or the financial regularity of transactions. He may even offer suggestions bearing on the economy of public money and is expected to do so in all cases of superfluous clerical work connected with the accounts and audit. These are various directions in which an intelligent inspecting officer can find scope for his enquiries. In case of a public works Division, he may find that there are chronic delays either in measuring works done or in making payments after measurements have been taken, and it may reasonably be presumed that such delays lead to enhancement of rates. He may notice that no attempt is made to invite competition amongst contractors, or that the arrangements for giving out contracts for work or supplies are, otherwise, so defective as to suggest that possibly the Authority dose dot receive full value of payment made, an examination of the authorized schedule of rates, or a comparative study of them, may show that the date on which estimates of the cost of work are framed for sanction of competent authority are not so satisfactory as to secure economical results. He may observe any peculiar features of revenue receipts or expenditure of the which may be suggestive of possible leakage of revenue realized, of untapped sources of revenues or of want of attention to economical considerations. An Inspecting Officer must however, keep prominently in the mind that he is concerned primarily with the accuracy of accounts and regularity of financial procedure and not with administration. Suggestion which effect financial or departmental administration should not be included in a report unless they have been discussed with the responsible departmental officer either personally or by demi-official letter.

9) Compilation of the Results of Audit.

The results of each local audit/inspection are compiled and sent to Accounts Officer (Internal Inspection Headquarters) in an Inspection Report. The Inspection Report is set forth in the following parts:

Part – I

(a) Broad financial position of the Branch/Divisional Office, main source/sources of receipts of money and the purpose of expenditure, activities in which the Branch/Division is engaged. The total expenditure during the year/years of audit with a broad break up of activity/schemes-wise, and receipts item-wise should be indicated.

(b) Outstanding objections from previous Inspection Reports in brief in the following Performa:

S. No.	No. & Reference of the previous Inspection Report.	No. & particulars of the Objections.	Action still to be taken by Department.	Comments of the Department for delay in attending to audit objections.
1	2	3	4	5

(c) Irregularities which are being pointed out from time to time and continue to persist although the Branch/Division. may , at the time and earlier inspection, have noted the observations for future compliance.

PART – II

SECTION ‘A’

Consisting of major irregularities which are likely to materialize into serious audit objections.

SECTION ‘B’

Consisting of irregularities which though not major are to be brought to the notice of the higher authorities.

SECTION ‘C’

General condition of Accounts.

PART – III

A test audit note containing minor irregularities to which should be attached a Schedule of items settled on the spot; the procedural irregularities in respect of which the Branch Officer/Divisional Officer has held out assurance about following the correct procedure in future should be noted in this Schedule.

10) Drafting of Inspection Report.

It is the responsibility of the Inspecting Officer to ensure that: -

- i) The report should be brief. A lengthy report as compared to the material it contains, throws an unnecessary burden on the Internal Inspection (HQ) in vetting, typing and disuse and on the administrative authorities in examination and furnishing replies. Brevity should be achieved by economy of words and avoidance of repetition, transferring individual irregularities of small monetary values of little significance to the Test Audit Note and excluding objections not fully established or objections not invoking financial or audit points.
- ii) Mention of names of officials should be avoided except in the case of personal claims etc.
- iii) The report should be coached in polite language. Offensive or strong words, sarcastic language etc. should on no account figure in the report.
- iv) No suppositions, assumptions or allegations should be included in the report. Only facts should be mentioned and inevitable conclusions

drawn. There should be no reference to responsibility being fixed for an irregularity; it is for the administrative authorities to take action in this respect.

11) Settlement of Old Objections.

- i) The Inspecting Officer should take-up the work relating to discussion of outstanding paras of previous inspection reports with the Branch Officer/Divisional Officer and other concerned authorities seen after the audit commenced and follows up the discussions with actual settlement of objection on the spot. This aspect of the Inspecting Officer's work is important and the Inspecting Officer should devote considerable portion of his time and attention to this work. Any difficulty in getting co-operation from the concerned officers should be brought to the notice of the Chief Accounts Officer promptly.
- ii) When an objection of a procedural nature such as non-maintenance of record, non-obtaining of a certificate relating to personal claims, is outstanding in one or more previous Inspection Reports, and the irregularity continues in the current audit, the outstanding objection in the previous reports may be removed and a para included in the current report mentioning it that it was pointed out in the earlier Inspection Report.
- iii) Where on receipt of a satisfactory reply, objections pointing out overpayments, short/non realization of stores, equipment and machinery, irregular purchase and other serious irregularities are treated as settled by the Internal inspection (HQ) "subject to verification at the time of next audit" and are abstracted on a separate sheet for verification of compliance by the Inspecting Officer during local audit, the Inspecting Officer should verify compliance and record his remarks against each item in that sheet. In case compliance to the objections stated to have been made is not in order, the objection should be included in the current Inspection Report.
- iv) The Inspecting Officer, before treating objections in the previous reports as settled should ensure that the Branch/Division concerned has furnished written reply/explanation for each objection so settled and their reply is placed on record. Based on replies/discussions with the officers, he should also record brief Justification for dropping the objection in the original Inspection Reports.
- v) All paras relating to non-production records in the previous and current Inspection should be consolidated in Part-II of the current Inspection Report so as to bring out the position prominently in a consolidated way.
- vi) Objections in the Test Audit Notes of previous years, if not disposed of by the Branch/Division and points raised therein continue from year to year these should be included in Part-I of the Inspection Report under

the heading “outstanding Test Audit note objections from previous reports” should be brought to the notice of higher authorities.

12) Discussion of Inspection Report.

- i) The draft inspection report should be discussed with the Branch Officer/Divisional Officer of the Branch/Division inspected or in his absence with his next subordinate officers in the administrative/technical side on the last day of the audit of the Branch/Division. The discussion should not be postponed and the Inspecting Officer should make prior arrangements with the Branch Officer/Divisional Officer for discussion. The request for discussion should be in writing. In cases where no time for discussion is given on the last working day, or within seven days thereof a written intimation should be given that the Inspection Report is being finalized without a discussion and the report finalized accordingly.
- ii) Where discussions are held, the results of discussion should be indicated against each para of the Report. Where there is difference of opinion, the reason for not accepting the view of the Branch Officer/Divisional Officer should be fully recorded against the relevant para.
- iii) The signatures of the Branch Officer/Divisional Officer should be obtained on the original copy of the draft Inspection Report in token of his having perused and discussed the report.

13) Test Audit Notes.

A test audit note containing the minor irregularities duly signed by the Inspecting Officer/Section Officer should be issued on the spot to the Branch Officer/Divisional Officer and his acknowledgement obtained. A copy of the test audit note should accompany the draft Inspection Report sent to the Headquarter Office (Accounts Officer Internal Audit). The test audit note does not require a detailed replay but it should be verified at the next inspection report of the action taken thereon.

The following documents should invariably accompany the Inspection Report: -

- i) Title Sheet duly completed in all respect and signed by the Inspecting Officer/Section Officer in the following form: -
 - 1. a) Enclosed is the Inspection Report on the accounts of for the period.....
 - b) The audit of this Branch/Divisional Office was conducted from to working days.

2. The Branch/Divisional Office are engaged in the following activities.
3. a) An organization chart and duty list of the staff is enclosed.
b) The following rules and regulations are applicable to this Branch/Divisional Office.
4. The outstanding objections pertaining to the previous Inspection Reports were reviewed and discussed with the concerned officials and the following objections were settled: -

S. No.	Reference to Para no. of the Inspection Report.	Particulars of the Objections.	Explanation of the Department.	Objection Settled.
1	2	3	4	5

Signature of the Inspecting Officer

- ii) Four spare typed copies of Part-I of the Inspection Report as prepared by the Inspecting Officer.
- iii) List of Service Books checked alongwith the list of Service Books in respect of persons who are likely to retire during the next five/six/seven years.
- iv) Four spare copies of all appendixes mentioned in the Inspection Reports/Test Audit Notes.
- v) A copy of the Test Audit Note as delivered to the office audited.
- vi) Details of losses detected during the Inspection.
- vii) A statement showing items involving recoveries of sums due to the Authority and remaining outstanding in the books of the Branch/Division for more than six months for recording such items in the objection books maintained for watching their recoveries or adjustment. The statement should be furnished in the following form: -

Name of the Branch/Division.	Years to which relates.	Vr. No. and its amount.	Amount under objection.
1	2	3	4
Reason for objection.	Initials the Inspecting Officer.	Initials of the A.O. (IA) at the Headquarters in token of having registered the objections in O.B.	
5	6	7	

- viii) Audit objections with monetary value relating to the previous years settled on the spot after verification of recovery may similarly be intimated to the Headquarter Officer (A.O. Internal Audit).

ix) The draft Inspection Report when submitted to the A.O. (Internal Audit) at Headquarter should be accompanied by completion Memo in the following form: -

- i) Name of the Branch/Division Inspected.
- ii) Period of accounts covered in audit.
- iii) Date of commencement and date of completion of audit.
- iv) No. of working days availed.
- v) No. of days for which extension taken, if any.
- vi) No. of days suggested for future audit and reason therefore.

Signature of Inspecting Officer.

14 Audit of Schemes.

Before taking up the internal inspection of the Branch/Division, the audit party should prepare a list of Schemes/projects etc. under execution or sanctioned showing inter-alia (i) amount sanctioned, (ii) Provision in the Budget Estimates, (iii) The progress achieved and the expenditure so far incurred thereon with a view to take up the audit of the scheme.

While submitting the Inspection Report of a Works Division, the result of audit/inspection should be brought out as under: -

(a) Name of the Division.

(b) Period of Inspection.

(c) Delays in the disposal of: -

- 1. Inspection Reports.
- 2. Clearance of old outstanding paras.
- 3. Delays in acceptance of agreements.
- 4. Inspection of the Division by the Suptdg. Engineer and other superior officers.
- 5. Inspection of Sub-divisional offices by the Divisional Officer and Divisional Accountant.

(d) Arrears in the Division: -

- 1. Measurement books not reviewed and recorded.
- 2. Standard measurement books not brought upto-date or checked and reviewed.
- 3. Register of Properties, Register of Buildings and Register of Machinery and other assets not brought upto-date.
- 4. Other arrears.
- 5. Investigation into causes of arrears and of the delays in the submission of accounts, schedules and returns as also settlement and clearance of objections.

(e) Defects in agreements indicating: -

1. Undue profits to contractors and suppliers, of violation of the terms of contract to avoid heavy transport cost to suppliers and agents.
2. Tenders irregularly accepted or lowest tender not accepted.
3. Acceptance of tender much above the estimated rates both tendered as a whole and on the individual items.
4. Negotiated rates of the works.
5. Works done or supplies made without calling for tenders or quotations.
6. Avoidable extra expenditure, extra rates and claims.
7. Arbitration claims.
8. Variations in actual and estimated quantities in agreements.
9. Inadequate justification for extension of time limits.
10. Dates of physical completion of contract works and required certificate to this effect not recorded in the measurement books.
11. Irregular refund of security deposits.
12. Lease and other agreements and checking of payments or recoveries against the same.
13. Unauthorized financial aid to contractors, rates not justified and irregular issue of material not stipulated in agreements.

(f) Irregular maintenance of Revenue Registers and Outstanding recoveries in: -

1. Rent Register.
2. Other Revenue Register.
3. Register of Sale of tender forms.
4. Sale of other forms.
5. Damages Register for Unauthorized Occupation.
6. Miscellaneous recoveries Register.
7. Register of Telephone Charges.
8. Delays in assessment and recovery of rents and other dues.

(g) Irregular maintenance of other account records: -

1. Maintenance of works accounts and Register of works.
2. Maintenance of works abstracts.
3. Maintenance of material at site accounts.
4. Maintenance of dismantled material accounts.
5. Maintenance of Register of empty bags, tins, drums and other empties.
6. Register of works abstracts not posted by Sub-heads.
7. Contractor's ledger not posted regularly and recoveries not made promptly.
8. Log Books etc. indicate that journey made for private purpose but shown on office duty.

(h) Irregular account of Stores: -

1. Fictitious issue of stores.
2. Stores transactions not recorded as they take place.

3. Stock taking of stores, recording of certificate of count and check of stock, T & P and other stores.
4. Losses due to misappropriation and theft etc.
5. Purchase of material much in advance of requirements.
6. Surplus storages not adjusted promptly.
7. Unserviceable and surplus materials not disposed of.
8. Other deficiencies in maintenance of accounts.
9. Manufactured articles used for private purposes.

(i) Other Accounts Irregularities: -

1. Embezzlements in cash or fictitious adjustments.
2. Losses of cash receipts not accounted for as they take place.
3. Cash Books main and subsidiary – undisbursed amount kept out of accounts.
4. Imprest accounts.
5. Check of measurements of works by the A.E. s and the Executive Engineer.
6. Rush of expenditure.
7. Tendency to delay payments of closing bill and overpayment to office staff or other parties.
8. Delay in adjustments of temporary advances and imprest.
9. Security deposits not taken from Sub-ordinates entrusted with the custody of cash & stores.
10. Expenditure incurred without proper sanction, splitting of works or purchases, to avoid prior sanctions and amounts not spent for purposes for which sanctioned.
11. Wasteful and in fructuous expenditure, too many small payments made the commutative effects? Which is not justified?
12. Local purchases of stationery in excess of limits.
13. Losses of Authority's moneys and stores.
14. Other deficiencies.
15. Overpayments or short recoveries admitted at the instance of audit.
16. Conclusions and important and interesting suggestions made in audit.
17. General conclusions about the division.

CHAPTER – II

2. Local Audit of Headquarter Branches.

(1) General scrutiny of records.

The nature of accounts records kept in an office depends upon the nature of work, the Deptts./Offices have to transact. Nevertheless, every office handling cash and establishment matters is expected to maintain the following basic records.

- i) Cash book.
- ii) Bill Register.
- iii) Contingent Register.
- iv) Stock Register.
- v) Service Books.
- vi) G.P. Fund/C.P. Fund Ledgers & Broadsheets.

Besides the basic records referred to above, there are other accounts records which internal inspection party has to see quite frequently during local inspection. The most common records and procedures which have to be scrutinized in local audit are also included in this chapter.

Although efforts have been made to cover extensive fields from varied aspects in which audit checks are to be applied to accounts records to achieve the objects of audit yet the checks envisaged in this manual are illustrative and not exhaustive.

In examining the various registers etc., it should be seen in general that: -

- i) The registers under scrutiny are maintained in the prescribed form.
- ii) The registers are page numbered and a certificate of page counting is recorded by a responsible officer on the first page.
- iii) All the columns provided therein are correctly filled in;
- iv) The transactions recorded therein are entered in chronological order;
- v) There is no evidence of tempering with the entries or pages of the registers;
- vi) There are no over-writing, erasers etc. and all corrections are properly made by drawing a line through the erroneous entry and inserting a fresh entry under proper alteration by the competent authority and
- vii) Each register is kept up-to-date and is reviewed by the competent authority at regular intervals as provided in the rules.

Although the audit checks envisaged in this chapter cover a wider field in scrutiny of various initial records local inspection, yet these are merely illustrative and not exhaustive.

(2) Local Audit and Cash Book.

A general examination of the Cash Book is conducted to ensure that it is being maintained properly in the prescribed form and the instructions contained in Rules 76 & 77 of the OTRs and notes there under are being observed. It should be seen inter-alia that: -

- i) adequate security as envisaged in rule 270 of the GFRs in respect of the Cashier has been obtained and accepted by competent authority and relevant documents kept in safe custody of the Deptt. (Rules 275 & 277 of GFRs).
- ii) moneys recovered as revenue and creditable to the Authority's funds are deposited in full into account of the Authority in the Bank without undue delay and without appropriating them to meet departmental expenses.
- iii) the Authority's money is kept in strong treasure chests secured by two locks of different pattern. All the keys of the same lock should not be kept in the same persons custody and as a general rule, the keys of one lock should be kept apart from the keys of the other lock and in a different persons custody, wherever practicable. (Rule 109 (1) of the CTRs).
- iv) the details of undisbursed balances in hand are shown at the close of Cash Book of each month and do not include transactions which are more than three months old. (Note-below CTR 283).
- v) no money is drawn from the bank in anticipation of demands or to prevent lapse of budget grants. (CTR 290).
- vi) advances paid for departmental purposes do not remain unadjusted for unduly long periods for want of accounts supported by vouchers or refunds, as may be necessary. (CTR 668 read with rule 257 GPR).
- vii) cash book is closed at regular intervals.
- viii) At the end of each month, the Cash Chest is verified by the officer-in-charge of the Cash book who has to mention in his own handwriting and over his dates signatures cash actually found at the time of verification and whether the same tallies with the balance appearing in the Cash Book.
- ix) the total of the Cash Book if not checked by the officer-in-charge of the Cash Book are verified by a responsible subordinate other than the writer of the Cash Book who initials it as correct. (CTR 77).
- x) private Cash (Collections of Co-operative dues etc.) are not mixed up with the regular cash balance of the Authority, and
- xi) accounts of imprests and temporary advances, if any, should be examined to see that they are regularly closed and rendered punctually every month and they are properly examined by the recouping officer before recoupment. When the Cash Book is closed at the end of the financial year, it is to be seen that the permanent advance is fully recouped and does not exceed the sanctioned amount of imprest.
- xii) the instruction issued by the Finance Member vide circular no. F.E. 1 (87)/79 dated 21.2.79 may also be taken care of

(3) Detailed Examination of selected month/months for Cash Book.

Detailed examination of Cash Book consist of complete checking of the Cash Book, entry by entry, both of receipt and payment side, with reference to vouchers, orders of sanctioning authority, bill register, counterfoils of receipts, acquaintance and Bank Challans. In addition to the above checks, it should be seen that:

-

- i) all receipts of cash as shown in the counterfoils of receipt Books as well as cash received from Bank, cheques, cash orders or reserve bank drafts are traceable in the Cash Book under proper dates and with correct particulars.
- ii) all receipts which should be remitted into the bank were so remitted without delay.
- iii) all remittances are supported by original Challans received by the bank for the amounts, shown in the challan and the Cash Book. The remittances into the Treasury should invariably be verified independently with reference to the records of the Bank by deputing a member of the party to the Bank for this purpose.
- iv) all payments are supported by proper vouchers, complete in all respects,
- v) all transactions of receipts and payments are recorded as soon as they occur and attested by the Head of the office/Drawing & Disbursing Officer.
- vi) all totals are correct and the balances have been correctly worked out.
- vii) the receipts and payments sides of the Cash Book (Bank Colmm) compare with the credit and debit sides of the Bank statement of account, or of the Bank Pass Book as the case may be and difference, if any, are explained in the bank Reconciliation Statement drawn at the end of each month.
- viii) apart from checking of the total of selected month/months, the opening balance should be checked to see proper carry over from the closing balance of the previous month and that of the closing balance of month/months selected for scrutiny to the next month.

(4) Security Deposits.

It should be seen in local inspection that:

- i) in addition to the security to be provided as envisaged in para 32 (1) ibid every official, whether gazetted or non-gazetted, who is entrusted with the custody of stores, unless exempted under provisions of Rule 272 of the GFR and private person or a firm contracting with Govt. to supply stores or to execute a work, unless exempted by orders issued with the prior consent of the Finance Ministry, furnishes as adequate security envisaged in Govt. of India decisions below Rules 270 & 273 of the GFRs.

- ii) the security furnished by a Govt. servant or a contractor is in one of the prescribed forms as stipulated in rule 274 of GFRs and is accepted by the competent authority under Rule 275 of the GFRs.
- iii) the security deposits are covered by security bonds executed in the appropriate forms as laid down in Rule 276 of the GFRs.
- iv) the conditions attached to the forms of security accepted, as laid down in Rule 274 of GFRs are being observed and each form of security is taken at a value indicated therein.
- v) security and security bonds are kept in safe custody in accordance with the instructions contained in Rule 277 of the GFRs and are not released without specific orders of an authority specified in Rule 270 and 280 GFRs.
- vi) the title of the depositor from whom the security was received is absolute.

(5) Register of Security Deposits.

It may be seen that:

- i) the register of receipts and disposal of securities is properly maintained and all entries since last audit are correctly recorded, particularly suitable acknowledgments of the depositors for return of securities exist against the corresponding entry of receipts.
- ii) the register as well as the securities is examined at least once a year by responsible officer of the Department.

(6) Permanent advance account.

The permanent advance account should be examined to see that:

- i) the amount of such an advance is not larger than absolutely necessary and does not exceed half the amount of average monthly expenditure (based on the contingent expenditure of the preceding 12 months).
- ii) these advances are not multiplied unnecessarily by obtaining separate such advances for subordinate officers in the same office who may require petty sums for their use and
- iii) where an officer spares small portion of his own advance for use by his subordinate who may require petty sums, acknowledgment therefore are obtained and retained. (GFR 90).
- iv) that the proper imprest account is maintained by the Imprest Holder.
- v) that the total of vouchers available with the Imprest holder pending recoupment and cash balance in hand at any time tallies with total sanctioned amount of imprest.
- vi) that the imprest account together with vouchers is submitted regularly in prescribed form for adjustment of the amounts spent under proper heads of accounts during the financial year and before the closure of March accounts.

- vii) in the case of transfer of charge and yearly on 15th April, each officer holding permanent advance shall send acknowledgement of the amount with him on 31st March to the sanctioning authority.

(7) Cash Verification:

The inspecting officers are not required to verify by actual count the cash balance of the office inspected. It is, however, not the intention that an inspecting officer is debarred from verifying the cash of an office, if the circumstances of the case warrant this. In such a case, the cash verification should be undertaken as soon as the necessity of the same is felt and his should preferably be done at a time when the officer-incharge is present. Whenever the verification is made, a memorandum may be drawn up as follows:

-

- i) Previous day's balance.
- ii) add amount received during the day as in the cash book and as verified with reference to the certificate of receipts, cheques, etc.
- iii) Deduct: - Payments made during the day as per cash book and as verified with reference to the sub-vouchers.
- iv) Net total.....

The amount of cash in hand should agree with this total. It should also be seen in audit that the cash chest contains nothing but the Authority's money and valuables.

Whenever cash is verified, it should be seen that the cash book is written up-to-date and all entries should be vouched to the date of verification.

Note: if the cash balance pertaining to Cash Book is counted, it is desirable to have a simultaneous count of all cash balances (with relevant accounts) in the same office under the charge of the disbursing officer or other responsible custodian of the cash chest.

(8) Cheque Books:

In the case of Departments which draw money by cheques:

- i) It should be seen that instructions laid down in the relevant rules in the CTSs are being followed.
- ii) the cheques are not signed by the drawing officer unless required for immediate encashment or delivery to person concerned.
- iii) the amounts of the cheques are written in words and in figures, on the counterfoils and that the counterfoils are initialed by the person authorized to sign the cheques.
- iv) the counterfoils also bear the date of issue of the cheque.

(9) Scrutiny of Bank Challans.

The Bank Challans should be examined to see that: -

- i) they are presented to the bank in the prescribed form and are prepared in accordance with the instructions issued in this behalf indicating full particulars of the remittance.
- ii) the bank has given a legible receipt for the amount received or the official stamp and it also tallies with the amount of the challan both in words and figures.
- iii) the challan by its appearance does not suggest any tempering in the entry of the amounts deposited and due precautions are taken in writing the amount (both in words and figures) to exclude the possibility of fraudulent interpolations.

(10) Audit of Receipts.

Audit of receipts of the Authority's revenues are conducted to see that general rules regarding audit of receipts as laid down below are generally followed:

- i) it should be verified as far as possible from the accounts that (a) sums due are regularly recovered and checked against demand and (b) sums due are duly brought to credit in accounts.
- ii) adequate regulations and procedures have been framed by the Department to secure an effective check on assessment, collection and proper allocation of revenue and to satisfy by adequate test check that such regulation are actually being carried out.
- iii) adequate checks are prescribed to ensure the prompt detection and investigation of irregularities, double refunds, fraudulent or forged refund vouchers or other loss of revenue through fraud, error or willful omission or negligence to levy or collect revenues or to issue refunds. Audit may suggest any appropriate improvements in procedure.
- iv) if the test check of transactions reveals any defect in rules, the advisability of amendment to those rules may be suggested.

It should also be seen that: -

- i) adequate regulations and procedures have been framed for maintenance of proper accounts of receipts and issue of receipt books. The number of receipt books to be issued at a time to each officer and for check with the officer's accounts of the used books when returned.
- ii) when any financial rule or order prescribes the scale or periodically of recoveries, there is no deviation without proper authority from such scale or periodicity.
- iii) a register of all recurring and non-recurring demands is kept in accordance with the rules and collections are watched against such demands.

- iv) moneys realized are brought to the Authority's account immediately and there is no undue delay in the remittance to the bank.
- v) any obvious errors in computation with due diligence and not abandoned or reduced except with adequate justification and proper authority.

(11) Stock Account of Receipt Books.

The Stock Account of Receipt Books should be examined to see that: -

- i) the total number of blank receipt books received agrees with the indent or requisition sent to the press or other authorities and that all such receipt books are kept under lock and key by a responsible officer.
- ii) the number of receipt forms contained in each book is recorded on the covering page, under the initials of a responsible officer and that all the forms are machine numbered.
- iii) the departmental regulations for issue and return of the precious used books laid down as per Govt. orders under GFR 24 are being followed. (G.I. Order below GFR 24).
- iv) the issue of receipt books and the return of the used up books are duly recorded and acknowledged.
- v) for cancelled receipt form, both the original and duplicate portions exist in the receipt book.
- vi) the closing balance in the stock account is verified by the head of the office periodically and a certificate to that effect is recorded in the stock account and
- vii) the return of the counterfoils of the used receipt books is properly watched and that counterfoils are recorded after check.

(Rules 83 & 85 of CTRS read with G.I. decision below GFR-24)

(12) Scrutiny of Demand Register.

The Demand Register should be examined to see that:

- i) all demands have been correctly noted in it.
- ii) all sums due are fully and punctually realized and checked against demand.
- iii) full names and complete address of all persons from whom taxes, fees or other revenues are due have been noted in the demand register.
- iv) the entries made therein are correct with reference to connected records.

(13) Register of Valuables:

In the case of Officer/Depts., which received a sufficient number of valuables such as bank drafts/cheques/postal orders etc. it

should be seen that all these valuables are noted in a valuable register maintained for the purpose. The register should be examined to see that: -

- i) each valuable received is entered in this register on the day of its actual receipt.
- ii) full particulars of each valuable i.e. the nature of valuable, its number and date, the name of person and office from whom received, the name of the bankers, if any, on whom drawn, the amount, the purpose of deposit and the reference to the authority under which each valuable has been received is invariably recorded in this register.
- iii) proper and complete reference of remittance is shown against each valuable and;
- iv) there has been no undue delay in remittances of valuable to Bank for credit to the Authority's Account.

CHAPTER – III

3. Audit of expenditure including contingencies.

- i) before commencing the internal inspection of expenditure, the budget estimates and actual expenditure incurred under heads of accounts should be examined to know the nature and extent of expenditure under each head of account. It should be seen that the financial rules, delegation of financial powers and other orders for regulation of expenditure are in order and that audit is effectively conducted against them. The general instructions governing the audit of expenditure which have to be borne in mind are as under: -
- i) that there is provision of funds authorized by the competent authority fixing the limits within which expenditure can be incurred.
 - ii) that the expenditure incurred is in accordance with the financial rules and regulations framed by the competent authority.
 - iii) that there should exist sanction either special or general accorded by the competent authority authorizing expenditure.
 - iv) that the rules and orders framed for incurring of expenditure do not conflict with the orders of, or rules made by the higher authority and that in case they have not been separately approved by the competent authority, the issuing authority possesses the necessary rule making power.
 - v) that the authority sanctioning expenditure is competent to do so by virtue of proper delegation of powers.
 - vi) that the sanction is definite and there is no ambiguity in its interpretation.
 - vii) the expenditure should not be prima-facie more than the occasion demands. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
 - viii) the charge is correctly classified and that if a charge is debit to personal account of a contractor, employee or other individual or is recoverable from him under any rule or order, it is recorded as such in the prescribed account.
 - ix) the sub-vouchers and acquittances not required to be enclosed with complied accounts are cancelled or so defaced that they cannot be used again, and are not destroyed before the expiry of prescribed period of preservation. (Rule 210 and 211 of CTRs).
 - x) the expenditure has not been incurred to prevent the lapse of budget allotment or that the charges incurred in the year have not been met from the budget allotment of the next year. (Rule 290 of CTRs).
 - xi) the expenditure has been incurred with regard to financial rules and in conformity with the canons of financial propriety.

- xii) the expenditure is so recorded that all information of vital importance to the working of the office/institution concerned is available, and
- xiii) the sanction of long periods of currency as well as sanctions of permanent nature have been revived, from time to time if these are required to be reviewed periodically.

(2) Bill Register.

A Bill Register in the prescribed form TR 28 A is usually maintained by every officer authorized to draw moneys on bills signed by him. In examining the bill register, it should be seen that:

- i) no bill escapes entry in the Bill Register.
- ii) bills are entered in chronological order and on the day they are actually signed by the competent officer.
- iii) all the columns provided in this register are filled in and the entries made therein are attested by the authorized officer.
- iv) the dates of encashment of bills and the amount of the bills are correctly traceable in the Cash Books.
- v) corrections of the amounts disbursed in respect of each bill for pay and allowances should be checked with the amounts remaining undisbursed relating thereto as per details in the register of Undisbursed pay & Allowances maintained in form TH-71, and
- vi) the register is reviewed monthly by a Gazetted officer and results of the review are recorded therein (Notes 2 & 3 below Rule-283 of the CTR Vol. I).

(3) Establishment Pay Bills.

Pay vouchers are examined to see that: -

- i) they compare with the abstracts of pay bills retained by the office in the prescribed forms in so far as the names of the persons, number of persons for whom pay is drawn, the gross amount and the net amount payable to each individual employee as also the totals and net amount drawn on the bill
- ii) there is proper and legally valid acquaintance for each amount disbursed duly stamped, were necessary, and the amounts are disbursed to the persons entitled to receive them (Rules 244 (1), 283 (1) of CTRs).
- iii) an account of undisbursed pay & allowances is kept in register in form TR-71 in accordance with the instructions contained in note-2 below Rule 283 of the CTRs and the amounts remaining undisbursed for three months are refunded either in cash or by short drawl from subsequent bills.
- iv) arrears or pay, fixed allowances or leave salary are not drawn through regular monthly pay bills but are drawn in separate bills and the procedure laid down in Rule-276 of CTRs, relating to recording

a note of payment of arrears in the office copies of the bills for the period to which the claim pertains is followed.

- v) disbursement of pay & allowances on the pay day and as also on subsequent dates are certified/attested by the Disbursing/Drawing Officer in accordance with the instructions contained in Note-1 below 283 of the CTRs.
- vi) disbursement made are traceable in the Cash Book on the dates on which they are actually made.
- vii) where pay & allowances are remitted through postal money order, the procedure laid down in Rules 198 of the CTRs has been followed with regard to the commission due thereon and money order acknowledgement containing the purposes and particulars of remittances are on record with the Department and compare with the remittance shown in records.

