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रक्षा लेखा विभाग  
DEFENCE ACCOUNTS DEPARTMENT

थल सेना की स्थानीय लेखापरीक्षा  
ARMY LOCAL AUDIT

नियम-पुस्तक—भाग-II  
MANUAL—PART-II

[यूनिटों और विरचनाओं आदि के लोक निधि लेखाओं का निरीक्षण करने के लिए  
स्थानीय लेखापरीक्षा अधिकारियों को अनुदेश]

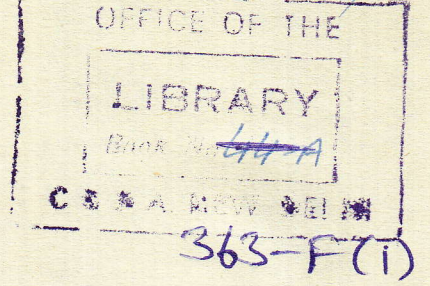
[Instructions for inspection by Local Audit Officers of  
Public Fund Accounts of Units and Formations, etc.]

[शुद्धि पर्ची संख्या 15/1990 तक के संशोधन समाविष्ट]  
[Incorporating Amendments up to and including Correction Slip No. 15 of 1990]

रक्षा लेखा महानियंत्रक के प्राधिकार से जारी

ISSUED BY AUTHORITY OF THE  
CONTROLLER GENERAL OF DEFENCE ACCOUNTS  
1992

अनुवाद  
TRANSLATION  
केन्द्रीय अनुवाद ब्यूरो  
CENTRAL TRANSLATION BUREAU  
गृह मंत्रालय,  
MINISTRY OF HOME AFFAIRS  
नई दिल्ली  
NEW DELHI



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## CHAPTER I—GENERAL DUTIES AND RESPONSIBILITIES OF LOCAL AUDIT OFFICERS

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### GENERAL

1. The Accounts of Public funds only (as defined in financial regulations part-I) as maintained by units and formations will be subjected to inspection by local audit officers of the defence accounts department, no inspection being made of the accounts of Regimental funds or of those relating to the interior Economy for which Commanding Officers are responsible, except under definite instructions from the C.D.A.

2. Inspection should be the personal responsibility of the L.A.O. only, but where he is 'put on enquiry' and an exhaustive overhaul or a General examination is to be conducted, it can be delegated to a picked staff but still under his supervision.

3. The L.A.O. should keep himself in touch with the financial affairs of units and formations whose accounts he inspects. This touch is very important and therefore all important work connected with inspection should be done by him personally. He may have the assistance at each inspection of a clerk to perform routine work. This inspection clerk may be taken by him to outstations also. The L.A.O. will decide the nature of the work to be entrusted to the clerk at each inspection. The work done by the clerk will be checked by the L.A.O. on whom will rest the final responsibility for the correctness of inspection work. This check should be in the nature of 'Sampling' with a view to achieving the objective of inspection.

4. Detailed instructions in regard to inspection of public fund account of various types of units and formations are laid down in succeeding chapters. These instructions or those issued from time to time are intended to assist in securing an intelligent and efficient audit by the method of 'Sampling'. The L.A.Os. may apply any additional checks, if considered necessary. When special circumstances arise.

### OBJECTS OF INSPECTION

5. The main objects of inspection of the public fund accounts by L.A.Os. are :—

- (i) To ensure that all prescribed accounts and documents are maintained.
- (ii) To ascertain that the accounts, etc. are maintained strictly in accordance with the regulations and orders;
- (iii) To see that all Transactions between individuals and the funds and other accounts can be easily traced and correctly tallied;
- (iv) To ensure that all moneys (including cheques and Government drafts) relating to public funds have been duly accounted for and expended in conformity with regulations.

## FREQUENCY OF INSPECTION

6. For the purpose of inspection, units and formations are divided into two broad categories, viz :—

- (a) those in which inspection may be limited to one occasion per annum (normally one month's cash account, etc. being audited in full); and
- (b) those in which inspection should normally be carried out half yearly.

7. Units and formations in a typical 'Army' audit area normally falling under category 'A' or category 'B' in para 6 are indicated below :—

Category 'A'—All units and formations other than those included in category 'B'.

Category 'B'—Military estate officers and their outstation representatives.

Diary farms

Grass farms

King George Schools

N.C.C. Units.

NOTE :—'Inspection of NCC units will however be carried out on an Annual basis without involving any reduction in the quantum of check e.g. two months accounts will be selected for detailed check.'

The list is not exhaustive and controllers should, for reasons to be recorded, use their discretion in allocating any particular unit for formation which does not appear in the list. The decision should in general depend upon the relative importance of the public fund accounts of the unit or formation concerned both in the magnitude and in the nature of the non-pre-audited transactions recorded therein.

Similarly, the controllers may also, at their discretion and for reasons to be recorded, transfer any particular unit or formation from category 'A' to category 'B'.

8. In the case of smaller units of formations, the L.A.O. should, as far as possible, work up his programme in a way which would enable him to inspect the accounts of those units or formations at the time of his visits for the purpose of reviewing local audit work. Special visits for the purpose of half yearly inspection to such smaller units should, as far as possible, be avoided. Irregular formations which have no settled organisation will, however, be an exception to this rule.

Similarly, the L.A.O., will exercise the checks required to be carried out during the inspection of public fund accounts of military farms, vide chapter VI at the time of his visit to the farms for the review of local audit work. No special visit to the farms for the purpose of inspection need be made.

In the case of inspection of cantonment fund account also, the L.A.O. will visit every cantonment at least once a year, preferably just before the close of audit.

## PROGRAMME OF INSPECTION

9. The quarterly programme of inspection will be drawn up by the L.A.O. and submitted to the C.D.A. for approval. To enable the O.C. to arrange for all officers concerned to be present on the dates of inspection and to have ready the points which they wish to discuss or on which they require advice, the approved programme will be notified by the L.A.Os. to Os. C. units sufficiently in advance, or if possible, published by the C.D.A every quarter in local (area or sub-area or station) orders. The C.D.A. when necessary, will give special instructions to the LAO's on matters requiring special action or investigation.

10. The standard time in man-days as approved by the C.G.D.A. and notified in circulars from time to time for each class of unit or formation represents the average period required for inspection of the accounts of that unit or formation and should be adhered to by the L.A.O. in working out his programme, copies of

such circulars and amendments there to will be supplied by the main office to the L.A.O. for his guidance in the preparation of his tour programme. If the inspection of a unit takes the L.A.O. a day or two longer than the original programme in order to settle observations on the spot, etc. He should report such circumstances to the C.D.A. for confirmation of his action. In cases where the special circumstances connected with a unit or formation render his prolonged stay absolutely necessary, he should report the circumstances to the C.D.A. in detail by an express letter and obtain his concurrence by wire such prolonged stay commences.

11. If during the course of local audit or inspection of a particular unit, the L.A.O. receives an urgent request from another unit to inspect the accounts of the latter, either on account of its leaving the area or of any other emergent circumstances, he may leave the accounts in hand at that stage, and take up the inspection of the accounts of the other unit, provided he is satisfied, from the general state of accounts of the former unit, that he can safely do so, but he should explain the position tactfully to the C.O. of the unit or formation, the inspection of whose accounts he has to suspend. He may return to that unit later on, if necessary. Such a case as this should be very exceptional and should be reported to the C.D.A. immediately.

#### LIST OF ACCOUNTS AND REGISTERS TO BE INSPECTED

12. In order to avoid omission of any accounts in inspection, each L.A.O. will maintain a list of depots/units and formations in his area together with a separate list of all accounts and ledgers, etc. for each depot or unit or formation (including the temporary, special and miscellaneous formations which close down at hill stations after the summer months, E.G. ration stands, hill depots etc.). This list will be got approved by the C.D.A. and kept up to date.

Special instructions, if any, with regard to the inspection of any formation(s) will be appended to the list of accounts, etc. to be audited. The list and special instructions referred to above will be handed over by the L.A.O. officially to his successor in the event of his being transferred or of his going on leave.

The list will be examined by the I.D.A.S. officer when reviewing L.A.O.'s work.

NOTE :—To help the L.A.O. in preparing these lists, a standard list of accounts and registers generally maintained by the army units and formations, which are required to be subjected for inspection or examination is given in appendix 'A' to this manual.

13. The L.A.O. will also keep a visual chart in order to watch how the inspection of the accounts of units and formations in his area is progressing. The chart should show the names of units, etc. to be inspected and the date on which the inspection of each unit is completed.

#### DOCUMENTS TO BE COLLECTED FOR INSPECTION

14. The L.A.O. will obtain from the C.D.A. a list of officers commanding of units or heads of formation who have been granted permanent advances.

15. (i) The L.A.O. will receive in weekly batches from his controller all cheque slips (which will be numbered serially) issued in favour of O.C. etc. of units and formations in his area. He will see that all cheque slips received by him are consecutive and that there has been no omission on the part of the C.D.A. in sending him (The L.A.O.) any cheque slip. Cheque slips not received in time should be called for.

NOTE :—In the case of cheques drawn by the assistant director of grass and dairy farms (vide rule 418 F.R. Part-II) the list of cheques so drawn is received by the controller (stores audit section) who, in turn, will supply the L.A.O. with the duplicate copy of the list.

- (ii) In the case of cheques issued by other controllers, cheque slips will be received by the L.A.O. through his controller in monthly batches with a forwarding memorandum showing the serial numbers of each controller's cheque slips. On receipt of the forwarding memorandum and cheque slip the L.A.O. will verify the correctness of the entries in the memorandum and immediately return the acknowledgement portion of the form.
- (iii) These documents should be carefully and properly kept in a file and taken by the L.A.O. at the time of inspection.

### PROGRESS REPORT OF INSPECTION

16. The L.A.O. will submit to the C.D.A. a progress report of inspection periodically or as required by the latter, showing:—

- (i) the names of units or formations inspected during the period;
- (ii) date of commencement of inspection;
- (iii) date of conclusion of inspection;
- (iv) month's account(s) selected for detailed check;
- (v) date of despatch of inspection report;
- (vi) general state of accounts;
- (vii) any other remarks.

In the case of units and formations, the inspection of whose accounts is in progress, the words 'In Progress' will be entered against items (iii) to (vi).

Note :—For the purpose of quarterly arrear report, the arrears, will include such those units whose accounts are not inspected within 12/6 months of the date of inspection.

17. The L.A.O. should bring to the personal notice of the C.D.A. through a special report, all cases in which :—

- (i) the prescribed accounts and registers are non existent or missing or have not been produced;
- (ii) the cash accounts maintained by a unit are in an unsatisfactory state or there has been a serious departure from the prescribed procedure.
- (iii) the procedure followed in maintaining the accounts differs from that prescribed by rules or orders.

### IMPORTANT FINANCIAL IRREGULARITIES

18. Individual cases of serious irregularities detected in audit will be reported immediately to the C.D.A. in the manner laid down in para-515, Defence Audit Code.

