

CHAPTER I

AUDIT OF THE ACCOUNTS OF THE TAMIL NADU HOUSING BOARD

1. Constitution and its functions

a) The Tamil Nadu Housing Board Act, 1961 (Madras Act No. 17 of 1961) was approved in April 1961 to provide for the execution of housing and improvement schemes. Under Section 3 of the Act, the TNHB was established under section of the Act. the Board was constituted on the 21st April 1961. The Board took over the functions of the Madras City Improvement Trust constituted under the Madras City Improvement Trust Act, 1950 which was repealed as per section 162 of the Tamil Nadu Housing Board Act, 1961. The Assets and Liabilities of the City Improvement Trust have been transferred to the Board. Under section 158 of the Act, the Board shall be deemed to be a local authority for the purposes of the Land Acquisition Act, 1984 (Central Act I of 1894) and the Local Authorities Loans Act 1914 (Central Act IX of 1914).

(b) The Board shall consist of a chairman, four non- official members appointed by the Government and twelve officials nominated as ex-officio members. The Chairman, and the non-official members shall hold office for a period of three years from the date of their appointment. They are eligible for re-appointment (Section 4 and 6). The Chairman shall be a whole time officer of the Board and shall not under-take any work unconnected with his office without the sanction of the Government. He shall be paid scale salary and allowance as may be fixed by the Government (Section 8).

(c) The Board will undertake the following types of housing and improvement schemes.

- (a) a house accommodation scheme.
- (b) a rebuilding scheme.
- (c) a re-housing or rehabilitation scheme.
- (d) a city of town or village expansion scheme.
- (e) a street scheme.
- (f) a deferred street scheme.
- (g) a land development scheme
- (h) a general improvement scheme

As per Government notification issued in Note : G.O. Ms. 373/H&UD dated 27.11.07 Section 31

(a) of Tamil Nadu Housing Board Regulation 1961 was revised and the board is empowered to undertake the following :

- (i) Self Finance Scheme.
 - (j) Joint Venture & Public Private Partnership.
- (Section 40 to 48)

(c) Housing Units

(i) The Board shall establish a Housing Unit for the area comprising the City of Madras and (ii) places situated within twenty five miles of the limits of the City of Madras by the name "The Madras Housing Unit" and the Board may, with the approval of the Government establish by resolution a Housing Unit for any other area for the efficient performance of its functions in that area. Every housing unit shall form part of the establishment of the Board (Section 21).

(ii) In the mofussil units of the Tamil Nadu Housing Board the Executive Engineers of the Divisions are designated as Executive Engineers and Administrative officers and they are not only in charge of execution of schemes but also allotment, collection etc. But prior to 1st april 1981 in Madras city, the Executive Engineers and Superintending Engineers were in charge of

construction work only and they had no responsibility in respect of allotment collection etc. All these items of work were being attended to by the Head office of the Housing Board.

With effect from the 1st april 1981, the work relating to the allotment under the supervision of the allotment committee and remittance of cost of Lands, Flats, etc., Collection, Refund, issue of notices for eviction, etc., are dealt with in the Divisions.

The Consolidation and overall maintenance of accounts for all the Divisions are being done in the Board Head Office.

(G.O. Ms. No. 175, Housing and Urban Development, dated 13 march 1981) (Proceedings E2524342/81, dated 25th March 1981 of the Chairman, Tamil Nadu Housing Board)

(iii) In addition to the construction work, the following works are to be attended by the division/Units.

- 1) Release of advertisement in respect of plots/ flat / house. Allotment, as per the directions of the allotment committee and Chairman and execution of L.C.S Agreement and follow up action.
- 2) Refund of Earnest Money Deposit Issue of no objection certification, issue of sale deed and all correspondence relating to allotment.
- 3) Collection of revenue, Preparation of demand balance collection statement, maintenance of records for all allotments and accounts.
- 4) Ledgers will be posted for all the remittances made from 1st April 1981 onwards.
- 5) Stores, Stationery and printing of forms etc.
- 6) Maintenance of service register for the all the staff working in the division.
- 7) Sanction of leave, increments etc, and disbursement of salary and all other establishment matters.
- 8) Maintenance of rental accounts and correspondence relating to rental allotments.
- 9) Matters relating to cancellation of allotments and transfer of allotment and revocation will however be reported to the Board Head Office for approval and necessary action.
- 10) Issue of No objection certificate for construction of Buildings which was dealt with by the Town Planning Section will be attended to by the Executive Engineers concerned.
- 11) Issue of Advertisement for leasing out of shops and allotment, renting out Community Hall in their Jurisdiction allotment of Garages etc.
- 12) The Superintending Engineers having control over the regular Divisions will be responsible for proper supervision not only on technical matter, but they will also be responsible for proper check of administrative matter and also compilation of accounts.
- 13) The Allottee Service Manager, Assistant Revenue Officer and Bill collectors in charge of collection works will work under the control of the Executive Engineer in the Division. the Assistant Revenue Officers will be responsible for the maintenance of ledgers and their correspondence relating to the Ledger accounts. They are responsible for the maintenance of individual demand Collection and Balance and for issue of Statutory Notice in the case of defaults.

iv) Duties and Responsibilities of the Allottee Service Manager Board Circular No. PNT5/46709/96 Dated 06.08.1996 - The Allottee Service Manager of each zone shall be responsible for.

ALLOTMENT MATTERS

1. Calling for application by advertisement
2. Registration of applications received
3. Scrutiny of the applications received and sorting out the application into various categories.
4. Conducting lot for selection
5. Display of selection in the Notice Board.
6. Issue of allotment orders to the Successful applicants.
7. Watching of payment of initial deposit from the allottees.

8. Maintenance of cheque register of the cheques received from allottees towards initial deposit.
9. Execution of Lease-cum-sale agreement.
10. Issue of handing over orders to the allottees.
11. Issue of A&B Certificate to the allottees.
12. Issue of N.O.C. for construction work in the case of plots
13. Obtaining final cost of the flats/houses from the concerned section
14. Issue of draft sale deed after observing all formalities
15. Execution of sale deed.
16. Maintenance of sale deed register
17. Progress report on the issue of sale deed.
18. Progress report and issue of plan No Objection Certificate.
19. Reporting of surrendering vacancies to the Board for allotment by Government.
20. Issue of No Objection Certificate to the allottees for the transfer of M.E.S Account
21. Submitting proposal for name transfer.
22. Any other allied work.

ALLOTTEES ACCOUNTS :

1. Opening of ledger and D.C.B
2. Entry of payment of initial deposit
3. Posting of daily collection into the ledger and D.C.B.
4. Collection of monthly installment and arrears.
5. Preparation of balance cost working sheet.
6. Maintenance of classification register.
7. Preparation of working sheet for the purpose of Income-Tax.
8. Consolidation of D.C.B.
9. Making closing entries in the ledger.
10. Making refund entries in the ledger.
11. Making sale deed issue entries in the ledger.
12. Any other allied work.

INITIAL ALLOTMENT :

1. Calling for applications for allotment of Single Person Quarters and Rental flats.
2. Registration of applications.
3. Scrutiny of applications
4. Issue of Provisional Allotment order as per procedures laid down.
5. Issue of Regular Allotment order after payment of Rental Deposit & M.E.S Deposit
6. Issue of Handing Over orders.
7. Maintenance of Register
8. Opening of ledger & D.C.B. Register
9. Postings of daily collection in Ledger & D.C.B. Registers
10. Maintaining the D.C.B Registers.

1) The Allottee Service Manager MMS shall furnish a statement to Financial Adviser & Chief Accounts Officer through Revenue Officer showing the target fixed for every month and the target achieved by him every month in order to review the revenue collection.

2) Entrustment of Audit : The Audit of the accounts of the defunct city improvement trust was done concurrently by a residential audit unit of Local Fund Audit Department. On the constitution of the State Housing Board, the audit of the accounts of the Board was entrusted to the Local Fund Audit Department in G.O. Ms. 4733 ILC dated 26th July 1961 under section 119 of the act. From the year 1969-70, the audit was entrusted to the Accountant – General Madras in G.O. Ms No. 767, Labour, (Housing), dated 6th June 1970. Again, the audit was entrusted to the examiner of local fund accounts from the year 1975-1976 in the G.O. Ms. 314, Housing dated 28th April 1975 and G.O. Ms. 915, Finance, dated 23rd September 1975, the audit is done concurrently by

the residential audit unit headed by one deputy examiner of Local fund Accounts. The Accounts relating to the rent collections of the Govt. Servants' Rental Housing Schemes and the subsidized industrial scheme are audited by the accountant General, Madras.

As per G.O. Ms. No. 598 Finance (LF) dept Dated 3rd August 1992, the audit was entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Boards with effect from 01/10/1992.

3) Scope of Audit – the account, both receipts and charges, of six months, are audited soon after the accounts of the months are closed. The audit consist of the check of revenue, expenditure and store account and of the examination of the records of the registers there with.

4) Audit procedure General – The Auditor should acquaint himself with the provision of the Tamil Nadu Housing Board Act 1961 the rules framed there under viz. the Tamil Nadu Housing Board (Maintenance of Accounts) Rules 1968 issued in G.O. Ms. No. 319 industries, Labour and Housing dated 20th January 1968, The Tamil Nadu Housing Board Service Regulations 1969 issued with Proceeding No. 1112/ET (2)/74-23 of the Board, The Provident Fund Regulations approved by Government in the G.O. Ms. No. 992 (Housing) dated 2nd March 1966 and the Tamil Nadu

Housing Board works code, Allotment Manual issued by TNHB nd apply them with care in audit. The auditor should also study the latest administration report, the budget, the orders of Government here on, the previous year Audit Reports and with the general Knowledge of the state of Finance of the Board thus gained conduct the audit. The audit should be conducted on the lines indicated in Chapter – I of Local Fund Audit Department Manual Volume II Part II “General Principles of Audit”.

5) Units Attached with the Board – (1) The Chennai Division

1) Nandanam Division

2) Besant Nagar Division

3) K.K. Nagar Division

4) Anna Nagar Division

5) CIT Nagar Division

6) Foreshore Estate Division

7) J.J. Nagar Division

8) SAF Games Village Division – 1

9) SAF Games Village Division – 2

10) Wood Working Unit Division, K.K. Nagar

11) O.N.G.C Division (Deposit Work)

12) Thirumalisai Satellite City Division

13) K.K. Nagar Special Division – 1

14) K.K. Nagar Special Division – 2

15) District Revenue Office

16) Board

District Divisions

17) Vellore Division

18) Hosur Division

19) Villupuram Division

20) Trichi Division

- 21) Thanjavur Division
- 22) Salem Division
- 23) Madurai Division
- 24) Madurai Thoppur Satellite Town
- 25) Erode Division
- 26) Coimbatore Division
- 27) Tirunelveli Division
- 28) Ramanathapuram Division

6) Receipts and Expenditure (1) Account I Capital Account – 1 Receipts
(Section III)

- a) Sale Proceeds (Plots, Flats, Houses, Shops, Open Spaces)
- b) Establishment Charges earned from the deposit works.
- c) Grants from the State/ Central Government
- d) The proceeds of the sale of any land belonging to the Board which was purchased out of such of the above loans/ grants.
- e) Where any land was purchased out of an advance from the revenue account the portion of the proceeds of the sale of such land which remains after crediting to the revenue account the amount of such advance.
- f) The proceeds of the sale of any movable property (including securities for money invested from the capital account) belonging to the Board.
- g) All lump-sums received from any Government in aid of the capital account.
- h) All moneys received by the Board in connection with leases for any term exceeding forty years.
- i) All sums, if any, which the Government direct, under sub-section (2) of section 114 to be credited to the capital Account (the surplus in revenue account).
- j) All moneys realized from the sale of securities by direction of the government under section 115 (realization of investments made out of surplus amount in revenue account)

(ii) Expenditure (Section 112) –

- (a) Cost of the acquisition of land
- (b) Development of land
- (c) payment of Enhanced Compensation.
- (d) Repayment of loans
- (e) Implementation of Schemes under Self Finance Schemes.
- (f) Construction of TNGRHS Flats
- (g) Construction of Board Rental Flats
- (h) Ancillary Schemes
- (i) Deposit Works
- (j) Special Maintenance TNGRHS of a Specific
- (k) Maintenance of Repairs & Special Repairs
- (l) Handing over TNGRHS Schemes to Local Bodies
- (m) Payment of Property Tax water tax to Government and Board Buildings.
- (n) Advances payable
- (o) Investments
- (p) Fixed Deposit

2) Account II

Revenue Account

(i) Receipts (Section 113)

- (a) all annually recurring sums received from the central or state Government in aid of the funds of the Board.

- (i) Grants from Government for maintenance of Government Quarters
- (ii) Grants from Government for maintenance of MLA Hostel
- (iii) Grants from Government for Property Tax and Water Tax
- (b) All Compensations received by the board under section 131 (Compensation payable by offenders for damage caused by them)
- (c) All money received by the Board in Connection with leases for any term not exceeding forty years.
- (d) All rents of land vested in the Board.
- (e) All rents of Flats / Garages / SPQS / Shopping Complex owned by Board.
- (f) The supervision charges obtained by the Board under section 67.
(The Board may include in the cost of any housing or improvement scheme framed by it or any other work undertaken by its supervision at the rate not exceeding twelve and a half percent of the cost of the scheme or work)
- (g) all interest on loans and advances granted by the Board under section 91 to co-operate Societies, etc.
- (h) All other receipts by the Board which are not required by section 111 to be credited to the capital account.
- (i) Advance from capital account.
- (j) Interest on Investments.
- (k) Interest on sale proceeds.
- (l) Capitalization of Interest.
- (m) Fees and Forfeitures.
- (o) Contractors Registration Fees.
- (ii) Building Application Fees.
- (iii) Transfer Fees, Scrutiny Fees, Revocation Fees from allottees
- (iv) Fines.
- (v) Forfeiture of Earnest Money Deposit.
- (vi) Forfeiture of Security Deposit.
- (vii) Forfeiture of other deposits.
- (p) Leave Salary and Pension Contribution.
- (q) Sale of plans, etc.
- (r) Sale of Application Forms.
- (s) Recovery of expenditure.
- (t) Lapsed Deposit.

(ii) Expenditure : (Section 114)

- (a) Payment of all charges or payments towards interest or sinking fund due on account of any loan taken in pursuance of this act and all other charges incurred in connection with such loans.
- (b) Payment of all sums due from the Board in respect of rates and taxes imposed by the local authority concerned upon the land vested in the Board.
- (c) Payment of cost, if any, of maintaining a separate establishment for the collection of rents and other proceed, of land vested in the Board.
- (d) Payment of all sums under section 81 towards the cost of establishment of the Tribunal constituted by the Government under section 79 for the purpose of performing the function of the court with reference to the acquisition of land, for deciding disputes relating to levy or assessment of betterment fee and for deciding such other matter as may be prescribed.
- (e) Payment of all sums which the Government may direct to be paid to any auditor under section 121.
- (f) Payment of the cost of the management excluding such proportion there of as may be debited to the capital account under clause (h) of section 112.
- (g) Payment of all other sums due from the Board other than those which are required by section 112 to be disbursed from the capital account.

(h) Investments – The surplus, if any, remaining after making the payments referred to in sub-section 1 of section 114 shall, subject to the maintenance of a closing balance as required by sub-section (2) of section 108 be invested in the manner laid down in section 10 towards the service of any loans outstanding).

(i) Establishment charges of administration and technical staff.

(j) Contingent expenditure.

(1) Books and periodicals.

(2) Telephone Charges.

(3) Current consumption charges.

(4) Clothing and uniform

(5) Advertisement charges.

(6) Stationery and printing.

(7) Rent

(8) Postage.

(9) Consultancy charges.

(10) Vehicle Hire Charges.

(11) Audit Fees.

(12) Honorarium Board Members.

(13) Board Meeting Expenses.

(14) Conveyance.

(15) Travelling Expenses.

(16) Property Tax (Board Building Only)

(17) Motor Vehicle Tax

(18) Computer Media Costs

(19) Publicity Expenses

(20) Re-imbusement of Registration Charges Taxes

(21) Stores Written Off

(22) Fixed Assets Written off

(23) Contribution to Health Fund

(24) Legal Charges

(25) Compensation

(26) Family Benefit Fund – Insurance Premia payable under Group Insurance Scheme

(27) Investigation and Survey of Schemes

(28) Research on House Building

(29) Contribution to staff welfare and recreation.

(30) Publicity Expenses

(31) Tools and Plants (Ordinary)

(32) Repairs and maintenance of buildings.

(3) Account III –

Deposit and advances account –

This account comprises of

A. Deposit Account –

(ii) Deposits of contractor and subordinates

(a) Contractor's Deposit

(b) Sums due to contractors on closed accounts.

(c) Security Deposit of subordinates.

(iii) Other Deposits

(a) Rental Deposit. (Houses/ Flats/ Shops / Garages / SPQS)

(b) Collection on behalf of Government Account.

(c) Rental Deposit Community Centre

(d) Deposits from Allottees

(iv) Miscellaneous Deposit.

(v) Deposit Works

- (a) Original works.
- (b) Special Repairs
- (c) Ordinary repairs and maintenance.
- B. Advances Account
 - (i) Advance bearing interest.
 - (ii) Advances not bearing interest.
 - (iii) Permanent Advance.
- C. Suspense Account
 - (i) Inter Unit suspense
 - (ii) Unclassified suspense
 - (iii) Cash settlement suspense account.
- D. Remittance Account
 - (i) Transfer of funds to Mofussil Units
 - (ii) Transfer of collection from Units / Division
- E. Investment
 - (i) Fixed Deposit

7. Register and Records :-

The following Register and Records are maintained.

- (1) Cash Book
- (2) Scroll Book and Day Book (Subsidiary Cash book)
- (3) Petty Cash Book, Receipt Book, Bill Books,
- (4) Transfer Entry Order Register.
- (5) Register of Money Orders.
- (6) Register of Cheques.
- (7) Register of classification of Receipts.
- (8) Register of classification of Expenditure
- (9) Register of Bills
- (10) Rent Register.
- (11) Register of sale of plots.
- (12) Lease cum sale Register.
- (13) Register of Miscellaneous sales.
- (14) Suit Register.
- (15) Register of write off and loss
- (16) Vouchers.
- (17) Travelling Allowance Bills
- (18) Contingent Bills
- (19) Pay Bill Register
- (20) Register of Service Register
- (21) Register of Probationers
- (22) Register of increment Certificates.
- (23) Undisbursed pay and allowances Register.
- (24) Register of estimate, allotment and expenditure.
- (25) Register of works.
- (26) Register of Estimates sanctioned
- (27) Work files containing abstract of estimate, detailed estimates, deviation statements, contract agreement, indents for materials from units, etc.
- (28) Measurement Book
- (29) Register of Tenders
- (30) Register of agreement
- (31) Register of contracts registration
- (32) Contractors ledger
- (33) Register of Road Metal account
- (34) Register of Check Measurement by Executive Engineer
- (35) Project Estimates Register for all schemes

- (36) Consolidated work Expenditure
- (37) Register of completion Reports received
- (38) Register of Deposit works
- (39) Inter Unit Suspense account
- (40) Purchase Register
- (41) Stock Register of Money Value Forms
- (42) Stock Register of Tender form sold
- (43) Stock Register of Receipt books/Computer receipts
- (44) Register of Investments
- (45) Register of Loans
- (46) Register of Deposits and Securities, Contractor Deposit, Housing Deposit and Miscellaneous Deposit
- (47) Register of Advance
- (48) Service Advance Register and Temporary Advance Register
- (49) Register of Lapsed Deposit
- (50) Register of Assets
- (51) Register of Buildings
- (52) Register of Furniture
- (53) Stock Register of Survey and Scientific Instruments
- (54) Register of Stationery
- (55) Medical Reimbursement Register
- (56) Register of Payment of Electricity / Water Charges
- (57) Register of Payment of Property Taxes
- (58) Register of Surprise check of stores / Cash by Executive Engineer
- (59) Register of Miscellaneous Recoveries
- (60) Register of disputed claims
- (61) Register of Court attachment
- (62) Advertisement Register
- (63) Register of Tools and Plants and Divisional Units Tools and Plants
- (64) Register of Hire Charges
- (65) Permanent Imprest Register of Executive Engineer / Assistant Executive Engineer
- (66) Register of daily closing Balance of Cash Book / U.D.P Office Imprest
- (67) Appropriation Register
- (68) Register of suits
- (69) Demand Collection and Balance Register
- (70) Register of payments on Land Acquisition
- (71) Register of Lands Acquired
- (72) Register of awards passed by Land Acquisition Authorities
- (73) Register of excess compensation etc
- (74) Register of Schemes submitted and Sanction obtained
- (75) Register of application received for allotment in Tamil Nadu Government Rental Housing Schemes / Other Scheme area
- (76) Register of remittance of collection under Government Account under Tamil Nadu Government Rental Housing Schemes, SIHS, Sales Tax and Income Tax
- (77) Register of Register maintained
- (78) Provident Fund Registers
 - (i) Register of Subscribers.
 - (ii) Provident Fund Ledger.
 - (iii) Abstract Register.
 - (iv) Provident Fund Cash book.
 - (v) Register of Temporary advance and withdrawals.
 - (vi) Register of Investments.
 - (vii) Valuation register showing the result of Biennial valuation.
- (79) Telephone Charges Payment Register
- (80) IT, Sales Tax, LWF Payment Register (Recovered from Contractors bills)

(81)Service Tax Payment Watch Register

8. Quantum of Audit Checks

Audit is conducted with reference to reduced quantum of audit checks as detailed below: I Extract from Government letter 121762/A/Funds/84-4 dated 5.3.85 addressed to the examiner of Local Fund Accounts, Madras – 02.

(A) Items for which audit has to be done for one selected month per half year.

EXPENDITURE

Establishment vouchers (for pay fixation and surrender leave only, service registers to be called for)

Contingent vouchers, TA, Medical Bills

Stores Advance

Other Advance

Deposit Advance

Staff Advance

Land Acquisition payments

TEO vouchers

Investments

Loans repayments

Manufacturing (WWU & CCP)

Pension payments

RECEIPTS

Store advance

Staff advance

Investments & Interest

Loans

Investments (Physical Verification)

Sales Accounts (WWU & CCP)

ITEMS FOR WHICH TEST CHECKS ALONE HAVE TO BE DONE FOR ALL MONTHS REVENUE

1. 5 Receipts books per month to be traced into cash book and total to be checked
2. 5% of allotments
3. D.C.B. registers, Allottee Ledger, Rent register

ACCOUNTS

Classification – Register, Monthly Ledger

WORKS

Files of two or three major schemes, tender files scheme files Estimate, agreements, comparative statements completion report, connected vouchers, M.Books MAS Accounts etc.,

In addition all final bills for major works only

M.A.S accounts

REVENUE

cases of allottees ledger account where sale deed or conditional sale deeds were issued.

C

ITEMS FOR WHICH 100% CHECKS IS NECESSARY

Register of Money order register
Register of cheques received
Bank reconciliation
Self cheques and U.D.P.
Remittance of collections, cash book, challans, pass book & P.F. final bills only
Register of P.F. cheques received

D**ITEMS FOR WHICH A GENERAL REVIEW WILL BE ENOUGH**

D.C.B. register, Rent register, Allottees Ledger
Deposit registers
Stores advance register
Other advance register
Staff Advance register
Money value form register
P.F. registers
Pension registers
All works scheme files
All land acquisition files
C.C.S.A register
Cement loan register and files
Log book of Tools and Plants to see their utilization/ recovery of hire charges
Loans register (Utilization of loan)
Investment Register
Register of Legal suits, arbitrators
Cost of finalization of schemes
Grants received and eligibility and (Utilization of Grant)
All plots, flats, houses, shops were allotted or leased
All plots Government quota has been allotted without undue delay.
whether scheme areas handed over to Local bodies.
Whether final bills prepared for all works and cases where contractor's accounts could not be finalized – reasons whether firm costs were not approved by cost finalization committee. Physical Verification file and regularization of shortages.
Register of Review by Divisional Accountant.
Register of surprise checks of stores, and materials by cases where completion reports are long pending and reasons Lands compensation amounts paid but lands could not be taken over.
Cases where enhanced compensation deposited in court but appeal files against enhanced compensation.
Lands taken over but lying unutilized for long period reasons therefore Lands acquired but could not be utilised due to encroachment by slum people etc.
Water charges D.C.B register
Demand, Collection and balance for maintenance charges. Water supply-house service connection register Sewerage House service connection register
Water supply – do-
TNGRHS DCB Register
SIHS
Contractor's Arbitration files
Files for Loss/theft of stores materials
Files where contractor have not returned materials were after the completion of works
works register – Abstract of works other register

W.W.U & C.C.P

Manufacturing account

Stock account of Raw materials
Stock a/c of Finished
Profit and Loss a/cs
Balance Sheets.
Proforma a/cs
Conversion a/cs
Sale price fixation
Wastage during conversion
Sundry debtors ledger

9. Betterment Fee :

(1) Definition – Betterment fee means the fee declared to be payable in respect of an increase in the value of land resulting from the execution of a housing or improvement scheme. The betterment fee shall be one third of such increase in value.

(2) Levy of the Betterment fee – In the case of land in the area comprised in the scheme the Board may declare the levy of betterment fee. In the case of land not comprised in the scheme but is adjacent to the area comprised in the scheme, and of such land will be increased in value consequent on the execution of the scheme the levy of the betterment fee may be declared by the Board with the prior approval of the Government. When any housing or improvement scheme has been framed, the Board shall prepare a notice specifying the details of the land which it is proposed to acquire and of the land in regard to which it is proposed to recover a betterment fee and publish in dailies (Sec. 49)

Within three weeks following the day on which any notice is published under Sec. 49, the Board shall serve a notice to the person whose name appears in the assessment list of the local authority concerned as being primarily liable to pay property tax on any building or land in regard to which the Board propose to recover betterment fee. Any person on whom a notice has been served may, within thirty days from the service of the notice, make a representation in writing to the Board stating his objections to the scheme (Section 51).

(3) Assessment of Betterment fee :

The Board shall give notice in writing to the person on whom a notice under Section 51 was already served, that the Board proposes to assess the amount of the betterment fee payable. Such person shall within one month from the date of receipt of the notice inform the Board in writing whether or not he accepts the assessment. The person should also be given an opportunity to be heard. When the assessment proposed by the Board is accepted by the person concerned within the above period, the assessment shall be final. If the person does not accept the assessment made by the Board or fails to inform the Board within one month from the date of receipt of the notice, the matter shall be referred to the Tribunal constituted by the Government under Section 70.

The Tribunal shall after holding an inquiry and after hearing the person concerned assess the amount of betterment fee payable by the person.

(4) Collection of betterment fee : When the amount of betterment fee has been determined, the Board shall by a notice in writing to be served on all persons liable to such payment, fix a date by which such payments shall be made and interest at the rate of four and a half percent per annum upon any amount outstanding shall be payable from that date. The person liable for payment may make the payment if he chooses, in such number of annual instalments not exceeding ten as the Board may determine (Section 75).

The betterment fee and the interest thereon are recoverable by the Board from the person or his successor in interest in such land as an arrear of land revenue section 77).

(10) Power to recover rent or damage : Where any person is in arrears of rent payable in respect of any Board premises, the competent authority may by notice served (i) by registered post or (ii) by affixing a copy of it on the out –door or some other conspicuous part of such premises or (iii) in such other manner as may be prescribed, order that person to pay the same within such time not being less than ten days as may be specified in the notice. If such person refuses or fails to pay the arrears of rent within the time specified in the notice, such arrears may be recovered as arrears of land revenue.

Similarly the cost of damage should be assessed by the Board and recovered from the person responsible by issuing a notice. If he has not paid within the time specified, it should be recovered as arrears of land revenue (Section 85)

NOTE : 1

Board in its resolution 1103/26.01.98 has resolved to collect 18% penal interest for the Flats, Shops, Open Spaces, Single Persons Quarters, Garages etc. except building occupied by Government and Government owned Departments / undertakings.

(11) Rent to be recovered from deductions from Salary or Wages (Section 87) Any person who is an employee of the Government or a local authority and who has been allotted any Board premises may execute an agreement in favour of the Board providing that the Government or the local authority as the case may be shall be competent to deduct from the salary or wages payable to him the amount of rent and to pay the amount so deducted to the Board. On the execution of such agreement the Government or local authority shall, if so required by the Board by requisition in writing, make the deduction of the amount specified in the requisition from the salary or wages of the employee and pay the amount to the Board.

NOTE : 1

As per Govt G.O. No. 234 Finance (pay cell) 01.06.09 a Govt employee occupying TNGRHS should pay the rent as follows along with HRA

Pay	Gr – I(a) I(b)	Gr – I	Gr – II	Other
6000-10199	1.5%	1.5%	1%	1%
10200-18599	3%	3%	3%	2%
above 18600	4%	4%	4%	3%

NOTE : 2

In G.O. Ms. No. 454 H&UD department dated 8.11.2001. It has been ordered that Government Employees occupying TNGRHS Quarters after the transfer / retirement should pay 3 times the monthly rent payable.

12. Disposal of Land (Section 72) Whenever the Board decides to lease or sell any land acquired by it under the Act from any person, it (a) shall give notice by advertisement in one of the leading local news papers in the state and (b) shall offer to the said person or his heirs, executors or administrators, a prior right to take on lease or to purchase such land for an amount or at a rate to be fixed by the Board, if the Board considers that such an offer can be made without detriment to the carrying out of the purpose of the Act.

if in any case two or more persons claim to have the prior right over the property, preference shall be given to the person who agrees to pay the highest amount or rate for the land, not being less than the amount fixed by the Board.

13. Government Grants :-

(1) Grant for the maintenance of the TNGRHS Quarters transferred to the Board : - The Grant to meet the expenditure on the maintenance, repairs, payment to the work charged establishment, Property Tax, Electricity Charges, etc. will be released on quarterly basis at 75% of the expenditure with reference to monthly accounts prepared by the Board for the first three quarters and the amount due for the fourth quarter and the arrears, if any, due for the first three quarters will be released to the Board based on the audit Certificate issued.

(4) Contributions towards Economic Rent for Middle Income Group or other rental flats of the Tamil Nadu housing Board allotted to the Government Officers have to be paid by the State Government. Particulars of flats allotted to such Officers, period etc should be collected from various officers in charge of the colonies both in the City and Mofussil and entered in a register and claim sent to the Government for each year by the Board

(5) The Government should reimburse the difference between the subsidised rent collected and the economic rent fixed for the Slum tenements. These claims should be watched through a separate register by the Board.

(6) The Government sanction 50% loan and 50% grant for various Slum Improvement Schemes.

(7) The Government sanction grants for providing amenities to the displaced families due to the acquisition of their lands for the Salem Steel Project. The expenditure should be restricted to the amount of grant sanctioned by the Government.

(8) The Tamil Nadu Housing Board also receives World Bank Aid through the State Government for the Sites and Services Schemes approved by the World Bank. The expenditure should be kept within the funds provided by the World Bank.

Orders sanctioning grants and the connected files for the drawal and utilization of the grants should be perused in audit. Non drawal and short / over drawal and other irregularities, if any, should be commented in audit.

14. Loans :- Loans are obtained from the following sources for the promotion and execution of any housing or improvement Scheme.

(1) Public (2) Any Bank or other financial institutions approved by Government (3) Life Insurance corporation of India (4) Any Corporation controlled by the Central or State Government (5) State Government (6) Housing and Urban Development Corporation Limited New Delhi. (HUDCO).

Section 91 to 101 of the Tamil Nadu Housing Board Act, 1961 refer to powers to raise loans, guarantees and sinking funds for such loans.

(a) Loan is raised from the general public with prior approval of the Government. It is repayable within the period agreed upon by the Board and interest is payable half yearly. The Government guarantee such loans.

(b) Loans were raised from the general public in the Form of Fixed Deposits. There was no Government guarantee for such loans, Now such loans are not raised. Fixed Deposits already received are kept till the date of maturity. Sinking Fund is being maintained for such loans.

(c) State Government sanctions loans to the Tamil Nadu Housing Board for the following Schemes;

(1) Ways and Means advance for short periods. It is repayable on one or two installments.

(2) Loan 50% for Slum Improvement Schemes. Loan is repaid in annuity basis.

(3) Loan for bulk land – acquisition and land development. It is repaid on the annuity basis

(4) The HUDCO previous financial assistance on a large scales for construction of LIG, MIG flats, etc. Housing Board's buildings are mortgaged to the HUDCO against the loan and State Government guarantee these loans. Interest is paid quarterly.

(e) Priority of payment for interest and repayment of Loans : All payments due from the Board for interest or the repayment of loans, shall be made in priority to all other payments due from the Board (Section 96 of the Act).

(f) Repayment of Loans : Every loan taken by the Board shall be repaid by the Board within the period agreed upon by the Board by such of the following methods as may be approved by the Government, namely :

(1) from a sinking fund established under Section 98 in respect of the loan or

(2) by paying in equal yearly or half-yearly installment of principal or of principal and interest, through out the said period or

(3) if the Board, has, before borrowing money on debenture, reserved by Public notice, a power to pay off the loan by periodical installments and to select by lot the particular debentures to be discharged at particular periods then, by paying such installments at such period or

(4) from money borrowed for the purpose or

(5) partly from the sinking fund established under Section 98 in respect of the loan and partly from money borrowed for the purpose (Section 97 of the Act)

NOTES : Sinking fund need not be created in respect of guaranteed market loans and also for loans received from the Government and other institutions.

(Government Letter No 8394/B2/78-2, dated 27.4.1978 of Housing Department)

(g) It should be seen in audit.

(i) Whether all the loans sanctioned by Government have been got adjusted;

(ii) Whether the loans from public by the issue of debentures or credit from any Bank are not obtained without the previous sanction of the Government.

(iii) Whether loan amount not required for immediate utilization are invested,

(iv) Whether the repayment of loan is regular;

(v) Whether the Register of bills received may be perused to find out the various loans sanctioned. Connected files, sanction orders, objects and conditions of loans may be verified and traced in the Register of Loans.

(vi) The utilization of loans may be watched through Loan Appropriation Register. Comment on diversion of loan for other purposes and non-utilization should be made in audit.

(h) The Director of Treasuries and Accounts shall be the drawing, disbursing and reconciling authority for the Tamil Nadu Housing Board in respect of Government Loans, Ways and Means advances and Grants, etc. The Director of Treasuries and Accounts should also maintain registers in respect of all Government sanctions on investments made to the Board.

G.O. Ms. No. 1264, Finance (BG.I) dated 7th September 1979

Hence, the Director of Treasures and Accounts has to countersign the utilization certificate based on the certificate furnished by the Financial Adviser and Chief Accounts Officer of the Board who is primarily responsible for verification of the account of loans and grants and furnishing the certificate with reference to the accounts. The function of the Examiner as auditor is to check the correctness of the expenditure and certify that the loans and grants have been properly spendtand utilized as per the requirements of the Government. This audit certificate can be furnished only after the loans and grants are utilized and Register and Accounts are closed

and produced to audit. The correctness of the utilization of the land and grant will be vouchsafed by the Examiner after the audit of the accounts of the Board.

(Examiners Letter F2/93653/80, dated 19th February 1981)

(i) Appropriation Register of Loans : - This Register should be examined to see --

(1) that it is a complete record showing the total amount of loan received, amount spent therefrom and unspent balance;

(2) that separate page or set of pages has set apart for each loan;

(3) that no portion of the loan has been appropriated to any object other than that for which it has been raised; and

(4) that an extract of the Register is prepared every year and attached to the annual account

15. Rent Register – This Register is intended to watch the receipt of rent from the tenants the initial entries made in the register, viz, name of tenant, date of occupation, rent per mensem, advance rent (rental deposit), date of remittance of advance, rent etc. Should be checked with reference to the allotment register.

NOTE : 1

In G.O. Ms. No. 8 H & UD Department dated 5.1.1993 it has been ordered that TNHB Public Rentals should be enhanced at 5% for Residential Units and 10% for Non- Residential Units.

NOTE : 2

Board's resolution No. 03/29.04.10 has resolved for the periodical enhancement of Board Rentals (Residential) to be made at 5% per year along with collection of Rs. 250 per month as maintenance charges.

This should be examined to see –

(i) that the rental deposits have been received in full as per the terms of allotment in the case of new tenants.

Note :- Credit for the receipt of rental deposit should be verified in the register as well as in the Register of Deposits through the triplicate copies of receipts

(ii) that Rent demanded is in accordance with the scale of rent fixed by the Board; (only 5 percent of allotments need be checked)

(iii) that the amount fixed has been taken as the demand for each month;

(iv) that the amount of rent collected as per the duplicate copies of receipts has been entered in the columns "Collections, Arrears or Current" (10 percent of counterfoils of receipts need be traced in to this register)

(v) that the balance has been correctly struck.

(vi) that the arrears of rent outstanding at the end of the year have been brought forward to the register of next year, and

(vii) that prompt action has been taken to evict the defaulters and collect the arrears by institution of civil suits etc.

It should be seen that a consolidated Demand, Collection and Balance statement is prepared at the end of the year and the total collection agrees with the account figure.

16. Allottees Personal Ledger : - This register is intended to watch the recovery of amounts due (principal + interest) from the parties to whom plots / flats/ independent houses are allotted on Hire purchase system. Separate registers are maintained for each Scheme with separate folio for each allottee. The initial entries showing the name and address of allottee, Plot No. / Flat No./House No. Area of Plot/ Flat etc., Rate per ground, cost of plot/flat/house. Number of instalments with due dates, rate per annum of interest on belated payment of instalments, etc., should be verified from the allotment orders and the Sale-cum-Mortgage deeds executed by the allottees.

The checks to be exercised are –

- (i) that the cost of plot / Houses / Flat quoted at the top is arithmetically correct with reference to the rate fixed by the Board.
- (ii) that the interest has been charged on unpaid balances as per conditions in the Sale-cum-Mortgage Deed;
- (iii) that the entries of demand, collection and balance, interest with date of collection balance under principal and interest have been correctly made.

Credit for collections should be checked with reference to duplicate copies of receipts.

Entries of collections should be attested by the Clerk and Superintendent, quoting receipt number.

the end of each year total collections of principal and interest are struck and balance arrived at. has to trace five percent of the allotments in this register. Ten percent of counterfoil of receipts should be traced into this register.

It should be ensured whether the collection register and remittances have been checked by Accounts Officer and certificate to the effect that all the collections have been posted in the ledger has been furnished by the Accounts Officer.

17. Register of Demand, Collection and Balance – While the Allottee's personal ledger is maintained to find out demand, collection and balance in respect of each allottee the register of Demand, Collection and Balance is written up to find out the consolidated demand, collection and balance for each scheme for every month and for all schemes for the whole year.

The Register is written up with reference to the particulars of demand, collection entered in the Allottee's personal ledger. In the demand, collection and balance Register, a reference to page number of the allottee's personal ledger is given for easy reference. This register is separately maintained for each scheme. Monthly demand collection and balance statement is prepared separately for each Scheme and after that a consolidated demand collection and balance statement for the entire Board is prepared every month.

Audit should see whether the total collections shown in the demand, collection and balance statement agree with the figures shown in the account. Audit should comment upon the percentage of collection to demand both in respect of current and arrears.

18. Register of Bills – This Register is similar to the Register of Bills passed, maintained in Municipalities and contains several columns such as date of receipt of bill, amount claimed, amount passed for payment, date of payment, Voucher number, and remarks. Audit should see whether it is written up correctly.

19. Establishment – (1) Under section 15 of the Tamil Nadu Housing Board Act, 1961 the staff of the erstwhile City Improvement Trust were absorbed in the Tamil Nadu Housing Board. According to Section 16(2) (i) of the act, the Board with previous approval of the Government can create or appoint any person to any post, the maximum salary of which exceeds Rs. 1000, Under Section 16(2) (ii), the Board may create and appoint any person to any post the maximum salary of which does not exceed Rs. 1000, Under Section 16(2) (iii), the Chairman may appoint any Officer whose maximum monthly salary does not exceed Rs, 300. As per the provision (a) under Section 16, the Chairman may, in an emergency, appoint such officer or servant temporarily for a period not exceeding three months.

(a) The Board and Government - Posts maximum monthly salary exceeding Rs. 1000.

NOTE : Govt. Letter 66/Ssec/H&UD/6.10.03 and TNHB Memo No. PNT5/45664/86/14.10.03.

The following are the Powers of various authorities for promotion and punishment of the Officers and servants of the Board.

1) Managing Director	Pay Scale 6500-200-11100	upto AE in the Technical cadre/ upt to ARO/ So in Non-Technical cadre
2) Board, TNHB	Pay Scale 10000-325-15200	upto EE in the Technical cadre from Assistant Secretary to D.S. in Non Technical Code DCAO, AO in the cadre of Account Wing

(2) The Tamil Nadu Housing Board Service Regulations, 1969, approved by the Government under section 19 may be gone through before taking up the audit.

Government letter 42514/ Fin PBE / 2013 Dated 06.08.13

The following subjects are dealt with in the said regulations :-

Classifications of service, qualifications, methods of recruitment, age, etc., categories of posts and scales of pay, authorities competent to appoint, test to be passed, application of rules like the Tamil Nadu Leave Rules 1933, the Fundamental Rules, the Tamil Nadu Travelling Allowance, etc, punishments and appeals.

NOTE :1 Government has ordered that all the state PSU / Boards shall take appropriate action to fix the scale of pay to their worker/employees in such as manner that the scale of pay and grade pay so fixed should not exceed the scale of pay and grade pay permissible for Government Employees holding the comparable post in Government Departments (i.e. having similar designation/ nomenclature duties and responsible qualification etc.)

The above should be considered while taking up of establishment audit.

(3) Registers maintained – Instead of the establishment audit register, the register of pay bills setting apart separate page for each individual is maintained for each year. Other registers maintained in the establishment section are –

1. Register of probationers.
2. Register of Increment Certificate.
3. Register of Service Registers
4. Register of Staff Advances.
5. Register of Security Deposit of Employees.
6. Register of Deputationists.
7. Register of pension contributions payable.
8. Register of Pension contributions recoverable

(4) Audit checks- In addition to the routine checks, the following points may be seen in audit :-

(i) Service Registers of Executive Engineers will be available only in the Board Office and Circle Office. Hence, details such as their pay, leave etc., should be noted for verification in the Board Office;

ii) Whether deductions in pay bills such as P.F., L.I.C., Bank Loans, other office recoveries are remitted properly;

Regularisation of Non-Provisional Work Charged Establishment.

(iv) (proceedings of the Chairman, Tamil Nadu Housing Board No. 104625/79/ET6/23rd November 1979) – In future N.M.R persons should not be appointed N.M.R persons engaged prior to 31st December 1977 and who have put in continuous service of six months may be converted into non-provisionalised work charged establishment from the date of completion of six months continuous service. Such orders should be issued by the concerned Executive Engineers. The Personnel borne on Non-Provincialised Work charged Establishment after five years of service should be brought to regular establishment on and from 1st January 1977. as and when they complete five years of service. This may also be done by the Executive Engineer. The contingent paid staff should not be brought to Non-Provincialised Work Charged Establishment;

(v) (proceedings of the Chairman. Tamil Nadu Housing Board ET (3)/52657/73, dated 10th July 1975) – The pay of the persons working in the 29 categories of Non-Provincialised Work Charged Establishment was ordered to be fixed in the minimum of the scale of pay with effect from 1st October 1971 or from the date of appointment whichever is later. They were eligible for D.A. and C.C.A but not to H.R.A. They cannot get increments;

(vi) (G.O. Ms. No. 51, Finance (FRII), dated 14th January 1977 communicated in Tamil Nadu Housing Chairman's Proceedings No. 7151/ET-6/77 dated 5th July 1977) – 1 (i) All Provincialised Work Charged Establishment Employees who are in the pay scale of Rs. 140-3-155-4-175-210 and above will be brought to regular establishment and consequently be allowed the following additional benefits as admissible to the Non-Gazetted Government Servants.

- (a) Pension, Family Pension, Death–cum-Retirement Gratuity under Tamil Nadu Liberalized Pension Rules.
- (b) Accumulation of earned leave upto 180 days and Medical and other earned leave benefits as per Tamil Nadu Leave Rules.
- (c) General Provident Fund in lieu of Contributory Provident Fund.
- (d) Maternity Leave.

(ii) All provincialised Work Charged Establishment Employees who are in the scale lower than Rs. 140-210 will be brought to regular establishment and allowed the following benefits as applicable to the Basic Servants :-

- (a) Pension, Family Pension, Death – cum- Retirement Gratuity as per the Tamil Nadu Liberalised Pension.
- (b) General Provident Fund in lieu of Contributory Provident Fund.
- (c) Leave benefits as per the Tamil nadu Leave Rules.
- (d) On completion of 15 years of service they will become eligible for leave benefits admissible to the Non-Gazetted Government Servants.
- (e) Maternity Leave.
- (f) Contribution portion of the Contributory Provident Fund together with interest should be remitted to the Government account and subscription portion together with interest alone transferred to General Provident Fund Account.

II. Non-Provincialised Work Charged Establishment - (i) Those who have put in five years of service will be regularized. Those persons who draw a pay of Rs. 140 and more will be eligible for the benefits as applicable to the Non-Gazetted Government servants.

- (a) Pension, Family Pension, Death-cum-Retirement Gratuity.
- (b) Pension, Family Pension, Death-cum-Retirement Gratuity.
- (c) Joining time.
- (d) House Rent Allowance.
- (e) Travelling Allowance.
- (f) Earned leave at 1/11 th of duty, Medical and other Unearned Leave as per Tamil nadu Leave Rules.

(g) Maternity Leave

(ii) Those who have completed five years of service and who draw pay of Rs. 130 and less will be brought to regular establishment and will be eligible for the following additional benefits.

(a) Time Scale of Pay

(b) Joining Time

(c) House Rent Allowance

(d) Pension, Family Pension, Death-cum-Retirement Gratuity

(e) Earned leave at 1/22nd of duty and accumulation of leave upto 60 days

(f) Unearned Leave on medical Certificate for six months.

(g) Maternity Leave

(h) On completion of 15 years of service, they will become eligible for the benefits as applicable to the Non-Gazetted Government Servants.

On Regularisation they (both Provincialised Work Charged Establishment and Non-Provincialised Work Charged Establishment) will become eligible for the loans and advances as per rules.

(vii) In Board's Proceedings ET-6/148429/77, dated 22nd November 1979 it has been clarified that the persons coming under the two categories alone (i.e), works Assistant and Works Clerk, are eligible for refixation of pay as shown below with effect from 1st April 1972 or from the date of appointment whichever is later and they are entitled to arrears.

Those passed in S.S.L.C – Rs. 200-5-250-10-300

Those failed in S.S.L.C – Rs. 160-5-240

Other categories are not entitled for fixation in the above scale of pay. It is to be ensured in audit that even the above two categories with qualifications less than S.S.L.C are not entitled to the above scale of pay.

(viii) (Board's Proceedings ET-6/148429/77, dated 18th October 1979 and 22nd November 1979) – The benefit of House Rent Allowance and periodical increments was extended to all the 29 categories under Non-Provincialised Work Charged Establishment with effect from 1st April 1972 or from the date of appointment to Non-Provincialised Work Charged Establishment whichever is later and arrears paid.

(iv) Board's Proceedings ET-6/148429/77, dated 12th January 1978 have been modified by the Proceedings of even No. dated 26th September 1978 to the effect that Non-Provincial Work Charged Establishment personnel cannot be redesignated as Work Assistant or Works Clerk with retrospective effect and that the redesignation should take effect only from a date subsequent to the date of the Original proceedings dated 12th January 1978.

(x) It has been decided that the pay of those borne on the Work Charged Establishment and promoted as Junior Assistant or Typist should not be fixed under F.R. 22-B vide Examiner of Local Fund Accounts Letter F-2/110093/79, dated 8th December 1979.

In such cases pay may be fixed in such a way that their emoluments as Junior Assistant are not lesser than that of their work charged post.

(Board's Proceedings ET-6/12373/80, dated 8th April 1980)

(xi) Board's Proceedings ET-1/20389/78, dated 8th December 1978 issued with reference to G.O. Ms. No. 41, Finance (FR I). dated 11th January 1977. Board have permitted the Junior Engineer ./ Assistant Engineer to draw second and subsequent increments though they did not pass the Account Test for Public Works Department Officers within the period of their probation and arrears can be claimed with effect from 1st January 1974. But according to the Rule 6 read with the Explanation to rule 3 of the Tamil Nadu Housing Board Service Regulations, a condition to pass the Account Test for Public Works Department Officers has been imposed for declaration of

probation and for drawal of next increment. Hence paras are to be raised in audit for non-passing of exams.

(xii) In G.O. Ms. No. 291,H & UD Department dated 13.07.2000 and G.O. Ms. No. 47 Dated .02.14 Non-Provisional Work Charged Establishment Personnel who were regularized as Work Assistants from the period 1977 to 1988 were appointed as Junior Assistant / Shroff / Data Entry Operator/ Typist/ Junior Drafting Officer on the basis of the Qualification.

(xiii) G.O. Ms. No. 519, Public Work Department dated 23rd April 1974 and G.O. Ms No. 1195 Public Works Department dated 11th July 1972. The Assistant Engineers/ Executive Engineers/ Divisional engineers who have acquired Post-Graduate Degree and Ph.D degree qualifications in Engineering be granted two and three advance increments respectively over and above the pay actually drawn by them. One who got two advance increments wing to his acquiring master degree, can get only one more advance increment, if he gets Ph.D qualification.

(xii) According to the Government instructions, an officer to whom, department vehicle is attached is not entitled to draw conveyance allowance. Using vehicles are provided to all The Executive Engineers and The Administrative Officers in the Mofussil and The Project Officer, Cellular Concrete Plant Unit Ennore, Superintending Engineer in the City, etc. Audit should see that such officer do not draw conveyance Allowance.

G.O. RT. No. 397, H & UD dated 17th October 1980

(xix) Supply of Uniforms : The Board in Proceeding No. Misc 1/36524/80 dated 12 May 1980 had accorded sanction for the issue of uniforms to the following categories, 50 percent Khaki and 50 percent Handloom, as mentioned below : -

1. Sergeant	:	Khaki Cotton Cloth		
		Two Full Shirts	5 Mts	
		Two Full pants	5 Mts	
2. Duffedars	:	White Cotton Cloth		
		Two Shirts	4 Mts	
		Two Full pants	5 Mts	
3. Head sevak/sevaks	:	White Cotton Cloth		
		Two Shirts	4 Mts	
		Two Full pants	5 Mts	
4. Light Vehicle Drivers/ Motor Cycle Messengers	:	White Cotton Cloth		
		Two Shirts	4 Mts	
		Two Full pants	5 Mts	
5. Lift Operators	:	White Cotton Cloth		
		Two Shirts	4 Mts	
		Two Full pants	5 Mts	
6. Heavy Vehicle Drivers/ Cleaners/Chairman/Mechanic /Watchman/Plumber/Scavenger and Sweepers :	:	Khaki Cotton Cloth		
		Two Shirts	4 Mts	
		Two Full pants	5 Mts	
7. Lady Servants	:	Blue Cotton Sarees and White Blouse		
		Two Sarees and		
		Two Blouse Bits		
8. Pump Operator	:	Khaki Cotton cloth		
		Two Shirts	4 Mts	
		Two full pants	5 Mts	
9. Electricians	:	Khaki Cotton cloth		
		Two Shirts	4 Mts	
		Two full pants	5 Mts	

The uniforms should be issued for the persons who have completed two years of continuous service.

(b) The Sergeants and the Duffadars and OA's are eligible to draw Rs. 200 each towards stitching charges per set.

Notes – 1 The above categories are eligible for the drawal of washing allowance at Rs. 60 per month during the period spent on duty.

2. A certificate should be furnished by the drawing officer in the monthly pay bill to the effect that that the individual to whom the uniforms were issued are wearing the uniform on all working days. This should be seen in audit.

3. The audit checks should be done in the usual manner for the distribution of cloths, etc. Some benefits not extended to TNHB.

Government Letter 52338/Fin PBE /23.10.08

The benefit of taking 50% of work charged establishment period of consolidated pay, Daily wage ordered in G.O. Ms. 408 Fin (Pen) dated 25.08.2009 is not extended to Tamil Nadu Housing Board as per Government Letter 12805/H&UD/13-2 dated 13.07.13.

The benefit of encashment of 30 days of earned leave at the credit of a Government employee for every two year ordered in G.O. Ms. 123/P & AR/ dated 14.08.06 were not extended to PSU/Boards

NOTE :

20. Tamil Nadu Housing Board Pension Fund – the Tamil Nadu Housing Board pension regulations have been approved in G.O. Ms. 887, Housing Department, dated 31st August 1977. These regulations shall apply to persons appointed to the service on or after 5th August 1970 and to those who are in the service of the Board on that date and who opt to come under these regulations.

These rules do not apply to persons engaged in Nominal Muster roll basis and those paid out of contingencies.

(1) Constitution of Pension Fund : The Board shall constitute a separate "Pension Fund" outside the Board's account to which shall be credited annually sum equal to 10 percent from Board's fund on the maximum of the time scale of pay and such other emoluments as would count for pension (Rule 6 of the Tamil Nadu Housing Board Pension Regulations 1977)

Contributions made by the Tamil Nadu Housing Board to the employees Provident fund accounts and interest earned thereon shall be transferred to the credit the pension fund [Rule 6 (b)]

(2) Pension and Death-cum-Retirement Gratuity – Rules applicable to Government servants shall apply to Tamil Nadu Housing Board Employees (Rule7)

(3) Sanction of Pension and Gratuity – All pensions and gratuity shall sanctioned by the authority competent to appoint such employee after getting concurrence of the Auditor (Rule 8)

The Pension payment order will be issued by Chief Accounts Officer.

(4) Audit – Proposals for sanction of Pension and Death-cum-Retirement Gratuity received from the Board should be scrutinized and certified to by Audit. It should be ensured that Government rates and orders have been followed in the sanction of Pension and Death-cum-Retirement Gratuity, etc.

The following Registers are maintained :-

(i) P.P.O Register – The Pension Payment Orders issued by the chief Accounts Officer should be traced into the P.P.O Register and vouchers for payment of pension, etc., traced into the P.P.O Register.

(j) Death-cum-Retirement Gratuity Register- The sanction orders should be traced into this Register and payments Checked.

(iv) Cash Book and Bank Scrolls – These records should be checked with reference to remittances and withdrawals. It should be ensured that surplus funds are invested vide Rule 6 (iii)

21. Travelling Allowance – As per the Tamil Nadu Housing Board, Service Regulations, the Board should follow the Tamil Nadu Manual of Special Pay and Allowances in respect of the Officers. As regards the Travelling Allowance bills of the Executive Engineer they should be got countersigned by the Superintending Engineer of the respective circle before payment. In respect of the Travelling Allowance bills of Superintending engineer and Chief Engineer no countersignature is necessary.

If the journey is performed outside the State the sanction of the Board or the Government as the case may be should be obtained.

NOTE - (1) Each Non-Official members of the Tamil Nadu Housing Board may be paid sitting fees at the rate of Rs. 50 per day for each sitting.

G.O. Ms. No. 851, Housing and Urban Development dated 30th September 1981

NOTE - (2) The Chairman and the Non-Official members shall be paid Travelling Allowance as laid down in the Tamil Nadu Manual of Special Pay and Allowances.

NOTE - (3) TA /DA grades and maximum allowance to PSU / Statutory Boards as ordered in G.O. Ms. No. 14/Fin PBE/11.1.2010

ANNEXURE

TA / DA for the employees of State Public Sector Undertakings / Statutory Boards

Sl. No.	Grade	New Delhi* and all other State Head Quarters other than Chennai			Chennai			Other Places within and outside the State including Union Territories		
		Hotel		Guest House / Private	Hotel		Guest House / Private	Hotel		Guest House / Private
		Lodging	Boarding		Lodging	Boarding		Lodging	Boarding	
1	2	3	4	5	6	7	8	9	10	11
1	Grade I (a)	Reimbursement of Three Star Hotels subject to a maximum of Rs. 3000 per day	500	500	Reimbursement of Three Star Hotels subject to a maximum of Rs. 3000 per day	500	450	Reimbursement of Three Star Hotels subject to a maximum of Rs. 3000 per day	300	300
2	Grade I	Reimbursement of Three Star Hotels subject to a maximum of Rs. 2000 per day	300	400	Reimbursement of Three Star Hotels subject to a maximum of Rs. 1200 per day	300	350	600	200	200
3	Grade II	1500	250	200	700	250	200	400	200	150
4	Grade III	750	200	100	500	200	100	300	150	75
5	Grade IV	600	150	80	400	150	80	200	100	50

Grade I (a) - AIS Officers appointed as CMD / Chairman / MD / ED / Directors

Grade I - Employees drawing grade pay of Rs. 6600/- and above

Grade II - Employees drawing grade pay of Rs. 4400/- and above but below Rs. 6600/-

Grade III - Employees drawing grade pay of Rs. 1900/- and above but below Rs. 4400/-

Grade IV - Employees drawing grade pay of Rs. 1900/-

* In case of stay at New Delhi, Officers should prefer to stay in Tamil Nadu House. In case of Non-availability of accommodation in Tamil Nadu House they are permitted to stay outside and the Bills may be settled on production of Non-availability Certificate from Tamil Nadu House.

22. Contingent and other items of expenditure –

The following are the important items of expenditure under this head.

NOTE - (1) As per Board's Resolution 7.03 dated 2.4.12 and Board's Proceedings PNT/11627/12 dated 17.04.12

The following in the expenditure limit for the contingent expenses for the Non-Technical Section

S.No.	Officer	Present Ceiling	Enhanced Ceiling
1	Chairman & MD	For works exceeds Rs. 20000 Quotation approval & issue of Administration sanction stationery printing, law change and others	For works range from 1.00 lakh to 5 lakhs Quotation approval Administration Sanction authority Stationery Printing, Law changes and others.
2	Committee Secretary & Work Officer	Works upto Rs. 20,000 Quotation approval and Administration Approval authority for stationery printing law charges and others	Works upto Rs. 1,00,000 Quotation approval, Administration sanction authority stationery printing
3	Secretary & Works	upto Rs. 2000 Expenditure and Approval	upto Rs. 5000 Expenditure and Approval
4	Deputy Secretary	upto Rs. 1500 Expenses 1) Telephone charge 2) Other Vouchers	upto Rs. 2000 Expenses 1) Telephone charge 2) Other Vouchers
5	Assistant Secretary	Expenditure upto Rs. 800 1) Telephone charge 2) Other Vouchers	Expenditure upto Rs. 1500 1) Telephone charge 2) Other Vouchers

A. Recurring Expenditure –

(i) Rent

ii) Taxes

(iii) Electric Current Charges. (offices, Rest house, Flats, Pump Room. etc.)

(iv) Telephone Bills (Office, Rest House, Residential Phone of the Executive Engineer and Board Officials).

v) CUG Bills.

B. Non-Recurring Expenditure

(i) Law Charges

(ii) Purchase of Forms and Stationery.

(iii) Postage.

(iv) Repairs to Tools and Plant.

(v) Purchase of Uniforms.

It should be generally seen in audit.

(i) That the payment has been properly voucherd.

(ii) That in case of articles purchased for stores they have been accounted for in stock accounts.

(iii) That the expenditure is covered by proper budget provision, and

iv) That in respect of extraordinary items of expenditure the sanction of the competent authority has been obtained.

23. Supply of Stationery Articles and Forms – The Board Secretariat will supply the stationery articles, forms, M. Books etc., to all the Divisions, In the Divisions stock account will be maintained for stationery and forms. A separate register for money value forms will be maintained. The Executive Engineers are permitted to print the application forms for Hire Purchase, Rental (Board and Tamil Nadu Government Rural Housing Scheme) by inviting sealed tenders or sealed quotations.

It should be seen

(i) that the stationery purchased and supplied by the Board have been brought to stock and issue noted;

(ii) that the stock has been verified and the fact certified to in the register at the end of each half year by the Executive Engineer or any other authorized person;

iii) that the issues made are acknowledged in the register; and

(iv) that the issues are made according to the scale prescribed for each staff member.

NOTE : The arithmetical accuracies of the additions and deductions should be test checked to any manipulation in stock, if any.

24. Stock account of Money Value Forms : -

Computerised Receipts are issued by the Board with running serial numbers and they should be treated as money value forms.

The checks to be exercised are

(i) that a separate account for all money value forms such as application form for the Board, the Tamil Nadu Government Rural Housing Scheme, the Rental and Hire Purchase Schemes, etc., is maintained.

ii) that the issue up to date are totaled and the balance struck when new supplies are received and the new supply added to the balance;

(iii) that the receipts of forms are entered in the stock account with reference supplier's bills or invoices. The machine numbers should be indicated in the remarks column.

(iv) that the issue are supported by acknowledgments, and

(v) that each issue is supported by cash receipt.

NOTE – (1) The actual number of forms should be physically verified and certain should be entered in the date of audit and the discrepancy, if any, noticed should be commented upon in the Audit Notes or Report.

(2) The excess quantity of money value forms, if any, found during physical verification should be brought into account.

25. Land Acquisition – (a) Any land or any interest therein required by the Board for any of the purposes of the Act may be acquired under the provisions of the Land Acquisition Act 1894 (Central Act I of 1894) (Section 70 of the Tamil Nadu Housing Board Act, 1961) The Board may enter into agreement with any person for Land acquisition from him by purchase, lease or exchange, of any land or any interest therein which may be acquired under section 70. If the value of such property exceeds fifty thousand rupees, the board shall not enter into such agreement without the previous approval of the Government.

(b) The acquisition of land will be entrusted with the Revenue Department. For this, advance payments towards cost of land as intimated by the Finance Department, are remitted to the Credit of the Personal Deposit Account of the concerned Land Acquisition Officer, who will later render accounts and vouches to the Housing Board. Payments of advances are sanctioned by the Chairman of the Tamil Nadu Housing Board.

(c) In most of the cases, the awardees i.e., land owners go to the District courts or High Court or even Supreme Court against the compensation awarded by the Land Acquisition Officer or the Lower Courts. The additional compensation amounts awarded by these Courts should be deposited with the Court. The connected files and judgment copies of the Courts and compensation working sheets should be called for and verified in audit.

(d) In the case of the Government poramboke land or lands of the local bodies, payment of Cost of Land is being delayed for various reasons, even though the lands were already acquired. In such cases, the approximate cost of land will be debited to the Scheme by credit to “Miscellaneous Deposit for the purpose of cost finalization of the scheme. In these cases also, Chairman’s permission should be obtained to debit the amount.

(e) The cost of establishment employed by the Revenue Department for the Land Acquisition will be reimbursed by the Executive engineer to the Revenue Department on the basis of the Expenditure Statement attested by the Accountant General, Madras. In these case sit should be verified whether the staff strength employed by the Revenue Department for Land Acquisition was sanctioned by the Tamil Nadu Housing Board for the period of claim.

(f) A register showing the following particulars should be maintained by the Executive Engineer or the Board.

- (1) Name of the Scheme, Village, Town area, District, etc.
- (2) Amount of land acquisition advance paid.
- (3) Voucher Number and Date.
- (4) Land Acquisition Officer or the Court to whom the amount was paid.
- 5) Award Number and Date/Court order number and date.
- (6) Extent of land as per award.
- (7) Cost of land, solatium and other charges as per award.
- (8) Balance to be got refunded.
- (9) Amount realized and date
- (10) Amount for which vouchers were received from the Land Acquisition Officer.
- (11) Amount for which vouchers are yet to be received from the Land Acquisition Officer.
- (12) Extent of land taken possession of

- (13) Date of taking possession of the land.
- (14) How the land was utilised.
- (15) Balance of land yet to be taken possession of
- (16) Reasons for the above.

(g) 100 percent check should be exercised in the audit of expenditure on land acquisition. The awards passed by the Land Acquisition Officer should be called for and verified in audit.

The general checks in audit are :

- (i) Whether the schemes were got approved by the Board or the Government as the case may be;
- (ii) whether the advance paid was fully adjusted by the Land Acquisition Officer, and whether the amount not required or not disbursed was refunded;
- (iii) Whether the entire land proposed for the scheme was acquired by the Revenue Department and handed over to the Housing Board.
- (iv) Whether the land so acquired was utilised in the scheme and whether the cost of Land and expenditure towards acquisition of land were debited to the scheme for the purpose of Cost finalization of the scheme.
- (v) Whether the trees and structure, if any, in the land acquired were sold in public action and the proceeds credited to the Housing Boards account.
- (vi) Whether the approximate Cost of Lands has been debited to the scheme for the purpose of cost finalization of the scheme in the cases where payment of cost of land is delayed.
- (vii) If the Board was not able to acquire the land of the Board should the money deposited should be reimbursed from the Government.

26) Expenditure on works –The Engineering activities of the Board may be broadly classified as follows :

- (1) Framing and execution of housing or improvement schemes.
- (2) Planning and co-ordination with corporation / Local Authority, CMDA, CMWSSB and Electricity Board
- (3) Scrutiny and processing of schemes
- (4) Research on house building

The instructions regarding works-audit as laid down in Chapter 1 of the Local Fund Audit Department Manual, Vol II Part II “General Principles of Audit” and the audit checks prescribed for the audit of work vouchers of Municipalities vide Chapter II of the Local Fund Audit Department Manual, Volume II Part I “Audit of District Municipal Accounts” should be followed for the audit of work vouchers of the Tamil Nadu Housing Board.

The Tamil Nadu Housing Board Works Code contained a detailed instruction for the preparation of estimate, obtaining administrative and technical sanctions, the invitation and disposal of tenders, supplies and execution of agreements, the execution and measurement of works, payments of claims of contractors, custody and accounting of stock, tools and plant. the maintenance and communication of works, the duties, the responsibilities and powers of Engineering Staff and other allied matters. so the works code should be read before the Works – audit is taken up.

The special points gathered from the works code are also furnished in the appendix to this chapter for immediate reference in audit.

27. Cash Book – There are three accounts.

Account I – Capital Account, Account II – Revenue Account, Account III – Deposits and Advances Account. For each account, separate cash book is maintained with separate bank account. As per centralized system of bank accounts introduced with effect from 1st July 1978 onwards in Tamil Nadu Housing Board's circular No. 44646/Fin IV/78, dated 28th June 1978, all the collections made on or after 1st July 1978 shall be remitted to the Bank account then and there and the Executive Engineer of the Divisions/Units shall ensure that the same has been transferred to main account (Board's Account) daily. In respect of collection made through cheques in Division/Units receipt shall be issued only after realization of cheques. As this amount will stand transferred to the main account of the Board, it shall be shown as transfer of collections to the Board account by contra entry. In the cash book of Division/Unit, the sum total cheques issued on a day shall be taken as credit under "Travelling of Funds" while the remittance of cash made with the Bank shall be debited under "Transfer of collection to the Board Office" in the remittance account of the "Deposits and Advances Account".

There shall be no bank balance for any Division/Unit. the cash balance may represent (1) the unremitted collections and (2) The Temporary Advances pending adjustment. The Executive Engineers shall verify this balance periodically at the end of each month and record the result of such verification in his own handwriting.

The day to day Banking transactions of the Board Secretariat shall be recorded in a separate cash book treating the Board Secretariat as a separate account unit. The daily transaction in respect of each Division/Unit shall be recorded with reference to daily report treating them as vouchers in the respective cash book. At the end of each month, the cash book shall be closed after ensuring that the transactions relating to all Divisions have been duly recorded and the cash balance correctly worked out.

Besides usual checks, it should be seen in audit:-

(i) that the entries on the debit side of the cash book have been correctly made from scroll book/ Day book of the shroff of the Board Secretariat and with reference to Receipt Book/Subsidiary Cash Book of the cashier of the Division/Unit.

NOTE:

For this purpose the totals in the Shroff Day Book/Cashiers Subsidiary Cash Book should be taken. The entries in the Shroff's Day Book/Cashiers's Subsidiary Cash Book should be traced with reference to the counterfoil of receipt or triplicate copies of the Bank chalans ;

(ii) that the cash book has been verified by the competent authority and attested in token of such verification;

(iii) that all receipts paid by parties in the Bank direct and amount of grants, etc., adjusted to the Bank account are entered in red ink in the Bank column of the Cash Book;

Note :- The amounts credited in the cash book by transfer adjustments should be traced with reference to the vouchers.

- (iv) that the cancelled cheques are forth coming for audit verification;
- (v) That the amount drawn on self cheques are brought on to the petty cash book with particulars of voucher no and the purpose of payment;
- (vi) that the reconciliation statement between the payment of cheques with reference to statement of account rendered by bank and that struck by the Division/Unit in form III of Board's Circular No. 44646/Fin IV/78 dated 28 th June 1978 is correct;
- (vii) that the consolidated reconciliation statement in respect of each main account drawn in Form IV of the above circular by the Board secretariat is correct :
- (viii) that the payment and receipts recorded in the cash book of the Board Secretariat are correct with reference to central Board Sheet maintained in the compilation section; and
- (ix) that the receipts and charges under the head "Transfer of Funds" are tailed without nay balance being carried forward for the next month.

28. Bank Scrolls :- The points of check are :-

- (i) that the Division/Unit of the Housing Board operates Bank accounts only with the braches authorized by the Board.
- (ii) that the collections remitted into the Bank have been duly credited and the amounts of cheques issued by the Division/Board have been debited in the Pass Book (The daily remittance and collection as per shroff's Day Book (Board)/Subsidiary Cash Book (Division/Unit) and the cash book should be traced into the pass book through the remittance chalans and the payments as per cash book through counterfoil of cheques issued);
- (iii) that the remittances made by Division/Unit in the respective branches of the Banks have been transferred daily to the main branches with which the Board Secretariat operates its account without any inordinate delay:
- (iv) that all the amount paid to the credit of the Boards Fund and the amount of grants, etc., adjusted to the credit of the Housing Board and credited in the Pass Book have been duly taken credit for in the cash book and the classification register.
- (v) that in respect of Divisions/Units that the branches of the Banks have honoured cheques mainly with reference to the monthly limits so fixed by the Board and forward them to main branches with which the Board Secretariat operates the account for being debited against the Board Account.
- (vi) The transactions recorded in the Bank Pass Book are correct with reference to sets of accounts in duplicate daily rendered by main branches;

NOTE:- As per centralized system of Banking Accounts introduced with effect from 1st July 1978, the banks with furnish two sets of accounts in duplicate daily with reference to (1) the transactions made by them in respect of each of the Divisions and (2) the consolidated transactions of the Board as a whole to facilitate accounting both by Divisional Office and by the Board's Office.

- (vii) that no cash balance, except Rs. 100 paid for opening the bank account, has been maintained in the branch in which Divisional Office has its accounts; and

(viii) that the reconciliation statement between the Bank Pass Book and the Cash Book has been struck only with reference to the statement furnished by the main branch and that the statement struck is correct.

NOTE :- The Board is having accounts with the following seven nationalized banks as per orders issued by the Government in G.O. Ms. No. 436, Finance/ PBE dated 23.11.13.

- (a) Syndicate Bank
- (b) Indian Bank
- (c) Indian Overseas Bank
- (d) Canara Bank
- (e) Union Bank
- (f) Axis bank
- (g) OBC

Deposits may also be made in the city link branches of the main banks which render service to various divisions and units without actually having any cash balance with them.

(Government Letter No. 34817/80-6 H and UD., dated 10th February 1981)

NOTE :- (2) The Board should restrict its investments in the following four nationalized banks with which the Board transacts business regularly:

- 1. Syndicate Bank
- 2. Indian Bank
- 3. Indian Overseas Bank
- 4. Canara Bank

The Government orders in regard to the Fixed Deposits in the Tamil Nadu Transport Development Finance Corporation, Debt redemption fund of the Housing Board and the accounts of the Housing Board in the Tamil Nadu State Co-operative Bank will continue to be in force.

(G.O. Ms. No. 1531, H and U.D., Dated 9th August 1979)

Government Letter No. 60-52/79-5, H and U.D., dated 24 July 1980

NOTE :- (3) The surplus funds available in the Provident Fund accounts may be invested in Fixed Deposit with the State Public Undertakings like the Transport Development Finance Corporation.

(G.O. Ms. No. 1306, H and U.D., Dated 20th July 1979)

NOTE : (4) The Board may invest its contributions towards the Debt Redemption Fund relating to Non-guaranteed Debentures loans in the Fixed Deposits of the Tamil Nadu Transport Development Finance Corporation at the rate of interest not less than 12 per cent.

(G.O. Ms. No. 607, Housing, Dated 25th March 1978)

29. Register of write off – If in the course of audit any case of write off of dues is noticed, it should be seen-

(i) that all the process for recovery such as institution of suits, etc., enforced by the Tamil Nadu Housing Board Act, 1961 (Madras Act 17 of 1961) has been exhausted;

(ii) that the fact of irrecoverability has been established beyond doubt, and

(iii) that the write off has been sanctioned by the competent authority.

NOTE :- The sanction of competent authorities to write off as indicated in Serial Nos. 16 to 19 of Powers of Officers Chapter V of Tamil Nadu Housing Board Works Code (Annexure enclosed) should be obtained.

30. Transfer Entry Register – The transfer entries are necessary to correct an error of classification in the original accounts or to adjust by debit or credit to the proper head of account, the items outstanding under suspense account or to bring to account certain classes of transacting which do not pass through Cash Book in the first instance.

It should be seen :-

(i) that it contains a complete record of all credits made by transfer from the head of account to another

(ii) that the heads of account to which the adjustment has been made are correct;

(iii) that the adjustments are posted in the classification register ; and

(iv) that reference to files and M. Books and other registers is given for each adjustment.

31. Deposits : - Deposits received in the Tamil Nadu Housing Board are classified as follows :-

1. Contractors E.M.D and Security Deposit

2. Employees Security Deposits

3. Earnest Money Deposit remitted by the applicants along with the applications for allotment of plots/flats etc.

4. Rental Deposit remitted by the allottees of the Tamil Nadu Government Servants Rental Housing Scheme.

5. Miscellaneous Deposits.

Separate sets of registers are maintained for those deposits. Instructions under Chapter XI of the Tamil Nadu Housing Board Works code on the subject should be gone through before taking up the audit.

(a) Register of deposits – It should be seen –

(1) that no deposit is kept out of accounts;

(2) that the refunds have been drawn on proper vouchers;

(3) that the monthly totals of receipts and refunds have been correctly struck and agreed with the figures appearing in the Monthly accounts and Register of Classifications;

(4) that the balances outstanding at the close of the year are carried over as opening balances in the register for the subsequent year;

(5) that the deposits are lapsed as laid down in para 281 of the Tamil Nadu Housing Board Works Code;

(6) that a deposit lapsed has been repaid only with the sanction of the Board;

(7) that no item of receipt which can be clearly brought to account under any revenue head such as pay, leave salary or other allowance and fines is credited to deposits.

(b) Register of bank guarantee and other securities – The contractors have been permitted to give bank guarantees in lieu of Earnest Money Deposit or Security Deposits. They also furnish deposits in the form of Fixed Deposit Receipts, prize, bonds National Savings Certificates etc., These items

are entered in a register vide para 282 and 283 of the Tamil Nadu Housing Board Works Code. These items are kept under the safe custody of the Executive Engineer, Auditor should conduct a cent per cent physical verification of these items and record a certificate in the register.

Audit should verify –

- (1) that the securities are drawn in favour of the Executive Engineer, and
- (2) that the Bank guarantees are kept renewed up-to-date.
- (3) that the Bank guarantees are duly extended if the work is extended beyond the agreement date

37. Register of advances – It should be seen in audit:-

- (1) that advances are made only for the purposes recognized in the rules and are not prima facie excessive;
- (2) that advances have been granted with the sanction of appropriate authorities ;

NOTE :- Executive Engineer can sanction advances of pay, transfer tour advance, cycle advance, flood advance. Other advances like House Building advance, Scooter and motor-car advance, marriage advance, etc., are being sanctioned by the Managing Director.

- (3) that there is no avoidable delay in the recovery or adjustment of advances;
- (4) that the monthly totals of receipts and payments in the Register of advances agree with the figures in the monthly accounts.
- (5) that the closing balances have been carried over as opening balances in the register for the succeeding year; and
- (6) that no advance is left, unadjusted at the end of the year without sufficient cause.

(B) Register of Service Advance – (Para 268 of the Tamil Nadu Housing Board Works Code) – The suspense head “Service Advance” is intended to record the lumpsum advance paid to local boards or other agencies towards estimated cost of sub-works executed through them. On receipt of the final bill on the completion of the work, and the advance is adjusted debiting the work and clearing the advance.

(C) Register of other advances – (Para 270 of the Tamil Nadu Housing Board Works Code) – This is to record transactions of other advances given to Officers for works expenditure such as permanent imprest, temporary advance, etc., they should be adjusted by getting adjustment bills with relevant vouchers.

32. Register of investments - It should be seen in Audit:-

- (1) that the register is maintained in the prescribed form;
- (2) that the particulars of investment have been correctly entered;
- (3) that interest due has been realised on the due dates and credited to the accounts;
- (4) that investments made out of surplus have been reinvested after maturity, if the amount is not required for expenditure;
- (5) that in the case of investments written off the register by sale or otherwise, the amounts of sale proceeds have been duly credited in the accounts or if the sale was by transfer of investments it is supported by proper vouches; and

(6) that the balances of interest pending realization and investments at the close of the year have been entered in the register of the next year.

Investment on the date of audit, should be verified physically by the Auditor.

33. Register of Tools and Plants – The checks to be exercised are –

(i) that a register of tools and plants showing opening balance receipts issues and closing balance is maintained in the Division/ Sub-division/Board Secretariat Circle Offices;

(ii) that the receipt of articles during the year/period of audit is agreed with reference to the suppliers, bills;

(iii) that in the case of articles shown as written off in the register, the sanction of the competent authority for the write off is forthcoming:

(iv) that in the case of shortage, loss, broken tools and plants adequate action has been taken on the persons responsible;

(v) that an annual verification of the tools and plants, etc is made by the head of the office; and

(vi) that the closing balance of tools and plant etc., at the end of the year was struck and carried forward to the subsequent years as opening balance.

34. Provident Fund Accounts ; - The following records are maintained:-

(1) Register of subscribers.

(2) Provident Fund Ledger.

(3) Broad Sheet.

(4) Provident Fund Cash Book.

(5) Register of temporary advance and withdrawals.

(6) Register of Life Assurance Policies.

(7) Register of Premia.

(8) Provident Fund Investment Register – As these registers are similar to those maintained by the local bodies, the general principles and processes of check enunciated for the audit of these registers in local bodies would apply mutatis mutandis. It should be seen whether rules for the Tamil Nadu Housing Board Employees Provident Fund have been followed.

35. Budget (Section 104) – (1) The Chairman shall, at a special meeting to be held in the month of February in each year lay before the Board an estimate of income and expenditure of the Board for the next ensuing year.

(2) In the Budget, provisions for the due fulfillment of all the liabilities of the Board and for the efficient administration of the Act shall be made.

(3) Capital and Revenue funds should be differentiated.

(4) A copy of the Budget should be sent to each member of the Board at least ten clear day before the date of the meeting at which the Budget is to be laid before the Board.

(5) A revised Budget, if any, including all the expenditure not covered in the original budget estimate, shall be laid before the Board at a special meeting to be held in the month of December in each year.

(6) Under section 105, the Board will approve the Budget either without modification or with such modification as it may think fit.

(7) As per section 106, the Budget as sanctioned by the Board shall be submitted to the Government who, may at any time within three months after receipt of the same

(a) approve the estimate, or

(b) disallow the estimate or any portion thereof, and return the estimate to the Board for amendment.

If any estimate is so returned to the Board, it shall forthwith proceed to amend it and resubmit the estimate as amended to the Government who may then approve it.