(4) Travelling Allowance Bills.

Where auditing travelling allowance bills, it would be seen that: -

- i) the scrutiny entrusted to controlling officers under the roles in relation to such bills is exercised by them properly.
- ii) Travelling Allowance advances drawn by individuals are adjusted promptly and in full and that a second travelling allowance is not drawn before an account of the first advance is received. (Rules 233, 234 of GFRs).
- iii) Travelling Allowances bills not preferred within one year from the date on which they become due (i.e. the following the date of completion of journey in respect of which the claim is made) are not entertained and the travelling allowance advances granted in relation thereto are recovered in full.

(Note 1 below GFR 82 read with G.I. decision thereunder).

- iv) amounts in respect of travelling allowance bills remaining undisbursed for three months are refunded in cash or by short drawl from next bill. (Note 2 Rules 283 of CTRs).

(5) Overtime Allowance.

The overtime claims should be scrutinized to be seen in particular: -

- i) whether overtime duties shown in the claim agree with the connected records and have a sanction of the competent authority.
- ii) whether overtime work is resorted to too frequently.
- iii) whether the same person or the same group of persons is being allowed overtime allowance too often.
- iv) that overtime allowance is not allowed to any gazetted officer.
- v) that the register of overtime work is maintained in the prescribed form.

(6) Service Books and Service Records.

It should be seen in local inspection that service book is maintained in the prescribed form under Rule 197 of the Supplementary Rules and service records are maintained for all gazetted officers whose claims are drawn by the Head of the office in non-gazetted bills.

The service books checked should bear an audit endorsement duly signed by the Section Officer under his dated signatures in the following form: -

“Certified that the entries in the Service Book regarding verification of service with reference to pay bills and acquaintance rolls have been checked upto-----and the defects noticed have been stated in the Inspection Report/Test Audit Note”

In the Audit of Service Books, it should be seen that: -

- i) the service books are maintained in the prescribed form.
- ii) each service book is maintained for an employee from the date of his appointment and is kept upto date. (Rule 198 of S.R.s).
- iii) all entries on the first page of the service book are complete, particularly the date of birth, and are re-attested at least after every five years.
- iv) every step in the employee's official life is recorded in his service book and each entry is attested by such superior officer as may be authorized in this behalf. (Rule 199 of S.R.s).
- v) declaration of employee's electing the scales of pay as also the statements showing the fixation of initial pay in the relevant scales of pay in support of the entries made in the service books are pasted in the service books. (G.I. decision below S.R.199).
- vi) the period of suspension from employment and every other interruption of service is promptly recorded in the service book with full details of its duration under attestation of authorised officer. (Rule 200 of S.R.s).
- vii) the official/concerned signs his name in the relevant column of the service book in token of his scrutiny and acceptance of entries made in his service book. (Rule 202 of S.R.s).
- viii) the certificate of verification of service as envisaged in Rule-81 of General Financial Rules is recorded in each service book by the Head of Office. Where, however, the official was on foreign service, similar certificate is recorded by the Audit Officer in respect of the period spent on foreign service.
- ix) except in case of clerical error, no alteration in date of birth, once recorded in the service book is made without sanction of the Head of the Department. (Rule 79(2) read with note thereunder of the GFR).

- x) the entry in the pay column in the service book agrees with the pay drawn in the pay bill for the month selected for detailed audit.
- xi) increment have been granted correctly after excluding the periods not counting for increment under FR-26 and where efficiency bar is prescribed of a time scale of pay, the next increment is not granted without obtaining a certificate of fitness to cross efficiency bar, granted by competent authority.
- xii) all leave sanctioned to an employee is recorded in his service book and the debit thereof is traceable in the leave account.
- xiii) where an employee is retained in service beyond the age of compulsory retirement a note to that effect is recorded in the service book and the same is supported by the orders of the authority competent to grant extension.
- xiv) no pay is allowed to an employee from the date of superannuation or on the expiry of a term of extension of service sanctioned by a competent authority.
- xv) the certificate regarding verification of antecedents as also of medical fitness are recorded in the service book.
- xvi) the head of the Office inspects annually at least 10% of the service books, service rolls and leave accounts and initials them in token of having done so, and (G.I. decision below SR 199).
- xvii) declaration regarding home town G.P. Fund, Account No. and receipt of nomination for family pension are recorded in the service book.

The local audit party should obtain from the office the sanctioned strength of non-gazetted staff under various categories as also list of staff employed there against on the date of commencement of audit. These should be added with the inspection report. It should be ascertained whether a service books for all employees in employment are maintained. In case service books for some of them are not maintained reasons therefore should be ascertained. A list of service books checked should also be attached with the inspection report.

(7) Scrutiny of Leave Accounts.

Percentage of leave accounts as may be prescribed, should be checked with reference to the entries in the Service Book and Personal Files of employees and cases of irregular grant of leave, alongwith financial implications, if any, involved should be pointed out. Leave accounts of persons as are likely to retire before the next inspection take place should be declared carefully. It should be seen that: -

- i) leave accounts are maintained in the prescribed form in all cases.
- ii) credits afforded to leave account are correct.
- iii) leave debitable to leave account has been debited correctly.
- iv) balances have been correctly worked out.

(8) Reimbursement of Tution Fees.

The reimbursement of tution fee in respect of children of employees is admissible which effect from the tuition fee payable or paid for the month of May, 1984 in accordance with the orders contained in the G.I. Ministry of Finance (Deptt. of expenditure) letter No. 17 (I) EII (B)/64 dated 03.06.1964 as amended from time to time.

In local audit, it should be seen:

- i) whether the register of claims towards reimbursement of tution fees of children in the prescribed form is being maintained by the Department.
- ii) whether all payments made on account of reimbursement of tution fee to the employees are correctly recorded in this register and the entries thereof are attested by the competent authority.
- iii) whether the claim for reimbursement of tution fee in respect of period commencing from 01.01.1974 in made every month for each employee in the prescribed form.
- iv) whether for claims in respect of period commencing from 01.01.1974 certificates from head of school in the prescribed form are obtained from each employee at the time of preparing the initial claim and subsequently at the beginning and the middle of each academic year or when the child/children are transferred from one school or another.

(G.I.M. of O.M. No. 13(6)-EIII (B)/73 dated 29.11.1973 and CAG endt. No. 1156 Audit/83-73 dated 01.12.1973).

The above records should be examined to see that:

- i) with effect from 01.11.1973 reimbursement of tution fee is allowed to all permanent and quasi-permanent employees as also temporary employees who have put in not less than one year's service and whose pay defined in F.R. 9 (21) (a) does not exceed Rs. 1200/- p.m. in the revised scales of pay.
- ii) where both husband and wife are employees of the Authority, reimbursement of tution fee is allowed in respect of one of them only provided that it is not allowed if the pay of either of them exceeds Rs. 1200/- p.m. or where either of them is a class-I officer.
- iii) the concession is allowed in respect of child/children for whom children Education Allowance is not paid.
- iv) the child/children for whom reimbursement is claimed is enrolled in school which is recognised by the educational authorities of the Govt. of the area in which the school is situated or a school which prepares students for the Matriculation examination conducted by a University and which is recognised by such university or a school which is affiliated to the Central Board of Secondary Education, New Delhi.

- v) the rates at which reimbursement as allowed by the Govt. of the area for Govt. schools and the amount of tuition fee actually paid.
- vi) the concession is not allowed for more than two academic years to a child, in the same class.
- vii) the reimbursement is restricted to tuition fee only and is not allowed to cover special fee like library fee games fee etc.
- viii) in the case of child in receipt of scholarship, reimbursement is to the extent, the tuition fee is in excess of the amount of scholarship.
- ix) the claims, in respect of the period commencing from 01.01.1974 are paid through regular monthly by bills and are allowed only in arrears and not in advance.

(9) Children Education Allowance.

Children education allowance is admissible to employees with effect from 01.03.1962. The detailed instructions laying down the conditions of eligibility, the rates etc. are contained in G.I.M. of Finance O.M. No. F. 10 (1) Est. (Spl.) 60 dated 03.01.1962 as amended from time to time.

During the local inspection of children educational allowance it should be mainly seen: -

- i) whether the certificates in the prescribed form are obtained, twice a year, from an the employees to whom the children educational allowance is paid.
- ii) whether the correctness of the certificate given by the employees as (i) above are independently verified by the Drawing Officers every year.
- iii) that the allowance is only allowed to permanent, quasi-permanent and temporary employee who have put in not less than one years, service and whose by as defined in FR. 9 (21) does not exceed 1 Rs. 1200/- p.m. in the revised scale of pay.
- iv) that where both the employee and his wife are in service of the Authority the allowance is paid in respect of one of them only but where either of them drawn pay exceeding Rs. 1200/- p.m. no children educational allowance is paid.
- v) that except in the case of child/children studying in the last three years of high school higher secondary stage, the concession is allowed only in those cases where an employee is compelled to send his child/children to a school away from the station at which he is posted and or is residing owing to (i) the absence of a school or schools of the required standard at that station or at a station nearly which may be connected by a convenient train his service to take the children near the time of the opening of the school and bring back not too late after the schools closed and the journey each way does not take more than an hour's or (ii) denial of admission to needs a school.
- vi) that the head of the office is satisfying himself about the non-availability of the school of requisite standard or non availability of

admission in such a school by obtaining information in this regard directly from the educational authorities.

- vii) that the concession is limited to education upto Higher Secondary Classes.
 - viii) that the concession is allowed only in respect of a child/children who is/are enrolled.
- a) a school which is recognised by the Deptt. of Education or the Educational authorities of the Jurisdiction in which the school is situated or
 - b) a school which prepares students for the Matriculation Examination conducted by a University and which is affiliated to and is recognised by such a university or
 - c) a school which is affiliated to the Central Board of Secondary Education, New Delhi.
- ix) that the allowance is paid only in respect of child or children between the age limits of 5 and 18 years.
 - x) that the rate of allowances paid is as under: -

Rs. 15 p.m.	per child for children in primary classes (I class to X class)
Rs. 20 p.m.	per child for children in Secondary or Higher Secondary classes (from class IV upto the stage of entering upto 3 years course), and the total allowance paid to an employee at any one time does not exceed Rs. 60 p.m.

These orders apply to only employees in class II, III and IV and to take effect from 01.11.1973 (as modified by the Govt. of India, Ministry of Finance O.M. No. 5 (7) E. ii (B) 73 dated 30.11.1973 and CAG's Endt. No. 1170-Audit/179-73 dated 04.12.1973).

(10) Leave Travel Concession.

The detailed instructions for the grant of leave travel concession to the employees of the Authority are contained in the G.I.M. of Home Affairs O.M. No. 4311/55-Estt (A) part-II dated 11.10.1956 as amended from time to time. The travel concession which was hither-to-admissible for journeys to the declared home towns of the employees during leave has been extended (to class I officer w.e.f. 13.05.74 and to others w.e.f. 01.01.74) to any place in India subject to the conditions detailed in the G.I.M. of Finance O.M. No. 43/6/73-Estt. (A) dated 11.04.74.

In the local inspection the more important point to be seen are: -

- i) declaration of Home Town has been received from each non-gazatted Govt. servant and recorded in his service book.
- ii) the declaration of home town once made is not allowed to be changed more than once during the service of an employees.
- iii) a record of all assistance granted to non-gazatted staff has been kept in the service book of the concerned employee indicating the

- nature of the assistance i.e. "home town" or "any place in India" and the date on which outward journey under the scheme commenced.
- iv) the travel concession is not allowed to an employee who has not completed one year's continuous service as on the date of journey performed by him or his family as the case may be
 - v) that the journey to home town is performed to the declared home town as recorded in the service book of the non-gazatted employee.
 - vi) the concession to visit home town is allowed only once for every block of two calendar years beginning from 01.01.1956 for 1956-57, 1958-79 and so on
 - vii) no employees avails himself of the leave travel concession for journeys to any place in India for more than once in a block of four calendar years commencing from the year 1974.
 - viii) employees who are entitled to leave travel concession for journey to their home town under the existing scheme are allowed the travel concession for journey to any place in India only in lieu of and in adjustment against, the leave concession to the home town including the concession, if any, carried forward to which they may be entitled at the time the journey to any place in India is undertaken.
 - ix) where members of the family, travel in different groups at different times, reimbursement of expenditure is allowed in respect of each such group of the outward journey if last such group commences before the expiry of six months from the date of commencement of the outward journey of the first group and the return journey of each group is completed within six months from the date of commencement of the outward journey by that group.

(11) Reimbursement of journey fare in respect of children of employees who are staying away from them for prosecution of their study.

- i) the scheme applies to children belonging to class II, III and IV services.
- ii) concession is admissible only in respect of employees legitimate children including step children who are wholly dependent on the employee.
- iii) the concession is admissible to an employee posted in India.
- iv) if children are residing at the place of posting of an employee where the family is residing, they will not be eligible for concession, if such a place is away from the place of posting of the employee where they are studying.
- v) the concession is admissible in respect of recognised educational institutions.
- vi) concession is available only once in a calendar year during the approved vacation from the education institution to the place of posting of the employee to join his parents and back.
- vii) the reimbursement of fare will be only for IInd class fare by rail at the student's concession rate by the shortest route and back after

- deduction the first 150 k.m. in each direction for which the expenditure.
- viii) will be borne by the employee himself where both husband and wife are employees of the Authority, only one of them will be eligible to claim concession.
 - ix) every payment made on account of reimbursement of journey fare under the scheme is supported by an application by the employee and the certificate of institution. The payment is properly and correctly recorded in the relevant record.
 - x) the reimbursement is not allowed for journey more than once in a year.
 - xi) the claims for reimbursement of journey fare as are not preferred within three months of the completion of journey are not entertained.
 - xii) the concession is not allowed in case where the child does not return to the educational institution after vacations.

(12) Local Audit of Provident Fund Accounts.

The following records should be checked in local inspection:

- i) Index Register and application for admission.
 - ii) Provident Fund Ledger Account.
 - iii) Broadsheet.
 - iv) Statement showing the total of debits and credit for each month.
 - v) Stock Register of Insurance policies.
- a) Index Register and application for admission are Checked to see that: -
- i) the general index register is maintained in the prescribed form and is kept up-to-date.
 - ii) no member is assigned on Account No. unless his particulars are noted in the general index register and the ledger.
 - iii) for each subscriber, there is a nomination in record and the entries therefore are attested by the competent officer in the index register.
 - iv) applications for admission to Provident Fund are in prescribed form and duly completed in all respects and no employee whether permanent or temporary, except re-employed pensioners, is admitted to Provident Fund unless he has been in continuous service for more than one year.
 - v) note of receipt of nomination is kept in the general index register and ledger account of the subscriber.
 - vi) if the subscriber has a family, the nomination should not be in the name of a person other than the member of his family.
 - vii) ledger accounts are maintained in prescribed forms.
 - viii) the accounts are kept in bond ledgers with machine numbered folios.
 - ix) the name and designation of subscriber, his Account No. particulars of insurance policies being financed from Provident Fund and the fact of nomination having been accepted are neatly recorded on the

folio assigned to each subscriber. The entries relating to acceptance of nominations are also attested by the competent authority.

- x) the pay of the subscriber as on 31st March each year is noted in the column prescribed in the ledger.
- xi) the subscription to G.P. Fund is not less than 6% of the pay of the subscriber as on 31st March of the preceding year.
- xii) no subscriber discontinues his subscription to the Provident Fund during leave which either does not carry any leave salary or carries leave salary equal to or less than half pay or half average pay or during the period he is placed under suspension. (Rule 7 of G.P.F. (CS) Rules).
- xiii) the amount of subscription fixed by the subscriber is not enhanced or reduced more than once at any time during the course of a year.
- xiv) the fund is maintained in whole rupees.
- xv) the Supdt. Incharge initials the Provident Fund Account monthly in token of having verified that the amount of the subscription deducted refund of advances and temporary and final withdrawals are posted correctly.
- xvi) sanctions to withdrawal from Provident Funds are promptly recorded in the ledger accounts and entries made in the ledger are initialed by the Gazetted Officer in-charge while signing the bills for withdrawal from Provident Fund.
- xvii) subscription and refunds of advances are shown in the Provident Fund Schedules duly signed by the competent authority and the payment of advances and withdrawals as per vouchers are correctly posted in the ledger accounts of the concerned subscribers.
- xviii) where the balances at the audit of subscribers have been received from the accounts officers, complete details thereof are recorded in the ledger under the attestation of competent authority.
- xix) ledger accounts are closed regularly every year and correct amount of interest has been afforded to the credit of each account.
- xx) Provident Fund Account Statements are issued regularly to the subscribers every year and then acceptance of the balance noted in their respective ledger accounts.
- xxi) Broadsheet of Provident Fund Accounts is mentioned in prescribed form.
- xxii) it is closed regularly every month.
- xxiii) the total amount (credits) booked every month in the broadsheet agrees with the total of the Provident Fund deductions made in the pay bills for the month and the total of the debits booked in the broadsheet agrees with the total of payments made out of Provident Fund in that month as abstracted separately.
- xxiv) at the end of each year, the ledger balances are agreed with the broadsheet balances and the broadsheet is squared up to ensure its accuracy.
- xxv) it should be seen that statements of totals of debits and credits as worked out in the broadsheet each month are correctly prepared in the prescribed form.

The provident Fund Ledger should be generally reviewed to see that:

- i) there is no omission to open a ledger account and that no double ledger accounts have been opened for the same subscriber.
- ii) the reasons for non-recovery or irregular recovery of subscriptions are recorded therein.
- iii) the balances are correctly carried forward.
- iv) the accounts of subscribers who have ceased to be in service have been promptly closed and refunds authorised.
- v) the subscriptions are within maximum and minimum limits.
- vi) there is no omission to transfer the balance of the subscribers who have quitted service to "Unclaimed Deposits" in March closing Accounts where these remain unclaimed for the period prescribed under the rules of the Fund.
- vii) to check the debits postings with reference to vouchers.
- viii) that the register of missing credits/debits is being maintained properly.

(13) Other Records.

Besides the records specifically mentioned in the forgoing paras, the records connected with the following items amongst others may also be scrutinized in the course of local inspection in accordance with the rules and orders in connection therewith.

- i) Deputation Allowance.
- ii) Cases of Study leave.
- iii) Drawl of House Rent Allowances.
- iv) Medical Charges.

(14) Audit of Contingent Expenditure General.

A subordinate authority shall not incur contingent expenditure or miscellaneous expenditure except in accordance with rules 284 to 318 of the CTRs (relating to the rules of procedures, different classes of contingent charges and condition governing them), Rule 10 of the Delegation of Financial Power Rules, 1958 and Rules 90 to 97 of the General Financial Rules.

Scrutiny of contingent expenditure during local inspection should also extend to the procedures normally applied to contingent vouchers in Central Audit so far as this may be practicable, and it would be incumbent upon local inspection party to raise objections which could or should have been raised in Central Audit.

a) Contingent Vouchers.

Contingent Vouchers should be audited in accordance with the instructions contained in rules 205 to 211 of the CTRs. It should be seen inter-al that: -

- i) all sub-vouchers to the bills relating to the selected months, as are not submitted with accounts are made available to audit.
- ii) the rates paid agree with those shown in the contract or agreement made (as per quotations approved for the supply of stores).
- iii) every voucher bears pay order signed or initialed by Disbursing Officer, specifying the amount payable both in words and figures and that all pay orders are signed by hand and in Ink. (Rule 208 of CTRs).
- iv) all vouchers bear dated acknowledgement of payments made. (Rule 205 of CTRs).
- v) where acknowledgement of payments are received in advance and the actual payments are made subsequently, separate acknowledgements of payees are obtained at the time of payment. Such subsequent acknowledgements need not be stamped, if the acknowledgements already obtained are stamped.
- vi) receipts for all net payments exceeding Rs. 20/- are stamped unless the exempted from stamp duty. (Rule 146 of CTRs).
- vii) where a single stamped receipt is obtained from a payee in acknowledgement of payment against more than one voucher at a time, a reference is given on all concerned vouchers and the total amount of all such vouchers agrees with amount for which acquittance is obtained. (Note 2 below Rule 205 of CTRs).
- viii) where pay has been drawn on bills for contingent charges, acquittances are traceable in the office acquittance note. (CTR 292).
- ix) all paid vouchers and sub-vouchers are stamped 'paid' or are so cancelled that they cannot be used a second time. Stamps affixed on vouchers are also cancelled as that they may not be used again. (CTR 209 & 211).
- x) cash memoranda from tradesman are not taken as sub-vouchers unless they contain an acknowledgment of receipt of money from the persons named therein and with stamp affixed where the amount paid exceeds Rs. 20/-. In case where acknowledgment cannot be obtained, the cash memoranda shall be stamped 'paid' and initialed by the Drawing and Disbursing Officer.
- xi) all vouchers for purchase of stores bear certificate by the competent authority regarding entry of stores in the stock register indicating the page No. of the Stock Register. Such vouchers also bear certificate of the competent authority to the effect that the quantities of stores received were correct, their quality good and they were according to the approved specification, where prescribed. (GFR 106).
- xii) there are no erasures, overwriting or alterations of total amount of the bills written in figures or in words. Corrections, if any, are properly attested by the disbursing officer and the amount of bills tallies with the actual payees receipt.
- xiii) suitable notes regarding payments having been made on various sub-vouchers are also kept on the relevant original indents and invoices/bills to prevent double payment.
- xiv) the details given in the vouchers agree with the connected records if any, maintained by the Deptt..

- xv) where sales has been paid, it was payable on the stores purchased and the provisions of sales Tax Act and the tax paid was in accordance with the specific provisions of the Act and the amount paid was correct.
- xvi) records relating to the under mentioned items of contingent expenditure, if any, should also be scrutinized in accordance with the rules orders, restrictions or scales laid down subject to which such expenditure can be incurred:
 - i. Purchase/repairs of bicycles for office use.
 - ii. Conveyance bill changes.
 - iii. Purchase & repairs of typewriters, calculator's electronic machines like computers, photographic equipment, duplicating machines, clocks and other fixtures.
 - iv. Hire of office furniture, electric fans, and heaters coolers and call bells.
 - v. Rent of accommodation of office/residential.
 - vi. Staff paid from contingencies.
 - vii. Purchase of stationery stores.
 - viii. Entertainment/light refreshments.

Contingent Register.

Contingent Register required to be maintained should be examined to see that:

- ix. the register is maintained in the prescribed form.
 - ii) no bill for contingent expenditure drawn at the treasury is kept unentered in the register.
 - iii) charge represented by each sub-voucher is correctly entered in the column provided for the head to which it relates.
 - iv) each entry in this register bears the dated initials of the Drawing Officer.
 - v) appropriation for each head of contingent expenditure has been noted on the top of the Column allotted to it.
 - vi) as each payment is made entries are made in the contingent register on the date of payment, the name of payee and the number of sub-voucher in three columns to the left.
 - vii) progressive totals of all columns are struck normally.
 - viii) all charges adjusted by book transfer under Rule 316 of CTR are also included.
 - ix) total expenditure during the year under each head of account does not exceed the allotment noted at the top of the respective column. (CTR 298 to 301).

(15) Scrutiny of Contracts and Agreements.

The general checks to be exercised in the course of scrutiny of contracts or agreements are detailed as under: -

- i) The terms of a contract are precise and definite and there must be no room of ambiguity or misconstruction therein.

- ii) As far as possible, legal and financial advice has been taken in the drafting of contracts and before they are finally entered into.
- iii) Standard forms of contracts have been adopted, whenever possible and there has been adequate prior scrutiny of the contracts.
- iv) The terms of the contract once entered have not been materially varied without the previous consent of the competent financial authority.
- v) No contract involving an uncertain or indefinite liability or any condition of unusual character has been entered into without the previous consent of competent financial authority.
- vi) Whenever practicable and advantageous, contracts should be placed only after tenders have been invited and in cases where the lowest tender has not been accepted, reasons therefore have been recorded.
- vii) In selecting the tenders to be accepted, the financial status of the individuals and firms tendering had been taken into account in addition to all other relevant factors.
- viii) Even where a formal written contract was not made, no orders for supplies etc. had been placed without at least a written agreement as to price.
- ix) Provisions had been made in contracts for safeguarding Govt. property entrusted to the contractor.
- x) When a contract is likely to endure for a period of more than five years, a provision was included therein for an unconditioned power of revocation or cancellation at any time after the expiry of six months notice to that effect.
- xi) Deviations from contracts have been sanctioned by the Authority not inferior to that required for original contract. Payments in excess of contract rates are not made without the consent of the competent financial authority.

They should further be scrutinized to see that: -

- i) the particulars regarding quantity and rates are furnished and the prices stipulated are firm. Particulars of the contracts providing price variation clause or provisional rates, should be carefully examined.
- ii) there is no omission of any important clause e.g. inspection of stores, date and place of delivery, dispatch instructions, name of the consignee penalty for delay etc.
- iii) it is signed by an authority which is competent to enter into agreement/contract. In case, the signature on the order is that of an authority who is not competent to enter into the agreement/contract, a certificate to the effect that the same has been approved by the competent authority is recorded thereon mentioning also the designation of the authority whose approval has been obtained.
- iv) if the acceptance of tender provides for payment to a party other than the contracting firm, a power of attorney is already registered on the books of the office.

- v) the provision for the payment of sales tax, excise duty etc. should be checked with reference to the instructions issued by the Govt. from time to time. Vague provisions, such as "Sales tax will be paid, if legally livable" should be objected to and the contracting officers asked to state in definite terms whether sales tax, excise duty, etc. are payable and if so, at what rate and on what amount.
- vi) acceptance of tender placed in the later part of a financial year should be specially scrutinized and any tendency to rush expenditure brought to notice. Requests for dispatch of heavy goods by passenger train, at a cost (in freight) which is disproportionate to the value of materials, should be examined in detail. In such cases, the party should see whether a higher rate was also paid for urgent delivery and whether the circumstances reality justified the extra expenditure.
- vii) the contract has not been made by or on behalf of a minor.
- viii) the security deposit in the appropriate form and of correct amount has been ledged within the period stipulated in the contract and that in the event of default, penalties livable under the conditions of the contract have been enforced.
- ix) all the conditions and requirements printed on the contract form have been complied with, and
- x) if the contract has been entered into with a firm, each one of the partners has signed all the documents constituting the contract and if any partner be absent, these forms are signed by his duly authorised attorney.

(16) Audit of Purchase.

The local inspection of purchase is carried out to see that: -

- i) they are sanctioned by competent authority and are made subject to the usual restrictions reg, the existence of necessary appropriations and to any monetary limits and other conditions prescribed generally or in regard to specific articles or class of articles as laid down in Schedule-V and annexure thereto of the Delegation of Financial Power Rules, 1958. (Rule 101 of GFR).
- ii) the instructions governing purchase of stores as laid down in Rules 102 to 105 of GFRs are followed so as to ensure that they are made in the most economical manner in accordance with definite requirements of the public service and the purchase orders are not split up to avoid the necessity of obtaining the sanction of the higher authority with reference to the total amount of the orders.
- iii) in so far as can be ascertained from the purchase files, demands of other indenting officers received at the time have been clubbed together as far as possible to secure the advantage of bulk supply rates etc. and if so, whether the total quantity in respect of all the individual contracts issued against the bulk indents does not exceed the quantity clubbed together.
- iv) whether purchase has been effected by single tender or negotiations. If so, whether sanction of the competent authority has

been obtained and reasons recorded for resorting to this method for purpose.

- v) all tenders were opened on the due date and numbered and initialed with date by the officer opening them.
- vi) the comparative statement duly signed is on record and has been checked with original tenders.
- vii) whether any delayed/late tender has been incorporated in comparative statement and considered, and whether orders of the competent authority has been obtained to the consideration and acceptance of these tenders.
- viii) the lowest offer has been accepted. If not, the difference between the lowest offer and the offer accepted and the reasons recorded for rejecting this lower offer should be examined. It should also be seen whether the reasons are adequate. When favorable quotations are rejected on the ground that the capability of the firms was not tried before hand, it should be seen if the matter regarding placing a trial order with a view to secure economy in future purchase have been considered and appropriate action taken.
- ix) the successful tender has not indirectly derived and advantage over the other tenderers by the insertion of special conditions which have the effect of raising the rate quoted by him.
- x) the purchase price accepted is within the required limit of the estimated price of the indenter and if not, it should be examined whether confirmation about the availability of additional funds was obtained.
- xi) suitable security as also sanction of the competent authority has been obtained.
- xii) no stores of defective an inferior nature are accepted and certified to be satisfactory in quality.
- xiii) the stipulations indicated in the quotations agree with those shown in the notice inviting tender.

(17) Audit of Stores and Stock.

It is seen in internal inspection that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock-taking of stores are well-devised and properly carried out. Important deficiencies in quantities of stores held or any grave defects in the system of control detected in audit are brought to notice.

b) Principle and procedure of Audit.

- i) it should be seen that rules for purchase and disposal of stores are followed scrupulously to save the Authority from losses by following those rules. It should also be seen that separate Accounts are kept of: -
 - a) dead stock such as plants, machinery, equipments, furniture, fixtures etc. and

b) other stores.

(Rules 110 – 111 GFRs)

- (2) Detailed instructions with regard to audit of stores and stocks kept by various officers are given below: -
- i) the audit of stores accounts is directed to ascertaining that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock taking of stores are well devised and properly carried into effect and bring to the notice any important deficiencies in quantities of stores held, or any grave defects in the system of control.
 - ii) As regards of stores, it will be seen in internal inspection that: -
 - a) these are properly sanctioned, are made economically and in accordance with any rules of orders made by the competent authority for purchase of stores required for the public service in particular when stores are purchased from contractors, the system of open competitive tender is adopted and the purchase is made from the lowest tenderer unless there are recorded reasons to the contrary.
 - b) the rates paid agree with those showing in the contract or agreement made for the supply of stores.
 - c) certificates of quality and quantity are furnished by the passing and receiving officials before payment is made, except where the contrary is allowed by the rules of Govt. regulating purchases of stores.
 - d) purchase orders have not been split so as to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of orders.
 - e) audit may call attention to uneconomical purchases of stores and to any losses, which may be clearly and definitely attributed to the defective or inferior nature of stores which were accepted and certified to be satisfactory in quality.
 - f) it should be seen that accounts of receipts of stores whether purchased or otherwise obtained and of their issues and balances are correctly maintained. Where a scale has been prescribed by the Govt. or other authority for issue of stores of any particular kind, it should be seen that the scale is not exceeded.
 - g) it should be seen in particular that balance in hand of any stores does not exceed the maximum limit prescribed by the competent authority and is not in excess of requirement for a reasonable period involving looking up of capital.
 - h) the sanctions for write off of stores accorded by the competent authority should be scrutinized and bring to notice any defect of system which appears to require attention.
 - i) the accounting for and maintenance of unserviceable stores which can be utilized by the Department in whose custody they are kept, waste of labour and space. The overstocking of stores for considerable period may result in loss to the Authority due to deterioration. It should be seen that measures are taken to survey, segregate and consider the

disposal of unserviceable, surplus and obsolete stores in accordance with the procedure prescribed by the Authority in this behalf.