### MISCELLANEOUS

19. Although the LAO's functions in the matter of public fund accounts are ordinarily limited to inspection of such accounts and to satisfying himself that the object of the inspection as referred to in para-5 is met, he may find scope for enquiries in other directions, e.g. :—

- (i) By conducting a general and intelligent examination of the system under which the accounts are maintained to see that it does not render any frauds possible;
- (ii) By offering suggestions bearing on economics that can be effected and bringing to notice any unnecessary or avoidable expenditure of public money (irregular expenditure being placed under objection);
- (iii) By bringing to notice of the controller instances of contracts for supplies, in the giving out of which no attempt was made by the Executive authorities to invite competition amongst contractors, or of the arrangement being so defective as to suggest that the Government does not obtain full value for the money paid.

20. The L.A.O. will bear in mind that, if during his visit, anything comes to his notice that might, if investigated, lead to the reduction of military expenditure, he will at once inform the Controller and if necessary, ask for orders, most useful points might thus be brought to notice and the C.D.A. placed in a position to address the executive. In all such cases, personal discussions with the executive officers may, if conducted in a friendly spirit and with real desire to assist rather than to criticise, lead to practical suggestions which will be welcomed by the administrative and executive authorities as likely to result in Tangible benefits to the Finances of the State.

21. No Audit or Examination of the Accounts or any Enquiry into matters, which it is the duty of the main office of the C.D.A. to deal with, will be undertaken by the L.A.O. unless specially instructed by the C.D.A. to do so. While refraining from encroaching on the functions of the main office, L.A.Os. are expected to give prima facie advice and reasonable help to commanding officers on matters connected with accounts when such advice or help is sought or to refer the officer to the C.D.A. for orders or instructions when matters relate to audit points ordinarily dealt with by that office. He will ensure that proper system exists in units for dealing with accounts and correspondence in connection therewith and that prompt steps are taken to comply with audit requirements.

22. The L.A.O. may, however, be required by the C.D.A. or a Group Officer in the main office to settle any pending cases between Commanding Officers etc. and Officer-in-Charge of Audit Sections in the main office. In doubtful cases, the L.A.O. should take note of difficulties brought to notice with sufficient details and lucidity, so as to enable the C.D.A. or the Group Officer concerned to issue final orders thereon.

23. In Cases where a commanding officer desires that a thorough examination and recasting of the current or old accounts should be undertaken by the L.A.O. or if the L.A.O. finds that the accounts of a unit or formation are in a state of confusion and require detailed examination or recasting the matter should promptly be brought to the notice of the C.D.A. with full particulars, so that the orders of the C.D.A. may be obtained. The initial re-examination or recasting of such accounts will not be undertaken save in very exceptional circumstances and unless ordered by the C.D.A.

Cs, D.A. while according approval for special audit powers delegated to him, shall invariably send the full details of the case to the CGDA showing:

- (a) Name of the Unit/Formation.
- (b) Whether Special Audit has been requested by OC of LAO/RAO ?
- (c) Prima-Facie nature and extent of irregularity/Fraud.
- (d) Period involved.
- (e) Whether regular cash inspection of the period involved was completed ?
- (f) Whether Admin authorities have been informed of the irregularity appropriately at command level and the reaction of admin authorities ?
- (g) Any other information.

24. Whenever the L.A.O. is present in the station, any assistance sought by the senior (Executive) Officer deputed under the Departmental Regulations to carry out a surprise check of cash balances from an accounting and audit point of view should be freely given by the L.A.O. The assistance will ordinarily be limited to cases where the Administrative Authorities have any difficulty in closing the cash book and arriving at the correct cash balance on the date of surprise check or in cases of suspected fraud.

15. The L.A.Os. will also carry out periodical inspection of the Accounts Sections Unit [Assistant Accounts Officer (AAO)] units in order to see :—

- (i) That the Accounts Section of the unit is properly accommodated ;
- (ii) That the records are kept neat and tidy.
- (iii) That the prescribed registers [vide Annex] 'A' to instructions for Assistant Accounts Officers (AAO) are properly maintained, particularly the demand and the payment issue registers and the register of L.P.Cs. to be issued;
- (iv) That the books of regulations required to be maintained by the AAO have been properly kept and corrected up to date;
- (v) That the articles of Dead Stock in possession of the AAO agree with the inventory of the Dead Stock;
- (vi) That such items in the Last Pay Certificate registers as are required to be entered in the Foreign Debit Registers have been communicated by the AAO to the main office and acknowledgements obtained.

The L.A.O. will also enquire into the General Relations between Accounts Section and the unit. Any complaint against or irregularities on the part of the AAO will be investigated and, if necessary, brought to the C.D.A.'s notice by the L.A.O. confidentially.

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## CHAPTER II—GENERAL RULES FOR THE CONDUCT OF INSPECTION

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### GENERAL

31. The L.A.O. should, on arrival at an out-station for inspection, first report himself personally to the O.C. Station. He will comply with any instructions the O.C. Station may see fit to give him, if he (The L.A.O.) can do so without contravening the instructions laid down in this manual or those which he has received from the C.D.A. if he cannot carry out the wishes of the O.C., station, he will explain tactfully to that officer why he cannot do so and if necessary, refer the matter to the C.D.A.

32. Thereafter, but before commencing the inspection of the accounts of a unit or formation visited, the L.A.O., will interview the O.C. unit/Head of formation, or, in his absence, the next senior Officer and explain to him the object of his visit.

### EXTENT AND SCOPE OF INSPECTION

33. The L.A.O. has full power and authority to examine treasure chest balances, cheque books, etc. and to call for any information, accounts, vouchers or other documents he may require in connection with Public Fund Accounts which are being examined by him, vide Rule 91 (III), Financial Regulations, Part-II, but see para-34.

34. The L.A.O. is ordinarily not required to verify the Cash Balances of those units and formations whose accounts are subjected to audit by regimental Audit Boards; but he will invariably see that the prescribed counting of cash has been done by the board and a certificate to that effect is also recorded by the Board. In cases, however, where he considers that the State of Accounts of a particular unit is unsatisfactory, or where cash balances are found to be heavy. He should invariably verify the cash balance of all Public Fund Accounts including imprest accounts by actual counting. On the date of cash "inspection", the L.A.O. will verify the Bank Balance and cash balance in the Public Fund Accounts and Imprest Accounts. After actual counting of the cash in hand pertaining to the imprest accounts he L.A.O. will endorse the Bank Balance as well as Cash Balance on the imprest Accounts concerned and intimate the same to the PAO/Regional CDA. LAO will ensure that unit authorities address the bank concerned to intimate the Bank Balance on the date of his inspection to the PAO/Regional CDA concerned. In the case of remount and other miscellaneous formations which have no regimental accounts, the cash balance will be verified.

NOTE : L.A.Os. may also be called upon by the CDA (ORS) to undertake verification of imprest cash held by field imprest holders when such a course is considered necessary by the C.D.A. (ORS).

35. Ordinarily, one month's account at each annual/half yearly visit will be selected for detailed check. The accounts for other months will be subjected to a General Scrutiny/review and the doubtful and a normal items examined more closely. The selection of one month's account for the purpose of detailed check should be influenced by the following two factors which will give the L.A.O. an indication of the month's Account which requires particular attention :—

(i) The general state of the unit's accounts and the particular type of past irregularities and the month's accounts in which they were committed as revealed in previous inspection report or reports; and

(ii) A General scrutiny of the accounts since the Date of last inspection.

36. The selection should not tend to follow a uniform formula but should be varied and arbitrary (e.g. the accounts for the months immediately preceding the inspection should not necessarily and invariably be selected).

If circumstances warrant a detailed inspection of more than one month's account to complete his investigation, the L.A.O. should adopt this course. In making his selection, he should ensure that the accounts which pertain to important periods such as for the month of March, Training season, etc. come more frequently under review than others in which extraordinary charges do not occur.

#### COUNTING OF CASH BY THE L.A.O.

37. The L.A.O. will, immediately after he has interviewed, the O.C. vide Para-32, count the cash (where necessary). For this purpose, he should ask the O.C. to Produce all money in his possession (before the actual counting is taken up).

38. On the conclusion of the counting of cash (or when cash is not counted, before proceeding to inspect the Accounts), the L.A.O. should ask the O.C. to complete the cash book in regard to any outstanding transactions for the day (i.e. the dates of inspection) and to balance it. Thereafter, the balances of all public funds up to the date of inspection will be struck a statement of fund balances prepared and the total of the balances agreed with the cash and bank balances shown in the cash book on the date of inspection in the manner laid down in para 39.

39. A reconciliation statement will be prepared, reconciling the bank balance shown in the cash book with the balance shown in the bank pass book/Bank statement on the date of inspection. The statement should preferably be prepared by the O.C. should the L.A.O. prepare the reconciliation statement, he should work out the particulars himself, as far as possible, and indicate distinctly those items in which he has had to depend entirely upon the information supplied by the O.C.

NOTE —The bank balances, if any shown in the cash book will be verified with that shown in the bank pass book after taking into consideration any subsequent withdrawals from and deposits into the bank. The reason for any presented cheque remaining outstanding for a long time should be investigated.

40. The L.A.O. will record the following certificate of count in cases in which the cash is actually counted by him :—

Certified that :—

- (a) The cash in the treasure chest counted by me to-day, the.....(date), amounted to Rs. ....(Rupees.....paise.....only).
- (b) The balance shown in the public fund bank pass book reconciled as per re-conciliation statement below amounted to Rs. ....(Rupees.....Paise.....only). and
- (c) The book balance of public fund Accounts amounted in the aggregate to Rs. .... (Rupees.....Paise.....only) at the time of count.

This certificate should be signed by the L.A.O. and the O.C.

The L.A.O. or his clerk will then check the castings of the cash book and the "Carry forward" of the monthly closing balances from the date of balancing the books at the last inspection to the date of the present inspection.

In the case of a serious Discrepancy between the Cash Book and the treasure chest or bank balance, the matter should be brought to the notice of the O.C. or head of the office and also reported to the C.D.A. forthwith.

### GENERAL SCRUTINY OF ACCOUNTS

The L.A.O. will thereafter conduct the following checks for the scrutiny of accounts under inspection:

- (i) All the accounts, registers, Books, etc. prescribed have been maintained properly posted regularly and inspected periodically by the officers concerned as laid down in the respective regulations.
- (ii) In cases where erasures, overwritings and un-attested corrections etc., occur in the accounts, etc. (whether 'Audited' or 'Scrutinised') the L.A.O. should verify the particular entries from the original Documents, etc. he should also consider carefully whether an extension of the 'Test Check' is called for.
- (iii) The bank balance at the end of the month preceding inspection as shown in the advice of balance (or bank statement) [Rule 91(III) Financial Regulations Part-II] will be compared with that shown in the Bank Pass Book (produced for inspection) on the Corresponding date. The two balances should tally.
- (iv) The truth of the reconciliation statement prepared on the date of the previous inspection will be verified by seeing that all the alleged uncashed cheques and uncredited remittances to Bank, etc. have in fact been brought fully to account in the pass book since them. Satisfactory explanation for any 'Time Lags' (i.e., delay in accounting for in the pass book) should be looked for.
- (v) A balance sheet showing the assets and liabilities recorded in the cash book at the end of each month will be examined.
- (vi) (a) Cheque slips (vide para-15) for one month (corresponding roughly to the months account selected for detailed check) will be verified into the cash book from the Cheque slips (and not vice versa) at the time of each inspection. (for this purpose, cheques slips bearing LAO's office 'receipt date stamp' for the month will be selected).
- (b) In the case of 'No Negotiable' cheques no Cheque slips will be received by the L.A.O. All such cheques are entered by the Treasury or the bank in the pass book, and the entries in the cash book will be test checked from those in the bank pass book, the monthly statement of account or the advice of balance. (Any particulars of Individual Cheques necessary for audit purpose will be obtained from the cheque slips on record with the O/C. concerned).
- (c) After verification of the cheque slips, a statement showing numbers and dates and amounts of cheques accounted for in the cash account but which have not been shown in the list and vice versa will be prepared and sent by the L.A.O. to the C.D.A. for confirmation. Any discrepancies between the amounts of the cheques as shown in the cash book and those in the cheque slips will also be referred to the C.D.A. (Disbursement section), for reconciliation in the first instance, and recorded in the inspection report if any cheque is found to have been incorrectly accounted for or has not been shown in the cash account. The duplicate copy of the list of cheques drawn received in Controller's office monthly from the Assistant Director of grass and dairy farms (vide Rule-418 F.R. Part-II) will also be supplied to the L.A.O. by the Controller. In the case of grass and Dairy farms all cheques accounted

for in the cash book from the date of last inspection to the date preceding the commencement of the current inspection will be checked.