The Budget finally approved by the Government should be scrutinized in audit and compared with actual. Large deviations, if any, should be examined and commented suitably.

36. Accounting Procedure – I. Receipt and remittance of cash – (1) Every division entrusted with allotment and collection work shall be supplied with sufficient stock of computerized receipts from Board.

(2) All the Scrolls shall be in the personal custody of the Executive Engineer and Administrative Officer and shall be issued to the Shroffs and after verifying that the previous has been fully utilised or nearly utilised.

(3) The Divisional Accountant shall cause to be maintained a Stock Register of Receipt Books and Scrolls under his supervision. Periodical verification shall be carried out by the Executive Engineer and the Accounts Officer and the result of such verification be recorded in the register.

(4) All remittances of cash and cheques into the Division's Cash counter relating to hire purchase and rental accounts shall be received by the Shroff and other remittances (EMD, Application Fee, etc) will be received by the Cashier.

(5) Separate receipts shall be prepared by the Shroff in triplicate and the party's copy shall be delivered to the remitter duly stamped wherever necessary.

(6) At the close of the day, the Shroff shall prepare a statement of collections in the scroll (Form No. 1) Separate scrolls shall be prepared for difference sections wherever there are more than one section.

(7) Cheques received from allottees to the credit of the accounts shall be first entered in the cheque register and then sent for collection. Separate receipts shall be prepared on realization and entered in the scroll under the cheques column.

(9) Similar scrolls section – wise shall be prepared by the Bill Collector, the original scroll with the duplicate receipts and the duplicate copy of the scrolls shall be delivered by him to the Division Shroff at the counter. The Assistant Revenue Officer shall check the collection and the scrolls of the Bill Collectors under his control and attest the scroll.

(10) The duplicate scroll copy (relating to Division and Scheme counters) shall be delivered to the concerned sections.

(11) The original scroll (relating to Divisions and Scheme counters) together with supporting duplicate receipts duly stitched shall be forwarded to the Board cash section with an abstract of collection in Form 2 on the succeeding day.

(12) The cashier shall maintain a shroff journal and enter therein the day's collection.

(13) At the close of day, the day's cash collections shall be remitted into the Bank account of the Division. It shall be the responsibility of the Cashier to ensure that the collections are remitted into the Bank on the day on which they are collected. In cases where there are no banks working in the evening hours, the cash shall be deposited into the cash chest of the Division.

(14) The cash chest shall be under double lock system, one key of the chest shall be with the Cashier and the other with the Divisional Accountant. The duplicate set of keys should be deposited in the Bank with which the Division has its accounts.

(15) The Shroff and the Cashier shall work under the supervision of the Divisional Accountant.

(16) All the receipts are computerized and manual receipt books are periodically reduced. In some divisions self finance scheme wise accounts are opened with existing banks and remittances are paid directly into this accounts.

II. Accounting of receipts in the allotment branch – (1) Each allotment section should open a Demand, Collection and Balance ledger and make entries of collections monthly demand should be raised and the overdues reported to the MMS for collection or coercive action.

(2) The postings in the Demand, Collection and Balance Register should be verified by the Superintendent and each entry should be attested by him.

(3) A Certificate to the effect that all postings have been made should be furnished by the Superintendent Assistant Revenue Officer & MMS on the daily scroll and submitted to the Executive Engineer and Administrative Officer daily.

(4) The Executive Engineer and Administrative Officer shall watch the recording of the certificate on each scroll from different sections under his control.

(5) At the end of each month, the total collections in all the Demand, Collection and Balance Registers should be tallied with the total monthly collections.

(6) All refund of revenue consequent on cancellation or excess payment should be recorded in the Demand, Collection and Balance register in red ink and should be taken as minus items should be tallied with the accounts figure and the net collections arrived at as shown in the accounts.

(7) A certificate to the effect that the figures shown in the Demand, Collection and Balance Register have been duly reconciled and tallied should be recorded in each Demand, Collection and Balance Register.

(8) A Demand, Collection and Balance Statement should be prepared scheme wise and sent to the Board Office on or before the 10th of the succeeding month.

(9) The Assistant Revenue Officer should be in charge of the collection and remittance of all cash collections and should also be responsible for the proper preparation of the Demand, Collection and Balance and its submission to the Revenue Officer.

III. Classification of Accounts – (1) The classification of receipts in the Divisions should be done by the Accounts Assistant under the control of the Divisional Accountant. The Accounts should be classified as under –

(a) The initial deposit of 25 percent and all lumpsum payments should be credited to Capital Account.

IV. SALE PROCEEDS OF LAND; and

V. “SALE PROCEEDS OF BUILDINGS” as the case may be. The monthly installment collected or annuity basis should be credited under “Revenue Account” “XIV Premia” on leases under appropriate sub-heads.

(b) Sale proceeds of land without interest component should be credited directly under capital account.

IV. Computerisation of Accounts – Each Division should be furnished with a list of codified Account Numbers by the Cost Accountant and their number should be entered in the Demand, Collection and Balance registers. Any case where code number has not been assigned should be reported to the Cost Accountant and a number obtained.

Each division should prepare a Trial Balance and the account code is a three digit no beginning from 100 The various groupings are as follows :

Code	Group
100	Incomes
200	Expenditure
300	Expenditure
400	Fixed Assets
500	Current Assets
600	Current Liabilities
700	Long term Loans
800	Contribution

(2) For new allotments, account numbers may be obtained in advance from the Cost Accountant and assigned to each allottee by intimating them in the allotment order.

V. Finalisation of cost – (1) Finalisation of cost in respect of all building sold on tentative cost basis should be done by the after recording completion Reports. A model working sheet is furnished below.

(2) Finalisation of cost of land acquisition and development schemes should be done at the Board Office and proposals in the prescribed form should be sent to the Board.

(3) No advertisement should issued without fixing a firm cost. The firm cost should be fixed at the Board Office. If advertisement issued with tentative cost the fact intimated to the public that the tentative cost will be revised in future.

WORKING SHEET

- (1) Tentative cost of the building
- (2) Earnest Money Deposit
- (3) $\frac{1}{4}$ th cost (collected prior to the issue of work order)
- (4) Date of issue of work order
- (5) Date of completion
- (6) Rate of interest (the rate indicated in the allotment order)
- (7) Final cost intimated by the Executive Engineer (Letter No. _____)
- (8) Building Licence Fee
- (9) ADD : Capitalisation of interest charge @ _____ % for (9) nine months for a sum of Rs. _____. This amount should be arrived at after crediting (2) & (3) (rate of credit indicated in allotment order)
- (10) ADD: Land cost @ Rs. _____ per _____ ground for an extent of _____
- (11) ADD : Collection charges @ 0.5%
- (12) TOTAL :

(Proceedings No. E2-5/24324-81, dated 25th March 1981 of the Chairman, Tamil Nadu Housing Board)

37. Audit Checks and accounts : (a) The monthly accounts are compiled from the classification registers of Receipts and Expenditure for the main accounts, Viz., Revenues, Capital and Deposit and Advances. The Receipt and the vouchers should be traced in the classification registers and it should be examined :-

- (i) that the postings have been made monthly;
 - (ii) that the postings have been made correctly against the concerned scheme and the classification are correct;
 - iii) that the several adjustments made in the account, including the sums expressed from both sides, have been correctly posted;
 - (iv) that the registers have been signed monthly by the Divisional Accountant and the Executive Engineer in token of having verified them;
 - (v) that the monthly and progressive total are correct; and
 - (vi) that the total receipt and charges under the various budget heads agree with those in the subsidiary registers.
- (b) A monthly statement showing the Receipts and charges in respect of capital, revenue Deposit and Advance Accounts is prepared by the Division/Unit and forwarded to the Board for compilation together with the following schedule -

Schedule No.

- (i) Abstract of Accounts.
- (ii) Abstract of cash balances as per cash book and Bank
- (iii) Certificate of verification of cash balance.
- (iv) Statement of Amounts transferred from the collection amount.
- (v) Bank reconciliation statement
- (vi) a) Abstract of opening and closing balances.
b) Under capital account Expenditure -6. Suspense and Deposit Account
- (vii) Schedule of Debits/Credits under "Inter Unit Suspense"
- (viii) a,b,c – Abstract of transaction under personnel advances
- (ix) Schedule of works
- (x) Certificate of completion of postings in the register of works.
- (xi) Schedule of single items exceeding Rs. 1,000 under contingencies 11. Other items
- (xii) Schedule of supervision charges earned.
- (xiii) Certificate of completion of postings in all the registers maintained in the Divisions.

- (xiv) List of schedule dockets- Schedule docket for work expenditure, capital, Revenue and Deposit.
- (xv) List of vouchers due.
- (xvi) List of stamped receipts and simple acknowledgements.
- (xvii) a,b,c :- Classified statement of receipts for capital accounts, Revenue account, Deposit and Advance Account.
- (xviii) Land cost proforma expenditure
- (xix) Stock Account
- (xx) Schedule of Debits/ Credits cash settlement suspense account.

(c) While sending March final Accounts, the Trial Balance should be produced by the Divisional Accountant / Superintendent & MMS in person, for preliminary check by Deputy Chief Accounts Officer, Tamil Nadu Housing Board with a copy of the following schedules.

1. Schedule for Sales.
2. Schedule for Supervision charges.
3. Schedule for Cost of Construction.
4. Schedule for Special Repairs Board and TNGRHS (separately)
5. Schedule for Property Tax
6. Schedule for fixed Assets – (a,b,c,d,e,f & g)
7. Schedule for Current due from allottees (Allottee wise / Scheme wise / Category wise) Should be tallied with DCB and Accounts
8. Schedule for Rent Receivable
9. Schedule for Stock
10. Schedule for cost of materials recoverable form contractors
11. Schedule for Other Deposit paid to others.
12. Schedule for Projects (work in progress) Duly tallied with DPL/Project Ledger.
13. Schedule for Advance to Contractors/Suppliers
14. Schedule for Deposit Works Receipt / Expenditure
15. Schedule for Scheme Completed but not allotted – (a,b)
16. Schedule for Deposit Received / Refunded
17. Schedule for Allottees suspense accounts Initial Deposit
18. Schedule for Allottees suspense accounts Out Right Sale.
19. Schedule for Collection details
20. Schedule for Bank Reconciliation statement duly tallied with Accounts.
21. Monthly Receipt and Payment Details for the year
22. Cheque Issued and Receipt Details
23. Service Tax Collection and Remittance Details
24. Income Tax/ Service Tax/ Sale Tax Remittance details
25. Self finance Schemes Details (A/c Code 776)

(d) During the annual audit, the correctness of the progressive totals under the various budget heads is verified and these totals are adopted in the annual account. The annual account should be checked to verify;

NOTE :- (1) Supplementary estimates required the sanction of the Board and the Government (Section 107 of the Tamil Nadu Housing Board Act of 1961)

(2) Unspent Budget grants and Appropriations shall lapse at the close of the year. In case of works and schemes in progress, the Board may increase the grants of every year to cover the amount of grants which has lapsed at the end of the previous year. The tendency towards making payments in haste at the end of the year to utilize the grants in full as far as possible in the year itself should be checked (Rule 17 of Account and Financial Rules)

(3) According to sub-section (3) of section 108 of the Madras State Housing Board Act. 1961 (Madras Act 17 of 1961) expenditure may be incurred in the absence of provision in the Budget or without re-appropriation in the following cases : -

- (a) Refund of moneys belonging to contractors or other persons held in deposit, and of moneys collected by, or credited to, the Board by mistake;
- (b) payments due under a decree or order of a Court or under an award of the Tribunal;
- (c) Sums payable under a compromise of way suit or other legal proceeding or claim effected under that Act :
- (d) Sums payable under this Act by way of compensation; and
- (e) payments required to meet any pressing emergency.

NOTE :- Wherever any sum exceeding ten thousand rupees is expended under clause (e) of sub-section (3) the Chairman, shall report the circumstances to the Board explaining how it is proposed to cover the expenditure vide sub-section (4) of section 108 of the Tamil Nadu Housing Board Act, 1961 (Madras Act of 1961).

- (ii) that the statutory minimum closing balance fixed by the government is Rs. 5 lakhs. (G.O. Ms NO. 582, Housing, dated 11th February 1967)
- (iii) that the loan amount have not been diverted; and
- (iv) that the surplus over the statutory minimum closing balance has been set apart as a reserve fund.
- (d) Financial Statements – It should be seen that the financial statement showing the cost of acquisition of sites together with extent, cost of development such as laying roads, constructing culverts, planting trees etc., and provision of amenities such as providing sewer water mains and street lights, supervisions charges have prepared for each scheme.

NOTE : As per Board Circular Memo No. Budget -1 /73507/97 13.4.98 board charges a 12.5% supervision for all schemes.

The financial statements should be examined to see that the cost of plots has been worked out correctly and the cost of acquisition, developments, amenities, etc. stated therein is supported by necessary details. It should also be seen that the area available for plots alone is taken into account and the area available for Roads or reserved for other purposes has been excluded for the purpose of calculating the cost per ground. It should thus be ascertained whether the sale prices of plots have been fixed on a realistic bass and will not result in any loss to the Board.

(e) Proforma Accounts :- The Tamil Nadu Housing Board is a non-profit organization and should not incur any loss.

In order to study the financial result of the individual scheme, a proforma account should be required to be prepared for each completed scheme. All direct and indirect charges like cost of acquisition of land, pay and allowance so the staff utilised on the scheme only, cost of survey, division into plots, formation of roads, provision of drains water mains and street lights etc., should be debited and the proceeds received by sale of plots should be credited to the Account. It should be possible to have a comprehensive idea of the financial position of the scheme and to say that the outstandings will be adequate to pay off liabilities.

NOTE :- The expenditure on regular maintenance and on special repairs should be accounted for separately in the books from 1974-75 and wherever splitting up of the expenditure on regular maintenance and on special repairs in not possible the total expenditure may be booked under the head "Maintenance and Repair"

(G.O. Ms. No. 978, Housing and Urban Development Department, dated 31st July 1980)

(f) Classification of advances :- (1) Advances for compensation of land, if made after the award has been passed by the Land Acquisition Officer may be debited to the proper final head of account concerned pending receipt of payment vouchers, which should be watched through objection book.

(2) Advances for law suits may be finally debited to the head of account concerned and refunds of amounts remaining unspent out of these advances dealt with as recoveries of service payments.

(3) All other advances shall be accounted for initially under the suspense or deposits head of accounts concerned until their transfer to the final head of account.

(g) Classification of Transaction under suspense :- The transaction under suspense shall be accounted for in the capital, Revenue or Deposit account according as they embrace expenditure ultimately debitible to the capital, Revenue or Deposits Accounts as the case may be.

(h) Classification of Recoveries : - (1) Except as provided below, all recoveries of expenditure shall be treated as receipts in the revenue or capital account as the case may be.

(2) Recoveries of expenditure on work in progress and transaction of stock and other suspense accounts should be taken as abatement of expenditure under the work, the stock or suspense accounts concerned.

(3) Recoveries of over-payment should be taken as abatement of expenditure under the detailed head previously over charged, if the recoveries relate to overpayments of the current year.

(Rule 5 of the Maintenance of Accounts Rules issued in G.O. Ms. No. 319, Housing dated 20th January 1968)

(i) Exhibition of losses in the Board's Accounts – (a) If a claim due to the Board is relinquished the value of the claim shall not be recorded on the expenditure side as a specific loss.

(b) If money due to the Board is embezzled, stolen or lost it should be shown on the expenditure side under a separate head "Loss"

(c) Losses or deficiencies in buildings, lands, stores and equipment need not be recorded under a separate head in the accounts except in cases where they are accounted for under "Suspense heads". All losses and deficiencies should however be written off on any value or numerical account that may be maintained.

(d) All losses or deficiencies of cash should be recorded under the prescribed heads of account. Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be shown as an item of receipt.

(e) Irregular or unusual payments should be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure for example an over payment of pay shall be debited to the head "Pay"

(Rule 7 of the Maintenance of Accounts Rules)

(j) Statements to be attached to the Annual Accounts – The following statements are attached to the Annual Accounts.

(1) Statement of Assets and Liabilities.

(2) Capital Account showing the cumulative expenditure incurred, loans, grants suspense, etc.,

(3) Revenue account showing expenditure and income

(4) Deposit and Advance Account showing opening balance, incomings, total outgoings, closing balance etc.,

(5) Statement of Government loans and debenture loans showing opening balance outstanding at the beginning of the year, amount of loan received during the year, loan repaid during the year, loans outstanding at the close of the year.

(6) Statement of capital expenditure incurred scheme-wise, showing particulars of expenditure incurred up to the previous year, expenditure incurred during the year, total expenditure, interest charges, capitalized up to the previous year and interest charges, capitalized up to the previous year and interest charges capitalized during the year, interest charges capitalized to the end of this year.

(7) Abstract of the above statement.

(8) Schedule of deposit works showing opening balance, Advance receipts during the year, total expenditure incurred during the year and closing balance.

(9) Financial adviser and Chief Accounts Officer's Certificate of verification of balance.

(10) Abstract of account of security and other deposits (Not in cash) as on the close of the year for each Division.

(11) Abstract of account of Provident Fund transaction for the year outside the Board account showing opening balance monthly receipts and charges and closing balance at the end of the year.

(12) Statement showing the Provident Fund, Pension Fund, etc., transactions in the Annual Accounts of the Tamil Nadu Housing Board under Deposits section showing the particulars of opening balance, receipts, charges and closing balance.

(13) Statement of Provident Fund in the Board's account (deposit section) Month-wise receipts and charges.

(14) Statement of Family Benefit Fund Month-wise receipts and charges.

(15) Statement of Pension Fund Month-wise receipts and charges.

(16) Consolidated Demand, Collection and Balance Statement both under Revenue account and Capital Account.

(17) Statement showing the break-up details of demand and collection in respect of City, Mofussil and sites and Services Schemes.

(18) Statement showing the break up details for Demand, Collection and Balance arrears.

(19) Month-wise Demand, Collection and balance statement for all Schemes.

(20) Investment account showing opening balance, amounts invested during the year, (Actual value and face value) total face value, amounts realised during the year, (actual value and face value) and closing balance (face value)

(21) Statement showing the supervision charges realised and expenditure on establishment incurred during the year.

(22) Cash balance abstract (Unit-wise) as on the close of the year.

(23) Statement of receipts and charges under the following accounts 1) Capital Account 2) Revenue Account 3) Deposits and Advances Account.

(24) Statement showing the details of grants received and expenditure on the maintenance of T.N.G.R.H Schemes (Year-wise)

38. Review of Financial Position :- The Financial position of the Tamil Nadu Housing Board should be reviewed and a comment on the following points should be made in the audit report.

1) that the revenues are adequate to meet the payment of annuities on loans;

2) that no scheme has worked at a loss;

3) that the loan amounts have not been diverted; and

4) that the surplus money if any over the statutory minimum closing balances has not been filtered away.

Audit should also review the statement of Assets and Liabilities, Demand, Collection and balance statements etc., Heavy arrears of revenue may also be commented.

39. Issue of Audit Notes and Audit Reports – (a) Issue of Audit Notes – Half yearly audit notes are issued in respect of all city and mofussil divisions for both the first and the second half years and for the Board I half year in the financial year. Audit notes will be issued from the Deputy Director Office, Housing Board Audit, after passing the audit notes locally, by the Deputy Director.

(b) Issue of Audit Report – As per section 122(1) (d) of the Tamil Nadu Housing Board Act, and Government Memo. No. 153478/Housing Spl/64-4 dated 22nd February 1965 the audit report relating to the Housing board should be forwarded to the Chairman, Tamil Nadu Housing Board within 4 months after the receipt of the finalized accounts of the Board. Copies of Audit Report are forwarded to (1) the Accountant – General (ISC) Madras – 600018 (2) the Commissioner and Secretary to Government, Housing Department, Fort St., George, Madras – 600009 (3) the commissioner and Secretary to Government, Finance Department, Madras – 600009 (4) the committee Officer, Public Undertakings Committee, Legislature Department, Madras – 600009.

As the transactions relating to the Housing Board are confined with loans, grants, investments, allotments of ready built houses, flats and plots, land acquisition, Establishment, contingencies etc, the important serious irregularities noticed in the audit of the Divisions (Unit Officers) may be incorporated in the audit report.

NOTE :- The following is the calendar of dates for submission of annual account by the Board to the Audit and by the Audit to the Board.

- (1) Submission of Annual Account to the Audit in complete shape : 15th July.
- (2) Issue of Audit Report by the audit : 15th November.
- (3) Submission of the Audited Annual Accounts to the Board : 15th December.

(G.O. Ms. No. 873, Housing Department, dated 23rd May 1978).

40. Settlement of Objections : - In respect of all audit notes the replies are due to audit office within one month from the date of receipt of audit notes as per G.O. Ms. No. 2403, Industries, Labour and Co-operation (Housing) dated 28th April 1964. The replies to the audit notes will be verified in office and at Unit offices and further remarks are issued from the Deputy Director's Office. Joint sittings for the settlement of objections will be held which will be attended by the Deputy Director and the Accounts Officer (Audit) of the Housing Board.

The replies to the audit report duly approved by the Board should be sent to audit office within two months from the date or receipts of the Audit Report. The replies to the Audit Report will be verified and further remarks issued from the Deputy Directors office.

The Chairman, Housing Board should ensure that the audit objections are settled promptly by sending replies forthwith without allowing them to accumulate. (Government Memo No. 153478/Hg. Spl/64-4, dated 22nd February 1965) With a view to scrutinize the replies to the Audit Report and the pending audit objections and to settle them expeditiously a committee viz., the Accounts and Audit Sub-committee has been constituted with the following officials :-

- (1) The Joint Secretary to Government, Finance Department
- (2) The Joint Secretary to Government, Housing and Urban Development Department.
- (3) The Engineer – Member of the Tamil Nadu Housing Board. Members of the Board.

(4) The Examiner of Local Fund Accounts or his nominee

The Chief Engineer, the Secretary and the Financial Adviser and Chief Accounts Officer may be co-opted to serve as the official members of the Committee and the Financial Adviser and Chief Accounts Officer as the Member – Secretary of the Sub-Committee.

(G.O. Ms. No. 5, Finance (Fds), dated 3rd January 1981)

41. Surcharge and Disallowance powers of Auditor : - Under Sub-section 2 of section 122 of the Tamil Nadu Housing Board Act, 1961, the auditor may disallow any item contrary to allow and surcharge the same on the persons making or authorizing the making of the illegal payment and may charge against any person responsible therefore the amount of any deficiency or loss incurred by the negligence or misconduct of the person of any sum which ought to have been but is not brought into account by that person. Executive instructions were issued in G.O. Ms. No. 2319, Industry, Labour and Co-operation, dated 25th May 1966 laying down the procedure for issue of warning letter – special letter (show-cause notice) to the persons concerned before taking action under the Surcharge provisions of the Act.

In G.O. Ms. No. 1394, Industry, Labour and Co-operation, dated 3rd April 1968 it was directed that the Examiner, instead of proceeding against the official members of the Housing Board under the surcharge provisions, should report to the Government of any material impropriety or irregularity any loss or waste of money or other property of the Housing Board caused by the negligence or mis-conduct on the part of the Chairman / Members of the Housing Board in the first instance and that the Government would consider the question of taking suitable action against the officials concerned.

The protection given in G.O. Ms. No. 1394, Industry, Labour and co-operation, dated 3rd April 1968 to the Chairman and the Official members of the Board has been extended to the non-official members of the Board in G.O. Ms. No. 8, Labour dated 2nd January 1970.

[(G.O. Ms. No. 2319, Industry, Labour and Co-operation, dated 25th May 1966)

(G.O. Ms. No. 1394, Industry, Labour and Co-operation,(Housing) dated 3rd April 1968)

G.O. Ms. No. 8, Labour, dated 2nd January 1970)

APPENDIX

EXTRACTS FROM TAMIL NADU HOUSING BOARD WORKS CODE.

1.The following procedure should be adopted for obtaining the administrative approval and technical sanction:-

(i) Workers or projects costing up to Rs. 50,000.- Detailed plans and estimates may be prepared in the first instance and submitted to the competent authority for administrative approval along with a report elucidating the proposal and the necessity for the work. The estimate should be got technically sanctioned after the administrative approval is accorded.

(Paragraph 29 of Tamil Nadu Housing Board Works Code)

(ii) Works or projects costing above Rs.50,000- Sketch plans and approx in estimates, based on approved type designs, may be prepared in the first instance submitted for administrative approval along with a detailed report elucidating the proposal, the necessity for the work and a statement

showing the financial implications of the proposals. After administrative approval is accorded, action should be taken to prepare the detailed estimates and plans for obtaining the technical sanction.

(Paragraph 29 of Tamil Nadu Housing Board Works Code)

2. Revised administrative approval.- If, in the preparation of the detailed estimates it is seen that the cost will exceed the estimate as administratively approved by more than ten per cent, revised administrative approval of the competent authority must be obtained, before technical sanction is accorded. If the detailed estimate is only for a component work of a major project and the detailed estimates for the other component works have not been prepared, the revised administrative approval may be applied for subsequently as soon as the estimates for all the component works have been prepared and the total excess for the whole project is ascertained. In such cases, if the excess in the detailed estimates of a component part is more 10 per cent of the amount provided for such component part in the project estimate administratively approved and if the excess cannot be met from savings under other component parts, the approval of the Chairman should be obtained for the excess and action taken subsequently to apply for the revised administrative approval as provided above. The revised administrative approval should also be obtained when the expenditure on a work or project exceeds or is found likely to exceed the amount administratively approved for it by more than 10 per cent before technical sanction can be accorded. For purposes of administrative approval and technical sanction, a group of works which forms one project shall be considered as one work and necessity for obtaining the approval or sanction of higher authority to a project which consists of such a group of works is not avoided by the fact that the cost of each particular work in the project is within the powers of approval or sanction of the officer concerned.

(Paragraph 31 of Tamil Nadu Housing Board Works Code)

3. Procedure for emergent works.- It is a fundamental rule that no works shall be commenced or liability incurred in connection with it until the administrative approval has been obtained, a properly detailed design and estimate have been sanctioned and allotment of funds made. If in any case, whether on grounds of urgency or otherwise, an executive officer is forced to carry out a work or incur a liability which involves an infringement of this condition, the officer may proceed to carry out the work under the specific orders of the Chairman (which shall also be communicated to the Auditor), subject to any limits imposed by him. The executive officer concerned shall be responsible to see that there is no delay in initiating action for securing the fulfillment of the requirements of the rules.

(Paragraph 32 of Tamil Nadu Housing Board Works Code)

4. Lapse of sanction.—The administrative approval or technical sanction to approval estimate for any original work shall, unless such work has been commenced, cease to operate after a period of five years from the date on which it was accorded.

(Paragraph 35 of Tamil Nadu Housing Board Works Code)

5. Supplementary estimate.—Any development of a project or work considered necessary while it is in progress, which is not fairly contingent on the proper execution of the work as first sanctioned, should be covered by a supplementary estimate sanctioned by the authority competent to accord administrative approval for the total expenditure. The supplementary estimate should be accompanied by a full report of the circumstances which render it necessary and should also show the amount of the original estimate and the total amount including the supplementary estimate.

(Paragraph 36 of Tamil Nadu Housing Board Works Code)

6. Revised estimates.—A revised estimate must be submitted and got technically sanctioned when the sanctioned estimate is likely to be exceeded by more than five percent for any cause whatever or when material developments or deviations have necessitated revised administrative approval. If the amount of the revised estimate does not exceed the amount administratively approved by more than 10 percent, no revised administrative approval is required and the revised estimate may be technically sanctioned by the competent authority.

NOTE.—In respect of a project consisting of a group of works or a number of component works which are covered by individual technical sanctions and are taken up for execution separately, the

revised estimate for the component part should be got technically sanctioned as soon as possible after the excess is foreseen and if as a result of similar excesses in the other component parts, the amount administratively approved for the whole project exceeds or is likely to exceed by more than 10 percent, the revised administrative approval of the competent authority should be obtained

(Paragraph 37 of Tamil Nadu Housing Board Works Code)

The revised estimate must be accompanied by a report showing the progress made to date and explaining fully the cause of the revision. The revised estimate need not contain details of items which are not altered but merely a note to this effect; but the altered items should be shown in a comparative statement.

(Paragraph 38 of Tamil Nadu Housing Board Works Code)

It is the duty of the Executive Engineer to see that a revised estimate is prepared and submitted to higher authorities as soon as possible after the necessity arises and before the completion of the work.

NOTE (1).—Officers empowered to accept tenders in excess estimate rates should, as soon as possible after the tenders are accepted, obtain the sanction for a revised estimate and/or the revised administrative approval, as the case may be, in accordance with the procedure laid down in this Code.

(2). When excess occurs at such an advanced stage in the construction of a work as to render the submission of a revised estimate is purposeless, the excess should be explained in the completion report and got passed by the competent authority.

(Paragraph 39 of Tamil Nadu Housing Board Works Code)

Material alterations during constructions.—Where important structural alterations are contemplated, though not involving an increased outlay, the orders of the Chairman should be obtained. A revised estimate should also be got technically sanctioned if there is substantial change (increase or decreases) in the total cost of the work or project as originally sanctioned.

(Paragraph 40 of Tamil Nadu Housing Board Works Code)

7. Communication of sanctions.—A copy of the proceedings conveying administrative approval should be sent to the Auditor as and when it is accorded. As regards technical sanctions, a monthly statement of all detailed estimates, including Working Estimates and Revised Estimates, technically sanctioned by the Housing Board Engineer or the Executive Engineers should be communicated to the Auditor, the Accounts Branch and the Chief Accounts Officer by the 5th of the month following.

(Paragraph 41 of Tamil Nadu Housing Board Works Code)

8. Preparation of estimates—(1) General.—The detailed estimate for project or work shall consist of a report, specification and a detailed statement of measurements, quantities, and rates with an abstract showing the total estimated cost in rupees for each item. All these documents comprise the 'estimate' as contemplated in the Housing Board Works Code. In the case of a project consisting of several works, the report may be a single document for all the works and likewise the specification; but detailed of measurements and abstracts may conveniently be prepared for each work supplemented by a general abstract bringing the whole together. The report should state clearly the purpose of the work estimated for and explain any peculiarities which require elucidation. In the case of ordinary annual maintenance estimates, the report, specification or plan is not required.

(Paragraph 42 of Tamil Nadu Housing Board Works Code)

In cases where it is proposed to supply all the materials departmentally and to employ only labour for construction, as in the case of laying pipe lines, the abstract of the estimate should be so framed

as to show separately for each distinct item of work, (i) the quantity and cost of work to be done by the contractor and (ii) the quantity and cost of materials to be supplied departmentally.

(Paragraph 43 of Tamil Nadu Housing Board Works Code)

All incidental expenditure which can be foreseen, such as expenditure on temporary sheds for stores etc., should be separately provided for in the estimate. In addition, a provision of 2 percent on the estimated cost of works portion may be made for 'contingencies' which cannot be foreseen. This provision may not be diverted to any new item which is not provided for in the estimate and the cost of which exceeds Rs. 5,000 without the sanction of the Housing Board Engineer.

(Paragraph 46 of Tamil Nadu Housing Board Works Code)

A provision of 1 percent on the estimated cost of works portion may ordinarily, be made for petty supervision in respect of estimates for original works. This provision should in no case be diverted to meet expenditure on other items of work.

(Paragraph 47 of Tamil Nadu Housing Board Works Code)

In the estimate for projects, provision upto 2 percent of the estimated cost of the works portion may, ordinarily, be made for 'unforeseen works'. When found necessary, this provision may be utilized for new items of works which are essential for the due fulfillment of the precise object for which the estimate for the main work is intended. This provision may be utilized by the Executive Engineer upto a limit of Rs. 5,000 and by the Housing Board Engineer beyond this limit.

(Paragraph 48 of Tamil Nadu Housing Board Works Code)

9. Working Estimates.—The term 'working estimate' refers to a properly detailed estimates approved by the competent authority in respect of a specific item or items for which only lump sum provision was made in the technically sanctioned estimate or in respect of new items which are proposed to be executed out of the provision for unforeseen works, contingencies etc. The powers of the officers for approving the working estimates, will be the same as for technical sanction of estimates. The expenditure shall be booked against the main estimates technically sanctioned, the expenditure against the working estimates being treated as a separate sub-work, where necessary.

(Paragraph 54 of Tamil Nadu Housing Board Works Code)

10. Repairs—General.—Repairs may be divided into two classes ordinary and special, ordinary repairs include those which, as a matter of regulation, are carried out periodically such as painting, white washing, etc., and other occasional petty repairs. Special repairs are repairs which are not periodical or frequent such as re-roofing a building, renewal of flooring, doors and windows, etc.

(Paragraph 55 of Tamil Nadu Housing Board Works Code)

Limit for expenditure on repairs.—The annual expenditure on ordinary repairs to Board's buildings (residential and non-residential) should be limited to a maximum of 1½ percent of the capital cost exclusive of municipal taxes and service charges, if any, borne by the Board. If, in any year, the expenditure on ordinary repairs to any building exceeds this limit, the reasons for the excess should be explained to the Housing Board Engineer and his approval obtained.

(Paragraph 57 of Tamil Nadu Housing Board Works Code)

As regards special repairs, no limit is prescribed with reference to the capital cost of any building as repairs are not annual or strictly periodical. Such estimates should be carefully scrutinized and by the competent authority, as occasions arise.

(Paragraph 58 of Tamil Nadu Housing Board Works Code)

Repair Estimates.—Repair estimates should, besides providing for all items of work, include provision for property taxes payable by the Board, all work charged establishment employed specially on a particular work, etc., when the pay and allowances are debitable to the estimates. The maintenance estimates for working heavy machinery should include provision towards pay and allowances of crew operating expenses, etc.

(Paragraph 59 of Tamil Nadu Housing Board Works Code)

Lump sum Estimates.—If the cost of ordinary annual repairs excluding municipal taxes to a building (residential or non-residential) is less than Rs.1,500 the Housing Board Engineer may prescribe, subject to revision from time to time, a lump sum limited to Rs. 1,500 (Plus the municipal taxes, if any, payable by the Board) to cover the expenditure on ordinary annual repairs and within this amount, it is permissible to incur expenditure, year after year, without any detailed estimate being prepared. The Executive Engineer enjoys similar powers upto Rs. 500 for each building. Such lump sum estimates should be framed after due consideration of the cost of maintenance in the past. If in any working year, the lump sum amount is exceeded, a detailed estimate should be prepared in accordance with the ordinary rules are got sanctioned by the competent authority.

(Paragraph 60 of Tamil Nadu Housing Board Works Code)

Lapse of estimates.—The sanction to an ordinary repair estimate lapses on the 31st March each year. If, however, inconvenience would arise in any exceptional case from the stoppage of work on the fixed date, the repairs may be carried on to completion, the expenditure after that date being treated as expenditure against a fresh repair estimate.

(Paragraph 61 of Tamil Nadu Housing Board Works Code)

Estimates for special repairs remain current till the completion of the repairs in the same manner as estimates for original works.

(Paragraph 61 of Tamil Nadu Housing Board Works Code)

11. Sanction of detailed estimates for sub-works or component works included in a project.—In case where it is desirable to begin a work (already administratively approved) before the detailed estimate for the whole project is sanctioned, the authority competent to accord technical sanction for the whole project may accord technical sanction to the particular sub works or component work proposed to be started. If the amount of the estimate for the sub-work or component work exceeds the amount provided for in the estimate administratively approved and no savings are anticipated on the other sub-works, action should be taken to regularize the total anticipated excess over the administrative approval, wherever necessary.

(Paragraph 63 of Tamil Nadu Housing Board Works Code)

12. Award of works on Contract—General.—As a rule, competitive tenders should be called for whenever it is proposed to carry out any work on contract exceeding Rs. 2,500. In respect of works costing Rs. 2,500 or less, the Executive Engineer may, at his discretion, call for tenders or not. If it is proposed in any case whether for urgency or other reasons to depart from this rule, the previous approval of the authority competent to dispense with the tender call should be obtained.

(Paragraph 70 of Tamil Nadu Housing Board Works Code)

Contract documents.—Before a work is proposed to be given out on contract, the ' Contract Documents ' which should include the following, must be prepared and got approved by the competent authority :--

(i) a complete set of drawings showing the general dimensions of the proposed work and the details of the various parts as may be necessary. (The items of the works to be done under lump sum rates in the schedule to the agreement should be clearly defined by specifications and drawings as may be necessary).

(ii) a complete specification of the work to be done and of the materials (including the specified quarries) to be used unless reference can be made to specifications contained in the Madras Detailed Standard Specifications. In the case of items of work for which there are already standard specifications the number of the relevant specifications of the Madras Detailed Standard specifications should be indicated in the schedule attached to the agreement).

NOTE.—Items (i) and (ii) above are necessary for both forms of contracts.

(iii) a schedule of quantities of the various descriptions of work, in the case of contracts based on the lump sum tender (payment being made a detailed measurements at Unit rates system).

(iv) a set of ' Conditions of Contract ' to amplify as necessary, the preliminary and other specifications of the Madras Detailed Standard Specifications or of the State Housing Board for execution of works forming part of contracts based on the lump sum tender (payments being made on detailed measurements at unit rates) system. (In the case of piecework contracts, the condttions considered necessary for any particular case, in addition to those printed in the piece work agreement should be attached separately.

(Paragraph 71 of Tamil Nadu Housing Board Works Code)

13. Invitation of tenders.—Tenders, which must always be sealed, should be invited as publicity as possible. The notice inviting tenders should always state—

(a) when and where the contract documents can be seen and the blank forms of tender obtained, and also the amount to be paid therefore;

(b) when and where the tenders are to be submitted and are to be opened;

(c) the amount and nature of the earnest money deposit that should be sent with the tender, as well as the amount and nature of the security deposit to be made by the successful tender;

(d) that the authority competent to accept the tender reserves to himself the powers to reject any or all the tenders received without assigning any reasons therefore.

(Paragraph 72 of Tamil Nadu Housing Board Works Code)

Method of publicity.—Publicity in the following manner should be given while calling for tender for execution of works—

(a) Works costing up to Rs. 25,000—Tender Notices should be prominently displayed on the notice boards of the Board's Secretariat and of the Units concerned.

(b) Works costing up to Rs. 25,000 but not exceeding Rs. 50,000. The Tender Notices should be sent to all the registered contractors of the Unit in which the works are to be executed with a copy to each of the other Unit (including the Board's Secretariat) for display on notice boards.

NOTE.—The notices to registered contractors should be sent by ' Certificate of posting '.

(c) Works costing over Rs. 50,000. Notice calling for tenders should always be published in prominent newspapers. In addition, the tender notices should be sent by 'Certificate of posting ' to all registered contractors in that category.

NOTE.—(1) The Housing Board Engineer may, in his discretion, publish the tender notices of works costing over Rs. 25,000 in the newspapers, if he considers such works to be of sufficient importance. Even in such cases, tender notices should be communicated to the registered contractors individually.

2. The estimated value of work to be awarded on tender excluding contingencies, supervision charges, etc., should be the criterion to decide the cost of the work under this rule.

(Paragraph 73 of Tamil Nadu Housing Board Works Code)

Time limit for submission of tenders.—The following minimum time should invariably be allowed for tendering , in fixing the last date for submission of tenders.

- (a) Works costing upto Rs.25,000. At last two weeks from the date of display of the tender notice on the notice board.
- (b) Works costing above Rs. 25,000 but not exceeding Rs. 50,000. At least two weeks from the date of dispatch of tender notices to the registered contractors.
- (c) Works costing over Rs. 50,000 or when open tenders are invited by advertisement. At least three weeks from the date on which the advertisement appears in the papers.

NOTE.—1. In respect of works of great magnitude or importance, where the tenders are asked to submit alternate designs, a clear minimum time of one month should be allowed.

2. The authority calling for tenders may, for recorded reasons, reduce the above time limits in exceptional cases for urgency or other causes; but in no case, the period should be unrealistic.

(Paragraph 74 of Tamil Nadu Housing Board Works Code)

Rules relating to tenders.—As a rule, only scheduled tenders i.e., item rate tender should be called for. The calling for percentage tenders is prohibited.

(Paragraph 78 of Tamil Nadu Housing Board Works Code)

In respect of a project consisting of many buildings in one or different localities, it may frequently be advantageous to split up the project into sub-works for purposes of invitation of tenders, in order to induce maximum competition and to enable speedy execution of works. In order to ensure that the sub-works are of a distinct and independent nature, so as to avoid any possible interference among the different contractors, the previous approval of the Housing Board Engineer should be obtained for the adoption of the above procedure. Such splitting can, however, be done only before the call of tenders but not afterwards.

(Paragraph 79 of Tamil Nadu Housing Board Works Code)

No tender should be accepted from any person directly or indirectly connected with service under the Government or the Board.

(Paragraph 80 of Tamil Nadu Housing Board Works Code)

Disposal of tenders:--(1) It is an important duty of the Engineering Officers to ensure that the disposal of tenders is made in accordance with rules in the Code with utmost expedition and in any case before the expiry of the period of 60 days provided in the conditions of tender. If, in any particular case, any delay is anticipated in taking a final decision on the tenders by the competent authority, the contractors should be persuaded to keep their offers open upto a certain extended period and their consent obtained in writing. A final decision should be taken within the extended period.

2. If all the tenders received from are unsatisfactory or too high, the tenders may be rejected and action taken promptly for the call of fresh tenders or the award of works on negotiation or nomination with the approval of the competent authority. The orders of the Housing Board Engineer

should be obtained for the rejection, if the amount of the tender is beyond the monetary limits upto which tenders can be accepted by the Executive Engineer should be obtained.

(Paragraph 160 of Tamil Nadu Housing Board Works Code)

(Disposal of Tenders Pages 160, Rules for the preparation of tender schedules etc., vide Appendix II, Page 155-160 of Works Code should be perused.)

14. Execution of Agreements—General.—After the tenders are accepted by the competent authority but before the starting of the work, a written contract or agreement should be got accepted, by the competent authority. This written agreement between the contractor and the Board will be the foundation of the rights of both the parties and the contractor and the Board will be the foundation of the rights of both the parties and the contract is not deemed to be complete until the agreement is first signed by the contractor and then by the proper officer authorized to enter into contracts on behalf of the Board.

NOTE:--No formal contract or agreement is necessary in regard to petty works when the value of the work to be done is Rs. 500 or less. A written understanding in Form W.C. 3 should be taken in such cases except where First and Final bills not exceeding Rs. 100 only are to be paid.

(Paragraph 89 of Tamil Nadu Housing Board Works Code)

Register of Agreements.—Each Executive Engineer should maintain a 'Register of Agreements' form W.C. 4 incorporating all agreements accepted by him or by higher authorities. A similar register should be maintained in the Accounts Branch for the whole unit, the entries in the register being made on receipt of copies of the agreements from the Executive Engineers.

(Paragraph 100 of Tamil Nadu Housing Board Works Code)

15. Registration of contractors.—A 'Register of Contractors' shall be maintained by each Executive Engineer in form W.C.5. A consolidated Register shall be maintained in the Technical cell of the Board Secretariat. The register should be treated as confidential and should be kept upto date with reference to the additions cancellations, etc., ordered by competent authorities from time to time. The rules regarding registration of contractor contained in Appendix IV to the works code.

(Paragraph 100 of Tamil Nadu Housing Board Works Code)

16. Register of Buildings.—Each Executive Engineer should maintain a register in Form W.C. 6, in respect of buildings under his maintenance charge, grouping under separate categories, the buildings owned by the Board and Government buildings entrusted to the Board for maintenance . The register should be kept upto date in respect of subsequent additions, alterations, etc., and submitted to the Housing Board Engineer for review on 1st June and December every year.

(Paragraph 103 of Tamil Nadu Housing Board Works Code)

17. Register of Fixtures.—A register showing all fixtures, electric and sanitary fittings, etc., in each building should also be maintained and the fixtures, fittings, etc., verified with the register once in a year.

(Paragraph 104 of Tamil Nadu Housing Board Works Code)

18. Purchase, sale or transfer of buildings.—No building may be purchased for Board's purposes and no Board's building may be sold or transferred without the prior approval of the Board. If any building, owned by Government, Local Body or a private person is proposed to be purchased for Board's purposes, a detailed survey and valuation report by an officer of Executive Engineer's rank should be submitted to the Board while applying for sanction.

(Paragraph 107 of Tamil Nadu Housing Board Works Code)

19. Dismantlement of Board's Buildings.—When an entire building belonging to the Board is proposed to be demolished or dismantled, the approval of the Board should be obtained. The

Chairman may approve the demolition or dismantlement of a portion of a building which is in a dangerous condition or past repairs, in cases where the value of the entire building (and not the portion) does not exceed Rs. 50,000.

(Paragraph 108 of Tamil Nadu Housing Board Works Code)

S.No.20 Power of officer.

The Power of the various officers under this code are indicated in the tabular statement below

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
ADMINISTRATIVE APPROVAL (Works Code Para 111 - 1a)				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
1 a)				
	<u>Powers to accord administrative approval original works</u> and repairs of residential and non residential buildings including additions and alterations to the existing residential and non residential building.	Managing Director	Rs. 15.00 lakhs. (B.R.No:4.01, dt. 30-8-07)	A single work or 'Project' should not be split up into parts with a view to avoid the administrative approval of a higher authority vide Sec.28 of TNHB Act 1961. The existing Powers of MD are as per BR No:4.01, dated 30-8-07 and existing Power of CE, SE, EE are as per BR No:31, dated 30-9-88 (CE Circular No: 9/88, dated 10-10-88.)
		Chief Engineer	Rs.1.00 lakh (B.R.No: 31, dt. 30-9-88)	
		Superintending Engineer	Rs.25,000/- (B.R.No: 31, dt. 30-9-88)	
		Executive Engineer₅₂	Rs.10,000/- (B.R.No: 31, dt. 30-9-88)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
ADMINISTRATIVE APPROVAL (Works Code Para 111 - 1 b)				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
1 b)	<u>Powers to accord administrative approval</u> Additions, alterations to Electrical Instalation in residential and non residential	Managing Director	Rs. 15.00 lakhs. (B.R.No: 4.01, dated. 30-8-07)	A single work or 'Project' should not be split up into parts with a view to avoid the administrative approval of a higher authority vide Sec.28 of TNHB Act 1961. The existing Powers of MD are as per BR No:4-01, dated 30-8-07 and existing Power of CE, SE, EE are as per BR No:31, dated 30-9-88 (CE Circular No: 9/88, dated 10-10-88.)
		Chief Engineer	Rs.1.00 lakh (B.R.No: 11.03, dated. 17-5-91)	
		Superintending Engineer	Rs.25,000/- (B.R.No: 11.03, dated. 17-5-91)	
		Executive Engineer	Rs.10,000/- (B.R.No: 31, dated. 17-5-91)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
TECHNICAL SANCTION (Works Code Para 111 - 2 a)				
S.No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
2(a)	To accord Technical Sanction to estimates and approval of Working Estimate for all works other than Electrical Works.	Chief Engineer	Full (B.R.No: 11.03 dated. 30-10-98)	1. Technical Sanction can be accorded upto 10% excess over the administratively sanctioned amount. 2. In case of working estimates the amount of L.S. provision should not be exceeded without the approval of C.E./S.E. as the case may be.
		Superintending Engineer	Rs. 30.00 lakh (B.R.No: 11.03, dated. 30-10-98)	
		Executive Engineer	Rs. 6.00 lakh (B.R.No: 11.03, dated. 30-10-98)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
TECHNICAL SANCTION (ELECTRICAL WORKS) - (Works Code Para 111 - 2 b)				
S.No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
2(b)	Powers to accord technical sanction to estimates and approval of Working estimates for Electrical Works	Chief Engineer	Full (B.R.No: 31, dated 30-9-88)	1. Technical Sanction can be accorded upto 10% excess over the administratively sanctioned amount. 2. In case of working estimates the amount of L.S. provision should not be exceeded without the approval of C.E./S.E. as the case may be.
		Superintending Engineer	Rs. 40,000/- (B.R.No: 31, dated 30-9-88)	
		Executive Engineer	Rs. 15,000/- (B.R.No: 31, dated 30-9-88)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
APPROVAL OF TENDER AND TENDER SCHEDULE (Works Code Para 111-3)				
S.No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5

3	Powers to approve draft tender notice & tender schedule.	Superintending Engineer TAMIL NADU HOUSING BOARD	Above Rs.6.lakhs (B.R.NO.11.03 dt.30.10.88)	1 The estimate technically sanctioned should not be split up for the purpose of calling of tenders without the prior written orders of the Chief Engineer
		Executive Engineer	Upto Rs.6.00 Lakhs Dated 30.10.98 (B.R.No.11.03 Dt.30.10.98)	<p>2 Tenders should be invariably called for, all works costing Rs.5,000/- and above.</p> <p>3 Tenders must be received and opened by the EE only upto Rs.30.00 lakhs of works and for above Rs.30.00 lakhs of works, tenders must be received and opened by the SE.</p> <p>4 The limit applies to the estimated value of work covered by one Project for which tenders are invited at a time.</p>

DELEGATION OF POWERS				
ACCEPTANCE OF TENDER FOR WORKS (Works Code Para 111-4 & 5)				
S.No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
4 & 5	Power to accept tenders for the works & Powers to accept in excess of sanctioned estimate.	Board	Full (B.R.NO: 11.03 dated 30.10.98)	1. The limit refers to the total value of the tender inclusive of the cost of materials to be supplied departmentally. 2. The limit also refers to the value of contract in force at any time with a particular contract in any one project awarded by an officer on tenders.
		Managing Director	a) Above Rs.1.00 crore & upto Rs.1.5 crore with 5% excess b) Above Rs.30.00 lakhs and upto Rs.75.00 lakhs with 5 to 10% excess. (B.R.NO.: 11.03 Dated 30.10.98)	3. All the tenders beyond the powers of CE, shall be considered by the Tenders Committee and its recommendations placed before the MD/Board as the case may be
		Chief Engineer	a) Above Rs.30.00 lakhs & upto Rs.1.00 crore with 5% excess b) Above Rs.6.00 lakhs & upto Rs.30.00 lakhs with 5% to 10% excess (B.R.No: 11.03 dated 30.10.98)	
		Superintending Engineer	a) Above Rs.6.00 lakhs & upto Rs.30.00 lakhs with 5% excess b) Up to Rs.6.00 lakhs with 5% to 10% excess (B.R.No: 11.03 dated 30.10.98)	
		Executive Engineer	Upto Rs.6.00 lakhs with 5% excess (B.R.No: 11.03 dated 30.10.98)	

TAMIL NADU HOUSING BOARD

DELEGATION OF POWERS				
Executive of Agreement - (Works Code Para 111-6)				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
6	To execute Contract or agreement on standard form on behalf of Board. For works or supplies, after the tenders or award of work has been approved by the competent authority. (Including supplemental agreement after the award of extra or Supplemental agreement after the award of extra or Supplemental items of work to the original contractor and rates there for have been approved by the competent authority)	Superintending Engineer	Full (B.R.NO: 11.03 dated 30.10.98)	The limit refers to the amount of each contract inclusive of cost of materials to be supplied departmentally.
		Executive Engineer	Upto Rs.6.00 lakhs (B.R.No.:11.03 dated 30.10.98)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
Dispence with tender - (Works Code Para 111-8)				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
7	Powers to dispence with tender for execution of works.	Managing Director	Full	a) A major works or project should not be split up for purpose of waiver of tender calls, except by the M.D.
		Chief Engineer	Rs.50,000/- (Works Code para 111-8)	b) The limits refers to the estimated value of works (excluding contingencies, supervision charges etc) for which tender calls are proposed to be dispensed with.
		Superintending Engineer	Rs.25,000/- (Works Code para 111-8)	c) The following explanatory note be added. The approval M.D. contemp-lated in condition (a) is not necessary if it is proposed to float tenders by splitting up a major work or project. However, the powers to dispense with the tender call provided in this item without limit for the MD is intended to apply to the specific parts of a major works split for the purpose of a waiver of tender call. In respect of other parts which are not covered by such orders, the normal procedure for execution of work floating tenders etc., shall be applied.
		Executive Engineer	Rs.5,000/- (Works Code para 111-8)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
Award work on Nomination - (Works Code Para 111-9)				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
8	<p><u>Powers to award works on nomination to the selected contractor</u></p> <p>(in case where the MD has sanctioned the splitting up major works as project and the entrustment of the splitting portion on nomination without call of tender)</p>	<p>Managing Director</p>	Rs.1.00 lakh (Works Code para 111-9)	<p>a) The limit refer to the maximum amount of contractors awarded on nomination to a particular contractor under anyone project, which are in force at a time.</p> <p>b) The amount are inclusive of the cost of materials to be supplied departmentally.</p> <p>c) The rates allowed to the contractor should not exceed the estimates rates by more than the percentage prescribed in Works Para No.111 Sl.NO.5 vide also condition (c) against serial NO.5. Any particular works has to be awarded on nomination, dispensing with the call of tenders on grounds of urgency or for other reasons it can be so awarded only at or below estimate value. Nomination above estimate rates can be resorted to only after calling of tenders as laid down in Para 88 of the Works code. MD can accept Nomination above Rs.3.00 lakhs and get ratification of the Board in its subsequent meeting.</p>
		Chief Engineer	Rs.50,000/- (Works Code para 111-9)	
		Superintending Engineer	Rs.25,000/- (Works Code para 111-9)	
		Executive Engineer	Rs.5,000/- (Works Code para 111-9)	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
Approval of Survey Repost – Amendment (Works Code Para 111 (15))				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
9	Powers to approve the survey reports for stores, T&P machineries and other articals which have become unserviceable and to approve the disposal by sale or otherwise	Managing Director	Full	1. In case where the original cost of the article to be survey reported at a time does not exceed the amount mentioned as the case may be.
		Chief Engineer	Rs.20,000/-	
		Superintending Engineer	Rs.5,000/-	
		Executive Engineer	Rs.500/-	

TAMIL NADU HOUSING BOARD				
DELEGATION OF POWERS				
ACCEPTANCE OF TENDER FOR PURCHASE				
S. No	Nature of Power	Designation of Officer	Existing Powers in TNHB with approval reference	Remarks
1	2	3	4	5
10	Powers to accept tenders for purchase	Board	Full (Above Rs.50 lakhs)	
		Managing Director	a) above Rs.5.00 lakhs & upto Rs.50 lakhs	
		Chief Engineer	a) above Rs.1.00 lakhs & upto Rs.5.00 lakhs	
		Superintending Engineer	a) a) above Rs.10,000 lakhs & upto Rs.1.00 lakhs b)	
		Executive Engineer	c) Upto Rs.10.000/-	

(Page 34 to 53 Tamil Nadu Housing Board Works Code)

21. Muster Roll.—The daily attendance and absence of labourers and the fines inflicted on them should be recorded daily in the muster roll in such a way—

- (i) to facilitate the correct classification of net wages of each person for the period of payment;
- (ii) to render it difficult to tamper with or to make unauthorized additions to or alterations in entries once made; and
- (iii) to facilitate the correct classification of the cost of labour by works.

NOTE.—(1) The subordinate in charge of the work should submit to the Assistant Engineer, a daily report of all labour actually engaged on each work for the day. When the muster roll is submitted for payment, the Assistant Engineer should have it checked with reference to the daily labour reports and record a certificate to that effect in the muster roll.

(2) The Assistant Engineer should test-check the attendance of the labourers as frequently as possible. In cases where it is anticipated that the payment to be made on any muster roll will exceed Rs. 200 it should invariably be test checked by the Assistant Engineer.

(Para 116 of Tamil Nadu Housing Board Works Code)

22. Instructions regarding custody and use of measurement books.—The following instructions regarding the custody and use of measurement books should be carefully observed:--

(a) General custody of measurement books.—(1) They should be numbered serially and the pages of each book machine numbered.

(2) They should be entered in a register in Form W.C. 8 showing the serial number of each book, the names of the section officers to whom issued, the date of issue and the date of its return, so that its eventual return to the office for record may be watched. Before any book is brought into use, the pages should be examined and any serious defect such as tearing off or the substitution of pages brought to notice at once.

(3) Whenever they change hands from one office or section to another, an acknowledgment should be obtained from a responsible person.

(4) Such of the completed books as contain measurements of the works executed by the contractors, having running accounts, should be sent to the office for record after the final bills are paid to the contractors. Until then, such books, if not required for reference, should be sent to the office for 'temporary record' to be taken back when payments have to be made. The Accountant should make frequent enquiries regarding all measurement books which have not been returned for record after two years of their issue.

(5) Any loss of measurement books should at once be reported to the Housing Board Engineer, who will take disciplinary action against the persons responsible, wherever necessary, and write-off the loss.

(b) Record of detailed measurements.—

(6) Detailed measurements should be recorded only by Executive Engineers, Assistant Engineers or Junior Engineers and Supervisors in charge of works.

NOTE.--In respect of supplies to stores, the Housing Board Engineers, may permit the Stores Superintendent to record measurement of supplies in measurement books.

(7) All measurement should be neatly taken down in a measurement book issued for the purpose and nowhere else. Copying into measurement books from a note book or other source is strictly prohibited. The top most lines under columns 1 to 4 on each page of a measurement book should immediately be filled in the field. None of lines should be left blank. Any lines not required should be carefully scored through in order to prevent any entries being made later on.

(8) All entries should, as a rule, be made in ink or if this not possible in any particular case, they should at least be written in indelible pencil. The entries in the contents or area' column should invariably be made in ink in the first instance. The use of ball-point pens in the record of measurement is strictly prohibited.

(9) At the head of each of measurements, there should be entries stating:--

I. In the case of bills for work done:--

(a) the reference to the estimate and the full name of the work and sub work, if any.

(b) the name of contractor and reference to agreement.

(c) the date of measurement.

II. In the case of bills for supply of Materials:--

(a) Name of supplier,

(b) Reference to the agreement or supply order.

(c) Purpose of supply, viz., for stock or for work (to be detailed)

(d) date of measurement.

The measurement should end with the dated signature and designation of the officer regarding the measurements. The reference to the last set of measurements, if any, relating to the work or contract should also be noted. In the case of measurements for work done, a suitable abstract should be prepared to collect the total quantities of each distinct item of work relating to each subhead. The reference to pre-measurements, if any, should be furnished while recording the final measurement in all cases where such pre-measurements are required (e.g. jungle clearance, grills for R.C.C works etc.)

10. If the measurements taken are the first set of measurements, on a running account or the first and final measurements, this fact should be suitably noted against the entries in the measurement book.

11. The signature of the contractor or his agent should be obtained in the measurement book after each set of measurements with the addition 'I accept the measurements'. In the case of illiterate men, their marks should be attested by an independent witness.

12. The date of commencement of work or handing over of and the date of completion of work should also be indicated in the measurement book in respect of contracts based on the lump sum tender system, payments being made on detailed measurements.

13. The reference to the departmental supply of material, if any, should also be indicated in the remarks column.

14. Entries should be recorded continuously in the measurement book. No blank pages may be left and no page be torn out. Any pages left inadvertently must be cancelled by diagonal lines, the cancellation being attested.

15. No. entry may be erased, if a mistake is committed, it should be corrected by the officer who made the entries, indicating reasons for the same. When any measurements are cancelled, the cancellation must be supported by the dated initials of the officer ordering the cancellation or by a reference to his order initialed by the officer who recorded the measurements. In either case, the reason for cancellation should be recorded.

16. Each measurement book should be provided with an index which should be kept upto date.

(Para 120 of Tamil Nadu Housing Board Works Code)

The measurement of work or supplies recorded by officers below the rank of an Assistant Engineer should, as a rule be check-measured by the Assistant Engineer or the Executive Engineer before the bills are paid for.

NOTE:--As an exception, bills for work or supplies, the gross value of which does not exceed Rs. 250 may be paid without check-measurement.

(Para 122 of Tamil Nadu Housing Board Works Code)

In addition to check-measurement by the Assistant Engineer, it is an important duty of the Executive Engineer to frequently check-measurement works which are in progress and to maintain a register of such check-measurements in Form W.C.9. The number of check-measurements by the Executive Engineer should be at least 24 in a year, evenly spread during the year at 2 per calendar month. For this purpose, works costing Rs. 10,000 and more should, ordinarily be selected. Other works may be chosen if there are no works costing Rs. 20,000 or more due for check measurement during the month.

(Para 124 of Tamil Nadu Housing Board Works Code)

23. Standard Measurement Books.—“Standard Measurement Books.” are those measurement books in which a detailed record of measurements of a building, certified as correct by Executive Engineering, is kept, in order to facilitate the preparation of estimates of periodical repairs. Where such measurement books are maintained, it is permissible to adopt the quantities of such item of work as per the standard measurements for the purpose of preparing contractors’ bills for such repairs so that it may not be necessary to take detailed measurements on each occasion.

(Para 127 of Tamil Nadu Housing Board Works Code)

The following instructions regarding the use and upkeep of “Standard Measurements Books” should be strictly observed:--

All the Standard Measurement Books should be numbered in a separate series so as to readily distinguish them from the ordinary measurement books and a register of all Standard Measurement Books kept in the office. (From W.C.8).

- (i) The original Standard Measurement Books should be kept in the personal custody of the Executive Engineer or the Accountant, certified copies alone being given to the Assistant Engineers and section Officers, if necessary, to be kept in their personal custody for guidance.
- (ii) The Executive Engineer should ensure that the entries in the Standard Measurement Books are not tampered with. If there are any corrections to be made owing to subsequent additions or alterations to the building, they should be carried out in the Standard Measurement Books by the Executive Engineer in his own hand writing with proper attestations.
- (iii) On the 30th April of each year, the Executive Engineer should furnish a certificate to the Housing Board Engineer.
 - (i) that all the Standard Measurement Books in his charge have been inspected by him.
 - (ii) That the entries therein have not been tampered with,
 - (iii) That all corrections due to addition in the buildings have been made in the books and
 - (iv) That the latter are reliable and upto date records.
 - (v) When payment has to be based on standard measurements, the Assistant Engineer should certify in the ordinary measurement book and the bill that the work as per standard measurements in a book the number of which should be quoted, has been done and that it has not been previously billed for in any shape. Separate measurement review of payments based on standard measurements.

(Para 128 of Tamil Nadu Housing Board Works Code)

24. Stores.—The stores fall under two broad categories as show below:--

1. Stores charged to final heads:--
 - (i) Tools and Plant.
 - (ii) Materials-at-site (i.e.) Materials charged to works.
 - (iii) Road-metal
2. Stores charged to suspense account:--
Reserve stock.

(Para 152 of Tamil Nadu Housing Board Works Code)

In respect of the first category only a numerical or quantity account of receipts, issues and balances has to be maintained with a view to control the balances efficiently until the stores are finally utilized either by consumption or use on works or otherwise. In respect of the second category, both numerical and value accounts should be kept with a view to have an effective control over the quantity balance and the clearance of the suspense account.

(Para 153 of Tamil Nadu Housing Board Works Code)

25. Tools and Plant—1. General.—The tools and plant are of two kinds:--
(1) Ordinary or general tools and plant (i.e.) those required for the general use of the departmental staff; and
(2) Special tools and plant (i.e.) heavy plants and machinery which are obtained to meet the special requirements of a particular project or a group of projects.

In cases of doubt, the Housing Board Engineer will decide, in consultation with the Chief Accounts Officer, whether any tools and plant should be classified as ordinary or special.

(Para 154 of Tamil Nadu Housing Board Works Code)

Classification of expenditure.—The expenditure on the purchase and maintenance of all ordinary tools and plant should be debited to the revenue account. Expenditure on the bulk purchase of tools and plant exceeding RS. 25,000 at a time may, if so ordered by the authority sanctioning the expenditure, be debited to the capital account in the first instance and the amount distributed to the revenue account over a period of ten years.

(Para 157 of Tamil Nadu Housing Board Works Code)

Register of Tools and Plant.—A Register of tools and plant showing the consolidated account of receipts, issues and balance of tools and plant should be maintained by each Executive Engineer in Form W.C.17 in respect of all tools and plant under his direct charge as well as those under the charge of Assistant Engineers or other subordinate working under him. The account should embrace the transactions in a financial year from April to March.

(Para 158 of Tamil Nadu Housing Board Works Code)

The register should be kept in three parts:--
Part I—Articles on hand.
Part II—Articles temporarily lent or sent out for repairs, etc.
Part III—Shortages awaiting adjustment.

(Para 159 of Tamil Nadu Housing Board Works Code)

In part II, only articles which are lent to contractors or other than Assistant Engineers and subordinates working under the Executive Engineer, should be posted. In respect of articles in part I, the Executive Engineer shall maintain a distribution statement showing the designation of the officers in whose charge the various articles are kept, together with the acknowledgments of the officers. The articles with the subordinates should be inspected periodically by the Executive Engineer and the Housing Board Engineer during their inspections.

(Para 160 of Tamil Nadu Housing Board Works Code)

In part I of the register should be posted the total receipts and issues during a month. If any articles is sent out for repairs or lent to the contractors, a further posting should be made in part II,

with suitable details, the articles lent or sent out being shown under 'debits' and those received back under 'credits'. Part III should be brought into use only if any shortages come to notice.

(Para 161 of Tamil Nadu Housing Board Works Code)

As soon as the transactions for the months of March have been posted, the account should be closed and balanced and the closing balances should be carried forward to the next year's return. The register should be sent to the Accounts Branch for review once a year by the Chief Accounts Officer or the Accounts Officer as the case may be.

(Para 162 of Tamil Nadu Housing Board Works Code)

Annual Physical Verification.—The Executive Engineer should have all the articles as per register verified atleast once a year, by an officer not below the rank of an Assistant Engineer. The results of such verification should be reported to the Housing Board Engineer and the Chief Accounts Officer or the Accounts Officer, but as soon as the discrepancy is noticed, the book balance should be set right by the verifying Officer as indicated below:--

- (1) Articles found surplus should be shown as 'receipts' in Part I of the Register with a suitable remark
- (2) Articles found deficit should continue to be shown as balance in part I till the recovery is effected or its write off sanctioned. They should, however, be posted in part II of the register of 'tools and plant' under 'debits'.

(Para 166 of Tamil Nadu Housing Board Works Code)

If the deficiencies are made good in kind, the articles received should not be entered in part I of the register of tools and plant but directly posted in part III as a credit in clearance of the debit outstanding therein. If the deficiencies are made good by recovery of cost or their write off is sanctioned, the articles should be shown as issued in part I of the register with a suitable remark and also posted in part III as a credit, thus clearing the debit outstanding therein. The sanction of the competent authority for the write off should be obtained on survey report.

(Para 167 of Tamil Nadu Housing Board Works Code)

(1) Detailed instructions regarding custody, use and Accounting of Special tools and a plant.—1. Indexing of plant and machinery.—An indexing system of plant, a machinery should be maintained by the Stores Officer, with the approval of the Housing Board Engineer. The index sheets may be maintained in duplicated one containing the index sheets for all the plant available arranged plant wise and other arranged unit wise .

The following instructions should be observed:--

- (i) The name, number, capital cost, location, year of purchase should be written up for each plant.
- (ii) The details of any accidents to the plant, expenditure incurred and revenue realized by each plant should be gathered and posted in the index sheets.

(2) Plant record book.—A Plant Record Book should be maintained in Form W.C. 80 in respect of all plants in the Board. The Primary responsibility for the maintenance of the plant Record Book (which should be kept with the plant) lies with the Section Officer (Mechanical). A duplicate copy of the book should be maintained by the Stores Officer. The Section Officer should furnish the necessary particulars for making the entries in the duplicate copy every month by the 15th. All

repairs and replacements should be done only by the Section Officer (Mechanical) who will make necessary entries in the plant record book and also keep the Stores Officer informed. Any minor repairs or replacements done in an emergency by other officers should be immediately reported to the Section Officer (Mechanical) and the Stores Officer.

The monthly postings of mileage done and the consumption rates should be filled in by the Section Officer under whose control the plant is working. If the fortnightly fuel consumption rate exceeds the rate fixed by the Housing Board Engineer by more than 10 per cent the plant should be kept off the road and the matter reported to the Section Officer (Mechanical). The Officer inspecting a plant should check up the plant record book pertaining to it and see it kept up to date.

(3) Daily Log Sheets.—A daily log sheet in form W.C. 81 should be sent by the subordinate in charge of the working of the lorry, roller or other plant to the Section Officer in charge of the plant. The letter will forward the same weekly to the stores Officer after verification with the Log Book and after obtaining the countersignature of the Assistant Engineer in charge of the works on which the plant was used.

To avoid disputes with the contractors at a later date, the following instruction should be strictly observed.

Whenever any plant is lent to the contractors, dated acknowledgment should be obtained from them or from their duly authorized agents. These acknowledgments should be pasted in the daily log sheets duly signed by the section Officer and sent to the stores Officer so as to form the basis on which recovery of hire charges is to be made. Similarly when the Contractor returns the plant to the department, a similar acknowledgment for receipt by the departmental Officer should be got prepared by the contractors in duplicate, one copy being returned to the contractor duly received by the Section Officer and the other copy pasted to the concerned daily log sheet to be sent the Stores Officer.

(4) Log Books.—The Section Officer in charge of the lorry, roller or other plant should maintain a log book in Form W.C. 82 in which information regarding purchase price, details of the make etc., copied from the registration certificate and the estimate for maintenance sanctioned for the year should be recorded. Consumable and other stores and fittings purchased should be entered then and there with the cost (approximate if not correctly known). The number of hours worked or the distance run each day as the case may be, and the quantity of fuel consumed should be entered in the appropriate columns. The log books are to be used for alternate months so that one book may always remain with the plant in a month while the other is available for review the Stores Officer or other officer concerned. The log book should be closed every month after noting therein the amount of wages paid to drivers, cleaners, etc., so that information regarding all direct expenditure on the plant for a month is available in the log book for the months. Particulars of the payment of taxes and fees on the departmental plants should also be noted in the remarks column of the log book and this entry has to be attested by the Stores Officer or the Assistant Engineer. The Stores officer (or the Assistant Engineer in charge of all the plants) should prepare the fortnightly log report in Form W.C. 83 in triplicate based on the daily log sheets and send two copies to the Executive Engineer within a week of the close of the fortnight. On receipt of the fortnightly log reports of all the plants for the whole month the assessment of hire charges should be checked by the Accountant and the Executive Engineer. A statement of amounts recoverable from each contractor or other persons or the amount debit able to departmental works should then be prepared in duplicate. A transfer entry supported by a copy of the contractors, etc., should be sent to Account section before the close of the work. A register of hire charges should be maintained by the

Executive Engineer in Form W.C. 84.

Hire of Special Tools and Plant.—The following rules govern the hire of plant and machinery to Government Departments, local bodies and contractors executing departmental works:--

- (i) Ordinarily, heavy plant and machinery alone should be out on hire.
- (ii) The rate of hire charges and the rules governing the hire should be got approved by the Board in respect of each category of plant.
- (iii) When heavy plant and machinery is lent to private persons or to contractors for use on works other than Board's works, hire charges should be levied at double the prescribed rates. In such cases, the hire charges payable should be recovered monthly in advance. A deposit equal to the full market value or the full original cost of the plant whichever is greater should also be taken. The authority sanctioning the hire may, however at his discretion, accept a deposit equal to 5 per cent of the full market value provided that.
 - (a) the machinery is handled by the departmental crew and
 - (b) it is ensured that the parties to whom the machinery is hired are of sufficient means from whom the loss, if any, could be recovered.

Hire Charges.—(i) The rate of hire charges should be worked out separately for each category of plant so as to cover the following elements:--

- (a) Depreciation of Plant
- (b) Interest on Capital.
- (c) Major overhauls, repairs and renewals.
- (d) Operating cost or working expenses.

(ii) The following instructions are prescribed for working out the rates of hire charges:-

- (a) Life.—The life of the plant should be determined in years on the basis or the maker's specifications or past experience.
- (b) Depreciation.—The amount of depreciation should be arrived at by dividing the capital cost by the number of years of life fixed under (a) above.
- (c) Interest.—Interest charges should be adopted at 5 per cent of the Capital cost.
- (d) Major Overhauls, Repairs and Renewals.—The amount under this head should be assessed as accurately as possible based on actual expenses incurred and past experience so as to cover all working expenses such as (i) fuel, oil and lubricant, (ii) Labour, crew charges and (iii) other incidental expenditure.

NOTE.—1. In cases where the original cost of the plant is not known the appraised value or the probable cost of renewal may be adopted.

2. If at the end of the period of life fixed for a plant, it is considered still fit for use, hire charges as originally fixed for the plant be continued to be charged.

(ii) The monthly rate or the daily rate shall be the annual rate divided by the probable number of months or days the plant is likely to be let out on hire during the year.

NOTE:--For the purpose of calculation of the daily rate and the hourly rate, the average number of working days or hours in a year may be taken as 240 and 2,000 respectively.

Expenditure on Maintenance —The expenditure on maintenance of heavy plant and machinery including renewals and replacements should be covered by individual estimates in the same way as original works. The charges on account of special T and P should be distributed over the different works or projects on which the plants were used in accordance with the following principles:--

(i) The expenditure incurred on the purchase of heavy tools and plant and the expenditure on maintenance including major overhauls and repairs should be debited to the capital Account under prescribed heads. "Cost of Purchases" and "Expenditure on repairs" respectively. The interest charges on the capital should be worked out at the end of every year and debited to the detailed head "Expenditure on maintenance by credit to the Revenue Account"

(ii) After review of the daily and fortnightly log sheets of the plant, the hire charges at the prescribed rates recoverable from works or contractors should be worked out and the amounts debited to the various works or projects every month by per contra credit to the detailed head 'Deduct recoveries from works or contractors' in the Capital Account. It should be ensured that the adjustment of hire charges is effected promptly every month and at any rate before the accounts of the year are closed.

(iii) Periodically, at the end of each year, any difference between the 'Expenditure on maintenance and repairs' and the recoveries effected should be distributed to the different projects or works in proportion to the hire charges originally debited to the works. In working out the difference, the amount of depreciation on the plant should also be worked out proportion and added to the expenditure on maintenance and repairs.

(iv) A register showing the expenditure on maintenance and repairs (including depreciation and interest on capital) and the recoveries effected should be maintained by the Stores Office in respect of each plant.

27. Materials-at-site—General.—The cost of materials brought to the site of the work either for use on works or issue to the contractor should be debited to the work concerned as-a final charge in the manner indicated below:--

Source of receipt of materials (1)	Head of account to be credited (2)	Value to be credited (3)	Mode of effecting adjustment of stock (4)
1. Stock	Suspense Stock	At issue rates plus storage charges	Through stock accounts at the end of each month
2. Manufacture	Suspense Manufacture.	At rates fixed for the purpose	By a transfer entry at the end of the month
3. Direct purchase Not passing through stock account.	Suspense purchase	At rate payable to the suppliers as per supply orders	By a transfer entry at the end of the month
4. Transfer from Another work	Work from which Transferred.	At the original issue rate. If, however, the articles are Surplus to the former work, then the amount to be debited o the new work should not exceed the market rates.	By a transfer entry as soon as the transfer is effected

(Para 170 of Tamil Nadu Housing Board Works Code)

Numericals Account.—The numerical account of materials-at-site should be maintained by the Assistant Engineer, in charge of the work in an annual register (in Form .C.20) giving a continuous record of the receipt, issue and balances of all materials for the work for all the months of a year. In the case of receipts, brief reference to the source of receipt indicating the T.E. No. etc., should be given. In the case of issues, the reference to unstamped receipt or voucher number for labour payments should be given. Materials which are delivered to the contractor from the stores for use on the work, should be shown as both receipts and issued in the annual register. The register should be reviewed by the Accountant and the Executive Engineer every month.

(Paragraph 171 of Tamil Nadu Housing Board Works Code)

The annual register also provides for the nothing of the estimated quantities of all materials so that in the case of works executed departmentally and also in cases where any or all the items of contract are for labour, both the acquisition and the actual use of materials can be controlled with reference to the estimated requirements. In the case of works executed by contracts, the record of estimated requirements applies only to materials, the supply of which is made by the Department. It is important that the estimated requirements should be duly corrected whenever a revision of the original estimate renders it necessary.

(Paragraph 173 of Tamil Nadu Housing Board Works Code)

The Board does not undertake to take over from the contractors, whether before or after the completion or determination of contracts, surplus materials which were originally procured by the contractors for themselves. As regards materials supplied departmentally to the contractors, the Executive Engineer may, if required, take over the surplus materials, if any, left on completion of the work. The credit to be allowed to the contractor will be the original issue rate excluding the storage charges or the prevailing market rate without the permission of the Executive Engineer, materials which have been issued to them for use of work.

NOTE:--The contractors should be required to keep a detailed account of receipts, issues and balance of all materials supplied departmentally and to show the account to the departmental officers, when demanded. Suitable provision should be included for this in the agreement.

(Paragraph 181 of Tamil Nadu Housing Board Works Code)

The materials required for issue to a contractor should be made over to him as and when required for actual use on the work and an unstamped (dated) receipt in Form W.C. 21 should be taken. The issue of materials should be entered in the annual register.

(Paragraph 182 of Tamil Nadu Housing Board Works Code)

On the authority of the contractor's unstamped receipt, the cost chargeable to him should be debited to his personal account by charge to the suspense head "contractors Other Transactions" in the works accounts and corresponding minus debit to the final head, so that the net debit to the work is nil (The debit to the work will be afforded through the stock accounts of the month vide paragraph 170). Any difference between the amounts charged to the contractor and those debited to the work as per stock issue rates will be borne by the work concerned.

NOTE:--The object of this rule is to ensure that the full amount chargeable to the contractor is debited to his account as soon as the materials are delivered, so that he may not receive payment without recovery of the cost of materials issued to him.

(Paragraph 183 of Tamil Nadu Housing Board Works Code)

Disposal of Surplus Materials.—On the completion of a work, the surplus materials-at-site, if any, should be disposed of without delay and in any case, before the completion report of the work is finalized, in the manner indicated below:--

(i) If the materials are serviceable, they should be transferred to other works on which they are required or to stock account, the cost of materials so transferred being credited to the work by debit to the other work concerned or the stock account. This adjustment should be made at the original issue rate or the prevailing market rate whichever is less so that any resultant loss is borne by the work for which the materials were originally drawn.

(ii) If the materials are unserviceable, the sanction of the competent authority should be obtained on a survey report and the articles disposed of by auction or otherwise, as directed by the competent authority, the amounts realized or recovered being credited to the work.

(Paragraph 186 of Tamil Nadu Housing Board Works Code)

The Executive Engineer should arrange for a physical verification, by an Assistant Engineer, of the unused balances of materials-at-site at the end of each year. A similar verification should also be conducted (1) on completion of work and (2) when the subordinate in direct charge of the work is transferred. A report of each verification indicating the book balance, actual verified balance and the surplus of shortage, if any, should be submitted by the Assistant Engineer to the Executive Engineer with copy to the Chief Accounts Officer. In addition to the verification prescribed above, the Executive Engineer should, as frequently as possible, conduct a surprise check of the physical balance and report the discrepancies if any, to the Housing Board Engineer, Chief Accounts Officer.

(Paragraph 187 of Tamil Nadu Housing Board Works Code)

Any surplus fund during the physical verification should, at once, be entered as a receipt in the materials-at-site account, with a suitable remark. Deficiencies or losses if any should not however, be shown as issues until they are fully investigated and recoveries effected from the persons responsible or the orders of write off obtained.

(Paragraph 188 of Tamil Nadu Housing Board Works Code)

(1) Road Metal-Quantity Account—As metal is usually stacked at the road-side before being laid down, a quantity account of it should be maintained by the Assistant Engineer in Form W.C. 22 and a 'Statement of Receipts, Issues and Balances of Road-Metal' for each month should be submitted to the Executive Engineer for check and record.