- j) see that proper stocking taking of articles in stock is being done by a responsible officer to verify the quantity balances in books and the system of such stock taking is adequate and proper and the discrepancies found are properly investigated and adjusted. The verification should have been done by the staff independent of the staff responsible for the maintenance of stores.
- k) where the period accounts are maintained, it should be seen that: -
 - i) the stores are priced with reasonable accuracy and the rates initially fixed are reviewed from time to time or co-related with market rates and reviewed, where necessary.
 - ii) the value accounts of stores tally with the outstanding amount in general accounts.
 - iii) steps are taken for the adjustment of profits and losses due to revaluation, stock taking or other causes and that these are not indicating of any serious disregard of rules.
 - iv) payments for purchase of stores are audited in accordance with the instructions for the audit of expenditure as laid down in para 3(i).

(18) Scrutiny of Stock Books (non-consumable).

The principal points to be looked into in auditing the stock books of non-consumable stores are to see that: -

- i) the stock books are maintained in the forms prescribed by the competent authority.
- ii) the pages of stock books are machine numbered and a certificate of page count is accorded therein by a responsible officer.
- iii) the closing balance of previous year have not been tempered with and carried over to the current year.
- iv) all stores when received are examined, counted, measured and weighed as the case may be before delivery is taken and are entered in the appropriate stock register after verifying that the quantities are correct, their quality is good, and they are according to the specification, where prescribed. (Rule 106 of GFRs).
- v) full particulars of all stock articles are entered in the stock register as are sufficient to identify the articles.
- vi) that articles of similar nature as tables, durries, carpets etc. are put into separate categories each category comprising articles of the same measurement, make and manufactured with the same metal or wood or other materials. (Note below GFR 112).
- vii) for stores transferred to other branches/departments there are proper acknowledgements in support thereof
- viii) distribution of various items of stock, as shown in the stock register compares well with the inventories of stock maintained of the corresponding officers or sections.
- ix) where according to the rules made of the competent authority, articles of dead stock are lent to contractors or others on hire, hire

- charges are determined under those rules are recovered regularly. (Rule 112 (iv) of GFR).
- x) periodical verification/valuation/inspection are duly carried out and certificates to that effect are recorded in the stock registers required under rules 112 (iii) and 119 (2) of GFRs.
 - xi) balances of articles are not held in excess of requirements for a reasonable period or in excess of any prescribed maximum limit. (Rule 119 (1) of GFRs).
 - xii) excesses noticed in the course of physical verification are brought to account immediately so that stores account may represent the true state of stores.
 - xiii) storages and damages as well as unserviceable stores are reported immediately and investigated in accordance with provisions of rules 17 to 19 of GFRs and written off, where necessary by the competent authority pending write off the items in question should not be removed from the stock register. (Rule 118 (i) and 118 (ii) of GFRs).
 - xiv) stores found surplus, obsolete or unserviceable in the course of inspection are declared as such and ordered to be disposed of by an authority competent to do so indicating the manner of disposal. Proper records for all such stores are also maintained for watching disposal thereof and that there has been no undue delay in their disposal in the manner stipulated by the competent authority. (Rule 124 (1) & (2) of GFRs).
 - xv) when the stores found surplus, obsolete or unserviceable are disposed of the instructions laid down in Govt. of India decision below Rule 124 of the GFRs are followed.
 - xvi) accounts of stores in all cases are subject to internal check as may be prescribed by competent authority, whether or not they are subjected to audit by an Audit Officer (Note 2 below Rule 115 of GFRs).
 - xvii) totals and closing balances have been correctly worked out and there are no erasing/overwriting and
 - xviii) stores acquired/purchased are utilized within reasonable time and for the purpose of which they were purchased/acquired.

(19) Scrutiny of Stock Account of Consumable Stores.

The stock of consumable stores is also subjected to the same audit checks as are applied in the audit of stock books of non-consumable stores as detailed in preceding para. In addition, it should be seen that: -

- i) all issues of stores are supported by requisitions and indents in the form prescribed by the competent authority and duly authorised by the authorised indenting officer.
- ii) all stores are issued under the orders of the officer-in-charge of stores.
- iii) written acknowledgements are obtained from the person to whom stores are ordered to be delivered or from his duly authorised agent. (Rule 107 of GFRs).

- iv) where a scale has been prescribed by the Govt. or other authority for issue of stores the same has not been exceeded.

(20) Scrutiny of Priced Store Accounts.

Where under the provisions of rule 112 and 125 of the GFRs priced accounts are maintained, it should be seen in local inspection that: -

- i) stores are priced with reasonable accuracy and rate initially fixed are reviewed from time to time, are corrected with market rates and revised, where necessary.
- ii) steps are taken for adjustment of profits or losses due to revaluation, stock taking or other causes and that these are not indicative of any disregard of rules.
- iii) the value accounts tally with the accounts of works and of Deptts. Connected with stores transactions, the total of the valued account tallies with the outstanding amount in the general accounts and that the numerical balance, of stocks materials is reconcilable with the total of value balance in accounts at the rates applicable to the various classes of stores.

(21) Audit of Property Accounts.

In the local inspection of property accounts, it should be seen that proper property accounts are maintained of all lands, buildings and other assets and such accounts may be subjected to scrutiny in local audit on the lines of instructions contained in various relating to maintaining of property registers.

(22) Stamp account.

Stock account of postage stamps should be scrutinized inter-alia to see: -

- i) opening balances of stock have been correctly carried out from previous month or months and that the totals and closing balances have been correctly worked out during the selected months.
- ii) all purchases of stamp, whether by cheque/contingent bills/cash made during the selected months are traceable in the stock register.
- iii) balance of stamps in hand at the end of each month is physical verified by the competent authority and a certificate to the effect is recorded on the stock register.
- iv) all issues of stamps relating to registered letters are supported by postal receipts.
- v) where stamps are issued in bulk to branches/sub-offices of the same office for use, proper accounts therefore are rendered by such branches/sub-offices.

- vi) where the consumption of stamps is on the high side in an office, use of franking machine may be suggested to obviate misuse of private postal stamps.

(23) Register of Forms-Stationery Register.

These registers are subjected to same local audit checks as are applicable to any other stock registers of consumable stores. In case of register of forms, special care should be taken in scrutiny of saleable forms, license forms of receipt forms to ensure that no such forms are issued without realization of cost thereof which should be traceable in the Cash Book.

(24) Log Books and other Records.

It should be seen that the following essential records are maintained: -

- i) log Book for each staff car in the prescribed form.
- ii) A record of repairs and replacements indicating the cost and the dates on which carried out and of spare parts.
- iii) A register showing cost of petrol etc. consumed and all incidental receipts and expenditure.
- iv) An inventory of equipment.

(25) Scrutiny of Log Books.

a) Log Book for staff car is scrutinized to see that: -

- i) it is maintained in the prescribed form.
- ii) the entries made in the log book are in ink or copying.
- iii) the entries of mileage at the start of journey as also at the completion of the trip are noted by the officers using the car in their own handwriting.
- iv) sufficient particulars are given to indicate that the journeys are official and also marked as official and signed by the officer using the staff car.
- v) the log books are scrutinized by the controlling officer, once a month to ensure that there is no misuse of the staff car and the officers who used the staff car have been made the necessary entries in the log book. A certificate to this effect is recorded in the log book by the officer so authorised.
- vi) the log book is closed at the end of each month and a summary showing details of duty and no-duty journeys performed during the month is prepared.
- vii) the staff car is used for bonafide official duties as specified in staff car rules and its use for non-duty journeys is allowed to a limited extent as permissible under rules, provided official requirements are not interfered with in any way.

- viii) all official journeys outside the headquarters are supported by written sanction of the Vice-Chairman.
 - ix) all non-duty journeys are charged at the rates specified in rules 21 & 22 of the staff car rules and charge at these rates, are recovered promptly and for distances covered by staff car from the time, it leaves office/garage till it returns to office/garage.
 - x) the staff car is not used for non-duty purposes to places of entertainment, public amusements, parties and pleasure trips etc. and by officers of leave.
 - xi) sanction of the Vice-Chairman is invariably obtained for all cases of replacement of the staff cars and for purchase of new staff cars.
 - xii) the mileage covered per liter of petrol is within the mileage prescribed for the staff car by the manufacturers and if not the reasons therefore.
- (b) Records of repairs and replacements should be intelligently examined to see that: -
- i) the cost of repairs and replacements is not on the high side.
 - ii) the replacement of same part is not repeated in quick succession.
 - iii) reasons for frequent repairs/brake down of staff car are not such as to indicate negligence of the drivers of laxity of control.
 - iv) the old parts which have been replaced have been returned by the workshops and taken on stock. A certificate in this regard is recorded on the bills for repairs by the officer while verifying the bill for payment.
 - v) the cost of repairs and replacements of parts is not so high as to make the maintenance of the staff car uneconomical as in that event it would be in financial interest to condemn it for disposal.
- (c) The register showing the issue of petrol is examined to see that: -
- i) all bills paid towards the cost of petrol are entered in the register.
 - ii) the entries made in the register agree with the entries made in the petrol account made in the log books.
 - iii) the total quantity of petrol issued during the month does not exceed the limit prescribed in this behalf.
 - iv) advance paid to the petrol pump owners for issuing petrol to the Authority on credit is duly adjusted as and when the arrangement with the Petrol Pump is terminated.
- (d) It is checked that inventory of the spare parts and other accessories received alongwith the staff car at the time of purchase is maintained and checked by the controlling officer every month and losses, if any, due to negligence or fault are promptly recovered.

(26) Uniforms of Class-III & IV Employees.

The rules regulating the supply of Uniforms and grant of Washing Allowance to class-III & IV employees of the Authority are the same as laid down in the Handbook on Uniforms issued by the

Ministry of Home Affairs except where deviations have been made with the approval of the competent authority. In the local inspection, should be seen that the various provisions contained therein are observed. The more important points to be examined in local inspection are: -

- i) the articles of uniforms have been issued in accordance with the prescribed scale and only when due.
- ii) the uniforms have been issued to employees who are eligible.
- iii) the uniforms have been withdrawn from the employees who have either resigned/discharged or have been promoted to posts where such uniforms would not be used.
- iv) for the purchase of cloth and other livery items, competitive rates have been obtained through call of open tenders or in accordance with the instructions issued by the Govt. for procurement of cloth and other livery items from time to time.
- v) the cost of liveries does not exceed the limits prescribed by the Govt. in the Handbook on Uniforms and where such limit has exceeded, the sanction of the competent authority has been obtained.
- vi) Sewing Charges have been reimbursed in accordance with the prescribed scales.
- vii) Minutes of Purchase Committee constituted for the purchase of livery items are scrutinized to see that the purchase have been made economically and to the best advantage of the Authority.

(27) Register of Telephone Calls.

The detailed instructions regulating expenditure of residential Telephone have been issued from time to time. In local inspection, it should be ensured that these instructions are being followed and the registers meant for keeping records of bills for telephone calls made from residential telephones are being properly maintained in forms prescribed for the purpose. The more important points to be examined in local audit are to see that: -

- i) all bills relating to telephones are properly recorded in the register of telephones indicating the number of telephone calls, the amounts paid for the purpose as also the periods to which these relate.
- ii) where the number of calls during a quarter exceeds 750 (excluding free calls allowed by the P & T Deptt.) and STD calls (Where STD has not been disconnected), certified by the officer to be on official work, the amounts recoverable for excessive number of telephone calls from officers who exceed the prescribed number of free calls in a quarter are correctly and properly recovered from them.
- iii) that STD facility where not permissible as residential telephone has been disconnected.
- iv) all residential telephone numbers are noted separately from the telephone numbers operating in the office, so as to facilitate

watching the recovery for excessive number of calls made from residential telephones.

- v) officials maintain register in the prescribed for recording the particulars of STD calls made from residential telephones where STD facilities have not been disconnected.

(28) Advances to the Employees.

The general conditions covering grant of various kinds of advances to employees of the Authority are laid down in Section-I of Chapter – 14 of the GFRs and the special conditions governing each kind of advance are contained in Sections-III to XVI of Chapter – 14 of the Compilation of General Financial Rules. The officers maintaining the accounts of interest free and interest bearing advances are expected to follow the following procedure:

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Each Drawing & Disbursing Officer should send a statement every month to his controlling officer, in respect of the transactions of previous month, giving disbursements and recoveries for each type of advances, including those paid to Gazetted Officers whose pay a drawn and disbursed by him in a suitable prescribed form.

The controlling officer should reconcile monthly the figures of drawl and recoveries in respect of various advances with those adjusted in the books of the Budget and Accounts Branch. The balances worked out in respect of each type of advance on the basis of departmental figures should also be reconciled periodically with those of the books of the Budget and Accounts Branch. In local audit, it should be ensured that:

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- i) the advance has been sanctioned by the competent authority.
- ii) the sanctioning authority acted in Conformity with the general or special conditions governing grant of the advance while sanctioning the advance.
- iii) in the case of advance for purchase of Motor-Car/MotorCycle/Scooter etc.. (a) Agreement and mortgage bonds in appropriate forms envisaged in Rule-207 of GFRs have been executed by the concerned employee. (b) the Motor-Car/Motorcycle/Scooter purchased out of advance drawn from the Authority is comprehensively insured from the date of its purchase and is kept insured till the advance together with interest thereon is fully repaid. (Rule 208 of GFRs).
- iv) a letter in form GFR 26 to the address of the Insurance Company with which the conveyance is insured is obtained from the employee and sent to the Insurance Company and acknowledgement therefore obtained. (G.I. decision I (b) below Rule 207 of GFRs).
- v) mortgage bond is kept in the safe custody of the authority sanctioning the advance and is returned to the employee duly

cancelled only after obtaining a certificate from the Audit Officer or the Accounts Officer, where maintained by him, to the effect that the advance is fully repaid alongwith interest. (G.I. decision No.2 below Rule 207 of the GFRs).

- vi) the register and broadsheet in respect of each kind of advance are correctly maintained.
- vii) The Drawing and Disbursing Officer is sending every month the correct statements of the transactions of the previous month to his controlling officer, and
- viii) the Controlling Officer is carrying on every month the reconciliation of figures appearing in his records with those adjusted in the books of the Budget and Accounts Branch.

(29) Festival Advance.

Rules regulating the Festival advances are contained in Section-X of Chapter – 14 of General Financial Rules. In local inspection, the records maintained by the Department authorities are examined to see that: -

- i) the advance is not granted to an employee more than once in a calendar year even if the festival qualifying for advance falls twice a year. (Rule 238 of GFRs).
- ii) the advance is not paid to an employee while he is on leave preparatory to retirement. (Rule 237 GFRs).
- iii) the advance is not granted to an employee against whom a festival advance or an advance under Rule 246 of the GFRs already granted to him is outstanding.
- iv) the Drawing Officer is maintaining a register in form. A specified in Annexure-A to Chapter – 14 of the GFRs.
- v) all bills when drawn for payment of festival advance as also all recoveries of festival advances made from the pay bills are correctly noted in the register referred to in Clause(IV) above.
- vi) the abstract in form 'C' of part-IV of Annexure 'A' to Chapter – 14 of the GFRs as furnished by the Drawing Officer to audit office every month is correctly prepared in accordance with the register referred to in Clause-IV/ above, and
- vii) whenever an employee is transferred to another office, full particulars of the advance, if any, are correctly shown in his Last Pay Certificate.

(30) Pension Audit.

The following important points may be looked into in the internal inspection of payment of pensions: -

- i) claims of pension or family pensions are being regulated by the provisions of CCS (Pension), Rules 1972, in force from time to time when an officer of the Authority retires or is retired or is discharged or is allowed to resign from service or dies as the case may be.

- ii) Qualifying service is being correctly calculated and in case of doubts and disputes about any period forming part of qualifying service orders of the competent authority has been obtained. In this regard, the approval of the Authority is necessary:
 - a) for declaring any non-qualifying service rendered in a non-gazetted capacity and paid from the funds of the Authority.
 - b) for condoning deficiency in service not exceeding 12 months and on the superior scale not exceeding ½ of inferior service subject to maximum of 12 months in all
- iii) Sanction of the Authority competent to fill the post of the retired officer/employee has been obtained for grant of pension/gratuity.
- iv) Sanction of the appropriate competent authority has been obtained in the following cases.
 - a) for withholding or withdrawing pension or any part of it if the pensioner be convicted of serious crime or be guilty of grave misconduct. Authority in the case of class III & IV.
 - b) for withholding or withdrawing pension or any part of it whether permanently or for any specified period and for ordering recovery from a pension of the whole or any part of pecuniary loss caused to the Authority if in a departmental or judicial proceedings the pensioner is found guilty of grave misconduct or negligence during the period of his service including service rendered on re-employment after settlement. Employees & Central Govt. in case of class I & II officer.
- v) In the case of period spent under suspension where an employee/officer has been fully exonerated or the suspension is held to be wholly unjustified, the period of suspension has not been counted as qualifying service unless the authority competent to pass orders under the rules governing such cases expressly declares at the time that it shall count to such extent as the competent authority may declare and the specific entries in this regard have been made in service book/records. Similarly, past service on reinstatement after dismissal, removal or compulsory retirement from service is not counted as qualifying service unless regularized as duty or leave by a specific order of the authority which passed the order of reinstatement.
- vi) In the case of employees/officers completing 25 years of service or on this being left with five years before the date of retirement whichever is earlier, the Heads of the office in consultation with the Accounts Officer have in accordance with the rules for the time being in force verified the service rendered by the employees/officers, determine the qualifying service and communicated to them in form 24, the period of qualifying service so determined.

- vii) The average emoluments including dearness pay counting as emolument for the purpose of gratuity and pension have been calculated correctly with reference to such emoluments drawn by the employees/officers during the last ten months of their service.
- viii) The case of grant of invalid pension on account of any bodily or mental infirmity which permanently incapacitates an employee/officer for the service is duly supported by the Medical Certificate from the Medical Board in case of gazetted officer and non-gazetted employees whose pay exceeds Rs. 750/- p.m. and civil surgeon or Distt. Medical Officer or equivalent status in other cases.
- ix) That all the employees/officer on their initial confirmation in service or post makes a nomination in Forms 1 and 2, as the case may be, conferring on one or more persons, the right to receive the death-cum-retirement gratuity and a suitable entry in this regard is made in the service book/record of the concerned employees/officers. Such nominations duly countersigned by competent authority are kept in a separate confidential file to be kept in safe custody of the Head of the office or other responsible officer nominated by him for this purpose.
- x) The details of the family of an employee/officer in form 3 given to the Head of the office at the time of joining service of the Authority are duly posted in their service books.
- xi) Lists of employees/officers due for retirement within next 24 to 30 months are being prepared on the 1st January and 1st July each year and furnished to the Accounts Officer concerned by 31st January and 31st July of that year and copy thereof sent to the staff quarters allotment branch.
- xii) Pension papers are being prepared in form-7, two years before the date on which an employee/office is due to retire on superannuation.
- xiii) P.P.Os are issued promptly as delays in issue of PPOs cause unnecessary hardship to the pensioners and that PPO Registers are being maintained properly.
- xiv) Whether interest if any, has been paid on delay in payment of gratuity due to administrative failure in authorizing gratuity, promptly.
- xv) Dates of retirement of officers/employees are being notified through office order within a week of such dates and copy endorsed to the concerned Accounts Officers.
- xvi) Particulars from the retiring employees/officers are being obtained in form-5 eight months before the dates of their retirement by the Head of the office.
- xvii) Vouchers for payment of pension/gratuity/commuted value are in proper form and duly affixed with stamps where necessary and punched.
- xviii) Income Tax deductions are correct.
- xix) Except in the case of pension of persons who die before the issue of pension payment order, no pension is paid for which a PPO has

not been issued and that only pension actually due has been paid, also that sanction has been obtained for payment of arrears.

- xx) Certificate that no pay was received from the Authority or any other source is invariably signed in the case of the service pension.
- xxi) When a pensioner does not appear in person, a life certificate is attached.
- xxii) The certificates are furnished in evidence of continued title to pension. In case of pension, terminable on marriage including family pension: -
 - a) the prescribed certificate is submitted every year.
 - b) make a note of the receipt of the prescribed declaration in the Audit Register of Special pensions.
 - c) the Treasury Officer has furnished particulars and date of last payment in case of pension for which declaration have not been furnished in the months of January and July.
- xxiii) Payments are recorded in the proper registers i.e. registers for superannuation or special pensions as the case may be.
- xxiv) Vouchers are enfaced showing clearly the detailed head or heads to which pensions should be debited.
- xxv) Vouchers are stamped with admitted or objected to stamp.
- xxvi) The deaths & transfers are noted in the Audit Register of PPOs and the entries are scored through in red ink as & when a pension is permanently removed.
- xxvii) On the death of pensioner see that PPO is returned for cancellation.
- xxviii) Death and transfers are noted in the Audit Register and PPO Register and the notes are attested by a Gazetted Officer.
- xxix) Anticipatory pensions are noted in a separate register to be laid before the CAO twice a year.
- xxx) It should be ascertained that the rules regarding periodical identification of pensioner are duly observed by the Disbursing Officer.
- xxxi) In the case of gratuities, it should be seen that the name of the recipient and other particulars in the bill exactly correspond with the particulars already entered in the Audit Register. If there be any discrepancy, an explanation should be called for. The vouchers must bear the receipt of the person legally entitled to the gratuity, or the receipt of the Head of the office where permitted under rules receives payment of the gratuity for disbursement to the person entitled to gratuity. If, however, the person is re-employed and refunds the gratuity received by him, the refunds should be noted in the register.
- xxxii) Whether on receipt of pension case of non-gazetted employees, the details of service in the statement of service are checked with reference to the service book. In case any vital particulars required for verification of pensionable service are not available in the service book, they are verified from the annual Establishment Return, otherwise by reference to the Head of Office.

- xxxiii) The service of Gazetted Govt. servants are verified from the printed history of service or service cards. If part of service be non-gazetted such part is verified from Service Book in the manner prescribed in para (xvi) above.
- xxxiv) If the employee has been on Foreign Service, the period of service claimed for such employment is verified from the period already recorded in the Service Book. In the case of Gazetted Officer on Foreign Service, the period of service is verified from the particulars recorded in the History of Service or Service Cards. Necessary checks in this regard are being carried out.
- xxxv) Both halves of anticipatory pensions are returned by the Bank with the first paid voucher or the P.P.O.

(31) Audit of Annual Accounts.

The following points will be looked into generally in the audit of the annual accounts: -

- i) The receipts and payments relating to various sections of Accounts are being classified under the Major, Minor and Detailed heads of Accounts as prescribed in the Appendix to the DDA (Budget & Accounts) Rules, 1982.
- ii) The classification of transactions appearing in the monthly classified accounts submitted by the Drawing & Disbursing Officers is being checked with a view to ensure that it is prima-facia correct. The rectifications in classification noticed in the monthly classified Accounts as pointed out by the Accounts Officer (Works) are being carried as and when pointed out by them.
- iii) The documents required to accompany the Annual Accounts under Rule-20 of the DDA (Budget & Accounts) Rules, 1982 are being enclosed with the Annual Accounts.
- iv) Income and Expenditure Account and Balance Sheet are being prepared for all the sections of Accounts.
- v) The outstanding balance under cash settlement a/c is not unnecessarily heavy. Whether these balances are being analyzed with a view to ensure adjustment and clearance in the shortest possible time.
- vi) Further, it may be seen that a vigilant watch is being kept over outstanding balances towards the close of the year and steps taken to review and have such outstanding balances settled by 31st March. Reasons for heavy outstanding are being investigated with a view to taking action for adjustment by obtaining details from the divisions etc. for old outstanding.
- vii) Reconciliation with banks and other records is being carried out simultaneously with the result that the discrepancies do not remain unsettled for a long time and that balances under Suspense Accounts are cleared promptly. The Drawing & Disbursing Officers reconcile the figures appearing in the classified accounts with those appearing in the accounts compiled by the Budget Accounts Branch regularly in order to verify the accuracy of compiled accounts.

- viii) Yearwise analysis of amounts outstanding in the balance sheet on account of outstanding installments under hire purchase, schemes and the sale proceeds of Dwelling Units and Shooos is being carried out with a view to determine the periods of outstanding balance.
- ix) Similarly arrears of revenue on account of premia, ground rent, damages etc. relating to Development & Works Schemes are being analysed with a view to realize the outstanding balances.
- x) Whether diversion of funds Nazul to Non-Nazul and vice-versa is being done with the prior approved of the Govt. of India as required under Rule-14 of the DDA (Budget & Accounts) Rules 1982 and that amount so diverted is being treated as loan from one account to another and that interest is being credited to the lending account by debit to the borrowing account at the same prescribed rate as is charged on Govt. loans to the Authority from time to time from the date of sanction of such diversion/transfer or the date of expenditure whichever is earlier as laid down in Rule-15 of the DDA (Budget & Account) Rule 1952.
- xi) The accumulated surplus under the Nazul A/c-I which is not spent on the improvement and further development of the Nazul Estate during the year is placed at this disposal of Govt. at the close of the year as laid down in Clause-9 of the Nazul Agreement of 1937.
- xii) The maximum amount in the current account of the Authority with the S.B.I. or any other bank approved by the Govt. in this behalf under Section 23(1) of the DDA Act. 1957 did not ordinarily exceed Rupees two crores in the aggregate at any time during the year. It may also be seen that the Accounts Officer Incharge of cash regularly reviews from time to time the balance in the current account at the Bank and the position of the existing investments with reference to their dates of maturity and obtains orders of the Finance & Accounts Member for (i) the investment of excess funds; (ii) re-investment of the existing investments of maturity; and (iii) encashment of investments for meeting the current demands of the Authority, as the case may be and take prompt action accordingly so that there is no loss to the Authority of interest which it would have earned on account of investment of its surplus funds. It shall also be seen that the register of investment is being maintained properly and that investment of balances of Sinking Fund and Provident Fund are kept separate from investment of Authority's general cash balances. The Register of investments is being submitted to the Chief Accounts Officer regularly each year.
- xiii) The balance in the Personal Ledger Account of the Drawing & Disbursing Officer are being reviewed every month and that at the same time, opening and closing balances in Personal Ledger Accounts showing the cash in hand and cash at bank are reconciled and verified with reference to opening balance, receipts and payment during the month and closing balance shown in the monthly divisional account. The debits posted in the accounts on account of advances made to the Drawing & Disbursing Officer are being linked regularly with the credits afforded under Personal

Ledger Accounts in the classified monthly accounts rendered by the Drawing & Disbursing Officers.

- xiv) A proper watch is being kept on the Banks collecting dues of the Authority for deposit of funds collected by them into the account of the Authority through the Co-ordinating Branches of the State Bank of India and C.B.I. Vikas Minar/Vikas Sadan. It is being ensured that the Collecting Branches are rendering their account regularly on the prescribed dates.
- xv) Transfer entries for ----- of administrative and other expenditure initially booked under General Department Account to various sections of accounts at the prescribed percentages of being prepared regularly so that the expenditure booked under each section of Accounts presents a true picture of expenditure from time to time. The Internal Inspection should particularly ensure the accuracy of accounts and timely passing of adjustments and rectification of entries wherever necessary.
- xvi) After both the months receipts and payments classified abstracts have been completed memorandum of reconciliation is being prepared in the Receipt Abstract to prove the account for each section of Account in the following form are: -
 - i) Opening Balance
 - ii) Receipts during the month.
 - iii) Total.
 - iv) Payment during the month.
 - v) Closing Balance.
 - vi) Balance in Cash Book.

The monthly closing balance thus arrived at is reconciled with the sum total of closing balances shown in the classified Accounts rendered by the Drawing & Disbursing Officers/Divisional Officers. Differences, if any, are being analysed and set right before closing the Abstract finally. If any differences cannot be set right and are placed in suspense account, the same are being analysed and located as soon thereafter as possible. It is being ensured that such difference do not remain outstanding for a long time without adequate reason.

- xvii) The monthly classified accounts from the Drawing & Disbursing Officers/Divisional Officers are being received regularly by the prescribed date and the monthly accounts are being compiled and submitted by due dates. There are no delays in this regard as these may lead to delay in the compilation and submission of annual accounts to the Audit Officer for audit and submission of the audited accounts to the Central Govt. for being placed on the table of the Parliament along with the Audit Report thereon.
- xviii) The monthly accounts are invariably accompanied by the statement showing the position of the loans raised by the Authority from different sources as well as the investments of the Authority's funds in the various Banks at the end of the month.

- xix) The time schedule prescribed for the compilation and submission of annual accounts to Audit and the Central Govt. together with the Audit Report thereon, as well as the laying of the annual accounts and the Audit Report together with annual accounts before the Authority soon after it has been laid on the table of the Parliament together with comments on the audit objections, is being observed scrupulously.
- xx) The transfer entries for crediting the sinking fund account relating to each loan with the amount paid each year to sinking fund by debit to the Head "Provision for redemption of debt" under "Deposit and Advance Suspense Account", are being prepared and incorporated in the accounts annually. Similarly when the loan are discharged an adjustment entry is made simultaneously debiting the Sinking Fund Account by contra credit to the Suspense Head 'provision for redemption of debit' to the extent of the balance under that head relating to particular loan and the balance to revenue head "Miscellaneous".
- xxi) Statement showing expenditure on works and Scheme for which acquisition of land or Engineering Works are in progress during the year are compiled on the basis of verified figures received from the Land and Engineering Department.
- xxii) Statement showing investments made under section 23(3) of the Act are checked with the Register of investments to verify its accuracy.
- xxiii) Statements showing the sundry Creditors and Debtors are checked with the data furnished by the various Drawing & Disbursing Officers and the concerned administrative authorities. The value of land and works in the Balance Sheet has been calculated accurately on the basis of the figures supplied by the Lands and Engineering Departments.

CHAPTER – III

(1) Audit of Schemes Financed out of Grants-in-aid/Plan Funds.

In local inspection, the following points will be looked: -

- i) that the condition attached to the utilization of grants-in-aid/Plan funds have been or are being fulfilled:
- ii) if no time limit has been fixed by the sanctioning authority, the grant/plan funds are spent upon the object specified in the sanction within a reasonable time (Normally within one year from the date of issue of the letter sanctioning the grant/funds).
- iii) any portion of the amount/funds which are not ultimately required for expenditure upon the specified objects are surrendered promptly. (Rule 251 (1) of GFR).
- iv) Unspent balance of one year is not utilized in the subsequent year without obtaining sanction of the competent authority.
- v) If the grants/funds are meant for the execution of a particular work/scheme, the same have been actually executed.
- vi) the unspent balance of grant/funds or undisbursed grant/funds not refunded have remained unspent or undisbursed for satisfactory or valid reasons and the unspent balance left over is commensurate with the part of work or scheme yet to be executed.
- vii) the objective of the major scheme for which grants-in-aid/funds are disbursed by the Govt. /Delhi Admn./other organization have been attained and that there was no wasteful expenditure.
- viii) the financial powers of various categories of officers have been clearly laid down and that such powers are properly exercised and have not been exceeded in any way.
- ix) no unusual concession or certain amenities are being provided to the staff or officers without the approval of the competent authority.
- x) an adequate system of accounts has been evolved, other rules & regulations prescribed for incurring expenditure out of the funds of the Authority/Govt. are being followed and that there is no wasteful or extravagant expenditure or less cash/stores due to inadequate safeguards.
- xi) there is adequate evidence that checks have been regularly exercised by the authorities entrusted with the administration of grants/funds received that the money is being spent for the purpose/schemes for which it had been sanctioned.
- xii) that the accounts of the grant/funds and other returns prescribed by the Sanctioning Authority indicating the expenditure incurred and physical targets achieved are being submitted on due dates and in prescribed forms.
- xiii) the connected records should be scrutinized to see that these are being maintained properly and in prescribed forms. The records of permanent/semi-permanent assets created out of grants/funds are maintained in form GFR-19.