(vii) The amounts deposited in Government or other banks by units etc., will be ascertained and the L.A.O. will satisfy himself that the Controller's sanction, where required, has been obtained for the account maintained with the bank.

(viii) It will be examined that each cash account is closed and signed monthly and that a certificate of verification of balance is recorded as prescribed in the regulations.

(ix) With a view to avoiding losses, it will be ensured that the cash balances of public fund held are reduced to a minimum, in cases where limits have not been prescribed (Rule 499 R.A.I).

(x) It will be seen that the provisions prescribed under the regulations in regard to the handling of cheques and money and safe custody of account books are rigidly observed.

(xi) Acquittances will be examined to see that they have been taken for all payments made to the individuals and that stamped receipts have been duly affixed in the case of payments exceeding Rs. 20.

(xii) It will be seen that no unauthorised accounts are maintained.

(xiii) The register of all losses maintained by all depots and units/formations will be examined to see that the instructions laid down in A.O. No. 22/54 are followed in the maintenance thereof.

(xiv) It will be seen that M.O. check register is maintained in the proper form (IAFZ-2067). A general review of the register for the period covered by audit will be conducted to see that :—

(a) Each item in the register is initialled by the officer maintaining the register in token of the genuineness of entries.

(b) All postal acknowledgements are received and pasted in the register and the amounts of undelivered money orders have been promptly credited in the cash book and the amounts refunded to Government.

(xv) "In addition to the verification contemplated in para 91 (III) of alam Part-I. The L.A.Os will verify the Acknowledgement of M.R.O's with reference to the triplicates copy of the unit's forwarding memo received at his end direct from the CDA duly acknowledged even if it results in duplication of verification."

43. The L.A.O. will see at the time of inspection of the accounts of units and formations provided with permanent advances that —

(i) A regular account of expenditure against such advances is maintained;

(ii) No unauthorised advances therefrom are being paid;

(iii) An analysis of the amount recouped is recorded at the end of the month; and

(iv) The permanent advance held is not far in excess of the average monthly expenditure.

44. During the inspection of public fund accounts of units and formations, the L.A.O's should particularly, see that the following types of irregularities are not in existence so as to eliminate such irregularities and, if necessary, to report them to higher authorities :—

(i) Imprest account, public fund account and regimental fund account are operated from one and the same cheque book.

- (ii) Public funds are kept in an Officer's possession or deposited to the credit of private account or private banking concern.
- (iii) Bank statements are not forthcoming for inspection.
- (iv) Numerous cheques made payable to self which are prima facie irregular.
- (v) Cheque Book counterfoil is missing.
- (vi) Correct amounts for which cheques are drawn not entered in cheque book foils.
- (vii) Discrepancies between the amounts actually drawn on cheques and those accounted for in the imprest accounts.
- (viii) Cheques not issued in their serial order.
- (ix) Imprest holders not actually reconciling their monthly imprest account or cash account of funds with the monthly statement of account supplied by the bank/treasury but recording the fact of having done this reconciliation in the imprest account or cash book.

#### DETAILED CHECKS TO BE EXERCISED BY THE L.A.O.

45. The L.A.O. will adopt the following procedure in respect of the month's account selected for detailed check in addition to the checks detailed in para-42 ET SEQ :—

- (i) Examine one month's cash book (or more, if considered necessary) of public funds in detail with supporting vouchers and see that statement of balances of all public funds is made out immediately after the close of the month and that a balance sheet (statement of assets and liabilities) as on the last day of the month is made out.
- (ii) Mark off (from the counterfoils of cheques, counterfoils of paying-in-slip, etc.), every entry in the pass book.
- (iii) Verify the reconciliation statement of the bank balance at the end of the month selected. if one has not been prepared by the unit or formation, the L.A.O. should prepare it.
- (iv) Pair the entries in the pass book with the relative items in the bank column of the cash book, paying particular attention to any time lag (E.G. that there is no undue delay between the date the bank gives credit for cash or cheques paid in and the date the remittance is stated to have been paid in or ought to have been paid in; that any cash with drawn from the bank, is promptly brought to account in the cash column).
- (v) In cases where there is a discrepancy between the two balances, the counterfoils or cheque and paying-in-slips should be obtained and the balances agreed after allowing or unrepresented cheques or paying-in-slips which have not been entered.
- (vi) Verify every issue entry in the cash book (both cash and bank columns) against the disbursement vouchers, etc. verify from the counterfoils or receipt books, check register of money orders returned undelivered, etc. into the receipt entries in the cash book to see that all the receipts have been accounted for.
- (vii) Verify all contra entries in the case of transfer from 'Bank' to 'Cash' and vice-versa.
- (viii) Trace into the cash book from the cheque slips, etc. All uncrossed or open cheques issued by the controllers.
- (ix) See that all transactions between individuals and public fund accounts, or between the accounts of different public funds are readily traceable. That they agree and that credits for the amounts transferred from public to regimental accounts, if any, are afforded in the latter accounts. The L.A.O. will invariably verify credits of all transfers coming to notice during inspection, of cash on account of public fund from one unit or formation, etc. To Another or within the accounts of the units of formations inspected. When one of the units happens to be located in the Audit Area of another L.A.O. necessary intimation of the transfer of cash will be sent to the L.A.O. concerned for verification of credit and his acknowledgement of the intimation obtained.
- (x) The double entries if any in accounts consequent on the transactions between public fund and regimental funds will be verified by the boards and the L.A.O. will only see that the amounts

transferred from public funds are vouched against the receipts issued by the fund holders. In the case of small units, when the same officer holds charge of both public and regimental fund accounts and where it is not customary to issue receipts for inter-transfers between the Funds, The L.A.O. will ensure that the amounts transferred from public fund accounts to regimental Fund accounts are brought to account in the latter.

☛ In checking the cash book, it will be seen that :—

- ☉ The cash book is maintained on I.A.F.A.—811 or any other form/Forms authorised by Government of India.
- ☉ All moneys received either by cash or by cheque are properly accounted for;
- ☉ Entries of receipts and payments are made in the cash book immediately a cheque or cash is Received or paid, and not periodically and that serial number is given separately to each receipt and payment entry;
- ☉ All receipts are entered on the left hand (DR) side in the Cash/Bank column and contra entries in respect thereof posted on the same side of the cash book. In the relevant ledger Accounts beneath the heading, "Credit to ledger account".
- ☉ All payments are entered on the right hand (CR) side in the cash Bank column and contra entries thereof posted on the same side of the column or cash book in the relevant ledger accounts beneath the heading "debit to ledger account".
- ☉ At the end of the month, the cash book is balanced and signed by the Officer-in-charge as prescribed in the regulations ;
- ☉ Acquittances are signed in ink, that seal or thumb impressions are authenticated by the officer who makes the payment and not by a subordinate;
- ☉ All corrections are attested by the officer making payment;
- ☉ There is no overwriting of figures;
- ☉ A separate Guard book is maintained for recording acquittances pertaining to the several ledger accounts;
- ☉ In the case of disbursements of pay, the acquittances are taken on the pay bills, that summary of payments is made out and signed by the Officer-in-charge and that the total of the summary is entered in the cash book;
- ☉ The summary is attached to the pay bill and that the details or undisbursed pay are recorded on the summary, and that the amount of undisbursed pay is either remitted into the treasury or adjusted in the next pay bill;
- ☉ The general rules regarding the custody of public funds, etc., contained in R.A.I. rules are observed;
- ☉ Private deposits of officers and others are not kept in the treasure chest;
- ☉ Sums are not advanced from one public fund to another or to officers from public fund Contrary to regulations;
- ☉ In the case of officers in receipt of the office allowance, the check prescribed in Para 24 of the Chapter III of the manual is exercised;
- ☉ It will be seen in the months selected for detailed audit that acquittances in support of payments are on record and that they are duly authenticated, where necessary, vide clause (vii) above. In cases where remittances are made through M.O. the L.A.O. will further link the amounts payable and the names of the individuals (from the pay bills etc.) into the M.O. receipts pasted in the M. O. Check register. In addition the names, amounts and the stations to which the money orders are sent will be linked from the M.O. cheque register IAFZ-2067 and M.O.

receipts into the M. O. acknowledgements pasted opposite in the M.O. check register. These checks will be conducted cent per cent in the months selected for detailed audit.

- (viii) With reference to the vouchers and lists furnished in accordance with part-I of this manual all non-expendible articles purchased from various grants are brought to account; and
- (ix) Typewriters are taken on the office equipment ledger;
- (x) Sale proceeds of all old, waste, etc., articles (e.g. old news papers and periodicals) purchased out of Special Grants and Funds, such as educational training Grant Amenity Funds, have been credited to Government periodically and Treasury receipts therefore have been forwarded to the C.D.A. for adjustment;
- (xi) Amounts due to be recovered from individuals in respect of private telephone and trunk calls have been credited to Government (for this purpose the register required to be maintained Under Rule-522, F.R. Part-II will be inspected).

47. In the case of units and formations granted permanent advances for a specific purpose, see that—

- (i) A regular sub-account (imprest account) of expenditure against such advance has been, maintained and the balance in hand on the date of inspection together with the amount spent and for which bills in recoupment have been sent to the C.D.A. agreed with the amount of permanent advance held;
- (ii) No unauthorised advance or expenditure is met out of the advance;
- (iii) An analysis of the amount to be recouped is recorded at the end of the month;
- (iv) The permanent advance is not in excess of average monthly expenditure;

#### CHECK OF MISCELLANEOUS DOCUMENTS

48. The instructions in regard to the check of railway warrants, credit notes, books of forms 'D' and F L.P.C. Books and service books by the L.A.Os. are laid down in Part-I of this manual.

49. In respect of public and regimental funds which are subject to audit by the regimental audit board (vide Rule 520, R.A.I.), the proceedings of the quarterly audit board will be examined to ensure that Public Funds Accounts are being subjected to Examination by the Board periodically as prescribed.

50. In respect of Expenditure incurred from the annual library grant for the upkeep of area or sub-area libraries or any other grant intended for specific object(s) as the case may be, see that the unexpended balance at the end of each Financial Year is credited to Government and that the stores purchased are properly accounted for.