(Paragraph 189 of Tamil Nadu Housing Board Works Code)

Verification.—Balances of road-metal left unused shall be verified annually in the same manner as the verification of unused balance of materials-at-site and report of the verification prepared by each Executive Engineer showing the balances discrepancies and proposals as to their utilization in the cases of excesses.

(Paragraph 192 of Tamil Nadu Housing Board Works Code)

The verification should invariably be done in the event of transfer of the officer responsible for the balance of road-metal.

(Paragraph 193 of Tamil Nadu Housing Board Works Code)

Metal Found surplus should at once be brought to the quantity accounts. Deficits should, however, not be removed from the quantity accounts till they are written off the accounts or their value recovered from the person concerned. In such cases, a suitable entry of the quantity found deficient should be made in the accounts and continued to be recorded as such from month to month until the discrepancy is set right.

NOTE:--The procedure indicated above applies also to the collection of gravel, sand, etc.

(Paragraph 194 of Tamil Nadu Housing Board Works Code)

(2) The reserve stock of the Board may be kept under the general charge of the Stores Officer, in the general stores at the headquarters of the Board or in the sub stores at suitable places. The physical custody of stock in the general stores will rest the Stores Superintendent who will be responsible to the Stores Officer for the custody, preservation and issue of the stores and for keeping the required returns relating to them. If there are any articles borne in the reserve stock account but which are not stored in the stores, the Stores Officer may, with the approval of the Housing Board Engineer, nominate a subordinate who will be responsible for keeping the proper accounts and returns in respect of these materials until they are issued to works or otherwise disposed of.

(Paragraph 197 of Tamil Nadu Housing Board Works Code)

(3) Value Accounts—Issue rate,—An issue rate should be fixed by the Stores Officer in respect of each new article as it brought as stock, based on the average pricing method'—(i.e.) by dividing the total value of stores by the total quantity in stock. The rate should be revised whenever fresh stock is received and the issue rate calculated afresh for the entire quantity. The issue rate fixed from time to time should be prominently noted in the stores ledger and also communicated to all the Executive Engineers for guidance.

(Paragraph 202 of Tamil Nadu Housing Board Works Code)

(4) Storage Charges.—The storage charges represent the charges levied on all issues of stock, in addition to the Issues rate, to cover such actual expenditure as is incurred, after the acquisition of the stores on handling and keeping internal accounts, maintenance of go down, etc. A storage rate should be got approved by the Housing Board Engineer annually, in consultation with the Chief Accounts Officer on the basis of the actual direct expenditure on storage incurred in the previous year compared with the total issues made in the year. For the purpose of working the storage rate, only the direct expenditure actually incurred on handling and watching the storage and other incidental charge which do not enter the issue rate should be taken into account.

NOTE.—No portion of the pay and allowance of the Stores Officer. Store-keeper or the other members of the establishment should be taken into account for the purpose of calculation of the storage rate.

(Paragraph 203 of Tamil Nadu Housing Board Works Code)

(5) Valuation of quantity Account.—The quantity accounts of receipts and issues should be valued by the Accountant, under the supervision of the Stores Officer by filling up the relevant columns of the Stores Received and Issued Books received from the Stores Superintendent. Receipts should be valued on the basis of the cost, including sales tax and other extras paid or payable to the supplies as per the supply orders. Issue should be valued at the issue rates fixed for the article and storage charges should be added separately. Any difference in the valuation of receipts or issues may be adjusted subsequently in the Stores Received Book or Stores issued Book without effecting the quantity column.

(Paragraph 204 of Tamil Nadu Housing Board Works Code)

(6) Closing of accounts.—A stores ledger in Form W.C. 28 should be maintained both by the Stores Superintendent and the Accountant. The ledger should be posted daily from the stores received and issued Books, the Stores Superintendent posting only the quantity column and the Accountant posting both quantity and value columns. The general principle in the maintenance of

the Stores account is that only numerical accounts will be kept by the Stores Officer with the assistance of the Accountant.

(Paragraph 208 of Tamil Nadu Housing Board Works Code)

The accounts of the general stores for the months should be closed on the last working day of the month, while these of the sub-stores should be closed on such date as may be prescribed by the Housing Board Engineer in consultation with the Chief Accounts Officer.

(Paragraph 209 of Tamil Nadu Housing Board Works Code)

After the stores accounts of the month are closed, the stores superintendent should write up the stores Abstract Book in Form W.C. No.29 and submit it to the stores Officer not later than the 15th of the succeeding month for check by the Accountant. After checking the correctness of the numerical accounts, the Accountant should fill up the value columns of the Abstract Book and return it to the Stores Superintendent before the end of the month.

(Paragraph 210 of Tamil Nadu Housing Board Works Code)

After the stores abstract Book for a month has been posted and checked, the Accountant should reconcile the total debits and credits during the month as worked out in the Stores Abstract Book with the corresponding figures in the financial accounts under the suspense detailed head 'Stock' and take action to set right the discrepancies, if any. A monthly certificate of reconciliation together with a statement of discrepancies and action taken there for should be furnished to the Chief Accounts Officer on such date as may be prescribed by him.

(Paragraph 211 of Tamil Nadu Housing Board Works Code)

The Stores Officers shall ensure that all empty containers such as barrels, drums, cans, gunny bags, etc. and other packing material are accounted for numerically (without values) in the stores ledger and disposed of periodically by public auction. Similar articles with the Executive Engineers may be handed over to the stores for arranging for periodical disposal.

(Paragraph 218 of Tamil Nadu Housing Board Works Code)

(7) Procurement of Stores—General Principles.—The purchase of stores required for the Engineering Branch falls under the following categories:--

1. Purchase of materials for reserve stock.
2. Purchase of tools and plant (ordinary and special including spares).
3. Purchase of materials for sanctioned works.

(Paragraph 225 of Tamil Nadu Housing Board Works Code)

Tenders—General.—Tenders should be invited in any one of the following methods:--

- (1) Single tender (i.e.) by invitation or enquiry to one firm only;
- (2) Limited tender (i.e.) by direct invitation enquiry to selected firms.
- (3) Open tender (i.e.) by public advertisement.

(Paragraph 227 of Tamil Nadu Housing Board Works Code)

Single tender System.

This system may be adopted in the case of a small order or when the articles required are of a proprietary character and competition is not considered necessary. For this purpose, a small order

means an order, the value of which does not exceed Rs.500 or if more than one kind of article is ordered at one time an order, the total value of which does not exceed Rs.1,000.

(Paragraph 228 of Tamil Nadu Housing Board Works Code)

Limited Tender System.—This system may be adopted whenever the estimated value of the order does not exceed Rs.50,000. This system may also be adopted instead of the open tender system when the value exceeds Rs. 50,000 in cases where the purchasing officer considers that the demand is so urgent that any additional expenditure involved in the elimination of open competition must be incurred in order to avoid delay have been anticipated earlier should be placed on record.

(Paragraph 229 of Tamil Nadu Housing Board Works Code)

For purpose of both the single and limited tender systems, the purchasing officer should maintain an up-to-date list of approved suppliers for each class of articles, duly approved by the Chairman after taking into consideration, the financial standing of the firm, the capacity, past performance, etc. When adopting the limited tender system particular class of article. The purchasing officer may adopt a suitable form of tender or enquiry for supply of stores.

(Paragraph 230 of Tamil Nadu Housing Board Works Code)

Open Tender System.—This system should be adopted when the estimated value of the order to be placed is above Rs. 50,000.

(Paragraph 231 of Tamil Nadu Housing Board Works Code)

The instructions relating to the invitation and receipt of tenders for execution of works apply, mutatis mutandis, to the tenders for supply of stores. There should ordinarily be no delay of more than a month in the scrutiny and acceptance of tenders or quotations for supply of stores. All incidental charges such as railway freight and sales should be taken into account in deciding the lowest quotation.

(Paragraph 232 of Tamil Nadu Housing Board Works Code)

Register of Orders for Stores.—A register of supply orders shall be maintained in Form W.C. 32 BY the Stores Officer or other purchasing officer to watch the disposal, from start to finish, of all orders for stores placed by him on the firms. This register should be reviewed periodically to see that in cases where the materials are not supplied within the stipulated time, action is taken promptly to remind the firms or to cancel the order, as the case may be.

(Paragraph 237 of Tamil Nadu Housing Board Works Code)

(8) Works Accounts—General Principles—Expenditure on the construction or maintenance of a work may be broadly divided into three classes, viz.—

- (1) Cash;
- (2) Stock charges ; and
- (3) Adjustment.

These charges are recorded in the cash account, stock account and adjustment register respectively. All these transactions pass into the general accounts of the Housing Units or the Board's Secretariat and are then consolidated accounts of the Board. As, however, the units of classification adopted in the general accounts are certain heads of accounts and not individual estimates for the work of contract account it is necessary for the Executive Engineer to maintain separate accounts for recording

(1) the cost of individual works and (2) the transactions of individual contractors. These are known as 'Works Accounts'.

(Paragraph 238 of Tamil Nadu Housing Board Works Code)

In recording the cost of an individual work in the works accounts, the supervision or cent age charges towards establishment, ordinary tools and plant, etc., should be included.

(Paragraph 240 of Tamil Nadu Housing Board Works Code)

(9) Works Abstracts.—An accounts of all the transactions relating to a work during a month, whether in respect of cash, stock or adjustment should be prepared in a work abstract in Form W.C.33. There should be one works abstract monthly for each sub-work covered by a separate working estimate.

(Paragraph 241 of Tamil Nadu Housing Board Works Code)

The works abstracts should be posted from the connected bills of contractors, etc., the stock account and the adjustment registers and the figures got verified from the accounts branch every month.

(Paragraph 242 of Tamil Nadu Housing Board Works Code)

A suspense account, 'Contractors—Other Transactions' is provided in the works abstract for recording:--

- (a) the cost of materials issued to the contractor for which cost is recoverable and its subsequent recovery from bills
- (b) the hire charges recoverable from the contractor and its subsequent recovery from bills; and
- (c) any other expenditure relating to the work recoverable from the contractor and its subsequent recovery.

(Paragraph 243 of Tamil Nadu Housing Board Works Code)

(10) Register of Works.—The Register of Works (Form W.C.34) is a permanent and collective record of the expenditure incurred during a year in respect of each work or a sub-work. It should be posted monthly from the works abstracts, after the figures are verified by the accounts branch. In respect of sub-works or parts of a big project, the transactions relating to each sub-work or part of a work should be posted separately and an abstract for the entire project should be prepared on a separate folio for working out the total expenditure against each project.

(Paragraph 245 of Tamil Nadu Housing Board Works Code)

38. Completion Report of Works.—The completion reports are of two kinds :--

- (a) Completion reports of individual component works or sub-works forming part of a project.
- (b) Consolidated completion report of projects as a whole.

Note :--The term 'project' refers to a group of works covered by one administrative approval.

(Paragraph 250 of Tamil Nadu Housing Board Works Code)

The following procedure should be observed in the submission and record of completion reports.—

(a) Individual Completion Reports of Sub-works.—(i) A completion report of each sub-work (covered by a separate estimate) should be prepared by the Executive Engineer as soon as the works of construction is completed, and sent to the Accounts Section for verification. The report should be prepared in Form W.C. 35 in respect of all repair works and in respect of original works costing not more than Rs.10,000 and in Form W.C.36 in respect of original works costing more than 10,000. If the excess is within the powers of the Executive Engineer to pass, the words

'excess passed by me' should be added and the completion report will be recorded in the accounts section under intimation to the Executive Engineer.

(ii) If the excess is beyond the powers of the Executive Engineer to pass, the completion report should, after verification by the accounts section, be submitted to the Housing Board Engineer, explaining the excess and quoting authority for deviations, etc., so that the approval of Chairman may be obtained if the excess is beyond the powers of the Housing Board Engineer.

NOTE.—The completion report should also be entered in the Register of project Estimates (Vide para 252) and the excess or savings adjusted in the progressive totals.

2. In addition, each Executive Engineer should send to the accounts sections concerned and the technical cell of the 'Board's secretariat, a monthly statement of such component works completed, together with the excess or savings etc., and the technical cell / accounts sections should periodically review the total savings or excess for the whole project and report to the Housing Board Engineer / Chairman cases in which the project administrative approval has exceeded or is likely to exceed.

a. Consolidated Completion Reports.—After all the component works are completed, each Executive Engineer should prepare a consolidated completion report, based on the figures in the individual completion reports of sub-works verified by accounts section, and submit it to the authority which accorded the administrative approval. The over all excess for the whole project should be got passed by that authority if the excess over the amount administratively approved is more than 10 per cent (vide Para 31).

NOTE—In the case of projects where the component works are executed by different Executive Engineer nominated by the Housing Board Engineer.

(Paragraph 251 of Tamil Nadu Housing Board Works Code)

39. Register of Project Estimates.—In the case of projects consisting of a number of component works or sub-works, where technical sanctions are accorded separated for each component work with reference to the provisions made therefor in the estimate administratively approved, a Register of Project Estimates' in Form W.C.37 should be maintained by each Executive Engineer so that all sanctions to estimates in respect of works expenditure may be watched against the provision in the project estimate.

The following instruction should be observed in this regard :--

(1) For every project a set of pages should be set apart for each head such as buildings, water supply, electrification, etc., against which the sanctions to working estimates are to be watched. Every sanction to a detailed or working estimate should be noted in the register.

(2) As and when each sanction is noted, the progressive total should be struck against it so that the total sanctions to date against the project provisions under the head concerned may be available and it should be seen that the provision is not exceeded.

(3) The register should be corrected by plus or minus entries in respect of savings and excesses, from time to time as the account of detailed or working estimates are closed.

(4) If a substantial portion of a work has been abandoned, the estimated cost of the abandoned portion should be deducted from the total cost administratively approved so that the net operative amount may be worked out. The actual expenditure on the work should there after be watched against this reduced limit.

(5) Whenever the total sanctions accorded as entered in the register are summarized to bring out the total liability on the project, any excess over estimates should also be taken into account.

(Paragraph 252 of Tamil Nadu Housing Board Works Code)

40. Manufacture and Works Shop Accounts Manufacture Accounts.—When materials are manufactured departmentally, either for a particular work or project or for a group of works or projects, a separate account called 'Manufacture Account' should be kept of the transactions connected with each manufacture. The detailed accounts of the expenditure on a manufacture should be maintained in the same way as the accounts of a work and in addition, an account should be kept of the quantities and value of the products of the manufacture. The two sections of the accounts are known, respectively, as the operation and the outturn accounts. The account should be maintained in Form W.C. 40. (Register of manufacture).

(Paragraph 273 of Tamil Nadu Housing Board Works Code)

The following rules should be observed in the maintenance of the manufacture accounts:--

I. Operation.—The manufacture account should be charged with (1) the value of raw materials, (2) the cost of labour employed and (3) other incidental charges connected with the operation.

NOTE.—Capital charges, such as the cost of special tools and plant, kilns etc., incurred in connection with a manufacture should be debited to the manufacture account in full, if the operation does not exceed one season. If it extends, the amounts should be debited proportionately to the operation accounts of the several seasons, the amounts chargeable for each season being fixed by the Housing Board Engineer in consultation with the Chief Accounts Officer on the merits of each case.

II. Outturn account.—The outturn account should show, month by month, the quantities and values of each class of articles manufactured. The rates for valuing manufactured articles should be so fixed as to represent, as accurately as possible, the actual cost of manufacture per unit, but should not exceed the market rates.

III. Adjustment of difference.—The 'manufacture account' is essentially a suspense account, as the cost of the operations cannot be cleared finally until they are closed. Manufacture transactions are, therefore, recorded under a distinct sub-division 'Suspense—Manufacture' in the Capital Account. The value of the outturn shall be credited to this account by corresponding debit to stock or work according as the manufactured articles are transferred to stock or work as the case may be. The difference between the 'operation' and 'outturn' should be adjusted under the orders of competent authority before the accounts of a manufacture are closed, as a loss or gain, as the case may be so that the operation and outturn accounts equal each other.

NOTE.—As an alternative, the value of the finished products may be borne under the suspense head 'manufacture' and credits afforded to this head as and when the articles are issued to works. If this procedure is adopted, a detailed numerical account of the receipts, issues and balance of the finished articles should be kept in accordance with the instructions for the maintenance of numerical accounts of stock.

(Paragraph 274 of Tamil Nadu Housing Board Works Code)

41. Workshop Accounts.—When any workshop is estimated either for purely departmental purposes or to function as a quasi-commercial undertaking, the system of accounts will be prescribed by the Chief Accounts Officer with the approval of the Chairman.

(Paragraph 275 of Tamil Nadu Housing Board Works Code)

42. Inter Unit Transactions—A. Inter Unit Suspense Account.—Transactions arising in one Housing Unit which is adjustable in the accounts of another Unit should be classified, as a debit or credit in the cash or stock accounts, if they appear therein, or by an adjustment in a transfer entry order, under 'Inter-Unit Suspense Account' in the accounts of the originating Unit.

(Paragraph 284 of Tamil Nadu Housing Board Works Code)

The originating Unit should send an advice of Transfer Debit (or Credit) in Form W.C. 43 to the unit concerned as soon as the transactions occurs or before the close of the month, accompanied by necessary vouchers in the case of debits. The responding Unit should, after examining that the

transaction correctly pertains to it, adjust the debit or credit to the final heads by per contra credit on debit to the head, 'Inter-Unit Suspense's, and intimate the fact to the originating Unit, in Form W.C 44.

NOTE.—The term 'Unit' applies also to the Board's Secretariat in respect of transactions pertaining to the works executed direct by the Board's Secretariat.

(Paragraph 285 of Tamil Nadu Housing Board Works Code)

The responding Unit should not reject a transfer merely because the voucher is not in order or is missing. Nor may a transfer advised be partly accepted and partly rejected ; it may be rejected altogether if it does not pertain to the Unit ; otherwise, it should be provisionally accepted in full and the dispute, whether as to the amount chargeable or as to other particulars of the transaction, should be settled separately in communication with the originating Unit. The origination Unit shall be responsible to ensure that the responding unit accepts the transfer in the same month or in the subsequent month at the latest.

(Paragraph 286 of Tamil Nadu Housing Board Works Code)

In the case of any occasional transfer of materials from one work to another under the charge of different Executive Engineers in the same Unit, a transfer entry order should be initiated by the Executive Engineer transferring the materials and, after obtaining the countersignature of the Executive Engineer who receives the materials, sent to the accounts branch for incorporation in the accounts of the Unit.

(Paragraph 287 of Tamil Nadu Housing Board Works Code)

43. Advance to Contractors.—Advances to contractors are, as a rule, prohibited and no payment should be made to them except for work actually done and measured. Except as provided below, the grant of any advance or financial aid to the contractors not expressly authorized in this code or the relevant contract should be covered by specific approval of the Board.

(i) it may be necessary sometimes, in the interest of work, to engage labourers or petty contractors or to incur other liabilities on behalf of the contractor concerned with a view to complete the work which he had neglected or failed to complete. In such cases, it is permissible for the Executive Engineer to spend the Board's funds on behalf of the contractor in accordance with the terms of his agreement. The approval of the Housing Board Engineer should be obtained where the amount to be spent on this account in respect of any one contract is likely to exceed Rs. 250.

NOTE.—(a) With a view to avoid subsequent disputes with the contractor's suitable intimation should be sent to him. (i) as soon as action is taken under this paragraph and

(ii) subsequently as expenditure is incurred on his account.

(b) The expenditure incurred should be debited to the contractor's personal account by charge to the suspense sub-head, 'Contractors-Other Transactions' and the full amount recovered from the next bill.

(c) In the case of recoverable charges, it should be seen that the contractors do not get the benefit of any concession to which they would not be entitled if they had themselves incurred the expenditure.

(iii) No payment or advance should be made for unfixed materials when the rates are for finished work except under specific orders of the Housing Board Engineer who may sanction the payment up to 80 per cent of the value of any materials, which are, in his opinion, in accordance with the agreement and which have been brought to the site in connection therewith and are adequately stored and protected against damage by weather and other causes but which have not, at the time of advance, been incorporated or fixed up in the work. The amount of the advance should be

adjusted in full in the bill in which the relevant items of work on which the materials are incorporated are billed for

(Paragraph 301 of Tamil Nadu Housing Board Works Code)

44. Monthly Closing of Works Accounts.—The following instructions should be carefully observed for closing the works accounts each month :--

- (i) The adjustment book should be closed on the 27th of each month but before this is done, it should be seen that all the necessary adjustment except for the levy of supervision charges on works are carried out in the accounts.
- (ii) The transfer entries along with the supporting vouchers, if any, should be sent the account section on the last working day of the month for incorporation in the accounts.
- (iii) The expenditure on cash, stock and adjustments should be posted in the works abstracts as and when the relevant bills or other vouchers are sent to the accounts section. After getting the figures in the individual work abstracts verified with these booked in the account section, a consolidated transfer entry should be prepared (supported by a statement of individual works in from W.C. 53) for the adjustment of the supervision charges on the total works expenditure during the month and sent to the account section for booking before the 5th of the following month.
- (iv) The works abstracts should then be completed by posting the amounts of supervision charges for each work and the abstracts reviewed by the Accountant and the Executive Engineer.
- (v) The register of works should be posted from the works abstracts and laid before the Executive Engineer for review and attestation of the entries.
- (vi) The suspense and deposit registers should be posted in respect of the months transaction and the total of the monthly transactions verified with those booked in the accounts section. A certificate of agreement should be furnished by the accountant in the abstract drawn up in the Registers.

(Paragraph 314 of Tamil Nadu Housing Board Works Code)

45. Watch of Expenditure Against Sanctioned Estimates.—A “Register of works Expenditure” in Form W.C. 74 should be maintained by the accounts section in respect of the works executed in the unit. A consolidated register should be maintained by the Chief Accounts Officer in respect of all works executed by the Board. This register should serve as a collective record of all administrative and technical sanctions relating to work and the expenditure incurred against each of them.

(Paragraph 339 of Tamil Nadu Housing Board Works Code)

The following instructions should be observed in posting the register:--

- (i) The folios should be arranged in the prescribed order of the sub-heads and detailed heads of account. Under each sub-head of account, the estimates for component works of the same project should be grouped together so that the total expenditure on each project may be conveniently worked out.
- (ii) The reference to the sanctioned estimates including revised estimates should be noted, as and when the sanctions are communicated, in the appropriate columns of the register indicating the amount in each case. The entries should be attested by the Accountant.
- (iii) The expenditure during the month should be posted in black ink in the appropriate monthly column from the schedule of works expenditure received from the Executive Engineer. Below the entry for the month's expenditure, two red ink entries should be made, one indicating the expenditure during the year and the other, the expenditure up to date against the relevant technical sanction. The figures should be prefixed by a red ink minus sign if they represent minus expenditure.

1) jâiifhd Mjhu«

(i) jâceehL ÂEL trÂ thçaç rEl« 1961 éÂ 119 < Nœ muR äääiF« jâiifahs®fshš x>bthU M©L« jâceehL ÂEL trÂ thçaçÂ« M©Lj fziFfÿ Újhd jâiif, muR Miz v©. 915 äÂx Jiw ehÿ 23.09.1975 <go 1975-76 « M©L Kjš çÿshÉÁ äÂ fziFfÿ jâiifx Jiw Muh©thsuJf xÿgilifÿgELÿsJ.

(ii) muR Miz v©. 598 éÂ (c.ã) Jiw ehÿ 30.08.1992 <go jâjâiif 01.10.1992 Kjš jiyik muRx Jiw äWtdx jâiifahsuJf xÿgilifÿgELÿsJ.

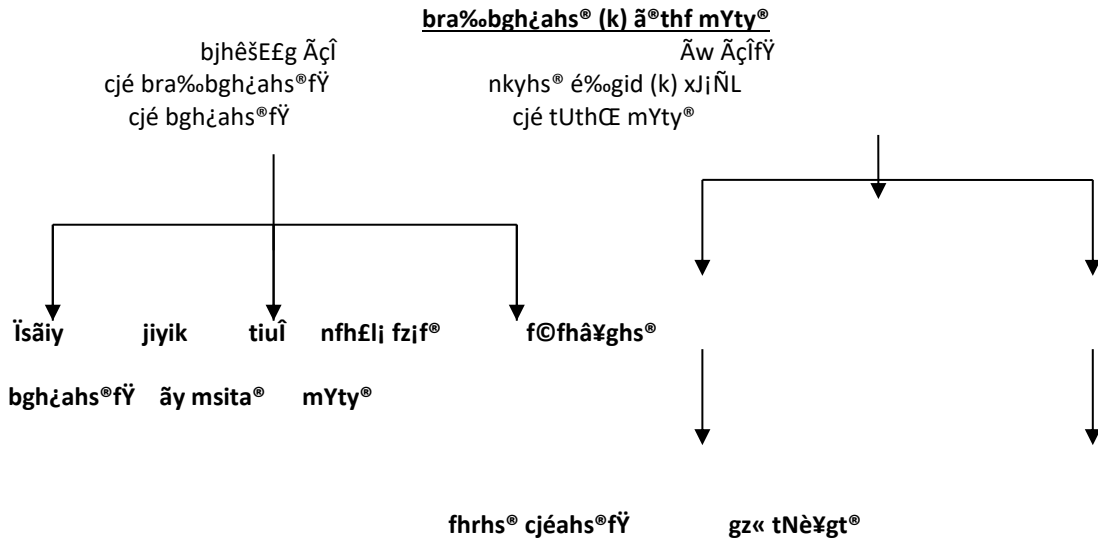
2) jâiifiFça kâj ehÉfÿ égu«

nfhÉlšfÿ / Äçl jâiifiF xU miuah©L jâiifiF 30 kâj ehÉfÿ Äj« mDkÂjÿgELÿsJ.

3) jâceehL ÂEL trÂ thçaçÂ« brašghLfÿ

jâceehL ÂEL trÂ thçaçjhs äÿ« ifafÿgLjÿgEL mit nk«gLjÿgEL bghJkifSiF ÂLfÿ, kidfÿ é%ogid brÇEaÿgL»wJ. òwef® ts®çÁ ÂÉlšfÿ Nœ gy ÂÉlšfÿ brašgLjÿgEL tU»wd. İt%Wÿ bghJ cgnahf kidfÿ (gÿë, rKjha äWtd Tlšfÿ), t®xjf kidfÿ ngh<witl« V%ogLjÿgEL é%ogid brÇEaÿgL»wJ.

jâceehL muR Cêa® thlif FoæUÿð ÂÉlšfÿ Nœ murš xÿgëiF« FoæUÿðfÿ fÉLkhd«, guhkçÿð (k) FoæUÿðfÿ xJiŃL ngh<wit thçaçjhs nk%bfhÿsÿgEL»wJ. nfhÉl/Äçl mYtyfšfÿ _y« İçbrašghLfÿ ahl« x>bthU bra%obghçahs® (k) ä®thf mYty® fÉLÿghÉoš İaš» tU»wJ.



4) äÂ Mjhu«

tuéd«

1) thçaçxhs ÂLfÿ, kidfÿ, mLiffšfÿ, t®xjf kidfÿ M»ait é%ogid brÇEaÿgL»wJ. ÂÉl tiffSiF V%owthW »uax bjhif bkhxjkhfı« khjhaÂu jtihazfı« tNèjÿgEL»wJ. RaäÂ tifæš bkhxj bjhifı« K<TÉona ä®zæifÿgELthW tNèjÿgEL»wJ.

- 2) xÿgajjuçläUaj bgwÿgL« itÿðx bjhif ngh<wit.
- 3) é©zÿgšfÿ, xÿgajÿðÿéÿfÿ é%ogidx bjhif ngh<wit.

bryéd«

bryédæÅ%F thçaxjhš ãÂ xjîÑEoçgo bjhif tHšf¥gŁ«. İããÂ xjîÑL thçaxjhš x¥gëif¥gŁI tuî bryî ÂŁI mo¥gilæš mDkÂjif¥gŁ«.

Fçÿò

Ãçî/nfhŁI mYtyfšfÿ tuédæ bjhifæèU²J bryî nk%bfhÿs¥gŁITlhJ.

5) jâjif msînfhš

muR foj« v©. 121762/A/Funds/84-4 ehÿ 05.03.1985 (ãÂæ Jiw) çgo 1983-84 « M©L Kjš jäœehL ÂŁL trÂ thça fzjFfÿ jâjifæš rçgh®if¥gŁI nt©oait FçÿJ Ñœ étçxjthW bjçéif¥gŁLÿsJ.

İizÿò - A

m) x»bthU miuah©L jâjifæç nghJ« njªbjLif¥gŁI xU khj jâjif nk%bfhÿs¥gŁI nt©oa İdšfÿ

bryéd jâjif

- 1) gâiFG jâjif – gâ¥gÂntLfÿ rçgh®if¥gŁI nt©L«
- 2) Ášyiu bryédšfÿ, gaz¥gŁoašfÿ k%W« kU²Jt bryî gŁoašfÿ
- 3) İUÿòfÿ bfhÿKjYiF Kçgz« tHšf¥gŁI.
- 4) Åw Kçgzšfÿ tHšf¥gŁI
- 5) itÿòæ bjhif ÂUÿÃ brY²Jš
- 6) gâahs®fÿ Kçgzšfÿ nghçwit

tuéd jâjif

- 1) Kçgzšfÿ rçifŁI¥gŁIit
- 2) KjÂLfÿ k%W« tŁo éuéé«
- 3) KjÂLfÿ İUÿò rçgh®²Jš

İizÿò – B

M) nrhjidæ jâjif nk%bfhÿs¥gŁI nt©oa İdšfÿ

tuéd«

- 1) xjîÑLfëš 5 rjÂj jâjif
- 2) nfèò tNš äYit gÂntL, xjîÑL ngnuL thlif gÂntL
- 3) fzjFfÿ – bghJ¥ ngnuL jâjif

ntiy¥ gâfÿ

- 1) İu©L mšyJ çW bgça ÂŁIšfSiF kÂÿÖL, ÂŁI nfhÿò, x¥gªj«, gz« brY²Jif, msîçRto nghçwt%œš èçthd jâjif
- 2) İ²Jk İWÂ¥gŁoaš bjhif tHšf¥gŁI mid²J bgça ÂŁIšfèç jâjif kŁL«

tUthÇE Âçî

- 1) é%gid¥ gæÂu« tHšf¥gŁI İdšfèç xjîÑEİhs® ngnuL

İizÿò – C

İ) 100 rjÂj jâjif nk%bfhÿs¥gŁI nt©oa İdšfÿ

- 1) buhif tuéd« k%W« tš» brYɔJif
- 2) buhifɣ gÂntL k%W« tš» ifçrhɔJ/mçijif
- 3) tš» İzif mçijiffŸ
- 4) fhnrhiy/tš» tiuîfŸ/gzéil (M.O.) tuéd gÂntL
- 5) jdJ fhnrhiyfŸ k%W« bfhlglh İdšfŸ

İizɔ – D

ç) jâiifæç nghJ bghJ nkyhÇÊ kEL« brÇEaɣgl nt@oa İdšfŸ

- 1) nfÈò tNš äYit, thlif k%W« xJiŃElhs® gÂntLfŸ
- 2) itɔòɔ bjhif k%W« KçgzšfŸ gÂntL
- 3) Äw KçgzšfŸ gÂntL
- 4) gz kÂɔò gotšfŸ gÂntL
- 5) gâahs® KçgzšfŸ gÂntL
- 6) ntiyɣgâfŸ nfhɔòfŸ
- 7) äy« ifafɣgLɔjş nfhɔòfŸ
- 8) KjÄLfŸ/flçfŸ gÂntL
- 9) tHjFfŸ gÂntL
- 10) éiy İWÂahifç brÇEaɣgl İdšfÈç nfhɔò
- 11) é%ogidahfhkš äYitæš çŸs ÅLfŸ, kidfŸ, mLjffšfŸ, t®ɔjç kidfŸ nfhɔò
- 12) Mi»uäijfçgLŸs äyšfŸ nfhɔò
- 13) gaçgLɔjçglhj äyšfŸ nfhɔò
- 14) jäçehL mur Çea® thlif FoæUɔòfŸ xJiŃL, nfÈò tNš äYit, jÇÙ® fElç guhkçɔò fElç« nghçw İdšfŸ

6) jâiifiÇça gÂntLfŸ k%W« MtzšfŸ

m) buhifɣÄçî (Cash Section)

t. v@.	étu«	Details
1	İuÓJ òɔjçfšfŸ k%W« fââ İuÓJfŸ	Cash Receipt Books and Computer Receipts
2	ehfFççngL	Day Book

3	tš» brYαJ ÓEL	Bank Remittance Chalang
4	tš» mčjif	Bank Statement
5	tš» tiuĭ (k) fhnrhiy tuéd gĀntL	D.D / Cheques Received Register
6	buhif gĀntL	Cash Book
7	tš» ĩzif mčjiffŸ	Bank Reconciliation Statements
8	jĀ Kαgz gĀntL	Permanent Advance / Imp- rest Register
9	bfhLgh gĀntL	U.D.P
10	xUš»izaj buhif gĀntL	Consolidated Cash Book
11	gzkĀŸò gotšfŸ é%ogid gĀntL	Money Value form Sales Register
12	bryĭ ÓELfŸ	Vouchers

M) fzifŸŸ Āčĭ (Accounts Section)

t. v©.	étu«	Details
1	bghJŸngnuL	General Ledger
2	ĀEL bryéd ngnuL	Project Ledger
3	éçthd ĀEL bryĭ ngnuL	Detailed Project Ledger

4	x¥gªjjhu® g£oaš gÂntL	Contractor Bills Ledger
5	gaÜ£L gÂntL	Appropriation Registration
6	»I\$F ïU¥ngL	Stores Ledger
7	Jiz buhif gÂntL	Subsidiary Cash Book
8	buhif tuîfÿ RUif gÂntL	Cash Book Analysis Register
9	t\$» äÂ xJiÑL – bryéd«	Letter of Credit Register
10	rçif£L¥g£oaš gÂntL	Adjustment Journal Register
11	x¥gªjjhu® it¥ò bjhif gÂntL	Contractors Deposit Register
12	Kçgzšfÿ gÂntL	Advances Register of Suppliers
13	j%fhèf Kçgz« gÂntL	Temporary Advance Register

ï) Â£Išfÿ (k) tiuî Âçî (Planning and Draughting Section)

t. v©.	étu«	Details
1	Â£Išfÿ kÂ¥ÖL gÂntL	Project Estimates Register
2	x¥gªjšfÿ gÂntL	Agreement Register
3	x¥gªj¥òÿë gÂntL	Tender Register
4	x¥gªjjhu® gÂntL	Contractors Register
5	x¥òjyëif¥g£I kÂ¥ÖLfÿ gÂntL	Sanctioned Estimates Register
6	KI\$F ïU¥ò gÂntL	Dead Stock Register

<) tUth£ k%W« xJiÑL Âçî (Revenue/Allotment Section)

t. v©.	étu«	Details
1	é©z¥gšfÿ gÂntL	Application Register
2	xJiÑL FG T£I Koîfÿ mçjif	Minutes of Draw of Allotment Lots

3	XJjÑÉlhs® ngnuL	Allottees Ledger
4	nfÉò tNš äYit gÉoaš / gÂntL	DCB Statement / Register
5	a) muR Cêa® FoæUẏò nfÉò, tNš äYit gÂntL b) j©Ù® fÉlz nfÉò tNš äYit gÂntL c) é©zẏgšfÝ gÂntL d) xJjÑL RH%Á (k) xJj»L Miz gÂntL e) fhèbrĀÉ« gÂntL	a) Tamil Nadu Government Employees Residential Quarters Demand Collection balance Register b) Water Charges DCB c) Application Register d) Rotation & Allotment Order Register e) Vacation Register
6	tâftshfšfÝ – thça thlif nfÉò tNš äYit gÂntL	Commercial Buildings – Board Rental DCB Register

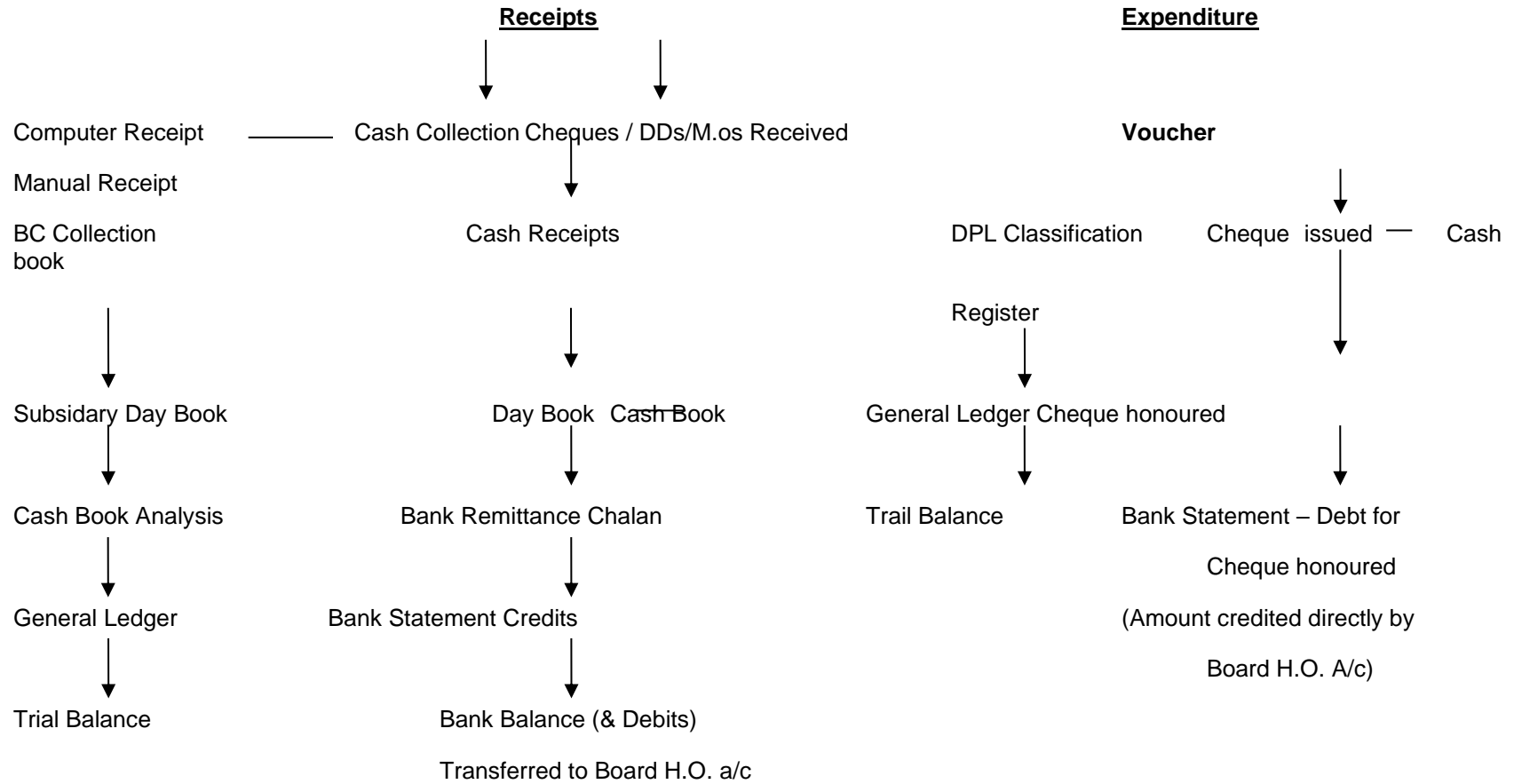
c) gâiFG

bghJthf muRš Jiwfěš gâiFG Āčěš ngzẏgL« midšJ gÂntLfs« ngzẏgl nt©L«.

6-m) buhifẏ ĀĀĴ jājif

- 1) fââ İuÓJfÝ (Āéjæ) tê bgwẏgL« bjhif ehÉFčẏò gÂntÉoš gÂĴ brĀEaẏgl nt©L«, mĀiwa ehÝ tNš bjhif mĀnw tš»æš brYšjẏgl nt©L«
- 2) buhif İuÓJ òšjfsfè«go İuÓJ İlẏgL« İdšfs« ehÉFčẏngÉoš gÂĴ brĀEaẏgl nt©L«
- 3) gz« tNèẏgt® (btéaelšfÝ) tNèiF« bjhif jāna gÂntÉoš gÂĴ brĀEaẏgÉL bkhšj bjhif fhrhšĀĀ« brYšjẏgÉL İuÓJ efš jājifF fh©ĀĴfẏgl nt©L«
- 4) tš» brYšJif tš» mĀjifİĀĀ rĀgh®ifẏgl nt©L«
- 5) fhnrihy / tš» mĀjifİĀĀ rĀgh®ifẏgl nt©L«
- 6) buhifẏ gÂntÉoš buhif« k%W« fhnrihy tuĴfè« TLĴš bjhifĀ tš» mĀjifæ« tuĴ bjhifĀ rĀahf İUjif nt©L«
- 7) tš»æš brYšjẏgÉL tuĴ vLifẏgÉL bjhif clnd thça jiyik mYtyf fzi»%F gz khWjš brĀEaẏgl nt©L«
- 8) İt%čš fhzẏgL« éšĀahr« tš» İzif mĀjifæš fh©ĀĴfẏgÉL mit rĀahf čÝsjh vd rĀgh®ifẏgl nt©L«
- 9) bryĴĀ ÓÉLifSiFĀ bjhifF fhnrihy tHšfẏgÉLÝsjh vdĀ«, fhrhifẏgÉL fhnrihyfÝ jéu fhrhifẏgÉLh fhnrihyfÝ tš» İzif mĀjifæš fh©ĀĴfẏgÉL rĀahf čÝsjh vdĀ« rĀgh®ifẏgl nt©L«
- 10) buhifẏĀčěš tuédšĀ%bdf jāahfĀ«, bryédšĀ%F jāahfĀ« tš» fziF ngzẏgl nt©L«
- 11) tuédš bjhifæš bryĴ nk%bfhÝsẏgliToa bryédšĀ%F thçajhš, bjhif tš» fzi»šš neuoahf tuĴ itifẏgL«

Accounts / Cash Section Audit



Note :-

- 1) Separate Bank a/c for Receipts and Expenditures
- 2) Since Credit of Expenditure is borne directly by Board Expenditure side Bank Balance will be Zero.

6-M) fziFfÿ Āĉl jāif

thça jiyik mYtyfĀèUāj Āĉl mYtyfšfSjF āĀah©oĀ bjhlfĀš x)btHU jiyĀĀYĀ bjhiffÿ xJiŃL brĒEaĀgŁ«wd (Budget Provision) xJiŃL brĒEaĀgŁ bjhiffSjF āfhkš bryéd« nk%bhfĀsĀgŁLŸsjh? vĀgij jāifĀš rĉgh®ifĀgl nt©L« njit vāš jif jil vGĀgĀgl nt©L«.

- 1) tuĀ k%W« bryéd bjhiffÿ ngnuĒL fziFfĕš ĩl« bg%WŸsjh vdĀj%F nrhjid jāif nk%bhfĀsĀgŁ nt©L«.
- 2) x)btHU fziFĀ jiyĀĀ%F« éĉthd ĀĒL bryéd ngnuL bkhĀj bjhif ĀĒL ngnuĒoš ĩl« bgW»wjh vd rĉgh®ifĀgl nt©L«.
- 3) tuéd buhjfĀ FĉĀj RUjĀgĀntĒoš midĀj tuĀfS« gĀĪ brĒEaĀgŁLŸsjh vd rĉgh®ifĀgl nt©L«.
- 4) j%fhĕf KĀ gzšfÿ gĀntĒoš bgwĀgŁ KĀgzšfÿ rĉfĒĀgŁ égu« rĉgh®ifĀgl nt©L«
- 5) eltoijif FĉĀò (Journal) gĀĪfÿ nrhjidĀ jāif nk%bhfĀsĀgŁ nt©L«

6-Ī) ĀĒLšfÿ brašgŁĀJš – ntiyĀgĀfÿ jāif

jāceehL ĀĒL trĀ thça ntiyĀgĀfÿ eilKiw éĀfÿ (Work Code) moĀgilĀs« ntiyĀgĀfÿ FĉĀj cŸshĒĀ āĀ jāif eilKiw Ehšfĕš FĉĀĀĒL thĪfkhd jāif eilKiwfĕgoĀl« ntiyĀgĀfÿ rĉgh®ifĀgl nt©L«

6-<) tUthĒ (k) xJiŃL Āĉl

- 1) ĀLfÿ / kidfÿ é%gid bjhif Kiwahf tNĕifĀgŁ»wjh vd bghJ MĒĪ brĒEaĀgl nt©L«.
- 2) thĉaj filfĕĀ thlif tuĀ, tNš k%W« āYitĀ bjhifF 18 rĀjĀ mguhj tĒoĀk tNĕifĀgŁ»wjh vdĪ« rĉgh®ifĀgl nt©L«.
- 3) »uaĀgĀĀ« thšfĀgŁ Īdšfĕš nrhjidĀ jāifĀh fziŃLfÿ rĉgh®ifĀgl nt©L«.
- 4) thĉĀĀĀ xJiŃL eilKiwĀš moĀgilĀš ĪĀĀĉl jāif bghJ nkyhĒĪ brĒEaĀgl nt©L«.
- 5) RaĀĀ ĀĒL ĀLfÿ/mLiĀffšfÿ M»at%oĀ%F xuh©o%Fÿ KG bjhif tNĕifĀgŁ»wjh vdĪ«, midĀj ĀLfS« xJiŃL brĒEaĀgŁ»wjh vdĪ« MĒĪ brĒEaĀgl nt©L«
- 6) jāceehL muR ĒĒa® FoĀUĀòfSjF thça ĀwĀò FĉĀghiz v©. jthĀ2(2)/1192/2000 ehÿ 01.06.2000Āgo RH%Ā KiwĀš FoĀUĀòfÿ xJiŃL brĒEaĀgŁ»wjh vdĪ«, muR Miz v©. 175/ĀĒL trĀ ef®Āòw ts®ĀĀ Jiw ehÿ 28.07.2010 Āgo ĀĀĀ jFĀ moĀgilĀš xJiŃL brĒEaĀgŁ»wjh vdĪ«, 01.06.99 KĀš ĀUĀĀĀ ĀĒL thlifĀgo k%W« ĀĒL thlifĀ ĀoĀj rĀj»j moĀgilĀš thlifĀ ĀoĀj« nk%bhfĀsĀgŁLŸsjh f©fhĀifĀgŁ»wjh vdĪ« nrhjid jāif nk%bhfĀsĀgŁnt©L«
- 7) fhĕahf cŸs ĀLfÿ, filfÿ k%W« muR ĒĒa® FoĀUĀòfSjF thlif ĪHĀò FĉĀJ«, brhĀJĉ jŸSgo bgwĀgŁLŸ FĉĀJ« MĒĪ brĒEaĀgŁL jil vGĀgĀgl nt©L«
- 8) Āĉl mYtyfšfĕš tNĕifĀgŁ« midĀj bjhiffS« mĀiwa Ādnk thĉaj fzi»š brYĀjĀgl nt©L«.
- 9) thĉĀ« tš»fSlĀ òĉĀJz®Ī xĀgĀj« brĒĪ bh©LŸsjhš thĉaj fzi»%F kh%ow« brĒEaĀgŁ« bjhiffSjF tš» fĒlz« (Bank Charges) ĀoĀj« brĒEaĀgŁtĀšiy. tš» fĒlz« ĀoĀj« brĒEaĀgŁoUĀĀĀ cĉa jilvGĀgĀgl nt©L«.
- 10) ĀuĀ khĀjnhW« buhjf òĀjĀ« tš» KoĪ ĪUĀòĀ ĪzĪ« brĒEaĀgŁLŸsj rĉgh®ifĀgl nt©L«.

āy vLĀò (Land Acquisition)

thĉĀĀĀĀ āy vLĀò 1894 kĀĀĀ rĒĪĀ Āĉl 1 Ā Nĕe jāceehL ĀĒL trĀ thça rĒĪ« 1961 Īa%owĀgŁL rĒĪĀ Āĉl 70 Ā Nĕe āybkLĀòfÿ nk%bhfĀsĀgŁL tU»wd.

nk%f©Ī rĒĪ éĀKiwfĕĀgo āy vLĀòĪfhd MuĀgĪfĒĪ gĀfÿ KoĀj ĀĀd® āybkLĀòĪfhd thĉĀĀĀĀĀUāj bgwĀgŁ« Ô®thz bjhiffÿ ĀĀtUkhW Ô®Ī brĒEaĀgŁ»wj.

- 1) thĉĀĀĀĀĀUāj bgwĀgŁ« bjhiffÿ (fhnrihyfÿ _yĀ) muRĪ fuŃyĀĀš ntiy itĀò āĀ (Work Deposit A/c) fzi»š brYĀjĀgŁ»wj.
- 2) āy ĉĀikahs®fSjF Ô®thz bjhiffÿ fuŃyĀĀĀĀUāj ‘C’ gĒofÿ _yĀ fhnriyahf g»®ĀjĕifĀgŁ»wj
- 3) jhth (Dispute) thĪF k%W« āy ĉĀikahs® k%W« thĉRjhu® ĕtu« bjĉĀj ĪdšfSjfhd bjhiffÿ ÚĀkĀw itĀò āĀĀš (Civil Court Deposit) itĪfĀgŁ»wd. mjhtĪ ntiy itĀò āĀĀĀĀUāj ÚĀkĀw itĀò āĀĪF kh%ow« brĒEaĀgŁ»wj
- 4) āy ĉĀikahs®fÿ ĕtu« bjĉĀĀUāj« mt®fÿ ĪHĀĒĒĒ bjhif bg%WĪ bhŸs M#uhfhj āiyĀš mt®fSjFĉĀ ĪHĀĒĒĒ bjhif thš»Ī thĒĒĀò ĪUĪF« Īdšfĕš rĀgĀjĀgŁL bjhiffÿ ntiy itĀò āĀĀĀĀUāj tUthĒ itĀò āĀĪF (Revenue Deposit) kh%ow« brĒEaĀgŁ»wj

5) TLjš eEl <lhf tHšfŷgl« bjhiffŷ ÚÁk«wðÁš brYðjŷgl« bjhiffŷ thçaxÁš äiy itŷò ãÄ Äçés KjÄL brÇEaŷgl»wJ.

6-c) gâiFG jâijif

- 1) nj®bjLiŷgl khjðÁš CÂaŷgEoaš gÂntEoaš midðJ égušfS« rçgh®iŷgl nt©L«.
- 2) gâŷgÂntLfŷ fh©ÄjŷglhjJ FçðJ jil vGŷgŷgl nt©L«.
- 3) CÂa ã®zašfŷ, CÂa ãYitfŷ, ru© éLŷò, éLŷò xŷgêŷò ngh«wit KG msés gâŷgÂntEFL« rçgh®iŷgl nt©L«.
- 4) gazŷgEoašfŷ muR miz v©. 14 ãÄ(ÄÄI) Jiw ehŷ 11.01.2010 š bjçéiŷgl beçKiwfêçgo mDkÄiŷgl nt©L«.
- 5) bghJthf muR Miz thçaxjñš V%ŷgl thçax Ô®khdðÁçgo xŷòjš tHšfŷgl nt©L«.
- 6) bghJthd muR éÁfŷ k%W« jäœehL ÁEL trÂ thça gâahs® eilKiw éÁfŷ M»at%çç moŷgilæš ïðjâijif nk%bfhŷŷgl nt©L«.

7) xŷgajŷ òŷëfŷ xŷòjš (k) ntiyfêç ãÄ tu«ò ngh«wit

(thçax Ô®khd« v©. 5.01 ehŷ 21.04.2011)

ntiy gâSifhd xŷgajðŷë k%W« bfhŷKjš tu«ò

t. v©.	mYty®	ntiyfSifhd xŷgajðŷë xŷòjš tu«ò	bfhŷKjš tu«ò
1	bra%bghçahs®	% 6 yEr« tiu (5% TLjš tiu)	% 10,000
2	nk%gh®it bghçahs®	a) % 6 yEr« tiu (5% Kjš 10% TLjš tiu) b) % 6 yEr« nkš 30 yEr« tiu (5% TLjš tiu)	% 10,000/- iF nkš % 1 yEr« tiu
3	jyikŷ bghçahs®	a) % 30 yEr« tiu (5% Kjš 10% TLjš tiu) b) % 30 yEr« nkš % 1 nfhojFŷ	% 1 yErðÁ%F nkš % 5 yEr« tiu

		(5% Kjš TLjš tiu)	
4	nkyh©ik İaiFe® (x¥gªji FG gçªJiuÍł)	a) %. 30 yErÅ%F nkš %. 75 yEr« tiu (5% Kjš 10% TLjš) b) %. 1 nfhojF nkš %. 1.5 nfho tiu (5% TLjš tiu)	%. 5yErÅ%F nkš %. 50 yEr« tiu
5	thça« (x¥gªji FG gçªJiuÍł)	tiuaiw İšiy (KG mÂfhu«)	%. 50 yErÅ%F nkš

FžÏò :- jäceehL muR Cêa® FoæUÏò ÂElšfë: x¥gªjÏòÏë kÂÏò %. 10 yErÅ%F nk%goç muR xÏòjš bgw¥gl nt©L«

8) ntiy¥ gáfSifhd ä®thf k%W« bjhêšEËg xÏòjš mÂfhu tu«ò

t.v©.	mYty®	ä®thf xÏòjš tu«ò (ntiyŸ k%W« äç gáfŸ) %.	bjhêšEËg xÏòjš tu«ò fËLkhd gáfŸ / äç gáfŸ	
			%.	%.
1	bra%bghçahs®	10,000 tiu	6,00,000 tiu	15,000 tiu
2	nk%gh®it bghçahs®	25,000 tiu	30,00,000 tiu	4,00,000 tiu
3	jyik¥ bghçahs®	1,00,000 tiu	tiuaiw İšiy (KG mÂfhu«)	KG mÂfhu«
4	nkyh©ik İaiFe®	2,50,000 tiu	-	-
5	thça«	2,50,000 jF nkš	-	-

2) gËoaš ÄoxjšŸŸ

a)	äWÅÂitif¥gL« bjhif	5%
b)	TLjš fhÏò bjhif	1% (10% nkYŸs x¥gªjšfSiF)
c)	tUkhd tç	1% - (jä eg®) 2% - (FGk« / TËlh©ik / f«bgå)

d)	é%ogid tç	2% (midŕj fEol gâfSiF«) éyiF bgWtj%oF TNVAT éÂfè«go got« "S" bgw¥gl nt©L« 5% - fEol¥gâ jé®ŕjÃw gâfSiF
e)	f£Lkhd – bjhêyhs® ey äÂ	1%

- 3) f£Lkhd gâfSiF nrit tç 4.12% x¥g®jjhuuhš brYŕj¥g£L, Ã«d® thçaxjhš x¥g®jjhuUjF <L brCEa¥gl nt©L«.
- 4) ntiy¥gâ x¥g®j äiwnt%ow fhy« mguhjŕJk Ú£oiŕ¥g£Lkhæ«, éÂif¥g£l mguhjŕ bjhifÃoŕj« brCEa¥gl nt©L« (Extension of Time with fine)
- 5) f«Ãfŕ, Ábk©£ ngh«wt%oç%oF Kçgz« x¥g®jjhuUjF thšf¥g£oU®jhš mt%oçid g£oašfêš Ãoŕj« brCEa¥gl nt©L«.
- 6) x¥g®j kÂ¥òŕ bjhifjF mÂfkhf bjhif thšf¥gljTlhJ
- 7) gâkhWjšSiF çça bjhêšE£g mYty® ä®thf tu«Ã« (t.v©. 1 š bjçéif¥g£lthW) x¥òjš bgw¥g£Lŕsjsj vd rçgh®j¥gl nt©L«.
- 8) kÂ¥ÖLŕ muR ä®zæŕj éiy¥g£oaš (P.W.D Schedule of Rates) k%ow« Standard Data é«go jahçif¥g£Lŕsjsj vdÍ«, kÂ¥Ö£oç M©o%ofhd éiy é»jšfŕ filÃoiŕ¥g£Lŕsjsj vdÍ« rçgh®j¥glnt©L«.
- 9) kÂ¥Ö£L bjhifæš 10 rjÃjŕÃ%oF nkš gâkhWjšfŕ (Deviations) ïU¥Ã« mj%oF ÂUŕÃa ä®thf x¥òjY«, 5 rjÃjŕÃ%oF nk%ogoç, mj%oF ÂUŕÃa kÂ¥ÖL jahçif¥g£L bjhêšE£g x¥òjš bgw¥gl nt©L«.

9) jâijif Fç¥òfSk ïizif¥gl nt©oait

- 1) bra%obghçahs® (k) ä®thf mytyUk / ä®thfŕ jiytUk (thçax vâš) tiuÎ¥ gŕÃfŕ éthÂif¥g£L x¥òjš bgw¥g£L étu«
- 2) òwŕjhŕ
- 3) Â£L trÂ thçax jâijif Audit Check jfhd Docket Sheet
- 4) jâijif fhy l®bjhif fziF
- 5) nf£ò tNš äYit g£oaš (Statement)
- 6) tš» ïzif mçijif (br¥l«g® / kh®ç khj«) 30.09 Koa çŕs / 31.3 Koa çŕs
- 7) jâijif fhyŕÃ« tuÎ / bryîfŕ òwŕjhêš Fç¥Ã¥gl nt©L«

10) jâceehL Â£L trÂ thçax jâijif Jiz ïajFe® nkyhCEéç nghJ rçgh®j¥gl nt©oait

- 1) eh£Fç¥ò gÂntL (Day Book)
- 2) tš» mçijif (Bank Statement)
- 3) tš» ïzif mçijif (Bank Reconciliation)
- 4) buhif¥gÂntL
- 5) fhnriy (k) tš» tiuÎŕ tuéd gÂntL
- 6) bghJ¥ngnuL (Unit General Ledger)
- 7) nf£ò tNš äYit mçijif (DCB Statement)
- 8) Â£l kÂ¥ÖL gÂntL (Project Estimates Register)
- 9) xJjÎL eltojif Fç¥òfŕ (Allotment Minutes)
- 10) bfhlglh gz¥gÂntL (UDP)

- 11) xU\$»izaj buhif gÂntL (Consolidated Cash Book)
- 12) İWÂ¥g£oaš bjhif tHšf¥g£l bgça Â£lšfë« ntiy¥gâfÿ Fçxj nkyhCEİ
- 13) jäceehL muR mYty® FoæU¥ò Fçxj bghJ nkyhCEİ
- 14) thçaj filfë« nfèò tNš äYit gÂntL

CHAPTER II

“AUDIT OF THE TAMIL NADU SLUM CLEARANCE BOARD”

Constitution and Function:- In May 1956. a centrally sponsored scheme was introduced in Tamil Nadu for the clearance of slums and rehousing of slum dwellers in tenements and open developed plots. The work was carried out by the Corporation of Madras and the city Improvement Trust up to the year 1961 and by the Tamil Nadu Housing Board there after . In September 1970, the slum clearance scheme in the Madras city were taken over by the Tamil Nadu slum area (Improvement and clearance) Act 1971 and the Board started functioning independently with effect from 18 th June 1971

As successor to the Housing Board in respect of slum clearance schemes in Madras city. all properties . assets. rights and liabilities of the Housing Board in so far as they related immediately before the date of the establishment of the Tamil Nadu slum clearance Board(18 the June 1971) to the slum areas and the development of the slum clearance areas in the Madras city stood transferred to and vested in the Tamil Nadu slum Clearance Board.

The execution of work is done under the supervision of the Executive Engineers independently in their respective areas on allotment of funds from the Board. The funds are transferred from the Board to the Divisions though RTGS based on the forecast of expenditure by the Executive Engineers. The Collection of revenues is attended to by Estate Officers. There are Twelve divisions in Chennai city and six divisions in other parts of Tamil Nadu each headed by an Executive Engineer for execution of works and Ten divisions each headed by an Estate Officer for Collection of rents etc., Apart from these divisional offices, the Board secretariat consisting of superintending Engineer, Chennai Circle I, Chennai Circle II and superintending Engineer, Reconstruction circle with supporting staff both in technical and Non-technical sides is functioning.

The Board generally follows fundamental Rules, Tamil Nadu special pay and Allowances Rules, Tamil Nadu Financial code, the Tamil Nadu slum clearance Board service Rules 1972 issued in

G.O. Ms.No.242 Housing Dated 3rd October 1972 Tamil Nadu Slum clearance Board CD wing service Rule 1993 and the instructions issued by the Government from time to time.

2. **Entrustment of Audit** - The Accounts of the Tamil Nadu Slum clearance Board for the period from 1971-1972 to 1976-1972 were audited by the Accountant General, Madras as per G.O Ms No.912, Labour (Housing) Dated 13th June 1972. The audit of the account of T.N.S.C Board from 1977-1978 was entrusted to the Examiner of Local Fund accounts, Madras in G.OMs.No.1025 Housing and urban Development department dated 21st June 1978. The Cost of audit is to be recovered from the T.N.S.C.B (G.O.Ms.No.1560 Finance (Funds) Dated 23rd November 1979

As per G.O Ms.No.598 Finance (LF) dept dt 3rd August 1992, the audit was entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Boards With effect from 01.10.1992

Capital Receipts

- 1) Loan from HUDCO, Tufidco, etc
- 2) Grants
- 3) Lease amount, Tenemental Collection
- 4) Cash Loan Recovery
- 5) VAMBAY Collection
- 6) MUDP Collection
- 7) TNUDP Collection

Revenue Receipt

- 1) Grants
- 2) Supervision Charges
- 3) Interest on Investments
- 4) Rental Income
- 5) Maintenance Charges
- 6) Miscellaneous Receipts
- 7) Remunerative Enterprises

Advance & Deposit Receipts

- 1) Deposit of Contractors & Subordinates (Security)
- 2) Other Deposit (Hire purchase, Rental, Vat, IT, Labour Welfare Fund)
- 3) Advance-bearing Interest (Motor cycle, Marriage, HBA, MUDP)
- 4) Advance – Non bearing Interest – PA, Handloom
- 5) Transfer of Funds to Units

Capital Expenditure

- 1) Refund of Hire Purhcases Installment to Government
- 2) Repayment of Loan Tufidco, UBI for Vambay (Housing and upgradetion)
- 3) Cost of Land
- 4) XIII FC New Construction
- 5) XIII FC Re construction
- 6) XIII FC Repair & Renewal
- 7) Urban Renewal-Commercial (from capital Receipts)
- 8) Urban Renewal – Residential
- 9) Part II Scheme

- 10) Part II Scheme –Employment Training programme of CD Wing
- 11) ETRP (Tsunami)
- 12) MLA Fund
- 13) Rajiv Gandhi Rehabilitation package
- 14) Reconstruction – State Fund
- 15) JNNURM
- 16) EIUS
- 17) Chennai Metro Railway
- 18) Corporation Fund for Autonagar
- 19) Rajiv Aavas Yochana
- 20) Repairs to Tenements – State Fund
- 21) Housing for All (Affordable Housing in public and private partnership & Beneficiary mode of construction)

Revenue Expenditure

- 1) Interest on loans
- 2) Salaries
- 3) Allowance & Honorarium
- 4) Contingencies(Books and periodical, Telephones , EB, Advertisement Charges uniform, Stationery, Rent, Postal, Furniture etc.,
- 5) Other Charges (Contribution to pension and CPs Funds, fees to Auditor, Law Charges, Contribution to LIC , NHIS, etc
- 6) Investigation and Survey
- 7) Miscellaneous (HBA Write off)
- 8) Tools & Plants
- 9) Repair and maintenance (Office, Tenemental Building, property Tax, Water Charges, etc.,
- 10) MP Fund (Repair)
- 11) Printing press (Salaries, Working Expenses, Raw materials Cost of Implants)

Advance & Deposit Expenditure

- 1) Refund of Contractors Deposit
- 2) Miscellaneous Deposits, (Hire purchase, VAT, IT,Labour Welfare Fund etc)
- 3) Advance bearing Interest
- 4) Advance Not bearing Interest
- 5) Transfer of funds to units
- 6) Deposit of Cash Balance(General fund, TNUDP, etc)

Register to be maintained

- 1) Day book of receipts
- 2) Bill Book
- 3) Cash Book
- 4) Register of loans
- 5) Register of Cheques received
- 6) Register of appropriation
- 7) D.C.B Statement

The Audit check to be exercised

- 1) It should be seen whether any time limit has be stipulated for the utilization of grant. If the grants are not utilized with in the period, suitable comments should be made. Even otherwise if the grants are not utilized for a long time and invested in term deposits, it should be suggested in audit that interest realized on such investments should be adjusted against the grants to be received during subsequent years. The causes for non - utilisation of grants should also be looked into by going through the schematic Budget and commented upon.
- 2) Whether the loan was utilized for the purpose for which it was drawn
- 3) Whether a sinking fund was created so as to enable the Board to discharge the loan at the time of maturity.
- 4) Whether there was no loss of interest due to financial mismanagement.
- 5) Whether a Loan Appropriation Register is maintained. It should also be seen in cases of loans received from Public financial undertakings such as HUDCO, Tufidco, whether approval of Government was obtained for raising such Loans

Note: The Director of Treasuries and Accounts is the drawing, disbursing and reconciling authority in respect of loans and grants sanctioned by the Government. He should maintain the registers in respect of all Government, sanctions on investments made to the T.N.S.C.B. He should countersign the utilization certificate based on the certificate furnished by the financial Advisor and Chief Accounts officer of the T.N.S.C.B who is primarily responsible for verification of the accounts of the loans and grants and furnishing the certificate with reference to the accounts. The counter-Signing Officer should watch the furnishing of the utilization certificate. The Function of the Chief Internal Auditor is to check the correctness of the expenditure and certify that the loans and grants have been properly spent and utilized as per the requirements of the Government. This certificate can be furnished only after the loans and grants are utilised and Registers and Accounts are closed and produced to audit. The correctness of the utilization of the loans and grants will be cross checked by the Chief Internal Auditor. (G.O.Ms.1264, Fin.(B.G.L), dated 7 th September 1979 and Letter RC.F2/93653/80 , dated 19 th February 1981 of the Examiner of Local Fund Accounts addressed to the Joint Secretary to Government , H & U.D. Departments)

(iv) **Premia on Leases –** The monthly Instalment amount relating to the Buildings allotted under hire-purchase basis are credited under this head of account. The Government have issued order in G.O.Ms. 1199, Housing , date 16 th December 1977 that the hire purchase instalments collected from the tenements allotted by the Slum Clearance Board under Hire-Purchases basis should be refunded to Government . Therefore it should be seen whether the receipts under premia on leases were refunded to Government.

Note (1) The monthly instalments for the tenements of the T.N.S.C.B allotted under hire – purchase basis are revised as follows with effect from 1 st August 2016

- (i) Rs.250.PM for 20 years for EMI (Equal monthly Instalment) and Rs.250 per month for maintenance
- (ii) as per Board Resolution 7.07/476 dt.28.7.2016

(iii) and Board proceedings G1/8351/2016 dt.09.08.16

6 Revenue Receipt

1) Supervision Charges :- The Slum Clearance Board is authorized to charge 12 ½ per cent as supervision charges on the works executed by it from its funds and at 10 percent on the works executed from the loan obtained HUDCO., it should be seen

(A) Whether the supervision charges worked is correct

(B) Whether the supervision charges earned during the year is sufficient to meet the establishment cost.

(C) Whether the cost of land acquisition was excluded for working out the supervision charges though debited to schemes

(D) Whether supervision charge was worked out on actual expenditure on works executed by the Board itself and whether the payments of lump sum to Madras Corporation and Tamil Nadu Water and Drainage Board are not included for the purpose of calculating the supervision charges.

Note :- As per G.O Ms.No.1092, Housing, dated 31st December 1969, the administrative expenditure of the Board should be met from out of the Supervision Charges of 12 ½ of the cost of schemes.

(ii) Interest on investment:- The Board makes short term deposits of its surplus funds in the Nationalised Banks and earns interest . It should be seen whether an investment register is maintained and D.C.B regarding the adjustment of interest accrued on investments is prepared and recorded in the Register. This apart, the accounts of the Slum Clearance Board are maintained in the Saving Bank accounts in the Nationalised Banks and they are allowed interest on their holdings on the Saving Bank account

(iii) Rental Income:- The rents collected from the tenemental building , open developed plots, fire proof sheds, shops etc., are collected by the estate officers of various divisions and they are remitted into bank which stands in the name of the chairman. It should be seen-

(a) Whether the collection as shown in the day book of receipts have been remitted into Bank without delay.

(b) Whether total amount as per DCB agrees with the monthly account.

(c) Whether the rent fee has been collected according to norms fixed in Board Resolution No.7.07/476 dt.28.7.2016 and Boards proceedings No.G1/8351/2016dt.09.08.2016 ie @Rs.250/ per month for all rental tenements uniformly

Note:- As per G.O. Ms.No.400, Housing, dated 10th March 1976, economic rent (i.e)-

House Rent Allowance plus normal rent at the above rates (Rs.250/ per month) has to be realized from the occupants of the tenements employed either in Government departments, Quasi Government departments and in the public companies. The revised rates came into effect from 1st August 2016

(d) Whether the tenements and shops were let out without causing any leakage of revenue.

(e) Whether in respect of shops the rent is enhanced at 5 % every year and 10 % for Bunks and CI Shed for three years and on the completion of each agreement period according to the policy decision of the Board for such enhancement and that in cases where a deviation is made the sanction of the Board is obtained. If the deviations are more in number resulting in undue concessions to the lessees, this may be adversely commented upon in audit

- 1) GO.Ms.No 108 Housing & Urban Development (SC I-1) dept dt.18.05.2004
- 2) Board Resolution No.7.03/472 dt.20.11.2015
- 3) Board proceeding – B5/15949/2010 dt.15.12.2015

General .- The Checks that are exercised in Tamil Nadu Housing Board and Municipalities regarding receipts side are to be followed in Slum Clearance Board also.

Note.- A register of receipt books should be maintained by Estate Officer in his office with specific pages allotted to each Bill Collector and each Bill Collector should be issued a maximum number of two receipts books at a time and only when one of these receipt books is returned after it is exhausted, another receipt book should be issued to the Bill Collector. It should also be ensured by the Estate Officer, that the Bill Collector issue receipts from these two books serially and they do not start using the second book available with them before the first book is exhausted (G.O.Ms. No.1010, Housing and Urban Development Department 8 th August 1980)

7. **Expenditure** The Major expenditure is on execution of works. The other expenditures are on payment of pay and allowances, travelling allowances, medical reimbursements and all other advances as applicable to Government servants. As earlier stated in paragraph 1 the rules as applicable to Government servant are followed as per Fundamental Rules, M.T.A Rules, Financial Code, etc. The Tamil Nadu Slum Clearance Board Service Rules, 1972 issued on G.O.Ms.No.242, Housing date 3 rd October 1972 should also be acquainted by the auditors. The checks to be exercised are of the same nature that are exercised by this department in respect of Tamil Nadu Housing Board employees.

8. **Works**- In the execution of works by the Slum Clearance Board, the works code of the Tamil Nadu Housing Board is being followed. The monetary limits. power of various authorities to accord administrative and technical sanction and estimates, etc. as are to be followed on the execution of works. Before taking up the audit of work vouchers the auditor should go through the works code and the manual instructions laid down in chapter “ Audit of the accounts of Tamil Nadu Housing Board” The main registers that are to be seen are

- (1) Tender register
- (2) Register of agreement
- (3) Register of estimates sanctioned
- (4) Register of Contractor
- (5) Register of Works
- (6) Contractors Ledger
- (7) Register of project estimate

The audit checks are

- 1) It should be seen in Audit whether estimates have been approved by competent authority.
- 2) Whether administrative sanction and technical sanction for all the works executed have been obtained
- 3) Whether deviation from the estimate was duly approved by the revised estimates and completion reports should be checked.
- 4) Whether tender rules have been followed in the settlement of contracts
- 5) Whether sites have been handed over after executing agreement without delay and that the sites on which works are to be executed have already been acquired by the Slum Clearance Board so that no legal complication arise on account of the ownership of the site
- 6) Whether the time schedule for completion of the work as contemplated in the agreement have been enforced was adhered to and the penal provisions of fine as contemplated in the agreement have been enforced.
- 7) Whether the cost of materials issued to the contractor was recovered at the rates agreed to in the agreement and whether the rates of recovery have already been prescribed in the tender schedule. The rate of recovery of the materials in the tender schedule should be at the rates at which the estimate is prepared. If this is not done an effective comparison between the estimate and tender could not be done. The department has undertaken to supply materials only in cases where
 - (i) they are controlled commodities.
 - (ii) Stocked by them and in surplus in their stores and the supply of which will ensure quality.
- 8) Whether the wastage allowed for cement steel and bitumen is not more than the percentage as contemplated in the tender schedule. The percentage of wastage now allowed by the Slum Clearance Board is 5 per cent for cement and 2 ½ per cent for bitumen. The wastage is regulated with reference to actuals and the maximum percentage are not allowed as a routine
- 9) Whether in cases of materials issued other than those covered by the agreement the cost has been recovered at stock issued rate plus centage or at market rate for materials whichever is advantageous to the Slum Clearance Board
- 10) Whether the theoretical requirement of steel and cement has been properly worked out and the utilisation compared with that indicated in proforma
- 11) Whether in case the contractor failed to return the excess materials issued (theoretical requirement plus 5 percent wastage) on the completion of work the cost was recovered at double the issue rate (cost plus penal recovery)

Price Adjustment Clause(PAC)

1. GO MS NO 60/PWD(G2)/dated:14.03.2008
 2. GO MS NO 62/R&D and P Raj/28.04.2008
 3. GO MS NO 101/PWD (G2)/dated:10.06.2009
 4. GO MS NO 227/MAWS/23.11.2009
-
1. More than 12 months
 2. More than 100 lakhs
 3. Only for construction and not for maintenance & Repair
 4. PAC will apply only for 3% or more variation

5. Only estimate cost of the work and not agreement Rate to calculate the value of the work done
6. Mile Stone fixed
7. The contractor does a certain Qty of work that have been done in earlier quarter the PAC will apply on that quantity at the rates applicable to relevant Qtr or the period of actual which is less
8. Liquidated damages imposed on the contractor for the shortfall in achieving the progress as per mile stone
9. PAC applicable for agreement period only
10. Agreement period shall include the "Officially suspended" period
 - a) war, natural calamities like flood, earthquake
 - b) Change in design, land acquisition process
 - c) Litigation
11. base quarter
 - a) if the agreement is signed within the quarter then the quarter of the calender year in which the last date of bid submission is fixed will be the base quarter
 - b) In case of delayed agreement the quarter in which the agreement signed will be the base quarter
 - c) base quarter should be mentioned in the agreement
12. In order to Avoid Revised AS, provision for escalation can be included the original estimate itself at the rate of 5% cost of works for every one year of the duration of the contract
13. Tender excess shall not be allowed
14. Bank guarantee for EMD should not be a favored mode of payment.

Before commencing the audit of work vouchers the agreement pertaining to that work should be gone through thoroughly and the points and conditions are borne in mind.

The instruction issued in L.F.A.D. Manual Volume II and various circulars issued by the Chief Internal Auditor & Chief Auditor of Statutory Boards should be followed. In addition, the Chief Engineer, Tamil Nadu Slum Clearance Board issues circulars on various points and these circulars should also be referred to

9 Important Government Orders on incurring expenditures- (i) Full medical benefits at Government Hospitals such as free medical consultation and reimbursement of medical expenditures incurred subject to the same rules and conditions applicable to officers of the All India Services are extended to the Chairman, Tamil Nadu Slum Clearance Board with effect from 27 th April 1978.

(G.O.MS.No.359 Health and Family Welfare dated 28 th February 1979)

(2) The Medical facilities are extended to the employees of the Tamil Nadu Slum Clearance Board on par with the State Government Servants Conditions.

3) Under the Accelerated Slum Improvement Scheme, one street light for every 40 metre span of the Street may be provided.

(G.O.Ms.No.302 Housing and Urban Development dated 14 th March 1980)

4) Each Non –official member of the Tamil Nadu Slum Clearance Board may be paid sitting fees for his attendance at the Board meetings at the rate of Rs.35 for each sitting.

(G.O.Ms.No.305 Housing and Urban Development dated 15 th March 1980)

10 Lodgement of Fund.- A personal Deposit Account in State Bank of India. Madras may be opened in the name of the Chairman, Tamil Nadu Slum Clearance Board subject to the following conditions.

- (i) It will be open to the Board to deposit its surplus funds in the account.
- (ii) The Board can withdraw amount form the account up to the limit of its deposits. such withdrawals should be countersigned by the Joint Secretary/Deputy Secretary to Government Housing and Urban Development Department.
- (iii) The withdrawal should be made in accordance with T.R 16 of Tamil Nadu Treasury Code Volume I
- (iv) The Cheque issued by the Board should have currency of three months reckoned after the month of issue
- (v) The Board shall arrange for the reconciliation of the figures between the Bank account maintained by the Board and that of the personal deposit account of the State Bank of India once in a fortnight
- (vi) The cheques on the personal deposit account should be issued only to accommodate the transaction relating to the Tamil Nadu Slum Clearance Board.
- (vii) Cheques drawn in favour of corporate bodies, firms or private individuals should always be crossed.
- (viii) The cheques should be drawn in favour of the individuals payable to order only . Bearer cheques should on no account be issued.
- (ix) All relevant rules in the Tamil Nadu Treasury Code, Volume I relating to the issued of cheques should be followed
- (x) Before the issue of cheques on the personal Deposit account the Chairman, Tamil Nadu Slum Clearance Board should scrutinize and satisfy himself that the sanctions accorded are within the financial power delegated to him.
- (xi) The reconciliation of Cheques issued and cash should be done under the rules, and
- (xii) The Chairman, Tamil Nadu Slum Clearance Board should keep the cheques book in his personal safe custody

(G.O.Ms.No.1178 Housing and Urban Development dated 9 th September 1980)

11. Accounts. There are three accounts:-

- 1) Capital account
- 2) Revenue account
- 3) Deposits and advances account

The Executive engineers have to send the monthly accounts to the Board. The Board consolidates the accounts received from the Executive Engineers of the Divisions and place it before the Board. It should be noted that each Executive Engineer is provided with funds for each account according to the requirement. This item will be an expenditure for the Board and Receipt to the Divisions. The receipts realized are remitted into Bunk which cannot be appropriated by the Executive Engineer. Thus Divisions have two Bunk accounts namely Drawing account and Remittance account.

In respect of Remunerative enterprises scheme pro forma accounts should be maintained so as to ensure whether economic rent was fixed correctly and whether the rents settled in auction or otherwise compare favourably with the economic rent

Period of Audit and Issue of Audit Notes : Half yearly audit shall be taken up in all divisions, Estate officer and Board secretariat and audit notes shall be issued within 30 days from the date of completion

- 1) All paid vouchers should be traced in the cash book and also with reference to the counter foils of cheque books. The – Non productions of vouchers, if any noticed, should be reported to the higher administrative authorities.
- 2) Whenever records are not made available for audit, the matter should be taken to the notice of the Divisional Accountant and Executive Engineer of the Division. Even then if the records are not forthcoming, a report should be made to the higher administrative authorities.
- 3) In respect of payment for works, the first and part bills and final bills should be audited by the Inspector, the head of audit party. The defects noticed in the audit of first and part bill should be immediately brought to the notice of the Executive Engineer of the Division so as to guard against such irregularities in the subsequent payments.
- 4) All tender files in respect of works, supply of materials and service costing more than Rs.10,00,000/- should be reviewed by the Deputy Director
- 5) The audit notes containing the irregularities noticed in audit should be communicated soon after the audit is completed or after the work is reviewed by the Deputy Director, wherever necessary. The audit notes should be issued to the Executive Engineer with a request to send replies within one month from the date of issue and within three days for audit slips. If the irregularity is of serious nature or involving excess payment, it should be brought to the notice of the higher administrative authority by a special letter.
- 6) The audit of receipt side and checking of monthly accounts and subsidiary registers like Deposit Register, Advance Recoverable Register, etc., should be done during Half year audit. It should be completed along with expenditure side
- 7) The audit slips pointing out the irregularities noticed in the audit of receipt side should be issued in the manner laid down in para 5 above.
- 8) Settlement of Objections.- The Last working day of Half yearly audit should be allotted for settlement of objections and also for verification of latest stages in respect of objections included in special letters and audit notes. such arrangement should be informed to the Executive Engineer for production of record for settlement of objections.