- xiv) that physical targets, if any, laid down by the sanctioning authorities have been achieved, and if not the reasons therefore.

(2) Audit of Schemes executed through Loans.

The instructions applicable to Grants-in-aid/Plan funds contained in the preceding para will apply mutatis-mutandis in the case of internal inspection of records maintained for loans/received/raised by the Authority for execution of Schemes/Works. In addition, the following points are to be seen in the local inspection that: -

- i) there is proper sanction of the Govt. for raising the loans.
- ii) the limit fixed by the Govt. on the amount of the loan to be raised has not been exceeded.
- iii) the conditions laid down by the Govt. while giving consent/guarantee for raising the loan have been fulfilled.
- iv) the proceeds of the loan are properly brought to account and are expended only on the objects for which the loan was allowed to be raised or the which borrowed moneys may be properly applied in accordance with the sound principles of public finance.
- v) Proper arrangements are made for amortization of the debt/particularly in cases where borrowed moneys are utilised on objects on works which cannot be regarded as productive and should bring to notice instances in which amonization is ignored and appeal to be premia-facia in-adequate. For this purpose, to the Authority maintains a Sinking Fund. It should be seen in local inspection that the moneys paid into Sinking Fund together with scoured interest on investment thereof are sufficient for repayment of loan within the period fixed for repayment of the loan/moneys borrowed.
- vi) the Sink Fund or part thereof created for the amortization of loan is applied in or towards, the discharge of the loan for which such fund has been created and until such loan is wholly discharged, it is not applied for any other purpose.
- vii) the balance at the credit of Sinking Fund is invested in such manner as may be approved by the Authority.
- viii) Proper records and accounts are maintained in prescribed forms for the loans raised/moneys borrowed and for the Sinking Fund and Sinking Fund Investment Accounts.

CHAPTER – IV

(2) Land Sales Branch (Industrial).

In the local Inspection of Lands Sales Branch (Industrial), the following points will be looked into generally: -

- i) Land of pre-determined rate has been allotted only to those industrialists or owners and occupiers of warehouses who are required to shift their industries and warehouse from non-conforming areas to conforming areas under the Master Plan, or whose land is acquired or is proposed to be acquired under the Delhi Development Authority.
- ii) There is evidence on record that the size of industrial plot has been determined with reference to the requirement of the industry or warehouse set up or to be set up accordance with the Plan and such industrialists and owners of warehouse have the capacity to establish and runs such industries or warehouse and on the condition that the land allotted at predetermined rates shall not in any case, exceed the size of land which has been acquired if any, from such industrialists or owners and occupier of warehouse and which form part of Nazul land and that land has been allotted on the recommendations of Land Allotment Advisory Committee or in the absence of such recommendations with the approval of the LG/Chairman, DDA. However, where the industrialists hold less than 200 s.q. mtrs. area in non-conforming area and area upto 200 s.q. mtrs. is allotted at pre-determined rates.
- iii) Land to industrialists who hold import or manufacturing licence under any law the time being in force for setting in force for setting up a new industry and who not entitled to allotment of Nazul land on pre-determined rates has been allotted a premium fixed with the approval of the LG/Chairman, DDA, in consultation was the Finance and Accounts Member, DDA, having regard to the prevailing mark price of land.
- iv) Premium for allotment of land has been recovered in accordance with the installments prescribed under the DDA (Disposal of Developed Nazul land) Rule 1981.
- v) The following conditions have been fulfilled for allotment of land at pre-determined rates: -
 - a) the unit is pre 01.09.1962 entrant.
 - b) the unit is working in non-conforming area.
 - c) the unit has valid licence of MCD for working in the non-conforming area.
- vi) Where any of the above three conditions are not fulfilled, the land has been allotted to such units at commercial rates subject to fulfillment of the following conditions: -

- a) the unit is pre 01.09.1962 entrant but did not have the MCD licence for working non-conforming area on the date of application for allotment of land.
 - b) the unit is post 01.09.1962 entrant but had MCD licence on the date of application for working in non-conforming area.
- vii) Land has been allotted at commercial rate plus 20% in the following cases: -
- a) Where the unit is post 01.09.1962 entrant and has no MCD licence on the date of application for working in the non-conforming area.
 - b) Where the unit is functioning in an area which was subsequently declared a conforming area or the unit has licence for local commercial category.

No allotment of land has been made after 16.5.1968 to the units running their industries in conforming areas. Where allotment to Industrial Units existing in conforming areas has already been made prior to 16.5.1968, allotment already recommended has been allowed to stand on premium being charged at commercial rate plus 20%.

- viii) Allotment of land to industrialists has been made through auction only in those cases that hold valid licence for running the industry.
- ix) In determine equivalence of area in the non-conforming area and conforming area where land is allotted under shifting program, FAR allowed at the existing and new site has also been taken into account.
- x) That unearned increase/fine has been correctly charged in case of exchange of plots by allottees and unauthorized construction on adjacent plot in accordance with the norms and rates fixed for allowing or regularizing such an exchange.
- xi) Sub-letting has ben allowed only where the conditions/restrictions for sub-letting floor space have been fulfilled and rates of licence fee for allowing such sub-letting are being recovered.
- xii) Property Register is being maintained in proper form and contains all upto-date details.
- xiii) The demands for premium and other purposes have been raised after getting such demands checked from the Finance Branch.
- xiv) Whether surveys have been carried out to ascertain that: -
 - a) the industrialists who have been allotted land under shifting program have stopped operations in the premises in non-conforming area and if not penal action taken against them.
 - b) the industrialists have constructed buildings on the plots allotted to them within the prescribed period and if not penal action taken against them.

(3) Lands Sales Branch (Institutional).

In the local inspection of Lands Sales Branch (Instt.) the following points may be generally looked into: -

- i) No allotment of land to public institutions has been made unless the following conditions are fulfilled: -
 - a) According to the aims and objects of the public institution, it directly subserves the interest of the population of the Union Territory of Delhi, is generally conducive to the planned development of Delhi and it is proved that the work to be carried out by the public institution cannot with equal efficiency be carried out elsewhere than the Union Territory of Delhi.
 - b) It is society registered under the Societies Registration Act, 1860 or such institution is owned and run by the Govt. or local authorities or is constituted or established under any law for the time being in form.
 - c) A certificate is on record that it was in position of sufficient funds to meet the cost of land and construction of building for its use, and
 - d) It is of non-profit making character.
 - e) Allotment to such institution is sponsored or recommended by the Deptt. of the Delhi Admn. or concerned Ministry of the Central Govt.

- ii) The following conditions prescribed by the Central Govt. have been fulfilled in this behalf: -
 - a) Each case of allotment of land to a particular school at a particular rate is made on the recommendations of the Ministry of Education and Social Welfare and the institution has agreed to charge fees from the students as approved by the Directorate of Education, Delhi.
 - b) That one of the aims of such institutions is to encourage the admission of children belonging to the weaker sections of the society by maintaining suitable difference in fees.
 - c) Allotment of land to political institutions is made after proper scrutiny of their antecedents and is confined to organizations of political parties recognised in Parliament.
 - d) Allotment of land to religious organizations like temple, mosque, gurduwara etc. is made on the recommendations of the Dy. Commissioner, Delhi, who has verified its antecedents.
 - e) The allotment of land to private religious, cultural and charitable institutions has been made with the approval of the Chairman, DDA.
 - f) Allotment of land to Govt. Deptt. has been made at the no-profit, no-loss rate by the Govt. of India, Ministry of Works & Housing from time to time.
 - g) Allotment of land to public sector undertaking/enterprises is made only with the approval of the Govt. that the unit concerned need not be shifted out of Delhi after its requirement of land has been screened by the Govt.
 - h) Allotment of land to the State Govt. and their undertakings or will as to Central Govt. organizations entirely owned or funded by the Govt. is made only after the requirements have been screened by the Central Govt.

- i) Allotment of land on temporary basis is made at the rates fixed by the Govt. of India Ministry of Works & Housing from time to time and that the concerned organization individuals have given an undertaking that no permanent structure will be built thereof and the temporary structure, if any, built thereon will be removed by the allotment their own cost and that vacant possession of the land will be made over to the Govt. as and when resumed by the Govt.
 - j) The rates for land allotted to various institutions, social, cultural, charitable and religious are correctly fixed in accordance with the rates fixed by the Ministry of Works & Housing from time to time.
 - k) The rates fixed for temporary allotment of land are revised as and when these are revised by the Ministry of Works & Housing and demand raised accordingly.
 - l) The area of land allotted for various purposes is in accordance with the scales laid down by the Planning Deptt. Delhi Master Plan, Govt. of India Delhi Admn. (Land & Building Deptt.) as the case may be.
- iii) Property Registers and other prescribed land records are properly maintained and entries have been made therein correctly.
 - iv) The ground rent is being recovered regularly and there are no arrears on this account. Action is being taken to recover arrears on this account, if any.
 - v) Prompt action is being taken to renew leases where leases have expired or are about to expire.
 - vi) The ground rent is revised, where necessary, in accordance with terms & conditions of leases on the expiry of prescribed for this purpose.

(4) Lands Sales Branch (Commercial).

In the local inspection of the Lands Sales Branch (Commercial), the following points shall be looked into: -

- i) that allotment of commercial land/plots is made on payment of such premium as may be determined either by auction or by tender in accordance with the provisions of DDA (Disposal of Developed Nazul Land) Rules, 1981.
- ii) that price of the commercial plots is paid in accordance with rule-24 (b) of the DDA (Disposal of Developed Nazul Land) Rules, 1981 and terms and conditions of sale by auction.
- iii) that a public notice of not less than 30 days giving the details of the plots has been issued in newspapers of different languages having wide circulation announcing the auction of plots.
- iv) that the reserve price for auction has been got fixed from Finance Branch duly approved by the Finance & Accounts Member/Vice-Chairman.
- v) that the highest bid or tender has been accepted by the competent authority if it is above the reserve price.

- vi) that the highest bid or tender below the reserve price has been accepted for recorded reasons with the approval of the LG Chairman, DDA.
- vii) that the price of commercial plots which have been allotted otherwise than through auction has been fixed on the basis of average auction rates/market rates fixed by the Finance Branch for the area/use etc.
- viii) that the interest for belated payments of premium has been calculated correctly.
- ix) that cancellation, restoration and surrender charges are calculated correctly in accordance with the prescribed rates and terms & conditions of sale by auction with the approval of the competent authority.
- x) that property register is being maintained in proper form and contains all upto-date details.
- xi) that the demands for premium and other purposes have been raised after getting such demands checked from Finance Branch.
- xii) that unearned increase in case of sale, transfer, assignment otherwise parting with possession, misuse charges, additional premium and ground rent for addition construction etc. are being calculated correctly and demands are raised after getting checked from Finance Branch.
- xiii) that regular surveys are conducted to ascertain whether construction of buildings has been carried out within the time stipulated in the terms and conditions of sale by auction taken and lease deeds and penal auction where called for on account of defaults.
- xiv) that the ground rent is being recovered from the date of handing over possession.
- xv) that surveys are conduction to ascertain the plots which have been placed at the disposal of commercial branch but which have not been disposed of. The money locked up due to non disposal to be ascertain.
- xvi) that the files are expeditiously transferred to lease administration branch for execution of lease deeds.

(5) New Nazul Land Branch.

In the internal inspection, the following points will be generally looked into: -

- i) the lands acquired by the Delhi Admn. For the scheme of Large Scale Acquisition, Development and Disposal of Land in Delhi and placed at the disposal of the Authority under section-22 of the Delhi Development Act. 1957 are entered in the Property Register with complete details thereof.
- ii) the area of land as per records of the Delhi Admn. (Land & Building Deptt.) So placed at the disposal of the Authority and that as per records of the Authority is reconciled from time to time and discrepancies, if any, settled.

- iii) the land so placed at the disposal of the Authority is not being encroached upon or unauthorized occupied by anyone.
- iv) the land so acquired and placed at the disposal of the Authority is being utilised only for the purpose approved by the Govt. of India as per DDA (Disposal of Development Nazul Land) Rules, 1981 and for no other purpose.
- v) the land so acquired does not remain unutilized for periods longer than necessary.
- vi) a proper watch is being kept for the development and disposal of the land expeditiously.
- vii) Register of disposal of land showing the disposal of lease hold basis, licence basis temporary lease basis is being kept upto date.
- viii) Register of leases for perpetual/short-term/agriculture purposes are being maintained properly.
- ix) the short-term/temporary leases are being renewed on the due dates for renewal.
- x) all the basic prescribed land records are being maintained properly.

(6) Old Scheme Branch (O.S.B.).

In the local inspection of Old Scheme Branch (OSB), it should inter-alia be seen that: -

- i) property register of lands under its management is being maintained showing complete details of plots/lands estatewise, full names and complete addresses of the persons who have been allotted these lands/who are occupiers of these lands details of taking over and handling over possession etc.
- ii) the records relating to these lands which are generally those prescribed in the Punjab Land Revenue Act. Land Administration Manual, Settlement Manual and rules and orders thereunder in the Punjab Land Records Manual are being maintained properly. More important of these records are Jamabandi, the register of mutations sanctioned, Fard Bacch Talbana Register etc.
- iii) a separate register for built up property is being maintained.
- iv) the officer-in-charge of these lands/properties has examined and certified at the close of each financial year that all properties under the management of the Authority have been entered with property register and that no property is being misused or has been encroached upon or unauthorized occupied by anyone.
- v) the register of long-term/short-term and perpetual leases is being maintained and periodical renewal of long-term/short-term leases is being done.
- vi) the consequential revision/enhancement of ground rent on renewal of expired/oncombeard leases in terms of lease deeds is being done and watched through the Register of long-term/short-term leases, the revision enhancement of ground rent is based on the formula for determining the letting value of land prescribed by the Govt. as provided in the lease deed at the time of such renewal.

- vii) the register of annual leases, three years leases, twenty years leases etc. are being maintained upto-date.
- viii) Register of lease of agriculture land for agriculture, pastures etc. is being maintained properly and kept upto-date.
- ix) the lease deeds are kept in safe custody of the Supdt. Of the Branch duly arranged according to estates, block and plots with a proper index of all such leases both by names of leases and by estates, blocks and plots. The lease deeds are being verified and agreed with the index annually by the Branch Officer or an Officer nominated by the Vice-Chairman and a report of the results of verification is being made to the Vice-Chairman in April each year.
- x) the Sikni Girdwari records are being made on the basis the periodical survey carried out in respect of unauthorized occupation of public premises showing inter-alia, the particulars of the encroachers, locality, area with details of structure, date of commencement of encroachment and the purpose for which the premises are being used.
- xi) damages are being assessed, levied and being recovered from unauthorized occupiers, ex-lessees and in the case of expired and cancelled leases in accordance with the procedure prescribed for assessment and recovery of damages for unauthorized occupation of public premises.
- xii) additional premium and additional ground rent are charged for construction of basements, additional storey, permanent change of user or extra coverage etc.
- xiii) penalties are being charged in respect of breaches of the terms & conditions of lease deeds correctly.
- xiv) transfer fee unearned increase etc. in case of sale, transfer, assignment and parting with possession, are being charged correctly on the basis of market rates fixed by the Govt. from time to time.
- xv) the ground rent/licence fee for temporary allotment of land are being charged in accordance with rates fixed by Govt. from time to time and revised as and when revised by the Govt.
- xvi) the allotment of land for institutional purposes is made in accordance with the terms & conditions and at rates fixed by the Govt. from time to time for various purposes.
- xvii) no land placed at the disposal of the Authority is being disposed of or leased at less than market value as prescribed in the Nazul Agreement of 1973 without the approval of the Govt.
- xviii) demands raised against the allottees/lessees are being got checked from the Finance Branch.
- xix) the recoveries are not in arrears without due cause and monthly/half yearly returns of arrears are compiled and submitted to the Finance & Accounts Member/Vice-Chairman after verification by Accounts Officer (Revenue Branch).
- xx) the agreements in connection with the leasing are etc. are such as to secure the best return to the Authority.
- xxi) the remissions, unit offs, withdrawal of dropping of demands are covered by the orders of competent authority.

- xxii) the losses on accounts of non-renewal of leases, non-revision of ground rent, letting value etc. should be assessed and commented suitably.

(7) Lands Sale Branch (COOPERATIVE HOUSING SOCIETIES).

In the internal inspection of Lands Sales Branch (Cooperative Housing Societies), the following points shall generally be looked into.

- i) that land to Group Housing Co-operative Societies/Co-operative Housing Societies has been allotted on "first come first served basis" as provided in Rule 6 (vi) of the DDA (Disposal of Developed Nazul Land) Rules, 1981.
- ii) that the Group Housing Co-operative Societies/Co-operative Housing Societies have been allotted land at predetermined rates have been registered under the Delhi Co-operative Societies Act, 1972 subject to undertaking given by such Societies that they shall use such land for their bonafide purpose of business only as provided in Rule 21 of the DDA (Disposal of Developed Nazul Land) Rule, 1981.
- iii) lease-hold rights to Co-operative Societies have been given to the Societies on behalf of the President of India as stipulated in Rule-22 of the DDA (Disposal of Developed Nazul Land) Rules, 1981 and these lease-hold rights remain with the Society.
- iv) the member of the Society who are allotted a plot or flat by such society are executing sub-lease in favor of the Society in respect of each plot or flat allotted to them vide Rule-23 of the rules *ibid*.
- v) final lists of members of the Society duly verified by the Registrar of Co-operative Societies are on record. These lists should be checked with the list of member submitted by the Co-operative Societies alongwith their application, for allotment of land to detect any discrepancies between these lists with a view to see that there is no unauthorized membership and that earnest money of Rs. 15,000/- has been received with the application, for allotment to land to the Society.
- vi) the member on waiting list are brought to the regular list on the basis of their seniority in the waiting list.
- vii) demands for ground rent have been issued from the date of handing over possession of land to the Societies.
- viii) area of land allotted to each Society is according to its membership. Presently, one acre of land is allotted to the Group Housing Co-operative Societies for sixty members.
- ix) the predetermined rate for recovery of premium has been correctly applied for land with reference to the date of allotment.
- x) if any alternative plot of land is allotted to a Society in place of old allotment the difference due to predetermined rate for the old new area if any, has been recovered and also additional premium has been charged for additional land, if any.

- xi) unearned increase has been correctly calculated for transfer, sale, assignment otherwise parting with possession of plot with reference to the date of complete application seeking such transfer, sale assignment.
- xii) the demand-cum-offer letter of land showing 25% of the premium to be deposited within 30 days from the date of its issue and 75% to be deposited within 90 days from the date of its issue has been got checked by the Financial Branch.
- xiii) in the case of allotted co-operation House Building Society, it shall be seen that the areas meant for commercial and institutional purpose revert to the Authority in accordance with the terms of lease deed and disposal by the Authority in accordance with rules pertaining to their disposal.
- xiv) the number of Group Housing Co-operative Societies whose applications for allotment of land are pending and the total land required to be allotted to them may be ascertained together with the dates of their application for allotment with reasons for no-allotment.
- xv) Property Register indicating complete details is being maintained in the prescribed form.

(8) Lease Administration Branch.

In the internal inspection of Lease Administration Branch, generally the following points may be looked into:

- i) Whether the lease are being executed expeditiously on receipt of files from the administrative/allotment branches.
- ii) There is a proper system whether by lease deeds may be executed simultaneously with handing over possession.
- iii) That prompt action is taken where leases have expired or are about to expire for renewal of leases.
- iv) Whether lease papers sent to the allottees are being promptly returned for execution within specified period.
- v) Whether the leases are being got registered with the Sub-Registrar promptly.
- vi) Whether any surveys are being carried out to ascertain the non-construction of buildings on the plots within the prescribed period as per terms & conditions of allotment/auction.
- vii) Whether any records/registers are being maintained to record the results of survey and to have the construction completed within prescribed period and then follow up action taken for non-construction.
- viii) Whether extension of time for construction has been allowed under the orders of the competent authority and for recovery of prescribed charges for grant of extension.
- ix) Whether cancellation of allotments for non-construction and other reasons has been done under proper orders of the competent authority.
- x) Whether test oration charges and penalties have been levied in accordance with prescribed rates restoration of cancelled plots has

- done under the orders of competent authority in accordance with the prescribed procedure.
- xi) The demands on account of interest for belated payments, penalties and restoration charges are not checked from Finance, where necessary.
 - xii) Endeavour should be made to indicate the number of vacant plot on which construction has not been made within the prescribed period and the number of plots of which leases have not been executed.
 - xiii) That leases are kept in safe custody and the Register of leases is being maintained properly. The periodical renewal of long term/shot leases is done and the consequent enhancement of rent in terms of the lease deeds watched through this register.
 - xiv) That a proper index of all leases both by name of leases, block and plots is being maintained and the lease deeds are being verified and agreed with the index annually by the Branch Officer or such officer as may be nominated by the Vice-Chairman and a certificate of index recorded in the Index Register.
 - xv) A report of the results of verification is made to the Vice-Chairman in April each year.

(9) Audit of Damages Branch.

Damages against the unauthorized occupants of public premises are assessed by the Estate Officer under the Public Premises (Eviction of Unauthorized Occupants) Act. 1958, at the zonal rates fixed by the Authority from time to time separately for residential and commercial use of the public premises. The basic record on which the assessment is made is the Sikni Girdwari which is an estatewise record of periodical survey carried out the particulars of the encroachers, locality, area with details of structures, date of commencement of encroachment and the purpose for which the premises are being used. Damages are also levied on the ex-leases or the occupants, as the case may be, in the case of expired and cancelled leases in accordance with the procedure prescribed for assessment and recovery of damages for unauthorized occupation of public premises. The demands on account of damages assessed by the Estate Officers against encroachers are noted by the Damages Branch in ledger in which a separate page is assigned to each encroacher. The ledger has three parts i.e. (i) Amount to Show Cause Notice, (ii) Confirmed Demand, Demand if revised and (iii) Recoveries against Demands. This ledger also serves the purpose of Demand and Collection Register. The recoveries effected from each assess through Process Servers, Patwaries and Damage Collectors are posted in the ledger from Abstract of Daily Collections. The balances due at the close of each month are worked out in the ledger. An abstract of the monthly collection is prepared after close of each month and the total figure of monthly collections reconciled with the booked in the accounts. The balance due at the close of the year is also worked out in the abstract and reconciled.

It will be seen in the local inspection that: -

- i) Notices in prescribed form are being issued regularly to the encroachers under section 7 (2) of the Public Premises (Eviction of Unauthorized Occupants) Act, 1958.
- ii) The particulars of fresh encroachers are being recorded in the Estate wise Register, maintained for the purposes and that notices of eviction are issued regularly to the encroachers by the Estate Officers and where the eviction is not made within six months, damages are assessed and recovered before evicting.
- iii) The Dy. Director (Lands) reviews the Estate-wise Registers and submits a monthly report to the Finance & Accounts Member.
- iv) The work relating to ----- of notices for the period upto 31st March last ended has been completed upto 31st September in the cases of all encroachers.
- v) An assessment register is being maintained and column-wise entries are being ----- in this register at each stage.
- vi) Show Cause Notice are issued regularly on the basis of suggested rate ----- fortnightly report of preparation of show cause notices is submitted by the Assessment Clerks to the Estate Officers. A copy of the Show Cause Notice is sent ----- Damages Branch for nothing amount in the Demand and Collection Register.
- vii) The Supdt. Incharge (Damages) cases out weekly checking of the register of Cause Notices and submits to the Estate Officer, if any specific thing is brought to the notice of the Estate Officer.
- viii) A monthly report of service of notices by the process Servers of the Court is prepared in the prescribed form and submitted to the Estate Officers.
- ix) When after hearing the party, the Estate Officers confirm the demand, it should be noted in the Demand and Collection Register and it may be seen in the local audit that these demands are noted regularly and recoveries watched against the demands.
- x) The abstract of recoveries made by the Process Servers, Patwaries and Damage Collectors and deposited with the Cashier is prepared daily and copy thereof sent to the Damage Branch for posting in the Demand and Collection Register.
- xi) The Estate Officers inspect their Branch in the Assessment Wing once in a quarter and copies of inspection notes sent to the Co-ordinating Officer (Damages) and the Finance & Accounts Members.
- xii) Receipts for collection are granted only on the printed receipt from obtained from the Accounts Section and in no circumstances, manuscript receipt shall be issued by the Recovery staff.
- xiii) The daily abstract of collections is verified by the Naib Tehsildar with the counterfoils of receipts every day to ensure that all the receipts are entered in the daily abstract. He shall also see that the copy of the abstract bears the acknowledgement of the Cashier. He shall also record a certificate of check in the Abstract of Receipts.

- xiv) Security of appropriate amount of fidelity bond has been obtained from recovery staff.
- xv) Action is being taken to make recovery through coercive measures from defaulters under public premises (Eviction of Unauthorized) Act. 1958 by issuing "Non-recovery Certificate" to the Tehsildar (Recoveries).
- xvi) On the basis of records maintained by the Damage Accounts Section, the following information is being sent each month to the Co-ordinating Officer (Damages).
 - i) No. of cases decided by the Estate Officers.
 - ii) Net assessment.
 - iii) Demands cancelled/reviewed.
 - iv) Rebates granted.
 - v) Net recoveries.
 - vi) Process fee recovered/adjusted.
- xvii) Total amount on account of arrears of damages and efforts made to effect recovery of the arrears and current demands should be compiled in order to see that there is no undue delay in the recovery of arrears and current dues and that the balances outstanding are not large.

(10) Housing Management Wing.

In the local inspections of Housing Management Branches, the following points shall be looked into generally: -

- i) that property registers of houses/flats/shops/other built up commercial properties are being maintained in prescribed form showing full names, complete addresses of the allottees, location, premium, ground rate and other particulars in detail.
- ii) that housing schemes should be scrutinized to see that there has not been long delays in the completion of houses without sufficient reasons as the delay caused not only blocks the capital invested by the Authority but also entails payment of interest on the earnest money deposits made by the allottees on registration deposits beyond the period prescribed for completion.
- iii) that there is no delay in the allotment and handing over possession of houses after completion after being handed over by the Engineering Deptt. to the Management Wing after completion.
- iv) that the premium has been recovered on due dates as per terms & conditions of allotment/broachers and that interest recovered in cases of delay is correct.
- v) that there is no delay in the calculation of premium after the details are supplied by the Engg. Deptt. regarding cost of construction etc.
- vi) that demands of premium and ground rent raised against the allottees are not checked before issue from the Housing Accounts Branch.
- vii) that hire purchase installments are being received regularly and demand notices individually or through press advertisements are

being issued. Interest is correctly being charged on delayed installments.

- viii) that regular surveys are conducted to list out un-allotted houses/flats/shops etc. and steps taken to expedite their disposal.
- ix) that demands drafts received in payment are sent to Bank for encashment without delay.
- x) that arrears, if any, on account of hire-purchase installments should be ascertained and steps taken to make recoveries commented upon.
- xi) that non-achievement of targets fixed for construction of flats/houses should be brought to notice. The backlog in making available houses to the registered persons should be ascertained and commented upon.
- xii) that shops/kioks etc. are disposed of through public auction/call of tenders to the highest bidders after getting the reserve price fixed from Housing Accounts Branch with the approval of the Finance & Accounts Member/Vice-Chairman. Where allotments have been made otherwise than through auction, the market rate has been calculated correctly.
- xiii) that there is proper system of allotment of flats/houses and that this system is being followed strictly. Out of turn allotments are made with the approval of the Vice-Chairman/Chairman DDA.
- xiv) that the pricing of left out flats on being allotted subsequently is done on the basis of the formula approved by the Authority.
- xv) that there is no delay in the execution of lease deeds after allotments are made.
- xvi) The penalties/interest etc. are being charged correctly in case of surrender cancellation and restoration etc. with the approval of the competent authority and demands are not checked from Housing Accounts Branch before issue.

(11) D.D.A. Printing Press.

In the internal inspection of the D.D.A. Press, the following points shall be generally looked into that: -

- i) the press is utilised to its maximum installed capacity and does not remain idle. It is run on commercial lines like any other press.
- ii) as far as possible, the Authority Printing Work is being done at its own Press instead of getting the work done from private presses.
- iii) the stock registers for purchase of stores like paper, cardboard, ink, other articles purchased for use in the press are being maintained properly and the yearly stock taking has been done by a responsible officer nominated for the purpose.
- iv) in the case of manufacture operations like making and printing of file covers, note sheets, draft form, receipt book etc. which are of standard size, the quantity of paper used is according to the quantity of the finished product and that there is no excess wastage of the paper cut out of sheets purchased for the purpose in the process of manufacture operations.

- v) the manufactured/printed articles are entered in the stock register correctly. These are co-related with the raw material issued for the purpose and checked with the entries in the stock register of manufactured/printed articles and issue register.
- vi) the issue registers are maintained properly and issues are checked with the indents received from the requisitioning officers/branches.
- vii) there is no overstocking of printing forms brochures and other articles in the Press and that these are not printed in excess of the requirements.
- viii) the purchases of material required are made in a most economical manner and in accordance with the prescribed procedure for procurement of stores through call of quotations etc.
- ix) the waste paper and other surplus material in the press is disposed of to the best advantage of the Authority through auction or call of quotations.
- x) the staff employed in the press is not in excess of the requirements.

(12) Staff Quarters Allotment Branch.

In the local inspection of staff quarters allotment Branch, the following points may be looked into: -

- i) Complete record of the staff quarters giving full particulars thereof is maintained.
- ii) Seniority list of the applicants is prepared regularly on the basis of annual applications called from the eligible staff for allotment of staff quarters.
- iii) Staff quarters do not remain vacant for period longer than necessary after vacation by the allottees. If these have remained vacant, the loss of revenue/licence fee on this account may be ascertained.
- iv) Out of turn allotments have been made to those applicants who are eligible for out of turn allotment on the basis of norms fixed for the purpose under the orders of the competent authority.
- v) Staff quarter are got vacated from those who are retired, repatriated to their parent Deptt., go on deputation to another organization/Govt. Deptt. within the prescribed period of retention. Market rent is recovered from these who do not vacate staff quarters on the expiry of the prescribed period of retention.
- vi) Licence fee is got fixed from the Finance Branch including the market rent for each staff quarter

(13) Land Sales Accounts Branches.