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52. The L.A.O. will inspect the accounts and registers relating to lands in possession of units, formations etc., with a view to ensuring that all such receipts of revenue accruable/charges recoverable have been collected from the parties concerned and credited to Government and that a proper record of all such transactions is maintained by the officers concerned.

52. A In case of defence lands held by the units/formations the LAOs will inspect the accounts and registers relating to the lands in possession of the units/formations and ensure that 1/4th of the annual profits based on the audited figures of Regimental Fund Account is credited to the Govt. in respect of Defence Land under cultivation and the sale proceeds of usufructs trees grass etc. are credited to the Govt. with reference to para 304 of Alam Pt. I.

#### INSPECTION REPORT

53. The following instructions will be observed in the write up of the inspection report :—

- (a) The Title page of the inspection report should contain—
  - (i) Name of the Unit/Formation

- (ii) Name of the O.C. Unit/Head of Formation
  - (iii) Dates of Inspection
  - (iv) Dates of last inspection
  - (v) Period of inspection
  - (vi) Month's Account(s) (of the various Public Funds) Selected for detailed Inspection, and
  - (vii) State of Accounts—(satisfactory or unsatisfactory).
- (b) Particular care should be devoted to the language and tone of the inspection report so that no offence is involved.
- (c) Inspection reports should be written up concurrently with the progress or inspection, so that the observations may be recorded at a time when they can be most clearly and readily stated. The observations should be concise and fully descriptive to avoid the necessity for further reference to the accounts or registers concerned. It should not be burdened by a recital matters which have been found to be correctly done.
- (d) The office copy of the inspection report should be shown to the O.C. the Unit/Head of formation and the various items contained therein discussed with him or the adjutant. All items which are settled on the spot will be marked in the inspection report as settled and the reasons for settlement recorded therein. The signature of the O.C. or adjutant or head of the office should be taken at the bottom of the inspection report in token of his having agreed with the reasons recorded therein, for dropping an objection or observation. Unsettled observations, etc. will then be fair copied and the inspection report sent to the O.C. immediately the inspection has been completed before taking up the inspection of another unit or leaving the station. If however, the report contains any matter of a confidential nature (e.g. cases involving financial irregularities, serious defects in accounts, or any other points of special importance) it will be sent to the O.C. etc., under a confidential cover. Such cases should at the same time be reported to the C.D.A. forthwith in a confidential cover.
- (e) Extracts from items relating to verification of recoveries in subsequent Pay Bills, etc. and points relating to the Audit Sections of the main office should be sent to the sections concerned. Similarly, extracts from items dealing with irregularities in the issue of railway warrants and credit notes should be sent to the C.D.F.A (FYS). Acknowledgements from the parties concerned in token of receipts of extracts should be obtained and kept on record.
- (f) All suggestions as regards remedying defects or introducing improvements will be entered in a separate memorandum attached to the Inspection Report so as to facilitate the O.C. giving his personal attention. The result of verification of cash and bank balances of the date of Inspection will be stated in terms of the certificate laid down in Para 40 and incorporated as an opening paragraph of the Inspection Report.
- (g) While it is necessary to make clear as briefly as possible how any loss of public money has arisen or to indicate how loss might have arisen, insinuation must be avoided. It is not sufficient to quote the Rule or order violated. The extent to which the Rules or orders have been violated and the actual or possible effect of such deviation on the Financial Interests of Government must be intelligently explained. In all such cases, a special confidential report should be sent to the C.D.A. indicating the names of the officers in whose terms of offices the irregularities have occurred.

54. The L.A.O. will always refer to previous reports on the accounts of unit or formation when inspecting its accounts with a view to seeing that errors, etc. previously brought to notice are not repeated.

55. All settled inspection reports, which are not likely to be required for reference, should be sent to the main office for final record at certain fixed periods (e.g., quarterly or once or twice in a year in a specified month or months) at the discretion of the C.D.A.

### MISCELLANEOUS

56. This chapter contains only general rules for the conduct of inspection of the Accounts, etc, of any type of Depot of Unit or Formation. The special checks to be exercised in respect of the accounts maintained by a particular type of unit, formation, etc., are given in the respective chapters of this manual and will be in addition to those contained in this chapter.

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## CHAPTER III—INSPECTION OF ARMY UNITS

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### GENERAL

71. The general instructions laid down in chapter I and II will be followed. The additional checks to be exercised by the L.A.O. during the inspection of accounts, etc. required to be maintained by Army Units are detailed in the succeeding paragraphs.

### PUBLIC FUNDS

- (1) See that cash balances of all Public Fund Accounts agree with the balances shown in I.A.F.A. (Statement of Funds) required to be maintained by units.
- (2) If the aggregate of all the funds in the treasure chest is in excess of the limit laid down in Rule-49, R.A.I., the reasons and authority for the excess will be ascertained. Ascertain whether cash balances of public and regimental funds when in the same treasure chest are kept separately.
- (3) Trace every item in the summaries or recapitulation statements of pay bills of the month's account selected for detailed check into the cash book of the unit and ascertain that no sums have been paid without taking proper acquittances.
- (4) See that no advances to officers and others nor any transfers from one public fund to another contrary to regulations are made and that running accounts are not kept with officers.
- (5) Check fully the same month's account of each public fund item by item, to ensure that the entries are actually on account of such funds and that they are properly vouched for. Also see that items of undisbursed "Pay" etc. are not credited to any fund account, but are credited to government as prescribed.
- (6) See that each Company, Squadron or Unit maintains a Check Register of Money Orders in the prescribed form. The Payee's receipts for these month orders are on record and that amounts on account of undelivered Money Orders have been recredited in the cash book.

### NON PUBLIC FUNDS

73. When specially required to examine, the canteen, regimental, or other similar non-Public Funds Account the L.A.O. should see that the quantities of stores received and issued are correctly accounted for and that the amounts realised from sale proceeds are correctly credited to the account of the fund. He should also see that a balance sheet is made out quarterly and that there are no old outstanding items.

### OFFICE ALLOWANCE FUND

74. The L.A.O. will examine the Office Allowance Fund Account to see that :—

- (i) The expenditure charged against the fund is correctly debitable against that fund as defined in the regulations and that where required sanction of the competent authority exists for the purchase of the articles ;
- (ii) No local purchase of stationery has been made except under the orders of the competent authority ;
- (iii) Typewriters and other office appliances and costly and non-expendible articles purchased out of the office allowance fund are brought on ledger charge ;
- (iv) No charge on account of cost of repairs to typewriters and duplicators purchased by units for regimental funds have been met from the office allowance unless (a) the machines are used for official as distinct from private work, and (b) the authorised scale of machine is not exceeded thereby ;
- (v) The charges for printing of special forms locally are met from the office allowance fund subject to the provisions prescribed from time to time ;
- (vi) Payment for conveyance allowance admissible under travel regulations for encashing cheques etc. which are met from office allowance are in respect of cheques etc., relating to public funds only ;
- (vii) The loan transactions on account of incidental expenses incurred by units which have subsequently to be claimed from government, if paid out of office fund, are credited to that fund on receipt of the money from the C.D.A. ;
- (viii) No bicycles are purchased out of office allowance ;
- (ix) The unexpanded balance at the end of each financial year is refunded to government.

### EDUCATIONAL TRAINING GRANT

75. The L.A.O. will ensure that :

- (i) Sale proceeds of old newspapers, etc, purchased from the grant are credited to government periodically and the treasury receipts sent to the C.D.A. for adjustment ;
- (ii) The unspent balance of the grant is refunded to government in the normal way on the 31st March of each year.

### GRANTS FROM AMENITIES WELFARE AND LITERATURE FUND

76. The L.A.O. will ensure that all grants in respect of Amenities Welfare and Literature Funds received from Army Headquarters or from Command Reserves are treated as Public Funds and accounted for as such.

## MISCELLANEOUS

77. The proceedings of the regimental audit board will be examined to ensure that all public fund accounts have been maintained by the board as prescribed.

78. The register of duplicate requisitions for government drafts (I.A.F.A.-610) should be examined to see that columns 1 and 2 of the duplicate I.A.F.A.-610 have been filled in and that drafts are issued on *bona fide* public service only.

## INSPECTION OF ACCOUNTS OF UNITS MOVING WITHIN INDIAN LIMITS

79. In all cases, the cash accounts, etc. of a Unit will be inspected immediately before it leaves the Audit Area of a C.D.A. The inspection of cash accounts of a unit immediately before its move out of an Audit Area can be dispensed with provided :

- (i) The accounts of the unit were inspected during the nine months preceding the date of the move of the unit; and
- (ii) The general state of the accounts at the last inspection was found to be satisfactory.

On arrival of a unit in the audit area of another C.D.A. the cash accounts will be inspected within three months of its arrival, but the months accounts to be inspected will not be the same as that inspected in the old Audit Area. All inspection reports will as far as possible be settled before a unit leaves the Audit Area of one C.D.A. for that of another. Special report showing the dates on which the accounts have been last inspected, the month's account selected for detailed check and information as to whether the accounts were maintained in a satisfactory state or not, together with extract of unsettled items and a list of accounts and registers, etc., inspected will be sent by the L.A.O. to this C.D.A. for communication by the latter to the C.D.A. to whose Audit Area the unit has been transferred. In the case of a unit, the account of which were not found to be in a satisfactory state, the particulars will be stated clearly.

In the case of Units transferred from the Audit Area of one L.A.O. to that of another in the same Command, the special report will be sent direct to the L.A.O. concerned.

## INSPECTION OF THE ACCUONTS OF UNITS UNDER DISBANDMENT OR DEMOBILIZATION

80. The provisions of paragraphs 665 to 669, release regulations will be followed in general. It will be seen *inter alia* that :

- (i) The credit balances of public fund accounts are credited to government;
- (ii) Stores and other property purchased out of public funds and remaining in hand have been disposed of to the best advantage of the state and the proceeds thereof credited to government;
- (iii) Stationery and office appliances purchased out of public funds are disposed of according to rules;
- (iv) Credit balance in regimental funds financed wholly from public money has been credited to government;
- (v) All amenity stores are disposed of in accordance with the provisions of A.O. 1261/46;
- (vi) All points raised in current and previous inspection reports are finally settled as far as possible before disbandment;
- (vii) All unsettled items of objections will be pursued and brought to finality by the L.A.O.

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## CHAPTER IV—INSPECTION OF A.S.C. OFFICES (INCLUDING S.T.Os.)

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### GENERAL

86. The general instructions laid down in chapters I and II will be followed. The additional checks to be exercised by the L.A.O. during the inspection of the accounts of A.S.C. Offices (Including S.T.Os), are given in the succeeding paragraphs.

### VERIFICATION OF COLLECTIONS AND DISPOSAL OF "TENDER MONEY"

87. A fee is levied on all tenders for regular contracts and informal agreements issued by the A.S.C. and a manuscript register is maintained by A.S.C. depots showing the details of tenders issued, amount of treasury receipt and their disposal etc. This register should be checked by L.A.Os. with a view to ensuring that the fee has been collected from all the contractors to whom the tender forms have been issued and that the amount has been credited to government.

### LIST OF DOCUMENTS TO BE INSPECTED

88. The list of accounts, registers, etc. required to be inspected are given below :—

- (1) Register of Earnest Money.
- (2) Account of Permanent Advances.
- (3) Pay Bills of Civilian Establishments.
- (4) Books of Sale Accounts.
- (5) Register showing details of Tenders Issued, amount of treasury receipt and its disposal etc.