9) Annual audit and issue of Audit Report.- The Annual audit for the financial year should be taken up and Audit Report issued within four months from the date of receipt of annual account.

The annual accounts are certified after due check and the audit report is forwarded to the Chairman, Tamil Nadu Slum Clearance Board along with the certified accounts. The copies of the Audit Report should be furnished to the Secretary to Government, Housing and Urban Development Department the Secretary to Government, Finance Department, the Accountant-General of Tamil Nadu and Chief Internal Auditor office. The audit report and the annual accounts as certified by the Chief Internal Auditor are placed before the legislature and important irregularities are dealt with by the public undertaking committee. The serious defects noticed during Half year audit and annual audit should be incorporated in the Audit Report. The defects of minor nature will be pursued through the Half year audit notes and annual Audit Notes that form part of the Audit Report.

13) The Auditor appointed by the Government to examine and audit the accounts of the Tamil Nadu Slum Clearance Board should follow the provisions contained in section 122 (1) (c) of the Tamil Nadu Housing Board Act, 1961 read with section 41 of the Tamil Nadu Slum areas (Improvement and Clearance) Act, 1971 and indicate the names of the bill collectors, Revenue Officer or Assistant Revenue Officer, Section Heads, Assistant Executive Engineers Or Executive Engineers etc., besides the names of the officer in charge of the various limits in the opening paragraph of the Audit Report.

(G.O.Ms.No.910 Housing dated 8 th Septemeber 1977)

(G.O.Ms.No.535 Housing and Urban Development dated 23rd April 1980)

15) **Audit Fees** The actual cost of audit shall be initially met from State Funds and finally recovered the Tamil Nadu Slum Clearance Board and credited to Government account

(G.O.Ms.No.1568 Fin (Funds) dated 23 rd November 1970)

CHAPTER – III

AUDIT OF THE ACCOUNTS OF THE MADRAS METROPOLITAN DEVELOPMENT AUTHORITY

1. Constitutions and its function – (a) The Tamil Nadu Town and Country Planning Act, 1971 (Tamil Nadu Act 35 of 1972) provides for planning the development and use of rural and urban land in the Tamil Nadu State. The Act provides for the establishment of –

- (i) The regional planning authorities;
- (ii) The Local Planning Authorities; and
- (iii) The new Town Development Authorities.

For the purpose of planning, the development of regional planning areas, local planning areas and site for new town respectively are brought under the jurisdiction of the aforesaid planning authorities.

Prior to the coming into force of the said Act in this State, the Government, in G.O. Ms. No.2380, Rural Development and Local Administration, dated 13th November 1972 have established the Madras Metropolitan Development Authority as an adhoc authority for the purpose of preparing development plans for the Madras Metropolitan Area. In G.O. Ms. No.1711, Rural Development and Local Administration, dated 22nd July 1974, orders were issued bringing into force the provisions of the Town and Country Planning Act, 1971 in the Madras Metropolitan Planning Area with effect from 15th August, 1974. Under section 9A(1) of the Tamil Nadu Town and Country Planning Act, 1971 as amended by the Tamil Nadu Act No. 22 of 1974, the Madras Metropolitan Development Authority was made a statutory body with effect from the 7th March 1975 in G.O. Ms. No.364, Rural Development and Local Administration, dated 6th March 1975 read with G.O. Ms. No.382, Rural Development and Local Administration, dated 7th March, 1975. The Honourable Minister in charge of Urban Development is the Chairman of the Madras Metropolitan Development Authority.

The Authority will function within the Madras Metropolitan Planning Area specified in G.O. Ms. No. 2451, Rural Development and Local Administration, dated 19th November, 1974.

2) THE AUTHORITY

The CMDA is functioning under the control of Vice-Chairperson, Member-Secretary and Chief Executive Officer who are all I.A.S. Officers. The Vice-Chairperson is responsible for important policy decisions. The Member-Secretary is responsible for the day-to-day running of the affairs of CMDA and all appointments / retirements / promotions are effected by the Member-Secretary.

The Planning Permits are issued by the Member-Secretary. The Chief Executive Officer is responsible for the special projects, allotments etc.

The Authority is the highest decision making body and is responsible for creation of posts, continuance of posts, amendments to service rules, fixation of rate for allotments, awarding of contracts, waiver of any expenditure, reclassification of land use areas, approval of budgets, approval of Audit Report etc.

According to Sec.9B of the Tamilnadu Town & Country Planning Act, 1971, the Authority shall be constituted with the following members.

- i) Chairman (Honourable Minister for Housing and Urban Development)
- ii) Vice-Chairperson
- iii) 6 Government Officials
- iv) 2 Members of Legislative Assembly
- v) Member-Secretary
- vi) A representative from the Industries and Commerce sector
- vii) Commissioner of Chennai Corporation
- viii) 2 representatives from Local Bodies with CMA appointed by Government
- ix) The Secretary of Housing and Urban Development Department
- x) The Chairman of the Tamilnadu Slum Clearance Board
- xi) The Director of CMWSSB

The CMDA has jurisdiction over 1177 Sq.Kms. of Chennai Metropolitan Planning Area (CMA) covering 30 local authorities (Local Bodies) viz.

Chennai Corporation	_	1
Municipalities	_	7
Panchayat Union	-	12
Special Panchayats	_	10

The CMDA is empowered to authorize any local authority or other authority (under its jurisdiction) by an order to exercise any of the powers vested in it by or under TNTCP ACT 1971 and may in like manner withdraw such authority and the exercise of any power delegated in this behalf. Accordingly the CMDA has delegated certain powers to the executive authorities of local bodies to issue planning permission subject to satisfying the said Act and Development Regulation (DR) provisions in force.

The function of the CMDA as per section 9 C of The Tamil Nadu Town & Country Planning Act 1971 are

- (1) To prepare development plans for the area under its Jurisdiction and enforce and implement these plans.
 - (2) The formation subject to approval of Government of any other plan or project for the development of the Madras Metropolitan Area or such part thereof as it may deem necessary.
 - (3) To co-ordinate the execution of plans approved by the State Government for the of any area within the Madras Metropolitan Area.
 - (4) To supervise the extension of any project for the development of any area within the Madras Metropolitan Area as may be entrusted to it by the Government.
 - (5) To Finance and execute any project in any place for the development of the Madras Metropolitan Area of any part thereof.
 - (6) To carry out a survey of Chennai Metropolitan Area and prepare reports in the surveys so carried out.
- 7) To prepare a Master plan of a detailed development plan or a new town development plan as the case may be for the Chennai Metro Planning Area.
 - 8) To prepare an existing land use map and such other maps as may be necessary for purpose of any development plan.
 - 9) To designate the whole of Chennai Metropolitan Planning area or any part there of within its jurisdiction as a new town and perform the following function.
 - a) To prepare a new town development plan for the area concerned.
 - b) To secure the laying out and development of the new town in accordance with the new town development plan.
 - 10) To perform such other functions as may be entrusted to it by the Govt.

The following powers and functions which were being exercised by the Director of Town and Country Planning and the Personal Assistant to the Collector of Madras in the Madras Metropolitan Area have been transferred to the Madras Metropolitan Development Authority in G.O. Ms. No. 60, Rural Development and Local Administration, dated 11th January 1978.

- (1) Approval of Layouts by Municipal Councils.
- (2) Approval for fixing up Industrial Area by Local Bodies.
- (3) Consultation for the exemption of building rules in Madras Metropolitan Area.
- (4) Approval for the prescription of building line and street alignment.
- (5) Review of progress reports of Municipalities and Panchayats on the disposal of building application layouts etc.
- (6) Fixing up and altering residential area.
- (7) Approval of Factory plans referred to by various local bodies.
- (8) Consultation for setting apart areas for industrial area.
- (9) Nomination as specified officer to discharge various function under the Tamil Nadu Parks and Play field fields and open spaces (Preservation and Regulation) Act, 1959.

- (10) Nomination as competent authority to enforce the provisions of the Tamil Nadu Public (Buildings) Licensing Act, 1963.
- (11) Consultation by Police Department to grant "No Objection Certificate" to public places like kalyana mandapam.
- (12) Approval of areas for multi-storied building.
- (13) Consultation for the approval to install machinery in excess of 50horse power.
- (14) Approval for Harijan Housing schemes layouts.
- (15) Approval for Industrial Estate Layouts
- (16) Consultation in regard to Town Extension, congestion relief, etc. in the Madras Metropolitan Area.
- (17) Approving all civic proposal within the Madras Metropolitan Area.

2. Entrustment of Audit – The audit of the Accounts of the Madras (presently Chennai) Metropolitan Development Authority was entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Boards vide G.O.Ms No 598, Fin(LF) Department dated 03.08.1992, G.O.Ms No 904, Fin(LF) Department dated 06.11.1992

3. Scope of Audit – The audit is confined to a thorough check of all the records and registers. The transaction are of special nature requiring concentrated study of the projects, schemes, advisory reports and policies of the Madras Metropolitan Development Authority. The financial propriety and the proper utilization of the funds under its control shall be ascertained in audit. The performance-cum-efficiency Audit should be done.

The audit is undertaken on the accounts of the CMDA for the financial year commencing on 1st April and ending on 31st March of the succeeding year.

- A) The audit is undertaken on the basis of reduced quantum of checks. However, 100% audit is carried out in respect of receipts.
- B) 1) The receipts are traced from the printed receipts through the collection registers, cashbook bank reconciliation statements to the final accounts.
- 2) Similarly, the expenditures are traced from the vouchers through the cheque-drawn registers to the cash books, bank reconciliation statements to the final accounts.
- 3) Based on the vouchers, files are called for to examine in-depth the necessity, propriety, authority and other essential matters in respect of expenditure of a large or specialized nature.
- 4) The receipts are checked for their accuracy with respect to the amount demanded (rent, planning charges, maintenance charges, instalments, interest calculation etc).
- 5) The planning permissions sanctioned by CMDA for layouts, special buildings, multi-storeyed buildings, reclassification etc are audited and verified with reference to the Development Regulations (forming part of the Second Master Plan), Office Orders etc.
- 6) The Estimates, Tender files, Agreements, M-books etc are called for and thoroughly verified in respect of construction/maintenance work.
- 7) The allotments/cancellation of plots/shops in the various schemes are verified in Audit.
- 8) The entry-fees from buses, parking collections, advertisement collections, rent from shops, maintenance expenditure related to CMBT and CCCBT are verified in Audit.

- 9) The security deposit refunds/forfeiture related to planning files are checked in Audit.
- 10) The pay and allowances of the officers and staff are generally governed by the pay-fixation rules,scales of pay etc applicable to the Tamilnadu Government Employees.The amendments to the pay-scales,new schemes etc are extended to the Authority through government orders or government letters of the Fin(BPE)Dept.
- 11) The pensionary and retirement benefits of the CMDA employees are sanctioned by the Deputy Director, Internal Audit. The provisions of the Pension Rules.1978shall apply mutatis mutandis to the employees of CMDA.

4) General instructions – Before the commencement of audit, the auditors should read the Annual Report relating to the period under audit duly approval by the Madras Metropolitan Development Authority and sent to the Government as per G.O. Ms. No.1232, Rural Development and Local Administration, dated 25th June 1976 under section 70 of the Act and the Audit Report of the previous years. The auditors should also acquaint themselves with the Tamil Nadu Town and Country Planning Act, 1971 and the rules framed thereunder.)

5. Receipts and Expenditures – The transactions are broadly classified into two categories viz. Ordinary and Capital

A) Receipts (Ordinary) –

- (1) Rent for buildings.
- (2) Sale of lands.
- (3) Sale of Buildings.
- (4) Supervision charges
- (5) Interest on investments.
- (6) Interest on staff advances
- (7) Scrutiny fees
- (8) Forfeitures and fines
- (9) Lapsed Deposits.
- 10) Receipts from Schemes
- 11) Sale proceeds of copies of maps and schemes
- 12) Audit recoveries
- 13)Other Receipts.

B) Receipts (Capital) –

- 1) 0.25 % contribution from Local Bodies
- 2) Development Charges
- 3) Open Space Reservation Charges
- 4)Regularisation Charges

Apart from the above receipts, amounts are received under Deposits and Advances viz.

- 1) Security Deposits for Buildings
- 2) Caution deposits in respect of Information Technology Buildings
- 3) Earnest Money Deposits
- 4) Rent Advance
- 5) Sales tax,income tax and other statutory deductions

C) Expenditure (Ordinary)

- (1) Pay and allowances.
- (2) Pension and leave salary contribution.
- (3) Employer contribution to Contributory Pension Scheme
- (4) Travelling Allowances.

- (5) Uniforms.
- (6) Medical Charges.
- (7) Maintenance of Equipments and Machinery.
- (8) Fuel charges
- (9) Revenue expenditure of projects
- 10) Consultancy fees
- 11) Advertisement charges
- 12) Legal expenses
- 13) Local Body Assistance Programme and Community Based Environment Development
- 14) Consumables, stationery, postage, telegram

Expenditure (Capital)

- (1) Acquisition of lands and buildings, etc. for development purposes
- (2) Plant and machinery
- (3) Computers
- (4) Equipments.
- (5) Furniture and fittings.
- (6) Motor vehicles.
- (7) Library books.
- (8) Investments made.
- (9) Advances to staff.
- (10) Capital expenses on projects

6. List of registers and records - The following are the Registers and Records maintained.

- (1) Collection Registers and Cheque-drawn registers
- (2) Cash book.
- (3) Bank statements and bank reconciliation statements
- (4) Cheque book.
- (5) Remittance chalans.
- (6) Receipt books.
- (7) Ledgers
- (8) Allotment registers
- (9) Register of Security Deposit.
- (10) Advance Register
- (11) Register of Library Books.
- (14) Stock Register of consumable articles.
- (15) Sale Deed Issued Register
- (16) Log Books.
- (17) Register of stationery.
- (18) Service Registers of employees
- (19) Investment Registers
- (20) Planning permission issued Registers
- (21) Security Deposit Registers
- (22) Measurement Books

7) Types of levies and charges

1.) SCRUTINY FEES:

- a) It is collectable as prescribed by Government for planning permission applications for developments exceeding 300 sq.mts. @ Rs.1.50 per sq.mt. of built up area. If revised plan is submitted for the first time Re.0.75 per sq.m; for second revision it is Re.0.37 ½ paise per sq.m.

and for third revision it is Re.0.18.^{3/4} persq.m. Scrutiny fee once remitted shall not ordinarily be refunded as it is the service charge for the work done by CMDA.

b) Scrutiny fee for layouts and sub-divisions is collectable @ Re.0.07 ½ paise per Sq.m.

c) Scrutiny fee for reclassification – A lump sum of Rs.1,500/- for each case.

Publication charges for reclassification – A lump sum of Rs.7500/- for each case

2) Development charges

Under Sec. 59(1) of TNTCP Act 1971, every planning authority is empowered to levy charges (Levy of D.C.) on the use of land or building or development of any land or building for which planning permission is sought for under TNTCP Act 1971. According to Sec.63(2) of TNTCP Act 1971, interest is also collectable for belated remittance of Development Charges.

It is collectable according to the rates prescribed by Government from time to time. It depends on category of use (Institutional, Industrial, Commercial) and the area where the development is proposed to take place. (Continuous building area, Municipal area, Town Panchayat area, Economically weaker section area). Different rates are prescribed for land and building. (G.O.Ms.No.131, H&UD Department dated 25.03.1997) The Local Bodies to whom the powers have been delegated to accord planning permission up to Ground plus first floor are required to collect this amount in the form of Demand Draft obtained in favour of the Member-Secretary CMDA and send them every Friday to CMDA. The local bodies are eligible to collect 0.5% as service charges from CMDA. The development charges which is collected as per the provisions of TNTCP Act 1971, and credited into Planning and Development Fund Account maintained by the Planning Authority (CMDA) as stipulated under sub-Sec(4) Sec.65 of TNTCP Act 1971.

3) Open space reservation charges-

When the site extent is between 3000 sq.m. and 10,000 sq.m. the applicant has the option to pay Open Space Reservation Charges in lieu of reserving the open space. It is calculated at the Guideline value of the area prevailing at the time of demand of the charges.

For the first 3000 sq.m. of extent of site - Nil

Between 3000 sq.m. and 10000 sq.m. - i. 10% of area excluding roads.

ii. Shall pay the guide line value for 10% of the area excluding roads and excluding the first 3000 sq.m., as per the valuation of Registration Department. (Guide Line Value)

Above 10000 sq.m. - 10% of the area excluding roads shall be reserved and transferred to the Authority or to the local body designated by it free of cost through Gift deed.

4) Regularisation charges:

Where there has been unauthorized sub-division of the land or amalgamation of 2 or more plots, regularization charges are calculated as below:

Chennai Corporation Area	-	Rs. 75/ Sq.m.
Municipalities	-	Rs. 50/Sq.m.
Town Panchayats	-	Rs. 25/ Sq.m.

5) Infrastructure & Amenities charges:

The Govt. in G.O.Ms.No. 162, H&UD dated 01.06.2007 have introduced the collection of Infrastructure and Amenities charges for all developments or planning permission on or after 1.6.2007. The fee is collected by CMDA from the applicants and remitted into Government Account on a periodical basis.

The fee is collected at the following rates

S I. N o	Type of Building	Commissioner of Town and Country Planning			
		Chennai Metropolitan Development Authority			
		Chennai Metropolitan Area	Chengalp atu	Coimbatore Tiruppur and Kurichi	Other areas
(Rs. per sq.mtr.)					
1	<u>Multistoreyed Building</u> Commercial or Information Technology or Industrial or Institutional or combination of such activities	750	750	563	375
2	<u>Multistoreyed Residential</u>	375	375	375	375
3	<u>Other than Multistoreyed Building</u> Commercial Building, Information Technology building, Group development and Special building	375	375	285	188
4	Institutional Building(not covered under S.No.1)	150	150	113	75
5	Institutional Building(not covered under S.No.1)	225	225	169	113

6) Premium FSI charges:

Premium FSI charges are collected where the utilized FSI exceeds the normally allowable FSI for the development. Premium FSI is allowed as a % of normally allowable based on the road width as follows:

S.No.	Road Width	Premium FSI allowable (% of normal FSI)

i)	18 Mr.above	40%
ii)	12m below 18m	30%
iii)	9m below 12m	20%

The premium FSI charges are collected at the Guideline value of the area prevailing on the date of demand.

The premium F.S.I. area is calculated as below

S.No.	Where the normal F.S.I. is	Premium FSI area is
i)	1.5	$(\text{Utilised FSI area} - \text{Normal FSI area}) / 1.5$
ii)	2.0	$(\text{Utilised FSI area} - \text{Normal FSI area}) / 2$
iii)	2.25	$(\text{Utilised FSI area} - \text{Normal FSI area}) / 2.25$
iv)	2.50	$(\text{Utilised FSI area} - \text{Normal FSI area}) / 2.5$

7) SECURITY DEPOSIT :

It is collected @ Rs. 200.- per sq.mt. of floor area in respect of Special buildings and group developments and @ Rs. 400/- per sq.mt. for multi-storeyed buildings

- i) Special buildings ; Group development with 6 dwellings or more
- ii) Institutional buildings
- iii) Commercial buildings exceeding 300 sq.m. of floor area

The non interest bearing Security Deposit will be refunded on completion of the development as per approved plan and as certified by CMDA. If the development is not as per the approved plan and in violation of the Development Regulation., the S.D. will be forfeited after giving a show cause notice to the applicant.

8) CAUTION DEPOSIT :

It is collected for the development of land and building for the purpose of development of Information Technology Park, Computer Technology and Software Development. The caution deposit is collected @ 10% of the guideline value of the total land or 20 per cent of the guideline value of the land area equal to which additional floor area is availed, whichever is higher. It has to be remitted in the form of Demand Draft in favour of Member-Secretary, CMDA. It is a refundable interest bearing caution deposit which will be refunded after completion of 5 years subject to confirmation by a certificate from the designated authority that the construction is put into continuous usage for Information Technology Park for the said 5 years. The rate of interest

shall be on par with SBI's five year period fixed deposit rate which is in force on the date of drawal of demand draft.

9) Other levies include Layout Preparation charges, Reclassification Fees etc.

Interest is charged on payment of the above charges where the payment is made after 30 days from the date of issue of the demand letter.

BANK GUARANTEES :

The Security Deposit may also be remitted in the form of Bank Guarantee with the specific order of the High Court of Judicature, Madras in each case in favour of CMDA for a minimum period of five years which can be extended for a further period of five years. The Bank Guarantee will be invoked in case of violation of the DR or if the construction is made in violation of the approved plan. In case of construction as per plan, the Bank Guarantee is returned to the applicant.

AUDIT CHECKS

1. The Audit should verify the calculation of the fees/charges with respect to the rate applicable to the particular case under reference.
2. The open space reservation area should be carefully verified based on the total area, area for roads, type of development (authorized/unapproved) etc.
3. The guideline values, wherever applicable should be verified with reference to the website and the letter from the Sub-Registrar Office.

(8) Important definitions relating to planning permissions

(1)FSI - Floor space index

It means the quotient obtained by dividing the total covered area (plinth) on all floors by the plot area.

$$\text{FSI} = \frac{\text{Total covered area}}{\text{Plot area}}$$

2) Dwelling Unit

An independent housing unit with separate facilities for living, cooking, and sanitary requirements and may be a part of building.

3) Layout : Means division of land into plots exceeding eight in number

4) Sub-division: Means division of lands into plots not exceeding eight in number.

(5) Stilt Floor :- is a part or whole of floor at ground level or the height above the ground level where the building is on stilts

(6)Multi-Storeyed Building Means exceeding four floors or 15.25 metres in height in cases of hospitals buildings exceeding 4 floors and 17 metres in height will be construed as .. MSB.

(7)Group Development: Means accommodation for residential or commercial or combination of both housed in two or more blocks of building in a particular site.

(8) Special Building: a) Means a residential building or Commercial building with more than two floors.
b) Residential building with more than six dwelling unit or
c) a Commercial building exceeding a floor area of 300 Sqm.

(9)Plot : Means the area of continuous parcel of land enclosed by definite area over which the individual has legal right for development.

9) OTHER FEATURES/ASPECTS

A) CLASSIFICATION OF ZONES:

As per the the Master Plan/Detailed Development Plans, Chennai Metropolitan Area is classified into the following development zones. The developments shall be allowed only as per the regulations in respect of the Specified Zones.

SL.NO.	ZONE
1	Primary Residential
2	Mixed Residential
3	Commercial
4	Light Industrial
5	General Industrial
6	Special & Hazardous Industrial
7	Institutional
8	Open Space and Recreational
9	Non-Urban
10	Agricultural

B) TRANSFERABLE DEVELOPMENT RIGHTS:

[1] In certain circumstances, the development potential of the whole or a part of the plot/site may be separated from the land itself and may be made available to the land owner in the form of Transferable Development Rights (TDR) excepting in the case of existing or retention users, or any compulsory reservation of space for public purpose or recreational use or EWS/social housing etc. in the cases of subdivisions/ layouts/ special buildings/ group developments/ multi-storeyed buildings or such other developments prescribed in these Development Regulations.

[2] Transferable Development Rights (TDR) shall apply to cases, where a private land is required for- (i) any road widening/new road formation as proposed in the Master Plan or DDP, (ii) any traffic and transport infrastructure development such as bus stops/stands, metro rail, MRTS etc.

(iii) any urban infrastructure development such as water supply, sewerage, drainage, electricity, education, health, notified by

C) VALIDITY OF PLANNING PERMISSION:

The Owner of the land/Lease holder/Power Attorney Holder who has right over the land to be developed shall apply in prescribed forms to the Member-Secretary or such other authority or person as designated by the Authority.

The applications shall be scrutinized and processed as per the Development Regulations / Government Orders / Office Orders and other rules and if, the proposals satisfy the development norms, planning permissions shall be granted for the development. The validity of such planning permission is 5 years (3 years upto March, 2017) Such planning permission can be renewed for a further period of 3 years.

10)Receipts from Local Authorities –

Under Section 65(3) of the Act, all Local authorities including the Corporation of Madras (i.e.) (Panchayats, Township Panchayat, Union Council and Municipalities comprised within the Jurisdiction of the Madras Metropolitan Planning Area shall contribute a sum not less than one per centum of the general fund of such local authority to the fund account of the Madras Metropolitan Development Authority with effect from 1st April 1977. The contribution was reduced to 0.25% w.e.f 1998-99.

Audit Checks

1) Audit should verify whether the demand of 0.25% has been raised on the basis of the latest audited reports of the local bodies. The receipt of the contribution either through collection or adjustment through local body assistance programme should be ensured in audit.

11) Establishment

The pay and allowances of the employees are governed by the same rules relating to government employees. The pension proposals are submitted to the Deputy Director, Internal Audit and Pension Audit Certificate is issued by the Deputy Director, based on the Pension Rules, 1978.

The employees are governed by the Approved Service Regulations,1980 and the Draft Service Regulations,1988(as amended from time to time).

Audit Checks

The service registers are audited approximately 20% every year and 100% verification is carried out at the time of Pay Commission Revisions. The salary and arrear bills are verified. One month per half-year is chosen for 100% audit.

12. Register of Deposits –

The following four kinds of deposits are received by the Madras Metropolitan Development Authority.

- (i) Earnest Money Deposit collected from the contractors
- (ii) Initial Deposit collected from the allottees of plots and ready built houses at the rate of 25 per cent of the cost of the plot/ready built houses.
- (iii) Security Deposits collected from the applicants of planning permission

Audit Checks

- (1) Whether the Earnest Money Deposit has been actually paid
- (2) Whether the original remittance chalangans have been enclosed along with the application for the purchase of plots and ready built houses.
- (3) Whether the Earnest Money Deposit has been refunded, only on written application
- (4) whether the security deposit has been refunded only on issue of Completion Certificate
- (5) whether the Security Deposit has been forfeited on ascertainment of violations in the construction
- (6) whether security deposits unclaimed after 5 years have been taken to lapsed deposits account.
- (7) whether security deposits received in the form of bank guarantees are kept in safe custody and are renewed periodically.

(13) Investments

The funds of the Authority in excess of the immediate requirements are invested in various banks and financial institutions(both periodical interest and cumulative schemes). The investment register is maintained and the entries are carried forward year to year.

Audit Checks

- (1) The investment register should be verified every year and the page totals checked.
- (2) The postings of interest received should be carefully cross checked with the receipts.
- (3) The original deposit certificates should be physically verified.

(14) Special Projects

(A) As per G.O.Ms.No. 208/H&UD/dated 20.8.2002 the maintenance of Chennai Mofussil Bus Terminus was taken up by CMDA since November 2002. Maintenance estimates for the major items such as up-keeping, security arrangement, operation and maintenance of electrical system, operation and maintenance of water supply sewerage and fire fighting system and maintenance of common toilet along with L.S provisions for spares, insurance, property tax, electricity water charges etc. are prepared with the revenue generated through bus entry fee, vehicle parking fee, rent from shops, and lease rights for advertisement and landscaping.

(B) The wholesale market complex at Koyambedu is developed over an area of 295 acres, to house wholesale market in perishables, food grains groceries and textiles with all required amenities and facilities. The total No. of shops in KWMC are 2679. Besides there are 515 shop in the complex meant for Kiosk, Restaurant Godowns, Platform shops etc.

(C) New town developments in MaraimalaiNagar and Manali were undertaken with plots(residential and commercial and industrial) and ready-built houses which are allotted on drawal of lots and other means of allotment.

(D) An Iron & Steel Market at Sathangadu is developed for the benefit of wholesale iron and steel traders.

Audit Checks

- (1) The allotment files should be verified and the receipt of initial deposits ensured.
- (2) The rent from shops should be verified and it should be ensured that interest is collected on belated payment of rent.
- (3) The annual renewal of rental agreements should be verified.
- (4) The collection of entry-fees from transport corporations should be verified.
- (5) The list of unallotted/vacant/cancelled plots should be verified annually.

(15) CMDA BUDGET:

As per Sec. 68 of TNTCP Act 1971, the CMDA has to prepare the Budget for the financial year showing estimated receipts and expenditure and place it before the Authority for approval. After obtaining the approval of the Authority it shall be forwarded to Government for final approval.

(16) Accounts and Audit

(A) A concurrent Audit Unit consisting of Deputy Director – One; Inspectors – Three; Assistant Inspector – Three; was sanctioned for the audit of CMDA by Government. The defects noticed during the course of audit are communicated to the Member-Secretary, CMDA in the form of audit slips which are subsequently transferred as Audit Paras and included in the Audit Report or Audit Notes as the case may be depending on major / minor nature of the objection.

In G.O.Ms.No.839 H&UD (U.D.III) Department dated 16.12.1994 the Government had prescribed the following calendar of dates for finalisation of Annual Accounts before the Legislative Assembly.

A	Submission of Annual Accounts to Audit in complete shape	On or before 30 th JUNE.
B	Issue of Audit Report	On or before 31 st OCTOBER
C	Submission of printed copies to Government	On or before 31 st DECEMBER
D	Placing the audited Annual Accounts and Audit Report before the Legislature by Government.	On or before 28 th February. If the Assembly is not in session, in the session immediately following.

(B) **Audit Fees:** The Audit fee in respect of CMDA is worked out on actual cost basis.

(C) The accounts of the Chennai Metropolitan Development Authority are prepared on Accrual-Based-Double Entry Book-keeping basis w.e.f 2014-15. The Balance Sheet and Income & Expenditure Statements are prepared alongwith trial balances and submitted to Audit with the requisite schedules.

Audit Checks: The figures shown in the balance sheet and income statements should be thoroughly verified with reference to the Asset Registers/Cash Books/Investment Registers/Stock Registers and Certified Bank Statements.

The accounting entries and classification of assets and liabilities should be verified for conformity with generally accepted accounting principles .

CHAPTER IV

THE TAMILNADU KHADI AND VILLAGE INDUSTRIES BOARD OFFICE

1.The comprehensive cent percent internal audit of the transactions of the Tamilnadu Khadi and Village Industries Board was entrusted to the Chief Auditor, State Trading Schemes in G.O. Ms.No.1367 Rural Development and Local Administration dated 14th June 1965. The Audit of the transactions at the Board Secretariat is conducted from the year 1968-69 onwards.

2. By virtue of the amendments issued in G.O.Ms.No.6& 7 Industries (Khadi and Village Industries Department) dated 27th May 1977 to sub-rules (1) and (2) of rule 6 of the Tamilnadu Khadi and Village Industries Board (Accounts and Audit) Rules 1968, the Chief Auditor, State Trading Scheme has been appointed as the statutory auditor of the Tamil Nadu Khadi and Village Industries Board in the place of the Accountant General, Madras with effect from 1st April 1977. As per G.O. MS.No.598 Finance (Local Fund) Department dated 03-08-1992 the Audit has been entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Boards, with effect from 01-10-1992. The Sailable Features of duties and responsibilities developing on the Chief Internal Auditor consequent on this amendment are enumerated below.

(i) The Chief Internal Auditor shall generally exercise all the powers and functions of statutory Auditor in regard to the accounts and transactions of the Board.

(ii) The Board shall render to the Chief Internal Auditor annual statement of accounts, profit and loss account and the Balance sheet in the prescribed form within 5 months after the final and supplemental accounts for the financial year are closed. The Chief Auditor shall certify to the correctness of these statements and accounts.

(iii) The Chief Internal audit and Chief Auditor of Statutory Boards shall prepare an abstract of the audited accounts (Receipts and charges and Balance Sheet) and submit to the Government two copies thereof with the audit report.

(iv) The Chief Internal audit and Chief Auditor of statutory Boards shall forward to the Board and Government the audit report. The Board shall rectify the defects and irregularities and report to the Government the action taken thereon within a reasonable time of the receipt of the report of the auditor.

(v) The accounts of the Board as certified to by the Chief Auditor and the Audit Report shall be forwarded annually to the Government before the 1st October of the following year or within such time as the Government may permit. The accounts and Audit Report furnished by the Chief Auditor to the Board shall be placed on the table of both the Houses of Legislature (sub-rule 6 and Circular Rc.No.7820 / A1 / 77, dated 1st August 1977 of the Chief Auditor).

3. The Audit is conducted at the Board Office. The Chief Executive Officer exercises the powers vested in the erstwhile Secretary, Village Industries and the Director of Khadi (Vide Regulation issued in Khadi Board proceedings Ms.No.37, dated 22nd February 1980 read with G.O.Ms.No.1643 Industries dated 15th November 1979).

4. Till 30th June 1974, the funds of the Board were lodged with Government and withdrawals made on details bills drawn at the Pay and Accounts Office, in the city of Madras and at the Treasuries in the Districts. Due to segregation of Board funds from the Government Account with effect from 1st July 1973 the funds of the Board are lodged with Canara Bank, Indian Bank and the Bank of Madurai Limited (From June 1976, the Board ceased to have transactions with the Bank of Madurai Limited) Originally, the accounts of the Board were compiled by the Pay and Accounts Officer, Madras. In the revised system of lodgement of funds and compilation of accounts is done by the Board itself.

5. The main items of receipts and charges under Khadi and Village Industries funds at the Board Secretariat are noted below :-

RECEIPTS

- Recoveries of overpayments.
- Loans, Grants and Rebates / Subsidies received from the Khadi and Village Industries Commission Bombay for various, Khadi and Village Industries schemes.
- Loans, Grants and Rebates / subsidies received from the State Government for different Village Industries schemes towards floods, cyclone relief etc.
- Profit from Trading Activities.
- Not cost Grant sanctioned by the State Government to cover the revenue deficit In Khadi and Village Industries Funds.
- Rent and other service charges from the Buildings owned by the Tamilnadu Khadi and Village Industries Board.

- Recoveries of Loans and Interest on loans, granted to Co-operatives, Individuals, Registered Institutions, federations, etc.
- Deposits and Advances.
- Other miscellaneous receipts.

EXPENDITURE

- Pay and allowance of staff.
- Contingent charges such as stationery, electricity charges, telephone charges, motor vehicles maintenance charges, rent, service postage, transport charges etc.
- Expenditure on publicity and propaganda.
- Expenditure on maintenance of Buildings including property Tax, Water and Drainage Tax, Electricity charges, water charges, maintenance of electrical installation etc.
- Interest on loans from the State Government and Khadi and Village Industries Commission.
- Capital works expenditure as per Budget possession.
- Repayment of loans to Registered institutions, individuals and co-operatives.
- Repayment of loans to Khadi and Village Industries Commission, State Government and Banks.
- Deposits and advances.
- Payment of compensation to workers, staff etc.

6. Scope of audit – The scope of audit at the Board Office comprises check of the following aspects.

GENERAL

- Realisation of various loans and grants, subsidies, debates etc. due from the Khadi and Village Industries Commission, State Government, Banks, Local Bodies and their utilization.
- Recovery of loans and advances disbursed to date Palmgur Federation, Individuals, Registered institutions, Industrial and Co-operative Societies, etc.
- Review of the loans and grants disbursed by departmental officers for implementing Khadi and Village Industries Schemes including Welfare Schemes, Training Programmes, exhibitions, Trade fairs and Seminars.
- Review of the loans and grants disbursed by the departmental offices for implementating several centrally consored schemes such as Employment promotional programmes, physically handicapped Plan Schemes for the construction of Khadi Emporia, Godowns, Sheds, for the benefit of scheduled castes and scheduled tribes, for purchase of accessories, Charkhas, Looms, tools and implements for machines for starting Khadi and Village Industries Units and for implementing new projects.
- Recoveries of various loans and advances granted to the Board Staff.
- Realisation of rent, other service charges (Phone and Electricity) from the allottees of Kuralagam Buildings.

- Purchase of cotton, silk, wollen and other raw materials, expenditure incurred in different Khadi and Village Industries Schemes, and new projects, exhibitions, seminars, trade fairs, training schemes, etc.
- Review of the working of the multifarious trading and non-trading activities of the Board, resources of the Board, state of accounts, working results of the departmental units, credit sales of Khadi and Village Industries products, amount due to the Board towards shortages, defalcations, misappropriations, result of physical verification including shop soiled, damaged, condemned goods, and stagnant stocks.
- Accounts Maintained by the Accounts Officer in the Board Secretariat. – The scope of audit in respect of receipts and charges of the Board Office is conducted with reference to the original paid vouchers maintained at the Board Office in respect of payments made by Senior Accounts Officer (Accounts). The main checks are indicated below :

RECEIPTS

- Check of rent, recovery of overpayments, recovery of advances, loans and grants and other miscellaneous receipts and receipts by voucher adjustment accounted for in the miscellaneous cash Books I and II.
- Check of receipts under grants, and loans from the Khadi and Village Industries commission, State Government Banks and interest on investments, securities and the funds deposited with the nationalized banks

CHARGES

- check of bills for salaries and allowances, medical charges, travelling allowances, medical and other claims relating to the officers and staff of Board Office.
- check of contingent Bills pertaining to maintenance of Kuralagam Buildings.
- check of Interest and non-interest bearing advances bills drawn such as pay, tour advance, provident fund advance, festival advance, advances for marriage, bicycle conveyance, House Building, Higher Education, Khadi and Village Industries, Flood, etc.
- check of special advances granted under K.B.P. MS.NO.673, dated 28th September 1974 and permanent advances.
- check of vouchers for the purchase of raw materials, silk, cotton, etc., required for all the units of the Board.
- Check of repayment of loans, and grants to Khadi and Village Industries Commission, State Government Banks and adjustments made between grants, loans, imprest etc.
- Check of disbursement of loans and grants to federations, Industrial co-operatives, individuals, registered institutions and their proper utilization.

- Check of refunds of advances and deposits.
- Check of contingent bills relating to recurring charges, uniforms, stationery and printing, maintenance and repairs to motor vehicles, taxes and fees and work bills.
- Check of miscellaneous Bills relating to freight, contributions, honorarium, etc.

8. Provident Fund Accounts of the Board employees : -

The Audit of Provident Fund Accounts of the employees comprises an examination of following records and registers maintained in the fund section of the Board.

- Register of subscribers.
- Provident Fund Broad Sheet.
- Provident Fund Ledgers.
- Provident Fund-Receipts and Expenditure Cash Book.
- Miscellaneous Cash Book.
- Register of Encashments.
- Credit Schedules
- Debit Vouchers.
- Reconciled Statement between Broad Sheet and Cash Book.
- Closed Accounts – files.
- Alphabetical Index Register of subscribers.

In G.O. Ms.No.2161 R.D.& L.A. dated 6th November 1969 the Government approved the General Provident Fund Regulations of the Board under sub-section (1) of section 30 of the Tamilnadu Khadi and Village Industries Board Act, 1959.

9. Audit of Pension Payments – The audit of pension and gratuity payments comprises an examination of the following registers and records maintained in the Pay and Accounts section of the Board and under the control of Senior Accounts Officer (Rules).

- (1) Register of pensioners.
- (2) Pension Audit Register.
- (3) Family Pension Audit Register.
- (4) Death cum-Retirement Gratuity Register.
- (5) Provisional Pension Register.
- (6) Pension Bills Register.
- (7) Money Order – Receipts and Acknowledgements received from the payees.
- (8) Pension and death cum retirement Gratuity sanction files.
- (9) Classified Abstract of Receipts.
- (10) Classified Abstract of Charges.

It should be seen in audit that the payment of pension and gratuity are in accordance with the order of Tamil Nadu Government issued in respect of the Government Servants and as amended from time to time and as approved by the Board, in as much as no regulations have been framed by the Tamil Nadu Khadi and Village Industries Board. It should be seen that the Instructions in the Tamil Nadu Treasury Code in the matter of payments are generally followed.

10-1 Revised Accounts Maintained by the Accounts Officer – (Bills and Accounts) – After the introduction of revised accounting procedure with effect from 1st July 1973, the daily transactions of the units of the Board are checked at the unit level. The monthly abstract of Receipts and Charges duly reconciled with the Remittance and Drawing Accounts at the unit level are sent to Audit for counter check of the consolidated booking of accounts and the reconciliation of the account balance with the bank balance at the Board level. From 1st April 1975, the monthly abstract of receipts could be reconciled only with the Remittance scrolls sent by the Board since the remittances are centralized.

The correctness of receipts, remittances and vouching of payments are generally checked at Board's level with reference to the abstract of receipts and charges, lists of cheques / drafts unrealized, list of mail transfers, extract of remittances etc., sent by the moffusil Inspectors at the time of checking the consolidated booking of accounts and bank reconciliation. The checks and counter-checks be exercised on the monthly accounts received from District Inspectors (STS) at the Board Office level are indicated below :

10-2. Receipts – Under the revised accounts system the funds of the Board are lodged in the nationalized Banks from 1st July 1973. All moneys received from the various officers in the moffusil as well as in the city are remitted to the Remittance account opened in the respective branches of nationalized Banks. The Branch Banks with whom the remittances are made are instructed arrange for mail transfers of the remittance accounts their respective Head Office Banks at Madras. Thus the remittance Account of the Board with the nationalized banks was operated only by the Board. The reconciliation of the remittance accounts with the respective bank accounts has to be done by the District Unit Officers and audited by the Inspectors in the Districts units and City units. As per Board, Memo. R.C.No.30096 / AI (S) / 80, dated 21st March 1975, the cash collections of the units of the Board need not be remitted in the Remittance Account by Mail transfer to the main account from 1st April 1975. Whenever the collections exceed Rs.100 or once in a week the Cash Collections of the units should be remitted into the respective branches of the Banks specified by the Board for each unit and Demand Drafts obtained. The Demand drafts should be sent to the Board for crediting the amounts to Board's Bank Accounts. The cheques or drafts received from the parties by the units are also transmitted to the Board Central Office for eventual realization and credit to the Board's Accounts. As per Khadi Board's Memo No.46570 / Budget / 5 / 75 dated 11th January 1977, the Accounts Officer (Funds) has to send every month a Monthly Scroll for the receipt of cheques / drafts to all the drawing officers of the Board duly enclosing a list of cheques and drafts received from them and accounted for in the Board's Remittance Account. The receipts are entered in the Cash Book and other subsidiary registers and classified under Posting Register of Receipts in the District Unit Officers. The district officers in turn have to furnish a monthly account of receipts under different

heads of account with statements of remittances to the Board on or before 10th of succeeding month to compile the accounts at the Board Office. Before forwarding the monthly account they have to verify the monthly scrolls of the Board and ensure the correctness of Remittances made into the Board's Remittance Account.

They have also to send an abstract of transactions under major heads under receipts, bank reconciliation memo for receipts, list of mail transfers credited, list of unrealized cheques and drafts etc., to the Inspectors. The Inspectors in mofusil station should check these statements in respect of their audit units and forward the checked statements to the Inspector Khadi Board, who should check the district remittances with the Central Remittance Accounts.

As regards the Board Office, the daily cash collections are remitted into Canara Bank and demand drafts obtained and forwarded to the Funds Section. The cheques and drafts received from the parties are also sent to the Funds Section for realisation. Thus all receipts of the Board are remitted into the Board's Account by means of drafts and cheques only and the acknowledgements of the Funds Section in the Board Office obtained. The receipts are entered in the Cash Book and other subsidiary registers and finally classified in the Posting Register of Receipts. According to Memo, No. KB / PAI / 44 / 390 dated 18th August 1975, the Accounts Officer (Accounts) has to send a copy of the Reconciled statement of Receipts and this statement has to be verified in detail.

10-3 Payments. – At present the District Unit Officers are provided with funds which are deposited in the branches of the nationalized banks specified for each unit. Funds are replenished on furnishing statement of Expenditure to the Funds Section of the Board. For cheques drawn by the unit officers from the respective drawing accounts the vouching the payment and the reconciliation are done and checked in audit at unit level. The monthly accounts of charges under different heads of accounts along with the reconciliation statements are sent to the Board on or before 10th of the Succeeding month for consolidation.

The procedure of payment is different in the case of Board Office where the Accounts Officer (Accounts) is the drawing officer. He presents the bills to the Accounts Officer (Bills) who is manning the pay and Accounts Office Section of the Board. He pre-audits the claims and issues cheques in favour of the Accounts Officer (Accounts).

The Accounts Officer (Accounts) in the Board Office has to maintain a Posting Register of Expenditure and subsidiary registers for all the bills drawn by him. He has also to furnish to reconciled statement of expenditure to the Inspector Khadi Board and this statement has to be verified in detail. The reconciled statement of receipts and expenditure furnished by the Accounts Officer (Accounts) will be cross-checked with reference to the Remittance of Accounts of the Accounts Officer (Funds) and Drawing Accounts of the Accounts Officer (Bills) and the correctness of receipts and charges booked is ensured.

In order to check the monthly accounts under the revised accounting system of the Board Office, the following statements are to be obtained from the mofusil Inspectors and Inspector of the City including the Khadi Kraft.

- Monthly Abstract of Transactions under major heads under receipts and charges.

- Bank Reconciliation Memo, for receipts and payment.
- List of mail transfers credited in the Drawing Account.
- List of cheques and drafts sent by the District Office not realized as per the Boards Remittance Account.
- In the case of city, copies of the reconciled statements of Receipts and charges from the Khadi Kraft Accounts Officer (Accounts) Regional Deputy Director and the Assistant Director, Madras.

The check of monthly accounts involves the check of following registers and records kept in the Board Office.

- Monthly accounts of receipts and charges from the Districts.
- Monthly classified abstract of receipts and charges.
- Consolidated classified abstract of receipts and charges.
- Transfer Entry Register.
- Reconciliation Register.
- Reconciliation files (month-wise)
- Bank Scrolls.
- Remittance Registers.
- Counterfoils of cheques.
- Cash Books.
- Scroll Register
- Register of cheques / Drafts dishonoured
- Extracts of the statement of Form No.2, (maintained in the Budget Section)
- Register of Mail transfers issued.
- Register of cheques drawn.
- Abstract of cheques drawn.

As the monthly accounts of the District Units are checked in a detailed manner by the mofussil Inspectors no detailed examination of monthly accounts by the Inspector Khadi Board is necessary. However the following additional checks have to be exercised by the Inspector at the Board Office.

- Check of consolidated statement of receipts and charges, abstract of receipts and charges and classified abstract received from the mofussil audit offices.
- Check of receipts and charges Reconciliation Register, and reconciliation of discrepancies.
- Check of monthly classified abstracts with reference to the consolidated abstract of the Board.

- Check of remittances of the Drawing Officers with the remittance and scroll registers of the Funds Section in the Board Office.
- Check of mail transfers effected by the Board to the drawing accounts of the drawing officers.
- Verification of Board sheets pertaining to the interest bearing advances, deposits, loans, unfunded department heads including individual wise accounts kept in Board Office with reference to the schedules.
- Verification of lumpsum Board sheets on Khadi, F.A. etc., with reference to lumpsum schedules available in the monthly accounts.

11. Drawing Accounts of the Accounts Officer (Bills) – In the city of Madras there are three drawing officers : namely, the General Manager, Khadi Kraft, the Accounts Officer (Accounts) in the Board Office and the Regional Deputy Director, Madras The Accounts Officer (Bills) is the sole paying officer for the payments in respect of the bills presented by these drawing officers. The Accounts Officer and the Pay and Accounts Section in the Board Office preaudit the payments and issue cheques to these drawing officers. To meet the claims of these drawing officers the Accounts Officer and the Pay and Accounts Section are provided with funds in the Drawing Accounts” deposits in Indian Bank. The monthly withdrawals from this Drawing Account are consolidated at the Pay and Accounts Section and the monthly bank reconciliation statement prepared. Hence the reconciliation of charges could not be done at the respective unit level. The correctness of claims, stock entries and cent percent detailed audit are done locally in the respective units offices, with references to the office copies of the bills.

In the city-based units, the classification of expenditure relating to each unit is checked only with reference to the Posting Register of Charges and connected subsidiary registers available in the institution concerned, As regards city payments booked by the Pay and Accounts section under the Drawing Accounts, the Inspector Khadi Board Unit Should trace all the payments made by Accounts Officer (Bills) with reference to the original paid vouchers, and counter-check so as to ensure whether the monthly statement of charges furnished by the City units are abstracted correctly and the total withdrawals made from the Pay and Accounts section of the Board agreed with the Bank. This procedure has been prescribed as the Board desired that their should be uniformity in the audit of all the institutions and audit should be done with reference to paid vouchers. In order to examine the drawing Accounts of the Accounts Officer (Bills) by the Inspector Khadi Board it is imperative that a statement of charges has to be prepared by each city based unit and furnished to the respective Inspector for check and transmission to the Inspector Khadi Board for cross verifications.

The following registers and records are maintained by the Pay and Accounts Section : -

- Cash Book of Expenditure
- Cheque Books
- Register of Cheque Books.
- Bank Scrolls

- Adjustment Register
- Paid vouchers
- Debit Vouchers – Advances
- Credit Vouchers – Advances
- Outstanding Advance Register
- Register of Payments (Khadi Fund)
- Register of Payments (Village Industries Fund)
- Register of Deductions
- Rough list
- Board Sheets
- Register of stamped acknowledgements for the City Payments.

ANNUAL ACCOUNTS OF THE BOARD

12.1 Nature of Transaction – The Khadi and Village Industries Board was constituted under the Tamil Nadu Khadi and Village Industries Board Act 1959 with effect from 15th September 1960. The activities of the erstwhile Khadi Department as a part of the Industries Department have been taken over by the Board with the objective of running the Khadi and Village Industries. The Board has also been entrusted with the organization of industrial co-operatives, co-operative societies for Artisans, and registered institutions in the production of Khadi and Village Industries providing technical advice for the schemes implemented under training of Artisans. The Board is also responsible for the development of Khadi and Village Industries Schemes for the benefit of scheduled castes, scheduled tribes, unemployed, down-trodden people, orphans, etc., and thus the transactions of the Khadi and Village Industries Board are multifarious and diverse. There are several manufacturing units of Khadi and Village Industries. Various processes ranging from purchase of cotton to conversion into Khadi cloth are involved under the Khadi Schemes and several village industries products are manufactured and marketed under the Village Industries Schemes. The nature of transactions is the basic factor for the accounting procedure and preparation of commercial proforma accounts.

Accounting is done unit wise in the case of village Industries, since both debits and credits in respect of all types of transactions in the units such as footwear soap, paper, etc., emanate at their respective units. But in the case of Khadi Wing, the unit of accounting is based on each process in the production and marketing of Khadi and silk goods. In order to gauge the viability or the profitability of each unit, such procedure has been followed. The final accounts of Khadi or Village Industries Unit consist of a manufacturing account, a trading account, a profit and loss-account and a balance sheet. The final figure for each unit is compiled with reference to the cash lodger account and subsidiary registers maintained by the Assistant Directors. The unit figures are consolidated at the State level. The total withdrawals and remittances of each unit are agreed

with the figures booked at the State level by the Pay and Accounts Sections of the Board, which is responsible for the accounting of the Board transactions.

12-2 The Government in consultation with the Accountant General, Tamil Nadu have prescribed the following detailed sets of proforma accounts to conform to the norms prescribed by the Khadi and Village Industries Commission.

KHADI ACCOUNT

- Receipts and Charges Accounts for Trading and non-trading activities.
- Income and Expenditure Account for non-trading activities.
- Khadi Textile Manufacturing Account.
- Silk Khadi Textile Manufacturing Accounts.
- Textile Trading Account for Khadi and Silk
- Profit and Loss Account.
- Balance Sheet for trading activities
- Balance Sheet for non-trading activities.
- Consolidated Balance Sheet for Khadi Account.
- Village Industries Account.
- manufacturing accounts for accounts for each industry
- Consolidated Trading Account.
- Profit and Loss Account.
- Balance Sheet for Trading Activities.
- Balance Sheet for non-trading activities.
- Consolidated Balance Sheet for Village Industries Account.
- Receipts and charges statement for trading and non-trading activities.
- Income and Expenditure statement for non-trading activities.

It could be seen from the above that the Annual Accounts (Consolidated commercial Proforma Accounts of Khadi and Village Industries Funds) are prepared on a three-tier system namely the compilation of accounts at the State level for trading activities and preparation of the accounts for non-trading activities with reference to the actual figures booked by the Pay and Accounts Section in the Board.

12-3 In respect of the Khadi Units the following statements have to be obtained from the district offices and the proforma accounts compiled ;-

- Sales summary with details of gross sales, rebate allowed, refunds made, welfare fund adjusted and net credit and cash sales.
- Demand Collection and Balance statement for credit sales with details for arrears and current.
- Closing Stock for cotton, yarn, yarn with weavers / dyers, silk, woolen, Kora, bleached Khadi Readymades, packing materials, Raw materials at the making units other materials, Dyes and Chemicals, Spare Parts, Tailoring materials, fuel, stationery etc.
- Production abstracts with details of kora, Khadi produced including mattresses and pillows, Readymades and issue of materials.
- Demand Collection and Balance statement for recovery of shortages from staff.
- Statements showing details of discharged and pending payments in respect of Khadi Krafts, Rural Textile Centres, Rural Textile subcentres, Dyeing and Bleaching units, Khadi centres, godowns etc.
- Linking statement of expenditure for silk units (manufacturing charges).
- Linking statement of expenditure for Khadi units (manufacturing charges)
- Linking statement of expenditure for Khadi Selling units (Trading Charges)
- Linking Statement of Receipts
- Statement of Rebates and subsidies
- Statement showing under-transfers of stocks
- Statement of Assets and Liabilities
- Statement of Deposits and Advances
- Closing stock of service stamps
- Schedules of yearwise Debtors and Creditors
- Closing Balance in Banks, and on hand
- Demand, Collection and Balance Statements for loans, interest and penal interest.

Similarly in the case of Village Industries units, the following Accounts have to be obtained and Proforma Accounts compiled.

- Industry wise manufacturing Account.
- Industry wise Trading and Profit and loss accounts
- Trading and profit and loss Accounts in respect of selling units.

Checking the IT Consolidated proforma Accounts

- The classification of receipts and charges under trading and non-trading activities under Khadi and Village Industries funds are In order.
- The allocation of common expenditure such as rents, supervisory charges, establishment, other contingencies etc., has been worked out on the lines prescribed by the Board.
- The closing stocks under village Industries and Handicrafts articles have been valued on cost price or market price whichever is less. In as-much as no uniform procedure has been adopted by the board in adding the margin of profit on various items under Village Industries and Handicrafts articles and the margin of profit added differs from article to article, the value of closing stock has to be arrived at by reducing a suitable percentage to be fixed by the Board.
- The creation of general reserve, price fluctuation reserve, depreciation reserve and other reserve funds should be sanctioned by the Board and approved by the Government
- The percentage of depreciation and appreciation of assets included under the Profit and Loss Accounts of Khadi and Village Industries funds should be worked out on the percentages fixed by Board and the Government.
- The details of Rebates and subsidies, Loans and grants, advances and deposits etc., should be reflected in the respective funds as per the statements enclosed.
- The details of D.C.B. figures under 'shortages' and credit sales under Khadi and Village Industries products should be correct.
- The non-trading accounts should be prepared at the Board Office based on the actual of receipts and charges booked by the Pay and Accounts section by including the figures taken for trading account, and
- The revision of cost chart of Khadi should have been implemented during the periods specified.

Subsidies and Grants due from the Khadi and Village Industries Commission mumbai, The following are the main items of grants and subsidies realizable from the Khadi and Village Industries Commission

- Grant for propaganda and Publicity

- Grant for Khadi Gramodyog Vidyalaya
- Weaving Wages subsidy
- Rebate on sale of Khadi
- Processing subsidy
- Managerial grant
- Other Grants for various industries under Khadi and Village Industries Schemes as agreed to by the Khadi and Village Industries Commission.

It should be seen in audit

- Whether the rebate, subsidies and grants due from the Khadi and Village Industries Commission are consolidated with reference to monthly statements obtained from the Assistant Directors of Khadi and Village Industries and other officers like Managers of Silk Production Centres and Dyeing, Printing and Bleaching Units and a consolidated claim is preferred to the commission periodically by the Board.
- Whether the realization is properly watched.
- Whether the realization is entered in the Register of Loans, Rebates, Subsidies and Grants realized from the Khadi and Village Industries Commission.
- Whether the amount realized through Bank draft is entered in the Register of Bank Drafts / Cheques received and remitted into Board's Account promptly.
- Whether the amount realized is intimated correctly to be concerned units for incorporation in their accounts.
- Whether action is taken to realize the arrears, if any in time.
- Whether a Demand Collection and Balance abstract at the end of each year is arrived at and closed over the signature of a responsible official.
- Whether the balances outstanding at the end of each year is carried forward to the next year register and
- Whether the proceedings of the Board are issued for each industry, specifying the amounts and terms and conditions under which the loan or grant was sanctioned and whether the utilization certificate was obtained and forwarded to the Khadi and Village Industries Commission.
- Grants from The State Government- so far as the State Government is concerned, net cost grant is sanctioned every year which should be adjusted towards net cost grant due for each year. The assessment of net cost grant under Khadi and Village Industries Schemes is made as

per G.O.MS.No.202 Industries Department, dated 3rd March 1978 as amended from time to time. It should be seen in audit whether the adjustment of net cost grant due is done with reference to the formula fixed by the Government.

- Other Grants – In respect of other grants sanctioned by the Government for specific purposes such as grant for Harijan Welfare Schemes, Rebate for sale of Khadi, grant for supply of accessories, implements, grant for rehabilitation of the physically handicapped, grant for hill-area development, tribal development programmes, etc., it should be seen in audit :

(a) whether the conditions governing the grants are fulfilled,

(b) Whether the grants are utilized according to the terms and conditions prescribed with ceilings, if any,

(c) whether any unspent balance is available and if so, whether the refund is made or its subsequent utilization is done with the specific orders of the Government for its retention beyond the time limit prescribed.

(d) whether the certificate of utilization of grants by the subordinate officers and co-operatives are obtained and a consolidated report sent to the Government in time and,

(e) whether the grants realized are credited to Board's funds.

16. Recovery of loans granted to the Local Bodies and registered institutions. – Generally, the loans are granted to Local Bodies and registered co-operatives and their recoveries are watched by the concerned Assistant Directors of Khadi and Village Industries. In respect of cases action is taken at Board's level for their realization .It should be seen

(1) whether the amount realized is credited to the Board's funds promptly.

(2) whether the particulars of realization are intimated to the concerned Assistant Director of Khadi and Village Industries.

(3) whether a loan Ledger in respect of loans disbursed to the Palmgur Federation is maintained at the Board Secretariat, and

(4) whether quarterly Demand Collection and Balance statement for the outstanding interest due. Interest over-due etc., in respect of co-operatives are received at the Board and consolidated. The position has to be reviewed at the time of annual audit and suitably commented upon in the audit report.

17. Interest of Bank Deposits of the Board – Originally the funds of the Board were lodged with the Government Treasuries and the Government allowed interest on the deposits of the Board. Now due to lodgement of funds of the Board in the nationalized banks, interest at prescribed rates are due on the amount deposited with the Banks.

It should be seen in audit whether the interest due on the deposits made by the Board in the Banks are realized properly at the prescribed rates.

Deposit of Funds by Board – When the amount held In the Banks are not required for immediate utilization, it can be deposited in Term Deposits or Fixed Deposits to earn higher rate of interest. The fixed Deposits / Term Deposits so deposited are entered in a Register of Investments. It should be seen in audit

- Whether the interest due on these fixed and term deposits are realized promptly
- Whether such deposits are either withdrawn or renewed on due rates.
- Whether the Fixed Deposits – Term deposits documents are kept in safe custody, and
- Whether the balances in the bank accounts and required for immediate use are assessed properly by working out a quarterly cash flow which should be kept upto date in the light of monthly figures of receipts and charges, and invested in short term deposits or Fixed Deposits.

19. Rent and other service charges from Kuralagam buildings is realized at the rates prescribed by the Board in K.B.P.Rt.No.11, dated 16th January 1974 as amended from time to time. It should be seen in audit.

(1) whether all portions of the buildings are properly let out and as and when a new tenant occupies a portion, demand is raised from the date of occupation.

(2) whether an agreement is got executed with the tenant for the prompt payment of rent, electricity, other service charges, etc.

(3) whether the rent due from each tenant is calculated with reference to the area occupied by them and demand notices issued every month promptly.

(4) whether the demand for each month is entered in the Demand, collection and Balance Register.

(5) whether the demand for the electricity and other charges is raised with reference to actual consumption by the tenants and demand notices are issued promptly.

(6) whether the amount due is realized promptly and the collections properly noted in the Demand, Collection and Balance Register.

(7) whether the Demand Collection and Balance Register is closed at the end of each year and certified to by a responsible official.

(8) whether the balances pending realization at the end of each year are carried over to the Demand Register for the next year and their realization watched.

(9) whether action is taken to realize the outstanding dues, and

(10) whether a Register of Buildings and other immovable properties of the board is maintained with updates entries.

20. Deposits and advances. – The transactions under these items can be classified as –

a. receipts and refunds under deposits of the contractors, Earnest Money Deposits, Caution Deposits and Staff Security Deposits.

b. Payment to and recovery of advances like Festival Advance, Khadi Advance, Conveyance Advance, House Building Advances, Marriage Advances etc., from the staff.

c. Recovery of subscriptions to the General Provident Fund, payment and recovery of temporary withdrawals from the General Provident Fund and part final and final withdrawals.

d. Recovery of items and related to Board's debt account viz. recoveries of General Provident Fund, subscriptions and loans from the Government Servants deputed to the Board, recoveries R.D. Collections, L.I.C. Premium, Co-operative Society's dues and other recoveries and their remittance to proper recipients thereof.

20-A. Audit of deposits – It should be seen in audit

- Whether the deposits collected are entered in the Register of deposits and the yearly total of receipts agree with the account figures.
- Whether the Register of Deposits is closed, the outstanding balances under deposits are certified to at the end of each year, and the totals agree with accounts figures.
- Whether the refunds are properly entered with reference to payment vouchers, and noted against the original entry in the Deposits Register to guard against any possible double refund.
- Whether the balance at the end of each year is carried over to the Deposits Register of subsequent year and
- Whether any items for which details are known are unnecessarily classified under deposits.

20-B. Audit of advances – It should be seen in audit

- Whether in respect of all advances sanctioned, the conditions prescribed in the rules in force are fulfilled and the advances are properly entered in the Register of advances maintained separately for each kind of advance.
- Whether the advances granted are properly recovered on due dates, with interest if any, and entries made in the register with reference to recoveries made in the pay bills or cash receipts in the case of receipts by cash
- Whether the balances are struck and certified to at the end of each year and carried over to the Advances Register of subsequent year.

- Whether any item of advances is left unrecovered.
- Whether the advances pending in respect of employees transferred are properly noted in the L.P.C., and the fact recorded in the registers.
- Whether recoveries for advances drawn from state funds for Government servants on foreign service are remitted to Government account
- Whether advances like conveyance advance, H.B.A. etc., paid to Government servants from Board's funds are collected and credited to the Board's funds after their reversion to their parent departments, and
- Whether the totals of payments, recoveries and the closing balances as per the Advance Register agree with the Accounts figures under each class of advance.

20-C. General Provident Fund Account – It should be seen-

- Whether the subscription and loan recoveries towards Provident Fund Account are entered in the Ledger.

Note – In respect of recoveries towards general Provident Fund from employees in the districts the entries in the ledger and Board sheet should be verified with reference to schedules.

- Whether the temporary withdrawals from General Provident Fund, Part-final withdrawals and final withdrawals are sanctioned properly and conditions in the Rules fulfilled.
- Whether such withdrawals are correctly entered in the ledger and broadsheet.

NOTE : In respect of withdrawals for staff in the districts the entries should be traced with reference to the monthly accounts.

- Whether the General Provident Fund Accounts for each year are closed every year, both in the ledger and Board sheet accounts slips issued to the subscribers promptly.
- Whether the figures in the Board sheets in respect of total withdrawals and recoveries are tallied with the figures in the monthly classified abstract of accounts.
- Whether the interest allowed to the subscribers on the average monthly balances is correctly worked out at the rates approved by the Board.
- Whether the balances under provident fund account are not diverted for day to day expenditure of the Board.
- Whether the surplus balances are properly invested in interest bearing securities and
- Whether such securities are available for verification.

NOTE : Individual ledger entries should be test checked. In addition it should be ensured that reconciliation of the total credits / debits and the balance as exhibited in the accounts are tallied with the accounts figures (Memo, STS (MC) No.1062, dated 4th December 1974 of the Chief Auditor.

20-D. Audit of other receipts – It should be ensured that the amounts of other recoveries like R.D.Co. – operative Society dues, L.I.C. Premium, etc., do not form part of receipts to the Khadi Board and hence it should be seen in audit whether such recoveries are properly accounted for in the Miscellaneous Cash Book and remitted to the concerned offices promptly without any delay. These transactions are recorded in the Miscellaneous Cash Book and the correctness should be checked in detail.

21. Establishment – The registers and records as in the case of Government departments are maintained for the establishment matters. Apart from the observance of existing rules and procedure applicable to Government Servants, special attention may be paid to check.

(1) Whether the pay and allowances due are drawn only for the sanctioned posts at prescribed rates in the approved scales of pay and disbursed to employees on proper acquittances, stamped wherever necessary.

(2) whether entries are made in the Service Registers for the leave availed of and entries regarding increments sanctioned made properly.

(3) whether the registers like undisbursed Pay Register, Register of Service Registers, Registers of Increments, Establishment Audit Register, etc., are maintained properly, and

(4) whether the claim is correct with reference to rules in force in respect of reimbursement of medical expenses.

22. Interest on Loans and Repayment of Loans – It should be seen

(1) whether the loans obtained from the Khadi and Village Industries Commission, Bombay and the state Government are repaid promptly on the due dates,

(2) whether the entries in the Loan Ledger, for the receipt and repayment of loans, are made correctly.

NOTE – The conditions of repayment of loan for each case should be clearly indicated in the ledger.

- Whether a certificate of acceptance of balances at the end of each year is obtained from the Khadi and Village Industries Commission.
- Whether the loans obtained are properly utilized, and
- Whether the interest, if any, due on the loans are remitted promptly.

23. Contingent expenditure – Regarding the payments towards contingent charges like stationery, electricity consumption charges, telephone charges, motor vehicle maintenance charges, rent and service postage charges, etc., it should be seen

- Whether the requirements of stationery articles throughout the state as a whole are assessed well in advance and the tender rules followed for all purchases,
- Whether the articles purchased for the use of Board Office are accounted for in the respective stock registers.
- Whether local purchase is resorted to only in case of urgent necessity.
- In respect of printing charges, whether tenders or quotations, as the case may be, are called for and materials printed are properly accounted for in the stock registers.
- Whether the purchase of petrol is entered in Log Book Part I and average performance of the vehicles certified to by a responsible official,
- Whether the repairs carried out to the motor vehicles are properly entered in Log Book Part II
- Whether the Departmental Vehicle Control Rules in Appendix 26 of Tamilnadu Financial Code Volume II as amended from time to time have been observed scrupulously for all kinds of repairs and replacements, consumption of fuel, maintenance etc.,
- Whether the expenditure on publicity and propaganda is incurred only with the approval of the Board.
- Whether the code rules for preparation of estimates, approval thereof by competent authorities, execution of works, invitation and disposal of tenders, entrustment of work to contractors, recording measurements and check measurements, etc., are followed in respect of maintenance charges of the Kuralagam buildings.
- Whether the stamp account is maintained and all the purchases of stamps properly accounted for, and
- Whether other petty items of expenditure incurred out of Permanent Advance are properly accounted for in the Permanent Advance Register and recouped periodically.

24. Scrutiny of budget – The annual receipts and charges should be checked with reference to the budget figures and suitable comments on the excess expenditure over budget and other defects should be detailed in the audit report.

25. Audit Report – The accounts of the Board are audited concurrently and the audit notes for each quarter is issued to the Chief Executive Officer for Khadi Funds and Village Industries funds separately. After the Annual audit is over, the audit report is issued separately for Khadi and Village Industries to the Chief Executive Officer. In addition as statutory auditor of the Board, a

separate consolidated audit report for the Khadi schemes and for the Village Industries schemes will be sent to the Government along with the audited proforma accounts of the respective funds, for being placed on the table of the House of Legislature. The consolidated audit report should cover the following major points :

- Important audit comments issued for the year.
- Important points in the drawal and utilization of loans, grants and subsidy, Rebate etc.
- Review of the working of various units and schemes in operation.
- Financial Management of the Board
- Misappropriations, Defalcations, losses, etc.
- Shortages noticed during the physical verification of stocks and stores.
- Other serious defects and irregularities.
- Comments on the Proforma Accounts.
- Any other point as may be considered necessary.

In order to compile the consolidated Audit Report of the Board, all the subordinate officers should send copies of Audit Reports of the Khadi and Village Industries Funds to the Chief Auditor. The audit notes and audit reports should be issued within 20 or 45 days as the case may be, from the date of completion of audit (Vide RC.No.13293 / A2 / 79, dated 3rd March 1980 of the Chief Auditor).

THE REGIONAL DIRECTOR OF KHADI AND VILLAGE INDUSTRIES

- The Regional Deputy Directors of Khadi and Village Industries are exercising the control and supervision at the regional level over the Assistant Directors of Khadi and Village Industries.
- The audit of the accounts of the Regional Deputy Director's Office of Khadi and Village Industries was entrusted to the Chief Auditor, State Trading Schemes, Madras in G.O. Ms.No.1367, R.D. & L.A. Department, dated 14th June 1965. The audit is done half yearly.
- Scope of Audit : The scope of Audit is confined to the check of vouchers relating to salaries and wages, travelling allowances and contingent bills and examination of relevant registers and records prescribed.

The charges relating to the office mainly fall under the following categories.

Charges

- (1) Pay and Allowances of Establishment
(T.A. and Compensatory Allowances)
- (2) Office contingencies such as furniture, rent, rates, taxes, lighting and sweeping charges.
- (3) Service Postage
- (4) Stationery

- As there is little scope for any receipts only payment account is being operated upon. The Regional Director is authorised to draw money by cheque from the Payment Account or the Drawing Account by means of cheque as per RC.No.27165 / Ac / 70, dated 9-3-1973 of Khadi and Village Industries Board.

The audit is conducted with reference to the following registers and records.

- Vouchers
- Service Registers and Leave Account
- Cash Book of Expenditure in Form No.8
- Cheque Book's
- Undisbursed Pay Register.
- Acquittance Register
- Register of contingent charges.
- Register of L.P.C.
- Register of Advances Recoverable.
- Stock Account of Stationery.
- Stock Account of materials, Forms, Registers etc.
- Register of Tools and Plants.
- Transfer Entry Register in Form No.17
- Postage Account
- Register of Permanent Advances.
- Postage Register of Department in Form No.9
- Bank Scrolls
- Monthly Accounts.
- Register of Advices and Mail Transfers received from the Central Office (Form No.5)
- Register of Bills Passed for payment (in Form No.4)
- Voucher Recoveries Register (In Form No.18)
- Register of Cheques received.

- Expenditure on pay and allowances. – it should be seen –
- That the sanction of competent authority is available for the appointment
- That the strength of the various establishments and the Pay and Allowances paid are correct.
- That the temporary establishments are separately billed for and are covered by the sanction of the competent authority.
- That proper acquittances are obtained from the payees and certificates of disbursement recorded by the Regional Deputy Director, and
- That in cases where leave salary is drawn the leave is admissible as per the leave account and the rate of leave salary drawn is correct.
- Audit of T.A. Bills – The checks to be exercised are
- That the allowances paid are admissible against funds of Khadi Board.
- That the allowances are regulated by the provision of the Tamil Nadu Travelling Allowance Rules.
- That proper acquittances are obtained from the payee, and
- That the time-barred claims are not admitted.
- Expenditure of items other than pay and T.A. contingent and special charges. – the checks to be exercised are –
- That the special or unusual charges are supported by sanction of competent authority
- That the expenditure incurred does not exceed the budget provisions.
- That the sub-vouchers are receipts are forthcoming
- That the sub-vouchers are duly cancelled to prevent double claim
- That the rules relating to invitation of tenders and acceptance of quotations are compiled with whenever necessary.
- That the arithmetical calculations in the vouchers are correctly made,
- That the stocks are duly taken as receipts in the relevant stock accounts, and
- That expenditure is incurred under proper sanction.

NOTE : No item of expenditure should be incurred without prior sanction of the competent authority as laid down in Art. 93 of T.N.F.C. Vol. I Copies of sanction orders should invariably be attached to the contingent bills.

- Purchase of Articles of Stationery, Furniture, Forms and Registers – For the purchase of the above articles tenders are called for and the contracts settled by the Khadi and Village Industries Board.

The Regional Deputy Directors are getting the articles directly from the contractors after obtaining proper sanction from the Chief Executive Officer. The payment is made by the Regional Deputy Director. The checks to be exercised are :-

- Whether the articles received are entered in the appropriate stock register and the issues are in accordance with the scale of supply, if any, prescribed for the purpose and
- Whether the sanction of the Chief Executive Officer is available for each purchase.

NOTE : - As for the requirement of paper and other stationery manufactured by paper unit, it is met from the village industries unit maintained by the Khadi and Village Industries Board. The Payment is made by book adjustment by preparing transfer – entry voucher duly approved by the drawing officers and observing the instructions contemplated in page 21 of Rc.No.27165 / Accts-2/70-17, dated 9th March 1973. In such cases the stock entries are checked with reference to the Inter-transfer Invoices (incoming) and with reference to the Register of Intertransfer Invoices (incoming).

- U.D.P. Register – This should be examined to see -
- That all items of pay and allowances drawn by self-cheques are brought into this Register.
- That the amounts are disbursed under proper acquittances without delay.
- That the undisbursed amount is ordinarily refunded at the close of the month, and
- That the registers are daily checked by the head of office.
- Acquittance Register – This should be examined to see –
- That the acquittances are obtained in all cases

for the amount drawn,

- That the acquittances are duly stamped wherever necessary, and
- That the register is periodically checked by the head of office.

- Register of contingent Charges – The checks to be exercised are –
- That the contingent expenditure is properly classified under the relevant heads, and
- That the budget provisions for the year under each head of account are not exceeded.
- Register of Last Pay Certificates – The Register should be examined to see –
- That the Last Pay Certificates issued are correct with reference to the last pay bills of the incumbents transferred,
- That the L.P.C. received and issued have been correctly copied in the register.
- That the first pay bills of the staff transferred to this office are correctly prepared with respect to the Last Pay Certificate and
- That all advances recoverable as per Last Pay Certificate (incoming) are taken to the Register of Advances Recoverable to watch their eventual recovery.
- Register of Advances of Pay and Travelling Allowances. The checks to be exercised are –
- Whether all advances drawn are entered in the register.
- Whether recoveries towards advances are made promptly and regularly and posted in the register.
- Whether the register is periodically reviewed by the head of office, and
- Whether closing balances are correctly brought forward into register of the succeeding years as opening balances.
- Stock Account of Stores, Stationery, Forms and Registers – The checks to be exercised are –
-
- That the issues are in accordance with the scales if any, prescribed.
- That the articles are not stocked in excess of the requirements, and
- That the stocks of stationery, forms and registers are verified and the fact certified to in the register at the end of every quarter by the Regional Deputy Director.
- Register of Tools and Plant – The checks to be exercised are –
- That all tools and plants purchased during the year according to payment vouchers and invoices are shown in the register
- That the sale of unserviceables are made with competent sanction.
- That credits are recoverable in the accounts for the sale of unserviceables.

- That annual verification of all the tools and plants are made and a certificate to the effect appended.
- That the value of the shortages is recovered from the persons responsible or written-off with competent sanction
- That all the excesses are brought to account, and
- That the closing balances of all stocks at the end of an year are correctly carried over to register of the succeeding year.
- Postage Account – It has to be examined generally with a view to see that they are properly maintained. The balance of stamps on hand on the date of examination of the register should be verified and the fact recorded.
- Register of Permanent Advances. It should be seen
- That the drawal of permanent advance is covered by competent sanction.
- That the amount is reoccupied on proper vouchers, and
- That the annual acknowledgement is sent to the Chief Executive Officer of Khadi and Village Industries, Madras.
- Register of Mail Transfers, Transfer Entry Register, Voucher Recovery Register, Register of Cheques received, Cheque Books – The audit checks prescribed for this purpose in the chapters relating to audit of Assistant Directors of Khadi and Village Industries should be exercised.
- Register of Bills Passed for Payment - The checks to be exercised are –
- That separate pages according to the Budget head are set apart, and
- That for all the bills passed cheques are drawn, voucher No. assigned on the bill and entry in the Cash Book of Expenditure made simultaneously.
- Cash Book of Expenditure – The checks to be exercised are –
- Whether it is maintained in Form No.8
- Whether columns (1) to (12) are properly filled up and
- Whether the amount taken credit under column 3 of the receipt side is correct with reference to the mail transfer advices.

NOTE : There is no need to distinguish as Khadi and Village Industries Fund for the Head Office remittances. Hence columns (4) and (5) should not be used to make entries for transfers received.

- Whether in the expenditure side cheques drawn are recorded under the column Khadi Fund and Village Industries Fund according to the purpose of payment.
- Whether the cheques exceeding Rs.1000 are signed by the manager and the R.D.D. as per K.B.P. Ms.No.317 dated 24th October 1979.
- Whether contra-entries are made in red ink in both the receipt side and expenditure side for voucher recoveries as per Voucher Recoveries Register in Form No.8,
- Whether contra-entries for adjustment as per the Transfer Entry Register are made in red ink.
- Whether the total as per the Expenditure Posting Register agree with that recorded in the Cash Book, and
- Whether the closing balances tally with the bank scroll (if there are any differences it should be supported by Reconciliation Statement)
- Posting register of expenditure – The checks to be exercised are –
- Whether it is maintained in Form No.9
- Whether the expenditure booked on all vouchers is classified under the relevant head of account, and

NOTE : Expenditure representing refunds of revenue will have to be posted as a minus entry under the appropriate head of account on the receipt side of posting Register. So also receipts by way of refund of expenditure like advances and Pay and Allowances has to be posted on the expenditure side as a minus entry under the appropriate head.

- Whether the totals as per the posting Register of Expenditure agree with the totals recorded in the Expenditure Cash Book.
- Monthly Account – Monthly return of classified account for the expenditure should be sent to Head Office along with the statement of cheques drawn in Form No.15. This should be accompanied by another statement showing the opening balance in the payment account, amount received by mail transfer, cheques drawn (total amount) and the closing balance. It is prepared with reference to the Posting Register of Expenditure. The abstract of receipts and payments along with the reconciliation statement for receipts and charges should be sent to the audit office for check.
- Bank Scrolls – The checks to be exercised are
- That the receipts as per the mail transfers as noted in the bank scrolls are correct with reference to entries in the Cash Book of Expenditure.

- That the expenditure as booked in the scrolls are correct with reference to the expenditure booked in the Cash Book of Expenditure, and
- That the total of expenditure agrees with the bank scrolls subject to reconciliation.
- Result of Audit – The defects noticed during the audit of the accounts will be sent in the form of Audit Report for each half year and submitted to the Assistant Chief Auditor for approval.

After approval it will be issued to the Regional Deputy Director with copy to the Chief Executive Officer of Khadi and Village Industries Board, Madras with request to furnish replies within one month from the date of receipt of the Audit Report. On the receipt of replies to the Audit Report, further remarks will be sent by this Department till all the objections in the audit report are finally settled.