In the local inspection of Land Sales Accounts Branches, the following checks may be generally applied: -

- i) The Demand Collection registers should be scrutinized to see that: -

- a) full names and complete address of all persons from whom premium, hire purchase installments, ground rents, licence fee, fines, penalties, forfeitures on belated payments, interest etc. which are recoverable are noted therein.
- b) all demands have been correctly noted therein.
- c) all sums due are fully and punctually recovered and checked against demands.
- d) the register should also be checked with other allied registers to ensure correctness of entries made by therein.
- e) closing balance of the previous demands have been correctly brought forward and all amount shown in the counterfoils of receipts granted/Challans received from banks or allottees have been noted therein.
- f) refunds, if any, are correctly worked out and entered in the register and have been made with the sanction of the competent authority.
- g) in case belated payments of ground rent and premium, interest has been correctly charged at the rates prescribed from time to time. The periods of delays have correctly worked out as per terms and conditions of allotment/disposal through auction.
- h) Penalties on account of non-fulfillment of the terms & conditions of allotment, cancellation and restoration charges, unearned increases in case of sale, transfer, assignment or otherwise parking with possession, additional premium on account of permission to build additional floor space, misuse charge penalties for belated construction etc. have been correctly worked out in accordance with the orders of the competent authority or in accordance with the rules and regulations in force relating thereto from time to time.
- i) Losses on account of non-recovery of demands have been written off under the orders of the competent authority Similarly, waiver or withdrawal of demands has been made under the orders of the competent authority.
- j) Demand raised by the administrative branches are being got verified from Accounts Branches before issue.
- k) Notices for recovery of ground rent individually through press advertisements are being issued on due dates regularly.
 - ii) Losses on account of non-recovery of demands have been written off under the orders of the competent authority. Similarly, waiver or withdrawal of demands has been made under the orders of the competent authority.
 - iii) Demands raised by the administrative branches are being got verified from Accounts Branches before issue.
 - iv) Notices for recovery of ground rent individually/through press advertisements are being issued on due dates regularly.
 - v) Monthly/six months statements of arrears on account of outstanding demands are being issued on due dates regularly.
 - vi) Extent of arrears on account of demands, recoveries made and action taken to recover the outstanding demands may be highlighted.

- vii) there has not been undue delay in handing over possession of plots and consequent looking of capital invested thereon and consequent loss of ground rent.
- viii) Reserve price for auction of commercial/industrial plots has been fixed correctly in accordance with the prescribed formula/norms.
- ix) where alternative allotment of commercial plots in lieu of land acquisition or on account of demolition operations has been made, the market price has been worked out correctly on the basis of prevailing average auction rates of similar plots in the same or comparable locality or otherwise on the basis of prevailing market price.
- x) Licence fee for temporary allotment of land has been worked out correctly on the basis of rates fixed by the Govt. of India, Ministry of Works & Housing for various purposes from time to time and has been revised as and when revised by the Ministry.

(14) Housing Accounts Branches.

In the local inspection of Housing Accounts Branches, the following checks may be generally applied: -

- i) The demands and collection registers should be scrutinized to see that:
 - a) full names and complete addresses of all persons from whom premium, hire purchase installments, ground rent, licence fee, fines, penalties, forfeitures, interest on belated payments etc. which are recoverable are noted therein.
 - b) All demands have been correctly noted therein.
 - c) all sums due are fully and punctually recovered and checked against demands.
 - d) the register should also be checked with other allied registers to ensure correctness of entries made therein.
 - e) closing balance of previous demands have been correctly brought forward and all accounts shown in the counterfoils of receipts granted/challan received from banks or allottees have been noted therein.
 - f) refunds, if any, and interest paid to the allottees on their deposits on accounts of delay in handing over possession of flats/houses beyond prescribed periods are correctly worked out and noted in register.
 - g) in case of belated payments of ground rent and premium, interest has been correctly charged at the rates prescribed from time to time. The periods of delay have been correctly worked out as per terms and conditions of allotment.
 - h) penalties on account of non-fulfillment of terms and conditions of allotment, cancellation and restoration charges, unearned increase in case of sale, transfer, assignment or otherwise parting with possession, misuse charges etc. have been correctly worked out in accordance with the orders of the competent authority or in accordance with the terms and conditions of allotment and rules and regulations relating thereto in force from time to time.

- ii) Demands raised by the administrative branches are being got verified from Housing Accounts Branches before issue.
- iii) Notices for recovery of ground rent, hire purchase, installments, individually/through press advertisement are being issued regularly on due dates.
- iv) Monthly/six monthly returns of arrears on account of outstanding demands are being prepared and submitted to the CAO/Finance Member and Commissioner (Housing).
- v) Demands on account of allotments under Self Financing Scheme are being realized on due dates and if not interest on belated payments has been correctly calculated and recovered.
- vi) Extent of arrears on account of demands, recoveries made and action taken to recover the outstanding demands may be highlighted.
- vii) There has not been undue delay in handing over possession of flats/houses and consequent looking up of capital invested thereon and consequent loss of ground rent.
- viii) Pricing of houses/flats under various schemes has been correctly done on the basis of data supplied by the Engineering Deptt. and the formula/norms approved by the Authority/Housing Committee. There has not been large variation between the estimated price and the final price worked out for this purpose.
- ix) Reserve price for shops/office space, kiosks etc. has been correctly worked out on the basis of formula/norms approved by the Authority/Housing Committee. Where allotments of shops/kiosks has been made otherwise than through auction, the market price has been correctly worked out on the basis of prevailing average auctions rates of similar shops/kiosks etc. or otherwise on the basis of prevailing market price.
- x) Licence fee for shops/kiosks given on licence fee basis has been correctly worked out according to formula approved by the Authority/Housing Committee.
- xi) Whether proforma accounts are being prepared in the prescribed form of the works and Schemes (Commercial and Housing Schemes) showing the financial prospects and results of the Authority's Works and Schemes of which the Engg. Works have been completed and the lands and buildings have been made available partly or wholly for the purpose for which these were developed and constructed and that financial review has been prepared showing the net surplus or deficit as the case may be. The net surplus or deficit has been worked out with reference to the total amount at charge by taking into A/c interest and administrative charges etc.

(15) Budget & Accounts Branch.

- i) The monthly and annual accounts are being compiled in prescribed forms and by due dates. The time schedule for compilation and submission of annual accounts to Audit is being followed

- scrupulously and those receipts, payments and other transactions correctly classified.
- ii) The monthly closing balance in the Cash Book of all sections of account is reclassified with the sum total of the closing balances shown in the classified accounts rendered by the Drawing & Disbursing Officers/Divisional Officers and the memorandum of reconciliation is prepared in the classified abstract of receipts, differences, if any, are analyzed and set right before closing the classified abstract finally.
 - iii) All documents mentioned in Rule-20 of the DDA (Budget & Accounts) Rules, 1982 are entered with the Annual Statement of Accounts of the Authority.
 - iv) Income and Expenditure Account, Receipts and Payments Accounts and Balance Sheets are prepared in prescribed form for all the sections of accounts i.e. Nazul Account-I, Nazul Account-II, Nazul Account-III, General Development Accounts, ISBT and Lotteries A/c.
 - v) The surplus funds over and above Rs. 2 crores outstanding in the Account current of the Authority are invested promptly in the most profitable manner of investment.
 - vi) Proper accounts and watch over the maturity of investments are being maintained.
 - vii) The register of loans received or raised by the Authority is being maintained in prescribed form and rules relating to creation and maintenance of Sinking Fund are being followed.
 - viii) Surplus funds under Nazul Account-I are being utilised only for further development and improvement of Old Nazul Estate as provided under Nazul Agreement of 1937 and for no other purposes. The balance outstanding at the close of financial year is being regularly credit to the Govt.
 - ix) Funds from Nazul to Non-Nazul Accounts and vice-versa are being transferred/diverted with the prior approval of the Govt. when such a transfer is approved by the Govt. the amounts so transferred are being treated as a loan from one account to another and interest at the rate at which it is charged for Govt. loans is being credited to the lending account by debit to borrowing account. Such interest is charged from the date of sanction to transfer or the date of actual expenditure whichever is earlier.
 - x) The reasons for heavy outstanding under Cash Settlement Suspense Account should be ascertained for suitable comments.
 - xi) The delays in the deposit of balances with revenue collecting banks into the accounts of the Authority should be detected and reasons, therefore, ascertained with a view to suggest remedial measures.
 - xii) Personal ledger accounts are opened with the approval of the Finance & Accounts Member and the debits posted by the Budget & Accounts Branch under the head "Personal Ledger Account" are linked monthly with the credits appearing in the classified accounts rendered by the Divisional Officer under that head. At the same time, opening and closing balances in the Personal Ledger Account showing the cash in hand and cash at Bank are reconciled and

verified with reference to the opening balances, receipts and payments during the month and the closing balance shown in the monthly Divisional accounts.

- xiii) The Budget Estimates are being prepared in the prescribed forms and the heads of classification under which such estimates are compiled are the same as prescribed under the DDA (Budget & Accounts) Rules, 1982.
- xiv) Separate Estimates of receipts and expenditure are prepared for Capital and Revenue heads of accounts.
- xv) The time schedule prescribed for the compilation and submission of Budget Estimates is followed as prescribed under DDA (Budget & Accounts) Rules, 1982.
- xvi) Works Program covering any new works to be undertaken for the ensuing year is being forwarded to the Central Govt. by the 1st of December each year.
- xvii) Substantial variations between the actual expenditure and budget estimates should be investigated and suitable comments made. It should be seen whether prescribed procedure for watching the progress of receipts and expenditure against budget estimates under various heads of accounts is being followed.
- xviii) Outstanding balances under debt, deposit and remittance heads of accounts should be analyzed to ascertain the dates from which these are outstanding and reasons thereof.

(16) Jhuggi Jhopri Removal Scheme.

In the local inspection of Jhuggi Jhopri Removal Schemes, the following points shall generally be looked into: -

- i) that as the JJR Scheme is a scheme of the Govt. under the management of the DDA, the entire expenditure on the scheme is to be met from Govt. grants and loans. It should be seen that such grants and loans have been utilised for the purpose for which these are made and utilization certificate are furnished to the Delhi Admn. on the completion of the schemes.
- ii) that the grants made by the Govt. and Delhi Lotteries for environmental improvement projects and improvements of facilities in JJR colonies respectively are used for these purposes and not diverted to other schemes. Utilization Certificates are furnished to the Delhi Admn./Delhi Lotteries regularly.
- iii) that the plots tenements are allotted to only eligible encroachers/persons determined through surveys and on the basis of demolition slips and other documentary proofs.
- iv) that property registers are being maintained in prescribed forms showing names, address and other relevant details.
- v) that record of recovery of rent/licence fee etc. from the allottees of camping sites/tenements are being kept in the Demand & Collection Registers maintained for the purpose.

- vi) the recoveries of licence fee made through rent collectors are being deposited with the Cashier regularly under proper receipt granted to the and on the basis of cash receipts issued to the allottees.
- vii) that the account of individual allottees showing the arrears due with demand for the year, recovery effected during the year and closing balance are kept in the Demand & Collection Register.
- viii) that regular income ledger showing the day-to-day collection by rent collections, colony-wise is being maintained for cross-checking the amounts recovered and posted in the Demand Collection Register.
- ix) that the expenditure on works, establishment and contingencies incurred is in confirmily with the Authority's accounting rules and regulations and all registers/records are being maintained in the prescribed forms.
- x) that the extent of arrears due from allottees of plots tenements should be ascertained with reasons therefore, efforts made to recover the arrears through coercive methods or otherwise as arrears of land revenue should be suitably commented upon in case there is laxity in this regard.
- xi) that the personal ledger accounts are being reconciled regularly by linking debits with the responding credits.
- xii) that the unutilized grants/loans etc. are invested to best advantage of the Deptt.
- xiii) that the expenditure met by diversion of funds from other accounts is being reimbursed as soon as possible.
- xiv) that in those cases where plots/tenements have been transferred to the allottees on ownership basis, leases are being executed expeditiously.
- xv) that classified monthly accounts are being rendered to the Budget & Accounts Branch on due dates.

(17) I.S.B.T. Complex.

In the internal audit of the ISBT Complex management and Accounts Branch, the following points may be looked into: -

- i) Whether the parking fees being charged for the parking of vehicles is adequate for the efficient running of the complex.
- ii) Total number of shops/commercial spaces available for allotment on ----- fee basis and the number and particulars of those lying vacant for various period and consequent loss of revenue.
- iii) Whether the office and other floor space for letting has been completely let out and if not the particulars of the floor space lying vacant and consequent loss of revenue. Whether efforts have been made to fully utilize the available floor space.
- iv) Whether the rent/license fee has been recovered regularly and if not, the arrears accumulated so far and action taken to realize the same.
- v) Whether any coercive of legal proceeding have been taken up to recover the outstanding amounts as arrears of land revenue and

action taken under the Public Premises (Eviction of Unauthorized Occupants) Act. 1958 against the habitual defaulters.

- vi) The licensing of shops has been made through public auction as far as possible. In case allotment of shops/commercial spaces has been made otherwise than reign auction, whether the license fee has been fixed taking into account the thereto auction rates and prevailing market rates of similar shops/commercial spaces.
- vii) As regards expenditure on maintenance, stores, sanitary items, establishment etc. the checks prescribed for incurring of such expenditure may be carried out.
- viii) That property tax has been correctly calculated.
- ix) That accounts of receipts and expenditure are being maintained in the prescribed forms and are being submitted on the prescribed dates and are compiled under correct heads of classification.
- xi) Whether the advertisement spaces and weighing machines spaces are regularly let out in accordance with the prescribed procedure.

(18) Delhi Lotteries Branch.

In the internal inspection of Delhi Lotteries Branch, the following points shall generally be looked into: -

- i) (Proper scheme is drawn for each draw and got approved from the Director Lotteries).
- ii) The scheme for each draw is scrutinized with a view to see that it does not put the Deptt. to loss.
- iii) Number of tickets are got printed in accordance with the approved scheme and there is no overprinting. The paper used for printing of tickets is in accordance with the formula/norms fixed for printing of tickets out of sheets of paper used for the purpose.
- iv) The printing charges paid have the approval of the Director Lotteries.
- v) Service charges, commission to stockists and agents for sale of tickets are in accordance with the approved scheme.
- vi) Bank guarantee of proper amount is obtained for two draws from the stokists.
- vii) The accounts rendered by the stockists are reconciled with the total tickets supplied to them. The accounts rendered by the stockists will inter-alia show the sale proceeds remitted to the Delhi Lotteries Branch, unsold tickets returned, commission/service charges deducted, prizes upto Rs. 1000/- disbursed for winning tickets. For this purpose, ledger account of each stockiest has to be scrutinized intelligently and outstanding amounts brought to notice.
- viii) Expenses for supply of tickets to the stockiest are borne by the Lotteries Deptt. only upto the airport/city office of the airlines.
- ix) Guranteed prizes on the unsold tickets are surrendered to the Governement.
- x) Advertisement in Magzines, soveniours etc. are given with the approval of the Director (Lotteries) who shall see the justification for such releases.

- xi) Advertisements in the newspapers have been given through publicity agents appointed for the purpose and payments are made in accordance with the prescribed rates.
- xii) If the result of draw is not published by the Newspapers within the prescribed period, no payment therefore is made to the newspapers concerned.
- xiii) All prizes of more than Rs. 1000/- on the winning tickets are paid by the Deptt. with the approval of the Jt. Director/Director (Lotteries) and the winning tickets are enclosed with the vouchers for payments.
- xiv) The unused tickets are destroyed under the orders of the Director (Lotteries) after the prescribed period from the date of draw.
- xv) The accumulated funds out of profits are utilized through grants only on the schemes approved by the Govt. of India with the approval of the Lottery Advisory Committee/Chairman, DDA.
- xvi) There are not much funds remaining unutilized for a longer period and surplus funds, if any, are properly invested.
- xvii) Utilization Certificates for grants are received regularly from the Organisations/Deptt. to whom such grants have been made.
- xviii) No funds are utilized except on schemes approved by the Govt. of India.
- xix) Purchases of papers and other items have been made economically with the approval of the Purchase Committee.
- xx) As regards expenditure on establishment, contingencies, stores etc. the checks prescribed for such item generally shall be applied.

CHAPTER – VI

(6) Broad Guidelines Relating to the Functioning of Internal Inspection Parties of the DDA.

(1) GENERAL:

The Divisional Officer, as the primary Disbursing Officer of the division is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of transactions correctly. In order to enable the Divisional Officer to assure himself of the accuracy of the original data on which accounts and his audit work are based, the DDA has the authority to get inspected any office of the accounts under its control.

(2) AIMS OF INSPECTION:

The primary aim of inspection of public works officers is to ascertain by a test audit of accounting records whether the initial records from which the accounts rendered by the divisional officers are compiled, or on which these are based, are being properly maintained in the prescribed forms and in accordance with rules and orders and adequate care is exercised over the accuracy of the original records by the Divisional Authorities responsible for keeping the accounts.

An Inspecting Officer is not expected merely to confine himself to the routine audit and inspection of work, he may also take the opportunity of advising the divisional officers and the divisional accountants in matters affecting accounts, budget or the financial regularity of transactions.

Duties of audit are not confined merely to see whether the initial accounts are being maintained in the prescribed forms but the officer should also verify whether the financial rules are being properly observed.

(3) CONDUCT OF OFFICIAL ON INSPECTION:

All officers and members of the staff, while on inspection shall on no account put themselves under obligations to any members of the office the accounts of which they inspect. Their attitude should be to assist the Division in their proper functioning by simplifying the procedure wherever needed with the approval of the competent authority.

(4) RESPONSIBILITES OF INSPECTING OFFICER AND STAFF:

The officer in charge of the inspection should acquaint himself with the system of the maintenance of the divisional accounts. It is his duty to co-relate all the accounts documents and direct his staff that all money due is received and properly brought to accounts.

In auditing payment vouchers the auditors should not only apply mechanical checks but also should see that the amounts charged are arithmetically correct and that the rates are in accordance with the schedule of rates/agreement. Cases of adoption of different rates for the same type of work shall be investigated.

The value of an audit depends largely on the intelligence and thoroughness which is brought to bear on it. Sometimes routine and normal objections, if pursued properly lead to the detection of serious irregularities or of a defective system which may lead to fraud. The Inspecting Staff should always be alive to this and never exercise the prescribed routine checks perfunctorily. When an Inspecting Accountant feels that he has touched on a matter which may need investigation, he should go into it.

While auditing the accounts, all entries checked should be ticked or cross-ticked by the auditors, Superintendents and the Accounts Officer with red pencil. In the absence of these marks or initials, it will be presumed that the necessary checks have not been applied.

All records pertaining to the months selected or otherwise for audit must be examined and if any record is not produced, efforts should be made to obtain the same by utilizing the good offices of EE/SE and if the same are not even then received, reasons for non-production should be called for and such failure brought to the notice of EE/SE and thereafter to CAO/FM if necessary.

(5) VERIFICATION OF THE COMPLIANCE OF PREVIOUS INSPECTION REPORTS:

On commencing an inspection, it should first be seen that (i) all points noticed in the last report have been settled, (ii) any new procedure which may have been agreed to has actually been adopted in practice, (iii) all recoveries promised have been made and (iv) all documents which were promised to be produced are made available for Inspection Officer as far as possible. If any of the points still remain unsettled, a suitable note should be appended with the Inspection Reports separately pointing out the position of the unsettled items and action to be taken for clearance of the items.

(6) DRAFTING OF INSPECTION REPORT:

The Inspection Reports should be drafted and edited by the Gazetted Officers supervising the local inspections. The report should be clear and concise highlighting the irregularities committed. Special attention should be drawn to important paras like willful and persistent neglect of duty, falsification of accounts, chaotic state of accounts etc. in a separate paragraph.

Use of abbreviations in writing technical terms should be scrupulously avoided when preparing Inspection Report as well as the appendices thereto.

The Inspection Report should be submitted in three parts viz. Part, I, II, & III.

Part I is to include:

- a) Introductory.
- b) Outstanding objections from previous reports. In this part all old outstanding objections should be reproduced in full alongwith upto date position.
- c) Schedule of persistent irregularities.

Part II should two sections A & B:

- a) Should include all important irregularities i.e. irregularities involving recoveries question of violation of rules, losses etc.
- b) Should contain irregularities which though not major, are to be brought to the notice of the higher authorities and to be followed up by the Audit Officer concerned.

Part III should contain test audit notes:

Containing minor irregularities to which should be attached a schedule of items settled on the spot.

The procedural irregularities in respect of which the Divisional Officer has held out assurances about following correct procedure in future should be noted in this schedule.

The Inspecting Officer should assess the money value of all cases of losses or shortages etc. which are incorporated in the Inspection Report.

It is the Imperative duty of the Inspection Officers to complete the drafting of the Inspection Report before the Inspecting staff leaves the division/office inspected. The draft report should be discussed on the spot with the Divisional Officer. Every opportunity should be given to the Divisional Officer to explain their point of view especially in the case of objections contained in Part II of the report. All the facts and figures stated therein should be verified with the records and got expressly accepted or refuted by the Divisional Officer to avoid subsequent disputes regarding the correctness or incompleteness of the facts. The points of view of explanations if any, given by the Divisional Officer should be indicated against each para. The draft Inspection Report should be normally submitted within five days after the completion of Inspection.

The Inspection Officer should take up the discussion of the objections soon after the completion of the scrutiny of the Cash Book etc. and not postpone to the far end of the inspection.

The old outstanding objections have to be pursued separately through respective reports which should not be treated as closed till the objections are settled. They are mentioned in Part-I of the current report and is intended to bring them pointedly to the notice of all concerned for facility of watch and expenditure disposal. Therefore, while carrying forward the pending paras of the old Inspection Report, the Inspecting Officers should incorporate a para in the current Inspection Report stating that-----paragraphs of the Inspection Report for the period ----- have been settled finally. The ground on which the objection is dropped by the Inspecting Officer should also be briefly recorded against all points dropped. It should not be enough merely to say "Discussed and dropped" unless minutes of discussion indicating reasons for dropping the objections are brought on record.

The Inspecting Officers are required to submit a report in the Performa (copy attached) the progress towards the settlement of outstanding objections relating to previous Inspection Reports. The report should be prepared in triplicate. One copy is being placed on each of relevant Inspection Report file, the other in the current Inspection Report and the third made over to the Divisional Officer for follow up action.

The following broad guidelines, in addition to the checks already being applied for the examination of various records, for detailed scrutiny of the selected work and for conducting the test audit of accounts for the selected month and general review of the accounts should be kept in mind.

A list of various records unusually examined during the local Inspection is given in Appendix-4.

(7) REPORTS OF CHIEF TECHNICAL EXAMINER:

The reports of the Chief Technical Examiner should be personally investigated by the Inspecting Officer and the causes for defective execution of work or substandard quality of works should be analyzed with a view to see whether there has been any lack of supervision on the part of the Departmental Staff calling for disciplinary action and whether action for blacklisting contractors for doing bad work is called for. Similarly it should be seen that recoveries pointed out by the CTE have been affected from the contractor's bills. The prescribed register should also be maintained in this regard for watching recoveries and this register should be checked by the Inspection Parties.

(8) A) STOCK ACCOUNTS:

The stock accounts should be scrutinized carefully with a view to ascertaining that there has not been unnecessary stock piling of stores without corresponding issues, that expeditious action is taken by the Divisional Officer for early disposal of unserviceable and obsolete stock so that expenditure on watch on watch and ward of these materials is avoided.

B) PHYSICAL VERIFICATION OF STOCK MATERIALS:

It should be seen whether the annual stock taking has been done as per para 154 of C.P.W.D. Code and the physical balances and the book balances have been agreed and in case of disagreement, action has been taken as required under para 7.2.37 of the C.P.W.A. Code. Losses of stock which are due to the negligence of the departmental officers should be brought to the specific notice of the higher authorities.

It should also be seen that the materials are not purchased in excess of requirements. The mode of making purchases of materials should be examined with a view to see whether: -

- i) the materials are purchased at competitive rates after call of proper quotations.
- ii) no undue favourism is shown towards a particular supplier and;
- iii) in case of materials, borne on rate contract with DGS&D the materials are purchased only from the enlisted firms.

(9) LACK OF COORDINATION IN THE CIVIL, ELECTRICAL, SANITARY AND WATER SUPPLY CONTRACTS:

The Inspecting Officer and his staff should conduct a critical study of cases where it is noticed that delay in completion and handing over of the houses and other buildings etc. for use is due to delay in the execution of allied services such as water Supply and Sanitary Installation and Electrical Installation, resulting in loss of revenue to Authority on account of constructed houses remaining vacant for long time. In this connection provisions for para 5.5.7 of the C.P.W.D. Manual Vol. II should also be kept in mind. Special attention should be paid to the schemes which have been handed over to the civil authorities but DDA is incurring expenditure on its maintenance/watch and ward etc.

(10) WORKS ABANDONED MIDWAY:

Cases in which works have either been discontinued or stopped after incurring considerable expenditure should be investigated to ascertain the reasons therefore and to find out whether stoppage of work is due to default on the part of the contractor in which case it should be -----
--- if action under the relevant clauses of the Agreement has been taken.

(11) (A) MISC. PUBLIC WORKS ADVANCES:

Items outstanding under Misc, P.W. Advances especially those which are outstanding for a very long time involving huge amounts should be examined to find the reasons for their non-settlement. Cases of recovery due from contractors or private parties should be checked and the Divisional Officers advised for clearance of these items by effecting the recoveries.

(B) REGISTER OF MISC. P.W. ADVANCES:

In addition to the checks as applied above for the Register of purchase, it should also be seen that there are no huge balances in Part – III “expenditure incurred in excess of the deposits received” in case of deposit works. It should be ascertained that the Divisional Officer has taken action to recover the outstanding amount from the respective authorities without undue delay.

(12) REMITTANCES:

Investigation of balances outstanding under remittances into bank should be conducted thoroughly as proper investigation might sometimes, reveal cases of embezzlement of Govt. money. In case of remittances into bank it should be verified with references to bank’s acknowledgement whether the money stated to have been remitted has actually been credited to DDA’s account. Since the DDA’s Divisions have personal ledger accounts with various banks and failure to reconcile the payments and drawings with the least possible delay will provide opportunity for fraud and therefore, the bank reconciliation statement Form (51) should be scrutinized thoroughly and the delay in the preparation and submission of Form 51 should be investigated.

(13) VERIFICATION OF CASH BOOK/BALANCE:

Delay in settlement of final bills of the contractors should be investigated to find out the real causes for hold up of finalization. Cases where the final bills work out to minus payment should be examined to find out whether the minus payments are due to large recoveries outstanding against contractors on account of short recoveries in the earlier bills overdue to contractors having been paid at higher rates in the running bills which were subsequently reduced by the competent authorities. Delay in sanction of extra/substitute items should also be enquired into as such delay reflects on receipt of high rates in tenders.

The following further points should be seen during the scrutiny of Cash Book: -

- i) that private cash is not mixed with the Govt. cash.

- ii) that the cash received is promptly paid into the bank and is duly acknowledged.
- iii) that the cash book is properly written up and maintained in accordance with the instructions contained in CPWA Code and the instructions issued by the Finance Member, DDA vide his circular order No. FE.87 (1) 79 dt. 21.02.1979.
- iv) that there is no reassures or interpolations and that errors are rectified properly.
- v) that the totals have been checked by a person other than the writer of the cash book and that the cash book is closed weekly as per the instructions of F.M. DDA.
- vi) that there is evidence in the cash book of verification by the Divisional Officer of all entries made therein regarding receipts and payments and of the actual balances of cash in chest as counted on the last working day of every week/month.
- vii) that there is no delay in making entries of the passed vouchers or adjustment in the cash book.
- viii) that there is no tendency to keep an unduly large cash balance in hand.
- ix) that temporary imprests/advances issued to the subordinates are properly accounted for and adjusted promptly. It should be seen that the imprest and temporary advance accounts are regularly closed and accounted for every month and they are properly examined by the Recouping Officer before recouplement.
- x) that the Divisional Accountant has exercised day by day checks in regard to the transactions recorded in the cash book as per the instruction contained in FMs circular.

(15) REGISTER OF SALE OF TENDER FORMS:

Entries made in the register of sale or tender forms to the contractors should be checked with the cash book to ensure that the corresponding amounts realized towards sale of tender forms is properly brought to account in the cash book. It should also be seen that the Divisional Officer has conducted the physical count of the balance number of tender forms and certificate recorded in the register.

As the Register of the sale of tenders is considered as Subsidiary Cash Book, proper scrutiny should be made and all the receipts traced in the cash book. It should also be checked that the price charged for the tender documents is in accordance sold at rates less than the prescribed rate.

(16) TENDER OPENING REGISTER-CHECK OF:

The tender Opening Register which is again another subsidiary cash book to record the receipts of Earnest money deposits from the contractors at the time of tendering for works should be properly checked to ensure that: -

- i) the earnest money deposit as required under the terms of the tender documents has been required.
- ii) the amounts which were not returned the same day through tender opening register have been duly accounted for in the cash book
- iii) proper acknowledgement exists for the return of the money on the same day.

(17) SCRUTINY OF CHEQUE AND RECEIPT BOOKS:

The cheque and Receipt Book should be maintained to see that: -

- i) all books on receipt are entered into the register of cheque and receipt book and ----- that the register is maintained and reviewed properly as laid down under para 23.1.1 and of C.P.W.A. Code.
- ii) before the cheque/receipt book is brought into use the certificate of count number of the form is duly recorded.
- iii) time expired, cancelled or lost cheques are properly dealt with.
- iv) that the progressive total of cheques drawn is entered on the reverse of ----- counterfoils as required under note below para 6.2.13 of C.P.W.A. Code.

(18) SCRUTINY OF ACCOUNTS OF T & P:

The following points should be kept in mind while scrutinizing the Tools & Plan account: -

- i) whether all articles received are properly examined, counted and accounted Tools & Plant Received Sheet form 13 and there is no omission in accounting for any receipt.
- ii) the issue are made only on proper indent form 14 and on obtaining acknowledgement.
- iii) the receipt and issues are properly entered in the T & P Register.

- iv) the accounts T&P issued for use by the subordinates of the various divisions are received periodically by the Divisional Officer and the article returned in good condition without unnecessary delay.
- v) the ledger is maintained upto date as required under para 7.3.7 of C.P.W.A. Code.
- vi) the physical verification is carried out by the Divisional Officer in accordance with the rules and discrepancies noticed during verification dealt with as laid down in para 7.3.7. of the C.P.W.A. Code.
- vii) the articles of T&P are not disposed of by sale or otherwise without the sanction of the competent authority and in the case of sale with the prior sanction the amount is realized from the parties at the earliest opportunity.

(19) REGISTER OF MISC. RECOVERIES: -

The register of Misc. recoveries which is required to be maintained as per para 22.2.9 of the CPWA Code should be examined to see that: -

- i) the registers properly maintained in form CPWA Form 85 and regularly reviewed.
- ii) Recoveries to be made from the Govt. employees or other persons which cannot be watched through a suspense or other account are promptly entered in the

(20) REGISTER OF CASH SETTLEMENT SUSPENSE ACCOUNT:

The register of transactions adjusted under the needs "Cash Settlement Suspense Account" and the "Register of claims received" should be examined to see that they are properly maintained.