### STATION TRANSPORT OFFICE

89. The L.A.O. will, in the case of transport hired by the units, etc, see that:—

- (i) A General Certificate, to the effect that government transport was not available for duties for which hired transport was ordered, is recorded in the transport indent register (I.A.F. Z-2152) at the end of each day on which hired transport has been resorted to ;
- (ii) The amounts recovered from departments and entitled individuals etc, on account of mechanical transport and animal transport hired out have been promptly credited to the government and that treasury receipts sent to the C.D.A.

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CHAPTER V—INSPECTION OF ACCOUNTS OF TRANSPORT UNITS AT AND MT (INCLUDING  
MT DEPOTS AND HEAVY REPAIR SHOPS)

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GENERAL

96. The general instructions laid down in chapters II and III will be followed. The additional checks to be exercised by the L.A.O. while inspecting the transport units are given in the succeeding paragraph.

INSPECTION OF PUBLIC FUNDS

97. While inspecting the public funds of transport units, the local audit officer, will—

- (i) Enquire into the disposal of sums received for the credit of the economic and other Public Funds;
- (ii) See the Public Fund Accounts are maintained in the prescribed forms and in accordance with the instructions for keeping the accounts of transport units—'A.T. and M.T.' as laid down in Para 174, A.S.C. Regulations;
- (iii) Examine the 'Suspense Fund Account' and see that prompt action is taken for the adjustment of all outstanding items affecting public funds; and
- (iv) See that no expenditure pertaining to the grant for 'Miscellaneous Expenditure', has been incurred out of office allowance in the M.T. Units.

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CHAPTER VI—INSPECTION OF ACCOUNTS OF MILITARY FARMS

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General . . . . .	101
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GENERAL

101. The general instructions laid down in Chapters I and II will be followed. The additional checks to be exercised by the L.A.O. during the inspection of the accounts of Military Farms are laid down in the succeeding paragraphs.

CHECKS TO BE EXERCISED BY THE L.A.O.

102. The L.A.O. during the course of inspection of the accounts of a Military Farms, will—
- (i) Follow the rules prescribed in section I of Chapter VII of Part I of this manual in checking the cash accounts;
  - (ii) Scrutinise the register of security deposits and see that it is kept up to date;
  - (iii) See that all sales of dairy produce from the farms to individual customers are made against coupons or cash; and
  - (iv) Examine the service books of permanent establishment eligible for pension under C.S.R.
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## CHAPTER VII—INSPECTION OF MILITARY TREASURE CHESTS

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### GENERAL

106. The general instructions laid down in Chapters I and II will be followed. The additional checks to be exercised by the L.A.O. during the inspection of military treasure chests are laid down in the succeeding paragraph.

### CHECKS TO BE EXERCISED BY THE L.A.O.

107. The L.A.O. during the course of inspection of the accounts of Military Treasure Chest, will—
- (i) Balance the cash book and count the treasure in the chest in the presence of the treasure chest officer. As the local audit officer's verification of the treasure must be exact. The following rules will be strictly observed in counting the cash etc. :—
    - (a) NOTES—All notes must be counted, including those bundles.
    - (b) RUPEES—Count out a sum for use as a verified weight according to the capacity of the scales and weigh out the rest of the coins against this weight. The contents of every bag must be turned out and weighed in this manner. In case of doubt, count the whole contents of the bag.
    - (c) HALF RUPEES—As in the case of rupees.
    - (d) OTHER COINS—The contents of each bag will be verified by actual counting, if it is found that these coins cannot be checked by weighing.
    - (e) Before weighing, care will be taken to see that the balance of the scales used is exact.
  - (ii) See that the cash account as detailed in paragraph 5 of the "Rules for the guidance of Treasure Chest Officers" (*Vide* Appendix-12, Financial Regulations, Part II) is duly maintained.
  - (iii) Examine the necessity for any subsidiary cash account book, in use;
  - (iv) Note whether the rules contained in paragraphs 6 to 8 of the "Rules for the guidance of treasure Chest Officers" (Appendix 12 of Financial Regulations Part II) have been adhered to, as also the covering rules contained in paragraph 9 *Ibid*;
  - (v) See that the cash balance in the treasure chest has been kept as low as possible, compatible with the necessities of the service and the balance is not in excess of the limit laid down in paragraph 12 of the "Rules for the guidance of Treasure Chest Officers" (Appendix 12 of Financial Regulations, Part-II);
  - (vi) See that the general principles contained in the Appendix 12, Financial Regulations, Part-II and specially the rules in paragraphs 3, 9 to 11, 13, 14 and 15 *ibid* are strictly observed and bring to notice any material divergence from these rules;
  - (vii) See that steps taken by the Officer-in-Charge for the safeguarding of cash are adequate and that the exercises a personal check on the receipts of money into and withdrawals from the Strong Room under double locks;

- (viii) See that the entries in the assignment register (I.A.F. A-276) are regularly posted up to date and bear the signature or initials of the Officer-in-Charge in token of his scrutiny;
  - (ix) See that the cheque books are kept under lock and key, in charge of the treasure chest officer;
  - (x) See that the counterfoils of cheques are initialled by the treasure chest officer; and
  - (xi) See that the postage account (IAFZ-2016) and the contingent register (I.A.F.A.-481) are maintained properly as required in paragraphs 16 and 17 of Appendix 12. Financial regulations, Part II and verify that the amounts drawn from C.D.A. on account of postage and office allowance are correctly accounted for.
108. Blank.
109. Blank.
110. Blank.

CHAPTER VIII—INSPECTION OF THE ACCOUNTS OF REMOUNT DEPOTS INCLUDING D.R.Os.  
ARMY HORSE AND MULE BREEDING AREAS AND REMOUNT GRASS FARM  
BABUGARH

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GENERAL

111. The general instructions laid down in chapters I and II will be followed. The additional checks to be exercised by the L.A.O. while inspecting the accounts of Remount Depots, etc., are given in the succeeding paragraph.

CHECKS TO BE EXERCISED BY THE L.A.O.

112. The L.A.O. during the course of his inspection of the accounts of Remount Depots, etc., will—
- (i) Count the actual cash in hand and see whether it agrees with book balances;
  - (ii) See that one key of the treasure chest is kept with the Officer Commanding/D.R.O. or Officer I/C Grass Farm, and the other with the head clerk;
  - (iii) Select for inspection any one month's account and carry out regular check as detailed below to see that—
    - (a) The Instructions for writing up the Cash Book as laid down in Rule-456, Financial Regulations, Part-II, have been followed,
    - (b) No copies of Schedules except Schedule-IX are kept up;
    - (c) Money received for payment of office establishment is not brought into the cash account;
    - (d) Temporary recoveries or payments such as cost of stamps for indemnity bonds do not pass through Cash Book but through the office contingent registers;
  - (iv) See that an authenticated list of all registers and books maintained in the depot is hung up in the depot office;
  - (v) Ascertain whether transactions in respect of any fund such as line fund, etc., occur in the depot, and, if so, whether regular accounts are maintained, whether the amounts realised are lodged in the bank and whether the previous sanction of the C.D.A. as required by regulations has been obtained;
  - (vi) Examine the relevant files to ascertain whether tenders for articles have been invited and whether proper steps such as advertisements, etc, have been taken;
  - (vii) Examine the registers of earnest money deposits (I.A.F.A.-300) and security deposits;
  - (viii) See that each transaction whether in cash; Government Paper, Port Trust Bonds, Provincial or Municipal debentures, etc. is recorded in a register (I.A.F.A.-285) and whether any indication exists to show that it was done at the time the transaction took place. See that each depositor has a separate folio allotted to him and that these deposits are proved annually in I.A.F.A.-287;
  - (ix) See that No Demand Certificate (I.A.F.A.-451) are obtained in cases of refunds of Security Deposits on the completion of the contract, when the Security Deposits are held by the head of the office or the local administrative head of the department.

- (x) Trace the number of labourers such as carpenters etc. shown as employed in the bills of 'Cattle and Rolling Stock' or 'Cultivation Expenses' and 'Contingencies' into the daily return of farms workmen and materials (I.A.F.R.-1486) and also in the daily return of depot workmen, materials, etc. (I.A.F.R.-1487) maintained in the depot;
- (xi) Check the books maintained by workshop to see that the labour employed in the workshop has been properly accounted for;
- (xii) Check the register of cash assignments (I.A.F.A.-276) to see whether it is properly maintained and is in the authorised form;
- (xiii) See that regular registers of leases and recoveries are maintained in the depot and check any selected months transactions and, if found to have been erroneously kept, check the entire account for the period after that of the last inspection;
- (xiv) Pay a surprise visit to the cultivation farms and workshops, if this is possible to see whether the number of labourers working agrees with the number shown in the muster rolls as present on that particular day;
- (xv) Inspect the cash book of the remount squadron in accordance with the rules laid down for Army Units wherever applicable;
- (xvi) See that a register of duplicate requisitions (I.A.F.A.-610) for government drafts has been maintained;
- (xvii) See that a register of grazing passes for individual animals has been maintained and that the amounts realised per animal as fixed by the O.C. Remount Depot/D.R.O. have been credited in the cash book;
- (xviii) If horses have been hired out under the orders of competent authority with reference to Rule 569, R.A.I. see that the register of insurance fees prescribed in R.A.I. Instruction-830 is maintained and that the prescribed fees are recovered and credited to government;
- (xix) Examine 'Fruit Tree' register and see that the amounts realised from the sale of fruits are credited in the cash book and that there has been no undue delay in realization of the amounts due;
- (xx) Check the receipts books as per instructions given below :—
- (a) Verify from the counterfoils in the receipts book the receipt entries in the cash book and ensure that unauthorised receipt forms are not used or temporary receipt are not issued;
  - (b) See that all realizations for which receipts have been issued during the month are credited on due date in the cash book;
  - (c) That the receipts are issued over the signature of the O.C. or an officer authorised on his behalf to receive cash;
  - (d) The forms are used in the consecutive order, and that in the case of defaced and cancelled forms the reasons for the defacement or cancellation are recorded on the counterfoils over the signature of the officer concerned and that the cancelled/defaced foil is attached and proper account of the receipt books is kept;

(xxi) See that proper records of registration and covering fees levied with reference to Government of India, Ministry of Defence Letter No. 43579/Q/RV/5444/D.Q. Dated 7-5-1951 as amended from time to time, in respect of unregistered (i.e. unbranded) mares have been maintained and the fees realized have been credited in the cashbook;

(xxii) Examine the register of tender forms issued to contractors and see that the recoveries have been made correctly from them and have been immediately brought to account.

113. Blank.

114. Blank.

115. Blank.

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## CHAPTER IX—INSPECTION OF THE ACCOUNTS OF ORDNANCE DEPOTS

General.	PARA
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### GENERAL

116. The general instructions laid down in Chapters I and II will be followed. The additional checks to be exercised by the L.A.O. while inspecting the accounts of ordnance depots are given in Paras 118 to 122 of this chapter.

117. For purposes of inspection, ordnance depots may be divided into the following sections :—

- (i) Main office (including I.B., L.P.B. and O.B.)
- (ii) Stock Groups
- (iii) P and S Branch
- (iv) Receipt Branch
- (v) Issue Branch
- (vi) Workyard, Armoury Workshop and Laboratory
- (vii) Workshop Accounts Branch.