THE ASSISTANT DIRECTOR OF KHADI AND VILLAGE INDUSTRIES

Prior to 1st April 1979 the functions relating to the Khadi and Village Industries Schemes in each Development District or Revenue District were attended to by the District Khadi and Village Industries Officer. As per Board's proceedings Ms.No.101, dated 19th March 1979 the functions relating to Khadi and Village Industries were separated and they are looked after by separate Assistant Directors.

2. The Assistant Director (Khadi) is entrusted with Khadi Schemes and the main functions of the Assistant Director, Khadi may be detailed as follows :

(1) Production of Khadi

(2) Marketing of Khadi Products.

The production can be further classified as follows :

- Spinning of yarn.
- Weaving of Khadi cloth.
- Other processes (bleaching, dyeing, printing or readymade). The productions are made by various Khadi Sub-centres located all over the State. The spinning work is done in the Rural Textile Centres and by the spinners in the rural areas, and weaving is undertaken with the help of individual artisans. Further processes such as bleaching, dyeing and printing are undertaken by the Central Godown, Tiruppur.

3. The Assistant Director of Village Industries mainly looks after the functions of running the departmental and the Industrial Co-operative Societies sponsored by the Board.

The following main production units come under the Village Industries.

- Fibre Unit
- Soap Unit
- Village Model Tannery
- Bee Stations
- Bee Nursery
- Chrome Tanning Unit.
- Foot Wear Unit.
- Leather Sales Deposits.

The marketing of the finished goods of Khadi and Village Industries is done through Khadi Krafts.

- The audit functions are of the same nature in respect of both Khadi and Village Industries Assistant Directors as same set of Registers are maintained.

- The audit is conducted with reference to the following records and registers :-

- Cash Bill Books
- General Cash Book
- Register of Drafts and Cheques
- Permanent Advance Disbursement Register
- Permanent Advance Distribution Register
- Undisbursed Pay Register
- Subsidiary Cash Book
- Register of Money Orders.
- Register of Security Deposits with Post Office Savings Bank.
- Register or bills received and Passed for payment.
- Register of Mail Transfers and cheques received.
- Register of Cheque Books received and used.
- Register of details of voucher recoveries
- Register of Payments.

- Transfer Entry Register
- Register of Remittances
- Office copy of Pay Bills
- Office copy of T.A. Bills
- Acquittance Register
- Service Register
- Office Copy of the Last Pay Certificates (incoming and outgoing)
- Contingent Register
- Register of Recurring Charges
- Register of Advances Recoverable.
- Register to watch the Realisation of Rebates and subsidies.
- Adjustment Register for Transactions not involving cash.
- Personal Deposit Account.
- Register of Intertransfer Invoices for Transactions with outside centres.
- Register of Recoveries Ordered.
- Postage Account.
- Stock amount of money value forms.
- Intertransfer Bills
- Stock Account of Stationery
- Stock Register of Packing Materials
- Stock Register of Furniture
- Stock Register of Tools and Plants.
- Log Book for Jeep (Parts I and II).
- Cycle Register.
- Consolidated Demand Collection and Balance Register to watch the realization of Khadi and Village Industries articles issued on credit basis.

- Register of Immovable Properties.
- Scrolls
- Register of Loans
- Utilisation Certificate of Loans and Grants
- Register to watch the Recovery of Cost of Staff Deputed to co-operative societies.
- Register showing the Remittance of Leave Salary and Pension Contribution of Staff Working on Foreign Service Terms.
- Monthly Accounts.
- Register of Returned Cheques and Drafts
- Cheque Books
- Bank Pass Books or Scrolls
- Measurement Book for Civil Works
- General Ledger of Intertransfer of stocks.
- Cash Bill Books – The audit checks to be exercised are –
- That the amount collected in the bills are accounted for in the General Cash Book.
- That the foils and counterfoils are forthcoming in respect of cancelled bills.
- That the corrections in the bills are attested by the Assistant Director or the Manager, and
- That Credit Bill Books are not used by Cash collections. The unused leaves at the end of the year are destroyed in audit and the fact recorded in the Stock Account of Money Value Forms and in the concerned bill books..
- General Cash Book – The checks to be exercised are-
- That the entries on the receipt side have been correctly made from the Cash Bill Books, Register of Money Orders, Cheques and Drafts received
- That there are no erasures and all corrections have been neatly made and attested by the Assistant Director or the Manager,
- That the balances struck are correct.
- That the pay-in-slips, Post Office Savings Banks Pass Books and acknowledgements for the receipt of drafts are forthcoming in support of the remittances shown in the cash Book.

- That the balances under subsidiary registers such as P.A. and U.D.P. and Security Deposit are brought to this Cash Book and closed over the signature of the Assistant Director daily with coinwar details.
- That the balance shown in this register is physically verified by the auditors on the same day during the course of audit, and
- That the entries are traced from the pay-in-slip and extracts of remittances taken by auditors from sub-units.
- Register of Drafts and Cheques (Incoming and outgoing) – The checks to be exercised are –
- That all the cheques and demand drafts received are correctly entered in this register and reviewed daily by the Assistant Director.
- That the date of credit has been noted in this register.
- That the amount realized is brought to the General Cash Book on the day of realization.
- That there are no delays in the encashment of cheques.
- That only provisional receipts are issued in case of payments by cheques.
- That acknowledgements of the payees are forthcoming in respect of all outgoing cheques and drafts, and
- That all the payments made by cheques and drafts are traced into the register from the contingent bills.
- Register of Money orders received – The checks to be exercised are –
- That the amounts received by money orders are entered in this register and the money order coupons bear the dated initials of the officer authorised to receive the money orders and stamped with the Office Seal
- That the amounts received are credited to the General Cash Book on the same day, and
- That the register has undergone scrutiny at the hands of the Assistant Director daily.
- Permanent Advance Disbursement Register. The Cheques to be exercised are –
- That it is maintained for Khadi or Village Industries Schemes with columns for all heads
- That all payments from the permanent advance have been made on sub vouchers duly passed for payment by the Assistant Director.
- That they are properly recorded in the Contingent Register

- That recoupments are made at frequent intervals and concerned contingent bills produced for audit,
- That all sub-vouchers of Rs.50 and below have been properly cancelled and produced in original,
- That the permanent advance entrusted to the sub-units are shown as deduction at the beginning of the financial year and acknowledgements are forthcoming for that amount.
- That the details of opening balance, receipts refund and closing balance of permanent advance and extracts of recoupments taken by the auditors from sub-units are cross-checked with this register.
- That daily balances are correctly worked out and cash on hand and unreoccupied vouchers for the total Permanent Advances held are produced for physical verification in audit, and
- That at the end of the financial year, all Permanent Advances entrusted to the sub-units are got back and accounted for in this register.

NOTE : If the recoupments are made at long intervals, the presumption is that the advance is unnecessarily large.

11. Permanent Advance Distribution Register : The check to be exercised is –

That the opening balances and closing balances of permanent advances entrusted to the sub-units agree with the opening receipts and closing balances of permanent advances of sub-units extracted by the auditors in local audit.

12. Subsidiary Cash Books – The checks to be exercised are –

- (1) that all the temporary advances drawn for a specific purpose are accounted for in this register.
- (2) that debits shown in this register are supported by the office copy of contingent bills, and
- (3) that there is no delay in utilizing the temporary advance drawn and that the balance, if any, is refunded immediately after the purpose for which the temporary advance is drawn.

13. Register of Bills received and passed for Payment – The checks to be exercised are –

1. that the register is maintained in the prescribed form.
2. that the bills received are entered in this register in the chronological order.
3. that the amount passed for payment and voucher numbers are noted in the register and the initials of the drawing officer is affixed.
4. that the net amount passed for payment should tally with the total amount of cheques drawn as per the Register of Mail Transfers, Received and Cheques Drawn for the month, and

5. that the gross amount of the bills passed for payment should tally with the monthly accounts for the month.

14. Register of Mail-transfers Received and Cheque drawn. It should be seen

(1) that the register is maintained in Form No.2KB

(2) that the Mail Transfer amounts received from the Board Office is recorded on the receipt side and the amount of cheques drawn are recorded in the expenditure side of the register. The cheques drawn are traced through counterfoils of cheques with bank scrolls. The voucher numbers was assigned continuously from April to March. All vouchers should be obtained and produced to audit and the vouchers not produced to audit listed out.

(3) that the register is closed daily and an abstract showing the opening balance, Mail Transfers Received, cheques drawn and closing balance is prepared daily over the signature of the Assistant Director, and

(4) that at the end of the month a reconciliation statement is prepared in order to tally the closing balance as per this register with that of the Bank Pass Book.

15. Register of Cheque Books received and used. The checks to be exercised are –

(1) that the book is kept in the personal custody of the drawing officer

(2) that the register is maintained in form no.6

(3) that the drawing officer has verified the folio and affixed his initials whenever a new cheque book is taken for use.

(4) that the drawing officer has affixed his initials after verifying the counterfoils of the cheque books used.

(5) that all counterfoils of cheques shown in this register are traced into the Register of Mail Transfers Received and Cheques Drawn, and

(6) that the unused cheque leaves as on date of audit are physically verified by the auditor and recorded in the register.

NOTE : - According to the Khadi Board Proceedings MS.No.241, dated 10th August 1979 all cheques, the face value of which exceed Rs.1000 shall be signed by two officers viz., Assistant Director and Manager.

16. Register of Payments – The checks to be exercised are –

(1) that the register shall be maintained in Form No.4 K.B.

(2) that entries in this register tally with the amount shown in the vouchers including transfer entry vouchers and

(3) that the totals as per this register agree with the totals recorded in the register of Mail Transfers and Cheques Drawn.

NOTE : (1) – Expenditure representing refund of revenue will have to be posted as a minus entry under the appropriate head of account in the Register of Remittances.

NOTE : (2) – At the end of each month the total of the drawings as per the entries in the Register of Mail Transfers Received and Cheques Drawn should agree with the payments as per the bank scrolls. After the entries for cash withdrawals are completed and totals made, contra entries should be made (in both the receipts and expenditure side) in red ink for voucher recoveries as per Voucher Recoveries Register. This should be followed by further contra entries for adjustment as per the Transfer Entries in the Register. The Contra entries mentioned above should be recorded in red ink. The total of cheque withdrawals, vouchers recoveries and transfer entries should be classified Register of Payments under the detailed head of account. Then the totals as per Register of Payments should agree with the totals recorded in the Register of Mail Transfers Received and Cheques Drawn.

17. Register of details of voucher recoveries – The checks to be exercised are –

(1) that it is maintained in form No.18,

(2) that the entries are traceable from the paid vouchers

(3) that the Register is maintained in two parts, one for the recoveries due to the Government and the other for recoveries due to the Board.

(4) that the recoveries effected from the employees such as GPF, House Building Advances, Income Tax, Postal Life Insurance, LIC Premium etc., are promptly remitted, and

(5) that the recoveries effected in respect of Board employees and Government servants are properly posted in the Register of Advances Recoverable.

18. Transfer entry register – The checks to be exercised are –

(1) that all the T.E. vouchers duly approved by the drawing officers are forthcoming for check,

(2) that the register is maintained in Form No.17, and

(3) that a separate continuous serial numbers as distinct from the number of paid vouchers are assigned to the transfer entry voucher from April to March.

19. Register of Remittances – It should be seen in audit

(1) that the register is maintained in Form No.6 KB

(2) that the monthly totals as per this register tally with the total amounts of cheques and drafts sent to Board Office, and

(3) that the receipts are classified under proper head of account and posted in this register.

20. Office copy of Pay Bills and Service Registers – The checks to be exercised are –

(1) that the temporary posts are covered by proper and competent sanction

(2) that the leave salary paid, incremental and pay fixation arrears drawn, etc., are correct with reference to the entries in the Service Register

(3) that the staff sanctioned for a specific purpose are not diverted for other work

(4) that the totals in the bills are correct.

(5) that the recoveries are entered in the Advances Recoverable Register, and

(6) that the payees receipts are forthcoming for all payments.

21. Office copy of T.A. Bills – The checks to be exercised are –

(1) that the T.A. Bills drawn have not become time barred.

(2) that the claims are correct with reference to the T.A. Rules and

(3) that the tour advances are deducted from the claims and posted in the Advances Recoverable Register.

22. Acquittance Register – Payee's receipts are checked with reference to the Office copy of T.A. Bills and miscellaneous payment vouchers.

Extract of miscellaneous payments taken from the sub-units by auditors are traced into this register.

- Office copies of the Last Pay Certificate (Incoming and Outgoing) – The checks to be exercised are –

- That the recoveries as per the office copies of L.P.C. (incoming) posted in the Advances Recoverable Register and office copies of the pay bills of the concerned months, and

- That the pay drawn is correct as per the office copy of the LPC (Incoming)

- Contingent Register – The check to be exercised is that the details of contingent bills drawn are noted in this register with budget appropriations.

- Register of Advances Recoverable. The checks to be exercised are –

- That are recoveries are posted in the register from paid vouchers, pay-in-slips, and chalans,

- That debits are raised from the paid vouchers
- That the opening balance is in agreement with the closing balance of the previous year.
- That the total credits as per this register are in the agreement with the totals in the Register of Details of Voucher Recoveries, and
- That are closing balance arrived and is correct at close of the year and carried over to the register of succeeding year.
- Stock account of money value forms. – The checks to be exercised are –
- That the books accounted for are correct as per suppliers invoices.
- That separate pages are allotted for credit bills, cash bills, inter-transfer bills etc., and
- That issues are supported by I.T. bills duly acknowledged.

NOTE : The extract of bill books accounts taken from the sub-units by the auditors are traced into the register.

- That the balances struck at the close of the year are correct and carried over to the register of succeeding year, and
- That the cash bill books taken for office use are forthcoming for check. The balance of unused bill books should be physically verified by the auditors on any one of the days during the course of audit and the fact of verification recorded in this register.
- Log Books for Jeep – The checks to be exercised are –
- That stock accounts of petrol and oil, spare parts, tyres, etc. are traced into the log books parts I and II, from the paid vouchers.
- That the journeys performed outside the jurisdiction of the Assistant Director are covered by the sanction of Chief Executive Officer.
- That excess consumption of fuel is ratified by the Chief Executive Officer, and
- That the mileage run per litre is not lower than the optimum mileage prescribed in the rules.
- Register of Immovable Properties : The checks to be exercised are –
- That the immovable properties newly acquired are posted in this register from paid vouchers or gift deeds, etc.
- That the rent due from the property is properly demanded and promptly realized, and
- That the lease of lands and buildings are covered by proper sanction and lease deeds.
- Register of Loans. – It should be seen
- That the loans drawn are entered in this register without omission.
- That the period of repayment, amount of instalment percentage of interest and penal interest, name of the society, etc., are properly and correctly noted in this register.
- That the amounts shown as remitted are as per the pay-in-slips.

NOTE : - Overdue instalments and penal interest due on belated payments are listed out and commented upon in audit.

- That the total collections as per this register tally with the total collections shown in the Register of Remittances, and
- That total loans drawn tally with the Register of Bills received and passed for payment.
- Utilisation Certificate of Loans and Grants – The checks to be exercised are –
- That the utilization certificates are forthcoming in respect of all loans and grants disbursed, and
- That in respect of loans and grants disbursed to the co-operative Societies the utilization certificate is drawn up by the president and witnessed to by two members of the Board of Directors.

In respect of loans and grants disbursed to the Co-operative Societies, the statement of utilization account duly audited by the Co-operative Department auditors should be called for and checked as per conditions laid down in the agreement.

- Register to watch the recovery of Cost of Staff deputed to the co-operative Societies – The pay and allowances of the Co-operative Staff deputed to societies as per the orders of the Board are traced into the register from the Office copy of pay bills.

The collections are traced from the pay-in-slips.

It should be seen –

- That the collections as noted in the register agree with the totals in the posting register of the concerned head of account.
- That the opening balance agrees with the closing balance of the previous year, and
- That the balance struck at the close of the year is correct and carried over to the register of succeeding year.
- Register showing the remittances of leave salary and pensionary contribution of Staff working on Foreign Service Terms – The checks to be exercised are –
- That the names of employees who are working on foreign service terms are correctly entered in the register.
- That the leave salary and pension contribution due are correctly worked out and
- That the contributions to Government are promptly remitted to the Accountant General, Madras and his acknowledgements obtained.

38. Scrolls – The checks to be exercised as : -

(1) that two scrolls are maintained – one for the remittance of drafts and cheques to the Board Office and another for the withdrawals to be received from the Bank. The entries in the Scrolls received from the Board Office are traced from the General Cash Book. The entries in the scrolls received from the Bank are traced from the counterfoils of cheques.

(2) that the entries in the scrolls tally with counterfoils of cheques and pay-in-slips

(3) that credits are taken in the General Cash Book for the amounts realized from bank drafts and cheques received.

(4) that the Bank Scroll is closed over the signature of the Bank Agent every month, and

(5) that the Scroll is obtained and produced to audit for all the months without omission.

Register of Returned Cheques and Drafts – It should be seen in audit.

- That the Register is maintained as per the instructions issued in Memo. No.85367 / Bud. / 79, dated 3rd September 1979 of the Chief Executive Officer and
- That the defective cheques and drafts returned from the Board Office are entered in this register and sent to the Board office after rectification of the defects.

35. General Ledger – General Ledgers are maintained at every Assistant Director's Office for watching the stocks transferred from one Assistant Director to another. Assistant Director. The General Ledger will be posted with the debit and credit entries as and when the stocks are transferred or received from one Assistant Director to another Assistant Director.

An Annual reconciliation work is conducted in every year in respect of all the Assistant Directors to ensure that the stocks transferred through Free Transfer Bills have been duly accounted for at the year end. A certificate to that effect that the stocks were duly accounted for are recorded in the concerned General Ledgers of the respective Assistant Directors –

- It should be ensured that as and when stocks are transferred to another Assistant Director necessary debit entries are made in the ledger account of the concerned Assistant Director over the signature of the Assistant Director
- Similarly, when stocks are received from another unit, necessary credit entries are made in the General Ledger account of the concerned Assistant Director over the signature of the Assistant Director
- It should be ensured that annual reconciliation work is carried out and necessary certificate to that effect obtained. Any discrepancy noticed should be commented upon in audit.

36. Registers against items 6, 9, 23, 25 to 30(except 29), 32 to 35. The checks exercised in respect of other Khadi institutions are applied here.

37. Monthly accounts – A monthly abstract of transactions in the form prescribed in Lr. Rc.No.854 / A1 / 75, dated 3rd April 1975 of the Chief Auditor, State Trading Schemes, is to be sent by the Assistant Director to the Inspector of Audit Office concerned since July 1973 for check. The Inspectors after check will forward the same to Inspector at the Board Office for check and consolidation of accounts.

4.THE CENTRE KHADI OFFICE.

1. The Assistant Directors (Khadi) in the Districts are responsible for the administration, implementation and supervision of Khadi schemes in the Districts. Therefore the functions of the Centre Khadi Officers in the head quarters of the Assistant Director (Khadi) is to assist the Assistant Director (Khadi).

2. The Centre Khadi Officers outside the headquarters of the Assistant Director (Khadi) in the districts like Dharapuram, Vellakovil, Marthandam, Perumanallur, etc., are functioning independently with certain financial powers in respect of the units under their control.

3. With the lodgement of the Board's Funds in the nationalized banks and cessation of transactions through the Government treasury, the Assistant Directors (Khadi) are the drawing officers. The Centre Khadi Officers are therefore presenting their claims at periodical intervals to the concerned Assistant Director (Khadi) to whom they are attached for the reimbursement of expenditure incurred towards cost of yarn, weaving wages, etc., out of the permanent advance given to them.

4. The accounts of the Centre Khadi Officer / Assistant Director (Khadi) is audited monthly and the audit notes issued quarterly.

5. The receipts and charges pertaining to the Centre Khadi Officer and the units attached to him may generally be classified under the following heads :-

Receipts :-

- Sale proceeds of Khadi.
- Sale proceeds of implements (Charkas including collections on account of Ambar charkas issued on hire purchase system, ambar spares, etc.)
- Sale proceeds of cotton, kapas, lint slivers, etc.
- Sale proceeds of spinners, and weavers, pass books.
- Deposits of spinners, weavers, dhobis, etc.
- Collections on account of Artisans' Welfare Fund.
- Other Miscellaneous receipts such as recoveries, fines, etc.

- Subsidy from the Khadi and Village Industries Commission on weaving wages.
- Subsidy from the Khadi and Village Industries Commission on processing charges (at 20 percent of the processing charges including tailoring charges).
- Rebate from the Khadi and Village Industries Commission on Khadi Sales (at a percentage allowed by the Khadi Commission on the eve of Gandhi Jayanthi, Deepavali, Pongal, etc.)
- Subsidy from the Khadi and Village Industries Commission on sale of Ambar Charkas to the spinners on hire purchase system. (The subsidy amount is different on different patterns).
- Cost of excess wastage of cotton recovered from the artisans in the Rural Textile Centres.

Charges :-

- Office contingencies (furniture, rent, rates and taxes, lighting and sweeping charges, yarn sorting wages, etc.)
- Service postage.
- Stationery
- Cost of implements
- Weaving wages.
- Cost of yarn purchased from the spinners.
- Carding and slivering charges.
- Bleaching charges
- Dyeing, printing and other processing charges.
- Transport charges on cotton, yarn, khadi, etc.
- Cost of packing materials.
- Refund of deposits to spinners, weavers, dhobies, etc.
- Propaganda and publicity charges.
- Wages to the artisans in the Rural Textile Centre.
- Refund of Artisans Welfare Fund.

6.A permanent advance has been placed at the disposal of each Centre Khadi Officer for the use of his office, and the sub-centres and sales depots attached to him. The Centre Khadi Officer can make the allocation of special advance among the sub-centres and sales depots according to

their requirements with the approval of the Chief Executive Officer. All the expenses incidental to the administration and trading expenses for the production at the sub-centres such as cost of yarn purchased from the spinners, wages for weaving, carding, slivering and bleaching and wages to the artisans employed in the Rural Textile Centres are met out of this advance. The expenditure incurred from this advance is recouped by the managers of the sub-centres and sales depots in the jurisdiction of Centre Khadi Office and the consolidated expenditure similarly recouped by the Centre Khadi Officer from the Assistant Director (Khadi) by sending detailed bills of expenses incurred. The transactions relating to the receipts and refund of deposits of spinners, weavers, dhobies etc., should be accounted for separately as also the transactions relating to the receipts and refund of welfare fund of spinners, weavers and artisans working in the Rural Textile Centres.

7. The following registers, accounts, etc., maintained in the Centre Khadi Office, Sub-Centres and sales depots and Main Centre Production Sections (MCFS) are scrutinized in audit :

(1) Register of Yarn Purchases, Cotton Sales, Spinners Deposits and Welfare Fund (Form No.1)

(2) Stock Register of Grey Yarn, (Sorted and unsorted) (Form No.11A).

(3) Stock Register of Colour Yarn (Form No.IIB)

(4) Yarn Sorting Register.

(5) Cotton (Lint) Stock Register (Form No. IIIA)

(6) Cotton (Kapas) Stock Register (Form No. IIIB)

(7) Register to watch the receipt of Slivers (Form No. III C).

(8) Stock Register of Slivers (Form No. III D)

(9) Weavers Day Book (Form No. IV)

(10) Yarn issue Register to Weavers.

(11) Register of unused yarn returned by the weavers.

(12) Spinners Personal Ledger (Form No. V)

(13) Carders Personal Ledger (Form No. VI).

(14) Weavers Personal Ledger (Form No. VII)

(15) Dhobies Personal Ledger.

(16) Cloth (Khadi) Stock Register (Form No. VIII)

(17) Cloth (Khadi) Sale Register (Form No. IX)

- (18) Stock Register of Implements (Form No. X)
- (19) Implements Sales Register.
- (20) Cash bills for the sale of Khadi, implements etc.
- (21) Credit bills for the supply of Khadi to Government Departments and Local Bodies and sale to Government Servants, Employees of Local Bodies, etc., on Credit Basis.
- (22) Bill Book for Receipts.
- (23) Inter-transfer Bills for supply of Khadi etc.
- (24) Register of Inter-transfer Bills to and from the Departmental units, each part being maintained separately.
- (25) Demand Collections and Balance Register of Charkhas issued on instalment basis (Prescribed in G.O. Ms.No.195, Rural Welfare, dated 3rd February 1951).
- (26) Demand Collection and Balance Register to watch the recovery of the value of Khadi supplied to Government and Local Fund Institutions and their servants on instalment basis.
- (27) Credit Advice received from the Assistant Director (Khadi) for the collection of cost of Khadi supplied on Instalment Basis.
- (28) Register for watching the receipt of yarn, cloth, issued for bleaching / dyeing / printing (Form No. XVII)
- (29) Stock Account of Spinners and Weavers pass books and Bill Books.
- (30) Stock Account for Packing Materials and Stationery.
- (31) Register of Tools and Plants, Furniture etc.
- (32) Postage Account
- (33) Register of Receipts.
- (34) Register of Contingent Charges.
- (35) Register of Expenditure
- (36) Cash Abstract
- (37) Register of Lapsed Deposits.
- (38) Adjustment Register for Transactions and involving cash.
- (39) Remittance Register and Journal Books.

- (40) Register of Drafts and Cheques and Money Orders received.
- (41) Register of Recurring Charges
- (42) Register of Recoveries Ordered
- (43) Register of Security Deposits
- (44) Cycle Register
- (45) Register of Undisbursed Pay and Allowances received from the Assistant Director (Khadi)
- (46) Consolidated Demand, Collection and Balance Register to watch the Recovery of value of Khadi supplied to the Government Servants and Employees of Local Bodies and Government.
- (47) Department and Local Fund Institutions, (the demand collection and balance relating to each sub-centre and sales depot being maintained in separate sections)

VILLAGE INDUSTRIES PRODUCTS

- (48) Stock Register of Village Industries Products.
 - (49) Village Industries Products Sales Register.
 - (50) Acknowledgements for the Remittance of the cost of Village Industries Products procured from the Industrial Co-operative Societies for sale on Consignment terms.
8. Register of Yarn Purchase, Cotton Sales and Spinners Deposits – The Register should be checked to see –
- (i) whether the daily total of quantities of yarn purchased, cotton, kapas, lint and slivers sold and of yarn taken as deposits and net amount paid to the spinners and cash realized by sales of cotton etc, have been correctly worked out.
 - (ii) whether the totals of the amounts shown under “Cost of Yarn Purchased”. “Deposits received” and “Sale of cotton lint and slivers” are correct with reference to the approved purchase or issue rates, as the case may be
 - (iii) Whether the daily transactions under net amount paid to the spinners in cash and cash realized by sale of cotton as per the register have been correctly accounted for in the register of Contingent charges and the Register of receipts, and whether the transactions not involving receipt or payment of cash or cotton etc., issued to spinners and adjusted in the cost of yarn delivered by them, portion of the value of yarn retained as spinners’ deposits and recoveries adjusted from the cost of yarn delivered by the spinners towards the value of implements issued

to them on instalment basis, etc., have been accounted for in accordance with the instructions issued by the Board from time to time.

- Whether the quantity of yarn purchased as well as cost of lint and slivers issued have been posted correctly in the concerned stock registers.
- Whether the value of yarn deposits recovered from the spinners and recoveries towards the cost of implements issued on instalment basis have been posted into their personal ledger accounts.
- Whether in cases where pass books are issued to spinners and their value recovered from the cost of yarn delivered, the number of pass-books sold has been exhibited as issue in the Stock Account of Pass-books and
- Whether the disbursing officer has affixed his dated initials in the register against each entry to denote that payments have been made correctly to the proper payees and whether the Centre Khadi Officer has checked the entries in the register at least once in a week and certified to that effect as laid down the instructions issued by the Board.

NOTE : In addition, the following checks should be made to detect bogus purchase of yarn : -

- A judicious comparison of the issues of cotton with the yarn delivered back with reference to the entries in the Spinners Personal Ledgers of the spinners concerned should be made.

(ii) A scrupulous scrutiny of the pass books of the spinners and the personal ledgers of the spinners concerned should be made to see whether any disproportionate purchase of yarn or sudden increase in the quantity of yarn purchased is noticed.

(iii) The Centre Khadi Officers are required to check 5 percent of the spinners pass books and maintain a register showing the results of such verification as prescribed in Rc.No.147747 / R3 / 71, dated 12th November 1971 of the Chief Executive Officer. This register should be called for and verified in audit.

9. Stock Register of Grey Yarn. – It should be seen in audit.

- (i) whether separate stock accounts are maintained for unsorted and sorted yarn ;
- (ii) whether the receipt entries in the register for unsorted yarn are correct with reference to the daily totals as entered in the Register of Yarn Purchases.
- (iii) whether the receipt of yarn returned by the weavers as entered in the register is correct as per the daily totals in the Cloth Sales Register and the Weavers Day Book respectively and whether the intertransfer bills are forthcoming for transfers from other centres.

(iv) whether issues for sorting as noted in the Stock Account for unsorted Yarn are supported by corresponding entries in the Yarn Sorting Register and the Stock Account for Sorted Yarn :

(v) whether the quantities shown in the Register of Sorted Yarn as issued to weavers are correct with reference to the daily totals of the Weaving Wages Register :

(vi) whether the quantities shown as issued for dyeing are supported by the orders of the competent authority, whether they have been acknowledged by the manager of the dye-house and whether they have been entered in the Register for watching the Receipt of Yarn, etc., issued for dyeing and also in the Stock Register of Colour Yarn :

(vii) whether full details and credits in the Register of Receipts are available for quantities shown as other issues :

(viii) whether orders of the competent authority and acknowledgements for the transfers are forthcoming in respect of yarn transferred to other centres as entered in the register.

(ix) whether totals have been struck on the last day of the month and the book balance of stock arrived at its arithmetically accurate.

- Whether the acknowledgement of the yarn sorter has been obtained on each day for the yarn issued to him for sorting and
- Whether the grey yarn having different sale value is accounted for on separate folios in the stock register.
- Stock Register of Colour Yarn : This register should be examined to see –
- Whether the quantity of colour yarn received from the dye-house is correct with reference to the relevant entry in the register in Form No. XVIII.
- Whether the quantity issued for weaving is correct with reference to the Weavers' Day Book-
- Whether the quantity of yarn sold to spinners is correct with reference to the counter-foils of the cash bills :
- Whether the transfers to other centres are supported by requisite sanction and acknowledgements of the transfers;
- Whether the totals have been struck at the close of each month and the balance has been correctly worked out; and
- Whether the colour yarn having different sale value is accounted for on separate folios in the stock register.
- Yarn Sorting Register – The checks to be exercised are –

- That the quantities of yarn issued for sorting are entered in this register :
- That the yarn sorted out are entered in the stock register of yarn (sorted) as receipts :
- That all the yarn issued for sorting is accounted for by the sorters properly and no banks are left over with them at the close of the day :
- That the wages paid are acknowledged by the yarn sorters in the register :
- That the wages paid are posted in the Register of Contingent Charges : and
- That the payments are finally passed for by the Centre Khadi Officer.
- Cotton Kapas and Lint Stock Register. The checks to be exercised are –
- Whether the purchases and receipts by transfers are correct with reference to the relevant copies of payment vouchers, invoices or transfer bills, as the case may be and whether the quantities having different sale price are accounted for in separate folios;
- Whether the quantities issued agree with the total daily sales as noted in column (9) of the Register of Yarn Purchases, Cotton, Sales, etc.
- Whether the quantity of lint issued for carding and slivering has been entered in the register in Form No. III (C)
- Whether full details have been furnished in respect of other issues and whether the value of the quantity issued has been realized wherever due :
- Whether the issue by transfer are supported by sanction and acknowledgements of the recipients, and
- Whether the totals have been struck on the last day of the month and the closing balance has been worked out correctly.
- Register for watching the Receipt of Slivers – It should be checked to see –
- Whether the quantity of lint returned and slivers delivered as noted in columns (10) and (12) have been posted in the Stock Register of Lint and Slivers respectively;
- Whether the wastage allowed is in accordance with the scale fixed :

NOTE : (a) The actual wastage of cotton for carding and slivering should be determined by the staff of the centre by test slivering a specified quantity of each variety of cotton.

(b) the wastage thus determined may be allowed in respect of cotton handled by the orders.

(c) the maximum wastage allowed for carding and slivering should in no case exceed one-eighth of the cotton slivered by weight, and

(d) whether the maximum limit of wastage fixed after following the procedure indicated in (a) exceeds one eighth by weight of the lint slivered, the Centre Khadi Officer should obtain the special sanction of the Chief Executive Officer for the higher limit fixed.

(iii) whether the wages paid are correct with reference to the quantity of slivers produced and the rate applicable and are supported by the acknowledgements of the carders concerned.

- Whether the balance of cotton if any, due from the carders or its cost has been recovered and brought into account.
- Whether the deposits collected or refunded in cash and the net wages paid have been accounted for in the Register of Receipts or the Register of Contingent Charges in the case may be :
- Whether the procedure prescribed in the instructions issued by the Board from time to time have been followed in accounting the deposits and fines recovered from the wages due and whether all the transactions have been posted in the carders ledger accounts and
- Whether the agreements in the prescribed form were executed by the carders before lint was given to them for carding and slivering.
- Stock Register of Slivers – It should be seen in audit –
- Whether the details and acknowledgements are forthcoming in the case of issues shown in the register and
- Whether the totals are struck at the end of each month and the closing balance shown is correctly worked out.
- Weaver's Day Book – This register should be examined to see –
- Whether the transactions relating to yarn issued consumed and returned, the cloth delivered, deposits received and refunded, welfare fund received and refunded, etc., have been posted into the Personal Ledger accounts of the weavers concerned :
- Whether the daily totals under yarn issued and returned have been correctly worked out and posted in the stock account of yarn :
- Whether the quantities of cloth delivered by the weavers have been entered in the Stock Register of Khadi individually :
- Whether the rates of wages paid and welfare fund credited are correct with reference to the approved cost-chart in force at that time and the recoveries effected are posted in the personal ledger accounts of the weavers concerned :
- Whether the standard weaving wages and the 50 per cent of additional weaving wages as noted in the day book are correct in accordance with the approved cost-chart in force at that time

- Whether the quantity of yarn consumed in the cloth delivered by each weaver has been correctly calculated in accordance with the scale laid down :

NOTE : To prevent the misuse of yarn by weavers, the yarn issued to them and the pieces delivered by them should be given credit for only so much yarn as is found to have been consumed by weighing the pieces, due allowance being made for any excessive use of starch (Vide Memorandum No.14762-R.W. VI / 52-1, dated 3rd March 1952). It should be seen in audit that the yarn so credited is not in any case in excess of the number of banks admissible as per the approved scale ;

- whether the wages paid and deposits refunded are supported by the payees, acknowledgements; and

- whether the daily totals of wages payable, deposits refunded, deductions and deposits realized in cash, net wages paid to the weavers, refunds of deposits etc., have been correctly struck, whether the deposits realized in cash, the net wages paid and deposits refunded in cash have been entered in the Register of Receipts or the Receipts of Contingent Charges, as the case may be, and whether the deposits and recoveries made from the wages payable have been accounted for in accordance with the instructions issued by the Board from time to time.

- Personal Ledgers of Spinners, Weavers, Carders and Dhobies. – The yarn deposits made by the spinners and the amounts recovered towards the cost of implements issued to them on instalment basis as also deposits received from or refunded to the weavers and carders and yarn issued to and returned by weavers and posted in the ledgers should be traced from the registers in Form Numbers I, III (c) and IV. The deposits received from the dhobies and refunded to them should be traced from the registers and refunded to them should be traced from the registers in Form No. XVII and the payment vouchers respectively. It should be seen whether the ledgers have been balanced correctly at the time of refunding the deposits and also at the close of each year, and whether refunds have not been made in excess of the amounts at the credit of the individuals concerned. In the case of weavers, dhobies and carders, it should be seen whether the deposits received are adequate with reference to the scale laid down and whether security bonds have been obtained in all cases.

NOTES. – (1) The value of yarn deposits made by spinners is not refunded in cash. It is adjusted only towards the cost of khadi sold. The acknowledgement of spinners for such refunds by adjustment should be obtained in the ledgers.

(2)As per Memorandum No.33437-R.W. VII/51-7 dated 8th May 1952, and No.48697 – R.W. VII / 52-6 dated 27th July 1953, when a weaver fails to account for the yarn issued to him in the form of cloth or as yarn on demand by any officer of the centre and in any case, fails to produce the woven cloth and any unused yarn at the centre within three months from the date on which he received the yarn the value of the yarn should be recovered with a penalty at the rate prescribed by the Board.

(3) At the time of carrying over the balances to the new ledger, the lapsed deposits should be transferred to a separate register styled as "Register of Lapsed Deposits" to be maintained in cash at the sub-centre and only other items of balances should be transferred to the new ledgers noting therein the date of last transaction to watch the three year's limit.

The list of lapsed deposits should be submitted by the manager of sub-centres to the Centre Khadi Officer before the 15th April each year. The Centre Khadi Officer consolidates the lists and lapses the amounts to Khadi funds under intimation to the Chief Auditor and to the Chief Executive Officer before the 30th of April each year.

The value of implement issued to the spinners and the instalments collected as entered in the spinners' Ledgers should be traced from the counterfoils of bills issued and the relevant entries in the Register of Yarn Purchase under "Other deductions".

The Centre Khadi Officers should maintain separate proforma accounts in respect of the transactions relating to the deposits of spinners, weavers, dhobies and carders and reconcile the balances in the accounts with the figures of Assistant Director (Khadi) at the end of each year.

The deposits received under the Khadi Schemes should be lapsed to the Board if the amounts are not claimed within the time limit fixed below :-

- Deposits taken from the spinners for repayment in terms of cloth on a future date.
- One year from the date on which the last item of deposit was collected, (To facilitate this, the last date of operation should be noted against the opening balances of spinners' deposits when the deposits are carried forward to the new ledgers at the beginning of the year).
- **Cloth (Khadi) Stock Register** – The checks to be exercised are :
 - Whether separate folios have been allotted for each variety of cloth and whether the approved sale prices have been correctly noted in the folio under the initials of a responsible officer :
 - Whether the receipts as noted in columns (2) and (3) are correct with reference to the relevant entries in the Weavers Day Book, the Register for watching the receipt of cloth issued or bleaching, dyeing and printing and the invoices for transfer of stocks from other centres or sub-centres or the Central Godown, Tiruppur.
 - Whether the sales and issues noted in column 5(a) and (b) have been correctly posted from the counter foils of bills for sales and the inter-transfer invoices for transfer of stocks to other departmental units and work orders for issue to dyers for processing and from register relating to cloth etc., given to dhobies and tailors for bleaching and sewing, and
 - Whether the totals have been struck at the end of each month and whether the balances worked out are arithmetically correct.

- Khadi Sales Register . – The checks to be exercised are –
- Whether all sales of Khadi as per counterfoils of bills issued have been posted in this register :
- Whether the totals under columns (3) to (8) have been struck correctly for each day :
- Whether the amount realized in cash as per column (8) has been entered as receipt in the Register of Receipts, and the transactions relating to the value of yarn received, and the deposits and subsidy adjusted towards the cost of the cloth have been accounted for in accordance with the instructions issued by the Board from time to time.
- Whether the total quantity of yarn received has been taken as receipt in the Stock Register of Yarn :
- Whether in cases where cloth is sold by adjustment of spinners deposits, necessary debit entries have been made in the spinners Ledger accounts.
- Whether the subsidy and rebates allowed to buyers have been claimed from the Khadi and Village Industries Commission and realized, and
- Whether an abstract is prepared for each month's transactions in the register for effecting adjustments of transactions not involving receipt or repayment of each.
- Stock Register of Implements – The checks to be exercised are :
- Whether separate folios have been set apart for each category of implements and whether the approved sale prices have been correctly noted in the stock folios under the initials of a responsible officer.
- Whether the entries in columns (4) to (7) have been correctly made with reference to the payment vouchers (copies or originals, as the case may be) invoices and transfer bills and
- Whether issues as noted in columns (12) to (17) are supported by counterfoils of bills and acknowledged copies of invoices (in respect of transfers to other centres etc.)

(2) In cases where implements are issued on the basis of cost recovery in instalments it should be seen whether the conditions in paragraph 14 (b) of Appendix to G.O. No.4678, Development Department, dated 23rd December 1946, and G.O. Ms.No.105, Rural Welfare Department, dated 3rd February 1951, have been satisfied, whether undertakings in the form specified in Annexure I to G.O. Ms.No.105, Rural Welfare Department, dated 3rd February 1951, have been obtained from the individuals concerned and whether the recovery of the cost of implements is watched through the Spinners Personal Ledger in Form No.V and action is taken promptly under clauses 7 and 8 of the undertakings for default in payment of the instalments on due dates. In G.O. Ms.No.1381, Revenue Department, dated 31st May 1951, the agreements executed by the spinners to whom charkas are supplied by the Government on the instalment recovery system have been exempted from stamp duty.

- It should also be seen whether the monthly totals have been struck in the register and whether the balance shown in column (22) has been correctly worked out.
- Implements Sales Register : - The checks to be exercised are –
- Whether all the sales of implements as per bills are entered in this register :
- Whether the daily sales are correctly totaled and the amounts realized in cash posted in the Register of Receipts; and
- Whether an abstract of the daily transactions is prepared at the end of each month and the total amount of Saranjam (implements) subsidy due from the Khadi and Village Industries Commission is claimed and realized promptly.
- Invoices for Inter-transfer of Stock and for supply of Khadi to Government Departments and Local Fund Institutions – These Invoices should be checked to see –
- Whether the items included in the invoices have been correctly deducted from the stock account of the centres from which the stocks were transferred or issued.
- Whether the Register of Invoices contains suitable columns for recording the value of cotton, Khadi etc. the value of the goods sent / received with each I.T. bill classified as Khadi, Village Industries products, silk wollen, readymade cotton garments, yarn etc., and posted in the Register. The sum total of each year is the value of the goods to be debited or credited to the proforma accounts.
- Bill Book for receipts – The checks to be exercised
- In the case of sale of Khadi are –
- Whether the value of Khadi sold, yarn quota received and its value, the amounts of deposits and subsidy adjusted and the amount realized in cash have been entered in the Khadi Sales Register correctly.
- Whether the articles sold have been posted in the relevant folios of the Stock Register of Khadi, and
- Whether the rebate and subsidy allowed on Khadi sales have been correctly worked out and realized from the Khadi and the Village Industries Commission.
- Whether Khadi sales to the Government Servants and employees of local bodies on credit are collected in advance,
- Whether in regard to the sales to the private agencies either on pre-payment system, or on consignment basis the agency has been approved by the board and the agreements prescribed by the board have been obtained,

- In the case of sale of implements, yarn, etc.
- Whether the amounts realized in cash and the articles sold have been entered in the Register of Receipts and the concerned stock registers, and
- Whether the value of implements, the cost of which are recoverable in instalments and the actual recoveries also made have been entered in the Spinners Ledger accounts in columns (3-c) and (9) respectively.
- Whether the sales have been charged for at the appropriate rates and the amounts realized are correct; and
- Whether in cases where deposits are adjusted in the bills for sale of Khadi the amounts have been debited to the respective ledger accounts of the spinners.
- Demand Collection and Balance Register of Charkas

This register should be generally examined to see whether it has been correctly written up and whether there has been any undue delay in the collection of instalments.

- Register for watching the receipt of yarn and cloth issued for bleaching, dyeing or printing. – The quantities issued from stock and noted in the register should be checked with the issue entries in the concerned stock registers. It should also be seen –
- That the quantities issued have been received in full and duly entered in the stock registers ;
- That the number of the vouchers or bill in which the charges for bleaching, printing, etc., were paid has been noted against each item and that payment has not been made for the same item for the second time.

NOTE : (1) This register should be maintained in different sections for :

- Yarn given for dyeing
- Yarn given for bleaching
- Cloth given for bleaching
- Cloth given for dyeing and
- Cloth given for printing

2) As per G.O. Ms.No.2012, Public (R.D.P.) Department, dated 25th June 1955, the Centre Khadi Officers should obtain an agreement in the form prescribed from all the dhobies to whom cloth is entrusted for bleaching and no cloth should be entrusted to anybody for bleaching without obtaining an agreement in the prescribed form.

3) Sufficient space should be left between each entry so that the recovery or return, if made piecemeal, may be noted.

4) An invoice (work order or transfer slip) in the prescribed form should be maintained for every issue made to the dyer, printer or dhoby and it should be seen whether the receipt of the clothes, etc., issued has been acknowledged by the dyers, etc., in the invoices.

25. Register of Khadi supplied to the Government Departments and Local Fund Institutions – The Khadi supplied to the Government Departments and Local Fund Institutions and the value noted in the register should be traced with reference to the counterfoils of bills and entries in the stock registers. The registers should be further examined to see that packing and forwarding charges have been included in the amounts due from them.

26. Stock account of Spinners and Weavers pass Book and Bill books-The checks to be exercised are

(i) whether the Register of bill books etc., is maintained in three parts, one for unused bill books, another for bill books in use and the third for the used bill books and that the bill books taken for use have been consecutively numbered for the year. The signature portions of bills cancelled and remaining unused at the end of the year should be clipped off by the auditors auditing the accounts of the period; and the fact of such cancellation clearly recorded on the back of the last used bill under the dated signature of the auditor.

(ii) whether all the pass books and bill books supplied as per the delivery notes and the printer's bills and those received from other centres as per transfer bills have been shown as receipts in the account.

- Whether the cost of pass books sold has been recovered in cash or by deductions in the Register of Yarn Purchases and the Weaver's Day Books;
- Whether the pass books had been sold at the approved rates;
- Whether in respect of transfers to other centres and sub-centres the acknowledged copies of transfer bills are forthcoming; and
- Whether the balance has been correctly worked out time to time.

27. Stock Account for Packing Materials and stationery – It should be seen

(i) whether all packing materials and stationery articles received as per vouchers and indents and those received by transfer as per transfer bills have been dully accounted for in the register;

ii. Whether the packing materials, having different prices, are accounted for on separate foils in the stock register:

iii. whether all issues are supported by the orders of the Centre Khadi Officer or the sub-centre Manager, as the case may be, and by the acknowledgements wherever necessary :

iv. whether the cost of materials issued for packing consignments sent to the Government or Local Fund Institutions has been included in the invoice for the cost of Khadi supplied for recovery; and

v. whether the balances have been correctly struck from time to time.

28. Register of Tools and Plants, Furniture etc. – The checks to be exercised are –

- Whether all the supplies received as per vouchers and invoices have been brought into account in the register ;

li. Whether issues are supported by the orders of the competent authority and acknowledgements, wherever necessary.

iii. whether balances at the close of the year have been correctly worked out ;

iv. whether depreciation at the end of every year is correctly worked out and the closing value noted in the register, and

v. whether, in the case of furniture, tools and plants, the distinguishing numbers have been assigned and whether those numbers have been entered against each item of furniture in the stock registers.

29. Cycle Register – It should be seen whether the register has been maintained properly in the form prescribed In Memorandum, No.5997 Rural Welfare VI / 52-2, dated 2nd March 1952, whether all the expenditure incurred for repairs and replacements has been entered in the register and whether action has been taken to fix the responsibility, if any, for the defects noticed in the cycle when it is returned by the Centre Khadi Officer or the assistants and to recover the expenditure incurred for rectifying the defects.

30. Stamp Account – The Checks to be exercised are (i) whether service postage stamps and cards received from the treasury as per the indents and the office copies of vouchers have been entered as receipts, and

(ii) whether the issues and balances have been noted daily and the account has been scrutinized periodically by the head of Office, viz. the Centre Khadi Officer or the Manager, as the case may be.

NOTE – With the lodgement of funds in the nationalized banks, the offices of the Khadi Board have been permitted to use the service postage. The value of service postage required is remitted into the treasury and the remittance chalans together with the indent forwarded to the treasury officer who complies with the indent.

31. Payment Vouchers for expenditure other than pay and Travelling allowances. – The checks to be exercised are –

(i) that the original vouchers for individual payments of Rs.100 and below and certified copies in respect of payments exceeding Rs.100 have been maintained for all items of expenditure other than those which are recorded or acknowledged in the registers prescribed for the purpose such as Register of Yarn Purchases, Register of Subsidy, Weavers Day Book Etc.

(ii) that the rules relating to stamping of receipts and invitation and acceptance of quotation etc., have been complied with wherever necessary.

NOTES – (1) In G.O. Ms.No.1205, Rural Welfare Department, dated 15th November 1951, the Government have exempted the purchase of cotton and Charkas under the Khadi Scheme from the general rules relating to invitation of tenders and directed that these stores should be procured in the open market at the lowest possible rates.

(2) Purchase of raw silk made under the Khadi Scheme is exempted from the general rules relating to invitation of tenders. These stores should be purchased in the open market at the lowest possible rates.

(3) In G.O. Ms.No.1785, Public (R.D.P.) Department dated 15th June 1959, the Government have exempted the purchase of certain silk and wollen varieties from the general rules relating to invitation of tenders and directed that these articles be procured in the open market at the lowest possible rates.

(iii) that payment towards carding and slivering charges, purchase of yarn, weaving, dyeing and other processing charges, subsidy etc., have been made at the rates approved by the Government or the Chief Executive Officer, as the case may be.

(iv) that arithmetical calculations in the vouchers and invoices have been correctly made.

(v) that the articles and stores purchased have been certified to by the purchasing Officers as to quantity and quality and have been duly brought into stock account before payments are made.

(vi) that the expenditure has been incurred under proper sanction wherever such sanction is necessary.

(2) No item of expenditure should be incurred without the prior sanction of the competent authority as laid down in Article 93 of Tamilnadu Financial Code, Volume I, Copies of sanction orders should invariably be attached to the contingent bills. (Memorandum K. Dis No.14982 / 57-I / B-2, dated 12th November 1957 of the Director of Khadi.)

- The vouchers in support of the incidental charges should be furnished and a certificate to the effect that the incidental charges are reasonable and are absolutely necessary should be furnished by the departmental officer on the vouchers. (Memorandum R.C. No.20505 – B-2 / 57-I, dated 3rd May 1958 of the Director of Khadi)

- In G.O. Ms.No.2109, Public (R.D.P.IV) dated 29th July 1959 the powers of sanctioning the repayment of loan received by the Director of Khadi for the development of traditional and Ambar Khadi to the Khadi and Village Industries Commission, Bombay were delegated to the Director of Khadi, now the Chief Executive Officer of the Board.
- The Centre Khadi Officers may employ the required number of yarn sorters on monthly wages. The number of sorters employed should be proportionate to the number of banks actually required for weaving purposes. (Memorandum No.16146 R.D.P. IV / 55-1, dated 28th November 1955.)
- That all vouchers in respect of payment made at the main and sub-centres (including the registers in which payments are recorded such as Register of Yarn Purchases, Subsidy Register, etc.) have been scrutinized by the Centre Khadi Officer and cancelled at the time of recoument of the expenditure (vide Provincial Textile Commissioners instructions, dated 25th November 1946 and his R.C.No.15197 48 K-6, dated 16th February 1948) and
- That all items of expenditure relating to Personal Deposit Account and Special advance amounts drawn by bills including Pay and Allowances, etc., are supported by entries in the relevant registers such as Yarn Purchase Register, Weaver's Day Book or vouchers in originals. Payments not vouched for should be listed out and objections raised.

32.Register of Special Advances. – It should be seen whether –

- (i) the total amount of special advances sanctioned for the Centre Khadi Officer and its distribution among the Centre Khadi Officer, and the sub-centre managers under him have been accounted for in this register;
- (ii) that sanction of Board for the amount of special advances placed at the Centre Khadi Officer's disposal has been noted in the register;
- (iii) that changes in the amounts of advances given to the sub-centre Manager, Sales Depots, etc., are supported by the order of the Centre Khadi Officer;
- (iv) that on each occasion when there is a change in the amount of advances given to the managers of sub-centres, etc., the acknowledgements of the sub-centre managers, etc. is obtained for the total amount of advance to be accounted for by them on that date;
- (v) that the changes effected in the amount of advances are reported to the Chief Executive Officer periodically and his approval obtained ;
- (vi) that acknowledgements for the amounts held by the subordinates of the Centre Khadi Officer as on 31st March each year are obtained and a consolidated acknowledgement for the total

amount of advances to be accounted for by the Centre Khadi Officer is furnished to the Chief Executive Officer and the Chief Auditor, State Trading Schemes.

33. Register of Receipts – (a) The several item of receipts entered in this register except those relating to sub-centres posted in the registers maintained at the main centre should be traced in this register. The correctness of remittances received from the sub-centres should be checked with reference of the statements of remittances received from the Manager of sub-centres.

It should also be checked to see –

(b) (i) that at the time of remittance to the main centre or to the Bank or Assistant Director (Khadi) as the case may be, the totals under each head and the grand total of the figures under the several heads have been correctly worked out ;

(ii) that counterfoils of remittance slips duly receipted by the Bank in the case of remittances and bills receipted by the Assistant Director (Khadi) in the case of remittances made into his office and copies of statements by remittances acknowledged by the Centre Khadi Officer in the case of amounts handed over by the sub-centre managers at the main centres are forthcoming ;

(iii) that the cost of cotton, pass books, etc., issued and instalments towards the cost of implements recovered from the cost of yarn delivered by them for sale, portion of the value of yarn retained as spinners deposits, deposits recovered from weavers, dhobies and carders from the wages payable to them and the cost of cloth sold against the spinners deposits, and the cost of yarn quota received have been adjusted promptly at the end of each fortnight or month, as the case may be, as per instructions issued in Memorandum No.26298-R W.VII 51-3, dated 28th August 1951, the Memorandum No.58666-A, R.W.VII, 51-4, dated 3rd March 1952, and other instructions issued by the Board from time to time and necessary entries have been made in the register :

(iv) that there has been no undue delay in remitting the receipts to the Bank on the main centre and

(v) that the register as well as the Register of Contingent Charges and the Cash Abstract to show the daily cash balance have been checked daily and attested by the Centre Khadi Officer whenever he is at headquarters and as soon as he return from camp (Memorandum No.3146-R. W. VII – 51-5, dated 13th March 1952.)

34. Register of contingent Charges. – The checks to be exercised are –

(i) whether the items of expenditure entered in the register under the several columns are correct with reference to the audited vouchers and the relevant entries in the registers of yarn purchases, weaving wages, subsidy, etc., and in the case of the main centre also with reference to the statements of expenditure rendered by the sub-centre managers and passed by the Centre Khadi Officer for re-coupment :

(ii) whether on the date of submission of the statement of expenditure or at the time of preparation of recoupment bills by the main centre, the totals of several vertical columns in the register and also the grand total of the amount to be recouped have been correctly worked out ;

(iii) whether the amounts recouped as per the office copies of contingent bills or the statement of expenditure of sub-centres passed by the Centre Khadi Officer, as the case may be, have been correctly entered in the register of the centre or sub-centre concerned in red ink followed by unrecouped expenditure, if any :

(iv) whether the cost of yarn delivered by spinners against the value of cotton, pass books, etc., issued and instalments due towards the value of implements sold to them and deposits credited in their ledger accounts, wages payable to weavers, dhobies and carders and set off against the deposits credited in their accounts and deposits of spinners (and the subsidy payable thereon) against which Khadi has been issued have been adjusted promptly at the end of each fortnight or month, as the case may be, as per the instructions issued from time to time by the Board and necessary entries have been made in the register, and

(v) whether the procedure laid down in G.O. Ms.No.671, Rural Welfare Department, dated 2nd July 1951, has been followed in accounting for the transactions relating to the refunds of deposits of weavers, dhobies and carders.

35. Register of Receipts and Expenditure : - The checks to be exercised are –

(i) that the total receipts and charges for the month under several minor and sub-heads as per the Register of Receipts and Contingent charges of the main centre and adjustments made by the Assistant Director (Khadi) have been correctly posted in this register.

(2) The auditor should check the correctness of the transactions relating to adjustments not involving cash as per the abstracts prepared in the Yarn Purchase Register, Weavers Day Book, Khadi Sales Register, etc., take an extract of such transactions and trace them in the Adjustment Registers kept in the Centre Khadi Office. Similarly, the extracts of remittances and the recoupments pertaining to the period of audit should be taken from the Receipts and Expenditure Cash Book of the sub-centre and the figures traced in the main centres Cash Books, if the statements referred to in the Notes under paragraph 37 (a) and 38 (iii) or extracts therefore should not be obtained from the main centre before the audit of the accounts of the sub-centre is taken up.

(3) The rebates allowed by the sub-centres on Khadi sales as also Saranja subsidy on implements should be taken from the sub-centres, Registers are checked with reference to the office copies of the rebate statements in the Main Centre to verify whether the rebate amounts have been claimed correctly from the Khadi and Village Industries Commission.

(ii) that the grand totals of receipts and disbursements have been correctly worked out and agreed with the statement of Bank Scrolls and Expenditure Cash Book as verified with reference to the figures in the office of the Assistant Directors (Khadi).

(iii) that progressive monthly totals have been correctly worked out in their register; and

(iv) that the certificate at the end of the register has been signed by the Centre Khadi Officer for every month in token of the verification of entries in the register with the subsidiary account and registers.

36. Cash abstract – It should be seen –

(i) whether the register has been posted daily; and

(ii) whether there is evidence of physical verification of cash by the Centre Khadi Officer daily whenever he is at head quarters and, as soon as he returns from camp (Memorandum No.3146-R. W. VII/5-1, dated 13th March 1952).

37. Ledger account showing transactions in the personal deposit account pertaining to the deposits of Spinners, Weavers, Dhobies and Carders. It should be seen that the remittances and withdrawals under the Personal Deposit Account have been posted as and when the transactions have taken place, that the ledger accounts have been balanced each month and that the balances as at the end of each year have been reconciled with the sum total of the individual ledger balances.

38. Register of Security Deposits – The checks to be exercised are –

(i) whether this register is maintained to show the names and designations of individuals for whom security has been prescribed, the amount of security prescribed the amount of security obtained and the form in which the security has been furnished ;

(ii) whether the securities have been kept in safe custody, and

- Whether there is evidence of verification of the sureties at the end of each year by the officer having their custody. The sureties should be called for and verified in audit once in a year at the time of annual audit.

39. Register of Lapsed Deposits : This register should be examined to see –

(i) whether all the items which are due for lapsing have been carried over to this register correctly from the ledger accounts concerned and

(ii) whether the items brought forward have been lapsed promptly.

40. Adjustment Register for transactions not involving cash. This register should be verified to see

(i) whether the amounts to be adjusted in respect of each centre as shown in the statements received from several sub-centres etc., have been entered in the register correctly; and

(ii) whether they have been correctly totaled and contingent bills prepared for the total amounts,

(iii) whether the transactions which come up for adjustment are -

- The cost of yarn delivered by spinners and purchase of Khadi to be adjusted against the sale of cotton pass books, implements, khadi and spinners deposits;
- The weaving wages to be adjusted towards security deposits of weavers, fines levied and sale of pass books;
- The deposits of spinners, etc., adjusted towards sale of Khadi and sale of implements;
- The adjustment of carding wages and wages of dhobies towards carders' and dhobies' deposits, and
- The Artisans' Welfare fund deducted from the spinning and Weaving Wages of the spinners and weavers.
- Whether extracts of these transactions as per accounts of the sub-centres are prepared during the audit of the sub-centres and these are checked with reference to the entries in the Adjustment Register maintained in the main centre, and
- Whether the expenditure is debited to the proper head of account and adjustment chalans duly signed by the Assistant Director (Khadi) are available in support of the corresponding credits under the relevant head of accounts.

41. Remittance Register and Journal Book – This register contains the details of all remittances made by the sales Depots and Sub-Centres which have been authorised to make direct remittances into the Banks and adjustments advised by the Assistant Director (Khadi) and the Chief Executive Officer, Madras. It should be seen that the entries have exhaustive and totals correctly struck monthly and taken to the Register of Receipts.

42. Register of Drafts, Cheques and Money Orders received – It should be seen

(1) whether all the drafts and cheques received by the Head of Office have been entered in the register and presented to the Bank for clearance and credit into the accounts.

- whether the dates of credit have been noted in the register against each item and they are correct with reference to the entries in the bank-scroll;
- whether the amount receipted is correct with reference to the counterfoil of the money order coupon and has been taken to the Register of Receipts and remitted into the Bank.

43. Register of Recurring Charges. – it should be seen

(i) that separate pages are set apart for each class of payment such as rent, lighting charges, sweepers wages etc.,

(ii) that the rate and orders sanctioning them are noted against each sub-centre and that the amounts passed for payment are posted promptly against the month to which they relate;

(iii) that the entries regarding saction orders are attested by the head of office, and

(iv) that the registers bear evidence of periodical scrutiny by him.

44. Register of Recovery Order – This register should be seen to verify :-

(i) whether all items of recoveries towards shortages, etc., ordered by competent authorities are entered in this register and the dates on which the amounts are recovered are noted;

(ii) whether the register bears evidence of periodical review by the Centre Khadi Officer.

45. Cash verification by the Audit Staff. – The auditor should verify the cash balance at the main and sub-centres at least once in three months in the normal course of audit and record a certificate in the Cash Abstract Register.

46. Physical Verification of Stocks – (a) Physical Verification of stocks of Khadi, Yarn, Cotton, Implements etc., held at the main and sub-centres, sales depots and Rural Textile Centres should be conducted twice a year, once during the middle of the financial year and another during the end of beginning of the financial year.

The physical verification of stocks during the end or beginning of the financial year is conducted by the statutory auditor and during the middle of the financial year by the board staff.

The result of verification by the audit staff shall be communicated to the Centre Khadi Officers through the physical verification reports.

• It should be seen –

- Whether the actual found have been recorded in the stock register by the verifying officer
- Whether the discrepancies have been taken to the register of shortages and whether only the ground balances have been carried over as book figure for the subsequent transactions;
- Whether the overages in the stock noticed during the verification have been brought to stock immediately under the dated initials of the verifying officer without awaiting any orders from the higher authorities in the matter.
- Whether the stock of stationery, tools and plants etc., in the main and sub-centres have been verified periodically as in the case of other Government Offices and whether suitable action has been taken to regularize the shortages, if any, by recovery and / or write off, as the case may be,
- Whether recoveries ordered by the Assistant Director (Khadi) have been entered in the Recovery Register against the individuals concerned with details of instalments of recovery and amount of each instalment.

47. Audit Notes. – After the audit of the accounts of the Main Centre, Sub-Centre, Sales Depots and Rural Textile Centres under the control of the Independent Centre Khadi Officer for the month has been completed the auditor produces to the Inspectors the rough along with (i) the certificate of having checked the correctness of remittances, withdrawals, rebates, subsidies, journal adjustments etc., with those maintained in the main office and (ii) the statements of inter-transfer of stocks among the units of the Centre Khadi Officer with Part II and statements for the inter-transfer of stocks outside the jurisdiction of the Inspector in triplicate for being forwarded to the Inspectors concerned for verification and return to the Inspector for scrutiny.

Extracts of remittances through drafts or cheques to the Chief Executive Officer should be cross-checked with the remittance scrolls furnished by the Chief Executive Officer to the Assistant Directors and any discrepancy therein commented in the Audit Notes.

Extracts of withdrawals through contingent bills, miscellaneous bills, refund bills etc., by the Centre Khadi Officers from the Permanent Advance of Assistant Director as recorded in the Expenditure Cash Book should be checked with the relevant vouchers, Cash Book and Register of Payments in Assistant Directors (Khadi) Office. The Inspector, after scrutiny of the notes and review of the accounts, issues the objections in the form of Audit Notes in duplicate with an abstract showing the number of objections raised, the nature of objections and the amounts held under objections, if any. The inspector shall forward the audit notes to the Centre Khadi Officer or the Assistant Director (Khadi) as the case may be with a covering letter requesting him to furnish replies to the Audit Notes to the inspector within fifteen days from the date of this receipt.

The inspector shall simultaneously submit a report to the Assistant Director on the serious irregularities losses etc., noticed in the monthly audit. The Assistant Director shall issue a special letter highlighting the irregularities involving financial improprieties and loss pertaining to the independent Centre Khadi Officers to the Assistant Directors (Khadi) and to the Regional Deputy Director of Khadi and Village Industries Concerned inviting his personal attention in the settlement of such objections expeditiously.

The Audit Notes after issue, should be submitted to the Assistant Director for perusal with the special letter and extract of serious irregularities inviting the immediate and personal attention of the higher administrative authorities.

48. Audit Report : At the end of each year, important irregularities involving financial improprieties losses theft, violation of rules, etc., communicated through Audit Notes and pending settlement are carried over to the Audit Reports.

The Audit Report after approval by the Assistant Chief Auditor is forwarded to the Centre Khadi Office / Assistant Director (Khadi) with copies to the Chief Executive Officer and the Accountant, General, Madras.

THE KHADI SILK PRODUCTION CENTRE

- The Khadi Silk Production Centre, Kumbakonam and its attached sub-centres at Ayyampet, Ammapet, Kavithalam, Ammyappan, Salem, Rasipuram, Arni and Kancheepuram and a Khadi Silk Godown, Kumbakonam and a Khadi Silk Sales Section at Kumbakonam and a Reeling Unit, Kumbakonam are functioning under the direct administrative and technical control of the Assistant Director of Khadi Silk Production, Kumbakonam, Certain Khadi Silk Production Centres are functioning in other districts also which are under the administrative control of the respective Assistant Directors. However the Assistant Director, Khadi Silk and Lace Production, Kumbakonam is the immediate technical officer for these silk production centres.

- Aim – The main aim of these silk production centres is to provide employment opportunities to the silk weavers and reelers.

Khadi Silk Production Units.

- The activities of the Silk Production Centres may be classified broadly under the following heads :-

- Purchase of Raw Silk, Lace and dyestuff.
- Reeling, Bleaching and Dyeing of raw silk.
- Reeling of lace.

NOTE : A separate Lace Reeling Unit is also functioning at Kumbakonam.

- Weaving of Silk Cloth.
- Supplying of cloth woven to selling units Regional Godown etc., and to other certified institutions for sale.
- Registers maintained in Khadi Silk Production centres –

The following forms and registers were prescribed in G.O. Ms.3121 Public (Rural Development Project) dated 19th November 1958 and in other orders of the Khadi and Village Industries Board subsequently for the use in the production centre and sub-centres.

- Register of Purchases.
- Raw Silk and Lace Stock Register.
- Reelers Day Book
- Reelers Personal Ledger
- Stock Register of Reeled Silk Yarn
- Register for Processing Silk Yarn (Bleaching)

- Stock Register of Bleached Silk Yarn.
- Register for Processing White Silk Yarn (Dyeing)
- Stock Register of Coloured Silk Yarn.
- Stock Register of Consumable Articles (Dyes, Chemicals, fuel Etc.)
- Weavers Day Book
- Weavers' Personal Ledger
- Stock Register of Khadi Silk Finished Goods.
- Stock Register of Miscellaneous Stores.
- Cash Book for Receipts.
- Invoice for Inter-transfer of Stock.
- Ledger Account for Transactions with other centres.
- Tools and Plants Register.
- Stock Register of Packing Materials
- Register of Contingent Charges.
- Register of Daily Cash Abstract.
- Cost Analysis Register.
- Register showing Particulars about Weavers.
- Stock Register of Waste Silk and Lace.
- Register showing particulars regarding outgoing Inter-transfer Invoices.
- Register showing particulars regarding Incoming Inter-transfer Invoices.
- Bulk Stock Register for Raw Silk and Lace.
- Weighment Register for Raw Silk and Lace Purchased.
- Register of Liabilities.
- Register of Permanent Address Distributed to sub-centres.
- Personal Deposit Account.
- Register of Securities.

- Register showing Recoveries from the staff.
- Stock Register of Money Value Forms.
- Bill Books
- Inter-transfer Invoice Books.
- Stamp Account.
- Register of Cheques and Drafts Received.
- Register of Recurring Charges.
- Office Copies of Pay Bills.
- Office copies of T.A. Bills
- T.A. Acquittance Register.
- Advances Recoverable Register.
- L.I.C., C.T.D., Cash Books
- Register of Stationery Articles.
- Register of Service Registers
- Register of Increment certificates.
- Other registers prescribed in Khadi and Village Industries Board circular Rc.No.27165 / Accts-I / 70, dated 4th May 1973 consequent on the Introduction of transaction of the Board with commercial Banks.

• Powers and duties of the Assistant Director Khadi Silk Production : - The Assistant Director, Khadi Silk Production is having a separate Office and he is in overall charges of the working of the centre including the sub-centre. He is drawing officer like other Assistant Directors. He exercises his powers on technical matters over other silk centres also which are under the direct administrative control of the respective Assistant Directors (Khadi).

The Assistant Director, Khadi Silk Production is assisted by three Khadi Silk Inspectors, one each at Kumbakonam, Kanchipuram whose duties are to check the accounts of sub-centres, to supervise the work of bleaching and dyeing in the sub-centres and also to supervise the looms. In addition they have to check the cost schedules received from the production centres for obtaining the approval of the Assistant Director, Khadi Silk Production.

•Purchase of Raw Silk – The Khadi and Village Industries Board in its proceedings Ms.No.103, dated 16th May 1980 has constituted a purchase committee for silk. This committee consists of the following members.

•The Deputy Director (Khadi) Central Office as Chairman.

•The Regional Deputy Director, Madras

•Assistant Director (Silk), Kumbakonam – Convenor.

This Committee is also empowered to purchase the chemicals and other materials for silk weaving etc.

During the course of audit it should be verified –

•Whether the bills and invoices for such purchases have been signed with date by all the members of the committee,

•Whether the weight of raw silk purchased was duly recorded in the weighment Register and signed by the committee members,

•Whether the purchasing report contains all particulars such as market price prevailing at the time of purchase, price at which purchased and expenditure incurred for the purchase,

• Whether the rate at which purchase was effected is reasonable.

•Whether the purchase report is signed by the committee members and submitted to the Chief Executive Officer for every purchase, and

•Whether the raw silk purchased has been properly taken receipt in the bulk stock register maintained in the Silk Godown, Kumbakonam.

•Purchase of Lace – The gold lace required for the centre is purchased from the Organiser, Bharatiya Khadi Gramodya Sangh, Jari Silk Centre, Surat, a Khadi Commission Institution.

The Jari Silk Centre, Surat in its invoices furnishes full details such as rate per mare of Jari (a mere is equal to 250 grams weight) and the total marcs of Jari Supplied and cost. Apart from these usual particulars, they also furnish the actual weight of the whole consignment dispatched.

On receipt of the Jari, the Silk Centre authorities should weigh the Jari at Kumbakonam and record the actual weight.

It should be seen in audit –

•Whether the weight of the jari is no lesser than the weight paid for, and

•Whether the actual weight recorded at Kumbakonam is taken to the lace Stock Register maintained in the silk and Lace Reeling Unit, Kumbakonam.

- Production of Silk – The raw silk purchased is reeled by persons employed for the purpose on daily wages. The reelers have to furnish security deposit and execute bonds before raw silk is given to them for reeling. The reelers do the reeling work at their places. Reeled Silk is bleached and dyed at the Centre itself by engaging labour.

The weaving of silk is entrusted to the weavers enlisted for the work and security deposits are obtained from them to cover the cost of silk and lace issued to them.

Weaving wages are paid according to the designs and workmanship, as approved in Khadi Board's proceedings Ms.No.763 / dated 4th November 1974 and as amended from time to time.

The reeling, bleaching, dyeing and weaving wastages, now in force, are as detailed below :

Serial Number and nature Of Processing	Wastage allowed
(1)	(2)
• Reeling	(i) Charka Silk 25 gms for kilo of silk issued for reeling
• Bleaching or degumming	25 percent on the weight of silk issued for Bleaching.
Dyeing	1 percent on the weight of silk issued for bleaching.
Tanjore District	Kancheepuram
• Weaving –	
• Sarees – 40 gms. Per loom of 33 metres	(i) Plain Weaving – 31 gms. Per loom of 16 ½ mtr's
Dhothy. – 35 gms per loom of 33 metres.	(ii) OSK Petny Sarees – 42 Gms per loom of 16 ½ metres.
iii) Towels and Pieces – 20 gms. Per loom of 33 metres.	(iii) DSK Petny Sarees 51 gms. Per loom of 16 ½ metres.

NOTE : - Silk reeling is done both departmentally and by private reelers. However lace reeling is done only departmentally.

- Register of Purchases (Assistant Director's Office) – It should be seen –
- Whether all articles purchased and paid for as per invoices and vouchers have been entered in this register.

- Whether all the articles purchased are entered in the Stock Register Correctly,
- Whether liabilities for goods pending payment at the end of the year have been carried over to the Register of Liabilities.
- Whether the entries in the register have been attested by all the members of the purchase committee.
- Whether the purchases made have been retified by the Chief Executive Officer, and
- Whether the committee members have given a certificate to the effect that they are satisfied with the quality, price, quantity, etc., before the bills are settled (K.B.P. 299, dated 16th May 1973).
- Stock Register of Raw Silk and Lace – It should be seen –
- Whether the quantities of raw silk and lace transferred from the Silk Godown, sub-centre or Main Centre have been correctly entered in this register.
- Whether the quantities of raw silk issued to the reelers is posted in the Reeler’s Day Book.
- Whether the transfer to other centres is supported by Inter-Transfer Invoices and the Invoices are prepared for the quantity transferred and whether the receipt is acknowledged by the transferees.

- Whether the quantities of lace shown as issued to weavers as per the Weaving Day Book, and
- Whether the balance in hand has been correctly arrived at.

NOTE : - Separate pages should be used for Raw Silk and Lace.

- Reeler’s Day Book. – It should be seen –
- That the quantity of raw silk issued to reelers as per the Reelers’ Day Book (Both for weft and warp) agrees with the Stock Register of Raw Silk.
- That all the transactions as noted in the register are posted in the Reeler’s Personal Ledger Account,
- That the quantity of raw silk shown as issued and the wages paid etc., are acknowledged by the reeler in the register,
- That the quantity of wastage recorded is within the limit prescribed,

That the totals of quantity of wastage and quantity of reeled silk received are correct with reference to the quantity of raw silk issued, and

- The waste silk and lace received should be disposed of with the sanction of the Chief Executive Officer when the accumulations are heavy.

- whether the wages shown as paid are correctly worked out with reference to the approved rates and whether the deposits shown refunded are correctly totalled for the day.
- Reeler’s Personal Ledger. – It should be seen –

- Whether separate folios are allotted for each reeler.
- Whether all the transactions as entered in the Reeler's Day Book are posted correctly in the ledger in the folios concerned.
- Whether various columns in the ledger are correctly totaled at the end of each month and the quantity of silk issued for reeling etc., outstanding and deposit at credit are correctly worked out and carried over to the next month, and
- Whether the signature of the reeler is obtained at least once in six months in the ledger in token of his having accepted the balances shown in the ledger account.
- Stock Register of Reeled Silk Yarn – It should be seen in audit.
- Whether the receipts of reeled silk as recorded in the Reeler's Day Book are entered in this register.
- Whether the transfer receipts from other centres or the quantity of readymade reeled silk purchased are properly accounted for with reference to the Inter-transfer Invoices or Purchase Bills.
- Whether the quantity of reeled silk shown as issued for bleaching is correct with reference to the Register for Processing Silk Yarn (Bleaching) and
- Whether the balance of stock arrived at is correct.
- Register for Processing Silk Yarn (Bleaching or Bleaching Job Register) – It should be checked –
- Whether the quantity of materials shown as issued for bleaching is correct with reference to the scale fixed and whether the issues are shown in the respective stock accounts.
- Whether the quantities shown as received after bleaching are entered as receipt in the Stock Register of Bleached Silk Yarn.
- Whether the wastage shown is within the maximum percentage of wastage fixed, and
- Whether the cost of excess wastage is recovered from the reelers.

NOTE : - The excess wastage is due to the abnormal application of oil etc., by the reeler. Hence the excess wastages in bleaching reeled silk is a loss to be made good from the reelers.

- Stock Register of Bleached Silk Yarn. – It should be seen in audit –
- Whether the issues to weavers agree with the daily total of the Weavers Day Book.
- Whether the issues recorded in this register for dyeing agree with the Dyeing Job Register.
- Whether the transfer of the bleached silk to other units is correct with reference to the Inter-transfer Invoices and
- Whether the balance worked out in the register is correct.
- Register of Processed Silk Yarn (Dyeing or Dyeing Job Register.) – It should be checked –

- Whether the dyes and chemicals and other articles shown as utilized are entered as issued in the Stock Register of Consumable Stores.
- Whether the issues are made in accordance with the scale fixed by the competent authority.
- Whether the quantity of colour yarn shown as received is entered as receipts in the stock register of coloured yarn.
- Whether the wastage, if any, does not exceed the percentage prescribed; and
- Whether there is any undue delay in processing.
- Stock Register of Coloured Silk Yarn – It should be seen in audit.
- Whether the issues to weavers as recorded in the register agree with the daily total of the Weaver's Day Book.
- Whether the receipts and transfers of the colour silk from and to other units were made through inter-transfer invoices; and
- Whether the balances worked out are correct.
- Stock Register of Consumable Articles (Dyes and Chemicals, Fuel, etc.) It should be seen in audit.
- Whether separate pages have been set apart for each variety of articles;
- Whether the quantities as per the Register of Purchases and vouchers are entered correctly in this register.
- Whether the quantities shown as issues are correct with reference to the entries in the Register for Processing Silk Yarn and with reference to the scale of issues fixed.
- Whether the containers released after each issue are noted correctly and carried over to a separate stock account for watching their eventual disposal; and
- Whether the entries of receipts and issues are attested by the Manager in token of verification of the correctness of the entries.
- Weavers' Day Book – It should be seen –
- Whether the transactions relating to silk yarn issued and returned, yarn consumed in the cloth delivered, deposits with held and refunded, wages paid, etc. are posted into the personal Ledger Accounts of the weavers concerned;
- Whether the daily totals under silk yarn and lace issued and returned are correctly worked out and posted in the Stock Account of Silk Yarn and Lace;
- Whether the silk cloth received after weaving is individually numbered and taken to Stock Register of Finished Goods;
- Whether the description furnished in this register tallied with the number affixed to the cloth, quantity etc., in the Stock Register of Finished Goods;

- Whether the wages due as noted in the register are correctly worked out with reference to the approved schedules;
- Whether the wastages allowed are in accordance with the prescribed limit ;
- Whether the wages due, fine and deposit deducted and net amount paid are correctly worked out; and
- Whether the transaction for the day is supported by the acknowledgements of the weavers concerned in the register.

NOTE (1) – The Weaving of silk yarn and lace is accounted for in terms of weight only.

NOTE (2) – Each article of silk cloth woven, i.e. sarees, dhoties etc., is given a serial number and accounted for as a separate item in the stock register.

- Weaver's Personal Ledger – The entries in this ledger should be traced from the Weaver's Day Book.

It should also be seen –

- That separate folios have been allotted for each weaver :
- That at the end of the month, totals are struck and the balance of yarn, etc., outstanding and deposit at credit are arrived at correctly and carried over to the next month; and
- That the signature of the weaver is obtained periodically in token of his acceptance of the correctness of the account.
- Stock Register of Khadi Silk Finished Goods – It should be seen in audit –
- Whether the silk cloth shown as receipt in the centres is as per the entries in the Weaver's Day Book and the cloth received from the main centre or sub-centre or other sources, as the case may be, is correctly entered or in the register individually;
- Whether the sale prices of the cloth as noted in the invoices or as approved by the Assistant Director (Silk) in the cost Analysis Sheet is noted in the register.

NOTE : - The cost Analysis Sheet Containing details for the cost of silk and lace used, wages paid, overhead charges leviable etc., should be test-checked and the defects, if any, noticed in fixing the sale price commented upon.