That there are no inward pending for more 10 days without sufficient reasons and that prompt action is taken by the officer to send the outward claims. It should also be seen that at the end of the year there are no balances under this head of account. The reasons for non-clearance of items, if any, should be investigated.

(21) REGISTER OF DEPOSIT:

The register of Deposits should be checked to see that: -

- i) it is maintained in the prescribed form and that the transactions have been posted upto date under the respective prescribed detailed heads.

- ii) the register is closed every month and balances struck against each items and totaling pagewise completed.
- iii) the abstract of credits, debits and balances under the different classes of deposits has been prepared at the end of each month and has been signed by the Divisional Accountant the Divisional Officer.
- iv) there is no any undue delay in the clearance of the items outstanding in the register.
- v) items outstanding for more than 3 complete account in years are reviewed and adjusted in the accounts for March year as laid down in para 15.4.1 of the C.P.W.A. Code.

(22) REGISTER OF INTEREST BEARING SECURITIES:

It should be seen while checking the Register of interest bearing securities that: -

- i) that the security as per scale laid down by the Government is furnished by cashiers and other officials of cash and stores etc.
- ii) that all the FDRs Bank Guarantees are timely renewed to avoid any loss to the Authority.
- iii) security deposits are covered by a proper agreement setting forth the conditions under which the security is held and that reference to such agreement is given in Col. 3 of the register.
- iv) the rules relating to interest bearing securities indicated in para 15.6.1 of the CPWA Code are observed and the register of the receipt and disposal in Form CPWA 85 is correctly maintained.
- v) that they are in the name of the depositors and are hypothecated to the Authority.
- vi) that they are kept in the safe custody of the officer to whom they are pledged.

(23) REGISTER OF PURCHASES:

The register of purchases should be checked to see whether it is maintained in proper form, posting has been made upto date page-wise totaling has been done and an abstract of credit, debit and balances of each month prepared and signed by the Divisional Account and Divisional Officer. It should be examined to see whether the action to clear the unclaimed balances has been taken as per para 13.2.5 of the CPWA Code. Reasons for delay in clearance of old outstanding items may be investigated. Yearwise details of the number of items

and the amount outstanding should be taken out and brought to the notice of the higher authorities through Inspection Reports.

(24) LOG BOOKS:

The log book in respect of each vehicle is required to be maintained which should be examined to see that: -

- i) a separate log book in the prescribed form is maintained for each vehicle.
- ii) full details of all the journeys undertaken are recorded covering the mileage run places visited etc.
- iii) the purpose of the journey is always recorded in detail under the signature of ----- officer using the vehicle and vague description e.g. official duty, should ----- avoided.
- iv) the vehicles are used only for bonafide public purposes and not for any private ----- purpose without the orders of the competent authority.
- v) in the case of authorised, private or non-official journeys, the charges ----- able at the prescribed rates have been invariably recovered.
- vi) in cases where frequent repairs to vehicles, engines or replacement of ----- parts have been carried out, it should be seen that they are not indicative of ----- laxity on the part of the officer/official operating the vehicle.
- vii) stock accounts of the condemned and replaced parts and accessories is maintained and that their final disposal has been done to the best advantage ----- authority.

(25) EXAMINATION OF MUSTER ROLL:

It should be generally seen: -

- i) that a few muster rolls paid in the test audited month selected at random ----- Inspecting Officer are checked arithmetically.
- ii) the muster rolls are maintained in accordance with the instructions ----- para 10.2.3 of the CPWA Code.
- iii) that there is no undue delays in payment.
- iv) that a systematic record is maintained of the unpaid items and of the ----- and the wages remaining unpaid for three months are regularly report ----- Divisional Officer as per para

10.2.3 (i) of the CPWA Code and are ----- thereafter without his orders.

- v) that casual labour rolls, if any, are maintained only in exceptional cases and payment on them are made only by a Gazetted Officer.
- vi) that the duplicate copies of the muster rolls are not prepared and that separate rolls exist for period of each payment.
- vii) that progress of work done is shown in Part-II of the muster roll form in all cases where work is susceptible of measurement .
- viii) that there is evidence that these records of attendances are checked at intervals by responsible officer of the sub-division and the reared no interpolations in the attendances recorded.

The Muster Roll register should also be examined to see that the columns are properly filled, in reference to Voucher No. and date of payment of the muster roll noted therein. Delays in payment of muster roll should be investigated. In case of muster roll operated for doing works on behalf of contractors it should be seen whether the cost thereof is duly debited to the contractors account and recovered from him.

(26) MEASUREMENT BOOKS:

Payments for all works done otherwise than by daily labour and for all supplies for specific works are made on the basis of measurements recorded in measurement book in form CPWA 23. The measurements books should be numbered serially and entered in a register to be maintained in form CPWA 92. This register should be examined to see whether it is maintained properly as per pare 10.2.6 of the CPWA Code, entries are correctly noted and whether generally there is no delay in consigning to record of completed MBs.

During local inspection, therefore, special attention should be paid to the check of recorded measurements as the payments for all work done or supplies made are mainly based on the measurements and any errors in recording of the measurements may lead to faulty or double payments. The following points should, therefore be seen: -

- i) that the entries in the MB are made in accordance with the instructions on the fly-leaves of the MBs and that no entries are made by officers other than those empowered to do so.
- ii) the superior officers have exercised the requisite test check as laid down in the rules.

- iii) the works of excavation, foundation etc. which could not be test checked subsequently owing to their being covered up are test checked by the superior officers in time and entries regarding its carrying high unit rates etc. are made by the sub-divisional officers. It should also be seen that the prescribed test check of 50% and 10% by the AE and the EE are conducted on the measurements so recorded by the subordinates.
- iv) that there is generally no delay in payment after the measurements are recorded.
- v) that the contents, column entered in the MB are arithmetically correct.
- vi) that the rates shown in the Abstract of cost are correct as per agreement.
- vii) grand total are correctly worked out.
- viii) the quantities and amounts have been correctly worked out and entered in the bills from the MB.
- ix) an intelligent scrutiny of the measurements will lead to detection of record of wrong measurements by a sectional officer or perfunctory test check of measurements by his superior officers. It sometimes so happens that some of the measurements recorded by the sectional officers might have been test checked after a lapse of considerable time and any corrections in the measurements as a result of such checking might escape notice at the time of preparing bills for result of such checking might escape notice at the time of preparing bills for subsequent payments. This aspect should be properly checked. It should also be seen that the quantities from one page to another are correctly carried over and wherever, deductions are shown, the quantities are reduced to that extent. In case of road work and earth filling work etc. It should be specially seen that necessary deductions on account of voids at the prescribed percentages have been made from the gross quantities of measurements in respect of stone metal, sludge manure and also for earth work in case of filling etc.

(27) SCRUTINY OF TENDERS AND COMPARATIVE STATEMENTS:

The tenders received including the rejected ones should be checked to see that: -

- i) wide publicity was given for calling tenders and due period of notice allowed consistent with the magnitude of the contracts.

- ii) the tenders have been received on the prescribed forms in sealed covers.
- iii) all the tenders bear the dated initials of the officer opening them.
- iv) the rates quoted by the tenders have not been over-written or changed without attestation by the tenderers.
- v) the tender documents are as per the approved NIT and there are no deviations.
- vi) the conditions regarding earnest money deposits as given in Form PWD 6 have been followed strictly.
- vii) the tenders have not been sold after the expiry of date upto which tenders were notified to be sold.
- viii) the tenders have been issued to the registered contractors after verification of registration/enlistment no. and clearance of Income Tax Clearance Certificate etc.
- ix) all other formalities to be observed by the Divisional Officer as envisaged in CPWD Manual Vol. II vide para 6.3.4 have been properly observed.
- x) the comparative statements have been got correctly prepared, checked and certified by the Divisional Accountant as per provisions of para 4.2.4 of the CPWD Code.
- xi) that in the case of contracts accepted after negotiations, the negotiations have been conducted by the authority competent to do so and have been done in accordance with the procedure laid down.

(28) TENDERS:

The Inspecting Officers should probe into tenders where high rates have been quoted by the contractors with a view to finding out whether receipt of high rates is due to any defective planning, non-preparation of drawings, designs etc. in time, or due to there being no healthy competition in tenders. Furthermore, the provisions of para 6.98.1 of the CPWD Manual Vol. II should also be kept in mind.

(29) REGISTER OF AGREEMENTS:

The register of agreements should be scrutinized to as to ensure that (i) all the accepted tenders have properly entered in the register of agreements according to the serial order and a number allotted to each agreement (ii) all the columns are filled in the date of actual completion of the works noted in the respective columns on completion of each

work (iii) all the agreements entered in the register are physically available in the safe custody of the Divisional Officer (iv) and copies of all the agreements accepted by officers higher than the Divisional Officers are sent to audit, as required under para 4.4.1 of the CPWA Code.

(30) SCRUTINY OF WORK ORDERS AND REGISTER OF WORK ORDERS:

It should be seen that the work orders are not issued as a matter of routine as normally tenders are to be invited for works. Only in cases of necessity the officers are required to award works on work orders. The reasons specifying the urgency for dispensing with the call of tenders should be examined. It should also be seen that work orders are not issued in excess of the amount upto which an officer is competent to issue them as per the delegation of power, that the rates allowed in the work order are not in excess of the estimated rates or schedule rates and that the reasons justifying the acceptance of rates higher than the estimates are on record. It should also be borne in mind during scrutiny that the rates allowed in the work orders are not in excess of those which might have been obtained if tenders had been called for by the same or similar nature of work.

It should also be seen that all the work orders sanctioned during a year by the Divisional Officer and other superior officers are entered in a register and the annual limit as provided in the delegation of powers is not exceeded.

(31) SCRUTINY OF WORKS ABSTRACTS:

The abstracts and connected accounts relating to one or two selected works should be examined in detail from the commencement and all transactions recorded therein should be analyzed and compared with the details of the sanctioned estimates and contract agreements.

It should also be seen that:

- i) the works abstracts for major and minor works are kept separately as per para 10.5.1 of CPWA Code.
- ii) the accounts of major works are kept by sub-heads wherever necessary.
- iii) the charges are correctly allocated to the sub-heads concerned and transfers from one sub-heads to another are supported by a formal transfer entry order approved by the Divisional Officer.
- iv) the balances under the suspense accounts 'contractors' and 'labourers' have been verified by the Divisional Accountant and sub-divisional officer respectively and they agree with the

balances shown in the contractor's ledger and in the unpaid wages register respectively; and

- v) the works abstracts of the selected month should be compared with the postings in the register of works in order to see that they tally in all respects and with the schedule of works expenditure for that month.

(32) REGISTER OF WORKS:

The register of major and minor works which is collective record should be examined to see that they are maintained properly and up-to-date in accordance with the instructions given in para 10.6 of the CPWA Code. It should be seen that: -

- i) the progress of rate of cost is struck under each sub-head vide para 10.5.6 of the CPWA Code.
- ii) monthly postings are examined and attested under the dated initials of the Divisional Officers.
- iii) the works abstracts are returned to the sub-divisional officers promptly after entering in the register of works.
- iv) all liabilities and assets are settled and suspense accounts cleared before the accounts of a work are closed.
- v) a note of completion of work is recorded in the register under the signature of the Divisional Officer and that completion reports are submitted in all cases where required and a note of sanction to excess over estimate is kept in the folio concerned.
- vi) the sub-head "Additional Charges" for materials issued to contractors has been opened in the accounts of major works, a few charges falling under this category should be examined to see that they are correctly debitable to Govt. and not to the contractors account.

(33) SUPPLY ORDERS AND REGISTER OF SUPPLY ORDERS:

The supply orders issued by the Division should be examined to see that the orders are placed only after obtaining competitive rates after proper call of quotations. The original quotations and the comparative statement in each case should be carefully examined to see that the order is placed on the lowest tenderer after considering the various terms such as place of delivery, period of delivery, taxes and discount etc. The orders placed on the firms borne on DGS&D rate contract are also checked with reference to the approved rate contract.

All the supply orders for local purchases are entered in the Register of Supply orders which should be examined to see whether it is maintained properly, progressive total of amounts of orders are entered and the prescribed limits for local purchases have not been exceeded.

(34) CONTRACTORS LEDGER:

The contractor ledger should be subjected to through scrutiny during ---
--- inspection. The contractor ledger should be examined to see that: -

- i) it is properly maintained as per instructions contained in chapter 10.7 of the CPWA Code and is upto date.
- ii) the postings are made as and when payments are made for works or supplies ----- and closing balance worked out at the end of each month and the worked details of closing balance given and signed by the Divisional Account.
- iii) there is no delay in adjustment of secured advances outstanding.
- iv) the divisional accountant has effected agreement month by month between ----- balances detailed in the works abstracts and corresponding balances of accounts in the ledger.
- v) debits for value of stock supplied during the selected month are made from original receipt given by the contractors.
- vi) the unstamped receipts [US RS] for issue of materials are duly acknowledge the contractors and are properly filled.
- vii) there are no balances outstanding for a long period even after the finalized contractors bills, minus balances, if any, outstanding should be examined fully and the divisional officers advised to clear the same expeditiously.

(35) MATERIALS AT SITE ACCOUNTS:

While scrutinizing the materials at site account, it should be seen that accounts of materials issued to a work are maintained in accordance with the instructions contained vide paras 10.3.14 to 10.3.18 of the CPWA Code.

In general it should be examined that: -

- i) the issue of materials to work are correctly classified under issues to contractors and issues direct to works, the issues to contractors being debited to the contractors account.

- ii) proper numerical account of the receipts issues and balances of surplus materials at the site of completed works or of dismantled materials are maintained properly.
- iii) the verification of unused balances has been done by the responsible officers and a report of verification submitted to the Divisional Office.

(36) SCRUTINY OF ACCEPTED/REJECTED TENDERS WITH THE APPROVED DRAFT NIT:

The draft NIT should be examined to see that it has been properly prepared in accordance with the instructions laid down in para 6.3.01 to 3.15 of the CPWA Manual Vol. II, it is based on the sanctioned estimates and the analysis of rates exist for the items not covered by the schedule of rates. It should be seen that the draft NIT has been approved by the authority competent to accept the tenders. Any deviation in the description of items of works from the sanctioned estimates or from the approved drawings and designs should be looked into and the reasons ascertained. The rejected and accepted tenders should be examined with reference to the approved NIT with a view to seeing that no condition provided for in the approved NIT has been omitted to be included in the tenders and that no condition incorporated in the approved NIT has been subsequently added in the tender documents without the sanction of the competent authority.

(37) SCRUTINY AGREEMENT:

The accepted agreements should be examined to see that it is executed properly signed by both the parties and sealed. The various clauses incorporated in the Agreement should be thoroughly studied and any ambiguity therein pointed out. The conditions relating to supply of materials should be seen with a view to see that the rates, which materials issued to the contractors, would be charged are properly filled in place of delivery clearly indicated etc.

(38) CHECKING OF BILLS PAID:

After the scrutiny of agreement the expenditure incurred on the work since its commencement should be checked with reference to cash vouchers for payments made to contractors, stock accounts and transfer entries. The running bills paid to the contractor since the commencement of the work should be checked with reference to the recorded measurements. It should be seen that the measurements have been properly recorded, that the prescribed test check has been carried out by the AE/EE at appropriate periods. Arithmetical accuracy of the measurements may also be checked and the total quantities as worked out in the MB and abstracted for payments should be checked with the quantities actually billed for to see that there are no discrepancies. The rates allowed for payment in the bill are to be

checked with the rates as entered in the Agreement. Reasons for part rates, if any, allowed in the bill should be seen and it should be checked that full rates are not paid for incomplete items of work.

It should be seen that the quantities actually executed do not exceed the quantities stipulated in the Agreement without any valid reasons and without approval of the competent authority. Particular attention should be paid to the items where the contractors have quoted abnormally high/low rates to ensure that there is no attempt on the part of the Deptt. to give undue benefit to the contractor by resorting to the execution of profitable items only leaving aside the losing items. Further, it should be seen that:

- i) the proper form of final payment bill has been used.
- ii) Sanctions to extra items/substitute items should be examined very closely in relation to the contract to ensure that these were beyond the scope of the contract.
- iii) in case of payments for dismantling the old work or for renewal and replacement, the certificate to the effect that serviceable materials have been duly accounted for is recorded on the voucher itself.
- iv) it should be generally seen that the rules regarding financial aid to the contractors, issue of materials and making advance payments etc. as laid down in para 10.2.23, 10.3.2, 10.3.10, and 10.2.24 of the CPWA Code are strictly followed. It should be further seen that in respect of the materials issued to the contractors and recovery therefore, there are no deviations from the contractual conditions and if the recovery made in the running bill is for quantities less than those actually issued, it should be seen that the requisite certificate to the effect that the materials are lying at site or used in the work "not measured and paid for" recorded on the statement.

(39) CHECKING OF MATERIALS RECOVERY STATEMENT:

The recovery statement for materials issued to the contractor should be checked to see that the up-to-date issue of materials as shown therein are correct as per the actual issues and as per the USR obtained from the contractors, the rate of recovery is correct as per the stipulation in the agreement and no materials which have not been stipulated in the agreement have been issued to the contractors before obtaining the orders of the competent authority and before the rate of recovery is decided. The MAS account should be checked carefully in this connection to ensure that the accounts are maintained properly in accordance with the provisions of para 10.3.12 of the CPWA Code.

(40) SCRUTINY OF EXTRA AND SUBSTITUTED ITEMS:

Extra and substituted items sanctioned by the EE, SE other officers should be verified as to whether they are within the powers of the authorities sanctioning them and whether the extra/substituted items are really necessary and are not covered by the scope of the provisions in the agreement. The propriety of the execution of the items should receive special attention as it happens at times that the items in the agreement are substituted merely with a view to helping the contractor to avoid incurring heavy loss due to his having quoted very low rates or due to his inability to procure certain special types of materials provided in the Agreement. Analysis in support of the rates sanctioned should be scrutinized with a view to ensure that the rates have been correctly worked under clause 12 of the agreement and the contractors tendered percentage above/below allowed only in case of items covered by the schedule of rates specified in clause.

It should be seen that normally no payment is allowed in respect of extra/substituted items before finalizing the rates of such items. Where however, the EEs are authorised to allow payments for such items in anticipation of approval of competent authority, because any overpayment to the contractors in the first instance due to the rates having been reduced by the sanctioning authorities, and that the approval of rates is obtained early. It should also be seen that 50% of the full rates as assessed by the Engineer in charge is paid in respect of non-schedule items and in respect of schedule items, the rates payable should be 75% of the rates.

(41) SCRUTINY OF CONTINGENT BILLS:

- i) it should be seen that the general principles audit which have been categorized as the standards of financial propriety have been duly observed.
- ii) the rates are not prima-facia extravagant.
- iii) Misc. charges like hiring of furniture, typewriters etc. are incurred after proper sanction.
- iv) that the bills are signed by the divisional officer.
- v) the charges are correctly classified.
- vi) the totals are correct and that there is nothing extraordinary or unusual in the bills and vouchers.

(42) SCRUTINY OF ADVANCE PAYMENTS:

The conditions governing the grant of advance payments to the contractors is given in para 10.2.18 of the CPWA Code. The following are checks which are normally to be exercised while granting advance payments: -

- i) that the bills in respect of which the advance is proposed to be made should actually be under check in the Divisional Office.
- ii) that the amount of advance should not exceed 75% of the net amount of the bill under check, but no part-payment will be admissible in cases where the amount of advance payable works out to less than Rs. 1000/-.
- iii) the payment should be made after obtaining necessary sanction from the SE for cases against contracts above the value of Rs. One Lakh.
- iv) that the payment should be endorsed both on the Running Bill against which the part payment is made and the connected abstract of measurements in the MB.
- v) the hand receipt, voucher on which the payment is made should bear reference to the No. date and amount of the bill against which the payment is made and also to the page No. of MB.
- vi) that the payment is released after the following certificate is recorded by the Divisional Officer: -

“Certified that the payment made against the contractor’s bill is to the best of my belief, less than the amount billed for after allowing for deductions on a/c of security deposits and value of materials issued if any, and that the payment made will be adjusted against the bill which is being checked”.
- vii) that an undertaking has been obtained from the contractor before the payment is actually made.
- viii) that should the amount of advance paid to him be subsequently found to be more than the amount of the R.A. Bill in respect of which the Advance Payment was made, he will refund forthwith the amount overpaid.
- ix) the divisional officer shall be held personally responsible to see that advance is adjusted when payment is made on the R.A. Bill in respect of which it was made and for any over payment which may occur.
- x) however, the advance payments are generally prohibited in the D.D.A.

(43) SCRUTINY OF SECURED ADVANCES:

- i) cases in which the contractor, whose contract is for finished work, requires an advance on the security of materials brought to the site, Divisional Officers may in such cases sanction

advances upto an amount not exceeding 75% of the value of such materials provided that they are of an imperishable nature and that a formal agreement is drawn up with the contractor under which Govt. secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the material and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on certificate from an officer not below the rank of sub-divisional officer "that the quantities of materials upon which the advances are made have actually been brought to site, that the contractor has not previously received any advances on that scrutiny and that all the materials are required by the contractor for bonafide use on the work".

- ii) cases have come to notice where the contractor have been allowed secured advance within a fortnight of the award of the work. Though the contractor cannot be prevented from grant of this advance, but it should be seen that secured advances are allowed only on such materials which are likely to be consumed within six months. Further it should be seen that a proper agreement is executed between the contractor and the Deptt. to safeguard the interest of the Deptt.
- iii) the recovery of the advances so made should not be postponed until the whole of the work is completed but should be made from the bills as and when the materials are used.
- iv) it should further be seen that an indenture in form 31 has been signed by the contractor and detailed account of the advances must be kept in form 26-A. The accounts of Security Advances, which should be attached to the R.A. Bill.
- v) the Chief Engineer, DDA vide his order No. CE. 1[27] 82-83/6057 dated 02.06.1983 has conveyed a decision of the WAB meeting held on 11.10.1979 vide WAB item No. 226 that no secured advance is permissible on perishable items like flush door shutters, Teak Wood kept under double locking arrangement and other wood products. This aspect may invariably be looked into while inspecting the accounts of any division.
- vi) the earlier decision of the Board regarding grant of secured advances for certain categories of Articles such as Wash Basins, Glazed Tiles, WC Pots and Sanitary fixing etc. should be examined to see that they are insured by the contractors against damages, breakage, theft, wire etc.
- vii) it should further seen that such materials are consumed within six months of the date of drawing the advance and in cases

where the materials have not been used on works for more than six months, recovery of secured advances should be made in three equal monthly installments.

(44) WATCHING OF DEVIATIONS WITH REFERENCE TO ACTUALS:

In accordance with the provisions contained in PWD-7, it has been laid down that the works can be carried out to such deviations as may be ordered and in any case not more than 50%. The rates quoted in the tender documents shall naturally be applicable for these deviated quantities also. It is further laid down that the deviation should not exceed 50% on any individual trade as a whole or of the deviation limit whichever is less. Cases have however, come to notice where deviations have been carried out to an alarming percentage of 300 to 700. These tendencies on the part of the executing agencies are not only in utter violation of the codal provisions but lead to substantial loss to the Authority. The place normally put forth by the Divisional Authorities in this regard are that there has been no loss to the Authority, for, the works have been got done from the same contractor at his old quoted rates. It should be examined therefore, that there has been no attempt on the part of works executed leaving aside the items which happen to be losing to the contractors. This aspect is required to be kept in mind while auditing the accounts of any particular division.

(45) SCRUTINY OF EXPENDITURE ON THE IMPLEMENTATION OF PLANS SCHEMES:

The following Plans Schemes are being implemented by the DDA as the Agency of Delhi Admn./Govt. of India.

1. Jhuggi Jhopri Removal Scheme;
2. Additional facilities in Resettlement Colonies;
3. Development of regularized unauthorized colonies;
4. Development of Urban Villages;
5. Environmental improvement in slum areas;
6. Improvement in Harijan Basties;
7. Public Housing;
8. Constn. of Dwelling Units for SCs/STs persons in economically weaker sections category;
9. Slum clearance/improvement schemes;

As is already known the schemes are financed by the Delhi Admn. And we are expected to execute under them only such works as stand approved scheme. In other words this is just Deposit Work being executed by us on behalf of the lending deptt. Instances however, normally come to notice when this rule is not rigidly followed. Numerous cases of mis-classification of expenditure are noticed. Expenditure on the Maintenance works in some cases is being booked as part of the plan Schemes and the expenditure on the Plan Schemes sometimes is reflected against the Maintenance Heads. It is also

generally seen that the works other than the approved ones are taken up for execution and in some cases works which do not fall even in our territorial jurisdiction are also taken up. The Inspecting Officer while auditing the Accounts of any particular division/unit should keep this in mind.

Cases are also generally observed where the works are taken in anticipation of the administrative approval and the expenditure sanction of the competent authority. In any case the taking up of works in anticipation of AA/ES cannot absolve the executing agencies to sacrifice the formalities required to be observed in all such cases. It should also be seen that the expenditure on the Plan Schemes is regulated as per the approved outlay. There are very detailed instructions for classifying the various expenditure on the Plan Schemes which are circulated by the A.O. (Plan Schemes). Budgetary Heads also do provide sub-heads for the booking of Plan and Non-Plan expenditure. The compliance of the instructions as issued by the A.O. (Plan Schemes) by the Divisional Authority is required to be watched by the Inspection Parties while auditing the Account of any division.

(46) CHECKING OF THE REGISTER OF DIVISIONAL ACCOUNTANT OBJECTION:

According to para 4.2.3 of the CPWA Code, the Divisional Accountant is required to maintain a Register of Divisional Accountants Objections of Form-60. In this Register the Divisional Accountant is required to record all such cases where his advice has not been accepted by the Divisional Officer. Though he is duty bound to comply with the orders of the Divisional Officers but in cases where he has been over-ruled, a brief note of such cases should be made in the Register which should be laid before the Divisional Officer so that the latter may have an opportunity to either of accepting the Divisional Accountant's advice on reconsideration and ordering action accordingly or of recording, for the information of CAO/FM his reasons disregarding that advice.

This Register should be made available for review by the Internal Inspection party at the time of Inspection and an objection entered therein should be considered as finally disposed of unless it has been reviewed by the Inspection Party. This Register should be invariably insisted by the Inspection Party and suitable note to this effect should find place in the Inspection Report of the division concerned.

(47) CHECKING OF FICTITIOUS PAYMENTS FOR WORKS NOT DONE OR PARTLY DONE:

It has been alleged that certain payments are being made in the divisions for works not done at site. The Audit Party conducting the audit of the division has a very great responsibility in this regard, the following checks should at least be applied: -

- i) all the agreements should be checked to see that all the particulars such as name of work, nomenclature of the items to be executed, location where the work is to be executed, the complete details such as Gali No., Block No. etc. are clear and without any ambiguity.
- ii) all the sub-heads of works required to be carried out in the colony or area should be ascertained first-hand so that these could be co-related with the agreements.
- iii) a register of Technical Sanctions issued by the Officers competent to accord technical sanction should be maintained in the division and this register should be checked by the Internal Inspection Party.
- iv) it should be seen that measurements for the works are diagonally struck as and when these are abstracted and brought forward in the Bill to avoid any further chances of payment against these measurements.
- v) whenever any running bill or final bill is passed, a note to this effect should be kept in the register of Agreement against the particular work.
- vi) as is known such payments can normally be desalting in maintenance works such as desalting of such, cleaning of septic-tank, removal of garbage etc. Such works therefore, should be seen with utmost care by the Inspection Parties.

(48) COMPARISON OF RATES WITH THE OTHER SISTER DIVISIONS:

The cases have generally come to notice where the works are being awarded for similar nature of works on different rates. As a matter of fact, there should be complete uniformity in the rates of all identical works. The copies of the award letters are invariably endorsed by one division to another. It is therefore, the imperative duty of the Inspecting Officer to keep him abstract of the rates being awarded in various divisions for similar type of works. Copies of the award letters alongwith the schedule of quantities of works being commonly executed should be kept on record with the Inspection Parties to draw a comparison between the rates of various divisions. Inspection Party is further expected to go in depth if there is any variation between the rates of such identical works. This aspect should be thoroughly examined while auditing the accounts of any division.

CHAPTER – VII

- (7) Procedure Relating to the Conduct of Audit of Accounts of Engineering Wing:
- (1) The Organisational and functional set up of the Engineering Divisions of the DDA is on the pattern of CPWD and accordingly in all matters including those concerning finance and accounts, rules and orders applicable to the CPWD are by and large followed by the Engineering Divisions of the DDA. At the divisional level the Executive Engineer/Dy. Director [Hort] is the primary drawing and disbursing officer and is responsible for the financial regularity of the transactions and for maintenance of the accounts correctly in accordance with the rules. On behalf and under the supervision of the Executive Engineer, Divisional Accountant consolidates and compiles the transactions into prescribed forms of monthly accounts which alongwith the supporting vouchers, schedules and other miscellaneous returns are rendered to the Audit Officers over the signatures of the Executive Engineer/Dy. Director [Hort].
 - (2) As required in para 22.4.15 of CPWA Code, the monthly account is required to be submitted by the Engineering Divisions of the DDA to the Audit Officer by 7th of the month following that to which it relates. An additional copy of the monthly account alongwith the supporting schedules is also required to be sent to Budget and Accounts for the month of March will also include adjustments on accounts of departmental charges livable against various works and adjustments towards rectification of errors noticed in the accounts of the year as operation of March supply account has been dispensed with. A register in manuscript should be maintained both by the works Audit Section & Budget & Accounts Section for watching the timely receipt of monthly account should be brought to the notice of CAO after completion of audit and posting of monthly accounts. This apart, works Audit Section shall also maintain a register of Divisional Accountant irregularities [appendix – I] which will help in assessing the efficiency of Divisional Accountant in complete and accurate rendering of monthly account. The awaited schedules/vouchers as and when received will be taken up for audit with reference to the month of account to which these pertain. Budget and Accounts Section shall ensure that a copy of monthly account received directly from the Divisions is passed on to works Audit Section immediately after the Authority's account for a month has been complied.

The instructions in this Chapter are intended primarily for the Works Audit Department which is responsible for the Audit of transactions appearing in the accounts of the Engineering Divisions.

The expenditure incurred by the Engineering Divisions on works consists of payment to labourers, work charges establishment and contractors. It also includes payment of freight, cost of stores and miscellaneous foreseen and unforeseen charges of contingent nature.

The primary responsibility for the Audit of the Accounts of the Engineering Divisions and other work connected therewith rests with the clerical staff posted in the Works Audit Section headed by Supdt. Incharge. The officials of the Works Audit Section audit the monthly accounts and periodical returns received from divisions and deal with all returns, statements and correspondence connected with the Audit.