### CHECKS TO BE EXERCISED BY THE L.A.O.

118. The L.A.O. during the course of his inspection of the accounts of ordnance depots will :—

- (i) Examine and check in detail the acquittance rolls of industrial employees for one month and agree the total amounts charged in the check rolls for that month with the total amounts paid as shown in the acquittance rolls and also with the totals of the amounts charged in the work orders completed during the month and the statement of labour spent on work orders remaining unfinished at the close of the month;
- (ii) See that the amount shown in the check rolls as drawn from the C.D.A. agrees with that intimated by the C.D.A.;
- (iii) See that balance of the grant for industrial establishment remaining at the end of the month in the hands of the C.O.O./O.O. is not abnormal;
- (iv) See that the amounts overdrawn in previous bills have either been remitted into the treasury or adjusted by deduction from subsequent bills and in the former case, the treasury receipt has been sent to the C.D.A. and his acknowledgement obtained and recorded;
- (v) Examine the grading for pay for all temporary labour and see that the maximum rate of pay authorised by regulations for each class of employee is not exceeded;
- (vi) See that the register of security deposits is maintained for recording the security deposit recovered from the pay of store keepers, that the amounts shown therein have been deposited in the postal savings bank or invested in post office cash certificates and that the saving bank pass book is pledged in favour of the C.O.O./O.O.;
- (vii) See that a register of fixed dead stock is maintained by the C.O.O./O.O.;
- (viii) See that the deposit ledgers are properly kept up and check few entries therein;
- (ix) Bring to notice cases where large stocks of articles for which there is little or no turnover, are in hand.

## RECEIPTS BRANCH

119. The LAO will :—

- (i) Examine the washing book and see that it is kept up as required by Para 100, A.O.C. regulations;
- (ii) Examine the system in vogue to record receipt vouchers and to receive stores and see whether it is defective in any way;
- (iii) Examine a few cases of receipt of imported stores and see as far as possible, that the instruction 931 of R.A.I. has been complied with.

## ISSUE BRANCH

120. The L.A.O. will :—

- (i) See that payment issue vouchers are promptly sent to the resident local audit staff and that they returned duly priced where necessary;
- (ii) See that the packing notes are properly filled in;
- (iii) See that there is a satisfactory system for the recording of all discrepancies reported and that action is taken to settle such discrepancies.

## WORKYARD, ARMOURY WORKSHOP AND LABORATORY

121. The L.A.O. will :—

- (i) Check Muster Rolls;
- (ii) Scrutinise the fuel registers in the armoury and workyard and see that proper account is kept up.

## WORKSHOP ACCOUNTS BRANCH

122. The L.A.O. will—

- (i) See that there has been no delay on the part of the executive authorities in submission of the necessary documents to the resident local audit staff or the workshop accountant. Instances of abnormal and persistent delays will be brought to the notice of the C.O.O./O.O. and reported to the C.D.A.;
- (ii) See that there is a proper system of numbered jobs and that the individual jobs do not remain unfinished over a long period (6 months) and that the amount expended on jobs is commensurate with the cost of the article and that no unauthorised jobs are undertaken;
- (iii) Inspect the account of "Estate Proper" maintained by the C.O.O./O.O. and see that no expenditure in excess of the receipts accruing from the usufruct of the estate is incurred unless specially sanctioned by the D.O.S. under his financial powers and unless extra funds are placed at the disposal of the C.O.O./O.O.;
- (iv) Inspect the account of "Estate Production Fund" maintained by the C.O.O./O.O. and see that the expenditure charged against the "Estate Production Fund" is legitimately debitabale against that fund;
- (v) Receipts accruing from the usufruct of the ordnance estate are credited to government at the end of each financial year.

123. Blank.

124. Blank.

125. Blank.

## CHAPTER X—INSPECTION OF THE ACCOUNTS OF SUPPLY DEPOTS

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### GENERAL

126. The general instructions laid down in Chapters I and II will be followed. The additional checks to be exercised by the L.A.O. while inspecting the accounts of supply depots are given in the succeeding paragraphs.

### CHECKS TO BE EXERCISED BY THE L.A.O.

127. The L.A.O. will:—

- (i) Check the cash in the chest and uncashed cheques for (a) Pay and Allowances, (b) Hired labour and (c) Office and depot contingencies and agree these figures with those shown in the cash account separately for each of them;
- (ii) Pay cheques of civilian establishment—Carry out the checks as prescribed for “Ordnance Depot” in Chapter IX;
- (iii) Cheques for advance pay, travelling allowance and miscellaneous payments—Trace details of payments and stamped receipts from the miscellaneous acquittance rolls maintained for the purposes;
- (iv) Check of hired labour (1) Agree payments shown in the cash account on account of hired labour with the details recorded in the temporary labour acquittance rolls of the month and see that the certificate prescribed is furnished on the acquittance rolls.

NOTE :—Temporary labour acquittance rolls are maintained in two parts, one for the first and the other for the second half of the month. The acquittance rolls show:—

- (a) The number of labour engaged daily and their rates of pay in respect of the following groups of the depot :—
  - (i) Basic Group
  - (ii) Necessaries Group
  - (iii) Fresh Supplies Group
  - (iv) Grain Group
  - (v) Fodder Group
  - (vi) Fuel Group
  - (vii) Hospital Group
  - (viii) Packing Material Group
  - (ix) Miscellaneous Group
  - (x) P.O.L. Group
  - (xi) Hygiene Group.
- (b) The total amount of wages due to each labourer for each group for the period from 1st to 15th and from 16th to the end of the month.

(2) See that, where hired labourers are engaged for work in the groups of the depot through a contractor a record is maintained for the depot as a whole to show the total number of maunds handled each day and that the total maundage in a month is shown in the depot contingent return against labour charges.

NOTE :—In addition to the hired labourers engaged for work in the groups of the depot, the work of loading and unloading of coal including bagging and sewing coal bags is done on contract system of labour through a contractor at sanctioned contract rate per maund. The temporary labour acquittance rolls show the total number of maunds of coal loaded and unloaded each day, on contract system and the total amount due for payment there on for the period from 1st to 15th and from 16th to end of the month respectively. The L.A.O. should look for the stamped receipt of the contractor if a regular contract does not exist and receipts are not sent to the audit office.

#### A.S.C. RETAIL SHOPS WHERE ATTACHED TO SUPPLY DEPOTS

128. The LAO will exercise similar checks as prescribed in paras 91(iii) & (iv) of ALAM Part-I regarding accounting of cash realised on account of payment issues, their remittance into treasury and verification of acknowledgement for treasury/bank receipts.

#### REALISATION ON ACCOUNT OF PAYMENT ISSUES

129. In exercising the above checks, it should be particularly seen that the daily realisation on account of payment issues are accounted for in the prescribed cash book and that there is no delay in depositing the amount into the local treasury.

130. Blank.

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CHAPTER XI—INSPECTION OF THE ACCOUNTS OF ORDNANCE AND CLOTHING  
FACTORIES

131. The accounts Officer-in-Charge of the accounts section of ordnance and clothing factories also function as the local audit officers in respect of these factories and the allied technical development establishments.

Instructions regarding their functions as L.A.Os. are detailed in Para 496 (Chapter VIII) of office manual, Part-VI.

132. Blank.

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135. Blank.

CHAPTER XII—INSPECTION OF THE ACCOUNTS OF MILITARY LANDS AND CANTONMENTS  
REVENUE COLLECTION OFFICES

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Documents to be maintained by M.E.Os. . . . .	137
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Manner and extent of audit of various registers and documents . . . . .	140

GENERAL

136. The detailed instructions contained in this chapter apply to the inspection of the cash accounts and connected records of Military Estate Officers at Circle Headquarters. These accounts, etc, embrace the transactions relating to the whole circle and therefore include the transactions of outstation representatives in addition to those of the circle headquarters.

DOCUMENTS TO BE MAINTAINED BY M.E.Os.

137. The Cantonment Land Administration Rules (1937) prescribe the M.E.Os. shall maintain the following registers and records in the forms indicated against each :—

- (a) The General Land Register in Schedule I (Rule-3) and 10;
- (b) Standard Table of rents in Schedule-II (Rule-8);
- (c) M.E.Os. Land Revenue Register in Schedule III (Rule-12);
- (d) M.E.As. Grants Register (Building Sites) Loose Leaf Register of Original Applications (Rule-29);
- (e) M.E.Os. Grants Register (Agricultural Lands) in Schedule XIII (Rule-34);
- (f) M.E.Os. Grants Register (Miscellaneous Sites) Loose Leaf Register of Original Applications [Rule-37(4)].
- (g) M.E.Os. Grants Register (Temporary Licences) in Schedule XVIII [Rule-39(3)].

It should be seen that the above registers and records are in fact maintained and that they are generally up-to-date the extent and manner of audit to be applied to each of the above documents is described in Paras-140 to 147.

138. In addition, the following accounts books and records are required to be maintained by M.E.Os. :—

- (a) Columner Cash Book on I.A.F.A.-811;
- (b) Receipt books on I.A.F.A.-175;
- (c) Sale Account Register on I.A.F.A.-58 (A Loose Leaf Register of Sale Accounts);
- (d) Contract Register on a manuscript form;
- (e) Security Deposit Register on a manuscript form;
- (f) Stock Book;
- (g) Register of Credit Notes;
- (h) Classified abstract of receipt and expenditure relating to each cantonment (need not be inspected);
- (i) Contingent Register-I.A.F.A.-481 (need not be inspected);
- (j) Service Books;

- (k) Money Order Check Register;
- (l) Register of Legal Books.

Detailed instructions for the inspection of the above documents are contained in paras, 148 to 157.

### COUNTING OF CASH BY THE L.A.O.

139. Immediately after he has interviewed the M.E.O., the L.A.O. will proceed to count the cash. The procedure laid down for the counting of cash in Chapter-II, will be followed.

### MANNER AND EXTENT OF AUDIT OF VARIOUS REGISTERS AND DOCUMENTS

#### 140. General Land Register :

- (i) The sale of land administered by the M.E.O. can be effected only with the approval of the Government of India. Subordinate authorities are not competent to sanction any such sale (*vide* Rule-15, C.L.A. Rules) and no alteration in the classification of land can be made without the sanction of the Government of India or by such other authority as they may empower in this behalf (*vide* Rule-7, C.L.A. rules). Accordingly, it should be seen in respect of the items taken up for detailed check [E.G. Clause (b)], that the sanction of the Government of India or other competent authority exists.

NOTE :—As regards agricultural lands which are leased out for a period not exceeding four years and which are classified as B-3 while in such occupation, it must be verified that such lands are automatically reclassified as B-4 on vacation. As entry under 'Mutations' in the general land register is required to be made when the land becomes vacant.

- (ii) Approximately 10 percent of the direct postings, if any, into this register from the various orders regarding sanction to sale leases, reclassification of lands, etc. issued by the D.M.L.C. or other authority since the last inspection, should be traced from such orders. The L.A. will keep a record of the particular items checked. In addition, a percentage of the postings from the M.E.Os. grants register of buildings sites and miscellaneous sites (to the extent defined under these registers) will be traced into the general land register [see Para, 143(iii) below].
- (iii) The register is a permanent record and is not required to be rewritten at fixed intervals should, however, the register be rewritten for any reason, the L.A.O. will test-check the correctness of the entries in the new register. To this end, the carry forward of one entry in every twenty (after taking into account the effect of mutations recorded against the items concerned). Selected according to a formula otherwise from the old register into the rewritten register will be checked.