- Whether for all items of receipts, the counterfoils of the relevant invoices are forthcoming and whether receipt is acknowledged by the transferee in all such cases; and
- Whether each entry of receipt or issue is attested by the Manager of the Centre.
- Cost Analysis Register – This register should be seen –
- Whether the particulars shown in the register are correct with reference to the Weavers Day Book.
- Whether the sale price fixed at the first column is arithmetically correct.
- Whether the overhead charges is fixed at 20 percent with effect from 1st April 1978 as per Proceedings of the Khadi Board No. M.s.No.156, dated 31st March 1978.
- Whether the monthly abstracts prepared are correct and daily attested by the Manager, and
- Whether the monthly total of the "Price" column in the Register of Finished Goods agree with the monthly total shown in this register.

NOTE : - It should be generally verified whether the details noted and the sale price arrived at are correct. A detailed check should be made in the case of atleast 10 percent of the articles.

23. Stock Register of Miscellaneous Articles – It should be seen –

- whether the receipts as entered in the register are correct with reference to the purchase vouchers, bills or inter-transfer invoices, as the case may be,
- whether the issues entered in the register are supported by authority, whether the quantities issued are in accordance with the scale, if any, prescribed, whether for issues by sale, the sale amount is realized at the rate applicable,
- whether the balances arrived at a.e. correct, and
- whether the entries are attested by the manager.
- Cash Book for Receipts. – It should be verified –
- Whether the amounts realised by sale of implements fines, sale of pass books, deposits received and other miscellaneous receipts as per counterfoils of the receipts issued are correctly and promptly posted in the Cash Book.
- Whether the amounts received from the sub-centres, if any, are correctly entered in the Cash Book of the Office of the Assistant Director (Silk) with reference to the counterfoils of the bills issued,

NOTE : - The particulars of the remittances made by the sub-centres to the office of the Assistant Director (Silk) should be gathered at the time of sub-centre audit and then verified with the Cash Book during the audit of the Office of the Assistant Director (Silk).

- Whether the totals are correctly arrived at, and
- Whether the collections are remitted into the Bank daily.
- Stock Register of Waste Silk and Lace – It should be seen

Whether the waste silk yarn and lace received from weavers are entered as receipts in the register and disposed of periodically by public auction with the sanction of the Chief Executive Officer.

- Register showing the particulars about weavers – It should be seen –
- Whether the name and address of the weavers are entered properly.
- Whether the date of executing the security bond has been noted correctly.
- Whether the name and address of the surety are correctly entered as per the bond executed, and
- Whether the security amount remitted by the weaver has been noted correctly with bill number and date.
- Register of inter-transfer invoices (incoming and outgoing) – This register should be verified
- Whether numbers and date of the Inter-transfer Invoices are noted in the register for all the items of incoming or outgoing transfers of stock.

- Whether the name of the centre from which the Inter-transfer Invoices are received or to which they are issued are noted correctly.
- Whether the details of stock received or transferred are furnished, and
- Whether the date of returning or receiving the acknowledged copies of I.T. Invoices are entered.

NOTE : Separate registers for incoming I.T. Invoices and outgoing I.T. Invoices should be maintained.

- Register of Liabilities – It should be seen –
- Whether payments made during the year in respect of liabilities of previous years are entered in this register against the respective items, and
- Whether there is no undue delay in clearing the liability.

29. Register of Permanent Advance – The Assistant Director (Silk) is provided with a permanent advance of Rs.50,000. A portion of this amount is distributed to the sub-centres according to their needs. The distribution of advance is noted in this register. Acknowledgements for the amounts received by the sub-centres should be obtained annually, or whenever there is a change of incumbency in the post of Manager.

Expenditure on purchases, weaving wages, reeling wages, bleaching and dyeing wages, etc., are met from the permanent advance and the amount spent is recouped periodically from the Bank by the Assistant Director (Silk). The amount spent by the sub-centres are recouped from the office of the Assistant Director (Silk) at intervals by sending statement of expenditure incurred by them.

It should be seen whether the sum total of the amounts held in the office of the Assistant Director (Silk) main and sub-centre at any time agrees with the amount of permanent advance sanctioned to the Assistant Director (Silk).

30. Personal Deposit Account. – The amount of deposits received in cash and by adjustment from the reelers and weavers are accounted for in the Personal Deposit Account. It should be verified -

(1) Whether the total balances as on 31st March every year agree with the total balances as per individual lists obtained from the main and sub-centres, and

(ii) whether the amounts withdrawn and refunded to the parties are supported by acknowledgement and the refunds made are in order.

31. Register of Security Deposit. – It should be seen –

(i) whether this register is maintained to show the names and designation of the individual for whom security is prescribed, amount of security prescribed, the amount of security obtained and the form in which the security is furnished,

(ii) whether the securities are kept in safe custody,

- Whether there is evidence of verification of the securities at the end of each year by the custodian, and
- Whether the refunds are supported by proper sanction and payees' acknowledgements. The securities should be called for and verified in audit once in a year at the time of Annual Audit.

32. Register showing the recoveries from the staff – It should be seen –

(i) whether the amount to be recovered from individuals are supported by authority of recovery orders,

(ii) whether the collections noted in this register are supported by counterfoils of Bills or intimation from other offices,

(iii) whether the amount to be recovered from the person is properly intimated to the officer concerned under whom he is transferred for effecting recovery through LPC (C.E.O.'s Circular Rc.60007/Accts/75, dated 17th February 1975), and

(iv) whether such recovery is watched.

- Khadi Silk Godown – Apart from stocking of raw materials all the finished goods produced in all the Khadi Silk Centres in Tamil Nadu are pooled at the Silk Godown, Kumbakonam, before they are transferred to the Various Assistant Directors.

The usual checks exercised in the audit of District Godowns are exercised here in addition to others detailed here.

- Bulk Stock Register for Raw Silk and Lace – This register is maintained at the Silk Godown. On purchase of raw silk and lace, the quantities are taken to stock in this register. The stocks are held in a safe room under double lock system under the custody of two Assistants of the Office of the Assistant Director (Silk). Then the stocks are transferred to the respective sub-centres through Inter-transfer invoices. This register should be verified to see –

- Whether the stocks received are correct with reference to purchase invoices,
- Whether the excess quantity noticed at the time of weighment at Kumbakonam is duly taken as receipt as per "Weighment Register for Raw Silk and Lace Purchased".
- Whether the issues and transfers are supported by Inter-transfer Invoices,
- Whether the entries are duly attested by the Assistant Director (Silk) and the Double Lock Assistants, and
- Whether the balances are arrived at correctly.
- Weighment Register for Raw Silk and Lace Purchased.

This register is maintained in the office of the Assistant Director (Silk), It should be seen –

- Whether each item of purchase of Raw Silk and Gold Lace are weighed at Kumbakonam before the Double Lock Assistants,
- Whether the excess weight recorded is taken as receipt in the Bulk Stock Register, and

- Whether proper action was taken for any shortages noticed against the weight of silk or lace paid for.
- Khadi Silk Sales Section. – A Khadi Silk Sales section is functioning at the premises of the Assistant Directors Office, Kumbakonam, as an annexe to the Silk Godown. Counter sales of silk finished goods are being effected at the Khadi Silk Sales Section. On sales of other silk items, viz., dhothies, pieces, towels, pavadais, choli bits, etc., only the seasonal rebates, as and when announced by the Government are allowed. No credit sales are made from the Khadi Silk Sales Section, Kumbakonam.

The usual checks, as prescribed for Khadi Kraft, are exercised here also.

- The reeling unit, Kumbakonam – This unit was started as a lace reeling unit only and subsequently silk reeling work was also entrusted to this unit. This unit is working under the control of the Assistant Director (Silk)
- Functions of Reeling Unit. – The functions of this unit are as follows :-

Lace Reeling –

Lace Reeling work is entrusted to the reelers who are working within the premises of the Reeling Unit itself under the supervision of the Manager of the Unit. They are not allowed to take the gold lace to their own working place. Wages are paid to the reelers as per K.B.P. Ms.No.763, dated 4th November 1974 as amended from time to time.

- Lace Reeling on Thiruvattam.

Lace is being reeled on the Thiruvattam for facilitating further reeling through warping machine.

NOTE – “Thiruvattam” is a reeling stick made of bamboo sticks.

- Lace Warping –

The Thiruvattams with lace reeled round them are fitted in warping machines and then the lace is reeled out of Thiruvattam into various lengths required i.e., 30 metres, 22 metres and 161/2 metres.

No wastage is allowed for this process of work.

- Lace Munthi Reeling –

This process of reeling is done direct from Lace Marc into Munthi (for weft). This reeling is done by twisting

- Two threads into one.
- Three threads into one.
- Single thread reeling

Wastage of lace is allowed for Thiruvattam and Munthi processes at the rate of 2 grams for 250 grams of lace (vide Director’s Proceedings No.D.Dis.No.24883/C3/62, dated 21st March 1963 – Annexure II) whereas no wastage is allowed in respect of lace warping process.

- Apart from the registers maintained in the Khadi Silk sub-centres for silk reeling, the following registers are maintained in this unit. –
- Stock Register for Lace unreeled.
- Job Register for Lace Reeling
- Job Register for Lace Warping
- Job Register for Lace Munthi
- Stock Register for Reeled Lace.
- Stock Register for Waste Lace.
- Stock Register of Lace unreeled – It should be seen –
- Whether the lace received from the Office of the Assistant Director (Silk) is supported by Receipt I.T. Invoice.
- Whether the items of unreeled lace for reeling agree with the job Register for Lace Reeling and the Job Register for Lace Munthi Reeling;
- Whether the balances are struck for every stage of receipts and issues and attested by the Manager; and
- Whether monthly abstract of receipts and issues are struck over the signature of the Manager.
- Job Register for Lace Reeling – It should be seen –
- Whether the daily totals of lace issued to reelers agree with the Stock Register of Unreeled Lace;
- Whether the wastage of lace is within the limit prescribed;
- Whether the wastage of lace was accounted for in a separate stock register, viz., Stock Register for Waste Lace;
- Whether the wages due are worked out correctly.

NOTE (1) – Wages are paid once in a week by preparing an abstract of wages due as per this register.

NOTE (2) – Wages are worked out on the quantity of lace issued for reeling.

- Job-register for Lace Warping – It should be seen –
- Whether the total weight of lace and Thiruvattam as per the job Register of Lace Reeling is correctly noted (for easy reference, the Job number of lace reeling is furnished in this register).
- Whether the weight of the empty “Thiruvattam” is correctly noted with reference to the Job Register for Lace Reeling.
- Whether the net weight of lace reeled is correctly arrived at and taken to Stock Register of Reeled Lace, and

- Whether the signature of the reeler was obtained in token of having received the lace for reeling.
- Job Register for Lace Munthi Reeling. – It should be examined –
- Whether the number of Marc issued and weight of lace issued for reeling are correct with reference to the Stock Register of Lace.
- Whether the wastage allowed is correct with reference to the limit prescribed.
- Whether the reeled lace received is taken to the Stock Register of Reeled Lace.
- Whether the acknowledgement of the reeler was obtained for the lace issued for reeling.
- Whether the wastage of lace was taken receipt in the Stock Register of Waste Lace, and
- Whether the wages due are worked out correctly in the register.

NOTES : (1) Wages are worked out on the quality of lace issued for reeling.

(2) Wages are paid once a week by preparing an abstract from this register.

44. Stock Register of Reeled Lace. – It should be seen –

(i) whether the reeled lace as noted in the Job Register for warping and Job Register for Lace Munthi Reeling respectively are taken receipt in this receipt daily.

(ii) whether the transfers of reeled lace to other sub-centres by the Manager of the unit, and

(iii) whether the balances are struck correctly and attested by the manager of the unit, and

(iv) whether the monthly abstract of transactions is struck over the signature of the Manager.

45. Stock Register of Waste Lace – It should be seen whether the waste lace received from the reelers as per Job Register of Lace Reeling and Job Register of Munthi Reeling are entered as receipts in this register and disposed of periodically by public auction with the sanction of the Chief Executive Officer.

46. Accounts and Audit – Consolidated accounts of the transactions of the main and all the sub-centres including Reeling Unit are maintained in the office of the Assistant Director, Khadi Silk Production, Kumbakonam.

The audit of Main and Sub-centres including the Reeling unit are done at the respective places, monthly, quarterly or half yearly, as the case may be, and a consolidated audit notes issued to the Assistant Director (Silk), Replies to the Audit Notes are to be sent by the Assistant Director (Silk) within 15 days of the receipt of the Notes.

Serious irregularities noticed in audit are to be brought to the notice of the Chief Executive Officer by a special letter to enable him to rectify the defects.

A physical verification of stocks held by the Main and sub centres including Reeling Unit and Assistant Director's Office have to be conducted in April of every year as required in G.O. Ms.No.266 Industries Department, dated 3rd March 1979 and the result of such verification should be intimated in a form of report to the Assistant Director, Khadi Silk Production, Kumbakonam with a copy to the Regional Deputy Director, Khadi and Village Industries.

THE DYEING, BLEACHING AND PRINTING UNIT, ERODE AND TIRUPPUR

- The opening of a Government Khadi Dyeing and Printing Unit at Bhavanisagar to meet the increased demand for the processed goods to the avoid the middlemen's profit was sanctioned in G.O. Ms.No.2026, Rural Development Project, dated 28th June 1957 and that at Tiruppur in G.O. Ms.No.2432, Public (R.D.P.) Department, dated 7th December 1954.
- The administrative control over the units is exercised by the Regional Deputy Director of Khadi and Village Industries, Tiruppur, and the financial activities are regulated with reference to Board's proceedings issued in K.B.P.Ms.No.736, dated 27th October 1976.
- The audit of the accounts of the Dyeing, Bleaching and Printing Units at Tiruppur and Bhavanisagar is conducted by the Audit Staff with reference to the orders in G.O. Ms.No.1247, Public (R.D.P.) Department, dated 11th April 1955 and G.O. Ms.No.853, (Public) Rural Department Project, dated 14th March 1958.
- A brief outline of the processes carried out in the Dyeing Units is given below.

The Khadi cloth and yarn produced in different centres in grey are received from the Central Godown (Khadi), Tiruppur and from other production centres for bleaching and dyeing. The grey cloth and yarn are given preparatory treatment to make them suitable to absorb the dye-stuff, in the following processes, viz., (1) Steeping, (2) Scouring and (3) Bleaching. In each stage, the required chemicals are issued in the prescribed scale. After the above preparatory process is over, the goods are divided into lots and taken for dyeing, the final process. At this stage, the required dyes and chemicals are issued for each lot of cloth or yarn.

- The receipts and charges relating to the units mainly fall under the following categories :-
- Receipts – (i) Dyeing, Bleaching and Printing charges.
- Miscellaneous receipts such as sale proceeds of empty containers and cinders, recoveries, fines, etc.
- Charges – (i) Pay of establishment.
- (ii) Allowances of the establishment (Travelling allowance and compensatory allowance.)
- (iii) Office contingencies (taxes, lighting and sweeping charges, yarn dyeing charges, etc.)
- (iv) Service Postage.
- Cost of dyes and chemicals.
- Cost of fuel.
- Cost of equipment.
- Wages on labour.
- Power charges.
- Water charges
- Rent

- Transport charges on Khadi and Yarn.
 - Employees, Provident Fund contribution.
 - Employees, State Insurance contribution
 - Administrative charges on EPF Scheme
 - The Manager of the Dyeing, Bleaching and Printing Unit was authorised to draw on the sub-treasury prior to 1st July 1973 and after 1st July 1973 from Canara Bank to meet all charges in the following manner.
 - The bills in respect of cost of dyes and chemicals cost of fuel, cost of equipment, power and water charges, rent, transport, etc., are drawn at the Bank after the counter signature of the Regional Deputy Director, Tiruppur.
 - The bills on pay of establishment ,wages to employees,Provident Fund Contribution,administrative charges on E.P.F. contribution and employees ,state insurance contribution can be drawn without the countersignature of the Regional Deputy Director,Tiruppur.
- (iii) The travelling allowance bills of the staff have to be countersigned by the Regional Deputy Director and the Travelling allowance bills of the Manager have to be countersigned by the Chief Executive Officer, Madras.
- A current account in the name of the Manager has been opened in the Canara Bank for withdraws. Subject to the Budget provision and on the estimate of previous months, an amount equal to that of two months' anticipated expenditure is posted in his current account by mail transfer from the Chief Executive Officer from time to time.
 - All the drawing officers are directed to send the demand drafts, cheques drawn in favour of the Chief Executive Officer, Tamilnadu Khadi and Village Industries Board to the Central Office, Madras with effect from 1st April 1975 with reference to the Board Memorandum 39096 / 75 / A1 (5) dated, 1st March1975.
 - So far as the dyeing, Bleaching and Printing Unit, Tiruppur is concerned, the amounts realised by way of receipts are remitted into the office of the Regional Deputy Director, Tiruppur and the bills in respect of expenditure, other than Pay and Allowances and T.A. to the Staff of the Unit, are presented at the Office of the Regional Deputy Director for encashment. The Pay and allowances and T.A. claims are audited in the Office of the Regional Deputy Director, who draws the bills. The audit of bills other than those relating to Pay and Allowances and T.A. is done in the Unit.
 - The day to day expenses of the units, such as transport charges, purchases of petty articles, etc., which are to be paid on the spot are to be paid from the permanent advance sanctioned to the units. The expenditure incurred from out of the permanent advance is recouped once a week or at convenient intervals.
 - The following registers, accounts, records, etc., maintained in the Dyeing, Bleaching and Printing Units, are scrutinized in audit.
 - Register of Work Orders

- Register of Purchases
- Stock Register of Consumable Articles like Dyes, Chemicals, Acids, Oil and Fuel.
- Stock Register of Miscellaneous Articles.
- Stock Register of Machinery, Tools and Plants and Furniture.
- Register of Daily Issue of Dyes, Chemicals etc.
- Conterfoils of Invoices for Dyeing and Printing Charges.
- Customers' Ledger
- Register of Remittance
- Register of Payments
- Pay Bills
- T.A. Bills
- Permanent Advance Register
- Contingent bill with original vouchers for less than Rs.100 and true copies of vouchers in respect of payment for Rs.100 and above.
- Monthly pass-sheets given by the Bank to verify the reconciliation in drawing account.
- Postage Stamp Account
- Muster Rolls for Labour Employed.
- Contingent Register.
- Security Deposit Register.
- Register showing the Leave Granted with wages to workers.
- Third Cash Book
- Office copies of Pay Bills and T.A. Bills
- Employees' State Insurance Contribution watch Register.
- Employees' Provident Fund Contribution Watch Register.
- Register of Cheque Books Received and Used.
- Register of Cheques and Drafts Received.
- Register of Drafts Issued.
- Register of Mail Transfers Received and Cheques drawn.
- Service Registers.
- Processes Watch Register.
- Register of Bills Received and Passed.
- Indent Slips ordered by Supervisor
- Register of Allocation for Contingent Charges.

- Schedule of Consumption for Dyes and Chemicals.
- Register of gigger cloth issued.
- Yarn Dyeing Register.
- Auction Sale Register
- Register of Tour Advances.
- Register of Stamped Receipts.
- Register of Periodicals
- Register of Recoveries (Interest bearing Advances).
- Register of Recoveries (Non-interest bearing Advance).
- The audit checks to be exercised in respect of the following registers are given below :
- Register of Bills Received and Passed.
- Register of Mail Transfers received and Cheques Drawn.
- Register of Cheque Books received and used.
- Register of Payments.
- Register of Remittances.
- Transfer Entry Register.
- Vouchers Recovery Register.
- Undisbursed Pay Register
- Permanent Advance Register
- Cash Book
- Register of Tour Advances
- Register of Recoveries (Interest bearing Advances)
- Register of Recoveries (Non-interest bearing advances)

(Sl.Nos. 1 to 13 are prescribed in Khadi Board

Circular Memo. No. PA I / 76 / II, SI, dated 2nd March 1976)

12.1 Register of Bills received and passed. – This register is maintained in Form No.1. All the bills received and passed for payment are entered in this register. It should be seen that the amount of bills is correctly entered in this register.

12.2 Register of Mail Transfers received and cheques drawn. – This register is maintained in Form No.2 in this register it should be seen -

(1) whether the full details of Mail Transfers received from the Central Office are entered on the receipt side of the Register and particulars of cheques drawn on the expenditure side;

(2) whether an abstract of transactions is recorded at the end of each day's transactions; and

(3) whether the closing balance as per the abstract in this register is tallied with the closing balance recorded in the scrolls or Pass Book issued by the Bank.

12.3 Register of Cheque Books received and used. – This register is maintained in Form No.3. This register is intended to watch the receipt and use of cheque books. It should be seen audit.

(1) the machine number of the cheque book is correctly entered in the register;

(2) the dates on which the cheque book is taken for use and the folios of the old cheque book completed are correctly entered; and

(3) the cancelled cheques are enfaced as cancelled under the signature of the drawing officer (These should be destroyed in audit).

The cheque books should be physically verified and the fact recorded in audit.

12.4 Register of Payments. This register is to be maintained in Form No.4 to make the necessary entries under detailed classification of various heads of accounts. It should be seen whether all expenditure incurred is posted correctly under the classified heads of accounts. It may also be seen that the allotment of funds under each head to account should be indicated at appropriate pages to ensure that the expenditure incurred is within the budget allotment.

12.5 Register of Remittance – (1) This register is no be maintained in Form No.6. This register contains columns for the classification of analysis of cheques / drafts sent to the Central Office both by the drawing officers and the managers of units. It should be seen whether the receipt of the drafts and cheques sent is properly acknowledged by the Board Office through scroll without any omission. It Should also be seen whether the amounts sent either by draft or by cheques are properly accounted for in the Board's Accounts with reference to the entries found in the scrolls as furnished by the accounts department of the Board.

(2) Returned Cheque Accounts. This accounts is to be maintained with reference to the Board's Memo. No.85367 / Budget / 79, dated 3rd September 1979 to watch the proper realization of the returned cheques and drafts.

- Transfer Entry Register – This register is to be maintained in Form No.7. This register should be maintained to record adjustment entries to be made within the Development District. It should be seen in audit whether the vouchers are prepared for effecting such adjustments.

- Voucher Recovery Register – This register is maintained in Form No.8. In this register separate columns are provided for furnishing particulars such as gross amount of bills, deductions made under various heads and net amount for which cheques are to be drawn. It should be seen whether –

- The deductions made are entered under appropriate columns;

- The amount drawn by cheque from Bank is tallied with the net amount noted in this register; and

- The total credits by way of recoveries to agree with the totals to be arrived at in the respective subsidiary registers viz., Register of Temporary Advances, G.P.F., Festival Advance, Cycle Advance, Building Advance, etc.

12.8 Undisbursed Pay Register – This register is to be maintained in Form No.12. It should be verified whether the bills encashed on each day are entered in this register. Similarly when disbursements are made the entries in the register should be verified with reference to the amounts noted in the vouchers. It is to be verified whether the abstract showing the list of balances against respective pending items is furnished in the register not only to reconcile the balance but also to see that there are no cases of undisbursed items over three months.

12.9 Permanent Advance Register – This register is to be maintained in Form No.13. This register is to watch the unforeseen expenditure incurred in the respective units and its recoupment thereof. It should be seen that the amounts claimed under Permanent Advance are supported by the sub-vouchers. It should also be seen that the vouchers are duly cancelled by the passing authority after payment.

12.10. Cash Book – The cash book is to be maintained in Form No.14 to record all cash transactions. It is to be verified whether proper receipts are issued for the receipt by way of cash, cheques and drafts, etc. It is also to be verified whether an abstract showing the receipt and remittance is struck at the end of each day.

12.11. Register of Tour Advances. – This register is to be maintained in Form No.16. This register is maintained for recording the advance paid to the staff for watching the eventual adjustment of advances on encashment of connected Travelling Allowance Bills. Delay in the adjustment of tour advances should be commented upon wherever necessary.

12.12. Register of Recoveries (Interest Bearing Advances.) – This register is to be maintain in Form No.20. This register is used to watch the payments and recovery of interest bearing advances like House Building Advance, Car Advance, Scooter Advance, Cycle Advance and Marriage Advance. It is to be verified whether entries are made in this register as soon as advances are drawn and paid with full details. It is to be verified whether the recoveries effected either in the pay bills or by way of cash are properly posted in this register. It is also to be verified whether the interest at prescribed rates is calculated and recovered after the entire advance is recovered.

12.13 Register of Recoveries (Non-Interest Bearing Advances). – This register is to be maintained in Form No.21 to watch the payment and recovery of advances not bearing interest such as Festival Advance, Khadi Advance, Pay Advance etc. In the register, separate folios for each kind of advance are allotted. It should be verified whether the total recovery of advance should be tallied with the amounts noted in the Voucher Recovery Register in Form No.8.

12.14 Process Watch Register – This register is maintained to watch whether the dyes and chemicals obtained from the stores on presentation of indent slips on various dates have been fully utilized for the particular work order itself.

It should be seen –

- Whether the quantity of cloth or yarn taken for a process, such as for bleaching or dyeing, has been entered in chronological order with reference to daily issue of chemicals and dyes and
- Whether the chemicals and dyes taken from the stores have not been misused.

12.15. Indent Slips – The indent slips for the requirement of dyes and chemicals are prepared by the supervisor and approved by the Manager for each lot of work.

It should be seen –

- Whether the quantity of dyes, chemicals, required as per the scale fixed in the approved schedule;
- Whether the indent slip has been approved by the Manager; and
- Whether the Daily Issue Register has been written properly with reference to the indent slips approved.

12.16 Yarn Dyeing Register. – It should be seen –

- that the amount paid is correctly worked out with reference to the numbers of banks dyed; and
- that all the banks shown as dyed have been dyed or printed.
- Check of Wages to Labourers and Appointment of Labourers – (i) Appointment of Labourers – The labourers of the Dyeing, Bleaching and Printing Units are appointed by the Manager upto the maximum limit sanctioned by the Chief Executive Officer, Madras from time to time. There is no distinction as skilled and unskilled labourers. For the appointment of labourer no age limit is fixed at 58. The working conditions, and other concessions such as leave, Employees' Provident Fund, Employees' State Insurance are governed by the Madras Factories Act, 1958.

(ii) Leave benefits were accorded to labourers as per sections 79 and 80 of the Madras Factories Manual.

- Every worker who has worked for a period of 240 or more days in a factory during a calendar year is allowed during the subsequent calendar year leave with wages for a number of days calculated at the following rates :-
- If an adult, one day for every twenty days (1/20) of work performed by him during the previous calendar year.
- If a child, one day for every fifteen days of work performed by him, during the previous calendar year.
- For the leave allowed as per rules above, an individual is paid at the rate equal to the daily average of his total full time earnings for the days during which he worked in the month immediately preceding his leave, exclusive of any overtime and bonus but inclusive of dearness allowance.

(iii) Leave with Wages Register – A leave with wages Register is maintained in Form No.15 prescribed under rules 87 and 88 of the Factories Rules, 1958, in which the particulars regarding the date of birth, date of entry into service etc., are noted. Total leave eligible to an individual labourer is worked out only from this register.

- Employees' State Insurance Schemes. – The labourers as well as the staff working in the Dye house who are drawing emoluments are covered by this scheme. The rate of contribution

towards Employees' State Insurance is worked out weekly, as per the rates fixed from time to time. As the pay of the labourers and staff is being paid on monthly basis in this unit and paid. For the purpose of calculations of week, the week is to be taken as ending on every Saturday midnight. At present, the rates of contribution are as shown below. In order to watch the recovery of contributions from the workers and the employer's contributions a register namely Watch Register of ESI Contribution is maintained.

- Employees' Provident Fund Scheme – Under section 6 of the Employees' Provident Fund Act 1952, 61/4 percent of the wages shall be recovered from each employee and an equal share of the employer shall be drawn from the Board's funds as contribution and remitted into the E.P.F. Account for the purpose of pay. D.A. should also be taken into account.

While remitting the Employees' Provident Fund contribution of the labourers and staff, an administrative charge at the rate fixed by the Employees' Provident Fund Commissioner shall be drawn and remitted to the Employees' Provident Fund Commissioner, Madras. The employees' Provident Fund Commissioner has fixed the rate at 0.37 percent of the total wages paid to the employees for a month.

- Physical verification of Stock. The Physical Verification of stocks is done by the staff of the Chief Auditor, from the 1st April to 15th April from the year 1978-79 with reference to G.O. Ms.No.266 Industries Department, dated 3rd March 1979 so as to enable the Board to adopt the actual value of stock in the proforma accounts. The annual physical verification of stock is done by the Board staff during the period from 1st September to 15th September of every year as per the circular Rc.No.76962 / 79 / All (1), dated 8th August 1979 of Tamilnadu Khadi and Village Industries Board, Madras.

- Preparation and issue of Audit Notes. Audit Reports – The audit is done quarterly and the audit notes are issued by the Inspector, State Trading Schemes. After the audit for a year is completed an audit report incorporating the pending objections of serious nature noticed in quarterly notes is issued by the Assistant Director Schemes with copies to the Chief Auditor, and to the Regional Deputy Director, Tiruppur. The replies are to be sent to through the Regional Deputy Director, Tiruppur.

RURAL TEXTILE CENTRE

The Rural Textile centres are intended to impart training to the spinners in the spinning of New Model Charkas and in improved techniques of spinning to augment their earnings. Each Rural Textile Centre provides scope for 25 spinners of other artisans to perform their job under one roof. Each Rural Textile Centre is in immediate charge of an Instructor and is usually attached to a Khadi Sub-Centre or Main Centre Production Section.

2. The Rural Textile Centres have pre-processing units which are either hand – operated or power-driven. Cotton is processed into yarn in six stages of operation, for each of which there is a separate machine requiring one or more artisans to operate. They are (1) opening machine for opening cotton, (ii) carding machine, (iii) Drum Drawing frame for lap (patta) making, (iv) drawing frame for sliver-making, (v) flayer frame for roving and (vi) the 2-spindle, 6-spindle or 12-spindle

firing frame (charka) for spinning. The rates of pre-processing and spinning wages payable in the Rural Textile Centres are governed by the orders of the Board issued from time to time.

3. Before taking up the audit of the Rural Textile Centres, the auditor should be well acquainted with the circular instructions issued by the Board and the Chief Auditor, State Trading Schemes. The Hand Book issued by the Khadi and Village Industries Commission on the New Model Ambar Charkas 1965, and the circular instructions issued for running the Rural Textile Centres by the Director of Khadi and Village Industries in his memo. Rc.No.8540/P3/66, dated 20th May 1966 may also be referred to.

4. Scope of Audit – The audit on the accounts of the Khadi Rural Textile Centres comprises of an examination of all the accounts and records maintained in the respective centres and in the sub-centres or Main Centre Production Section to which they are attached with a view to see that the cotton issued for spinning, yarn received after spinning and wages paid for the various processes are properly accounted for and are in accordance with the instructions issued. The particulars of special advance amount or any amount received from the Assistant Directors of Khadi towards wages etc., and the inter-transfer invoices, both receipts and issues should be gathered during the course of audit of the centres and verified with the records of the concerned Assistant Directors of Khadi to guard against any misuse or mis-appropriation of cash or goods. The audit should be done monthly and the defects noticed in audit should be included in the Audit Notes and the Audit Reports of the Assistant Director of Khadi and Village Industries.

5. The registers and records to be maintained at the Khadi Rural Textile Centres are prescribed by the Director of Khadi and Village Industries, Madras in his circular RC.No.20334 / 68, dated 31st January 1969.

6. The following are the registers and records maintained at the Rural Textile Centres -

- (1) Pre-processing and Spinning Register (Annexure-I)
- (2) Stock Register of Cotton, Pattas Slivers, Tape and Yarn (Annexure – II)
- (3) Stock Register of Machines and Spares (Annexure III).
- (4) Spinners, Carders and Other Artisans Ledgers (Annexure IV).
- (5) Monthly Account of Wastages (Annexure V).
- (6) Maintenance Cards for Each Equipment (Annexure VI).
- (7) Invoice of Inter-transfer of stocks.
- (8) Attendance Register for Artisans.

7. Apart from the above Registers and records maintained at the Centres the following registers and records are to be maintained at the concerned sub-centres or Main Centre Production Sections :-

- (1) Wages Register for the Artisans.
- (2) Stock Register for Spares.
- (3) Cash Books (Receipts, Expenditure and Third Cash Book).

- (4) Statement showing the Monthly Adjustment to the Spinners Welfare Fund.
- (5) Monthly Statement of Wastages.
- (6) Monthly Statement showing the Economic working of the Rural Textile Centre.
- (7) Register showing the Inter-transfer of stocks to and from other Rural Textile Centres.
- (8) Files and Bills relating to the Purchase of Spare Parts.

8. The general principles laid down for the audit of the accounts of the Khadi Sub-centres should be scrupulously followed in the case of Khadi Rural Textile Centres also wherever they apply. In addition, it should be seen in audit.

- (1) whether the sanction of Board is forthcoming for the opening of the centre.
- (2) whether the various registers are maintained in the forms prescribed by the Board.
- (3) whether the enrolment of the spinners, carders, etc., have been made only with the specific approval of the Assistant Director (Khadi) and whether entries to that effect are made in the concerned folios of the ledger for spinners, carders, etc.,
- (4) whether wages are paid only on the completion of work undertaken like opening of cotton, carding, making pattas, slivers, rovings and spinning of banks and whether each process is recorded in the prescribed Registers, i.e., the Pre-processing and Spinning Registers.
- (5) whether the wages for each process are worked out on the quantity issued.

Orders have been issued in Board's proceedings Ms.No.657, dated 24th September 1974 regarding expenditure allowable for New Model Chakra Units. Malcoir Rs.40 p.m. spindle oil – Rs. 30 p.m. spare parts Rs.50 p.m. other expenses – Rs.50 p.m. The expenditure rate is the maximum allowable and should not be shown as a regular feature every month.

- (6) whether the wages paid are in accordance with the approved rates and supported by vouchers and acknowledgements (Circular No. Tex / Wages / 67-68, dated 7th October 1967 of the Khadi and Village Industries, Commission)
- (7) whether the signature of the artisan has been obtained in the respective folios of the spinners, carders and other artisans' ledger, at the time of making the weekly payments.
- (8) whether the Welfare Fund Scheme is implemented in the Production Centres (Weaving and Spinning) with effect from 22nd April 1974 with reference to Board's circular Rc.No.38980 / K2 / 3 / 73, dated 19th April 1974.
- (9) whether at the end of every month, the deposit deductions as per the ledgers of Spinners, Carders and Other Artisans have been totaled, progressive total of the previous month added and the grand total struck to show the total deposits at the credit of the carders or artisans concerned.
- (10) whether, when any refund is made, an entry to that effect is made in the ledger and the balance struck under the signature of the Manager of the Sub-Centre and that the refund vouchers, together with payees' acknowledgements are forthcoming.
- (11) whether the wastage of cotton in the various processes has not exceeded the maximum prescribed by the Board and a "Statement of Wastages" has been worked out in the form

prescribed, at the end of every calendar month with a view to see whether actual wastage in the Rural Textile Centre is within the allowed margin.

Total wastages through all processes in Rural Textile Centre should not exceed 10 percent to 20 percent (Letter K. Dis. No.22523 / K1-2/78, dated 14th April 1981 of the Chief Executive Officer) Process-wise wastage need not be insisted on. (Memo. No.70354 / 78 / KI (2), dated 14th September 1978 of the Chief Executive Officer).

(12) whether the cost of excess wastage of cotton has been recovered from the artisans concerned while the wages are paid to them.

(13) whether the monthly wastage has been prepared in the prescribed form and the total reuseable cotton accounted for separately and carried over to the cotton Stock Registers at the end of each week.

(14) whether an adjustment voucher is prepared for the value of cotton consumed by giving debit to "C Training" and Credit to "D, Production and Marketing" at the end of every month.

(15) whether the cost of hanks produced works out favourably to the cost of cotton consumed and the price fixed for production of banks and the price fixed for transfer.

16. whether the Maintenance Card is maintained in the prescribed form for every equipment in the unit and whether they are kept upto date and whether the equipments are regularly serviced and kept in condition.

The maintenance cards serve the purpose of a log book. All particulars relating to the working of the machine should be chronologically entered therein till the final disposal of the machinery of the charkas as the case may be.

17. whether the physical verification of stocks was done periodically by the officers of the Board and the excesses and shortages regularized them and there by the Assistant Director of Khadi.

9. The Cash balance as recorded in the Third Cash Book should be verified at the commencement of audit and again at any time before the close of audit to safeguard against misappropriation of cash on hand during the course of audit and after the first verification.

10. In places where two spindle charkas are introduced with a view to augment the earnings of the spinners, they are either distributed to the spinners' houses or collectively placed under a single roof in the Rural Textile Centres, allowing the spinners to come and spin there. The registers maintained for the spinners are –

(1) The Yarn Purchase Register

(2) Spinners Ledger, and

(3) Spinners Pass Book

In Rc.No.147747 / R3 / 71, dated 12th November of the Chief Executive Officer instructions were issued to the Centre Khadi Officers that they should check at least 5 percent of the pass books of spinners and maintain a register showing the result of such verification. The Register may be called for in audit and the 10 percent check of the pass books of the spinners may be done during audit.

11. The cotton-sliver is issued to the spinners by making entries in the registers referred to above. The hanks are purchased from them at the rates prescribed by the Board from time to time. The cost of the hanks alone is to be paid to the spinners after deducting the spinners' deposit and the cost of cotton slivers already supplied.

12. The accounts and registers maintained and the nature of audit to be done is applicable to that of Kisan Spinners in the Khadi Sub-Centres.

13. But as far as the two spindle charkas are concerned the Maintenance Cards Prescribed for the machineries of the Rural Textile Centres should also be maintained even in respect of the charkas issued to the spinners, and

14. The Khadi Inspectors, Centre Khadi Officers and the Assistant Directors of Khadi should verify the existence and proper working of the charkas during their inspection and certify to the same in the pass book of the spinners.

8.RURAL FABRIC CENTRE

The Rural Fabric centre is a decentralized power spinning and power weaving centre. The main object of the centre is to produce cloth at a cost competitive to the similar varieties of mill cloth and to make the centre self supporting without any need for aid or grant or subsidy.

The rural fabric centre is under the administrative control of the Assistant Director (Khadi)concerned.The unit is under the immediate control of a Development officer.

The wages to workers and other contingent expenditure may be met from the advance sanctioned by the board.

The Assistant Director (Khadi),Deputy Director of Khadi and villages Industries and the Chief Executive officer shall exercise the financial and administrative powers delegated to them in the Board's proceedings issued from time to time in so far as they relate to the Rural Fabric centre.

The Development officers have been permitted to incur expenditure under special advance .

5. In the Rural Fabric Centre, cloth is produced in the following processes either hand- operated or power-driven.

(1) Pre-opening

(2) Carding

(3) Roving

(4) Spinning

(5) Doubling

(6) Warping

(7)Winding

(8) Sizing and

(9) Wearing.

6. Wages to the artisans is on piece rate system. The wages are paid only on the production of finished materials at the rate fixed by the Board from time to time. However for artisans, whose services are not susceptible of measurement, wages are paid at daily rates fixed by the Board.

7. The existing looms are capable of producing cloth only upto 30. To meet the demands for 50 cloth and to utilize the surplus yarn, weavers are enrolled for the production of cloth. The yarn consumption is governed as laid down in the cost-chart in force from time to time and the weaving wages are fixed by the Board from time to time. It should be seen that the wages as fixed in the cost-chart are not paid to the weavers in the employment the Rural Fabric Centres as the Rural Fabric Centre Yarn is having the same strength and quality as that of mill and the use of yarn does not require additional labour which is necessary in the case of traditional or Ambar Yarn.

8. The loss in process is 'visible' and 'invisible' has may be either hard or soft waste. The reusable waste cotton is cleaned by breaking them by manual process to make them suitable for re-use. It should be seen that the processed waste cotton is fed in the subsequent days process without detriment to the quality of yarn. The processed waste cotton to be mixed with the press cotton should not exceed one-fifth of the total quantity fed as a time.

9. Before taking up the audit of the Rural Fabric Centres the auditors should be well acquainted with the circular instructions issued by the Board and the Chief Auditor, State Trading Schemes, in this regard.

10. Scope of Audit – The audit of the Rural Fabric Centre comprises of an examination of all the accounts and records maintained in the units and the office of the Assistant Directors (Khadi) with a view to see that the cotton issued for opening, laps issued, slivers received and issued, yarn received and issued, weft received and issued, warp received and issued, cloth unloaded and wages paid for the various processes are properly accounted for and in accordance with the administrative instructions issued.

The particulars of amount received from the Assistant Director (Khadi) towards wages etc. of amount remitted to him and the inter transfer invoices; both receipts and issues should be checked during the course of audit and verified with the records of the Assistant Director (Khadi).

The particulars of all inter-transfer invoices both receipts and issues from and to the units outside the jurisdiction of the Inspector, State Trading Schemes should be collected and sent to the Inspectors concerned for verification and return with remarks, if any. Any remarks of the Inspector returning the statement after verification should be properly dealt with.

11. The registers and records maintained in the Rural Fabric Centres are detailed below :-

1. Pre-opener Day Book.
2. Carding Day Book
3. Drawing Day Book
4. Roving Day Book
5. Spinning Day Book
6. Doubling Day Book

7. Sectional Wraps Day Book
 8. Beam winding Day Book
 9. Warp Sizing Day Book
 10. Weaving Day Book
 11. Waste cotton Day Book
 12. Hands winding Day Book
 13. Stock Book with pages set apart for (1) cotton (2) Lap (3) Carding Type (4) Drawing (5) Roving (6) Yarn (cops) (7) Doubled Yarn (8) Yarn Waste (9) Hank Yarn (10) Unsized Warps (11) Sized Warp (12) Weft Yarn (13) Cotton (14) Machineries and furniture (15) Tools and Plants (16) Consumables, etc.
 - (14) Wages Disbursement Register
 - (15) Cash Book with receipt and expenditure column.
 - (16) Inter Transfer Invoices
 - (17) Register of Contingent Charges.
 - (18) Machineries Maintenance Cards
 - (19) Attendance Register for artisans.
 - (20) Spinners Carders and other Artisans Ledger.
 - (21) Maintenance Cards for each equipment.
 - (22) Register showing the Inter-transfer or stocks to and from the unit.
 - (23) Register of Shortages and Excesses noticed in the periodical stock takings.
 - (24) Register to watch the adjustment of cost of supplies effected or services rendered to or any the unit.
 - (25) Orders on the result of stock taking or handing over of stock due to transfer of charge, etc.
 - (26) Register to watch the return or regularization of samples sent to the Chief Executive Officer or the Technical Officer of the Khadi Board.
 - (27) Posting Register for Receipts and Charges.
 - (28) Register showing the classified Abstract of contingent charges.
 - (29) Register of I.T. Bills
 - (30) Register of Registers.
 - (31) Transfer Entry Stock Register.
12. The General principles laid down for the audit of the Khadi sub-centres and Rural Textile Centres should be scrupulously followed wherever they are applicable.
- (1) General – It should be seen in audit.
 - (1) whether the various registers are maintained in the form prescribed by the Board.

(2) whether the expenditure incurred is within the competence of the Officer incurring the expenditure.

(3) whether the sanction of the competent authority has been obtained and

(4) whether the financial rules in the financial code has been observed before incurring the expenditure except in cases where special rules have been framed by the Board.

(2) Attendance Register of Artisans – It should be seen whether the Attendance Register of the artisans have been properly maintained and the wages paid to the artisans on daily wages are correct with reference to the number of days marked present thereon.

(3) Samples Issue Register. – It should be seen –

(i) whether the sample cloth sent to the Chief Executive Officer or the Technical Officer, as the case may be, has been duly entered in the Sample Register and the acknowledgements of the official through whom the cloth is sent has been taken the Sample Register;

(ii) whether the sample cloth has been regularized either by transfer or write off under the orders of the competent authority; and

- Whether the sample cloth returned has been taken into stock.

NOTE : The item pending return or regularization should be commented in the Audit Report.

- Machineries – Maintenance Cards – It should be seen whether the Maintenance Card is maintained in the prescribed form for every equipment in the unit with details of the entire history of the machinery from the date of purchase and whether they are kept upto date and the equipments revived at regular intervals without affecting the working of the unit.

- Pre-Opener Day Book – It should be seen in audit.

- Whether the cotton issued as per the Cotton Stock Register is correctly entered in the Day Book.

- Whether the rolled laps have been properly accounted for in the Day Book and Stock Book for Laps.

- Whether the wages to the artisans have been correctly worked out on the weight of the laps at the rates fixed by the Board from time to time; and

- Whether the signature of the artisans have been obtained in the Wages Abstract for the payment of wages.

- Carding Day Book – It should be seen –

- Whether the rolled laps received from the pre-opening section have been taken as receipts in the Day Book.

- Whether the slivers produced in the carding section have been properly accounted for both in the Day Book and Stock Book.

- Whether the wages paid to the artisans have been calculated on the weight of the slivers produced at the rate fixed by the Board from time to time

- Whether the signature of the Artisans have been obtained in the Wages Abstract for the payment of Wages and
- Whether a certificate of disbursement of wages to the artisans has been recorded by the Development Officer under his signature in the Wages Abstract.
- Drawing Day Book – It should be seen that the slivers received from the carding section have been accounted for as receipts in the Day Book.

The checks against time (2) to (5) under “Carding Day Book” should also be exercised.

- Roving Day Book – It should be seen –
- Whether the final uniform slivers received from the drawing section have been properly received in the Roving Day Book; and
- Whether the slivers produced in the roving section has been properly accounted for, only after deducting the weight of bobbins on which the slivers are wound, in the Day Book and Stock Book for Roving Slivers.
- The checks against items (3) to (5) of the “Carding Day Book” should also be exercised.

(9) Spinning Day Book – It should be seen -

(1) whether the slivers received from the Roving Section have been issued to each spinner after making suitable entry in the Day Book.

(2) whether the bobbins of spun yarn collected from the spinners at the end of each day have been weighed and accounted for against each in the Day Book and the net weight of the yarn alone is accounted for, and

(3) whether the Day Book has been totaled daily and the weight of the yarn so totaled has been taken to the Yarn Stock Register.

(4) The checks against items (3) to (5) for the Carding Day Book should also be exercised.

(10) Doubling Day Book – It should be seen –

(1) Whether the bobbins of the spun yarn received from the spinning section have been properly accounted for in the Day Book; and

(2) whether the “Warp” and “Weft” yarn produced in the doubling section have been separately entered in the Day Book and the sum total of the net weight the warp and weft twisted yarn alone have been taken to the respective stocks.

(3) The checks against items (3) to (5) for the Carding Day Book should also be exercised.

(11) Sectional Warper Day Book. – It should be seen

(1) whether the twisted yarn specially meant for warp have been received from the Doubling Section and entered as receipts in the Day Book; and

(2) whether the warp wound on sectional warper trolley has been accounted for in the Day Book and Stock Book

(3) The checks against items (3) to (5) for the Carding Day Book should also be exercised.

(12) Beam Winding Day Book – It should be seen –

(1) whether the warp in the warp trollies received from sectional warping section have been receipted in the Beam Winding Day Book; and

(2) whether the warps wound on the warping beams have been accounted for in the Day Book and Stock Book.

NOTE. – Each warp is normally of 450 mts length and has a determined weight. For example a warp of 30 inches breadth x 2 x 20 D.T.Drill will weight 12 Kilos.

(3) The checks against items (3) to (5) for “Carding Day Book” should also be exercised.

(13) Warp sizing Day Book. – It should be seen –

(1) Whether the beam warps received from the beam winding section have been taken into account in the Day Book

(2) whether the sized warps have been recorded in the Day Book against the relevant beam warps and in the Stock Book of Sized Warps;

(3) whether the artisans in charge of this section have been paid daily wages fixed by the Board from time to time

(4) whether the daily wages paid are correct with reference to the Attendance Registers of the Artisans; and

(5) whether the acknowledgements of the artisans have been obtained in the wages Abstract for the payment of wages.

(14) Waste Cotton Day Book. It should be seen –

(1) whether the waste cotton required to be cleared and issued to each artisan has been entered in the Day Book;

(2) whether the processed waste cotton received from the artisans has been recorded against the artisans concerned in the Day Book and whether the aggregate total of all the receipts of that day has been taken to stock account; and

(3) whether the wages for the artisans have been worked out on the out-turn and paid at the rate fixed by the Board from time to time.

(15) Hank Winding Day Book – It should be seen –

(1) whether the deformed, loosened or half utilized bobbins of yarn have been transferred to the hank winding section and noted as receipts in the Day Book.

(2) whether the processed hanks are recorded in the Day Book and in the Yarn Stock Register and

(3) whether the wages to the artisans have been based on the weight of the hanks wound by an artisan at the rates fixed by the Board from time to time.

(16) Weaving Day Book. – It should be seen –

(1) whether the sized warps received from the sizing section have been noted as receipts in the Weaving Day Book against each artisans account;

NOTE – Each warp will normally be of 150 metres of length.

(2) whether the weft yarn issued to each weaver artisan has been taken as receipts in the Day Book against the artisans concerned.

NOTE – The weft yarn consumption for the production of 30 inches Drill will normally be 101-01 gms. And of 30 inches D.T. 78-07 gms.

(3) whether the consumption of warp and weft compares favourably with the cloth produced

(4) whether the cloth unloaded from the loom has been accounted for an issues in the Day Book and receipts in the Stock Book

(5) whether the Day Book has been balanced every time the cloth is removed from the loom and the balance of warp and weft yarn in the frame and the artisan concerned has been correctly struck and brought down; and

(6) whether the wages to the artisans have been calculated on the out-turn at the rate fixed by the Board from time to time.

(17) Stock Books of Laps, slivers yarn, warps Wefts, Cloth, etc., It should be seen –

(1) whether the receipts and issues are correct with reference to the relative Day Book.

(2) whether the receipt and issue columns have been totaled and the balance correctly struck

(3) whether the periodical physical verifications of stocks by Board Staff and State Trading Schemes Audit Staff have been conducted as per G.O.Ms.No.266 Industries, dated 3rd March 1979.

(4) whether the shortages and overages noticed in the verification have been carried over to the Register of Shortages and Overages prescribed in Boards Memo. No.6579 – Accounts / IV / 64, dated 17th April 1964.

(5) whether the ground balances only have been carried over

(6) whether the shortages have been regularized as per the norms laid down in the Board's Proceedings Ms.No.585, dated 13th February 1962.

(18) Register of Recoveries ordered from the staff – It should be seen –

(1) whether the recoveries ordered are correct with reference to the orders of the Assistant Director (Khadi),

(2) whether the number of instalments by which the amount is to be recovered has been noted in the register and the recovery effected accordingly.

(3) whether the credits advised by the departmental officers are correct with the reference to their advice; and

(4) whether the credits so advised have been properly credited in the ledger prescribed for the purpose and whether the ledger has been reconciled every year over the signature of the authorities concerned.

(19) Transfer Entry Stock Register – It should be seen –

(1) whether the materials used for bleaching, dyeing, printing and tailoring have been correctly entered in accordance with the details in the work orders;

(2) whether a separate register or set of pages have been set apart for each departmental unit or outside agencies and

(3) whether all the materials issued for processing have been properly accounted for by the processors and whether the processed materials have been credited against the relative work order.

It should also be seen –

- Whether the outstanding work orders have been accepted as pending with them by the departmental units;
- Whether the reference to the voucher number for the payment of processing charges has been noted against each work order, to guard against double payment;
- Whether the processing charges claimed by the departmental units have been entered in this Register of Adjustments and
- Whether the outstanding items as on 31st March every year have been abstracted in the first page of the register and whether those items have been carried over to the new register of the subsequent year.

20. Register of sanction to the expenditure – It should be seen –

(1) whether the expenditure incurred by the Development Officer as per Board's proceedings issued from time to time is recorded in the register and kept up within the ceiling and

(2) whether the expenditure incurred without the prior approval of the Officers exercising the powers delegated in the Board's Proceedings is recorded separately and reference to the orders approving the expenditure has been noted against each.

AUDIT Notes. – After the audit of the accounts of each unit for a quarter, the objections in the form of Audit Notes are sent to the concerned Assistant Director (Khadi) requesting him to submit his replies to the Audit within 15 days from the date of its receipt.

After issue, the office copy of the Audit Notes should be submitted to the Assistant Chief Auditor for perusal, and he would forward copies of serious objections and irregularities of recurring nature to the special notice of the Regional Deputy Director.

Audit Report – After the audit for a year is completed a draft Audit Report incorporating therein all the serious irregularities pending settlement in the Audit Notes, and other special points, if any,

relating to that year should be submitted to the Assistant Director. The audit Report after approval by the Assistant Director is issued to the Assistant Director (Khadi) with copies to the Chief Executive Officer. The replies to the Audit Report should be furnished to this Department by the Assistant Director (Khadi) within two months from the date of receipt of the Audit Report.

9. THE QUILT UNIT

1. The Quilt Unit is functioning under the control of a Manager, who is working under the overall control of the Assistant Director (Khadi), Dindigul. The unit is established for manufacturing mattresses, pillows, readymade garments, etc., using Khadi cloth alone. The manufacturing of mattresses, pillows and readymade garments is done departmentally b1. The Quilt Unit is functioning under the control of a Manager, who is working under the overall control of the Assistant Director (Khadi), Dindigul. The unit is established for manufacturing mattresses, pillows, readymade garments, etc., using Khadi cloth alone. The manufacturing of mattresses, pillows and readymade garments is done departmentally by engaging tailors.

2. The opening of the Quilt Unit, Bodinaickanur was sanctioned in Khadi Board proceedings No.764, dated 7th July 1970 to meet the increasing demand for silk cotton mattresses, etc., and to create employment opportunities to the artisans employed in the trade and to find market for the Khadi cloth.

3. The audit of the accounts of the quilt unit is conducted by the Chief Auditor.

4. The charges relating to the unit mainly fall under the following categories.

(1) Pay and allowances of establishment

(2) Cost of silk cotton, fabric cloth

(3) Office contingencies (tailoring, furniture, rent, taxes, lighting and sweeping charges).

(4) Service postage

(5) Stationery

(6) Transport charges of Khadi Silk Cotton mattresses, pillows and readymade Khadi dresses.

5. Permanent Advance – The Manager is given a special advance to meet the day-to-day expenditure like clearing goods from lorry sheds. The Special advance is recouped by the Assistant Director (Khadi) at convenient intervals. The expenditure under pay of establishment, cost of silk cotton, cost of rural fabric cloth, and transport charges on mattresses, etc., are incurred by the Assistant Director (Khadi). The vouchers are to be taken from the main office for verification of stock entries made in the stock registers kept in the Quilt unit.

6. Pay and Allowances. – The pay and allowances of the Manager and the staff working under him are met by the Assistant Director (Khadi). It should be verified whether the posts are sanctioned for the incumbents and appointments made under the rules and regulations as fixed in the service regulations of the Tamil Nadu Khadi and Village Industries Board. (Vide Proceedings Ms.No.434, dated 12th September 1966 issued under section 30 of the Tamil Nadu Khadi and

Village Industries Board Act, 1959 (Madras Act, 18, 1959). It should also be checked whether the pay and allowances are in accordance with the approved rates of pay and allowances.

It should also be seen whether the Manager in-charge of the unit and the tailoring assistant have furnished cash security to the tune of Rs.750 and Rs.400 respectively as required in Board's proceedings Ms.No.284, dated 29th March 1972, according to Regulation 26(a) of service regulations of the Board.

7. Contingent Charges. – Office contingent charges like rent, taxes, lighting and sweeping charges, etc., are met from the special advance sanctioned in Khadi Board's proceedings. The expenditure incurred under contingencies are recouped at convenient intervals.

It should be seen in audit –

- Whether the payments on account of transport charges, cartage, cooly charges, rent, etc., are in accordance with the rules, and that the arithmetical calculations in the vouchers and invoices are correctly made;
- Whether the expenditure has been incurred under proper sanction, wherever such sanction is necessary (Vide Article 93 of Tamilnadu Financial Code, Volume I) or the rules, if any, framed by the Khadi and Village Industries Board from time to time, and
- Whether in respect of packing, forwarding and other incidental charges, vouchers in support of such expenses are furnished and a certificate to the effect that such expenditure is reasonable and is absolutely necessary furnished by the departmental officer on the vouchers as per instructions issued in Memo. Rc.No.29505 / B2 / 57 / 1, dated 3rd May 1958.
- Purchase of thread, button and other articles. – The checks to be exercised are –
- That the requirements for a year are estimated before the commencement of the year and quotations called for, for their supply, wherever possible; and

(2) that the articles received are entered in the appropriate stock registers.

9. Transport charges for Khadi Cotton, Mattresses and Pillows and Readymade Garments – The checks to be exercised are –

(i) that the bills are duly paid for and cancelled after payment.

(2) that the quotations are called for from various transport companies to avail the benefit of competitive quotations

(3) that the transport charges paid are reasonable; and

(4) that the amount paid for is included in the cost of materials, etc., and taken into account while fixing the sale price.

10. Purchase of cloth, silk cotton and coir fibre – It should be seen in audit -

(i) whether the cloth required is obtained from the District Godowns concerned by placing periodical indents.

Whether the silk cotton is purchased during the most favourable season at competitive rates by the purchase committees specially constituted for the purpose and whether the certificate to the effect that the silk cotton purchased is upto the standard and of good quality is furnished.

(iii) whether utmost care is taken to ensure the quality of the silk cotton purchased;

(iv) whether the coir fibre required for stuffing is obtained from the Fibre Units of the Board or the fibre manufacturing co-operatives functioning under the Board; and

(v) whether all the materials received under the cover of invoices or bills are duly accounted for in the Stock Register of Raw Materials.

11. The following registers are maintained in the audit units :

(1) Stock Register of Raw Materials

(2) Stock Register of Manufactured Goods.

(3) Tools and Plant Register

(4) Stock Register of Furniture

(5) Stock Register of Packing Materials

(6) Stitching Register

(7) Cash Book

(8) Third Cash Book

(9) Stuffing Register

(10) Bleaching Register

(11) Receipts and Issue Invoices.

(12) Register of Incoming and Outgoing Invoices

(13) Service Stamp Account.

(14) Register of Shortages

(15) Recovery Register

12. Stock Register of Raw Materials – The checks to be exercised are –

(i) whether quantities entered as purchases and receipts by transfer are correct with reference to the relevant copies of payment vouchers, invoices or transfer bills, as the case may be.

(ii) whether separate stock accounts are maintained for cloth, chintz, white bleached cloth, silk cotton, coir, fibre, etc.

(iii) whether the issues by transfer are supported by sanction and acknowledgements of the recipients and

(iv) whether the issues by transfer are supported by sanction and acknowledgements of the recipients; and

(v) whether the balances have been correctly struck daily and the closing balance arrived at the close of the year is correct and carried forward to the next year's stock account.

13. Stock Register of Manufactured Goods – It should be examined –

(1) whether the finished goods received from the stitching and stuffing register are correctly accounted for in the stock register;

(2) whether the manufactured goods are free from any defective stitching, improper and irregular stuffing rough finishing, etc., and a certificate to that effect is recorded by the tailoring assistant.

(3) whether the quantities of finished goods entered as receipts from the stitching and stuffing registers with reference to the entries made in the wages register;

(4) whether the issues by transfers are supported by proper sanction, invoices and acknowledgements from the recipients;

(5) whether the totals have been struck monthly and the closing balance is correctly arrived at the end of the year and carried forward to the register of subsequent year as opening balance; and

(6) whether the rates as per the approved cost schedules are noted in the stock ledgers.

14. Tools and Plant Registers – The checks to be exercised are. -

(1) that a Register of Tools and Plants showing opening balance, receipts, issues and closing balance is maintained;

(2) that the receipt of articles is correct with reference to the supplier's bills or invoices and that the voucher numbers are indicated against every entry;

(3) that in the case of articles shown as written off proper sanction for the write off, is forthcoming and also referred to in the register;

(4) that in the case of shortages adequate action has been taken to recover the cost from the person concerned.

(5) that the depreciation is worked out as per Board's proceedings; and

(6) that the closing balance has been struck at the end of the year and carried forward to the following year's register as opening balance.

15. Stock Register of Furniture – The checks to be exercised are –

(i) whether all the supplies received as per vouchers and invoices are shown in the register;

(ii) whether the issues are supported by proper sanction and acknowledgement of recipients;

(iii) whether the additions, if any, are properly accounted during the year of audit;

(iv) whether the depreciation is worked out according to the Board's instructions issued from time to time;

(v) whether periodical inspections are conducted; and

(vi) whether the balance at the end of the year is correctly worked out and carried forward to next year's register.

16. Register for Packing Materials. – The audit checks to be exercised are –

(1) whether all packing materials received as per invoices, indents and bills are shown in the register as receipts.

(2) whether the packing materials, having different rates are accounted for in separate folios in the stock register;

(3) whether all issues are supported by the bills, invoices and acknowledgements of the recipients, as the case may be, and

(4) whether the balances are correctly struck and the closing balances struck at the end of the year are carried forward to the next year as opening balance.

17. Stitching Register. – It should be seen in audit that all the Khadi cloths issued from the Raw Materials Register are properly taken as receipts in this register. The arithmetical calculation of cloth consumed should be verified with reference to the schedule of consumption fixed b issued from the Raw Materials Register are properly taken as receipts in this register. The arithmetical calculation of cloth consumed should be verified with reference to the schedule of consumption fixed by the Chief Executive Officer. It should be seen whether all the items are taken as receipts in the Finished Goods Register.

18. Stuffing Register. – It should be seen that –

(1) the mattress and pillow covers received from the finished goods are properly credited in this register without omission.

(2) the quantity of silk cotton used for stuffing is in accordance with the schedule fixed by the Chief Executive Officer for cotton consumption; and

(3) the mattress and pillows are properly accounted for in the Finished Goods Stock Register after stuffing.

19. Bleaching Register – It should be seen in audit that –

All the Khadi Cloth sent for bleaching is properly entered in this register and this receipt is watched after the bleaching work is over.

20. Stitching Wages Register. – It should be seen in audit that –

(i) the stitching charges paid to the tailors are in accordance with the rates fixed by the Chief Executive Officer;

(ii) the arithmetical calculation of the wages paid is correct;

(iii) the tailoring assistant has furnished a certificate to the effect that all the sewn items are verified and are in accordance with the specifications prescribed; and

(iv) the acquittance of the tailor is obtained for the wages paid.

21. Stuffing Wages Register – It should be seen in audit that –

(1) the stuffing wages paid to the tailors are in accordance with the rates fixed by the Chief Executive Officer.

(2) the arithmetical calculations of the stuffing wages paid is correct;

(3) the weight of the mattresses and pillows after stuffing is correct without any excess or shortage in weight;

(4) proper certificate has been furnished by the Tailoring Assistant that the mattresses, pillows and readymade dresses produced are in accordance with the specifications prescribed; and

(5) the acquittance of the tailor is obtained for the wages paid.

22. Bleaching Wages Register – It should be seen in audit the Bleaching Wages paid are at the rates approved by the Assistant Director. It should also be verified that no damage is done to the articles during the course of bleaching by the artisans. The acquittance of the artisan is obtained for the wages paid.

23. Expenditure Cash Book – It should be seen –

(i) that the pages are serially numbered and that all the payments made from the permanent advance amount are correctly classified and entered in the register;

(ii) that the entries on the receipt side are correctly made from the entries made in the Contingent Register on recoupment;

(iii) that all payments are made after preparing vouchers and entered in the Cash Book after assigning a voucher number and date;

(iv) that the totals are made at the time of recoupment of permanent advance; and

(v) that the balance is struck daily.

24. Invoices. – These should be examined to see –

(i) whether the items included in the issue invoices are correctly deducted from the stock account by giving reference to the invoice number and date;

(ii) whether the issue rates and value of the items sent are correctly noted in the invoices for inter-transfer of stocks with reference to the I.T. Invoice number and date;

(iii) whether the receipts of the items sent are properly acknowledged by the transferees on the duplicate invoices countersigned by the respective Assistant Director and the same received and pasted in the original copies;

(iv) whether the items included in the incoming invoices are shown as receipts in the stock register concerned.

(v) whether the rates and value of stock received are correctly entered in the stock register; and

(vi) whether the issue and receipt invoices are entered in the Register of Outgoing and Incoming Invoices against the respective units.

25. Physical verification of stocks. – The Physical verification of stocks at the Quilt Unit, shall be done twice a year as per the orders in G.O.Ms.No.266 (Industries) Department, dated 3rd March

1979 during April by the audit staff of State Trading Schemes Department and during September by the Khadi Board Staff.

26. Preparation and issue of audit notes. After the audit is completed for quarter, consolidated Audit Notes comprising of all Khadi Units under the control of the Assistant Director (Khadi) should be prepared and issued to the Assistant Director (Khadi) by the Inspectors (State Trading Schemes). The receipt of replies to the audit notes should be watched and the replies on receipt should be examined and further remarks if any issued by the Inspector, State Trading Schemes, concerned.

10. THE CARPENTRY AND BLACKSMITHY

UNITS.

- In G.O. Ms.No.3729, Public (R.D.P.) Department dated 5th November 1956, sanction was accorded to the opening of one central workshop at Madras and six saranjam Karyalayas located at the following places for the manufacture of wooden parts and the assembly of the Ambar-Charkhas after receiving the required metal parts from the Central Workshop.

- Pettai
- Tiruppur
- Guindy
- Trichy
- S.V. Nagaram and
- Vadlur.

Subsequently, these Saranjam Karyalayas were converted into 'Carpentry and Blacksmithy Medium Workshops', and ordered to manufacture bee-hives, furniture, etc. Out of the six Saranjam Karyalayas sanctioned only the first three are functioning as on date and the rest were closed down later.

'2. The administrative control of the Carpentry and Blacksmithy Medium Workshop is vested in the Assistant Director, Village Industries. The financial control is vested in the Chief Executive Officer, subject to delegations given to various officers in B.P.Ms.No.37 dated 22nd February 1980 as detailed below:-

3. An Assistant Director / Manager is in charge of the unit, assisted by one or more chargeman to look after the technical side and a store-keeper to be in charge of and for accounting the raw materials and finished goods.

4. The audit of the Carpentry and Blacksmithy Medium Workshops was entrusted to the Chief Auditor, Madras in G.O.Ms.No.3729 (RDP) (iv) Public Department, dated 5th November 1956.

5. The audit of the Carpentry and Blacksmithy Medium Workshop is conducted with reference to the following records and registers –

(1) Purchase Register.

(2) Stock book of raw materials

- (3) Register of work orders and estimate cost.
 - (4) Work order register
 - (5) Job Card
 - (6) Job Register
 - (7) Indents for wood and stores
 - (8) Production Slips
 - (9) Stock register of finished goods
 - (10) Stock register of wood cuttings, dust, etc.
 - (11) Sales register
 - (12) Inter-transfer invoices (outgoing)
 - (13) Inter transfer invoices (incoming)
 - (14) Register of outgoing and incoming invoices.
 - (15) Cash book
 - (16) Bill-books
 - (17) General Ledger
 - (18) D.C.B. Register for Credit Sales.
 - (19) Register showing advance collections.
 - (20) Office copy of pay bills, T.A. Bills etc.
 - (21) Contingent vouchers for purchases.
 - (22) Register of contingent charges.
 - (23) Permanent Advance register
 - (24) Register of undisbursed pay
 - (25) Register of advances recoverable
 - (26) Register of cheques received
 - (27) Register of Money orders received
 - (28) Register of remittances
 - (29) Register of shortages
 - (30) Recovery register
 - (31) Stamp account
 - (32) Stock register of tools and plants and machinery.
 - (33) Register of money value forms
6. Receipts – The receipts of this under are mainly sale proceeds of furniture and wood cuttings, scantlings, bits, dusts, empty tins, bottles, etc.

It should be seen that there is no delay in remitting the sale proceeds to the Board by obtaining the demand draft in favour of the Board in Indian Bank. The Board in its Memo. Rc.No.34381 / D3 / 71-1, dated 3rd September 1971 permitted the sale of Village Industries products by the sales depots, emporia, Khadi Kraft, etc. to the Government departments, local bodies, Panchayat Union Councils, Tamilnadu Electricity Board, and other quasi-Government institutions on credit basis and to realize the cost within a month. As per circular Rc.No.61459 / R1 / 70, dated 26th July 1971 of the Director of Khadi and Village Industries, Village Industries articles should be no account be given on suspense account. The Demand, Collection and Balance registers should be maintained in the form prescribed in Rc.No.114884 / AIII(c)/73, dated 22nd February 1974 of the Board and the total monthly collections as per this register should be tallied with the collection amount noted in the Register of Remittances.

As regards miscellaneous receipts, the wood cuttings, scantlings, bits, dusts, empty tins, bottles, etc., should be disposed of then and there without allowing them to go waste due to efflux of time. The selling price of these articles should not be less than the price of the fire-wood at the market rate and the proceeds remitted as miscellaneous receipts.

NOTE – The wood cuttings, scantlings, bits, dusts, etc. are also sent to other Khadi Board units like bleaching, dyeing and printing units for use as fuel. These materials are transferred through inter-transfer invoices. Since the transfer is not for resale or retransfer and these waste articles are meant for consumption, it should be seen that the cost of these articles vide paragraph (h) of circular of the Board in K.Dis. No.44815 / Accts. / II (2) / 74, dated 8th April 1974.

7. Charges – These include pay and allowances, travelling allowances and cost of raw materials for manufacture of finished goods.

(i) Pay and allowances, travelling allowance, medical claims etc. – The pay and allowances and travelling allowance of the staff of this unit are drawn by the Assistant Director, Village Industries concerned. It should be ensured that the drawal of pay and allowances and travelling allowance claims are in order, covered by proper sanctioning and disbursed against proper acquittance.

(ii) Cost of raw materials for manufacturing wooden articles. – The main raw materials required for the manufacture of wooden articles are as follows –

- Wood
- Hardware materials
- Plywood, laminate sheets, etc.
- Varnish and paints.

Excepting log or wood, all other raw materials required for purchased by the Assistant Director locally after observing usual financial rules laid down in the Tamilnadu Financial Code Volume, I subject to financial delegations made. If a purchase committee has been constituted by the Chief Executive Officer for the purpose, the purchase is then effected by the Committee. However, payments for these items are made by the Assistant Director, Village Industries.

8. Purchase Register – The register is maintained to record all transactions relating to the purchase of raw materials purchased locally. The entries in this register are made with reference to the copies of invoices received from the companies. As and when payments are made, the voucher numbers are noted against the relevant entries in the register. The stock entries for the goods purchased as per the invoices are made in the respective stock registers giving reference to the stock folio numbers. It should be seen that the cost of raw materials include sales tax charged and transport charges incurred and the total cost for each item is noted at the top of the stock folio.

9. Execution of work (1)- Estimate – An estimate is prepared by the chargeman in quadruplicate duly countersigned by the Manager of the unit and placed before the Assistant Director for approval. The estimate should contain the details of the materials to be consumed, labour charges to be incurred, etc. The work is taken up to approval by the Assistant Director.

(ii) Wages. – For all standard items of furniture a schedule of labour charges has to be prepared and got approved by the Chief Executive Officer (vide R.C.No.Dis 49832 / E3 / 70, dated 24th April 1972 of the Director of Khadi and Village Industries) For non-standardised items and special items of work, the rates of wages as approved by the Assistant Director, the estimate should be adopted. A list of carpenters agreeing to undertake and execute the work at the scheduled rate of wages will be prepared and got approved by the Assistant Director and the work should be entrusted to such approved carpenters. For special and non-standardised items of work the approved carpenters a required to offer their quotations and the lowest one accepted for the execution of work. Such carpenters are allowed to utilize the tools and plants and machineries of the unit and acknowledgements of tools and plants issued to them to ensure final closing of accounts.

iii. Job Register – on approval of the estimate by the Assistant Director, the store keeper makes entries in the Job Register (for each work, separate page is set apart.) A Job Card (a replica of the Job Register) is issued to the takes up the work for execution. The chargeman then prepares a stores requisition in triplicate and takes it to the store-keeper over the signature of the manager. The store-keeper will issue the materials and get the acknowledgement of the chargeman. Stock postings are made by the store-keeper and at the same time in the Job Register. Balance of materials are returned to the store-keeper by preparing stores devolution slips. Such materials will be taken to respective stock registers by the Store-keeper.

The chargeman will also note down the materials requisitioned and materials returned in the Job Card. If payment is made on employment of carpenters on daily wages a note is added in the job card and if the payment is on piece-rate basis the same is also noted in the Job Card which is now closed by totaling the cost of materials taken etc., and the final bill is arrived at and the sale price of materials fixed by adding the prescribed margin of centage charges by the Assistant Director. Then the finished article is handed over to the Store-keeper who besides giving his acknowledgement, takes it to the stock register and will also close the accounts relating to that particular job. The details of labour charges, transport charges and other expenses will be posted in the Job Register by noting the voucher number and the amount arrived at and centage charges

as fixed by Chief Executive Officer from time to time added to arrive at the price of the article produced. The articles are transferred under invoices to Khadi Krafts for sales. The cost of articles sent need not be adjusted in accounts (vide circular No.K. Dis No.44815 / Accts. / II. (2) / 74 dated 8th April 1974 of the Chief Executive Officer.)

10. Stock Register of Finished Goods – The finished articles, handed over by the chargeman to the store-keeper are entered in this register under different stock folios, simultaneously recording the cost-price at the top of the folio. As and when the articles are transferred through intertransfer invoices, necessary stock deductions are made and got attested by the manager. For the revised procedure of accounting of goods transferred by inter-transfers Accounts 11 / 2-74, dated 8th April 1974, and R.C.No.54458 / All / 2-74, dated 11th July 1974 of the Board.

11. Stock Book of Materials – This register is maintained in the carpentry and blacksmithy medium workshop in the usual form in which the stocks relating to all the raw materials required for the unit is maintained. In respect of raw materials stock entries are made with reference to vouchers and stock folio noted.

12. Stock Book of empties and dust, etc. – This register is also maintained in the usual form. The paints, polishes, varnish, etc., are usually purchased in factory sealed containers. The stock entries for the materials are made in the relevant stock registers on receipt and also in the stock register of empties simultaneously and the stock folios for both recorded in the purchase voucher. In the case of wood cuttings, raw dust, etc. collected during sawing of wood, stock entries are made under the classified head with reference to entries in the stock book of materials and stock folio numbers noted. In the case of wood cuttings, scantlings, bits and dust collected in the carpentry unit, after a day's work the same should be weighed and added to the stock, after making entry in the relevant stock folio.

13. General Ledger – This ledger is maintained to record all the transaction representing the services rendered to departmental units and to watch the realization of cost involved.

14. Permanent Advance Register – A specified amount is given to the carpentry unit for meeting the petty and small expenditure which is being recouped periodically and the usual checks shall be applied.

15. Cash Book – A cash book is maintained to record the receipts realised by sale of wood cutting dust, waste, empty bottles, containers, etc. It should be seen that the sale proceeds are remitted by the Assistant Director, into the Board funds regularly as laid down by the Board.

16. Inter-transfer invoices (Incoming and Outgoing) – Transfers within the units of the Khadi Board (both Khadi and Village Industries Units) are done through inter-transfer invoices. If the transfer is for resale or retransfer no adjustment is necessary as the transfers are treated as free transfers with effect from 1st April 1977.

17. Sale Proceeds – With the introduction of banking system effective from 1st July 1973, the sale proceeds are remitted by the Assistant Director, into the Board funds as laid down by the Board.

- Physical Verification – The physical verification of stocks is done twice in a financial year, once in September and again in April 1 – 15 by the Khadi Board Staff and audit staff respectively. The shortages and overages noticed in these verifications and at the time of taking over and handling over of charges are carried over to the Register of shortages and overages prescribed in Memo. No.6569 / Accts. IV 64, dated 17th April 1964 of the Board. The ground balances alone are carried down as per the Board's memo *ibid*. The shortages are regularized, either by write off or recovery which is being watched through the Register of Recoveries.
- Proforma Accounts of Carpentry and blacksmithy medium workshop. – The proforma accounts are to be prepared in the form appended to the circular in Board's proceedings Ms.No.251 dated 29th April 1964.

NOTES – (a) Salary and allowances and wages, if not paid before 31st March of the year, should be shown as outstanding expenses in the profit and loss account and the Balance Sheet.

(b) The following rates of depreciation should be adopted :-

- (i) Building 2 1/2 per cent (I Class)
- (ii) Building 5 percent (II Class)
- (iii) Plant and furniture 7 1/2 percent (I Class)
- (iv) Plant and furniture 10 percent (II Class)

NOTE : Local makes which are not I class should be treated as II class.

In respect of plants and furniture, equipments, etc. newly purchased during the course of the year half the value may be adopted for working out depreciation on these items.

(c) Leave salary and pension contribution- The leave salary actually drawn and paid in respect of Board employees should be debited to the profit and loss account and in respect of staff on foreign service terms the percentage fixed on foreign service terms and pension contribution should be debited to the profit and loss account and exhibited under adjustments in the Balance Sheet.

(d) Interest on loans – Interest, only to the extent of actual interest paid by the Board, should be debited in the profit and loss account. In case of interest free loan, loan carrying concessional rate of interest, the fact should be mentioned in the proforma accounts.

(e) Closing Stocks – The valuation of closing stocks should be done at book value or market value whichever is less.

Instructions – (1) The closing stock of raw materials for the year should be listed out and attested by the officer. Similarly the details of work-in-progress at the end of the year should also be listed out and attested.

(ii) The total sales on the credit side of the trading account and profit and loss account should agree with the total (including S.T.) as per Sales Register.

(iii) Lists of sundry debtors and sundry creditors should be prepared with reference to the goods purchased and sold on credit from the purchase and sales register and attested. Particulars of outstanding charges should also be attested. The value of building, machinery, loose tools and furniture should agree with the balance shown in the respective registers.

(iv) Cash on hand should agree with the balance shown in the cash book at the end of the year.

(v) A statement of classified expenditure including adjustments for the year should be prepared and agreed with the figures in the Register of Classified Abstract maintained by the Assistant Director.

(vi) The collections noted in the Demand, Collection and Balance Register should be reconciled with the collections noted in the Register of Remittances after allowing for amounts remitted by other selling units.

(vii) A list of all items for which payment was not made as seen from the Purchase Register, should be listed out at the close of the year and shown under "Sundry Creditors".

(viii) The list of goods transferred to other units for resale or retransfer, should be extracted from the Register of outgoing invoices and shown on the credit side of the Trading and Profit and Loss Account.

(ix) If the unit is found to run at a loss, the reason for the same should be examined and commented upon. The loss may be due to the production being far below the target, poor sales, the centage charges not being sufficient to cover the establishment charges of the year, uneconomic spending, etc.

- Audit – The audit is done quarterly at the unit itself (vide circular Rc.3004 / A1 / 71, dated 18th September 1971 of the Chief Auditor, State Trading Schemes). The objections if any noticed should be drafted in Tamil incorporated in the Audit Notes and issued to the Assistant Director, requiring him to furnish replies direct the Inspector, State Trading Schemes within a month on the receipt of the notes. If any serious irregularities were noticed, the same should be brought to the notice of the Chief Executive Officer, through the Chief Auditor for urgent action. The Audit Notes, after issue, should be sent to the Assistant Chief Auditor, for perusal Circular D.Dis 9977 / A1 / 72, dated 27th December 1972 of Chief Auditor, State Trading Schemes.)

At the close of the year and after the annual audit is over, all important and unsettled objections in the Audit Notes and Inspection Notes, should be incorporated in the Audit Report and the same submitted to the Assistant Chief Auditor for perusal and issue. A copy of the audit report has to be marked to the Chief Auditor. State Trading Schemes and the concerned Regional Deputy Director. The Assistant Director should send the replies to the Audit Report to the Assistant Director through the Regional Deputy Director within a month from the date of receipt by him of the report.