- (3) Verification of Receipt of all supporting schedules with the monthly accounts:

The first step to be taken on receipt of the monthly accounts from the divisions is to see that the monthly accounts in Form – 80 with all the Supporting Schedules and vouchers has been received complete in all respects as described in the list of accounts Form – 83. If any document or schedule is wanted the same should be called for at once by a special messenger.

- (4) The waiting Schedules and returns should be noted in the Control Register of awaited schedules and returns (Appendix – 2)

Immediately on receipt of monthly accounts, the following preliminary checks will be required to be carried out by Works Audit Section.

- i) the accounts and the list of accounts are signed by the Divisional Officer.
- ii) the several schedules/schedule dockets, vouchers received in support of the monthly accounts are in all respect properly prepared in accordance with the rule applicable to each case.
- iii) the totals of the both sides have been correctly worked out and tallied with each other.
- iv) the figures as shown in the accompanying schedules have been incorporated correctly in the monthly account after checking of the totals of the schedules.
- v) the opening cash balance is correct as per the closing balance of the previous monthly account. The closing cash balance is not unduly heavy without any reason.

- vi) the memorandum of miscellaneous cash receipt, paid in the bank and the Divisional Officer's certificate of cash balance have been correctly recorded and they do not indicate any deviation from the rules.
- vii) in respect of all transactions other than receipts, payments in cash debit item is counter balanced by one or more credit items and vice-versa.

(5) Audit of Classifications:

While auditing the monthly account it has be seen that the all financial transactions properly recorded in the accounts and they are allocated to the proper heads of account. In exercising the check once the classification of transactions it should be seen that expenditure has been classified to the items/heads of account to which it legitimately pertains and classification given in as count is in consonance with the detailed, minor and major heads of accounts approved by the Authority.

- i) Where the classification is apparently and basically incorrect, the Work Audit Section should correct the classification and send necessary intimation to B & A Section for making necessary corrections accordingly.
- ii) The Divisional Officer should be addressed immediately for confirmation of the correction and subsequent incorporation of correct classification in his office copy of the monthly account. A register in the proforma (Appendix – 3) can be maintained to watch the compliance with the above instructions which should be brought to the Branch Officer for review by the 10th of every month.

(6) Balancing the Account as a Result of corrections made in Audit:

Any item in the monthly account found to be incorrect should be corrected in red ink and if in consequence of such corrections or for any other reasons the account does not balance the difference representing shortage in the account brought on the schedule of Miscellaneous P.W. Advances and that representing the surplus to the Schedule Deposits. The corrections so made should be intimated to the Divisional Officer who should be advised to verify his accounts and make necessary corrections accordingly. The Budget & Accounts Section should also be informed accordingly.

(7) Passing of the Monthly Account:

The account should be passed for an amount equal to the total of the column of disbursements excluding the increase, if any, in the cash balance and audit enfacement stating the amount passed should be

recorded in red ink both in words and figures under the signature of Branch Officer.

The following checks are normally required to be applied on schedule dockets, vouchers and contractors bills etc. received along with the monthly account: -

a) Audit of Schedule Dockets:

While auditing the schedule dockets it should be seen that: -

- i) the amounts in the schedule docket tally with the amount of the voucher with accompany them;
- ii) each work accounted for in the schedule of works. Expenditure deposit works is supported by schedule dockets;
- iii) separate dockets have been prepared for various suspense heads such as stock, purchases; MPWA etc.
- iv) the head of account is properly noted in the docket;
- v) the name of work noted on the docket agrees with the shown in the voucher and schedule of works expenditure and each docket bears the dated initials of the Divisional Accountant.

b) Audit of Vouchers:

In general the following points should be seen, it should be seen that: -

- i) these are properly filled up in the prescribed form and written up in ink duly receipted by the payees and the amount acknowledged by payees is written both in figures and words.
- ii) the full name of the work as given in the estimate is given in the vouchers;
- iii) the name of the contractor and reference to agreement of work orders or supply orders are given and the No. pages of the M.B. and the date on which the measurements are recorded are indicated in the space for the purpose;
- iv) the expenditure covered by the voucher has been incurred by an Officer competent to incur it. The expenditure covered by the voucher has received the sanction either special or general of the authority competent to sanction it;
- v) the vouchers bear a pay-order duly signed by the responsible disbursing officer;

- vi) payment is, in fact, being made and has been made to the proper person and that it has been so acknowledged and recorded that a second claim against the Govt. on the same account is impossible.
- vii) that every voucher bears the dated initials of the Divisional Accountant in token of his preliminary check.
- viii) the rates paid in respect of payments to contractor agree with the contract agreements sanctioned by the Higher Authority higher than Divisional Officers copies of which are received in audit and that there are no unauthorized deviations from the rates of payment and other relevant conditions of the agreement.

c) Audit of running Account Bills/Final Bills:

The following points should be generally seen: -

- i) the proper form of final payment bill has been used.
- ii) the certificates about completion of work as per specifications, site clearance etc. have been recorded and signed by the responsible officer.
- iii) the payees has while acknowledging payment added in his own handwriting words to the effect that he has received payment if full and final settlement of all demands against the particular contracts.
- iv) sanctions to extra items, substitute items should be examined very closely in relation to the contract to ensure that these were really beyond the scope of the contract.
- v) in case of payments for dismantling the old work or for renewal and replacement, the certificate to the effect that serviceable material have been counted for is recorded on the voucher.
- vi) the work is completed within the stipulated period and wherever this is not so necessary extension has been sanctioned by the competent authority or suitable action as per class-II of the agreement taken against the contractor for delay in completion.
- vii) it should be generally seen that the rules regarding financial aid to the contractors issue of material and making advance payments etc. as laid down in para 10.2.23, 10.3.2, 10.3.10, and 10.2.24 of the CPWA Code are strictly followed. In respect of the materials issued to contractor and recovery therefore, there are no deviations from the contractual conditions and if the

recovery made in the running bill is for quantities less than those actually issued, it should be seen that the requisite certificate to the effect that the material are lying at site or used in work "not measured and paid for" recorded on the statement. That the recovery on account of security deposit, has properly been made from the contractors in accordance with the general terms of the contractor.

d) Scrutiny of Bill against Supply Orders:

In respect of bills for purchase of stores and other materials etc. should be seen that: -

- i) a certificate regarding receipt of stores in good condition is recorded on the voucher duly signed by a responsible officer and the material have been duly accounted for;
- ii) the calculations should also be arithmetically checked;

e) Audit of transfer entries:

While auditing the transfer entry it should be seen that the: -

- i) same are prepared by the Competent Authority in accordance with the rules set forth in para 8 of the CPWA Code.
- ii) the entries of debits and credits pertaining to other heads of accounts or works are duly linked up with the corresponding schedule docket or the schedule concerned.
- iii) that they do not reveal any factious adjustment.

f) Audit of contingent bills:

While checking the contingent bills the following points should be seen: -

- i) the general principles of audit which have been recognised as the standards of financial propriety have been duly observed.
- ii) the rates are not prima-facia extravagant.
- iii) there is a voucher for every payment exceeding Rs. 250/-
- iv) miscellaneous charges like hiring of furniture, typewriter etc. are incurred under proper sanction;
- v) that the bills are signed by the Divisional Officer.
- vi) the charges are correctly classified.

vii) the totals are correct and that there is nothing extraordinary or unusual in the bills and vouchers.

g) Audit of Schedules of works expenditure (form C.P.W.A.-64).

The schedule of works expenditure which contains the schemes wise expenditure being incurred in the division should be checked in accordance with the following points: -

- i) the schedule is prepared in the prescribed form and all the schemes are duly filled in;
- ii) the nomenclature of the works and the expenditure shown against each work during the month tallies with that shown in the schedule docket (CPWA-61).
- iii) in cases where expenditure appears for the first time reference to communication intimating amount of allotment and sanctioned estimate is quoted.
- iv) the schedules pertaining to the accounts for Sept. and March should include all works including those relating to which no transactions have appeared in the accounts of those months.
- v) it should be seen that particulars of A/A & E/S and budget allotment against each work and other requisite information is furnished therein.

h) Schedule of Deposit Works:

While auditing this schedule it should be seen that: -

- i) Opening balance shown in part-I and part-II are correctly entered as per the closing balances of the previous monthly accounts;
- ii) the expenditure incurred in excess of the deposit received is correctly charged in misc. public works advances which should be checked with reference to the entries in the schedule of MPW Advances;
- iii) the totals are properly worked out and shown in the respective columns and the closing balance as worked out agree with the balances as shown in the schedule of deposits on CPWA-79.
- iv) part-II of the schedule has been correctly prepared showing the particulars of all unaffected deposit works.

i) Schedule of Debits/Credits to Misc. Heads of Accounts (C.P.W.A – 76):

In the audit of schedule of debit/credit to misc. heads of account it should be seen especially: -

- i) that the instructions given in note 2 Art 225 of account code Vol. III have been observed and if the classification of any items is not given in full in the column on the Head of Account, the detailed classification be noted in the column in red ink.

j) Schedule of Cash Settlement Suspense Account from (C.P.W.A – 76 – A):

The schedule of cash settlement suspense account should be checked to see that: -

- i) the opening balances shown are correct as per the closing balances of the previous months schedule. The entries of credits are compared with the details shown on the reverse of Form CPWA – 80.
- ii) the claims are settled within 10 days as specified in para 2 of section 7 of CPWA Code and those not settled taken up with the respective EEs/SEs.
- iii) that at the close of the year there is normally no balance under this suspense head.

k) Audit of Schedule of Purchases:

An abstract of accounts of credits/debits and balances of the purchases account CPWA-69 received with the monthly account shall be supported by a list of the credits to the suspense head purchases during the month showing references to the transfer entry orders. The unclaimed balances and repayment of lapsed balances; purchase are dealt with in accordance with para 13.2.25 of the CPWA Code and note thereunder.

(l) Audit of Schedule of Misc. Public Works Advances (CPWA FORM 70):

The Divisional Officers are required to submit to the audit month by month the schedule of Misc. public works Advances CPWA Form 70 so long as there are balances outstanding under the head irrespective of the fact whether or not there are any transactions during a particular month. As regards the detail, the schedule should, however, be restricted to the items affected during the month.

(m) Audit of Deposit Schedule Form CPWA 79:

Instructions contained for the audit of schedule of Misc. P.W. Advances form 79 apply Mutatis Mutandis to this schedule also. In addition however, the following points should also be seen: -

- i) that deposits are adjusted against and to the extent of the corresponding credits.
- ii) that there is no debit (minus) balance against any of the items.
- iii) that no undue delay occurs in the clearance of items classified as Misc. Deposits.
- iv) that acknowledgements for payment of deposits on the contractor's closed account set forth such particulars as would establish the settlement of those accounts in connection with the works concerned.

(n) Check to be exercised while auditing pay bills:

- i) On receipt of an Estt. Pay Bill it should be seen that it is in the prescribed proforma and is complete in all respects.
- ii) arithmetical calculations should be checked to satisfy the accuracy of the entries contained therein.
- iii) it is then necessary to check all the items in the bill corresponding to items in the Absentee Statements and at this stage the admissibility of leave salary and Officiating Pay of the men concerned will come under audit.
- iv) it should also be seen that all items in the bills corresponding to the names in periodical increment certificate. The Increment Certificate should be examined to see that the increment claimed is according to rules and supported by facts and has actually accrued.
- v) the admissibility of Special Pay, Personal Pay and various allowances claimed in an Estt. Bill should scrutinize with reference to the rules or orders in force. Orders sanctioning Personal Pay should be noted against the name of incumbent concerned.
- vi) as regards the audit of Gazatted, Estt. this can be verified with reference to the pay authorization slips issued by the Works Audit Cell and duly noted in the Gazatted Order Register (GAR).
- vii) though the Drawing Officers are themselves responsible for drawing any payment which is not authorised by the Audit and for less deduction of recovery from their salary bills but it devolves upon the Audit Office also to have a close check on

the drawl of Pay & Allowances by the various officers with reference to the GAR/ECR maintained for the purpose in the Audit Office.

(8) Work Audit Register:

A works Audit Register should be maintained separately for each divisional office by the Work Section to serve as a collective record of all important sanctions relating to the audit of transactions included in divisional accounts, and of audit conducted against them during a year. This Register is divided into three parts: - I. Sanctions to Works, II. Sanctions to contracts and, III. Orders of Special Recoveries.

Part I of the Register:

All sanctions and orders as well as expenditure should be recorded against all such works executed in the division in Part I of the Register.

Part I, will show month by month the progress of expenditure on each work. For watching the progress of works expenditure against the divisional allotment the total works expenditure incurred during each month as shown in the Schedule of Works Expenditure should be posted each month against the Divisional allotment under each unit of appropriation in a separate folio of the Register. If there are any other heads of accounts for which there is separate allotment in any division, one or more folios of Part I of the Register for that division should be set aside for the record of the monthly progress of expenditure on such heads. Entries on these folios should be made, in respect of both allotment and expenditure, in the same way as these relating to works, the figures of expenditure have taken from schedules pertaining to the accounts of the division.

Where several divisions are entrusted with works relating to a project, a suitable consolidated Register of Expenditure and Estimates on the Project as a whole should also be maintained so as to watch that the expenditure incurred by the various Divisions taken together does not exceed the total Project Estimates under those heads. This would be addition to the Register of Project Estimates maintained for watching that the working estimates sanctioned by the various authorities do not exceed the overall project estimates under the various heads.

The figures of expenditure posted in Part I of the Works Audit Register will be reconciled by the respective Works Audit Section with those booked in the classified abstracts maintained by Budget & Accounts Section every month by the 20th of the second succeeding month. Necessary certificate of having completed the reconciliation shall be furnished to the Budget & Accounts Section.

Sanctions to Contracts:

In part II should be registered all sanctions relating to contracts for works, supplies, carriage, etc. as are communicated by the authorities higher than the Divisional Officer.

Orders of Special Recoveries:

Part III is intended to facilitate a watch over special recoveries of all kinds, which may be ordered by competent authorities, or promised by the Divisional Officer, whether as the result of audit enquiries and objection or otherwise.

The terms recovery as used in this clause includes not only receipts and recoveries creditable to revenue heads, but also receipts and recoveries taken in reduction of expenditure.

Currency of the Register:

The Works Audit Register should be closed annually and sanctions and orders which are still effective should be carried forward to the following year's Register (with all necessary particulars in respect of the expenditure already incurred against them), the entries being attested by a member of the Superintending Staff as in the case of fresh entries.

(9) Result of Audit:

Raising and Pursuance of Objections:

Audit depends for its effective value in its right and duty to report results to the proper authority so that appropriate action may be taken to rectify the irregularity or impropriety, where possible, or to prevent, a recurrence of it.

All observations and objections must be conveyed in courteous and impersonal terms, and must be clear and intelligible.

It is of the utmost importance that any statement of criticism or irregularity in an audit objection should be accurate, fair, moderately worked and dispassionate, innuendo is forbidden; if a charge cannot be substantiated, there should not be even any hint of it.

Objections and observations in relation to any accounts or transactions subjected to audit should be communicated to the disbursing and, where necessary, to the controlling authorities at the earliest opportunity.

Reports of individual cases of serious financial irregularity should in the first instance, be addressed to controlling authority concerned or to such other authority as may be specified by Government, though copies may be sent to higher authority simultaneously for information in cases which are regarded to be so serious that they will eventually have to be brought to the notice of that authority.

The objection should be recorded in the Objection Book drawing office wise, as far as possible.

For an efficient review of objections and of the progress of their clearance, it is desirable to keep the objections of each official year separate, even though their clearance may be affected in a subsequent year.

As far as possible, the entry of an objection, whether in the Objection Book or in the Objection Statement or Audit Note, should be fully descriptive, so that ordinarily there should be no necessity of referring again to the voucher or account concerned.

Money values should be recorded in respect of objections of the classes enumerated below or similar objections:

1. Want of vouchers (if not received when the relevant accounts are under audit).
2. Want of sanction to advances; losses etc.
3. Want of sanction to special charges.
4. Want of any other specific sanction require by rule.
5. Overpayments and short recoveries.
6. Delays in the recovery of sums due to DDA if not recovered within a reasonable period, which may be prescribed locally in respect of each class of debt.
7. Expenditure placed under objection on grounds of financial propriety.
8. Want of allotment of funds.
9. Excess over allotment.

For Public Transactions only:

1. Expenditure on deposit works debited to Miscellaneous Public Works Advances.
2. Excess over sanctioned limit of reserve stock.

Money values need not be indicated in the records of the objections of the following classes: -

1. An objection which takes the form of a simple direction for future guidance, or of a call for a document the absence of which is not likely to affect the amount admissible.
2. Stamp not affixed on a voucher otherwise complete.

3. Delays in the settlement of debts due by Government.
4. Habitual delays in the submission of account returns, vouchers etc.
5. Fictitious adjustments and manipulations in accounts unless an actual loss has resulted.
6. Deviations from rule which are indicate of disregard or evasion of rule, but do not represent charges incurred without proper sanction.
7. Errors in accounts, vouchers etc. which do not indicate any deficit or surplus.
8. Instructions and other remarks, regarding the form of accounts, etc.
9. Demands for information not received.
10. Enquiries and remarks on doubtful points.
11. Remarks calling attention to minor errors of procedure.

Each Objection statement will issue in original over the signature of Gazatted Officer after the review of audit and Objections.

The return of the Objection Statement must be watched with equal care.

The Objection Books (of which there must be one for each division) are the permanent office record of entries which have been made in the Objection Statements prepared upon the examination of each schedule of payments and of the Cash Account. But, besides these objections they contain also note of (1) all amounts debited under Advance Repayable, (2) all amounts credited or debited to Suspense, and (3) items adjusted but not cleared, even though not under objection.

After dispatch of the Objection Statements the money columns in the Objection Book should be totaled, the balance of the past month should be added, the totals of adjustment should be added, the totals of adjustment should be made in the Adjustment Register and entered in the Objection Book, and the balance struck. The Superintendent will sign the certificate at the foot of the page or last page of the Objection Book for each month which will be closed and balanced on the 29th of the following month.

It is the duty of the Gazatted Officer concerned to watch carefully all outstanding Objections. Items left unsettled for six months should be entered in a register. A summary of all relevant correspondence should be recorded against each item in the register and all subsequent correspondence should also be recorded. This register should be submitted at least once in each month to the Gazatted Officer, who should review carefully all items therein.

(10) Current Review of Audit:

After the preliminary check of the month accounts is completed, in the manner outlined in the preceding paras, the original vouchers

should be detailed in the selection register to be maintained for each division separately in the format given below:

Register of selection for audit/review of vouchers received with the monthly account of division.

Division -----		Month-----		
Particulars	Total no. of vrs. Recd./audited	Total no. of vrs. to be audited/reviewed	No. of vrs. To be audited reviewed.	Remarks

The selection of vouchers for audit shall be made personally by the Branch Officer. After selection of vouchers for audit is made by the Branch Officer, of the works Audit Section shall carry out the work of auditing the vouchers. The instructions with regard to the auditing of various schedules and vouchers are given in the preceding paras.

After completing the audit of selected vouchers and after exercising the prescribed check in respect of the vouchers not selected for audit, the official should record a certificate of completion of audit as under.

“Certified that all the vouchers indicated in column have been audited and in respect of further vouchers not marked for audit, prescribed checks have been exercised.

After completion of audit the official of the works Audit Section will note the details of vouchers selected for Audit and audited by him in the respective column of the register of selection for review. This register will be submitted to the Suptd. Alongwith monthly account with all enclosures, works Audit Registers, Objection Book, Audit Notes etc. for release.

The Suptd. will put up the Selection Register to the Branch Officer for selection of voucher for review. Selection of vouchers to be reviewed by the Suptd. Shall be made by the Branch Officer who while doing so should ensure that selects the required percentage of audited vouchers under each category. The Suptd. should review vouchers selected for review by the Branch Officer and initial these reviewed by him. While reviewing the accounts he should bear in mind specially the requirement of Audit against propriety. It is thus not sufficient not sufficient to see that sundry rules and orders of the competent to authority have been observed. It is equally important to see that the principles of orthodox finance are borne in mind not only by disbursing Officers but also by sanctioning authorities.

Points to be seen by the Suptd. during his review:

- i) It should be specially seen that the delays in receipt of accounts are duly noticed where necessary.

- ii) Responsibility for the accounts has been accepted by the Divisional Officer concerned.
- iii) Expenditure on every work is covered by a properly sanctioned detailed estimate and where necessary by special sanction of the competent authority.
- iv) Expenditure and revenue receipts brought to account do not reveal any infringement of the standards of financial propriety.
- v) Rates regarding issue of materials to contractors as prescribed in paras 10.3.2 and 10.3.3 of the CPWA Code are rigidly followed.
- vi) The percentage charges on account of Establishment, Tools and Plant, Pensionary and Audited & Accounts charges are correctly adjusted.
- vii) Transfer adjustment when made are permissible and the debits and credits to, Remittances are correctly classified where necessary as 'original' or 'Responding'.
- viii) Satisfactory action towards their realization or settlement of suspense balances is being taken.
- ix) Debits to stock are correctly detailed in accordance with the rules in para 22.4.8 of CPWA Code and in respect of manufacturing operation the land and kiln charges and the difference between the operation and 'out-turn' are correctly accounted for as laid down in Chapter XII *ibid*.
- x) All revenues or other re-coveries/due to Government are correctly and promptly realized and credited to public account.
- xi) All items forming the subject of special reports have been incorporated in Abstract (Para 48 of CGA's Audit Manual).
- xii) The rough sheets working of the calculations etc. have been properly filled by the auditor alongwith respective schedule.
- xiii) All contracts sanctioned by authorities higher than the Divisional Officers are entered in Part II of the Audit Register and in respect of objections for want of documents, the auditor has recorded a certificate that as per records, files and entries in the various registers, the documents have not been received.

Certificate of review to be recorded by the Suptd.

The Suptd. on completion of his review work should initial entries in the various registers as well as the vouchers/schedule and the

account entries reviewed by him. He should then record certificate in the Bill Selection Register for review and submit selection register with the accounts, works audit register objection books and audit notes to the Branch Officer.

Review by the Branch Officer.

Supporting schedules and scrutinizes the vouchers to the extent selected for review. He should also initial the vouchers scrutinized by him. The works audit registers and the objection books should be generally inspected to see that the staff and the Suptd. have performed their respective duties carefully.

After verifying that everything is in order, the Branch Officer will sign the audit note, works audit register etc. and also certificate in token of his having conducted the review of the accounts. He should then sign the audit encasement on the monthly account. An important part of the review is the check of classification. In addition to the check of classification of vouchers the Suptd. and the Branch Officer are personally responsible for the correctness of the classification of items ever Rs. 2, 500 and 10, 000 respectively under any detailed head of account.

The extent to which audit and review is required to be conducted in respect of various categories of vouchers is indicated below.

The method of selecting the registers/bills for audit review is left to the discretion of the Branch Officer but care should be taken to ensure as far as possible that the auditor/Suptd. shall not know what bills/registers are likely to be left un-reviewed.

Selection of vouchers to be reviewed by the Supertending Staff shall be made by the Branch Officer concerned. While selecting the vouchers requiring a percentage review by the Suptd., the Branch Officer should ensure that he selects the required percentage of audited vouchers under each category.

Percentage of audit of different classes of transactions.

S. No.	Class of vrs.	% of vrs.	% review by Suptd.	% review by A. O.
1.	Pay bills officer.	50%	12 ½ %	6-1%
2.	Pay bills of Estt.	16 ½ %	25%	5%
3.	OTA bills Tuition fee reimbursement bills	25%	10%	
4.	Final/running a/c bill including first and final bill. a) Amounting to more than Rs. 5000/- b) Upto Rs. 5000/- i) In respect of contract by D.O. ii) In respect of contract by higher than D.O.	100% 50% 100%	50% 25% 50%	
5.	RA/Bills a) R/A bills amounting to Rs. 1 lacs or more. b) R/A bills more than Rs. 10, 000/- but less than 1 lac.	100% 50%	50% 10%	
6.	Supply Bills a) Upto Rs. 1000 b) More than Rs. 1000 upto Rs. 10, 000. c) More than Rs. 10, 000/-	25% 50% 100%	10% 10% 50%	
7.	Hand Receipts a) More than Rs. 5, 000. b) Upto Rs. 5, 000	100% 50%	33 1/3% 10%	
8.	Transfer Entries a) Amounting to more than Rs. 2, 500/-. b) Upto Rs. 2, 500/-	100% 50%	100% 10%	
9.	Contingent Bills a) Above Rs. 5, 000/- b) Above Rs. 1, 000/- but less than 5, 000/-. c) Rs. 1, 000/- and below.	100% 50% 25%	50% 25% 21/2%	

Review by A.O.

Branch Officer should examine generally the monthly a/cs and all Supporting schedules, initials the form 64 (schedule of works expenditure) in token of having exercised the general scrutiny. In addition to the general examination he shall scrutinize the vrs. including TEs for amounts exceeding Rs. 10, 000/- (ii) Review 10% of remaining vrs. and TEs subject to the condition that vrs. reviewed by JAO will only be reviewed and (iii) check classification of vrs. and TEs exceeding Rs. 10, 000/-.

CHAPTER – VIII

8 – Special Audit.

- (1) When fraud, misappropriation or any other serious financial irregularity comes to notice or when such irregularities are suspected, a special audit may be arranged to go into the matter in detail. Such special audit is conducted in accordance with scope and extent as detailed in consultation with the Branch Office/Divisional Office under the orders of the Chief Accounts Officer.

Since more thorough check has to be exercised in special audit, such an audit usually requires more time than ordinary test audit.

In cases where special audit is ordered, the audit should be undertaken with the least possible delay irrespective of whether the accounts are complete or not. An audit of even the imperfect records would establish prima-facia the nature of the irregularities. On conducting this preliminary scrutiny of accounts, the Branch/Division may be permitted to complete their records after which a second or more complete account may be undertaken.

- (2) Defalcation and Frauds.
 - a) Guidelines for detection of defalcation and fraud.

The process of audit generally undertaken should be taken only as a guide to intelligent audit and in no case should it be consider as limiting the scope of the auditor's duties. In fact, the efficiency of local audit depends largely on the intelligence, thoroughness and resourcefulness which are brought to bear on it. Even an apparently minor defect or irregularity might conceal a potential fraud or misappropriation which may come out through intelligent probe. An illustrative list of irregularities which are likely to conceal potential frauds is given below for guidance:

- i) erasures, overwriting, interpolations, alterations and unattested corrections in figures, pass orders etc. in account books and registers, bills, invoices, sales bills, receipts etc.
- ii) removal of pages from account books and registers.
- iii) tampering in totals and carry forward of totals, especially in Cash Books and Stock Books.

- iv) errors in totaling in bills.
- v) errors to carry over figures from subsidiary registers to main registers.
- vi) delay in disbursement of money drawn from the Bank of payee (including moneys recovered against court attachment, undisbursed salaries etc.).
- vii) non-availability of Challans in support of remittance entries in Cash Book.
- viii) tampering of figures in Challans.
- ix) fictitious entries of remittances in Cash Book will be brought to light during the verification of credits for selected month/months direct from the books of banks.
- x) persistent delay in the submission of payees stamped receipts, suppliers invoices and countersigned bills to audit.
- xi) payments made on duplicate invoices, absence of proper reference in invoices to entry in stock books.
- xii) issue in stock accounts not supported by proper indents and acknowledgements.
- xiii) Failure to cancel sub-vouchers or paid invoices.
- xiv) items of stores, works etc. paid for in bills not being traceable in the relevant registers, viz. stock accounts works registers, measurement books etc.
- xv) Signing office copies of bills in full, difference between the entries in the office copies and fair copies of bills in regard to name of payee, endorsee etc. or absence of office copies.
- xvi) Persistent failure to conduct physical verification of stores or to take action on verification reports.
- xvii) Entries in important records like cash books, stock accounts etc. not being attested.
- xviii) absence of proper periodical scrutiny of cash book, stock books, contingent registers by the Branch Officer/Divisional Officer or authorised Gazetted Officer, and
- xix) Non-reconciliation of departmental figures with those of the Bank.

(3) Safe Custody of Documents.

If during the periodical audit, serious irregularities are noticed, the same should be immediately reported to the Chief Accounts Officer who will bring the matter to the notice of the Finance & Accounts Member. The Chief Accounts Officer will keep himself in touch with all cases of defalcation or embezzlement, if necessary, by visiting the Branch Officer/Division in which it is detected or suspected. If required, he may take orders of the Finance & Accounts Member/VC for undertaking a special audit. Whenever such cases come to notice, the relevant vouchers/records should be taken over by the CAO for safe custody. When audit checks are complete, a detailed report fully explaining the case pointing out the faults in the system of accounts which led to the deflections and suggesting remedies to prevent a recurrence, should be submitted to the Finance & Accounts Member/Vice-Chairman.

When a case of fraud or embezzlement, comes to notice and the relevant record are likely to found valuable to prove a fraud or embezzlement, it would suffice if a photostate copy thereof is taken and kept in safe custody of the CAO or an officer not below the rank of Dy. Chief Accounts officer to be nominated by him in this regard. The original should be sent to the Branch Officer/Divisional Officer concerned, in case it is clear that he is not involved in the fraud or embezzlement and in other cases, to his superior authority,

(4) Interpolation in records.

If during local audit same interpolations are noticed which prima-facia tend to indicate to cover up possible fraud or defalcation, the Inspecting Officer should bring the fact to the notice of the Branch Officer/Divisional Officer (or to his superior authority in case he himself is likely to be involved) to enable him to take the relevant records under safe custody for departmental investigation or for further audit checks, as the case may be. The matter should also be immediately brought to the notice of the CAO for further course of action in the matter.

(5) In addition to normal expenditure, audit, including inter-alia scrutiny of individual transactions with a view to detect cases of improper, extravagant, wasteful or uneconomical expenditure, achievement or efficiency-cum-performance audit should also be conducted with a view to examine how far the Branch Officer/Divisional Officer whose transactions, Branch or Division are under audit is adequately discharging his financial responsibilities in regard to various schemes undertaken under his charge. Audit should ascertain (a) whether the schemes on which expenditure is incurred are really being executed and their

operations conducted economically and (b) they are producing the result expected of them.

In regard to (a) above, the broad lines of consideration would be ascertained: -

- i) whether technical estimates or detailed projections and cost schedules are being framed and that the same are adhered to , if not, whether there are adequate reasons for excesses, delays etc. or whether these are occasions by in efficient handling, wastages etc. or due insufficient preparation of original estimates.
- ii) whether there have been any serious unavoidable (due to inefficient handling, planning and coordination or work) in the progress or works or scheme any loss or revenue due to delayed execution or holding up of other connected schemes.
- iii) whether there has been wasteful expenditure including that resulting from lack of coordination amongst the several aspects of the scheme such as staff having been engaged long time before the procurement of machinery required for running the project/scheme.
- iv) whether there has been waste due to some the facilities (e.g. buildings, equipment, staff etc.) in which expenditure has been incurred under the scheme proving unnecessary or going unutilized.
- v) whether there have been serious or recurring losses.
- vi) whether the performance/cost compare well with the results obtained in respect of similar schemes in other fields in the public sector/autonomous bodies of similar nature.
- vii) whether the expenditure incurred confirms to the relevant provision of the Delhi Development Act., rules, regulations and orders framed thereunder.
- viii) to what extent the broad and general principles of financial propriety and high standard of public finance morality are kept in view in incurring expenditure on such schemes.
- ix) how much of the public moneys have remained locked up due to delays on the part Engineering Deptt. and sales branches resulting in losses due to escalation in cost and loss of interest.