141. **Standard table of Rents**—It will be seen that a standard table or rents suitable for application to sites for agricultural and non-agricultural purpose in the cantonment is maintained and that it has been compiled in consultation with the collectors concerned.

It will also be seen that the standard table of rents is revised by the MEO in consultation with the collector concerned at periodical intervals.

If the draft STRs prepared by MED and sent by him to the collector are not received from the collector with his concurrence or remarks to the rates of rent proposed in the draft within a period of 90 days, it will be seen that the MEO has forwarded the draft STR to the DDML and C of the command for final approval with such changes as may be considered necessary.

It will also be seen that the STRs of the cantonments are revised at least once in three years except in the case of fast developing cantonments where the revision should be carried out once in two years.

It should be seen that the standard table of rents have been maintained up-to-date with the prevalent land values. It should also be seen that the date when it should be revised next is indicated in the standard table of rents duly taking into account the pace of developments in and around the cantonments.

#### 142. M.E.Os. Land Revenue Register

- (i) The postings in to this register will be checked from the M.E.Os. grants register for (1) Buildings sites (2) Agricultural lands (3) Miscellaneous sites and (4) for temporary licences in the manner and to the extent described under each of these registers;
- (ii) The L.A.O. will see that general receipts from land are promptly accounted for in the cash book and paid into the treasury without undue delay;
- (iii) The L.A.O. will trace approximately 33 percent of realisations purported to have been made during the period covered by the inspection from the land revenue register into the cash book;
- (iv) The L.A.O. will see that for approximately 33 per cent of the remission, if any, of revenue since the last inspection recorded in the register, sanction of the competent authority is forthcoming. The items checked should be initialled by the inspecting officer, the word 'Checked' being inserted against the items actually verified;
- (v) A fresh register is opened annually in which the amounts which remain outstanding on the 31st March and shown in the column "Balance Due" are brought forward into the new register under the column "Arrears". If any, the L.A.O. should generally see that the balances are correctly brought forward from the old to new register.

#### 143. M.E.O's Grant Register (Building Sites) :

- (i) Select one-third of the approved applications since the last inspection (under a formula to be recorded) and trace the postings from these applications into the M.E.O's land revenue register;
- (ii) Select one-third of the applications chosen at (i) above (under a formula to be recorded i.e. one-ninth of all the leases) and see that :—
  - (1) The application of the highest bidder has been accepted (Rule 22 C.L.A. Rules);
  - (2) The lease has been drawn up correctly and in the prescribed form;
  - (3) The sanction of the competent authority (quoted on the form itself) exists to the lease;
  - (4) The cost of the survey and demarcation, if any, and the proportionate expenditure, if any, incurred either by the M.E.O. or through the M.E.S. Agency in preparing and laying out the land (Rule 20, C.L.A. Rules) has been recovered from the applicant and credited promptly in the Cash Book;
  - (5) The annual rent charged is not less than that fixed by the standard table of rents [Rule 19(2)] C.L.A. Rules; and
  - (6) The amount of the accepted bid is not less than the reserve price fixed for premium on the lease (Rule 19 and 22, C.L.A. Rules).

NOTE :—The Government of India alone is competent to :—

- (1) Dispense with the deposit of the cost of Survey and Demarcation;
- (2) Dispense with the auction lease ; and
- (3) Lease any site by private agreement (Rule-26, C.L.A. Rules).

(iii) The postings into the general land register of the applications selected at (ii) above will then be verified from the accepted applications into the General Land Register;

#### 144. M.E.Os. Grant Register (Agricultural Lands)

(i) Select one-third of the leases executed since the last inspection (under a formula to be recorded) and trace from these leases the relevant posting into the M.E.O.s. Land Revenue Register;

(ii) Select one-third of the lease chosen at (i) above (under formula to be recorded I. Ninth of all the leases) and see that :—

(1) The leases have been made out on the form prescribed in schedule XIV of the C.L.A. Rules

(2) Sanction of the competent authority (Indicated in Rule 32 and the footnote to the form) exists to the lease;

(3) The Yearly, Quarterly or Monthly Rent Fixed (I.E. Reserve price) is not less than the rate prescribed in the standard table of rents (Rule 33, CLA Rules);

(4) If the lease has been concluded as a result of a tender and not on auction, sanction of the G.O.C. in C was obtained to this course (Rule 33 CLA Rules);

(5) The amount of the accepted bid on tender is not less than the reserve price [Rule 33(2) CLA rules] except where the GOC in C has in the case of a lease for a period not exceeding one year as a special case and for special reasons to be recorded in writing, authorised the acceptance of a lease for a lesser price owing to the reserve price not having been reached;

(6) The application of the highest bidder has been accepted [Rule 33 (1) CLA Rules];

(7) The relevant entries, have been made in the M.E.O's Grant Register (Agricultural Lands).

(iii) The posting into the General Land Register of the leases selected at (ii) above will then be verified from the leases into the general land register.

#### 145. M.E.O's Grant Register (Miscellaneous Sites)

(i) Select one-third of the approved leases since the last inspection (under a formula to be recorded) and trace the postings from the leases into the M.E.O's Land Revenue Register;

(ii) Select one-third of the applications chosen at (i) above (under a formula to be recorded) (i.e. one-third of all the leases) and see that :—

(1) The lease has been drawn up correctly and in the prescribed form;

(2) The lease has been granted by the M.E.O. with the previous sanction of the government of India or other authority as the Government of India may appoint for the purpose, who should also determine the terms and the forms of the lease (Rule 37, C.L.A. Rules);

(3) The cost of the survey and demarcation, if any, and the proportionate expenditure, if any, incurred in preparing and laying out the land (Rules 20 and 38 of C.L.A., Rules), has been recovered from the applicant and credited promptly in the cash book.

146. **M.E.O's Grant Register (Temporary Licences)**—This Register is maintained in the form set out in schedule XVIII of the C.L.A. Rules, leases are drawn up in the form set out in schedule XVII. The M.E.O. is competent to conclude such leases and to determine the amount of fee to be charged in each case. The L.A.O. should carry out the following checks :—

- (i) Select one-third of the leases since the last inspection (under a formula to be recorded) and trace the postings from these leases into the M.E.O's Grant Register (Temporary Licences);
- (ii) Select one-third of the leases chosen at (i) above since the last inspection (under a formula to be recorded, i.e., one ninth of all leases) and examine them to see that they are correct in all respects and then trace the postings from these into the register.

147. **Columnar Cash Book (I.A.F.A.-811)**—One completed month's transactions will be selected for detailed check at each inspection. The general instructions contained in Chapter-II in so far as these are applicable in respect of receipts and disbursements of money, will be followed.

In addition, the following checks should be exercised in the month's accounts selected for detailed check :—

(a) RECEIPTS :

- (i) Verify from the counterfoils of official receipts issued in I.A.F.A. 175 the receipt entries in the cash book and ensure that unauthorised receipts forms are not used or temporary receipts are not passed;
- (ii) See that all realisations for which receipts were issued during the month were credited in the cash book on the due date;
- (iii) Trace the individual credits, other than those already checked under paras 142 (iii), 149, 150 (iii) and 151 (iii) into the M.E.O's Land Revenue Register or register of contracts for the account sale register or the register of security deposits;
- (iv) See that nothing in the nature of private fund is maintained since all receipts and expenditure are required to be passed through the government accounts;
- (v) See that the M.E.O. has endorsed a certificate of correctness of entries (receipts and payments made by a clerk or other assistant during his absence on tour.

(b) PAYMENTS :

- (i) See that all realisations of revenue are paid promptly into the treasury and the treasury receipt is forwarded to the C.D.A. without delay;
- (ii) In the case of refund of the cost of Survey and Demarcation [Rule-20 (2), C.L.A. Rules] verify from the original lease that the amount refunded is correct;
- (iii) As regards refunds of security deposits, verify the correctness of the amount refunded by reference to the security deposit register.

148. **Receipt Books (I.A.F.A.-175)**—The detailed check will be as prescribed in para 147 (a) (i) and (ii) it should be seen in addition that the receipts are issued over the signature of M.E.O. that the forms are used in consecutive order, and that for defaced or cancelled receipt form, the reason for defacement or cancellation is recorded on the counterfoil over the signature of the M.E.O. loan account of the receipt books should be kept on the lines indicated in para 84(i) of the cantonment account code, 1924 (Page-27).

149. **Sale account register (I.A.F.A.-58)**—Sale accounts are generally prepared in connection with the sale of miscellaneous produce, etc., which are not noted in the various registers of grants, etc. Select approximately 10 per cent, of sale accounts since the last inspection (under a formula to be recorded) and see that the sale was made to the highest bidder and the sale proceeds were credited promptly and correctly in cash book. The check will be conducted from the sale accounts into the cash book.

150. **Contract Register :**

- (i) The contract register is intended for contracts relating to sale of earth, leases for grass cutting and other miscellaneous items of revenue which are not recorded in other register. It is maintained in a manuscript form. It should be seen that the form used conforms to the above requirements;
- (ii) Approximately 10 per cent of the contract concluded since the last inspection should be examined to see that they are drawn up correctly and that the tender of the highest tenderer was accepted;
- (iii) If the whole or a part of the contracted amount in respect of the contracts referred to at (ii) above has been recovered up to the time of the inspection, trace the credit from the contract register into the cash book.

151. **Security Deposit Register**—This register is required to be maintained in a manuscript form (on the lines of cantonment form 29-B, Sample given on page 70) of the cantonment account code (1924).

(i) See that :—

- (a) The register is maintained in the prescribed form;
- (b) Security deposits have been taken from contractors and clerks who handle money in respect of 10 per cent of the transactions occurring since the preceding inspection.

(ii) Trace the credit of the realisations at (1) (B). Form the register of contract into the cash book.

152. **Stock Book**—It should be seen that a register of non-expendible articles purchased from the contingent grant is maintained and that with reference to the vouchers and list furnished, all non-expendible articles are brought to account. Typewriters and duplicators will also be accounted for in this book.

153. **Credit Notes**—The instructions laid down in chapter-X of part I will be followed.

154. **Service Books**—The instructions laid down in chapter-X of part-I will be followed.

155. **Money Order Check Register**—It should be seen that the register is maintained in the prescribed form and that payee's receipts for these money orders are on record and amounts on account of undelivered money orders have been recredited in the cash book. The checks prescribed in paras 42 (XIV) and 42 (XVII) will be exercised.

156. **Register of Legal Book**—It should be seen that the register contains the numbers of all Legal Publications and whenever new books are purchased they are immediately brought on charge.

157. **Revenue from Class B (3) and B (4) land vested in Cantonment Boards, If any**—Under the Cantonment land administration rules, 1937, the management of all classes of land, the revenue from which is creditable to government is vested in the M.E.O. The Government of India may, however, entrust the Management of any class B(3) and B(4) land to a Cantonment Board on such terms as may in each case be determined by Government (Rule 9 of the C.L.A. Rules).