11. SOAP UNITS

- The soap units were set up by the Tamilnadu Khadi and Village Industries Board to produce soap utilizing mostly non-edible oils thereby encouraging the villagers to collect oil seeds to augment their income.

2. The soap unit functions under the immediate charge of a soap-chemist and under the administrative control of the Assistant Director, Village Industries. Workers are employed on daily wages, as per requirements. A watchman is also in the employ of each unit.

3. (a) The following are the raw materials usually required for production of non-edible oil soaps, (viz.) washing, carbolic and soft soaps according to requirements.

- 1) Neem Oil
- 2) Mohwa Oil
- 3) Coconut Oil
- 4) Castor Oil
- 5) Palm Oil
- 6) Mutton tallow
- 7) Rosin
- 8) Silicate
- 9) Caustic Soda
- 10) Common Salt
- 11) Crystillic acid
- 12) Groundnut Oil
- 13) Carbolic acid
- 14) Lisoal acid
- 15) Pungam oil
- 16) Domind
- 17) Firewood

NOTE : Neyveli coal may be used if it is available and cheaper than the local fire-wood.

(Director's Memo. K.Dis.No.52459 / 68-EI, dated 3rd October 1968)

18) Colours : Soap Red.

3. b. Toilet Soap – Raw materials required for producing toilet soaps are as follows :-

- (1) Neem oil
- (2) Palm oil or Mohwa oil
- (3) Mutton Tallow

- (4) Dhupafat
- (5) Caustic Soda
- (6) Salt
- (7) Rosin
- (8) Coconut oil
- (9) Silicate
- 10) White oil
- 11) Neopam TLS
- 12) Perfumes (Jasmine)
- 13) Colour (Green)
- 14) D.E.P.
- 15) Zinc Oxide

4. All the raw materials and chemicals except common Salt and firewood are to be purchased through the purchase committee, Madras constituted by the Board at regional level, and purchases are made by the Assistant Director, Village Industries within his powers for urgent requirements.

5. The common salt is purchased locally at the local market rates.

6. The firewood required by the soap unit is purchased in bulk locally by the Assistant Director, Village Industries after observing the usual formalities, at the most appropriate season and is stocked in the unit.

7. Normally the soap unit is required to stock the raw materials and fuel required for three months full capacity production.

NOTE – The Assistant Directors are authorised to make purchase of raw materials after observing usual formalities.

The raw materials like neem oil, Mohwa oil, etc. are purchased by one or more Assistant Director (Village Industries) depending on local conditions and are despatched to all the needy units, as per instructions of the Chief Executive Officer. The Assistant Director who effects such purchases should account for the stock of goods purchased in the stock account to be maintained in his office and regularize the issues through Inter-Transfer Invoices.

8. Scope of Audit – The audit comprises of an examination of all the accounts and records maintained in the soap unit for the manufacture and sale of soap. The main receipts and charges are :-

(a) Receipts – Auction of miscellaneous articles.

(b) Charges – Pay and Allowances of the establishment, contingencies, travelling allowance and other charges, such as purchase of raw materials, equipments, etc.

9. The following are the registers and records maintained in a soap unit :-

- (1) Goods Received Register
- (2) Stock Register of Finished Goods
- (3) Register showing the Daily Issue of Stores and Raw Materials
- (4) Process Register
- (5) Stock Register of Finished Goods
- (6) Inter-Transfer Invoice Books
- (7) Register of Permanent Advance
- (8) Cash Book
- (9) Register of Incoming and Outgoing Invoices
- (10) Sundry Debtors' Ledger
- (11) Stock Register of Forms and Stationery
- (12) Cycle Register
- (13) Register of Tools and Plants and Furniture
- (14) Attendance Register for staff and workers
- (15) Wages Register
- (16) Purchase Invoices (Copies)
- (17) Files relating to Local Purchases
- (18) Stamp Account
- (19) Register of Shortages

10. Goods Received Register – It should be seen –

(i) that all goods purchased with reference to purchase voucher or invoices are accounted for chronologically in this register, giving details of invoice or voucher numbers, value, quantity, etc. and then taken to the Stock Register of Raw Materials, duly noting down the stock folio number

(ii) that the serial numbers are rounded off at the time of making payments duly noting down the voucher number to avoid possibilities of double payments.

NOTE : - All purchases and other bills (establishment contingent, T.A. etc.) are available at the office of the Assistant Director only. Stock Entries etc., should be cross-checked with the original bills at the time of local audit at the office of the Assistant Director.

(iii) that in respect of local purchases the procedure prescribed in Act. 125 of the Tamilnadu Financial Code Volume I are followed, and

(iv) that the items pending payment at the end of the year are carried over to the new register.

11. Stock Register of raw materials – The checks to be exercised are –

(i) that separate folio is assigned for each article;

(ii) that the goods purchased are correctly posted in this register, with reference to the Goods Received Register and cross references noted;

(iii) that with regard to items issued for processing, the respective job numbers as per Process Register and Daily Issue Register are noted; and

(iv) that the receipts, issues and balances are correctly noted in each folio and the balance carried over.

NOTE – The pagewar totals should be scrupulously checked to detect wrong totaling etc. The issues too should be checked in detail with reference to each job number and the Process Register to detect defalcation by double issues, excess issues, etc.

12. Register showing the Daily issue of Stores and Raw materials – It should be seen –

(i) that daily issue of articles is recorded chronologically

(ii) that the stock folio number and job number are noted for each issue entry; and

(iii) that the register is periodically scrutinized by the inspecting officers.

13. Process Register. – It should be seen (i) that the job numbers for the manufacture of soap are assigned serially and full, particulars showing the raw materials issued and finished articles obtained are furnished.

NOTE – The finished products should be traced into the Stock Register of Finished products.

(ii) that the quantity for raw materials issued and finished goods obtained are in proportion and as per the schedule prepared and approved by the Board;

(iii) that the scraps (soap) received under each job utilized again for the next job without any wastage;

NOTE – The scrap soap obtained and utilized under each job should be traced into the scrap soap (Waste Account).

(iv) that wastage, if any, is not more than the percentage fixed by the Board Assistant Development Officers (soap) from time to time.

(v) that the District Inspector of Cottage Industries and the Assistant Director have checked and affixed their initials under each job in token of their verification of each process.

NOTE – The Assistant Development Officer (Soap) should conduct a trial process and work out the cost of soap at least once in a quarter and see whether the cost of soap is lesser than the sale price fixed. If it is not less than the selling price, the factors contributing for the high price should be found out and the defects rectified.

(iv) that the Assistant Development Officer (soap) has to inspect the unit at least once in 3 months and record his remarks on the jobs done in his presence.

(vii) that the production obtained in the trials are also accounted for under the Finished Products and Scrap Soap Accounts.

(viii) that the selling price of the scap is fixed as per instructions issued by the Board from time to time making into consideration the cost of raw materials, cost of labour and 20 percent centage on raw materials and labour.

NOTE. – The sale price of soap is fixed by the Board, from time to time. It should be seen that the selling price is correct with reference to the rates approved by the Board.

• Stock Register of Finished Goods – It should be seen –

(i) that the finished goods and bye-products, if any, as per the Process Register, are correctly accounted for, noting down the relevant job numbers.

(ii) that issues, and balances are correctly struck

(iii) that there is no undue delay in disposing of the finished goods either by transfer to departmental sales depots or godowns;

(iv) that the inter-transfer invoices, duly acknowledged and countersigned by the respective Assistant Director are available in respect of goods transferred to departmental units; and

(v) that such transfers are reflected in the Register Incoming and Outgoing Invoices under each institution.

(vi) that there is no cash or credit sales at the soap unit;

(vii) that the target fixed for the unit if any, is achieved.

(viii) that the wages paid to the workers, are as per the schedule of rates approved by the Board; and

(ix) that the acquittances of the workers are obtained in the Wages Register, under the disbursement certificate of the soap chemist.

15. Cash Book and P.A. Register – It should be seen –

(i) that all cash transactions have passed through the Cash Book under the signature of the soap chemist and;

(ii) that the unrecouped P.A. vouchers are available for verification.

NOTE. (1) – The P.A. recoupmnt should be cross-checked in the office of the Assistant Director for this purpose.

NOTE (2) – The cash balance should be physically verified and certified to at the time of audit.

16. Stamp Account – It should be seen that an account of the service stamps received from the office of the Assistant Director is maintained and the balance produced for verification at the time of audit.

NOTE – The Stamp Account of the unit should be cross checked with the Stamp account of the respective Assistant Directors, in respect of receipts and issues respectively.

17. Physical verification and Register of shortages – It should be seen –

(i) that the stock of the soap unit has been physically verified once a month by the District Inspector of Cottage Industries, and once in 3 months by the Assistant Director, as per circular no.121055 / E2 / 71, dated 21st September 1971 of the Board.

(ii) that the shortages noticed during the inspections and also during the regular physical verification during the period from 1st April to 15th April and at the end of the financial year and during handing over and taking over of charges due to transfers, etc., are entered in a Register of Shortages maintained for the purpose and recoveries or regularization of the value thereof watched.

NOTE – (1) The maximum percentage of dryage that can be allowed for various raw materials have been fixed as follows :-

- Groundnut oil 4 percent
- Coconut oil 3 percent
- Non-edible oil 3 percent
- Silicate 21/2 per cent

NOTE (2) – In the case of fuel, the maximum percentage of dryage fixed, is as follows :-

Period from the date of purchase.	Maximum Percentage allowed.
2 months to 3 months	5
3 months to 4 months	7
4 months to 6 months	10

NOTE (3) – To facilitate a check over the prompt use of firewood, a separate folio is allotted for each purchase, so that the date of issue of that particular stock could be easily verified.

NOTE (4)- As the stock of soap is required to be disposed off within 15 days, no dryage is admissible for soap and its bye-products.

18. Loans and grants. – The soap units are eligible for grants (recurring and non-recurring) besides assistance from the Khadi and Village Industries Commission towards working capital. A register to watch the claim and adjustments of the grants and another register to watch the utilization of the working capital assistance are required to be maintained in the Assistant Director's Office. The register to watch the grants should be in the form of a D.C.B. – Statement while the latter should be in the form of an Appropriation Register.

19. Audit Notes Reports – The objections relating to the soap units are incorporated in the audit notes / reports of the respective Assistant Director, Village Industries.

12. THE HANDMADE PAPER UNITS

1. General – Handmade paper Industry is one of the Village Industries run by the Board under section 11 (2) (a) of the Tamilnadu Khadi and Village Industries Board Act, 1959. The internal audit of the accounts of the Village Industries units under the Board including Handmade Paper

Units is done with reference to G.O. Ms. No.1367, Rural Development and Local Administration Department, dated 14th June 1965 and G.O.Ms.No.1103, Finance Department, dated 17th December 1968. The audit is done quarterly at the premises of units (Circular Rc.No.82241 / R2 / 70, dated 23rd October 1971 of the Director of Khadi and Village Industries and Circular D.Dis No.10520 / A3 / 71, dated 22nd June 1972 of the Chief Auditor, State Trading Schemes).

2. Working of the Unit – The unit is under the overall control of the Assistant Director (Village Industries) and immediate control of a superintendent who is a technically qualified person. In the production of paper, the Superintendent is assisted by pulp-making Assistants, Glassing Assistants, Sevakas (all borne on establishment) and the labourers. The pay and allowances of the staff borne on the establishment are claimed through bills by the Assistant Director, Village Industries. The wage bills and other contingent bills including P.A. recoupment are prepared by the Superintendent of the unit and submitted to the Assistant Director, Village Industries for scrutiny and payment. The Superintendent or any other person attending the Assistant Director, Village Industries Office receives the amount by furnishing simple acknowledgements and accounts for them in the U.D.P. Register of the unit, as soon as he returns to the unit.

Similarly receipts by local sale of paper and paper products are remitted in the office of the Assistant Director Village Industries periodically. All cheques and drafts, received for the credit sales effected are also forwarded to the Assistant Director, Village Industries for being credited to “The Board’s Remittance Account”.

The primary raw material, viz., Hosiery cuttings is purchased by the Regional Deputy Director / Assistant Director, Village Industries, Tiruppur, where there is a good market for the purchase of Hosiery cuttings. The Board directs the Assistant Director, Village Industries, Tiruppur, to purchase and to transfer the cuttings, as and when purchased to the various hand-made paper units of the Board, through Inter-transfer Invoices.

Condemned linen and rages are purchased on credit from various Government Hospitals, at the rates approved by the Government from time to time (G.O. Ms. No.2656, Health and Family Planning Department, dated 15th November 1970).

Condemned clothings of prisoners are purchased on credit at the prescribed rates from various Jails (G.O. Ms.No.694, Home Department, dated 26th March 1974)

Old gunnies are purchased on credit from the various agricultural Depots through the Assistant Directors of Agriculture concerned at the approved rates.

Waste paper available in the Government Press and other Government Institutions and offices are purchased at the rates prescribed by the Government from time to time.

Besides, the press cuttings from the private printing presses are also purchased locally, after observing formalities and also chemicals upto a limit of Rs.2000 at a time (B.P.Ms.No.451 dated 23rd July 1968).

Other sundry items are purchased locally by the Superintendent from out of the permanent advance at his disposal.

3. The auditor should take all the particulars required for the local audit from the records available in the office of the Assistant Director, Village Industries, besides doing the audit of pay bills and T.A. Bills in the Office itself. He should take with him the paid vouchers relating to this unit as detailed both in the Expenditure Cash Book and Monthly Account maintained by the Assistant Director, Village Industries. He should also acquaint himself with the various stages of production when he goes to the Unit for audit in order to have an effective audit.

4. Audit consists of verification of both receipts and expenditure.

5. The following registers are maintained in the unit by the Superintendent

(1) Daily Receipt Register

(2) Stock Register of raw materials

(3) Stock Register of Miscellaneous items (Consumable Stocks)

(4) Stock Register of Finished Products.

(5) Work order Register

(6) Daily Issue Register

(7) Process Register

(8) Sales Day Book

(9) Invoices

(10) Bill Books for Local Sales

(11) Chalans for "Employees Provident Fund Subscription and Contributions"

(12) Acquittance Register

(13) Wages calculation Register

(14) Register of Loose Tools

(15) Register showing the Capital Investment and machinery

(16) Furniture and Equipment Register

(17) Demand, Collection and Balance Register (Debtors ledger)

(18) Cash Book

(19) Un-disbursed Pay Register

(20) Permanent Advance Register

(21) Security Register.

6. The checks to be exercised in audit in respect of each register are detailed below : -

(i) all items purchased through purchase voucher paid by the Assistant Director, Village Industries and from the permanent advance are entered in this register and then entries made in the relevant registers viz., stock Register of Raw Materials, stock register of Misc. items etc. by noting page number for reference and

(ii) all items transferred from other units of the Board are also entered in this register by a reference to the Inter-Transfer Invoices.

6. (2) Stock Register of Raw materials – The checks to be exercised are –

(i) that separate pages are allotted to each variety of raw material.

(ii) that all purchases as entered in the Daily Receipt Register are properly accounted for;

(iii) that stocks deducted are supported by relevant entries in the process register;

(iv) that the balances and their value have been struck properly at the end of the financial year and carried over to the stock register for the next year.

6.(3) Stock Register of Miscellaneous items (consumable stock register) – It should be examined that –

(i) separate pages are allotted to each of the consumable items.

(ii) stocks purchased or received from other units as entered in the Daily Receipt Register have been accounted for in the respective stock folios.

(iii) stocks deducted are in order with reference to the quantity consumed.

(iv) the quantities shown as consumed and deducted from the stock are reasonable in accordance with the scale, if any, prescribed, by the competent authority from time to time.

(v) the balance under each item and struck properly and carried over to the stock register for the next year.

6.(4) Stock Register of Finished Products – It should be examined with a view to see that :-

(i) finished products as obtained from the process register are brought to account in this register separately for each variety.

(ii) the sale price fixed or revised from time to time are noted at the top of each page allotted to each variety.

(iii) the stocks deducted are supported by invoices in respect of credit sales and cash bills in respect of each sales.

(iv) the balances are struck properly and carried over, to the stock register for the next year.

6. (5) Work order Register. – It should be seen that –

(i) orders for execution or proposals for the production and supply of certain products viz., service books are entered chronologically.

(ii) the services rendered for such work or production are properly calculated and added to the cost.

(iii) the expenditure incidental to the work or production are included therein properly.

(iv) the price to be fixed as arrived at by the Superintendent is approved by the Assistant Director, Village Industries, and

(v) the items of work executed or items produced are transferred to the Stock Register for Finished products before sale or transfer on credit basis.

6. (6) Daily Issue Register – When the work for a day commences the Superintendent of the unit decides the variety of paper to be manufactured or other items to be produced. Immediately the requirements of raw materials are assessed and these items, when issued, are entered in this register. This register is provided with the following columns.

(i) Date of issue

(ii) Items issued

(iii) Quantities issued.

(iv) Reference to Page No. of the Stock Register of Raw Materials. This register serves no purpose in audit except to ascertain the daily issues as audit is entirely dependent on the Process Register in which all the raw materials issued for each process are entered.

6. (7). Process Register – The checks to be exercised are to see whether –

(i) separate pages are allotted for different varieties of paper or other items to be produced.

(ii) raw materials used as entered chronologically.

(iii) the quantities of raw materials deducted from the stock register are entered in the Process Register through the Daily Issue Register.

(iv) the approved formula for the use of raw materials is strictly followed and that there are no excess quantities used;

(v) the finished products obtained and the wastage noticed are in order;

(vi) the percentage of wastage noticed (recoverable as well as inrecoverable in respect of raw materials) is as approved in Memo. K.Dis. 97979 / G1 / 69, dated 17th November 1969 of the Chief Executive Officer.

(vii) the products obtained are taken into account in the Stock Register of Finished Products properly and the “broken” obtained are taken into the stock register and

(viii) each process is certified to by the Assistant Director, Village Industries at the end of each month.

6.(8) Sales Day Book. – It should be examined that –

(i) all the sales both cash and credit sales are entered chronologically;

(ii) the quantities sold through cash bills and invoice (credit bills) were deducted from the stocks in the stock register of Finished Products.

(iii) the sale prices fixed or revised from time to time are adopted.

(iv) the total sale as arrived in these register agrees with the total sales shown in the profit and loss account of the year.

6.(9) Invoices – The invoices are printed locally in quadruplicate with consecutive serial numbers. They are used to regularize the credit sales to the Government institutions and transfer to the various offices of the Board's.

It should be examined that in respect of all credit sales. Invoices are prepared immediately and forwarded to the concerned officers for early payment. As regards the transfers to the departmental offices of the Board. It should be seen that three copies are forwarded to the consignees for acceptance, two copies received back duly acknowledged and one copy forwarded to the Accounts (Bills) for adjustment Dis.44815 / Accts. II (2) / 74, dated 8th April 1974 of the Chief Executive Officer. It should also be seen that the amounts recovered by the acknowledged invoices are adjusted to the credit of the paper unit by the Accounts Officer (Bills).

6(10). Bill Books – In respect of cash sales in the unit itself cash bills used for Khadi Sales are used.

It should be seen that –

(i) receipt of bill books is covered by the Inter transfer invoices issued by the Assistant Director, Village Industries.

(ii) that a stock account of bill books has been maintained.

(iii) that the sale amounts noted in the bills are accounted for in the cash book and also noted in the Sales Day Book; and

(iv) that the unused (blank) bill books are forthcoming for verification.

6(11) Chalans for Employees' Provident Fund Subscription and Contribution – The hand made paper units, where casual labourers and regular workers are employed, come under the purview of the Employees' Provident Fund Act 1952 and the rules framed thereunder. Under the Act Employee's subscription at 6 ¼ percent of the wages earned by the employees has to be recovered and an equal amount to such contribution has to be paid by the employer, i.e. the Board.

It should be examined that –

(i) the Employee's subscription is worked out properly and deducted accordingly at the time of disbursement of wages;

(ii) the employer's contribution is also worked out properly and the amount drawn from the Board's funds in time.

(iii) the administrative charges and the inspection charges at the rates prescribed are also drawn from the Board's funds.

(iv) the amount representing the subscription and contribution is remitted into the State Bank of India in Account No. 1 (E.P.F.)

(v) the amount representing the administrative charges and the inspection charge is remitted into Account No.2 (E.P.F.)

(vi) those amounts are remitted within 15th of the succeeding month to which the wages relate or atleast within the grace time of 5 days allowed thereafter.

NOTE : If the amounts are not remitted within the grace time, surcharge calculated at 25 percent of the amount to be remitted should be paid by the employer. As this is an avoidable expenditure on the part of the Board, it should be seen in audit that no such surcharge is paid and if it is paid, audit should insist on the recovery of the amount from the persons responsible.

6(12).Paid Vouchers. – The payment through the paid vouchers include the following items :-

- Wages to the workers
- E.P.F. contribution
- Purchase of raw materials
- Purchase of chemicals.
- Purchase of sundry items.
- Transport charges on raw materials and finished products.

It should be examined that –

- All payments were covered by the sanction of competent authority.
- Stocks have been properly accounted for in the respective stock registers,
- Payees' acknowledgements, stamped wherever necessary, are forthcoming
- Tenders or quotations are called for wherever feasible and necessary.
- The amounts paid for the transport charges on the finished products are included in the Invoices (credit bills) of the consignee.

6(13). Acquittance Register – It should be examined that

- In respect of the payments due to the individuals for which simple acknowledgements only are furnished in the office, individual stamped acknowledgements where necessary are obtained in this register.
- There is no delay in disbursement, and
- In respect of disbursement to illiterate workers, the payees are properly identified.

6(14) Wages Calculation Register – Wages due to the workers are calculated with reference to the rates prescribed from time to time for various items of work involved in the process.

It should be seen that no excess rate is adopted and that the calculations are in order.

6 (15) D.C.B. Register – The following checks are to be exercised.

- All sales on credit either to the departmental officers of the Board or others as entered in the Sales Day Book are entered in this register by allotting a separate page for each of the officers;
- In respect of the departmental officers, the invoice in triplicate are sent to the consignees, their acceptance obtained and the accepted invoices forwarded to the Accounts Officer (Bills) of the Board for being adjusted in the accounts by contra entries with reference to instructions in paragraph (x) of the circular K.Dis. 44815 / Accts / 112 / 74, dated 8th April 1974 of the Chief Executive Officer.

- The advice of the Accounts officer (Bills) for the adjustment is received and the outstandings noted are wiped off accordingly.
- In respect of officers of other departments, the cheques / drafts are received in time and forwarded to the Assistant Director, Village Industries for realization and credited into the Board's Remittance Account.
- There is no delay in the realization of dues.
- The closing balance of each debtor is arrived at properly.

6(16). The checks to be exercised in respect of the following registers are common to all other units of the Board :-

- Register of loose tools.
- Register showing capital investment and machinery.
- Furniture and equipment register.
- Cash Book.
- U.D.P. Register
- P.A. Register
- Security register (intended to record cheques / drafts received and realized) The general checks as exercised in respect of transactions in any institution should be exercised here also.
- Proforma Accounts – The proforma accounts are prepared with reference to records available in the unit and with the statements of receipts and payments taken from the office of the Assistant Director, Village Industries.

It has to be ensured that –

- Depreciation is allowed with reference to instructions in B.P. Ms.No.581, dated 1st June 1971.
- All adjustments made as reported by the Accounts Officer (Bills), with reference to circular L.L.Dis.4445 / Accts-II (2) / 74, dated 8th April 1974 of the Chief Executive Officer are taken as receipts;
- The total of sundry debtors account tallies with the total of the balances at the end of the financial year in the D.C.B. Register.
- The total of sundry creditors tallies with the list of sundry creditors a prepared for this purpose; and
- The value of assets is taken out correctly from the registers concerned.

8. Audit – The audit of the handmade paper units is done quarterly and the objections if any are incorporated in the Audit Notes / Reports of the respective Assistant Directors (Village Industries).

LEATHER INDUSTRY

THE VILLAGE MODEL TANNERIES

- The Village Model Tanneries are leather tanning units functioning under the village industries wing of the Tamilnadu Khadi and Village Industries Board, their functions are :-
- To tan the raw hides received from the leather sales depots and transfer them back to the Leather Sales Depots and the Central Leather Marketing Depot, Madras for disposal; and
- To procure raw hides by bulk purchase, tan them and sell them to the yots and merchants direct, in the units themselves as in the local markets where there are demands, at the rates fixed by the Board.
- The Village Model Tanneries function under the direct control of a qualified foreman – cum – supervisor and under the overall control of the Assistant Director, Village Industries. They are usually situated in areas where the requisite raw materials are abundant and where there is plenty of water. Skilled labourers are employed on daily wages for the tanning work, besides one watchman.
- The following common specific and stagewise raw materials and chemicals are required for vegetable, chrome and oil chrome tanning.
- Common raw materials for all tanning
- Raw hides,
- Common salt,
- Lime,
- Boric Acid or sulphuric acid.

II. Vegetable tanning (Specific)

- Wattle bark
- Wattle extract
- Kyrobalan
- Pungam Oil
- Epsom Salt
- Maida
- Jaggery

III. Chrome Tanning (Specific) –

- Soda Ash
- Ammonium Sulphide / Chloride
- Borax
- Turkey red oil

IV. Oil chrome Tanning (Specific) –

- China clay
- French Chalk
- Carbon Wax
- Parafin wax
- Tallow (mutton) or animal fat.

The chrome liquor is prepared with jaggery, sodium bichromate, potassium bichromate and sulphuric acid instead of chrome powder.

Items 16 and 20 are to be issued as filling agents at the final stage alone.

The raw hide is obtained from the leather sales depot by placing weekly indents with them through the Assistant Directors Village Industries concerned. The new hide may also be purchased in shandies at the lowest possible rate without calling for quotations. (G.O. Ms.No.1839 / RDLA / Department, dated 5th August 1971). As regards the raw materials excepting lime, common salt, jaggery and maida the requirements shall be obtained from the nearest leather sales depot or the Central Leather Marketing Depot, Madras, by placing indents for quarterly requirements sufficiently in advance through the concerned Assistant Director, Village Industries. All these transactions will be through Inter-transfer invoices, the procedure for audit of which is detailed under "Foot Wear Unit". The lime is to be purchased from a Lime Kiln Co-operative Society of the Board, if one is available or from any other private kiln after observing the usual formalities. Common Salt, jaggery and maida can be purchased locally at the local market rates. The raw hides and other raw materials received from departmental units through inter-transfer invoices and the materials purchased locally are entered in the Stock Register of Raw Hides and Other Raw Materials. The raw hides issued for tanning and other raw materials issued for each job are deducted from stock account and entered in the Job Register and the processing is watched till the processed hides are taken to the Finished Goods Stock Register.

5. The following are the records and registers to be maintained –

- (1) Cash Book
- (2) Permanent Advance Register
- (3) Cash Bill Books
- (4) Register of Money Value forms
- (5) Purchase Register
- (6) Stock Register of Raw Hides and Other Materials
- (7) Daily Issue Register
- (8) Job Register (Annexure – I).
- (9) Finished Goods Stock Register (Annexure – III)
- (10) Stock Register of Bye-products (Annexure – II)

- (11) Inter-Transfer Invoice Books
- (12) Register of Incoming and Outgoing Invoices
- (13) Attendance Register
- (14) Wages Register
- (15) Register of Shortages
- (16) Tools and plants and Furniture Register
- (17) Bank Remittance Chalans
- (18) Remittance Register
- (19) Miscellaneous Statement of Remittances
- (20) File Relating to Remarks of Raw Materials in the open market.
- (21) Office copy of Indents placed on departmental units.

6. The following are the various processes of tanning :-

(a) Soaking- The raw hides are soaked in clean water and trampled to rid them of dust salt, sand etc. and the net-weight recorded in the Job Register under the relevant job number. This weight is known as "soaked weight".

(b) First liming : The soaked hides are immersed in lime liquor for about eight days.

(c) Unhairing : The wool is removed from the grain side of the hides with an unhairing knife.

(d) Second liming : The unhaired hides are again immersed in lime liquor for another seven days or so.

(e) Deliming, washing and Fleshing – The fleshing of the hides is done on the flesh side with a fleshing knife after scaking and washing off the lime, and the weight taken again and noted in the Job Register against the relevant job number. This weight is known as "pelt weight". A second fleshing and two scuddings are now done to remove the flesh scude and lime with the help of a blunt knife on the flesh and grain sides respectively.

(f) Barking – First Barking and second barking. The delimed hides are soaked in wattle bark liquor for about fourteen days under two stages.

(g) Myrobaling – The barked hides are soaked in water mixed with myrobalan and beamed and squashed.

(h) Oiling – Pungam oil is applied to the grain side of the beamed hide and epsom salt and jaggery are applied on the flesh side, and the hide is left hanging for drying.

(i) Final finishing – Maida paste is applied on the flesh side of the hides to wet the excess dried portion. Then the hides are placed on a table and rubbed by using a stainless steel slicker two or three times on both the grain and flesh sides to remove the wrinkles and to polish the grain side.

7. The tanned hides emerging out of the above processes are trimmed and weighed again and taken to stock in the Stock Register of Finished Goods. The finished or final weight is also noted in the Job Register against the respective job number.

Bye-products :

- The bye-products of the tanning industry, viz. the flesh and wool removed from the hides, trimmings taken from the tanned hides etc., are to be accounted for separately in the Stock Register of Bye-products and disposals noted.

- Audit Checks – It should be seen in audit –

- That the raw materials and chemicals issued for each process of tanning is as per the schedule approved by the Board.

- That the period specified for each process is more or less followed:

- That the target fixed is achieved to help the unit run viably;

NOTE – A target of 100 hides per month is fixed for each village Model Tannery.

- That just as raw hides are given a serial number at the time of purchase, which should be followed till final disposal, the tanned hides are also given a serial number and accounted for separately under the respectively serial numbers till final transfer or disposal.

- That the price of the tanned hides is fixed, taking into consideration the cost of the raw hides covered by the job including the cost of transport, cost of materials used for tanning, cost of labour, other miscellaneous expenditure and overheads as prescribed from time to time.

NOTE – (a) The margin to be added now is 20 percent (vide instructions in D.Dis. 44901 / E2 / 69, dated 2nd January 1970 of the Board).

(vi) that the tanned hides are transferred to the leather sales depots or the Central Leather Marketing Depot, Madras without undue delay.

(vii) that respective acknowledged Inter-Transfer Invoices are available for verification and that they are entered in the Register of Incoming and Outgoing Invoices;

(viii) that every effort is taken to conserve all wastages and convert them into manure and dispose of them profitably.

(ix) that the bye-products like flesh meal, tail hair, spent backwool, etc., are accounted for separately and disposed of as per instructions.

(x) that the cost realized on the disposal of manure, bye-products, etc., are accounted for in the Cash Book and promptly remitted into the nearest nationalized bank authorized by the Board and the monthly statements of remittances submitted to the Board.

(xi) that the remittance Register and remittance chalans are available for verification.

(xii) that the Permanent Advance register and Cash Book are closed daily and the cash abstract struck under the signature of the foreman-cum-supervisor.

NOTE : - The cash balances and unrecouped P.A. vouchers should be physically verified during audit.

(xiv) that the wages paid to the casual workers are based on their attendance and as fixed by the Assistant Director, Village Industries from time to time.

(xv) that the acquittances of the workers are available in the Wages Register which should be closed under the disbursement certificate of the Foreman-cum-Supervisor and

NOTE – All bills – establishment, purchase, contingent etc., relating to the village Model Tanneries – will be available at the offices of the concerned Assistant Director, Village Industries and the stock entries etc will have to be cross checked with these bills.

- That a commission is paid to the Commission Agent who brings the customer for the purchase of leather from the village Model Tanneries after obtaining proper acquittance.

(2) The Chrome Tanning and Finishing Unit Samayapuram, Tiruchirapalli District.

- Introduction – Under the control of the Tamilnadu Khadi and Village Industries Board are functioning a number of foot-wear units manufacturing chappals, shoes, suitcases, leather bags, etc. These units require finished chrome leather and the raw materials were hitherto being purchased from private firms.

The chrome tanning, re-tanning and finishing unit is mainly intended to cater to the needs of the foot-wear units of the Board.

2. The unit at Samayapuram was run by the Thiruchirapalli Tannery Workers Co-operative Society under the control of the Board. In B.P.Ms.No.449, dated 17th August 1973 it was taken over as a departmental unit with financial assistance by the Board.

3. Administration of the unit – The unit is functioning under the administrative control of the Assistant Director, Village Industries, Tiruchirapalli under the direct control and supervision of a Tanner, a technical man specialized in tannery with requisite qualification. The tanner is assisted by the sanctioned sub-ordinate staff besides skilled and unskilled workers.

4. Chrome tanning – The process of tanning hides and skins into leather with the basic chromic salt is known as “Chrome Tanning”. It is popular with the consumers because of the light weight, durability and its resistance to heat and water.

Though the Chrome tanning is brought under “Village Industry” within the meaning of section 2 (R) of the Tamilnadu Khadi and Village Industries Board Act, 1959. It is a machanised industry with the following machines in operation –

- Tanning drums
- Shaving machine
- Staking machine
- Buffing Machine

- Glazing machine
- Two cylinder two stage air compressor
- Spray booth with exhaust fans, etc.
- The following are the processes by which hides and skins become chrome-tanned.

- Soaking
- Unhairing
- Lining
- Flushing
- De-lining and scudding

(vi) Pickling

(vii) Tanning

(viii) Splitting, etc.

(ix) Finishing including hot plating and embossing.

- The hides required for chrome tanning and purchased from the leather sales depot at Thiruchirapalli by a committee constituted for this purpose and supplied to the unit. Chemical agents like sulphuric acid, lexipol R.F. sodium hydroxide etc. are purchased from the open market by observing the usual financial rules or obtained by transfer from the Central Leather Marketing Depot, Madras. The village model tannery units functioning near this unit are also sending their tanned hides for "Semi-chroming".

- The purchase of raw materials and the cost of repairs to machineries are paid by the Assistant Director, Village Industries, Tiruchirapalli in his capacity as the drawing officer. A permanent advance of Rs.300 is provided to the Tanner to meet the day-to-day expenses.

- This unit functions also as a servicing cent for the private tanners with the following operations

- Drumming
- Shaving
- Staking
- Puffing
- Glazing
- Spraying
- Seasoning
- Measuring
- Nailing
- Light shaving (next shaving of goat or sheep hides.)

5 The following Registers are maintained in this unit :-

- Stock Register of Raw Materials
- Stock Register of Raw Hides
- Job Register
- Stock Register of Finished Goods
- By-products Stock Register
- Incidental charges Register
- Register of Raw Hides Belonging to Private Parties.
- Servicing Charges Register
- Tools and plants Register
- Stock Register of Packing Materials
- Register of Contingent Charges
- Permanent Advance Register
- Sales Day Book
- Stock Register of Bill Books
- Bill Books
- Free Transfer invoices (Incoming and outgoing)
- Register of Incoming and Outgoing Invoices
- Third Cash Book

6. Scope of Audit – The institution being a major one, audit is done at the premises of the unit. Before taking up the audit, the auditor should check up the monthly accounts in the office of the Assistant Director, Village Industries, auditing the pay bills and T.A. Bills relating to the unit and tracing all other vouchers in the accounts for the period of audit for preliminary check. The files wherever necessary should be called for and verified. Similarly the monthly statements of remittances under “Chrome Tanning” should be taken from the registers maintained in the office of the Assistant Director, Village Industries, for verification at the unit of the correctness of remittance or other receipts accounted for ;

Besides, all audit checks exercised in respect of major village industries units shall be exercised in respect of this unit also.

7. Stock register of raw materials- It should be examined in audit –

- (i) that the materials purchased as per the purchase vouchers or received through free transfer bills from other departmental units are properly accounted for;
- (ii) that price per unit of raw materials is fixed taking into account the transport and other incidental charges.

- That issues are supported by corresponding entries in the Job Register and transferred by free transfer bills;
- That acknowledgements for the transfers made are forthcoming;
- That all entries are properly attested by the tanner; and
- That the closing balances are properly struck and carried over to the stock register for next year at the end of the financial year.

8. Stock Register of Raw Hides – It should be seen in audit.

(i) that the raw hides purchased or received by transfer from other units are properly accounted for with details regarding weight and quantity.

(ii) that the issues are supported by free transfer invoices or corresponding entries in the Job Register; and

(iii) that the closing balances are properly struck as on 31st March of the year and carried over to the stock register for the next year with the authentication of the tanner.

9. Job Register. – It should be seen –

(i) that the quantities of raw hides and raw materials issued as per the stock registers are entered in this register with the cost thereof.

(ii) the finished products as finalized by the tanner in this register are taken to the Stock Register of Finished Products and

(iii) that the charges paid for the splitting and hot plating of leather at Madras and Erode including transport charges are included in the cost of tanned leather with reference to the entries made in the Incidental Charges Register.

NOTE – The Process of splitting and hot plating could not be done in this unit as the required machineries are not available in this unit. Hence tanned leather is sent to the Government unit at Madras and Erode for this process and payments made for this at the rates charged by them.

10. Stock Register of Finished Goods – It should be seen –

(i) that the tanned leather as per the Job Register are brought to this register;

(ii) that the sale price is noted at the top of the Stock folio in which each variety is accounted for;

(iii) that the closing balances are properly struck and carried over to the stock register for the next year at the end of the financial year.

11. By-products Stock Register – The Waste products like head pieces, splits, etc. obtained as a result of the processing of raw hides are re-processed by adding chemical agents. These by-products are entered in this register in terms of weight. The re-processing, production of the by-products, price fixation and ultimate sales are all watched through the same register.

It should be seen in audit –

- That the by-products are properly accounted for as soon as they are re-processed; and

- That the sales are made with reference to the price fixed for them.

12. Incidental Charges Register – The processes – viz., splitting, hot plating and embossing could not be done in this unit due to non-availability of the required machineries. Hence the goods are sent to Madras (Institute of Leather Technology) for splitting and then got back to this unit for further processes. Finally they are sent to the Leather Finishing Centre, Erode for hot plating and embossing.

The incidental charges incurred for these processes are entered in this register. Hence this register is used to watch the prompt return of the hides and also to know the cost involved in the processes.

It should be seen in audit –

- (i) that the rates for all the processes are in order with reference to the catalogue, if any, of the institutions at Madras and Erode.
- (ii) that the payments made for the institutions are correctly entered in this register.
- (iii) that the transport charges paid were reasonable with reference to weight transported.
- (iv) that the transport charges paid were properly entered in this register; and
- (v) that the register bears evidence of scrutiny by the tanner.

13. Register of Raw Hides belonging to Private Parties – It should be seen that the following particulars are available in this register –

- (i) Name of party
- (ii) Date of receipt
- (iii) Variety of hides brought for servicing
- (iv) The cost of servicing.
- (v) Date of payment of cost of servicing with receipt number.
- (vi) The date of delivery with the acknowledgement of the party.

14. Servicing Charges Register – It should be seen –

- (i) that an approved schedule of servicing charges is available.
- (ii) that servicing charges are collected at the approved rates;
- (iii) that the quantities of hides for which servicing is done as noted in this register agree with the quantities noted in the Register of Raw Hides belonging to Private Parties; and
- (iv) that charges due are properly billed for, collected and entered in the Sales Day Book under a separate column.

- Result of Audit – After the audit is completed the objections should be incorporated in the quarterly audit notes and the annual audit report relating to Village Industries (trading and non-trading) is respect of the Assistant Director, Village Industries.
- Proforma Accounts – At the close of the annual audit, the proforma accounts, if prepared and kept ready for check should be checked with reference to the registers and other records audited.

(3) THE FOOTWEAR UNITS

1. The audit of the Foot Wear Units functioning under the Village Industries Wing of the Tamilnadu Khadi and Village Industries Board is being undertaken by the Chief Auditor, State Trading Schemes from 1968-69 onwards, with reference to the order in G.O. Ms.No.1367, Rural Development and Local Administration Department, dated 14th June 1968.
2. The Foot Wear Units are engaged in the manufacture of footwear and other leather goods. Skilled labour, mostly traditional artisans, are employed in the units on piece-rate basis.
3. The raw materials required by the Foot Wear Units are purchased by placing quarterly indents through the respective Assistant Director, Village Industries and the foot-wear and other leather goods produced are marketed through the Khadi Kraft, Leather sales depots, Gramodyog Sales Depots, Supermarkets, etc.

NOTE – The Board has in its circular Lr.No.114404 / E2 / 69, dated 8th January 1970 specified the institutions from which each Foot Wear Unit could purchase its requirements of raw materials.

- Each Foot Wear Unit is under the immediate control of a technically qualified Manager-cum-accountant and under the Supervisory control of the Assistant Director, Village Industries.
- The important raw materials required for a footwear unit are detailed below :-
 - Upper Leather
 - Bunwear Rubber
 - M.C. Rubber Sheets.
 - Bark Sole
 - Adhesive paste
 - White Rubber Solution
 - Thread
 - Wax
 - Eyelets
 - River Buttons

• The following are the registers and records required to be maintained in a Foot Wear Unit as per circular Rc.No.114404 / E2 / 69, dated 8th January 1970 of the Board.

- Job Register (Annexure I)
- Stock Register for Raw Materials
- Tools and Plants and Furniture Register
- Stock Register of Finished Goods (Annexure II)
- Wages Register (Annexure III)
- Cash Book
- Special order Book (Annexure IV)
- Register of Sundry Debtors (Personal Ledger)
- Register of Sundry Creditors (Personal Ledger)
- Inter transfer Invoice Book
- Permanent Advance Register
- Register of Wastages
- Register of Shortages
- D.C.B. Register
- Receipt Invoices
- Register of Invoices received and sent
- Delivery Note
- Production Abstract Register
- Stamp Account.

The following audit checks are to be exercised

I.Purchase

7. As regards purchase it should be seen

(i) that annual indents for all the raw materials required for a year should be placed with the Chief Executive Officer through the Assistant Director concerned sufficiently in advance. The specification for the raw materials like thickness, quality of leather or rubber sheets, etc., should also be specified in the indents; and

(ii) that stock entries are made for all the raw materials purchased.

NOTE (1) – Office Copies of all bills – establishment, purchase, contingent will be available at the office of the Assistant Director, Village Industries. At the time of audit of the accounts of the Assistant Director, Village Industries the relevant stock entries, etc. will have to be cross-checked with the records of the Foot Wear Units.

NOTE (2) – The Assistant Director, Village Industries empowered to purchase raw materials when the non-availability of the same is certified by the Regional Godown.

NOTE (3) – The requirements of tanned leather (Buffalo or calf) may also be drawn from the departmental units, such as the leather sales depots or small sales depots leather). Such transactions should take place by means of Inter-transfer. Invoices and there shall be no cash dealings. The Inter-transfer invoices should be routed through the Respective Assistant Director, Village Industries, who should countersign them and enter them in the Register of Inter-transfer invoices. The acknowledged invoices should be routed through the respective Assistant Director, Village Industries. The auditor should take an extract of such out-going Inter Transfer Invoices from the unit under audit and cross-check the stock entries at the receiving unit if it is within the Development District, or if the receiving unit is outside the Development District an extract of the Inter-transfer Invoices should be forwarded to the respective audit office for cross-check and return.

NOTE (4) – In cases, where raw materials are received in containers, the empty containers should be accounted for separately and periodically disposed of after getting the specific approval of the Regional Deputy Director at the approved rates.

II. Production

8. It should be seen -

(i) that the raw materials issued for the manufacture of foot-wear and other leather goods are as per the schedule approved by the Regional Deputy Director in consultation with the Assistant Development Officer (Leather) and also as per specification for each job;

(ii) that in cases where the issues or the consumption have exceeded the limits prescribed, action has been taken to recover the cost or regularize the loss;

(iii) that the unused raw-materials returned, as per the Job Register, are brought back to stock in the Stock Register of Raw materials

(iv) that the wages paid to the artisans are as per the rates fixed for each item of work, and wages are paid only for finished goods.

(v) that the price of the finished goods is fixed, taking into consideration the cost of raw materials consumed, charges paid and other overhead charges;

NOTE – Overhead charges to be added at 20 percent on the expenditure incurred from 23rd September 1971 (Rc.No.105414 / E2 / 71, dated 12th October 1971 of the Board)

(vi) that the price fixation is approved by the Assistant Director, Village Industries individually for each job;

(vii) that the acquittances of the artisan for the wages paid are available in the Wages Register together with the disbursement certificate of the Manager-cum-Accountant of the unit;

(viii) that the finished goods are correctly accounted for in the Finished Goods Stock Register.

(ix) that wastages accumulated during the whole of a month are weighed and taken up to the Stock Register of Wastages and disposed of after following the usual formalities.

(x) that the total wages paid to the artisans on a day tally with the amount shown as disbursed in the Cash Book; and

(xi) that the Cash Book and Permanent Advance Register are closed daily under the signature of the Manager cum-Accountant.

NOTE : - The cash balance has to be verified and certified to in the Cash Book at the time of audit.

9. Special Order Book – It should be seen that all special orders received for manufacture of footwear or other leather goods, either from individuals or institutions, are chronologically entered in this register and their execution watched.

10. Marketing – The finished goods are transferred to the Khadi Kraft, Madras and other departmental units for disposal by means of Inter-transfer Invoices through the respective Assistant Director, Village Industries raising necessary debit entries in the Register of Sundry Debtors.

As per circular K.Dis.No.44845 / All (2) / 74, dated 8th April 1974 of the Board, the transfers of the goods are effected from 1st April 1974 by means of Inter-transfer Invoices, whereby the goods sent and received alone shall be taken into consideration and issue and receipt entries made in the Stock Registers of the respective units. There shall be neither any adjustment nor any debit or credit entries in the ledger accounts of the respective units, nor shall there be any entry in the Demand Collection and Balance Register of the respective units. However the Inter Transfer Invoices will continue to be entered in the Register of Incoming and Outgoing Invoices. The Inter-transfer Invoices shall be prepared in quadruplicate to the concerned Assistant Director, Village Industries mentioning the name of the unit to which the goods are supplied and two copies sent to the unit and one to the Assistant Director, Village Industries concerned. The receiving unit will acknowledge the receipt of the goods, note the stock folio in the two copies and one sent to the Assistant Director, Village Industries. The Assistant Director, Village Industries will retain that copy, and countersign and acknowledge the receipt of the goods in the copy directly received by him and forward the same to the issuing unit. He shall also maintain a register to watch the receipt and acknowledgement of the Inter transfer invoices. It should be seen –

(i) that the Inter-transfer Invoices are prepared in quadruplicate as prescribed.

(ii) that they are entered in the Register of Incoming and Outgoing Invoices.

(iii) that the copies of the Inter-transfer Invoices duly acknowledged and countersigned by the Assistant Director, Village Industries are forthcoming for verification.

(iv) that the goods are deducted from stock as noted and acknowledged in the Inter-transfers and

(v) that the value has been correctly noted in the inter-transfer invoices.

NOTES : (1) An extract of the Inter-transfer invoices will have to be taken and cross-checked with the stock entries of the receiving units, if they are within the development district. The extracts will

have to be sent to the concerned audit staff for verification and return if they are outside the Development District.

(2) There are neither cash nor credit and return.

(3) At the end of the financial year, the Assistant Directors, Village Industries are required to prepare a classified abstract of all transactions as per the Register of Outgoing and Incoming Invoices for preparation of Units' Proforma accounts (Circulars Lr.No.54458 / All (2) / 74, dated 11th July 1974 of the Board).

For issues a separate consignment account has to be opened so that the particulars regarding the goods sent to the super-market will be reflected in the accounts of the unit. The goods will be supplied to the super-markets on consignment basis, the freight and other charges being borne by the super-markets. The bill books will be printed and supplied by the board and a commissionate 10 percent shall be paid to the super-market on the total sales of the month. No other charges are to be met by the board.

It should be seen –

(i) that the consignment invoices are properly acknowledged and returned by the super-markets.

(ii) that the transport and other incidental charges are borne by the consignee;

(Rc.No.61483 / E2 / 68, dated 25th February 1970 of the Director of Khadi and Village Industries)

(iii) that the sale proceeds are promptly realized from the super markets at the end of each month after deducting commission of 10 percent on the total sales;

(iv) that necessary debit and credit entries are regularly revised in the consignment account of the super markets;

(v) that the demand, collection and balance statements are periodically received from the super markets and agreed with consignment account maintained in the unit; and

(vi) that the consignment account and other registers bear evidence of periodical scrutiny by the Assistant Director, Village Industries and other departmental officers.

NOTE : - At the time of compilation of annual accounts, the amount due (sale already effected but amount per Demand Collection and Balance) from the Super Market has to be shown under "Sundry Debtors". The balance of stock with the super-market should be shown as a distinct item under "closing stock".

11. Physical Verification :- The stocks of raw materials and finished products in the Footwear Unit will be physically verified once in a month by the District Inspector Cottage Industries and once in three months by the concerned Assistant Director, Village Industries apart from the usual physical verification in the months of September and April by the respective agencies. The shortages noticed will have to be entered in the Register of Shortages and recoveries or regularization of the value thereof watched.

12. Proforma Accounts – The annual proforma accounts on the working of the Foot-wear Unit will have to be prepared and submitted before 15th May of the succeeding year.

NOTE – Apart from other instructions, the instructions issued in circular K.Dis No.44845 / Accts. / II(A) / 74 / dated 8th April 1974 of the Board may also be prepared before taking up the audit of the Proforma Accounts.

13. Grants due from the Khadi and Village Industries Commission – The footwear units run by the Khadi and Village Industries Board are eligible for grants from the Khadi and Village Industries Commission based on the pattern of assistance prescribed by the latter. To assess the quantum of grants admissible to these departmental units and to watch the realization of the same a register has to be maintained in the office of the Assistant Director, Village Industries in the form of a Demand collection and Balance statement.

14. Audit Notes. – Reports – The audit of the footwear units is to be done quarterly and the objections will be incorporated in the audit Notes/ Report of the respective Assistant Director, Village Industries.

(4) THE LEATHER SALES DEPOTS

1. The Leather Sales Depots, otherwise known as small sales depots function under the immediate control of a Manager and under the overall supervisory control of the Assistant Director, Village Industries.

2. The main functions of the Leather Sales Depots are :-

(i) to procure raw hides and supply them to the Village Model Tanneries for tanning and to receive the tanned leather and sell them in the open market or supply to the departmental footwear units;

(ii) to be the selling agent for the leather goods produced by the departmental units and the co-operatives under the Board;

(iii) to purchase and supply the raw materials like wattle extract, wattle bark, pungam oil, Sulphuric acid, Boric acid, Epsom Salt, Ammonium Sulphate, Sodium Sulphate, Maida, Lime, Common Salt etc., required for tanning of leather goods manufactured in the village Model Tanneries, other departmental units and the co-operative societies under the industry and

(iv) to procure raw hides for sales to private tanners for which there is adequate demand.

3. The following are the registers and records maintained in the Leather Sales Depots :-

(i) Cash Book

(ii) Permanent Advance Register

(iii) Cash Bill Book

(iv) Credit Bill Book

(v) Bank Remittance Register

(vi) Bank Remittance Chalans

(vii) Monthly statement of Remittances Made.

(viii) Inter-transfer Invoice Book.

(ix) Register showing the Incoming and Outgoing Invoices.

- (x) Purchase Register (Annexure I).
- (xi) Stock Register of Raw Hides / Tanned Hides (Annexure II).
- (xii) Stock Register of Raw Materials and Chemicals.
- (xiii) Stock Register of Finished Goods.
- (xiv) Tools and Plants and Furniture Register.
- (xv) Sales Summary Register
- (xvi) Sundry Debtors Ledger.
- Register of Money Value Forms
- Register of Shortages.

4. Purchase of Raw Hides – The purchase of raw hides is done by the purchase committee consisting of the Assistant Development Officer (Leather), Manager, Leather Sales Depot and one Foreman-cum-supervisor, Village Model Tannery, constituted for the purpose. The hides are purchased from the weekly shandies, the regular markets or in piecemeal from Villages by direct negotiation.

NOTE (i) – The Tamilnadu Khadi and Village Industries Board has been authorized to purchase raw hides in shandies at the lowest possible rates without calling for quotations (G.O.Ms.No.1839 Rural Development and Local Administration, dated 5th August 1971).

NOTE (ii) – The purchase has to be effected directly from the owner of the hides and not through as intermediary.

NOTE (iii) – As the raw hides cannot be stored indefinitely without being tanned, it should be seen that the concerned Assistant Director, Village Industries ascertains the requirements of the Village model tanneries sufficiently in advance and places orders with the Leather Sales Depot for the purchases to be effected every week indicating the Village Model Tanneries to which the raw hides have to be supplied and communicating the orders to all the units concerned.

When a purchase is made at a price agreed upon by the purchase committee, the cost shall be paid by the Manager, Leather Sales Depot and a cash voucher obtained in the prescribed form.

It should be seen –

- (i) that a cash voucher is available in respect of all the purchases made :
- (ii) that as each hide might vary in weight, a serial number is affixed to each hide in indelible ink and the same number noted in the voucher;
- (iii) that after the conclusion of the day's purchase a detailed report is prepared in quadruplicate giving the details of the raw hides purchased numberwise and voucher wise and signed by the members of the Purchase Committee and that one copy is retained in the sales depot and the remaining three copies forwarded to the Assistant Director, Village Industries the Regional Deputy Directors and the Board respectively.
- (iv) that the day's transactions are reflected in the Cash Book;

(v) that the day's purchase has been accounted for to purchase Register Chronologically;

NOTE (i) All purchases should be chronologically entered the Purchase Register, and after the payments for the purchases are made and the goods purchase taken to the respective stock registers, the items should be rounded off noting down the voucher numbers in which the goods were paid for and the stock folio numbers of the register where the goods purchased have been accounted under the initials of the Manager.

NOTE (ii) – All the purchase bills will be available at the Office of the Assistant Director, Village Industries. The stock entries will have to be cross-checked with the paid vouchers at the time of audit of the accounts of the Assistant Director, Village Industries.

(vi) that the raw hides purchased are taken to stock in the Stock Register of Raw Hides / Tanned Hides Annexure I) giving details of the serial number of the side, weight, voucher number, etc.,

(vii) that the same number is not given to two or more hides, as it might encourage malpractices;

(viii) that the raw hides purchased are transferred to the village Model Tanneries without undue delay by means of inter-transfer invoices.

(ix) that the price of the raw hide is fixed, adopting the following formula, or the formula fixed by the Board from time to time.

Rs.

Purchase Rate ---- ---- ----

Transport Charges ---- ---- ----

Other handling and incidental charges.

(x) that in the issue invoice one percent margin is added to the book value of the raw hide issued to the Village Model Tanneries;

(xi) that the issue invoice is entered in the Register of Incoming and Outgoing Invoices against the concerned unit;

(xii) that the invoices are acknowledged and received from the respective units, duly countersigned by the concerned Assistant Director, Village Industries and

(xiii) that in respect of raw hides issued to the units outside the development district a copy of the invoice is marked to the other Assistant Director's, Village Industries through the controlling Assistant Director, Village Industries of the sales depot.

5. Purchase of raw materials and other chemicals for leather and tanning industry. – The requirements of raw materials and other chemicals required for the leather and tanning industry are purchased through the Central Leather Marketing Depot, Madras, by placing quarterly indents through the concerned Assistant Directors, Village Industries.

From 1st April 1974, the goods are to be received by means of inter-transfer invoices. The invoices will have to be entered in the Register of Incoming and Outgoing Invoices. No ledger entry need be made.

It should be seen in audit –

(i) That entries are made in the Register of Incoming and Outgoing Invoices in the pages allotted for the Central Leather Marketing Depot.

(ii) that the goods received are correctly accounted for in the respective stock register and the stock folio number noted against the item in the said invoice; and

(iii) that the rate, as noted in the invoice for each item is correctly noted in the respective stock folios.

6. Leather goods, produced by the various departmental units and co-operatives sponsored by the Board are also received at the Leather Sales Depots for disposal. The finished goods from departmental units are received by means of inter-transfer invoices. The checks prescribed for inter-transfer invoices may be exercised here also.

In respect of finished goods received from the co-operatives, it should be seen that the transactions have been entered in the Register of Sundry Creditors (Personal Ledger) and the credit wiped off as and when remittances or adjustments are made against the respective co-operatives.

7. The raw hides transferred to the Village Model Tanneries are received for disposal at the Leather Sales Depot as Tanned Leather by means of Inter-transfer invoices and taken to stock in the Stock Register of Raw hides / Tanned hides. The usual checks to be exercised for receipt of goods and inter-transfer invoices may be exercised.

8. Fixation of Sale Price – The Leather Sales Depot shall cut and the margin as indicated below for fixing the sale price of different materials :-

Raw materials other than hides and skins 3 percent (exclusive of sales tax and other incidental charges.)

For the sale of Tanned Leather and Skins. Do.

When the raw materials are received by transfer from the Central Leather Marketing Depot the entire margin due on them shall be passed on to the Leather Sales Depots and transport charges from the Central Leather Marketing Depot to the Leather Sales Depot will however have to be borne by the Sales Depots.

9. Sales – The tanned leather and hides the finished leather goods and other raw materials are sold to the departmental units, co-operative and to the public.

(a) Sales to departmental units is by means of inter-transfer invoices. The usual checks prescribed for inter-transfer invoices have to be exercised here.

(b) In respect of sales to co-operatives it should be seen that necessary demand is raised in the Register of Sundry Debtors (Personal Ledger) and collections watched.

NOTES – (i) Village Industries Products may be sold on credit basis to co-operatives and super-markets subject to the condition that the amount is realized within one month.

(B.P. Ms.No.848, dated 9th August 1971 of the Board)

(ii) Credit sales to Tamilnadu Government departments, local bodies, statutory bodies and quasi-government institutions are also allowed as prescribed In B.P. Ms.No.34381 / D3 / 71-1, dated 3rd September 1971 of the Board.

(e) In respect of cash sales to the public, it should be seen-

(i) that the cash realized as per cash bills has been chronologically accounted for in the Cash Book and regularly remitted into the bank authorized by the Board and

(ii) that the remittance chalans as forthcoming for verification as per the Register of Remittances.

NOTE : - The details of remittance should be checked with the monthly statement of remittances furnished by the depot to the Assistant Director, Village Industries and cross-checked with the cash book of the respective Assistant Director, Village Industries at the time of audit of the accounts of the Assistant Director, Village Industries.

10. Reduction Sales – A committee with the Regional Deputy Director concerned as chairman, the Assistant Director Village Industries concerned as member and the Development Officer, (Leather) Board Office, as convenor has been constituted in Memo.No.2658 / F1 / 70-1, dated 18th July 1970 of the Board to decide the percentage of reduction on sale of leather goods which are more than six months old.

Audit may comment upon the stock of raw materials and leather goods, lying stagnant for a long time.

11. Stock Register of Money Value Forms – It should be seen that all money value forms like cash bill books etc., are accounted for in this register. The cash bill books should be used serially, one at a time and the used bill books should be separately accounted for so that any time, it could be verified whether all the bill books received are intact. The stock of money value forms at the time of audit should be physically verified and certified to.

12. Physical Verification – (a) The Assistant Development Officer (Leather) should inspect the Leather Sales Depot, atleast once in a month and should take note of the goods which are lying unsold for over three months and take special steps to sell them or transfer them to the places where they are in demand.

(b) The entire stocks of the Leather Sales Depot will have to be physically verified by the Assistant Director Village Industries or someone assigned by him, once a month, apart from the usual physical verification at the end of the calendar year and financial year by the officials of the Board and State Trading Schemes.

NOTE – As hides are liable to shrinkage and drying, a dryage of 2 to 5 percent is allowed on the hides. This aspect will have to be considered at the time of sale and also at the time of physical verification. If even the shortage in weight is found to be more than the prescribed percentage, the Assistant Director, Village Industries is competent to waive the shortage if the hide is found to be intact and in the original shape and if the shortage is attributed only to dryage.

13. Register of Shortages – The shortages noticed at the time of physical verification will have to be entered in the Register of Shortages and recoveries or regularization of the value thereof watched.

14. Cash Balance – The Cash Book and the Permanent Advance Register will have to be closed daily and the cash abstract struck in the Cash Book under the signature of the Manager.

The cash balance will have to be verified twice during the course of audit once at the commencement and once at any time before the close of audit as a surprise check during the course of audit.

15. Proforma Accounts. – The annual proforma accounts of the Leather Sales Depot will have to be prepared and submitted before the 15th May of the succeeding year.

16. Audit Notes : Audit Reports – The audit of the accounts of the Leather Sales Depots should be done monthly and the objections, if any, incorporated in the Audit Notes, and Audit Reports of the respective Assistant Director, Village Industries.

14. POTTERY AND CERAMIC INDUSTRIES

The Glazed Pottery Unit, Sevapet, Chengalpattu District.

Glazed pottery unit is set up by the Board at Sevapet Chengalpet District for the development of pottery industry on modern lines, applying improved techniques production. It is under the immediate control and charge of a superintendent who is assisted by one foreman, skilled and unskilled workers and casual labourers employed depending on the volume of production. There is a post Manager attached to the Glazed Pottery Unit, Sevapet who has also control over the Regional Pottery training and sevapet. The duties of the manager are

- to draw establishment pay bills of staff.
- To draw T.A. bills after counter signed by the Assistant Director, Village Industries, Kancheepuram.
- To draw advance T.A. bills and Contingent bills, and
- To purchase raw materials not exceeding Rs.500/- at a time subject to ratification by the Chief Executive Officer.

The bills for pay and allowance and other contingent expenditure are drawn by the Manager, after counter signature by Assistant Director, Village Industries, Kancheepuram.

The main copies of the unit are sale proceeds of pottery articles.

Expenditure

- Pay and Allowances of staff T.A. to staff
- Contingencies
- Purchase of raw materials
- Wages

The following registers are maintained :-

- Goods Received Register
 - Stock Register of Raw Materials
 - Daily issue of Raw Materials and Stores and Daily Production Register.
 - Stock Book of Greenwares (Redwares and Whitewares).
 - Kiln Register (Red and Whiteware)
 - Stock Book of Biscuited Goods
 - Stock Book of Finished Goods
 - Register of Capital Investments (Equipments, Tools and Plant).
 - Cash / Credit Bill Books
 - Invoices for intertransfer of Stocks
 - Cash Book
 - Stock Register of Stationery and other items.
 - Price Fixation Files.
 - Permanent Advance Register
 - Register of Bills
 - U.D.P. Register
 - Office Copies of Pay Bills
 - Office Copies of Contingent Bills
 - Third Cash Book
 - Wages Register (daily wages price rate)
 - D.C.B. Register
 - Contingent Register
-
- Goods Received Register – All stores and materials purchased should be entered in this register in chronological order.

The serial numbers of stocks purchased should be rounded off as and when payments are made.

- Stock Register of Raw Materials – (i) Separate pages should be set apart for each kind of raw materials. It should be seen that all purchases made through contingent bills and P.A. vouchers were properly accounted for. A cross reference to the Goods Received Register should so be made.

- (ii) The main raw materials required are the ball, clay, feldspar, quartz, china-clay and fuel. It may be ascertained whether purchases are effected according to specifications at competitive

rates and in accordance with the rules issued by the Board. It may also be verified whether Purchase Committee has been constituted by the Board and the powers of the committee for the purchases have to be ascertained in audit with reference to the Boards orders. The purchase of coal has to be regularized by allotment by the industries Department.

(iii) Issues made should be deducted correctly and balance struck.

(iv) A certificate of physical verification should be recorded by the Departmental Offices and deficiency in stock found regularized by recovery or write of under orders of competent authority.

- Daily issue of raw materials and stores and daily production register – (i) Issues of clay etc., is recorded in this register under different job numbers and entries relating to manufacture of greenwares out of that job shall be followed up and recorded. The greenware articles shall be taken to the Stock Register of Greenwares.

(ii) It should be seen whether issues were made according to the scale laid down for the purpose.

(iii) It should also be seen whether number of greenwares produced are comparable to the issues made.

- Stock Register of Greenwares – The Greenwares are sent for glaze coating. The white glazed and brown glazed mixtures shall be prepared by adopting the formula of combination as fixed by the Board. It may be seen in audit that,

- The greenware produced as per column (9) of the Daily Issue Register of raw materials and Production entered in the register a ticle-wise and deductions made for breakages and the rest sent to Kiln.

- The wastages or breakages should not exceed 10 percent and

- The details of broken greenwares as recorded in column 6 shall be taken to stock of bill clay and shall be utilized for manufacture of a ticles.

- Kiln Register – The Greenwares loaded in the Kiln are entered in the Register and goods received after firing are also entered.

It may be seen that -

- The number of greenwares issued to Kiln as per column (4) of Stock Book of Greenwares are loaded in Kiln and received correctly after firing.

- The wastages or breakages at kiln and shortage of finished goods should not exceed 10 percent

- The sugger boxes are manufactured in the units by utilizing fire clay 60 percent and grog 40 percent. The manufacture of them shall be entered as a job in the Process Register and the manufactured boxes shall be taken to stock account.

6. Stock book of biscuited goods. – It should be seen that –

(i) the entries in column (2) and (5) of the Register may be verified with reference to Kiln Register (Biscuited and Glazed) and

(ii) the composition of glazed mixture is in accordance with the formula "B" approved by the Board.

7. Stock book of finished goods_It should be seen that

(i) separate page is set a part for each variety of finished goods and the sale price fixed should be indicated at the top the folio,

(ii) the stocks received from kiln are entered article wise without omission and

(iii)the issues are made with reference to I.T.Invoice (Transfer) or by cash sales by quoting cash bill number and the balances are correctly struck.

- Register of capital investment –Full specifications of the assets purchased should be furnished in the register.Each class of assets should be recorded in separate folios in the register.Any additions deductions and depreciation should be worked out and value arrived at the close of the year.

It may be seen in audit, that –

- All assets acquired as per invoices have been entered in the register in the respective folios –
- Any deletion by sale or write off under orders of competent authority has been correctly noted and the balance struck, and
- The value at the close of the year has been correctly arrived at, after following for necessary depreciation which are taken over to proforma accounts.

9. Cash / Credit bill books – It should be seen that –

(i) pages have been machine numbered and a certificate of total leaves in the book furnished by the Manager.

(ii) all the amounts received through cash bill are accounted for in the cash book and the deduction of stocks in the Finished Goods Register are made with reference to cash bills.

(iii) all sales through credit bills are accounted for in the Demand Collection and Balance Register under the concerned folios and the deduction of sticks in the Finished goods Register is properly done, and

(iv) a separate Stock Register of Money value forms is maintained taking into account the cash / credit bill books / I.T. Books received from Assistant Director, Village Industries, Kancheepuram and used. All the cash / credit bill books used and in balance as per this register should be verified in audit.

(10) Invoices for inter transfer of stock – The receipt I.T.s and issue I.T.s should be called for and verified in audit.

It may be seen –

- That all the items received through receipt I.T.s are accounted for in the concerned stock accounts and goods received account.

- Acknowledgements obtained from the receiving ends of issues in issue I.T.s.
- That the deduction of stock in the finished stock account is correct, and
- That entries in the Stock Register of Money Value Forms is correct with reference to the receipt and issue I.T. Books.

NOTE . – The I.T. Books should be physically verified and the correctness certified to in audit.

- Cash Book – It should be seen whether the receipts and payments are correctly booked in this register and closed daily. In support of remittances made in the Indian Bank, Emkkanchi, necessary chalangas should be verified in audit.
- Stock Register of stationery and other items –

All items of stationery articles purchased through permanent advance vouchers and in contingent bills are accounted for and issues made as per orders of the Manager.

13. Price Fixation files – (1) The raw materials, chemicals, fuel etc., consumed and the wages of labour utilized for the manufacture of different articles shall be ascertained carefully after adding the overhead charges at the prescribed rates and a schedule should be prepared and got approved by the Chief Executive Officer. The price fixation of various articles should be verified with reference to the approved schedule.

(ii) in respect of sub-standard goods, the Manager shall propose a lesser rate, and fix it with the approval of the Assistant Director, Village Industries, Kancheepuram provided that the rate so fixed should not be less than the sale price less overhead.

(14) Permanent advance register – It should be seen whether the contingent charges are recouped periodically the vouchers for payments should be called for and verified in audit exercising the usual checks prescribed for other units.

(15) Register of bills. – It should be seen -

(i) whether all the bills (except endorsed bills) presented to the Assistant Director, Village Industries, Kancheepuram are entered in this register.

(ii) the cheque number and date in respect of bills passed for and encashed or entered;

(iii) a record of returned bills is made; and

(iv) in respect of adjustment bills (viz. Khadi advance etc.) the date of adjustment is indicated.

- U.D.P. Register. – It should be seen –

Whether all bills (except endorsed bills) encashed as per the Register of Bills are accounted for as receipts. In support of disbursements, the connected acquittances, acknowledgements etc., should be verified. On each day an abstract showing the opening balance, receipts disbursements, and closing balance should be arrived at by the Manager, and the closing balance on each day as per U.D.P. Register should be reflected in the Third Cash Book.

- & (18) Office Copies of Pay Bills and Contingent Bills. – The Office copies of pay bills, T.A. Bills and contingent bills should be audited with reference to the sanction files, stock registers,

acknowledgements, quotations and tender files etc., After the verification of connected files and records these bills may be traced in the Register of Bills and U.D.P. Register.

(19) Third cash Book – The transactions of both glazed pottery unit and the Regional Pottery Training Centre are exhibited in this Register.

(20) D.C.B. Register (sundry debtors). – A separate page is allocated for each individual / firm. All debits raised are to be verified with reference to credit bills. It may be seen that credit sales effected are in order with reference to the orders of Board Issued. In support of credits, necessary cash bills should be verified. The closing balance at the end of the year should be arrived at itemwise and an abstract should be struck and the total value of sundry debtors may be arrived at from the total balance struck in the abstract.

(21) Wages Register – It should be seen that –

(i) the rates of wages paid are in accordance with the schedule of rates and

(ii) a Nominal Muster Roll is maintained duly attested by the Manager.

(22) Contingent Register – It should be seen whether all payments of contingent charges relating to the purchase of raw materials, transport charges, electricity charges etc., are recorded in this register to watch the allotment sanctioned in the Budget. The vouchers for payment should be called for and verified in audit.

(23) Annual Proforma Account – The Annual Proforma Accounts comprising of Manufacturing and Trading Account, Profit and Loss account and Balance sheet will be prepared by the manager duly countersigned by the Assistant Director, Village Industries Madras are sent to the Audit Office for check and transmission to the Board for consolidation.

(24) Audit. – The defects noticed in audit are incorporated in the Audit Report and issued to the Assistant Director, Village Industries, Kancheepuram with a copy to the Regional Deputy Director, Madras for necessary rectification of the same, and furnishing replies within the time prescribed.

REGIONAL POTTERY TRAINING

CENTRE, SEVVAPET.

- The Regional Pottery Training Centre, was set up under the auspices of the Khadi and Village Industries Commission, Bombay to impart different course of training in the manufacture of building materials, common clay ware etc., covering the use of improved methods of techniques to the candidates from all the states in the Southern Region (Andhra, Kerala, Karnataka, Pondicherry and Tamilnadu).

The duration of training is 5 months and it shall be varied according to the directions given by the Khadi and Village Industries Commission.

2. The staff pattern for the centre is as follows :-

Superintendent	-	1
Technical Assistant	-	1
Accountant-cum-Typist	-	1

Master Potters	-	2
Kiln Attendant-cum-warden	-	1

3, Provision of staff to the training centre shall generally be based on the pattern evolved by the Khadi and Village Industries Commission, as the entire expenditure on staff is reimburseable from it.

4. The commencement of training shall be notified in the newspapers circulated in the southern states. The committee consisting of the representative of the Board and the commission will select the candidates for each training. A stipend of Rs.120 p.m. will be paid to each trainee during the period of training.

5. The registers prescribed for Glazed Pottery Unit shall be maintained in the training centre also. The issue of raw materials for processing manufacture of greenwares, casting glazed mixture, and heat treatment, shall all be entered in the same manner as indicated in the chapter on the Glazed Pottery Unit, Sevvapet.

6. The finished goods brought out by the trainees are either sold to public or transferred to Glazed Pottery Unit, Sevvapet by preparing necessary invoices. The cost schedule for standard items and non-standard items should be prepared and got approved by the competent authorities as indicated in paragraph 13 under chapter on Glazed Pottery Unit, Sevvapet.

7. Administration – The Manager, Glazed Pottery Unit, Sevvapet, has overall control on Regional Pottery Training Centre and is the drawing officer for the training centre. Superintendent is responsible for administration of the Training Centre.

8. Receipts and Expenditure – Both Cash and Credit sales are effected at the training centre. The undisbursed amounts of pay and allowances and stipends will be comprised of receipts, which will be remitted at the Indian Bank and Chalans obtained in support of the remittances and sent to the Board.

Expenditure – The major items of expenditure are as follows :-

- Pay and Allowances of staff.
- T.A. to Staff
- Wages
- Contingencies (Advertisement charges, transport charges, etc.)
- Cost of raw materials
- Stipend to trainees.
- T.A. to trainees
- The following registers are required to be maintained in R.P.T.C. –
- Admission Register.
- Attendance Registers for Trainees and for Staff
- Register of Caution Deposits.

- Trainees Stipend Register
- Goods Received Register
- Stock Register of Raw Materials
- Daily issue of Raw Materials and Stores and Daily Production Register.
- Stock Book of Green-wares
- Kiln Register
- Stock Book of Biscuited Goods
- Stock Book of Finished Goods
- Register of Capital Investment
- Cash and Credit Bill Books
- Invoices for Inter Transfer of Stocks
- Cash Book
- Stock Register of Stationery and other items.
- Price Fixation Files
- Permanent Advance Register
- Register of Bills (MTC 70)
- U.D.P. Register
- Office copy of Pay Bills, T.A. Bills
- Office copy of Contingent Bills
- Third Cash Book
- D.C.B. Register
- Wages Register
- Contingent Register'

10. (1) Admission Registers – Particulars regarding the trainees selected by the Committee are entered in this Register for the period of training. The connected list communicated by the Board has to be called for and verified with the register.

(2) Attendance Register of Trainees – This has to be verified for the correctness of stipend amounts claimed for the trainees every month. The Superintendent should check the register and ensure the correctness of the amounts claimed.

(3) Trainees Stipend Register – It should be seen that –

(i) stipend is claimed only for those trainees with have been selected by the committee and have actually undergone training and the amounts claimed are in proportion to the days attended to by the trainees for part of a month, and

(ii) necessary stamped acquittances are forthcoming in support of the disbursements.

(4) Register of Caution Deposit – A sum of Rs.100 is collected from each trainee towards “Caution Deposit” which is adjustable against the dues of the trainees if they cannot otherwise be collected. The collection and refund of caution deposit amount is accounted for in this register.

It should be seen in audit whether –

- the caution deposit amounts due are collected from all the trainees.
- Refunds are made only after the Superintendent duly checked and satisfied himself that no amount is recoverable from the trainees concerned.
- Stamped acquittances are forthcoming in support of refunds, and
- Any recovery has been ordered out of caution deposit, and if so, necessary adjustment of caution deposit, is made by preparing the adjustment vouchers.

The checks to be exercised in respect of registers maintained in the Regional Pottery Training Centre as noted in Serial Numbers 5 to 20 under paragraph 9 are the same as for the registers of Glazed Pottery Unit, Sevvapet.

11. Annual Proforma Account – Annual Proforma accounts comprising of Income and Expenditure Statement and Balance Sheet will be prepared by the Manager duly countersigned by the Assistant Director, Village Industries, Kancheepuram and sent to the Chief Auditor, State Trading Schemes, Madras for check and transmission to the Board for necessary consolidation.

12. Audit Notes. – The defects noticed in audit are incorporated in the audit report and issued to the Assistant Director, Village Industries, Kancheepuram with a copy to the Regional Deputy Director, Madras for rectification of the defects.

15. BEE NURSERIES

1. Under the Bee Keeping Industry, Bee Nurseries are set up at the places where there are potentialities for developing Bee Colonies. Bee colonies are being developed in the nurseries for distribution to the Bee Keepers. Apart from developing bee colonies, the Bee nursery could extract honey from the well-developed colonies maintained in the Nursery. Each Bee Nursery is in charge of a Senior Bee-Fieldman who will be assisted by a Junior Bee-Fieldman and a Watchman-cum-gardener. Each Nursery is expected to develop colonies and achieve the target fixed for each year.

2. The receipts and charges relating to the Bee Nursery mainly fall under the following heads :-

Receipts –

- Sale proceeds of bee colonies
- Sale proceeds of Honey
- Sale proceeds of Wax

- Miscellaneous receipts Charges
- Pay and allowances of Establishment
- Cost of bee-hives purchased
- Contingent expenditure

3. The following registers and records maintained in the bee-nursery are to be scrutinized in audit

- (1) Colony Register.
- (2) Feeding Register
- (3) Colonies Stock Register
- (4) Colonies Sales Account
- (5) Stock Register of Honey and Wax
- (6) Florate Register
- (7) Sales Bill Books
- (8) Inter-transfer Invoice Books
- (9) Cash Book
- (10) Stock Register of Bee-hives
- (11) Bee-hives Distribution Register
- (12) Tools and Plants Register
- (13) Attendance Register
- (14) Register of Incoming and Outgoing Invoices
- (15) Register of Shortages
- (16) Stamp Account.

The following audit checks are to be exercised :

- Colony Register – The checks to be exercised are –
- Whether periodical examinations are done and the various observations recorded in the register under the appropriate columns;
- Whether honey is extracted periodically from the bee-hives maintained in the Nursery and the quantity of honey and wax extracted are recorded in the register and taken to the Stock Register of Honey and Wax;
- Whether feed has been given to the bees and the corresponding page number of the Stock Register of Feed has been noted;
- Whether the colonies are developed according to the prevailing florate conditions;

- Whether the honey is extracted according to the survival conditions of the developed colonies and florate seasons;
- Whether the target fixed for developing colonies and for distribution of bee colonies are achieved; and
- Whether the Colony Register is maintained as per instructions in the prescribed form duly allotting separate pages for each colony.
- Feeding Register – The checks to be exercised are –
 - Whether the sugar, honey etc., purchased and fed are properly accounted for in the register and the feeding done according to the instructions and approved schedule and
 - Whether not less than two kilograms of honey is produced for every kilogram of sugar or honey issued for feeding.
- Colonies Stock Register – The checks to be exercised are –
 - That the serial numbers given to the colonies and entered in the register for the additions and deletions are in agreement with reference to the entries made in the Colony Register’;
 - That proper reasons have been recorded for the Colonies deserted and united;
 - That the target fixed for developing colonies have been achieved; and
 - That necessary entries have been made in the register for the colonies sold.
- Colonies Sales Account – The checks to be exercised are –
 - Whether necessary entries have been made for all the colonies issued on credit basis through credit bills.
 - Whether the amount due has been realized for the colonies issued in time and necessary entries made in the Register;
 - Whether the selling rates fixed by the Chief Executive Officer, for ‘Bee Colony’ and ‘Queen Bee’ etc. have been adopted;
- Whether the target fixed by the Assistant Director, Village Industries for the sale of Bee Colonies has been achieved; and
- Whether the total number of Bee Colonies sold is struck in the Colonies Sales Account in each page, whether the total value of the colonies sold, amount realized and the balance outstanding are arrived at, at the end of the financial year by preparing a page-wise abstract; and
- Whether the balance outstanding at the end of the year has been carried over to the subsequent year’s register as arrears and whether the arrear and current transactions are recorded separately.
- Stock Register of Honey and Wax – The checks to be exercised are :

- Whether the honey and wax extracted periodically from the colonies maintained in the Nursery and entered in the Colony Register have been correctly accounted for in this register;
- Whether the honey and wax collected have been sold or transferred to the sales depots through free transfer invoices and got acknowledged (vide instructions in Circular D. Dis. No.44845 / All(2) / 74 and Rc No.5448 / All (2) / 74, dated 11th July 1974 of the Board.
- Whether the honey purchased from Bee-Keepers Co-operative Societies and obtained from other depots have been properly accounted for in the Stock Register.
- Whether the sale of honey and wax have been properly accounted for with reference to the cash bills and transfer invoices; and
- Whether the issues made towards the feed for bees are properly accounted for. The corresponding entries have to be checked in audit with reference to the Feeding Register.
- Florate Register – It should be seen –

Whether the Register has been maintained in the prescribed form and relevant entries made in the register, and the register should be cross-checked in audit with the entries made in the Colony Register and Colony Stock Register, as to whether any increase in production has been made in developing colonies as well as in the production of honey during the florate season.