As regards (b) it should be necessary inter-alia to ascertain: -

- i) how far the physical targets (e.g. completion of construction works, housing schemes and other development works etc.) have been achieved within the estimated time.
 - ii) how far any returns, where these were anticipated are actually accruing: and
 - iii) how far final purpose or objects of the expenditure have been achieved.
- (6) Procedure for Audit.

For conducting audit investigation on such questions, the following procedure should be adopted: -

- i) As soon as the major scheme is sanctioned, detailed programmed and estimates relating to it may obtained from the Administrative/Engineering Deptt. indicating (a) Sub-head of estimates (b) physical targets of the scheme, (c) returns anticipated, (d) other objects in view, and (e) broad organizational details of the scheme including method of expenditure, control and supervision.
- ii) In cases, where the actual expenditure is not booked in the accounts in sufficient details to enable a comparison with the Sub-heads of the estimates, monthly statements showing expenditure during and to the end of each month against the various sub-heads of the estimates and the variations of actual as compared to estimates may be obtained from the departmental authorities. The monthly expenditure shown in the statement against each sub-head should give reference to the relevant bills and these statements should be test checked from the relevant expenditure vouchers. Any cases where substantial excesses seem to have occurred due to waste, inefficiency etc. should be investigated by audit.
- iii) Local inspection (which should include an intelligent scrutiny of departmental files etc.) should be directed so as to detect and keep a collective record of serious and unjustified excesses over estimates, expensive delays, in fructuous expenditure and losses etc. due to inefficiency as well as of any shortfalls noticed in the achievement of the physical targets, returns or final objects envisaged by the scheme.
- iv) To supplement the result of local inspection, the administrative authorities/Engineering Department may be asked to furnish a review of the actual working of the scheme during each year mentioning inter-alia any excess over estimates and any serious delays alongwith justification therefore, as well as the extent to

which the physical targets, returns and final objects visualized were achieved.

- v) Some of the other sources which may prove to be helpful in conducting the "efficiency audit" would be the programme evaluation reports of the administrative Department/Engineering Department or any reports of a Committee appointed by the Ministry of Works & Housing/Delhi Administration.

In examining the information collected on the above lines, attention should be directed to cases where the interests of public was adversely affected due to inefficient planning and execution of a scheme or project. Internal Inspection Party should, however, be careful to avoid offering even implied criticism in cases where although the original anticipations have not been realized, there are no plausible indications of inefficiency or waste on the part of the administrative authorities/Engineering Department, as far example, where excesses over original estimates of expenditure were considered by unanticipated rise in the cost of materials, new and unforeseeable items of work discovered as the work progressed, or delays and lesser yield of revenue where caused by circumstances which could not have been reasonably anticipated.

CHAPTER – IX

(9) Receipt & Disposal of Inspection Reports and the Internal Inspection Branch (Headquarters).

1. Receipt of Inspection Reports.

The draft inspection reports after having been discussed with the Branch Officer/Divisional Officer concerned together with the Test Audit Note should be sent to Internal Inspection Branch (Headquarter) within three days from the date of completion of audit. In case, where the discussion could not be held on the last day of audit and is deferred at the request of the Branch Officer/Divisional Officer, the fact should be reported to the Internal Inspection Branch (HQ) within this period and the report in question submitted within three days from the date of deferred discussion.

In order to ensure timely submission of the Inspection Reports to the Internal Inspection Branch (HQ) by the field Inspection Parties, the following procedure should be adopted: -

- i) The Internal Inspection (HQ) should maintain a Control Register of Inspection Reports in the form as per Appendix 5 to Appendix 9 to note the programme drawn up, for the internal inspection of various branches/divisions in such a way that all the audits closing in a particular calendar month are put together, separate from the audits closing in another month e.g. audits closing in the month of January shall be noted separate from audits closing in the month of February.
- ii) The above register should be reviewed from time to time to ensure that all Inspection Reports are received within three days from the last day of audit or within three days of the deferred discussion. Where the Inspection Reports are not so received, reasons thereof shall be ascertained from the Inspecting Officer and steps taken to ensure early submission of the reports to Internal Inspection Branch (HQ). The cases of delay in submitting the Inspection Reports by Field Inspection Parties without adequate reasons shall be brought to the notice of the CAO on the 5th of each month.

2. Processing of Inspection Reports.

After the Inspection Report are diarized and relevant columns of the Control Register of Inspection Reports are completed as envisaged in the forgoing paras, the Inspection Report shall be subjected to preliminary examination as detailed below: -

- i) All the columns of the title sheet have been properly filled in and the Inspecting Officer/Section Officer have signed at all places provided for in the title sheet.
- ii) The local inspection has been carried out to the extent prescribed. In particular, it should be seen that detailed checks were exercised in respect of months shown in the Control Register of Inspection Report.
- iii) Part – I of the Inspection Report (list of outstanding audit objections of previous years) has been correctly drawn up and is available in quadruplicate with the Inspection Report.
- iv) Adequate reasons have been recorded for each objection as settled.
- v) All statements, certificate and performers etc. as required/envisaged in the title sheet as also in all paras of the Inspection Report have been received.
- vi) The Inspection Report has been discussed with the Branch Officer/Divisional Officer.
- vii) A copy of the test audit note containing minor objections has been made over to the Branch Officer/Divisional Officer of the Branch/Division inspected, where necessary, and acknowledgement thereof exists.
- viii) The completion memo has been made over to the Programme Assistant in the Internal Inspection Branch (HQ) and has signatures obtained in token thereof on the Title Sheet against the column provided for the purpose.
- ix) All files relating to the Inspection Reports for previous years and guard files etc. made over to the Inspection Party before the commencement of the inspection have been received back.
- x) List of service books checked is attached.
- xi) Certificate of losses sustained by the Branch/Division inspected is received. After the above preliminary examination of the Inspection Report has been done, the report shall be carefully scrutinized/reviewed to see that: -
 - i) there are no blanks, omissions of any data, adequate reference/or dates.
 - ii) the captions of various paras are correct.

- iii) there are no anomalies ambiguities or misconstruction of sentences.
- iv) financial implications of each objection are clearly brought out.
- v) the objections are financial in character.
- vi) the objections are based on financial rules/accepted canons of financial propriety and
- vii) the objection are based on facts and not merely on presumptions and apprehensions.
- viii) the unimportant paras which are considered fit for transfer to Test Audit Note shall be transferred to the Test Audit Note and in that case, the Inspection Report when issued should be accompanied by a supplementary Test Audit Note containing the paras so transferred.
- ix) Inspection Reports in respect of local audits of more than six days duration shall be submitted to the CAO and those of a duration not exceeding six day to the Accounts Officer (Internal Inspection Headquarters) for approval. After the reports are approved, they should be got typed and compared before they are signed by the Accounts Officer (Internal Inspection Headquarters) for issue to the Branch/Division inspected. The movement of the Inspection Reports at various stages of disposal shall be watched by keeping a record of dates in the relevant columns of Control Register of Inspection Reports.

The register shall be submitted to the Accounts Officer (Internal Inspection Headquarters)/CAO on 15th of each month with a report indicating the number of Inspection Reports outstanding at the beginning of the previous month, the number of Inspection Reports received during the month, the number of Inspection Reports issued during the month and the number of Inspection Reports outstanding as on the last day of the month indicating the reasons therefore.

3. Disposal of Inspection Memo.

On receipts of Completion Memo in the Internal Inspection Branch (HQ) from the Inspection Party, the date of completion of the audit, as envisaged in the Completion Memo shall be noted against the concerned Branch/Division in the Control Register of Audits maintained in the Internal Inspection Branch (HQ). Every entry in the register should be attested by the Section Officer-in-charge of the Internal Inspection Branch (HQ).

Where an Audit Party has suggested increase/decrease in the number of party days for future audit of any Branch/Division, the A.O. (Internal

Inspection Headquarters) shall submit the case to the Chief Accounts Officer for orders before filling the completion memo. If any increase or decrease is agreed to, the fact should be noted in the Control Register of Audits under attestation by the A.O. (Internal Inspection Headquarters).

4. Issue of Inspection Reports.

After scrutiny and editing of Internal Inspection (HQ), the draft Inspection Report is finally approved by the Accounts Officer (Internal Inspection Headquarters)/CAO. A Copy of the Inspection Report is sent to be Branch Officer/Divisional Officer for necessary action and compliance. A Copy of the report may also be sent to the next higher authority to bring to his notice important points which merit his consideration.

5. Periods within which Inspection Reports should be issued.

The Inspection Reports shall be issued to the offices/departments inspected within one month of the date of completion of audit.

6. Communication of serious irregularities to the higher authorities.

It will be open to the AO (Internal Inspection Headquarters) to bring to the notice of the higher authorities even in advance of issue of Inspection Report; irregularities which may be held to be so serious as to justify this course and to ask for such action as may be considered necessary.

7. Record of Outstanding Inspection Reports/Paras.

In order to watch the progress of settlement of outstanding objections, each Assistant in the Internal Inspection Branch (HQ) shall maintain a register called "Control Register of Outstanding Inspection Reports/Paras" in proforma given in Appendix 5 in four parts. All entries made therein shall be attested by Section Officer in token of correctness. The details of objections settled shall be kept in Part-II, Part-III will indicate the number of outstanding Inspection Reports Paras yearwise against each branch/division. Final position of Inspection Reports/Objections outstanding shall be abstract in Part-IV which shall be submitted to the Accounts Officer/CAO on 5th/7th of each month.

8. Record of objections in the objection Book.

Besides watching the clearance of objections from the Register of Outstanding Inspection Reports/Paras as envisaged in the foregoing para, the objections which can be expressed in terms of money values should be registered in Objection Book.

9. Clearance of objection.

An objection once raised can be removed from the records of objections only after the Accounts Officer or Section Officer in the Internal Inspection Branch (HQ) has examined that due authority exists for the removal of the objection and put his initials against the item concerned in token of having done so.

When an objection once raised has been withdrawn, either on reconsideration or in the light of information which was not available previously, the disbursing officer or the other authority to whom the objection was originally addressed should be informed forthwith, as otherwise he remains responsible unnecessarily for the removal of the objection.

When the items kept under objections are adjusted by recovery or write off or otherwise, the adjustments should be posted in the adjustment register as also against the original item in the Objection Book. Each objection book should be closed in accordance with the following instructions: -

- i) The money columns in the objection book should be totaled, the balance of the past month should be added, the totals of the adjustments should be made in the Adjustment Register and entered in the Objection Book and the balance struck. Section Officer will sign the certificate at the foot of the page or last page of the page of the Objection Book for each month, which will be closed and balance on the 29th of the following month.
- ii) The outstanding balance in each column of the Objection Book is to be carried forward from month to month and year to year.

10. Pursuance of Inspection Reports in the Internal Inspection Branch (HQ).

- i) The Branch Officer/Divisional Officer is expected to furnish replies to ----- Inspection Report within three weeks of the receipt of an Inspection Report in any case the period of receipt of the first reply should be within four weeks from the date of issue of Inspection Report.
- ii) Unusual delays should be brought to the notice of the next higher Officer. The expedite replies to the Outstanding Inspection Reports, the following procedure should be observed in issuing reminders: -
 - a) ordinary reminder should be issued, if reply is not received within four weeks of the issue of the Inspection Report.

- b) Second reminder should be issued, if reply is not received within six weeks of the issue of the Inspection Reports.
- c) D.O. reminder should be issued, if reply is not received within two months of the issue of Inspection Report. Such reminders will issue over the signature of the AO (Internal Inspection HQ) or the CAO as is convenient.
- d) Second D.O. reminder over the signatures of the CAO should be issued two and half months after the issue of the Inspection Report, if replies are ----- not received.
- e) D.O. letter should be written to the next higher authority, if replies are ----- received within three months. It should be followed by another reminder after two more weeks. The D.O. will be issued under the signatures of the CAO.
- f) D.O. letter should be issued over the signature of the CAO to the Head of the Deptt/C.E. if replies are not received within six months of the issue of Inspection Report.
- iii) On receipt of satisfactory replies of the Branch Officer/Divisional Officer to ----- Inspection Report and the comments of the Controlling Officer/Head of the Deptt. thereon, the Internal Inspection Branch (HQ) will settle the objection. The remarks "Dropped vide letter No.-----dated-----" should be recorded against the relevant para of the Inspection Report, in case satisfactory reply in respect thereof is received and approved by the Accounts Officer (Internal Inspection HQ).
- iv) If on receipt of satisfactory reply, an objection is desired to be treated as "settled subject to verification at next audit", the number of para and the year----- Inspection Report with necessary reference should be recorded and attested ----- the Section Officer in the Auditor's Note Book maintained in respect of ----- branch/division and objection removed from the Control Register of Outstanding Inspection Reports and Objection Book. In case compliance thereto is not ----- in order at the time of next audit, the objection should be added in the ----- Inspection Report by the Internal Inspection Party.
- v) The latest action taken/reference received should be briefly indicated against each para in the Inspection Report for the latest year in Part-I or Part-II as the case may be so as to facilitate disposal by the Internal Inspection Party at the next Inspection.

11. Settlement of objection in Internal Inspection Branch (HQ).
 - i) Objections of general nature relating to initial records i.e. Cash Book, Stock Registers, Log Books, overtime registers and service books etc. where the Branch/Division has accepted the audit point of view and have intimated that necessary compliance can be verified during the course of checking of such records at the time of subsequent Inspection may be treated as finally settled.
 - ii) Specific objections pointing out over-payments, short/non-realisation of dues, irregular payments of grants, non-utilisation of costly stores, equipment and machinery, irregular purchases and other serious-irregularities, where the Branch Officer/Divisional Officer has furnished satisfactory reply may be treated as settled, "subject to verification at the next audit". Such objections should be treated as settled for the purpose of Control Register of Outstanding Inspection Reports and Objection Book. Such objections shall, however, be abstracted by the dealing Assistant of the Internal Inspection Branch (HQ) on a separate sheet of paper with the last column "Remarks by the Inspection Officer" under the signatures of the AO (Internal Inspection Branch HQ). This abstract will be forwarded to the Inspection Officer alongwith other records at the time of next inspection for his remarks on each item.
 - iii) Except where recoveries of payments by/due to the Authority are involved, the objection should be to clear finally all items more than three years old were minor technical irregularities etc., are brought out. If it is considered necessary, for valid reasons to pursue an old outstanding objection, the decision to do so be taken at the level of the CAO.

CHAPTER – X

10. Checking of Estimated of Works/Schemes.

1. Estimates for works/schemes to be executed by the Authority as well as those relating to maintenance and repairs are received in Finance Deptt. from the Engg. Deptt. for scrutiny and financial concurrence. As provided in the CPWD code after a requisition for a work/schemes required to be executed is received in the Engg. Deptt. from the Administrative Deptt. concerned, a preliminary estimate is prepared to give an idea of the approximate cost involved, based on preliminary plans. It is sent to the requisitioning Deptt. for obtaining administrative approval. For execution of work, the under mentioned formalities are the basic pre-requisites, which are required to be fulfilled, before it is taken in hand or liability incurred in connection with it: -

- i) Administrative Approval.
- ii) Expenditure Sanction.
- iii) Technical Sanction.
- iv) Appropriation or re-appropriation of funds.

No normal work should be commenced or liability thereon incurred until administrative approval has been obtained, a properly detailed estimate with design has been sanctioned, expenditure sanction, where necessary has been obtained and allotment of funds made.

2. In view of the above, on receipt of an estimate in the finance deptt. the following preliminary checks may be made: -

- a)
 - i) Whether administrative approval of the Vice Chairman has been obtained for the execution of work/scheme.
 - ii) Detailed estimate has been prepared properly and technical sanction of the competent authority in the Engg. Deptt. has been obtained.
 - iii) Provision of the estimate cost of the work/scheme exists in the Budget Estimates/revised Budget Estimates of the year and if not how the expenditure is proposed to be met i.e. whether by re-appropriation of funds or by provisions to be made in the Revised Budget Estimates.
- b) The estimate is comprehensive and includes the following: -

- i) History-particulars relating to the initiation of and reasons leading upto the proposal and its general purpose, including reference to previous correspondence documents and specifications, where necessary.
 - ii) Design-A description of the original proposals and those finally adopted particularly with regard to location, sitting and design, also with reference to specifications, calculation and drawings, where necessary.
 - iii) Scope-An explicit statement as to what work is and is not covered by the Estimate, also a reference to what arrangements are being made for any portions which are not included in the estimate.
 - iv) Rates-Particulars as to how the rates have been arrived at, giving reference to Schedule of rates and also to the details accompanying the estimates, where necessary, with any special explanation connected therewith.
 - v) Cost-Cost of the work and a comparison with the amount originally provided under the previous administrative sanction or detailed estimates in case of revision.
 - vi) Method-The method proposed for carrying out the work, whether by lump sum contract, item rate or percentage rate tender, petty contract or daily labour or any combination of these.
 - vii) Establishment-Details of any provision made in the estimate for work charged Establishment, where necessary.
 - viii) Construction Plant-Any special method of construction to be adopted with reference to specifications etc. and details of the arrangements that have been made for necessary construction plant, tools etc.
 - ix) Land-Arrangements for acquisition of land, where necessary.
 - x) Time-Time of starting and estimated time of Completion of the work.
- c) The estimate of a project/scheme is supported by complete details and is based on drawings and calculations of design, where necessary. In order to ensure this, it is seen that it has been prepared under the following heads: -
- i) Buildings, including internal service installation e.g. water (filtered and unfiltered) supply, sanitary, electrical and other facilities.

- ii) Main roads outside the boundry walls for buildings under constructions, as may be considered necessary for lay out.
 - iii) Boundry walls or fences, gateways, roads and paths, parks etc.
 - iv) Electrical, water supply, storm water drainage and sewage connections with main lines.
 - v) Special tools and plants which may be necessary during construction.
 - vi) Stock and suspense accounts, which may be necessary in connection with the work.
 - vii) Miscellaneous works such as leveling, dismantling of old buildings and other items which do not fall under the above heads.
 - viii) Departmental, administrative and interest charges.
 - ix) Land acquisition.
3. In addition to the above preliminary checks, the following checks may be carried out to see that: -
- i) Arithmetical calculations are correct.
 - ii) Departmental charges have been levied at rates prescribed for various purposes i.e. for works/schemes financed out Nazul Account-I, Nazul Account-II, Nazul Account-III and General Development Account etc. These charges are usually levied for half the period of development/construction.
 - iii) Administrative charges and interest charges have been levied at correct rates.
 - iv) Provision for contingencies at 3% on the cost of estimate has been added to cover the cost of unforeseen contingencies. This provision is also intended to cover the cost of work-charged establishment for which no provision is required to be made separately except in the case of annual maintenance estimates, where provisions is made for such establishment under a separate sub-head of estimate.
 - v) The correct and current schedule of rates issued by the Director General Works (CPWC) has been used for preparing the estimate. Where for any item, there is deviation in the rates so prescribed, the reasons therefore should be ascertained.

- vii) The additional provision for rise in cost index since the schedule of rates has come into force has been made at the percentage prescribed by the Director General, CPWD from time to time.
 - viii) As the availability of site is a pre-requisite for planning and designing of a work; it should be particularly seen that land is available for taking up the work/scheme so that execution of work/scheme is not held up due to non-availability of site.
 - ix) The estimate for commercial projects/schemes are accompanied by reports showing physical targets as well as financial viability of the project/scheme.
 - x) In the case of revised estimate, it should be seen that it is accompanied by a comparative statement of provisions made in the original estimate and revised estimate and by a report showing the progress made up-to-date.
 - xi) In the case of repairs estimates, each annual repairs and maintenance estimate includes the whole expenditure (including Municipal Property taxes and other taxes, if any, payable by the Authority during the year).
 - xii) Estimates for new roads include the cost of shifting of pipelines, drainage, electric poles, cables, telephone lines etc.
 - xiii) In the case of "deposit works" it should be seen that the execution of work as "deposit works" has been approved by the competent authority.
4. An other important point to be seen in the checking of estimates is the section/head of Account to which the estimate is correctly chargeable. It should inter-alia be seen whether the expenditure on work/scheme is correctly chargeable to the following accounts keeping in view the object of the work/scheme and the ownership of land on which the work/scheme is to be executed: -
- i) Nazul Account-I: - Estimates of works/schemes relating to works/schemes for further improvement and development of old Nazul Estates placed at the disposal of Delhi Improvement Trust/Authority under the Nazul Agreement of 1937.

- ii) Nazul Account-II: - Estimates of works/schemes relating to the scheme of Large Scale Acquisition, Development and Disposal of Land in Delhi approved to be financed out of the Revolving Fund placed at the disposal of the Delhi Administration (Land & Building Department) for execution of the scheme.
- iii) Nazul Account-III: - Estimates of works/schemes relating to the JJR Schemes.
- iv) Estimates of works/schemes relating to Housing, Local Shopping Centers, Community Shopping Centers, Distt. Shopping Centers etc. approved to be financed out of General Development Account Funds.
- v) Estimates of works/schemes relating to I.S.B.T. Account.

CHAPTER – XI

11. Exercise of Powers by Different Functionaries in the D.D.A.
 1. Source of Powers.
 - i) The different functionaries in the DDA derive their executive/financial powers from different resolutions passed by the Authority from time to time. These powers should by no means be taken as absolute or exhaustive. The powers which have been given under the provisions of any rules or regulations framed under sections 56 & 57 of the Delhi Development Act, 1957 or which the officers derive from any rules or orders of the Government which have been adopted by the Delhi Development Authority shall continue to be exercised by them.
 - ii) Section 52(1) of the Act envisages that the Authority may, by notification in the official gazette, direct that any powers exercisable by it under the Act except the powers to make regulations may also be exercised by such officers (or Committee constituted by it under Section 5A) as may be mentioned therein, in such cases and subject to such conditions, if any, as may be specified therein.
 2. Being satisfied that it is necessary or expedient to do so, the Authority by passing a resolution to that effect, may: -
 - a) relax all or any provisions of delegation of financial powers in relation to any Officer of the Authority.
 - b) delegate to any officer of the Authority, powers in addition to the powers already delegated to him.
 - c) reduce the powers delegated to any officer to such extent as may be specified in the Authority's resolution
 - d) impose conditions in addition to those specified at the time of delegating powers and
 - e) withdraw from any officer all or any of the powers delegated to him.
 3. General limitations on powers to sanction expenditure.
 - i) No expenditure shall be incurred except on legitimate objects assigned to the Authority under the Act and in the discharge of duties assigned to the Authority from time to time by the Government.
 - ii) An officer of the Authority may sanction expenditure only on such items and to the extent he has been authorised to sanction under powers delegated to him by the Authority or through further delegation of powers by the Vice-Chairman in respect of

powers delegated to Vice-Chairman by the Authority as Head of the Deptt.

- iii) The exercise of powers delegated to various functionaries of the Authority is further subject to the following: -
 - a) that budget provision exists in the budget estimates or revised budget estimates or funds have been arranged through reappropriation duly sanctioned by the competent authority.
 - b) the expenditure should not prima-facia be more than the occasion demands.
 - c) he will be expected to exercise the same vigilance in respect of expenditure incurred from the funds of the Authority as a person of ordinary prudence would exercise in respect of expenditure of his own money.
 - d) he will not exercise his powers to pass an order which will be directly or indirectly to his own advantage.
 - e) expenditure from the funds of the Authority should not be incurred for the benefit of a particular person or a section of people unless.
- i) a claim for the amount could be enforced in a court of law, or
- ii) the expenditure is in pursuance of a recognised policy or custom.
- f) this amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not a source of profit to the recipients.

NOTE: Schedule of Delegation of administrative and financial powers to the Authority, and various functionaries/officers of the Authority on the Civil and Public Works sides has been printed separately.

APPENDIX – 1

(Reference Para 7 [2])

Register of Divisional Accountant Irregularities

NAME OF THE DIVISIONAL ACCOUNTANT

NAME OF DIVISION

Period of monthly accounts	Want of punctuality in submission of Monthly a/c No. of days delay.	No. of wanting incomplete voucher.	No. of wanting incomplete schedule.	Dt. Of their subsequent receipt.	Irregularities connected with bills.	Delay in the receipt back of audit notes & objection Statement.	Other irregularities to be specified.	Ref. of WAC file No. & page wherein responsibility was fixed on D.A.	Remarks
April									
May									
June									
July									
August									
September ...									
October									
November ...									
December ...									
January									
February									
March									
March (Final)									
March (Suppl)									

MB – Separate folio should be opened for each division.

APPENDIX – 2
(Reference Para 7 [3])

CONTROL REGISTER-AWAITED SCHEDULES AND RETURNS

S. No.	Name of the Return or Schedule awaited	Month of year for which return of schedule awaited	No. & dt. Of ref. calling for the return of schedule	Dt. Of reminder issued.	No. & dt. Of receipt of the return of schedule.	Dt. when audited.	Dt. of submission to WAD. VII	Dt. when attached to monthly a/cs.	Dt. of submission to the branch Officer.	Dt. of submission to the Sr. DAG. (W) CAO.	REMARKS

Note: - One page of the register may pl. be allotted on each of the schedules/returns viz. CPWA Form 51, CPWA Form 46 M.P. Advance schedule of Deposit CPWA Form 91, CPWA Form 86 etc.

APPENDIX – 3
(Reference Para 7 [5])

CHECK OF CLASSIFICATION OF ACCOUNTS

Name of the Division.	Month of the a/c in which the Classification found incorrect.	Particulars of misclassification.	Correct Classification.	Initial of B.O.	No. & dt. under which matter referred to Divisional Officer.	No. & dt. under which confirmation received from Divisional Officer.

APPENDIX – 4

(Reference Para 6 [6])

List of records which are generally examined by local audit/inspection parties during the local inspection of a Divisional Office.

S. No.			
1.	Cash Book.	31.	Schedule of Rates.
2.	Cash Balance Report.	32.	Register of Duplicate Keys.
3.	Register of Sale of Tender Forms.	33.	Register of Muster Rolls.
4.	Register of Tenders.	34.	Log Books.
5.	Cheque counterfoils and Receipt Books.	35.	Records relating to Works.
6.	Remittances made into the Bank.	36.	Work-Charged Estt. Pay Bills/Pay Bill Register.
7.	Subsidiary Cash Book.	37.	Measurement Books.
8.	Acquaintances Rolls and TA Bills, Register of Passed bills and Check Register of pay bills.	38.	Register of Review of Measurement Books by the Divisional Accountant.
9.	Imprest Accounts.	39.	Standard Measurement Books.
10.	Register of Contingencies.	40.	Tenders and Comparative Statements.
11.	Stock Accounts.	41.	Works orders and Register of Works Orders.
12.	T & P Accounts.	42.	Supply Orders and Register of Local Purchases.
13.	Workshop Accounts.	43.	Contractor's Ledger.
14.	Road Metal Accounts.	44.	Register of Contractors Bills.
15.	Manufacture Accounts.	45.	Works Abstracts.
16.	Transfer Entries Books.	46.	Register of Works.
17.	Register of Property Accounts.	47.	Materials at Site Accounts.
18.	Register of Licence Fees of Lands & Buildings.	48.	Register of Sanctioned Estimates.
19.	Register of Immovable and Landed Properties.	49.	Service Books.
20.	Register of Miscellaneous Recoveries.	50.	Work-Charged Provident Fund Accounts.
21.	Register of Quality Control Observation and Recoveries.	51.	G.P. Fund Accounts.
22.	Register of Transfer awaited.	52.	Overtime Allowance Claims.
23.	Register of Miscellaneous Sanctions.	53.	Children Education Allowance Claims.
24.	Register of Adjustment Memos.	54.	Watching of actual against Budget Estimates etc.
25.	Register of Cash Settlement Suspense Accounts.	55.	Incumbency Register.
26.	Register of Deposits.	56.	Register of Expenditure on demolition, restoration etc.
27.	Register of Interest Bearing Securities.	57.	Rush of expenditure during March.
28.	Post Office Savings Pass Books.		
29.	Register of Purchases.		
30.	Register of Miscellaneous Works Advances.		

APPENDIX – 5

(Reference Para 9 [1] to 9 [7])

Proforma for Control Register of Outstanding Inspection Report Paras

Name of Branch/Division.....

Year of Inspection Report Outstanding.	No. & date of letter under which the Report was issued.	No. of paras outstanding.	Reference to paras No. of Inspection Report.	Initials of S.O. in token of correctness of Columns 1 to 4.	Paras No. of Inspection Report settled.	Letter No. and date with which para settled.	Initials of the Accounts Officer (Internal Inspection HQ.)	Remarks.
1	2	3	4	5	6	7	8	9

APPENDIX – 6
 (Reference Paras 9 [1] to 9 [7])
PART – II

Details of Objections settled during the month of year of Inspection Reports.

Name of Branch/Division	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
1.	0-1*		1-1*	1-2*		
2.						
3.						
4.						
5.						
Total :						

Note: The settlement of objections shall be shown as 0-1, if one para of a report is settled and the Report is not cleared, but if with settlement of 1 or 2 paras, the whole report is cleared, the settlement will be shown as 1-1 or 1-2, as the case may be.

APPENDIX – 7
 (Reference Paras 9 [1] to 9 [7])
 Part – III

Details of Outstanding Inspection Report/Paras Yearwise

Name of the Branch/Division.	Upto	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
	Outstanding Adjusted as per Part – II						
1.							
2.							
3.							
Total:							

Note: Number of Outstanding Inspection Reports/Paras shall be shown in red ink as 1-1 or 1-6 according as there is one para outstanding or six paras outstanding in a report. Settlement of Inspection Report/Paras on the basis of record in Part – II shall also be exhibited beneath the relevant report in blue ink.

APPENDIX – 8
 (Reference Paras 9 [1] to 9 [7])
Abstract of Inspection Reports/Objections Outstanding
PART – IV

Years of Inspection Reports

Balance brought forward.	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
No. of Inspection Report and Objection added -----						
No. of Inspection Report and Objections settled during the month-----						
Closing Balance.						
				Accounts Officer (Internal Inspection HQ)		C.A.O.

APPENDIX – 9

(Reference Para 9 [1] to 9 [7])
(Proforma of the Control Register of Inspection Reports)

Register for watching receipt and issue of Inspection Report

S. No.	Name of Branch/Division	Period of Audit	Date of audit as per quarterly programme	Names of the members of Inspection Party.	Months selected for detailed audit.	Months selected for checking of Cash Book Totals.	Date of actual completion of audit.	Date of Discussion	Date of receipt of Report at H.Q.	Date of submission of report to the A.O. (Internal Inspection Headquarters)	Date of approval of Inspection Report.	Date of issue of Inspection Report.	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14