Where any land is so entrusted to the management of Cantonment Boards the L.A.O. should ensure that such proportion of the revenue derived from such land as is creditable to Government, according to the terms prescribed by the Government of India in each case, has in fact been paid to the M.E.O. and brought to Account by him,

158. **Outstation Representatives Account**—The outstation representatives of M.E.O's maintain such of the Books and records set out in para 137 and the Land Revenue Register (The schedule III) maintained in the circle office being Furnished by that Office to the outstation representative, as enable them to keep a vigilant watch over the progress of the collection of revenue, and a cash book to record realisation of revenue and expenditure. Since the activities of outstation representatives are depicted in the circle account, It is not essential to apply detailed and meticulous inspection to the registers maintained by M.E.O. outstation representatives. But, it should be seen generally that the requisite registers (e.g. stock register for garden tools, tree guards accounts sale, register for sale of wood etc. are maintained that they are posted up-to-date and that the collection of revenue is not seriously in arrears.

The cash book of these outstation representatives should, however, be checked to the extent indicated in paragraph 147 and the method of check will be the same as for the circle headquarters cash book.

In addition, where local Administrative Orders require that extract of the monthly cash book should be sent to the circle Officer and that one copy thereof should be returned by the Circle Officer to the outstation representative duty endorsed. The Local Audit Group should compare the certified extract relating to the month selected for test check, with the cash book to ensure that the extract shows the complete transactions for the month.

It should be seen that the receipts (I.A.F.A.-175) are issued under the signature of the M.E.Os. agents, and that as soon as a book is complete, it is returned to the Circle Office for record.

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167. Blank.

168. Blank.

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170. Blank.

CHAPTER XIII—INSPECTION OF THE ACCOUNTS OF CANTONMENT FUNDS

General	Para
Checks to be exercised by the L.A.O.	171
	172

**GENERAL**

171. The general instructions laid down in chapters I and II will be followed. The Additional checks to be exercised by the L.A.O. during the Inspection of the Accounts of cantonment Funds are Laid down in the succeeding paragraph.

**CHECKS TO BE EXERCISED BY THE LAO.**

172. The detailed instructions for the Audit of Cantonment Fund Accounts by the local audit staff are contained in chapter VIII of Part -I of this Manual. The L.A.O. during his visit in connection with the review of local audit work will :—

- (i) Check the cash accounts and the other connected documents (i.e. Cash Book, Imprest Register, Pass Books, Chaque Book, etc.);
- (ii) Check the Demand Registers for the different classes of Taxes;
- (iii) Check the other Registers/Documents to see that they are generally correct in every respect.

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174. Blank.

175. Blank.

CHAPTER XIV—INSPECTION OF THE ACCOUNTS OF HEADQUARTERS COMMANDS  
 DIVISION/AREA/SUB-AREA/BRIGADE OFFICES, MILITARY HOSPITALS,  
 VETERINARY 'HOSPITALS'; 'DETENTION' 'BARRACKS' 'FORT' 'ARMA-  
 MENTS' 'STATION' STAFF OFFICES, STAFF COLLEGE AND OTHER  
SPECIAL AND MISCELLANEOUS UNITS AND FORMATIONS

	PARA
General . . . . .	176
Special Checks to be exercised by the L.A.O. . . . .	177

GENERAL

176. The general instructions laid down in chapter II and III will be followed in the Inspection of Public Fund Accounts maintained by the Units/Formations mentioned in the heading to this chapter and also by other Special and Miscellaneous Units and Formations like Schools of Instruction, Children's Schools (Lawrence Schools etc.) Military Schools, Military Colleges, National Defence Academy, Embarkation Supply Offices, Embarkation, Commandants' Offices Military Gymnasium, Mathematical Instrument Office, Chemical Defence Research Establishment, Rest Camps etc.

SPECIAL CHECKS TO BE EXERCISED BY THE LAO

177. In the case of Military Hospitals the following special checks will be exercised by the L.A.O. :—

- (i) See that receipts from Hospital Gardens are handed over to the nearest Supply Depot and the value thereof claimed from the C.D.A. are credited to Regimental funds.
- (ii) Examine the Register of Fees Realised for work done for private individuals by (a) the Medical Officer-in-Charge of X-RAY Apparatus (b) The Officer-in-Charge Military Laboratories and (c) The Army Dental Centre and see that the percentage of fees refundable to government has been duly credited.

178. Blank.

179. Blank.

180. Blank.

CHAPTER XV—INSPECTION OF THE ACCOUNTS OF NATIONAL CREDIT CORPS UNITS

	PARA
<b>General</b>	
<b>Checks to be exercised by the L.A.O.</b>	<b>181</b>
	<b>182</b>

**GENERAL**

181. The L.A.Os are responsible for the inspection of Cash Accounts of the N.C.C. units only in respect of the expenditure borne by the Government of India. The responsibility for the Inspection of Cash Accounts relating to the portion of expenditure borne by the State Governments, will devolve on the Accountants General of the States concerned.

**CHECKS TO BE EXERCISED BY THE L.A.O.**

182. In inspecting the Cash Accounts of N.C.C. Units the L.A.O. will see :—

- (i) That the Cash Book for the funds obtained from the Government of India is maintained separately from that relating to the amounts received from State Governments, and
- (ii) That transactions pertaining to the two Cash Accounts are separately entered in the relevant Accounts and that no wrong postings occur.

183. The Local Audit Officer will generally follow the instructions laid down in Chapter-II and also the instructions in regard to the inspection of Cash Accounts, etc. of Army Units in Chapter-III.

184. Any other procedure to be adopted in connection with the Audit of Cash Accounts of N.C.C. units will conform to the orders issued on the subject.

185. Blank.

CHAPTER XVI—INSPECTION OF THE ACCOUNTS OF TERRITORIAL ARMY UNITS

General	PARA
Special Instructions for the L.A.O.	186
	188

**GENERAL**

186. The detailed instructions for the maintenance of funds and accounts of the Territorial Army Units are laid down in chapter IX of 'Regulations for The Territorial Army-1948.

187. The General Instructions laid down in Chapters-II and III will be followed by the L.A.O. while inspecting the accounts of Territorial Army Units. Wherever they are at variance with those intended for the units of the territorial Army the L.A.O. will be guided by the provisions laid down in the 'Regulations for the Territorial Army-1948' and by the special instructions laid down in the succeeding paragraph.

**SPECIAL INSTRUCTIONS FOR THE L.A.O.**

188. While inspecting the accounts of the Territorial Army Units, the L.A.O. will follow the following special instructions:—

- (i) He will see that the accounts of Regimental Funds are maintained in accordance with Paras-159 and 160 of 'Regulations for the Territorial Army-1948'.
- (ii) He will ensure that in the case of permanent advance the payments made out of it are in accordance with Para-213, 'Regulations for the Territorial Army-1948'.
- (iii) In the case of the 'Musketary Allowance Fund', the recoveries if any, made by the Officer Commanding the unit on account of bad and empty cartridge cases under equipment regulations for the Army, Part-I are added to the fund as required under Para-220 for regulations for the Territorial Army,-1948'.
- (iv) In Cases where Junior Commissioned Officers have relinquished their Commission within 3 year from the date of their appointment, the L.A.O. will examine whether, the J.C.O.s have refunded the initial Outfit Allowance granted to them in accordance with Para-223 'Regulations for the Territorial Army, 1948'. Where such refunds have not been made, he will ensure that the refund has been waived by the General Officer Commanding-in-Chief.
- (v) He will satisfy that the items of expenditure mentioned in Para-227(d) of 'Regulations for the Territorial Army-1948' only are met from the Incidental Charges Grant.
- (vi) He will ensure that the expenditure from Field Practice and Training grant (Engineer Units) are incurred only for the items mentioned in Para 228-B of 'Regulations for the Territorial Army-1948'.
- (vii) He will see that the charges mentioned in Para 228-C of 'Regulations for the Territorial Army-1948' only are met from the Technical Training and Equipment Grant (Signal Units).
- (viii) He will see that all Warrants and Credit Notes pertaining to T.A. Units are endorsed 'Debitable to Territorial Army Estimates'.

APPENDIX 'A'

(REFERRED IN NOTE BELOW PARA—12)

ALM PART II INDEX

LIST OF ACCOUNTS AND REGISTERS TO BE INSPECTED

1. Inspection of Public Funds of Units/Formations.
2. Inspection of Military Estates Office.

INSPECTION OF PUBLIC FUND/IMPREST/CASH ASSIGNMENTS

S & S IMPREST

1. Imprest Accounts Cash Book
2. Public Fund Account Cash Book
3. Cash Assignment Cash Book S & S Imprest Cash Book
4. Cheque Book
5. Cheque Slips
6. Receipt Vouchers
7. Payment Vouchers
8. Money Order Register
9. Receipt Books (IAFA-175)
10. Registers of TRs
11. Trunk Call Register
12. Court Fee Stamp Register (where applicable)
13. Bank Statements
14. Quarterly Audit Board Proceedings
15. Stamp Account Book
16. Annual Library Grant for up-keep of Area/Sub Areas Libraries.
17. Educational Training Grant Fund
18. Amnity and Literature Grant Fund
19. Field Practice Training Grant
20. Register of Earnest Money (where applicable)
21. Permanent Advance Account (where applicable)
22. Pay Bills of Civilians Estt (where applicable)
23. Books of Sale Accounts (where applicable)
24. Register showing details of Tenders Issued, Amount of TR and its disposal etc. (where applicable)
25. Suspense Fund Account (MT Depots)
26. Security Deposit Register (M Farms)
27. Payment Issue Accounts
28. Muskatry Allowance Fund (IA Units)

MILITARY ESTATES OFFICE

1. General Land Registers
2. MES Land Revenue Registers

- 3. MEO's Grant Register (Building and Sites)
- 4. MEO's Grant Register (Agriculture Land)
- 5. MEO's Grant Register (Temporary Licences)
- 6. Standard Table of Rents
- 7. Cash Book (Columnar) and Subsidiary Document viz Bank Statement Cheque Slips Cheque Books Payment VRS (Bills, Pay Bills) R VRS MROS.
- 8. Imprest Cash Book
- 9. Bicycle Allowance
- 10. Receipt Books Register
- 11. Sale Account Register
- 12. Contract Register
- 13. Deposit Register
- 14. Stock Register
- 15. Register of Books and Forms (Accounting for Receipt Books LPC Book etc.)
- 16. Military Credit Notes
- 17. Contingency Register
- 18. Service Books and Leave Accounts
- 19. Money Order Check Register
- 20. Rent Recoverable on Account of C.L.—and
- 21. Telephone, Trunk Calls Register
- 22. Postage Account
- 23. Dead Tree Register/Register of Disposal of Trees
- 24. Register of fuel for warming and drying purposes
- 25. Earnest Money Register
- 26. Register of Dead Stock Articles
- 27. Register of Stationery
- 28. Register of Legal Book
- 29. Register of Sale of Forms
- 30. POL Requisitions
- 31. POL Register
- 32. LOG Books
- 33. Car Diaries
- 34. Mileage Cards
- 35. T&P Register
- 36. Register of Vehicles
- 37. PM Ledger
- 38. Military Tenency Register
- 39. Military Lands Register
- 40. Over Time Register
- 41. Register of Losses
- 42. Livery Register
- 43. CDS Accounts Register
- 44. Linking of Vouchers
- 45. PNV Papers

} If Mech. Transport held on Charge.