- Cash Book – The Sales of bee-hives, honey and wax, at the rates fixed by the Assistant Director, Village Industries through Cash Bills are accounted for in the Cash book. The amount realized by sales is remitted to the credit of the Board, either in the approved banks or through the Assistant Directors of Village Industries concerned. It should be seen in audit that there is no undue delay in remittance.
- Bee Hives Distribution Register – The bee-hives received from the departmental units are entered in this register and distributed to the bee-keeper at subsidized rates fixed by the Assistant Director, Village Industries. The stock deductions are made as and when sales are effected. It should be seen in audit that the stock deductions and balances arrived at are correct with reference to corresponding records.
- Charges – The establishment bills, T.A. Bills and contingent bills are maintained at the Office of the Assistant Director, Village Industries which will be audited at the time of audit of the accounts of the Assistant Director, Village Industries.
- Physical Verification – The physical verification of stocks is conducted twice a financial year in March / April and in September by the State Trading Schemes audit staff and the Board Staff. The Shortages noticed, if any, are taken to the Register of Shortages and regularization thereof watched.
- Proforma Accounts – The annual proforma accounts of Bee Nursery for the financial year is to be prepared and submitted by 15th May of the succeeding year.
- Audit – The audit of the accounts of the Bee Nursery is done quarterly / monthly and the objections, if any, incorporated in the Audit Notes / Report of the respective Assistant Director, Village Industries.

AN INTRODUCTION TO THE WORKING OF GODOWNS OF THE TAMILNADU KHADI AND VILLAGE INDUSTRIES BOARD.

• The Khadi and Village Industries Board has established Godowns in every development District to effectively channelize the procurements and supply of its products from the production units to the selling units, the directive principle being that there will be complete separation between the Sales and Production Units.

Accordingly there will be no direct sales from the production units. The production units will transfer all the finished goods to the godowns in their respective development district except that the Khadi Kora materials will have to be transferred to the 'A' Type Godowns in the respective jurisdiction.

• There will be 23 godowns in the State under three classifications (viz.) "A" "B" and "C". The godowns are located in the following places.

Type "A" –

- Madras
- Tiruppur
- Koilpatti

Type "B"

- Thiruchirapalli
- Salem
- Dindigul
- Myladi (Kanyakumari)

Type "C"

- Kancheepuram
- Vellore
- Tiruvannamalai
- Dharmapuri
- Villupuram
- Cuddalore
- Thanjavur
- Tiruvarur
- Karur
- Coimbatore
- Erode
- Namakkal

- Madurai
- Paramakudi
- Srivilliputhur
- Tirunelveli
- The staff pattern of different types of godowns will be based on the volume of the transactions to be handled by it and as decided upon by the Board from time to time.
- The three types of Godowns will cater to the requirements in the jurisdiction as indicated below
- “A” Type Godown –
- Tiruppur
- “B” Type Godowns of Salem and Tiruchirapalli
- Tiruppur Development District.
- “C” Type Godowns. –
- Erode
- Coimbatore, and
- Cuddalore
- Koilpatty :-
- “B” Type Godown at Dindigul and Mylady
- Koilpatty Development District.
- “C” Type Godown at
- Tirunelveli
- Srivilliputhur; and
- Paramakudi.

3. Madras –

(1) Madras Development District and Khadi Kraft (Main) Madras.

(2) “C” Type Godown at –

(1) Kancheepuram

(2) Villupuram

(3) Vellore

(4) Tiruvannamalai, and

(5) Dharmapuri

II. "B" Type Godown

- Salem – Salem and Namakkal District Godowns
- Tiruchirapalli – Thiruchirapalli, Karur, Thanjavur and Tiruvarur District Godowns.
- Dindigul – Dindigul and Madurai District Godown
- Myladi – Kanyakumari Development District.

III. "C" Type Godowns –

As listed out in paragraph 2.

5. The "A" and "B" Type Godowns will be under the administrative control of the Regional Deputy Directors, in whose jurisdiction the godowns are situated. The "C" Type Godowns will be under the administrative jurisdiction of the Assistant Directors of Khadi and Village Industries concerned.

The "A" Type Godown will have six different sections as under –

- Khadi (Kora)
- Khadi Processed Goods.
- Cotton
- Spare parts for charkhas and Looms
- Village Industries finished products
- Raw materials for Village Industries.

The "B" and "C" Type Godowns will have five sections (except cotton). The main distinctive factors between the three types of godowns may be summed up as follows.

6. The classifications are based on the quantum of products to be handled and the area of operation. Kora Khadi produced in the production Centres is received in the "A" Type godowns for purpose of further processing such as bleaching, dyeing and printing. The cotton, requirements of the region are stocked and supplies regulated through "A" Type Godowns.

7. The "A" Type Godown at Madras has also to perform the specified function of distributing Khadi Silk varieties. The "B" and "C" type godowns stock and distribute the other Khadi and Village Industries goods and raw materials required for the units in the respective development districts.

8. Operational Procedure of Stocking and Distribution – The production Units of Khadi and Village Industries should send all their finished products to the nearest godowns in their jurisdiction except Khadi Kora materials which should always be sent to "A" Type godowns only. The officers in-charge of the respective godowns will take charge of the finished products and take them to their stock account. The Sales Units will draw their requirements from the respective godowns. The Assistant Director of Khadi and Village Industries will place periodical indents on

the godowns according to the requirements of the sales units and obtain supplies also with necessary transfer invoices.

The Officer – in – charge of the godowns will be responsible for the stock of finished products and also the raw materials purchased and entrusted to his charge. He will maintain up-to-date and correct stock accounts. The basic materials required for the production units will be purchased by the respective purchase committees and stored in these godowns. The movement of raw materials from the godowns to the respective production units will be on the specified dispatch instructions from the Board Office, which will be in accordance with the indents of the Assistant Directors of Khadi and Village Industries. Generally only two months' requirements shall be stocked at the production units at a time.

As far as possible and as a general exception raw material requirements of Village Industries Units may be dispatched direct to the units, instead of through the godowns to avoid handling and transport charges without in any way affecting the administrative process prescribed for accounting purpose. The administrative officers, should judiciously exercise their discretion in these matters.

In the case of raw materials required for the following Village Industries Units, they should be supplied direct to the units and not routed through the godowns :-

- Cotton Waste
- Handmade Paper
- Carpentry and Blacksmithy Workshop
- Leather (LSD / SSD would performs the function of the godown)
- Fruit Preservation Unit, and
- Pottery.

The raw materials required for the Silk Production centre shall be stored and distributed by the Silk Superintendent, Kumbakonam. In all such cases the supply of raw materials shall be accounted for in the godown concerned and payments made therefrom. The entire finished silk varieties should be transferred to the "A" Type godown, Madras. The distribution of finished silk goods will be on the instructions of the Board Office. The Manager, "A" Type Godown at Madras will send the Silk goods to the Godown at the regional head-quarters for their eventual distribution to the selling units according to the instructions of the Regional Deputy Directors concerned.

9. Assessment of the Annual requirement of Raw Materials Finished Products and Spares – In respect of all the Manufacturing units functioning under their control, the Assistant Directors, Khadi and Assistant Directors, Village Industries, should carefully collect the details of the consumption of raw materials and spares and the sale of finished goods, like wollen goods, handicrafts, etc., which are purchased by the Board during the previous years and assess the requirement for the next financial year, taking into account the possible expansion and further programme and the stocks available on hand. The Assistant Directors, Khadi and Village Industries, shall furnish the details of the requirements in the prescribed forms (Appendix IV, V

and VI) to the Board's Office by the 15th February every year. In this form there are three parts, the first part covering all the raw materials required for manufacturing units, the second part covering all the finished goods purchased by the Board for resale in the Khadi Krafts and the third part shall cover all the spare parts and other accessories normally required to keep the various machineries and units function smoothly. The purchase sections in the Board's Office shall consolidate these statements and prepare a comprehensive statement of all those required to be purchased by the Board for the next financial year, based on which a board-based programme for the purchase is evolved. The section shall also maintain a calendar of the harvest of the crops connected with requirements and the period during which the raw material requirements can be procured at comparatively cheaper and advantageous price. A schedule of the purchase programme shall, as finalized and approved by the Chief Executive Officer, be communicated to all the members of the respective purchase Committees, during the month of February every year by the scheme sections.

10. Purchase of the requirements, distribution and method of payments – For the materials purchased under D.G.S.D. & rates like caustic soda etc. an indent shall be placed by the Board Office with the suppliers of the produce. Bulk supply should also be decided taking into account the volume of the goods required and the funds required for payment and if necessary orders can be placed for each quarter or half-year depending on the circumstances. It should be indicated clearly that the goods are to be dispatched to the various godowns, based on the requirements of the District as assessed and the bills are to be prepared in the name of Assistant Directors, Khadi and Village Industries or the Regional Deputy Director as the case may be, under whose concerned the respective godowns function. In the case of controlled commodities like coal, mutton tallow etc., the periodical allotment of the goods for the various units should be watched through a periodical register and the concerned authorities should be addressed and followed up promptly and effectively. In such cases the supplies can be made directly to the manufacturing unit and the payments to the respective offices.

The members of all the purchasing committees shall have the schedule of purchases for the year and keep a close watch over the trend of the market. Although the convenors of the purchase committee have been assigned with the specific responsibility for initiating the purchase at the most favourable periods, the members of the purchase committees shall be equally responsible for choosing the appropriate period and place for the purchases and promptly notifying the convenor about the possibilities of favourable deals. He will, in turn, immediately arrange to notify the other member or members of the committee and arrange for the purchase. The purchase committee shall maintain a record of all trade enquiries made by them with the details of the trader, rates, offered, etc. although the deal might not have been finalized. If the Committee happens to strike out an offer for the supply at a lower rate than at which the purchases are actually made, for obvious reasons like difference in quality, non-availability in bulk, unfavourable conditions imposed by the supplier, etc., the reasons shall be recorded in the Purchase Register. When the deal finalized, the purchase committee shall place a firm order with the supplier and also give clear dispatch instructions. Based on the requirements of each district and also taking into consideration the proximity of the supplying and receiving stations, the supply order should

be placed. All the members of the committee shall sign the register. The bills may be required to be sent to the Assistant Director or the Regional Deputy Directors concerned, as the case may be.

The convenor of the purchase committee shall send a report of purchases immediately to the Board with an extract from the Purchase Register and copies of the firm orders placed with the suppliers. The purchase section of the Board shall arrange for the issue of sanction orders covering the purchases and authorizing the payment being made by the concerned officers. It shall also arrange with the Accounts Branch to ensure transfer of sufficient funds to the officers concerned for enabling them to make the payments.

Separate cash accounts shall be maintained by the godowns. A separate new sub-head will be opened for different types of godowns and necessary provisions will also be made for accommodating the expenditure on the godowns.

11. Placement of indents and supply to the units in the districts. – Each manufacturing unit and each sales unit shall place an indent in the form prescribed with the District Godown concerned. The indent shall cover two months requirements leaving the month of indent. The indents should reach the godown by the 15th of every alternative month and the supplies shall be completed before the 25th of the same month.

The indents shall be scrutinized by the Godown Officer with reference to the availability of stocks and the actual requirements, the quantity proposed to be issued shall be entered in the same indent in the column provided and take to the Assistant Director or Regional Deputy Director. On obtaining the approval of the Assistant Director or the Regional Deputy Director the Godown Officer will issue the raw materials etc. required for the various units against I.T. Invoices. The Assistant Director should ensure the attached manufacturing centre has a stock of two months requirements. It shall be the prime responsibility of the Regional Deputy Director or the Assistant Director administering its godowns to see that the productions and sales are not in anyway hampered for want of raw materials or finished goods.

If any of the basic raw materials are not available in the Godown, a special report should be sent to the Board indicating the quantity of materials required to be supplied for each unit. The purchase section of the Board shall review the stock statements and arrange for issue orders directing the required materials from the nearest godown where they are in surplus. Such arrangement should be made within 15 days on the receipt of the report. If no such arrangement is possible, orders should be issued permitting the Assistant Directors concerned to make local purchase of the materials to cover at least one month's requirements. Meanwhile the purchase committee should be alerted to spend up the purchase of the materials in demand. On no account, the manufacturing unit should be allowed to starve of for want of raw materials.

In the case of cotton they would be available only in the three "A" Type Godowns. All the manufacturing units in the districts shall place their indents with the Assistant Director in the same manner and form indicated above. The Assistant Directors shall place a consolidated indent with the "A" Type Godown for the supply of cotton which shall be supplied from the Godown. The Assistant Directors shall arrange to transport the cotton supply in one consignment through the

departmental lorry or a hired one and arrange for the delivery of the cotton to all the units at a stretch through the same vehicle. They should not be unloaded at any other place and then retransported to the units involving unnecessary and avoidable expenditure.

12. Transfer of finished Products (Kora) to the Godown. –

All the Khadi Production Centres, Khadi production co-operatives and the Rural Fabric Centres shall transfer all the Kora goods manufactured by them to the “A” type godown concerned once a week or a month depending upon the volume of the goods produced and their cheap convenient transport. A responsible assistant of the production centre should accompany the goods and personally hand over them at the Godown. The Assistant incharge of Kora section shall most meticulously examine each piece of cloth to see whether it is of the specifications noted on it and that it conforms to the standards of quality required of it. When any piece is of substandard quality, it shall be reexamined by the officer in charge of the Godown and if he also concurs, it shall be rejected and handed over back to the assistant of the production unit. When any piece is found to be less than the specified length and breadth,, it shall be rejected and handed over back to the assistant of the production unit. When any piece is found to be less than the specified length and breadth, it shall also be reexamined by the Officer in charge of the Godown and the piece accepted at the reduced length or breadth as the case may be. While the kora goods are sent out of the unit for the godown, a proforma invoice in the form of a packing slip, or forwarding note shall be prepared in triplicate, which will contain only the details of the goods transferred and not the price or value. Two copies of the proforma invoice will be taken along with the goods and one copy retained by the godown and the other copy returned to the Assistant of the manufacturing unit duly acknowledged by both the Assistant in charge of kora section and the godown officer. The Manager of the Godown should take considerable precaution while receiving, checking and accounting of Khadi and other articles in the Godown. He should make preinspection of Khadi Cloth and see if there are any of the defects described below :-

Lesser : 1. Length

2. Breadth

3. Ends and Picks more than the

Specified limits.

(b) Weaving defects, Floats, holes, broken ends, slips, uneven selvages et.,

(c) Dyeing Defect :

Uneven dyeing, patching and steaky lines, black patches, selvedge defects, etc.

The defects observed should be recorded. For all major defects in weaving or dyeing tags or flags should be tied. For every tag, a deduction of 1/8th of metre should be made and the loss recovered from the weaver. If there is any defects in processing by private contractors, the defective processing should be reported to the Dyeing, Bleaching and Printing Unit for further action. Once the articles are accepted, the Manager of the godown will be held personally responsible for shortages in measurement and other defects and the loss, if any and for the rejection of substandard goods or modification made in the specifications in the pieces accepted

a "REJECTION MEMO" shall be prepared in the godown in the form prescribed (Appendix IX) in duplicate and after obtaining the signature of the Assistant who brought the goods, the rejected goods shall be handed over back to him along with a copy of the "Rejection Memo". In such cases, the fact of rejection and modifications shall be recorded in the Proforma Invoice and then signed. Based on the acknowledged copy of the proforma invoice and the Rejection Memo. (in case of rejection and modification) the production unit shall immediately prepare a regular invoice in the usual form and send them in triplicate to the godown with a copy to the Regional Deputy Directors concerned. The Godown Officer should acknowledge the receipt of the invoice, make entries in the General Ledger for Inter-transfer and return two copies to the Regional Deputy Directors with intimation to the unit concerned. The Regional Deputy Director shall make a record of such transfer.

The Godown shall send the Kora goods to the nearest Dyeing, Bleaching and Printing Unit or to the approved bleachers / dyers / printers and have them bleached, dyed or printed and according to the instructions of the Board each year. It shall be the responsibility of the Manager of "A" Type Godown to make arrangements for the collection of the goods sent for processing, namely bleaching, dyeing and printing on the stipulated dates after processing. The date of return of the processed goods as stipulated in the Work Order Book, should be adhered to. The goods so given for various processes should not be allowed to remain with the bleachers, dyers or printers as the case may be for a period beyond the due dates of return. Separate work orders should be raised for each type of processing. As such separate T.E.S. registers should be maintained

13. Readymade Goods – The readymades are received from the Tailoring Units or contractors, as the case may be as finished goods. The packing slip covering such receipts should not be the basis for the stock postings. The regular invoices should immediately follow such packing slips and only thereafter the finished goods are to be accounted for in the Stock Registers and adjustment in the Contractors Deposit should be made after acknowledgement in the invoice.

All the Village Industries Units shall transfer all the manufactured goods at convenient intervals to the Godown in their jurisdiction. The manufactured goods should have been neatly packed and labeled. Atleast once a week the transfer should be effected. Depending on the circumstances and the cost of transportation involved the duration can be varied and on no account the gap between transfers should extend more than a month. The transfer shall be recovered by regular invoices to be prepared in quadruplicate and sent to the Godown in triplicate. One copy of the acknowledged invoice shall be sent to the Assistant Director or the Regional Deputy Director concerned while the other copy shall be returned to the manufacturing unit. The Regional Deputy Director or the Assistant Director shall make a note of the transaction

In respect of all the deliveries of the manufactured goods at the Godowns, the Regional Deputy Directors and Assistant Directors may conveniently draw up a schedule of programme for each unit, so that there may not be undue rush to the godown leading to delay in taking over the goods.

14. Placing of Indents and Distribution of Finished Goods. – All the sales units should place a monthly indent along with a stock statement for replenishing the stocks. The indent and the stock statements shall be in the forms prescribed and they should reach the respective Godowns on or before the 10th of every month. In respect of khadi varieties the indents shall be placed with the “A” type godown. The Officers-in-charge of Godown shall prepare a consolidated statement of the indents and indicate the quantities that can be issued with reference to stock position and get the approval of the Assistant Directors or the Regional Deputy Director concerned under whose control the Godown functions. Then the sales units shall be given an intimation to take delivery of the goods on specified days and wherever they have to be sent by lorry or parcel, they shall be done accordingly by the Godown. The supply should however be completed by 20th of the month. The above system shall be for normal application. But in the case of emergent requirements the sales unit can place special indents, which shall be executed then and there and at any cost within 3 days. It shall be the responsibility of the Assistant Director or the Regional Deputy Director in-charge of the godown to see that the stocks are replenished in all the sales units. If necessary, he should arrange for internal transfers from one sales unit, where the goods may be in surplus to the other sales unit, which are in need of such goods.

When internal transfers are made, the units should not have the transactions regularized by I.T. Invoices and General Ledger Accounts. When the transfer is within one centre and among the units under a single head of account, the invoices shall be raised by the supplying unit to the Assistant Director concerned indicating the name of the unit to which the goods were supplied. The invoices shall be prepared in quadruplicate, two copies sent to the receiving unit along with the goods while the other two copies will be forwarded to the Assistant Directors concerned. The Assistant Director will in turn get the acknowledgements of the receiving centre, retain one copy of invoice and return the third copy to the supplying unit duly countersigned by the Assistant Director. The Assistant Director will maintain a general ledger in which he will make entries. In case it is outside the Head of Account, the Assistant Director shall effect adjustment in his accounts and follow the same procedure in getting and returning the acknowledged copy of the invoices as indicated above. No internal transfer even within the District should take place without the specific approval of the Assistant Director.

15. Inter-District transfers and Centralised control over stock position. – All the Assistant Directors and Regional Deputy Directors should furnish a monthly statement of stocks and also monthly indent in the forms prescribed (Appendix I, II, III, VII and VIII). While the statement of stocks shall indicate the stock position of the various materials, the Indent shall high-light the requirements of the materials for the Godown (both raw materials and finished goods.) The Stock statement shall be in two sets i.e., one for the Godown and the other for all the production centres and sales units in the District. They should be sent should be sent so as to reach the Board on or before the 15th of every month. In respect of cotton and Khadi varieties, the Stock Statement furnished by the Regional Deputy Directors should cover the stocks with the units in all the districts attached to each godown.

The purchase section of the Board shall carefully analyse the figures, and arrange for the diversion of the goods to the needy godown from where they are in surplus. Such movements shall be ordered by the Board with the approval of the Deputy Director (Marketing) or Chief Executive Officer. Such diversions ordered should be given effect to immediately. In all such cases, the transactions shall be through the preparation of invoices. Irrespective of the fact whether it is among the units under the same head of account or otherwise, the accepted invoices in respect of all inter-district should be sent to the Board for adjustment.

16. Adoption of sale price for transfers and allowing of commission for the Godown. – Under the revised arrangement, there would be only one Godown in between the manufacturing units and the sales units. As such the overhead charges on the goods has to be shared between the manufacturing units, Godown and the Sales Unit. Normally 20 percent overheads is charged on the cost price of Khadi and Village Industries Products. The allocation of the overheads among the units shall be as indicated below :-

	Production Unit.	Godown	Sales
		(2)	(3)
		(4)	
	Percentage	Percentage	Percentage
Khadi	7	3	10
Village Ind.	5	2	13
Handicrafts	--	1	19

If the Handicrafts are purchased directly the entire margin other than that for the godowns will be given to the Sales Unit.

While preparing the invoices only the sale price shall be adopted starting from the manufacturing unit. When the Godown transfers the finished goods, which were not manufactured by the Board but purchased from outside, the Godown can have a margin of 1 percent. In respect of raw materials purchased and stocked in the Godown, a margin of 1 percent shall be added over and above the cost of raw materials arrived at after including the transport charges. When any of the goods are transferred from one manufacturing unit to the other crone Godown to the other or one Sales Depot to the other, the transfer shall be made without retaining any margin for it. In all such cases no adjustment shall be effected only for the purpose of preparation of proforma accounts the margin fixed shall be adjusted for working out the purchase price or sale price. In such cases the units which merely transfer the goods to a similar unit will not have any margin.

The transport charges shall always be borne by the receiving units. The packing and forwarding charges shall naturally be borne by the supplying unit, notwithstanding the fact that the cost of packing materials shall be charged and a debit raised to that effect by raising an invoice or incorporating the value in the main invoice. If only prepaid transportation of a material is available, the supplying unit shall pay the charges and add the same in the invoice and thus pass on the debit to the receiving end.

17. Packing and Despatch – Where packing of Khadi and Village Industries Products intended for supply to the indentors shall, as far as possible, be attended to by a separate section. The indents received from the production units of Khadi Krafts shall be circulated to the different sections of the Godown for making necessary entries regarding stock to be supplied based on the indent and the materials available. Soon after all the items in the indent are marked as available in different sections, the section concerned shall pass on the stock to the packing section along with the Indent Register and Rough Invoices. The Assistant in charge of the packing section shall check up the stocks so passed on with reference to the entries in the indent Register. As soon as all the items relating to a particular indent have been collected the packing section shall note the indents in the Rough Invoice to be maintained in the section. The packing section shall then arrange for the proper packing of goods collected in respect of a particular indent and its eventual consignment to the indentor either through Railway or a Road Transport Agency. The way bills relating to the supply made shall thereafter be passed on the administrative section for its transmission to the indentor along with the Transfer Invoice. The Rough Invoice shall thereafter be acknowledged and returned to the stock section concerned. The stock section shall then pass on the Rough Invoice relating to a particular indent to the administrative section for preparing regular invoice for its transmission to the intendor.

A contents slip should be prepared in duplicate and the Assistant who verified the stock should initial both copies of the packing slip and one copy should be put in the package and the other kept in the concerned file. When the value of goods exceeds of Rs.250 the Manager of the Godown should himself verify the contents with the packing slip and put his initials. In case the Manager is unavoidably absent he may entrust the work to two assistants, who should both sign the contents slip in token in their verification. The goods on receipt at the receiving centre should be opened in presence of the Manager or another responsible person authorized on his behalf immediately or within one or two days of their receipt and checked with the invoice or the packing slip completely, as regards description, quantity, rate, value and the total amount.

If any discrepancy is noticed, it should be recorded then and there in the copy of the invoice to be returned under the signature of the Manager or the person authorized by him to open the consignment. If the consignment is opened by the Assistant, the Manager should also attest the record indicating the discrepancies, after satisfying himself about the correctness of the entries. After their checking with invoice or packing slip, the goods should be handed over to the store-keeper in-charge of the stock for proper custody. The invoices should then be acknowledged and dispatched to the sending unit within 3 days of the opening of the consignment.

Even when discrepancies are noticed between the details noted in the invoice and the goods actually received, the invoice should be accepted for the full amount indicating that a separate debit or credit note is being issued for the difference. Along with the accepted invoice, the receiving unit should send a debit note with full details if the value noted in the invoice is found to be in excess of the value which is actually due for the goods received as per correct calculation. If on the other hand, the amount noted in the invoice is less than the correct amount, a credit note should be sent along with the invoice to the sending unit, making at the same time entries in the

general ledger for (1) the amount of the invoice received from the other end (2) the amount of the debit or credit note as the case may be.

The head of the unit to whom the debit or credit note is issued should see that prompt action is taken on the debit or credit note and its acceptance is communicated to the unit issuing the note within a fortnight.

The Manager should watch the return of the invoice with acknowledgement of the receipt of the goods, within a reasonable time and in any case within 15 days. The receiving Officer should be promptly reminded if the invoice is not returned within the said period.

18. Duties and Responsibilities : (1) Manager –
1. General Supervision and control over the staff.
 2. General charge of the godown and general responsibility of the stocks, receipts and issues and for all cash and book transactions.
 3. Custody and disbursement of cash
 4. Drawal of Bills subject to the extent of powers delegated.
 5. Remittance of all cash / cheques and drafts received by his office.
 6. Frequent inspection of the stocks in the godown and taking all necessary steps to prevent any damage to them by rain, rats and otherwise.
 7. To pass indents and sign invoices for the supply of goods and to carry on correspondence with the various offices in connection with the supply of Khadi and other products.

A permanent advance shall be provided to each Godown to meet the day to day expenditure in the Godown. The Manager shall exercise the financial powers delegated by the Board from time to time.

2. Accountant – He will be entrusted with the following items of work.

1. All correspondence relating to Accounts.
2. Maintenance of Cash Account and Cash Book etc.
3. Reconciliation of accounts with Banks.
4. Preparation of Bills : Pay Bill, Contingent Bill, Etc.

(The Accountant should not be entrusted with Cash / Stores and Stocks of Khadi.)

(3) The other items of work in the Godown and the correspondence relating to the receipt of indents for supplies / supplies made / acknowledgements of invoices etc. may be equitably distributed among the staff available.

19. Stocks – Arrangements – The godown shall have normally different sections for handling the receipt, storage and issue of Khadi and Village Industries products and Raw Materials. The stores section may generally be board-based under the following heads.

- (1) Khadi (Kora)
- (2) Processed goods (Khadi)
- (3) Cotton

- (4) Spare parts for Charkhas and Implements
- (5) Finished Products (Village Industries)
- (6) Raw Materials for Village Industries Units.

Each section may be entrusted to the charge of one or more assistants, who shall be solely and severally responsible for its custody and maintenance. Where the stock are much less, one can be put in charge of two or more sections also. In respect of the first three sections the stocks should be properly assorted commodity wise in the racks provided, so as to facilitate easy access to any particular variety without much delay and inconvenience. There should also be proper appointment of rack spare. As far as possible the assistants placed in Khadi (Kora) and Khadi (Processed Goods) should be fully conversant with the Khadi Goods. It should be ensured that the stocks received in the godown should not be kept pell-mell and should, immediately on receipt, be checked its correctness or otherwise and stocked in the appointed space. The quantity should then be accounted for in the appropriate folios in the stock register. In the same way the stock issues should also be covered by invoices and entries made as such in the stock register concerned. Undue delay in the posting of stock, receipt or issue should be avoided. The ground balance of stock of particular item at a particular time should always correspond with the book balance. The Assistant in-charge of stores should resort to frequent test-check of the goods in his section. It is quite essential that postings of Receipts of stock, issue or transfer of stocks in the respective stock books, should be made concurrently within 24 hours of the transactions. It should be ensured that no stock is issued outside the godown without preparing a regular transfer invoice.

20. Inspection – The Regional Deputy Director or the Assistant Director in immediate administrative control of the respective type of godown, shall periodically inspect the Godown.

21. General Procedure to be followed :

- (1) The Manager of the Godown and the staff posted to each godown are jointly and severally responsible for the stocks in the Godowns.
- (2) The Godown should be opened and closed in the presence of the Manager of the respective Godown and in his absence, in the presence of the Senior most Assistant in the Godown.
- (3) The double-lock system shall be enforced in the Godown. It should be so arranged that the Godown premises shall be opened and closed in the presence of the Manager and the staff of the Godown.
- (4) A register should be maintained noting the time of opening and closing the Godown with the signature of the Manager and staff of the Godown. The locks should be sealed at the close of the working hours of the Godowns in the presence of the watchman and his signature obtained in token of his having seen the proper sealing of the Godown.
- (5) On receipt of any railway receipt for incoming goods, it should be entered in the register maintained for that purpose in the tapal stage itself and handed over to a responsible assistant to take delivery of the bundles received. The bundles should be opened in the presence of the Manager or the responsible Assistant other than the Store-Keeper of the particular season.

(6) The goods received should be verified and taken to stock account with reference to the packing slips and invoices received. The invoices should be returned to the sender within three days of receipt of the goods.

(7) A separate register for incoming invoices should be maintained in each godown with the following particulars :-

Serial No.	Designation of the Officer From whom the Invoice was Received	Invoice number and date	Date of Receipt of the invoice	Date of Receipt of the goods
•	(2)	(3)	(4)	(5)

Date of Verification	Date of Despatch of acknowledged invoices to sender	Reference number date in which the acknowledged Invoice sent	Remarks	Sign. of the Head of office
(6)	(7)	(8)	(9)	(10)

(8) The despatch of goods should be verified before packing by the Manager or a Senior Assistant of the godown and he should sign in the packing slip in token of having verified the stock.

(9) The invoice for the goods despatched should be prepared by the Assistant in-charge of stocks and signed by the Manager of the Godown.

(10) A separate register should be maintained in the following form to watch the acknowledgements for the goods sent.

Serial No.	Designation of the Officer to whom the despatched	Invoice number and date	Date of despatch of goods	Date of despatch of goods were invoice
•	(2)	(3)	(4)	(5)

Ref.no. and date which the invoice was despatched.	Date of receipt of acknowledged invoice	Remarks	Signature of the Head of Office
(6)	(7)	(8)	(9)

(11) Bulk transfers outside the Godown jurisdiction should not be made without the specific orders from the Board Office.

(12) Bulk Cash Sales and supplies to departments may be done from the Godown under instructions from the Assistant Directors and Regional Deputy Directors concerned.

- The realization of the value of goods supplied to departments should be watched and realized by the Godown Officer.

- The Stock Registers should be maintained in five parts as detailed below :-

- Khadi Stock Register
- Village Industries Products Stock Register
- Raw Materials Stock Register
- Cotton Register and
- Spare Parts Implements Register.

- The following Registers should be maintained in the form prescribed in the Godown relating to Stock transactions :-

- Indent Register
- Rough Invoice Book
- Packing Slip
- Invoice Book
- Work Order Book
- T.E.S. Register
- Processing Subsidy Register
- D.C.B. Register (Khadi)
- D.C.B. Register (V.I. Products)
- General Ledger for Inter transfer
- Muster Rolls (for Kalasis and Watchman)
- Cash Bill Book
- Credit Bill Book

- In the Accounts side the following Registers should be maintained :-

- Special Advance Register (For Booking Expenditure)
- Permanent Advance Register
- Receipt Cash Book
- Third Cash Book (with Coinwar Particulars)
- U.D.P. Register
- Drafts and Cheques Register
- M.O. Receipt Register

- Liability Register
- Write off Register
- Bills Register
- Journal Book
- Sanction Register
- D.O.R. Receipts
- D.O.R. Expenditure
- Bill Register (for out of State Purchase)
- T.A. Advance Register.
- Register of recurring charges.
- Ratification Register
- Remittance Register
- Register of Tokens
- In the Administrative side, the following Registers should be maintained :-
- Register of Service Books
- Tools and Plants Register
- Stamp Account Register
- Register of Registers
- Stock Register for printed forms and stationery articles.
- Security Register
- Register of Audit Objections.

18. THE CENTRAL GODOWN (KHADI), TIRUPPUR

("A" TYPE)

- Government in their order Ms.No.294, Public (Rural Development Project) Department dated, 3rd February 1955 sanctioned the opening of a Central Godown at Tiruppur to stock the kora goods sent by Khadi Centres and to retransfer after bleaching to Khadi Centres for Sale. All indents are complied with by the Manager of the Godown.
- The audit of the accounts of the Central Godown, Tiruppur was entrusted to the Chief Auditor, State Trading Schemes in G.O. Ms.No.1247, Public (Rural Development Project) Department, dated 11th April 1955 and G.O.Ms.No.2901, Public (Rural Development Project) Department, dated 15th October 1957. The audit is done quarterly.

- The receipts and charges relating to the Central Godown mainly fall under the following heads

Receipts :

- Sale Proceeds of Khadi,
- Rebate from Khadi and Village Industries Commission,
- Processing subsidy, and
- Other receipts.

Charges –

- Pay of establishment
- Allowances of establishment

(These two items are drawn by the Regional Deputy Director, Tiruppur and disbursed to the staff.)

(iii) Office contingencies (Furniture rent, rates and taxes, lighting and sweeping charges, wages, etc.)

(iv) Service Postage

(v) Stationery

(vi) Cost of Packing Materials

(vii) Cost of Silk and finer varieties of Khadi

(viii) Bleaching Charges

(ix) Dyeing, Printing and Processing Charges

(x) Transport charges on Cotton, Yarn, Khadi, etc.

(The above items are drawn from the Regional Deputy Director's Office by presenting necessary bills.)

4. With the introduction of banking system with effect from 1st July 1973, (Transactions with Government Treasury ceased from 1st July 1973 onwards with reference to circular issued in Rc.No.27165 / Accts / 70 dated 4th May 1973). The Regional Deputy Director assumed the role of Treasury Officer as far as this unit is concerned. All the remittances from the Central Godowns are made into the nationalized banks, All the drawing Officers are directed to send the demand drafts, cheques drawn in favour of the Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board, Madras with reference to Board's Memo No.30096 / 75 and A1 (5), dated 1st March 1975 with effect from 1st April 1975. Amounts drawn from the Regional Deputy Director's Office are listed out and cross-checked with the records of the Central Godown Khadi) to verify the correctness of the amounts drawn.

5. The financial and administrative control of the Godown is vested with the Regional Deputy Director, Tiruppur and financial activities regulated with reference to Board Proceedings issued from time to time.

6. A permanent advance of Rs.2,500 is sanctioned to the Manager to meet the day to day expenditure and is being recouped periodically.

7. Khadi is supplied by the Central Godown to the institutions certified to by the Khadi and Village Industries Commission with 10 percent Commission on sales.

8. The following registers, accounts, etc., maintained in the Central Godown (Khadi), Tiruppur are scrutinized in audit.

(1) Stock Register of Khadi

(2) Stock Register of Implements

(3) Stock Register of Packing Materials

(4) Register to watch the return of Khadi issued for bleaching, dyeing and printing.

(5) Contingent Register

(6) Bill Books for transfers of stocks.

(7) Invoices received from other departmental centres

(8) Bill Books for sale of Khadi to Government and other local bodies and supply to Khadi and Village Industries Commission.

(9) Journal Register of Receipts

(10) Ledger to watch the recovery of the value of Khadi sold to Government Department on credit basis.

(11) Original vouchers of Rs.100 and less and true copies in other cases.

(12) Stamp Account.

(13) Nominal Muster rolls for the payment of wages to Kalasis and watchman.

(14) Register of Inward and Outward Intertransfer Invoices.

(15) Cash Book

(16) Register of Cheques and Drafts.

(17) Office copies of statements of rebate claimed from Khadi and Village Industries Commission.

(18) Intimation of adjustments by the Chief Executive Officer, Madras for the departmental transactions.

(19) The audit checks, in respect of the above records, should be exercised similar to those for other Khadi Institutions.

9. Regarding the pre-inspection of Kora Khadi and rejection of sub-standard goods, it should be checked in audit whether the following procedure is adopted :-

(1) All the production centres should send the kora goods to the central Godown (Khadi), Tiruppur duly preparing an I.T. Invoice. While the kora goods are sent, the entire stock should be sent, and they should not retain any portion of the kora goods. They should not have them bleached locally and no kora goods can be sold by them.

(2) The pre-Inspection Section of the Central Godown (K), Tiruppur should function very effectively and have all the pieces checked with utmost care and vigil. The check should be with reference to the -

(1) number of warps and wefts for the "Kal"

(2) length and breadth

(3) border and colour combination

(4) uniformity of weaving and

(5) weaving defects.

There should be checks and counter-checks in this respect. The Manager, Central Godown (Khadi), Tiruppur, the Khadi Special Assistant and the Regional Deputy Director, Tiruppur should also check up at as frequent intervals as possible the pre-inspected goods at the Central Godown and see that the pre-inspection is done effectively. When such inspections are done the officials concerned should record the fact of their inspections and their observations in the Register of pre-inspected of kora goods maintained at the Central Godown (Khadi), Tiruppur.

(3) When the pre-inspected goods do not conform to the standards prescribed the following steps shall be taken :-

(i) In the matter of shortage in the number of warps and wefts a tolerance shall be made up to 10 percent in case of weft and 2 percent in case of warp per inch and if it is more the cloth shall be accepted by classifying it as of the next lower kal.

(ii) When there is any weaving defect it shall be marked by putting a tag, for each such defect. At the end of the check, the number of tags in each piece shall be counted, totaled and the piece accepted after reducing the length calculated at the rate of 1/10 the metre for each tag. If there are 5 tags in a Kora piece measuring 10 metres it shall be accepted marking the length of 9.5 metres. With a view to prevent any possible misuse of the situation, the cloth shall be stamped with indelible marking at corners of both ends at S.S. 10M / 9.5 MO. This is to facilitate that when it is sold, it shall be billed for only 9.5 metres and when physical verification takes place it shall be taken only 9.5 metres.

(iii) When the cloth delivered is found very bad and cannot be accepted under any of the above provisions there is no other go than to return them to the production centres. But such pieces should be stamped as **SUB-STANDARD-REJECTED** so that they are not sent again to the Central Godown (Khadi), Tiruppur.

(iv) When the goods are accepted either marking it as lower Kal or as lesser Length or when some pieces are returned, the Central Godown Khadi, Tiruppur shall raise 'Debit Notes' against the Assistant Director concerned for the value giving full details therein. This would mean that the Central Godown (Khadi), Tiruppur shall accept the invoices as raised, although a part of the goods might have been accepted differently. When one 10 Kal piece measuring 10 metres is accepted as 10 metres of 9 Kal piece, the Central Godown (Khadi) would have to make stock entry with reference to the invoice under the page for 9 Kal pieces and then with reference to

debit notes delete 10 metres of 9 Kal piece. So also when the piece is accepted at reduced length, the quantum of such length so reduced shall be deleted from the stock of such length with reference to debit note. Such debit notes should be got accepted by the Assistant Director concerned under whose control the production centre functions.

(v) At the production centres such details as found in the Debit Notes shall be posted in a Register and responsibility fixed on the weaver concerned. This loss shall be recovered from the weavers, wages towards the cost of hanks.

(vi) The Assistant Director and other Inspecting Officers should also review this register and ensure that the losses on account of the delivery of sub-standard goods are realized then and there.

(Circular Rc.No.14217 / Acct. Cell / 77, dated 9th February 1977).

10. Security Deposit. – The Manager, Central Godown (Khadi) Tiruppur should furnish security. As regards the first and second grade assistants working in the Central Godown, the security should be obtained as in the case of the assistants in the intensive Khadi Schemes.

11. Physical Verification of Stock. – The Physical Verification of stocks is done by the staff of the Chief Auditor, State Trading Schemes, Madras from the 1st April to 15th April from the year 1978-79 with reference to G.O. Ms.No.266, Industries Department, dated 3rd March 1979 so as to enable the Board to adopt the actual value of stocks in the Proforma Accounts. The annual physical verification of stocks is done by the Board Staff during the period from 15th August to 31st August of every year as per circular Rc.No.76962/79/All(I) dated, 8th August 1979 of the Board.

12. Audit Notes and Audit Reports. – The audit of Central Godown (Khadi) is done quarterly along with the accounts of the office of the Regional Deputy Director, Tiruppur and the Audit Notes are issued by the Inspector, State Trading Schemes and after the audit for the year is completed, the audit should submit a draft Audit Report incorporating therein all the important objections pending settlement in the Audit Notes and other special features, if any, relating to that year. While the audit notes prepared in duplicate and a copy sent to the Regional Deputy Director, Tiruppur and serious irregularities are taken to the notice of the Chief Executive Officer, Madras, the Audit Report is forwarded to the Regional Deputy Director, Madras.

19. REGIONAL GODOWN (KHADI), MADRAS.

“B” TYPE

- The Regional Godown (Khadi), Madras is now under the control of a Manager. The pay and allowances of the staff of the Regional Godown and Tailoring Unit attached there to are drawn by the General Manager, Khadi Kraft, Kuralagam, by presenting the bills to the Accounts Officer (Bills) of the Board and given to the Manager, Regional Godown for disbursement to the staff.

As regards contingencies, sanction for incurring contingent Expenditure by the Regional Manager, Godown (Khadi) was accorded by the General Manager, Khadi Kraft, as per the powers delegated to him in Khadi Board's proceedings No.28, dated 30th January 1967. On the

basis of the General Manager's Proceedings contingent bills are prepared by the Manager, Regional Godown and the contingent bills are presented to the Accounts Officer (Bills), after duly countersigned by the General Manager, Kuralagam.

Special Advance – Special Advance was sanctioned to the Manager Regional Godown (K), Madras. Out of this special advance, expenditure on tailoring wages Transport charges and cost of Tailoring materials are being incurred and the Special Advance is recouped then and there.

- Processing Registers – The following registers are maintained for each process. These registers are to be correlated with each other at the time of audit.

- T.E.S. Cutting Register

- Cut Garments Stock Register

- T.E.S. Cutting Register for sewing garments.

- T.E.S. Register of Tailoring wages paid on piece-rate. (This register is maintained for consolidating the quantities of sewn garments, tailorwise for the payment of tailoring charges to tailors on the piece rate basis.

- Stock Register of Sewn Garments without Kaja and Button.

- T.E.S. Register for Kaja and Button

- T.E.S. Register for Embroidery

- T.E.S. Register for blacking (Only startching is done).

- T.E.S. Register of Finished Goods

- Readymade Garments Unit T.E.S. Cutting Register – It should be seen –

- Whether full pieces of Khadi cloth handed over to the cutter for cutting are entered in the register.

- Whether the schedule of consumption of cloth for making readymade garments such as shirts, frocks, slacks, etc., duly approved by the Board, is adopted;

- Whether the consumption of cloth under each variety is in accordance with the scale of consumption prescribed.

- Whether, as departmental cutters are engaged, on a time scale of pay, the target fixed for cutting of pieces on each day is achieved or not;

- Whether there is short-fall in the target fixed and fines are imposed and collected from the parties concerned; and

- Whether the cut pieces are accounted for in a separate register.

- T.E.S. Register finished goods, button and thread – The checks to be exercised are :-

- That the pieces in the cutting T.E.S. are duly entered in the T.E.S. Register for finished goods

- That the consumption of thread and button for fixing of buttons and sewing “Kaja” etc. is in accordance with the schedule of consumption and cost duly approved by the Board.

- That the tailoring charges paid are in accordance with the rates prescribed by the Board;
- That the finished goods after sewing are transferred to the respective Stock Registers of Finished Goods from the T.E.S. Register; and
- That separate charges paid for making "Kaja" fixing buttons, etc., are in accordance with the rate prescribed.

5. Cut Bits Register. – It should be seen –

- (i) that the daily accumulation of cut-bits during cutting is weighed and entered in this register;
- (ii) that the accumulated cut-bits are disposed of without delay after obtaining the sanction of the Assistant Director, Khadi and
- (iii) that the Physical Verification of Stock is conducted and recorded in this register.

6. Cost Schedule for fixing rate for readymade garments – The Manager, Regional Godown is competent to fix the price for the readymade garments with the following particulars :-

- (1) Name of variety
- (2) Rate per metre.
- (3) Consumption of cloth
- (4) Value of Cloth, fancy buttons etc.
- (5) Tailoring charges per article
- (6) 30 percent over head charges on tailoring charges
- (7) Total : (Columns 4+5+6)
- (8) Less 10 percent on rebate from K & V.I. Commission.
- (9) Add 4percent margin on tailoring charges and over-head charges.

7. Register for watching the receipt of Yarn Cloth. – The quantities issued from stock should be checked with the issue entries in the concerned stock registers.

It should be further seen –

- That the quantities issued are received in full and entered as receipts in the stock register.
- (ii) that the number of the voucher or bill in which the charges for bleaching, printing, etc., were paid is noted against each item and that payment is not made for the same item for a second time.

8. Book adjustment watch register – The checks to be exercised are –

- (i) that the cloths bleached or dyed and sent to the centres of Khadi Board are entered in this register.
- (ii) that the bleaching and dyeing charges due at the rates agreed to are entered in the register and their realization watched; and

(iii) that the amount due is adjusted through journal adjustment. Delay in adjustment should be commented in audit.

9. Quilt Unit – The sewing of mattresses and pillows is being done by entrusting the work to the contractors. The contractors are allowed to work only in the unit and not at their places. The silk cotton required for mattresses and pillows are transferred from Bodinayakanur through the Assistant Director, Dindigul out of the purchases made by the purchase committee consisting of the Regional Deputy Director, Madurai, Assistant Directors, Dindigul and Tiruppur.

(i) Stock Register for Silk Cotton – It may be seen that all the items received as per I.T. Invoices are accounted for without omission. The cost of silk cotton has to be arrived at by adding the transport charges along with the invoice price.

(ii) T.E.S. Register for Mattresses and Pillows – In this register, it may be seen that

(i) the quantity of cloth issued as per stock register of cloth has been accounted for correctly.

(ii) consumption of cloth for each variety and silk cotton is in accordance with the scale of consumption prescribed, and

(iii) the balance of cloth and silk cotton have been received and accounted for in the Stock Accounts.

(iv) Payment of sewing charges. – The Board has approved the rates to be adopted for the production of mattresses and pillows in Madras Quilt Unit every year for various sizes. The same may be verified in the register maintained for the purpose to check the correctness of payment of sewing charges (including stuffing, etc.)

(v) Cost Schedule for fixing the rate for pillows and mattresses – With the following particulars the rate per unit is fixed and the Manager is competent to fix the same.

(1) Cost of cloth

(2) Cost of Silk Cotton

(3) Stitching charges (approved rate)

(4) Overhead charges 30 percent on stitching charges.

(5) 4 percent on overhead and stitching charges

(6) Lumpsum profit of Rs.0.50 of pillows and Rs.4.00 per mattresses.

20. DISTRICT GODOWN

('C' TYPE)

Introduction

1-1 The Chief Executive Officer, in his proceedings No.160709 / KII-3 / 74, dated 31st December 1973, sanctioned one godown for each Development District to be under the control of the Assistant Director (Khadi and Village Industries) of that district. Consequent on the bifurcation of

Khadi and Village Industries wings with effect from 1st April 1979 two godowns are now under the control of each Assistant Director in each district.

Function

1-2 The District Godowns are now designated as "C" type godowns. The main functions of this type of godowns are to get indents from the various units within the Development District, procure the required goods through the Regional Godown and Central Godown, Tiruppur and to distribute the same among the various units.

2. Audit – The accounts of the "C" type godowns are audited quarterly by the auditors

NOTE – The original audit of District Godowns and the office of the Assistant Director should be done by Inspectors with the assistance of Assistant Inspectors.

3. Receipts and charges – The receipts and charges relating to "C" type godowns mainly fall under the following categories.

3-1 Receipts – (a) Sale proceeds of damaged and shop-soiled goods on special discount or on auction sale under special circumstances.

(b) Other receipts

3-2 Charges – (a) Office contingencies, Rent, Taxes, Lighting, Sweeping Charges, Sorting and Binding, wages, etc.

(b) Transport charges

(c) Service Postage

4. Sale of Shop-soiled or damaged goods. (1) The shop-soiled and damaged goods are sorted out and separated every year in each selling unit and after inspection by the Administrative Officer, they are transferred to the "C" type godowns. After pooling all such damaged and shop-soiled goods a list of all such goods are prepared by the Manager, District Godown. The proposed percentage of reduction is noted on each item by the Assistant Director-in-charge of Godown and sent to the Regional Deputy Director (Khadi and Village Industries). The Regional Deputy Director after personally inspecting the goods shall fix up the percentage of reduction in each case. Prior approval of the Chief Executive Officer shall be obtained before disposing of the goods at the reduction rates except in cases where the total loss is less than Rs.200 being the Maximum power of the Region Deputy Director for write off (K.B.P. No.714, dated 11th October 1976).

(2) After fixing up the percentage of reduction the statement will be sent to the Assistant Director with the approval of the Regional Deputy Director. The Assistant Director will then maintain in the godown a separate "Store Register of Goods at reduction rates" and each and every entry in the register shall be attested by the Assistant Director. The percentage of reduction shall also be stamped on the shop-soiled and damaged goods.

5. Audit checks to be exercised in the sale of shop-soiled and damaged goods. – It should be seen

(1) that the orders of the Chief Executive Officer are obtained for the discount fixed by the Regional Deputy Director on each classified group and the sale is effected accordingly.

(2) that if the lots are disposed of through auction sale, the permission of Chief Executive Officer and authority to whom the powers are delegated are forthcoming;

Assistant Director ...Rs.50 maximum amount of reduction

Regional Deputy Director Rs.200

(3) that the auction papers are forthcoming

(4) that separate Stock Registers are maintained for the shop-soiled and damaged goods;

(5) that each and every entry in the Register is attested by the Assistant Director.

(6) that the sale proceeds are credited to Cash Book and remitted on the next day into Assistant Director's Office or through the authorized bank;

Delay in remittances should be commented in the Audit Notes / Audit Report.

(7) that the stocks sold are deducted from the Stock Register in the respective pages and the closing balances are correctly arrived at, and

NOTE : - The auditors should note the closing balances in audit pencil in their own handwriting and initial them. The carrying over of stocks should also be noted similarly in audit pencils.

(8) that every entry of receipt, issue and closing balance in the stock register are attested by the Manager of Godown.

NOTE – This is in addition to the attestation by Assistant Director in respect of shop-soiled goods.

6. Charges – 6.1 To meet the expenditure on petty items such as transport charges on goods, sweeping charges, lighting charges, wages to sorters and coolies engaged during physical verification of stocks etc., a special advance (permanent advance) ranging from Rs.50 to Rs.300 is sanctioned by the Assistant Director and the Managers of "C" type Godowns should incur expenses from the special advance.

6.2 It should be seen –

(1) Whether proper vouchers are prepared for each and every item of expenditure;

(2) whether they are properly entered in the Expenditure Cash Book and the daily total expenditure and the closing balance of special advance are correctly arrived at the end of each day

(3) whether the expenditure incurred is within the powers of the manager and in other cases proper sanctions are forthcoming.

(4) whether all the vouchers are passed for payment by the Assistant Director and recouped at convenient intervals.

(5) whether the I.T. invoice number and date are noted in all vouchers where transport charges are incurred and whether they are correct;

(6) whether the sanction order number and date is noted in the voucher in respect of the payment of sweeping charges wages to watchman and waterman and they are correct.

(7) whether a Register of Recurring Charges is maintained and

(8) whether the entire special advance is remitted into Assistant Director's Office at the end of March each year.

7. The following registers and records are maintained in the "C" type godowns :-

(1) Khadi Stock Registers – variety wise – Number items, chinz, piece and colour varieties, ready-made, shop-soiled, silk and wollen.

(2) Village Industries Products Stock Register

(3) Cotton Stock Register

(4) Stock Register of spare-parts, Implements and packing materials.

(5) Register of Indents.

(6) Packing Slips

(7) Inter-transfer Invoices (Incoming and Outgoing)

(8) Register of I.T. Invoices (Incoming and Outgoing)

(9) D.C.B. Register (Khadi special schemes)

(10) General Ledger for inter-transfer of goods.

(11) Cash Bill Books and Credit Bill Books (for sale of shop-soiled goods).

(12) Sales Summary and Receipt Cash Book

(13) Expenditure Cash Book

(14) Ill Cash Book

(15) Register of Remittances

(16) Register of Drafts / Cheques sent to the Accounts Officer, Khadi Board.

(17) Stock Register of Bill Books, I.T. Invoice, etc.

(18) Stamp Account

(19) Railway Receipt Register

(20) Transfer Entry Register

(21) Register of Shortages

(22) Vouchers

(23) Register of Audit Objections

(24) Register of Recurring Charges

(25) Register of Audit Objections

(26) Sealing Register

(27) Silk-Daily Physical Verification Register

(28) Fire-extinguisher Register.

8. The following checks are to be exercised in the various Registers and records maintained in the godowns :-

8.1 Stock Registers for Khadi, Silk, etc., - It should be seen :-

(i) whether separate pages are set apart for each variety and the quantities received through I.T. Invoices are correctly entered therein with particulars of I.T. Invoice numbers and dates and from whom received;

(ii) whether issues or deductions made are correct with reference to sale bills, auction sales papers and issues, I.T. Invoices, etc.

(iii) whether the total of receipts and issues struck at each page is arithmetically correct and the balance is correctly carried over to next page of year.

NOTE – The closing balances should be written up in audit pencils and initialed by the auditor. The carryover should also be written in audit pencil and initialed by auditor;

(iv) whether all the entries in the Stock Registers are attested by the Manager

(v) whether the accounts and the stock registers are periodically scrutinised by the supervising and inspecting authorities with reference to the bills, I.T. Invoices, etc., atleast once in a month and whether the Regional Deputy Director and the Assistant Director had inspected once in three months and two months respectively.

(vi) whether the correctness and alterations in the figures are attested by the Manager;

NOTE – If any alteration or correction relating to previous period of audit is noticed during the course of subsequent audit, the correctness should again be verified by the audit to see whether there are any malpractices.

(vii) whether the rates adopted in the I.T. Invoices or in the sale bills are correct with reference to the cost schedule and the amount noted at the top of each page under each variety and are attested by the Manager of the godown;

(viii) whether all the entries in the Stock Register of shop-soiled and damaged goods are attested by the Assistant Director (Khadi) and

(ix) whether the stocks were physically verified by the Departmental staff during September each year.

NOTE – A test check of vulnerable items of stocks should be conducted during each quarterly audit and the details of such test-verification should be submitted to the Assistant Chief Auditor along with the Completion Report.

8-2 Register of Indents – It should be seen that

(i) the indents placed by the various selling units are duly approved by the Assistant Director (Khadi) and entered in this register in the order of their receipt.

(ii) in the case of emergent requirements by the selling units, the special indents placed by them are executed them and there and at any cost within 3 days, and

(iii) the periodical indents placed by the selling units are executed promptly without any delay and stocks replenished.

8-3 Packing Slips – It should be seen that –

(i) the goods dispatched are accompanied by a packing slip in duplicate, showing the details of variety and quantity of the contents of the bundle, and

(ii) one copy of the packing slip is duly get acknowledged by the consignee and filed with the office copy of the packing slips.

8-4 Inter Transfer Invoices (Incoming and Outgoing)

It should be seen that

- The inter-transfer invoices are prepared immediately on the same day of dispatch or atleast within 3 days for all the goods transferred to other units in quadruplicate and three copies sent to the consignee through the Assistant Director (Khadi).
- Two copies of I.T. invoices are duly acknowledged by the consignee and countersigned by the Assistant Director (Khadi) and one copy sent to the consignor and the other to audit;
- The S.F. No in which the stocks were taken into account in the receiving unit and designation seal of the Manager are available in the acknowledged copies of I.T. Invoices.

(Board Circular K.Dis.No.44815 / A-II-I / 74, dated 8th April 1974 and Rc No.4129 / ACCTS.CELL/77, dated 12th January 1977)

- The rates adopted in the I.T.invoices are correct with reference to the cost schedule communicated from time to time.
- All the I.T. Invoices (Incoming and Outgoing) are duly entered in the Register of I.T. Invoices.
- The quantities and varieties received through incoming invoices are correctly accounted for in the stock accounts in the respective pages and the stock folio numbers are noted against each entry in the invoice.
- All stocks transferred to other units through I.T. invoices (Outgoing) are duly deducted from the respective stock accounts.
- The total value of goods transferred to places outside the Development district are correctly worked out in the Invoices; and
- There are no erasures, alterations etc., are in the I.T. invoices without proper attestation by the Managers concerned.

NOTES 1. Separate I.T. Invoices should be prepared for the transfer of bill books and should not be mingled with other goods.

NOTE 2 : Extracts of all outgoing I.T. Invoices for all the goods sent outside the Development District are sent to the concerned Inspector S.T.S. for verification and return and this should be watched through a Watch Register.

(Circular K. Dis.No.8874 / A1 / 75, dated 16th December 1975 of the Chief Auditor).

NOTE 3 : The particulars of Invoices, incoming and outgoing for the audit period should be taken up in the prescribed register for cross-check during the audit of Assistant Director's Office.

NOTE 4 : - Goods received from outside jurisdiction should be opened in the presence of the Centre Khadi Officer / Assistant Director and the Officer should certify the correctness of the goods received in the I.T. invoices A Register should also be maintained for this purpose in the Godown. This Register should be called for and seen in audit.

8-5 Register of I.T. Invoices (Incoming and Outgoing) – It should be seen

- (i) whether separate pages are set apart for incoming and outgoing invoices;
- (ii) whether all invoices-incoming and outgoing are entered in this register as and when they are received or despatched;

NOTE : Entries in this register should preferably made on the same day of receipt or dispatch of goods and I.T. Number noted subsequently when they are actually received or dispatched so that items for which I.T. Invoices are yet to be received or dispatched may be known from this register.

- (iii) whether the acknowledgement of the consignees for the invoices issued are properly watched through this register by providing a column for it in the register; and
- (iv) whether the register is periodically scrutinized by the administrative authorities and action taken for the non-receiptof acknowledgement from the consignees wherever necessary.

8-6 D.C.B. Register (Khadi) – Normally credit sales are not made in the godowns. If credit sales are made under special schemes such as the sale of shop-soiled and damaged goods, etc., the amount due, collected and the balance at the end of each month and year should be struck in this register and carried over to next year register.

It should be seen –

- Whether all credit sales are entered in this register;
- Whether prompt action has been taken to realize the dues without allowing the arrears to become time barred by limitation of time;
- Whether all amounts collected or adjusted are duly entered in this register in the month of collection or adjustment, and
- Whether the totals for each month are arrived, abstracted and the final total collection for each month tallies with the total amount of collection as noted in the Abstract of Sales Summary.

8.7 General Ledger for Inter-transfer of Goods. It should be seen -

- (i) whether all incoming and outgoing I.T. Invoices from and to places outside development district are entered in this register in the respective pages set apart for each Assistant Director and reconciled with the figures of the respective districts at the end of the financial year, and
- (ii) whether prompt action has been taken for the differences noticed during such reconciliation.

8.8 Cash Bill Books and Credit Bill Book – It should be seen that

- (i) cash or credit bills are prepared for all sales
- (ii) the amounts noted in the bills are correct with reference to that noted at the top of the stock folio as attested by the Manager and the cost schedule;
- (iii) the arithmetical calculations are correct;
- (iv) all the stocks sold are deducted from the respective stock accounts.
- (v) there are no alterations or erasures in the rate or quantity or in the variety sold without the attestation of the Manager
- (vi) all the cash sales are recorded in the sales summary in chronological order.
- (vii) there is no alteration in the date of sale; and
- (viii) there is no delay in accounting of the sale proceeds in the sales summary.

8.9 Sales Summary and Receipt Cash Book – It should be seen that -

- (i) all receipts in cash have been entered in the sales summary and the daily total taken to Receipt Cash Book;
- (ii) the progressive totals are correctly struck;
- (iii) the daily receipts are received in the Assistant Director's Office or into the authorized bank, the next day, as the case may be; and

NOTE : Remittances should be made at least once a week or where the amount of receipts exceeds Rs.500 All collections should be remitted at the end of the month.

(Circular No.27165 / Accts-I / 70, dated 4th May 1973 of Chief Executive Officer)

The delay in remittances should be commented.

- (iv) the cash book is closed daily over the signature of the Godown Manager.

- Expenditure Cash Book – It should be seen that –
- All expenditures incurred from the special advance are entered in this register chronologically and the balance struck at the end of each day's transaction;
- The progressive total of expenditure on each day is correctly struck and balance arrived at correctly.

- The total expenditure is recouped periodically from the Assistant Director (Khadi) at convenient intervals;
- Proper vouchers are obtained for all payments and they are forthcoming to check in audit;
- All the vouchers are passed for payment by the Assistant Director (Khadi) before recoupment.
- The I.T. invoice number and date or the orders of competent authorities are noted in the voucher for cross-verification.
- The amount of special advance is sufficient to cover all expenses for a month and if it is considered necessary, comments may be made either to increase or reduce the amount of advance and
- The cash book is closed daily over the signature of the Godown Manager.

NOTE : - The particulars of remittances and recoupmets for the period of audit should be taken for cross-check in the office of the Assistant Director.

8.11 Third Cash Book – It should be seen that -

(i) this register is written up daily with reference to the Receipt and Expenditure Cash Books and the balance struck with coinwar particulars and

(ii) there is evidence of physical verification of cash by the administrative and inspecting officers.

NOTE – The cash balance should be verified by the auditor at any time during the course of quarterly audit.

- Register of remittances – An entry should be made in this register when all the receipts are entrusted to any subordinate for obtaining drafts for despatch to Senior Accounts Officer, Tamilnadu Khadi and Village Industries Board, Madras.

It should be seen –

- That the signature of the messenger is obtained before entrusting the amount to get the demand drafts and
- That the Demand Drafts are immediately obtained, the particulars entered in the Register and also in the Register of Cheques and Drafts sent.

NOTE : - The further action is being watched through the Register of Cheques and Drafts Sent.

8.13 Register of Cheques and Drafts sent – All cheques and drafts are to be obtained in the name of the Tamilnadu Khadi and Village Industries Board. It should be seen –

(i) whether all the drafts and cheques received are properly entered in this register with full particulars like the name of the bank, number and date and the amount of the cheque or draft;

(ii) whether all the cheques and drafts are properly dispatched to the Accounts Officer, Khadi and Village Industries Board, along with a covering letter (in duplicate) and proper acknowledgement obtained and filed; and

(iii) whether proper action has been taken for the items for which the acknowledgements were not received.

8.14 Stock Account of Bill Books and I.T. Invoice Books – It should be seen –

(i) whether the receipts and issues are supported by receipt invoices or letter of authority;
(ii) whether the balances of unused bill books available are physically verified periodically by the administrative officers; and

- Whether the register is maintained in three parts

i.e. part I – unused bill books.

Part II – books Under-use

Part – III Used bill Books

(Letter No. 32585 / A1(1) / 73, dated 14th June 1973 of the Chief Executive Officer)

(Board's Circular No.32585 / AI(I) / 73 dated 19th March 1973)

(Board's Circular No.27165 / AI / 70, dated 4th May 1973 and Letter K. Dis. No.4460 / AI / 73,dated 26th March 1973 of the Chief Auditor).

NOTE – At the time of audit the balance of unused bill books, partly used bill books and the used books should be verified physically and the facts recorded in the register.

8-15. Stamp Account – The general principles of audit of stamp account should be adopted.

8-16 Railway Receipts Register – It should be seen –

- Whether all the Railway receipts, way bills of lorry companies are properly entered in this register and handed over to the person authorized to take delivery of the goods from the transport company after obtaining his acknowledgement in this register; and
- Whether there is any undue delay in taking delivery of the goods

NOTE (1) – Reasons for delay, if any, should be recorded in this register. Abnormal delays should be commented in audit.

NOTE (2) A test-check of the entries should be made with reference to the Register of I.T. Invoices (Incoming) to see whether any goods were actually received and accounted for.

8.17 Transfer Entry Register – The 'C' type godown are not normally permitted to engage dyers, tailors etc. But if, under special circumstances such transactions are specially permitted by the Chief Executive Officer a register to record the transfer and receipt of goods to and from the dyers, tailors etc., is to be maintained. This is known as Transfer Entry Register.

It should be seen –

- Whether proper sanction of the competent authority has been obtained for local dyeing or tailoring;

- Whether all the goods handed over for the work are entered in this register and acknowledgements obtained.
- Whether all goods received are entered in this register and the balance, if any, properly struck;
- Whether prompt action is taken to get back the balance of goods; and
- Whether payment of dyeing and tailoring charges are made with reference to the entries made in this register at the prescribed rates.

8.18 Register of Shortages. – It should be seen –

(i) whether all excesses and shortages noticed during handing over of charges on transfer, and physical verification of stocks by the State Trading Schemes audit staff and by the administrative officers are entered in this register; and

(ii) whether proper set off statements are prepared in the Assistant Director's Office with reference to the instructions issued in K.B.P. Ms.No.376, dated 19th May 1976 for Khadi goods and K.B.P. No.76, dated 28th February 1977 for Village Industries Products and recovery orders passed.

8.19 Vouchers – General Principles of audit checks are to be exercised.

8.20 Register of Auction Sales – It should be seen that –

- All auction sales of shop-soiled or damaged goods are entered in this register;
- Proper sanction of competent authority is obtained for the auction sales;
- The sale is conducted by the competent authorities
- The entire amount is remitted by the bidder before clearing the goods from the godown; and
- The connected papers are made available for check in audit.

8.22 Register of Audit Objections :- Each and every unit of the Board is required to maintain a Register of Audit objections and all objections relating to the unit should be copied and their settlement watched.

8.23 Sealing Register – The godown should be closed and sealed daily and entries showing the time of opening and closing the godown should be made in this register by the Manager and the watchman. This register should be called for and examined during audit.

8.24. Silk Daily Physical Verification Register – The silk varieties should be physically verified daily by the Manager and necessary entries made in this register. It should be seen in audit, whether this procedure is followed by the Manager daily.

8.25. Fire Extinguisher Register – A register showing the number of Fire Extinguisher available with the godown together with the particulars of date of filling up with chemical should be maintained in the godown.

It should be seen in audit :-

Whether such a register is being maintained and prompt action is being taken to refill the same on due dates.

Audit Notes / Report – During the course of audit the objections should be written up nearly. At the end of audit, the entire rough notes should be shown to the Manager and his signature obtained in token of having perused the Rough Notes.

**• THE KHADI KRAFT, ESPLANADE,
MADRAS.**

1. The audit on the accounts of Khadi Kraft, Esplanade was entrusted to the Chief Auditor, Madras in G.O. Ms.No.255, Finance Department, dated 11th February 1971. The audit for a quarter should be completed before the end of succeeding quarter and the audit notes issued immediately.

The comprehensive percent audit of the entire transactions both Khadi and Village Industries of the Khadi and Village Industries Board shall be undertaken by this department. (G.O. Ms.No.255, Finance Department, dated 11th February 1971). (G.O.Ms.No.1367, L.A. Department, dated 14th June 1965.)

2. Scope of audit – As the accounts are maintained on commercial basis, the audit will see that the monthly and annual accounts of receipts and charges and the proforma accounts are compiled clearly bringing out the working results of Khadi Kraft for each financial year.

3. Nature of Receipts and Charges – Khadi Kraft receipts consist mainly of the following items which should be credited under Khadi Fund receipts and Village Industries Fund respectively.

1. Sale of Khadi
2. Sale of Silk
3. Sale of books and periodicals
4. Sale of Village Industries Products
5. Sale of Handicrafts.
6. Sales at Canteen
7. Sales at Ice Cream Parlour
- 8, Other receipts

Charges – The charges of the Khadi Kraft generally fall under the following heads :-

- Khadi Fund
- Pay of establishment
- Dearness Allowance
- Other Compensatory Allowances
- Medical Charges

- Travel Expenses
- Office Expenses
- Wages
- Motor Vehicles Purchases
- Motor Vehicles Maintenance Charges
- Rent and other contingencies
- Transport and Freight
- Packing Materials
- Transit Insurance
- Advertisement charges
- Interior Decoration
- Furniture and Fixtures
- Sales Incentive
- Tailoring Charges
- Purchases of Khadi
- Canteen Purchases
- Books and Publications.
- Village Industries Fund –

Purchase of finished Village Industries products and Handicrafts articles.

4. The following records and registers are maintained by the General Manager, Khadi Kraft.

- (1) Counter Sales Summary
- (2) Counter Cash Book
- (3) Cash Bills
- (4) Credit Bills
- (5) Counter Stock Registers
- (6) Stock Sheets
- (7) Miscellaneous receipts for issue in main office.
- (8) Main Cash Book
- (9) General Cash Book
- (10) Main Chitta Book
- (11) U.D. Pay Register
- (12) Miscellaneous Cash Book

- (13) Register of Cheques and Drafts received
- (14) Petty Cash Book
- (15) Paid Vouchers
- (16) Petty Cash Vouchers
- (17) Temporary Advance Register
- (18) Remittance Chalang
- (19) Remittance Register
- (20) Disbursing Officers' Register of Receipts
- (21) Disbursing Officers' Register of Expenditure
- (22) Special Advance Cheque-Books
- (23) Special Advance Cash Book
- (24) Stock Register of Stationeries.
- (25) Stock Register of Tools and Plants
- (26) Stock Account of Money Value Forms
- (27) General Ledger for Receipts and Payments
- (28) General Ledger for Khadi and Free Transfer Bills
- (29) Register of Incoming and Outgoing Invoices
- (30) Inter-transfer Invoices
- (31) Suppliers' Invoices with Price Appreciation Register.
- (32) Godown Stock Registers
- (33) D.C.B. Ledger for credit sales
- (34) Delivery Notes.
- (35) Security Deposit Register
- (36) Register of Medical Reimbursement Claims
- (37) Register of Service Books
- (38) Service Books
- (39) Register of Increments
- (40) Register of Probationers
- (41) Advances Recoverable Register
- (42) Contingent Bill Register
- (43) Register of Cycles
- (44) Stamp Account

- (45) Abstract Cash Book
- (46) Pay Bills, T.A. Bills and Medical reimbursement bills.
- (47) Log Book (Parts I and II).
- (48) Muster Rolls
- (49) Permanent Advance Register
- (50) Register of phonogram and Trunk Call Charges
- (51) Purchase Minutes Book.
- (52) Purchase Register
- (53) Register of Cheques Dishonoured.

5. Before the audit for a month is commenced the auditor should call for the list of registers, records and monthly account of receipts and charges maintained in the Khadi Kraft. The files containing orders of Government, the code rules the orders of Khadi and Village Industries Board and the circulars of the Chief Executive Officer, Khadi and Village Industries Board and the Manager Khadi Kraft, relating to the transactions of the Khadi Kraft should also be studied in detail. The auditor should also peruse a copy of the Khadi Kraft annual administration report, the budget provisions relating to Khadi Kraft and Board's Orders. He should go through the special files, dealing with the orders of the Board on payment of advances, grants etc., to the Khadi Kraft including rebates and subsidies and other assistance from the Khadi and Village Industries Commission.

6. The following audit checks are to be exercised in general.

Purchase Minutes Book – In the Board's proceedings Ms.No.305, dated 17th April 1969, Ms.No.379, dated 17th May 1969, Ms.No.299, dated 16th May 1973, Ms.No.517, dated 30th August 1973 and Ms.No.680, dated 21st November 1973, a purchase committee for Khadi Kraft, Madras was constituted with the following members :-

- General Manager, Khadi Kraft
- Senior Accounts Officer (Board), and
- Assistant Director (Village Industries)

The purchase committee is in full charge of all the purchases made for the Khadi Kraft. The purchases from departmental units, and the co-operative institutions are made as and when indents are received from the counter assistants. The Committee will record its resolution in a Minutes Book regarding the quality and quantity of goods and the rates at which the payments are to be made to the Suppliers. This register should be verified in detail at the time of auditing the contingent bills relating to the purchase of goods.

7. Audit of the counters in Khadi Kraft, Esplanade, Madras – The following registers and records have to be audited, while conducting the audit of sales at the counters.

- (1) Cash Bills in triplicate
- (2) Credit Bills
- (3) Stock Registers
- (4) Summary Registers
- (5) Counter Cash Book
- (6) Inter-transfer invoices (receipts)
- (7) Inter-transfer invoices (issues)
- (8) Demand, Collection and Balance registers for Credit Sales.
- (9) Stock account of cash and credit sale bill books, inter-transfer invoices etc.

8. Cash Bill Books – It should be seen –

- Whether all the goods are billed for according to the selling rates noted in the stock registers, totaled correctly, and entered in chronological order in the Summary Register.
- Whether the sold items have been deducted from the stock registers, care being taken to see specifically that the description of the article sold and its cost tally with those noted in the stock registers;
- Whether the serial number of the counter, the details of the articles sold specifically in terms of unit, pairset etc., are written in the cash bills legibly to avoid manipulation subsequently, and the name of the person who sold is written in the respective column;
- Whether the rebate allowed is at the admissible rate and the calculation of rebate is correct;
- Whether there are erasures, scorings, and unauthorized corrections in the bill;

NOTE : - In case of doubt, the duplicate bills (viz., Red Bills) bearing the seal of the cash section available with the delivery section should be checked.

- Whether the pages of the cash bill book have been machine numbered serially, and a certificate of total leaves in the book furnished at the front cover of the book by the Accounts Officer.
- Whether the Cash Bill book used has been recorded in the Register of the Bill Books as indicated in Circular Rc.No.37011/R1/70, dated 27th March 1970 of the Chief Executive Officer.

- Whether the unused leaves in the bill books after 31st March each year are cancelled over the signature of the Accounts Officer or Sales Executive or any other responsible officer and the fact noted in the Register of Bill Books as contemplated in Circular Ref.32585 / Accts / I / 73 dated 19th March 1973 of the Chief Executive Officer.
- Whether the instructions issued by the Chief Executive Officer in his Rc.No.15376 / C2 / 72, dated 9th February 1972 that the credit bill books should not be used for cash sales and cash bill books should not be used for credit sales have been observed; and
- Whether in the case of cancelled bills all the 3 coloured copies are in tact.
- Credit bills. – This shows the items of Khadi an Village Industries articles sold on credit basis and the amount realizable from the parties within the reasonable time fixed in the rules.

It should be seen in audit –

(1) that the counter number, name and address of the party, description, quantity issued, rate at which sold, amount of the bill relisable, name of the person who had taken delivery of the goods, name of the sales assistant etc., are noted legibly in the credit bills, and the signature of the person who took delivery of goods is obtained in the bills;

(2) that in the case of credit sales from the sales counters to the Government Departments and private institutions the indents for the goods, with the name of the person to whom the goods are to be delivered and his specimen signature duly attested by the person who indents for the goods are available with the delivery notes prepared in triplicate;

NOTE : In the case of credit sales to departments and institutions, audit should verify (1) the indents for the supply (2) delivery note or packing slip (3) Credit bills (4) Stock Register and (5) D.C.B. Register. For the purpose of verification, cross reference is to be indicated. At the time of effecting supply the person who takes delivery of the goods must acknowledge them in the delivery note. In addition to this the office or institution which has taken delivery of goods, must send official acknowledgement for the receipt of goods.

(3) that in the case of credit sales in the sales counters the sanction of the competent authority authorizing the purchase and order for issue by the Accounts Officer, Khadi Kraft are forthcoming to audit;

(4) that in respect of credit sales to Government servants employees of local bodies the amounts are collected in advance by drafts / cheques.

(G.O.Ms.No.961, Finance Department, dated 1st September 1961)

(5) that the credit sales for each individual do not exceed one month's basic pay and the excess amount is recovered in cash;

(6) that the credit sales for each individual do not exceed the amount specified in the sanction order;

(7) that the Khadi and Village Industries products are not sold on credit to persons who are already in arrears;

(8) that the articles sold on credit have been deducted from the stock accounts and the description of each item sold and its cost tally with those noted in the stock register

(9) that the demands raised against each purchaser are noted in the Demand Collection and Balance Registers;

(10) that the credit bills are dispatched to the concerned parties, offices, institutions without any delay and the instructions issued by the Khadi and Village Industries Board in Memo. No.39220 / D2 / 70-1, dated 6th October 1970 and Circular No.13808 / B1 / 70, dated 7th April 1971 are followed scrupulously.

(11) that the Village Industries products such as leather goods, soap, oil, etc., are not sold on credit to individuals as such sales are prohibited. Only furniture items can be sold on credit basis to the individuals.

(12) that in respect of credit sales to Government Departments, 90 percent of the cost should be recovered in advance.

(G.O. Ms.No.242, Industries Department, dated

16th March 1978)

(13) that discount on Sales and special rebates on sales allowed during the financial year on different occasions like Deepavali, Pongal, Christmas, Reduction Sales campaigns, etc., may be examined with reference to the specific orders of competent authority issued from time to time.

10. Stock Registers - It should be seen in audit –

(i) whether the name of the article and the sale price per unit / per pair / per set etc., are noted at the top of each page and separate pages are set apart for each description of the article and for various rates;

(ii) whether the price for each article noted at the top of this register is duly attested by a competent authority so that it may not be altered subsequently.

(iii) whether the goods received from the four godowns through inter-transfer invoices are taken as stock and sales effected through cash and credit bills shown as issues as explained before, the closing balance of stock at the end of the day is struck;

(iv) whether the receipts through Inter-transfer invoices are properly accounted for and entries attested by the Floor Supervisor or Receptionist.

(v) whether the number of goods sold are properly deducted from the stock and that there are no double deductions or excess or wrong or unauthorized deductions;

(vi) whether the issues through inter-transfer invoices made to other institutions and departmental units have been properly posted.

NOTE (1) – Common Invoice book maintained by the Floor Supervisor should be used for this purpose.

NOTE (2) – Issues to outside institutions may be made from the sale counters in extra-ordinary cases such as hawking sales campaign, exhibitions etc., with the sanction of competent authority.

(vii) whether the closing balances arrived at are correct;

(viii) whether the closing stocks at the end of the year were brought forward as opening stocks for the next year without any omission;

(ix) whether the goods returned by the purchasers owing to defects in production are separately entered in the stock books, and necessary action taken to dispose of them or write off their value as per instructions issued in B.P.Ms.No.508, dated 4th December 1961.

(x) whether physical verification of stocks by the audit staff is done in April every year and the result of such verification recorded in the registers;

(xi) whether the shortages noticed in the stocks have been noted in the Register of Shortages and regularized by competent authority; the date, number of such order duly noted in the relevant pages of stock registers;

(xii) whether the selling prices are correctly noted for all the goods with reference to the invoices and attested by the Floor Supervisor or Receptionist.

(xiii) whether all the receipts and issues are posted in the stock registers then and there. It should be ensured in audit that the excess stocks under certain varieties proposed to be set off against the shortages under other varieties are not due to lapses or malpractices on the part of the staff and that they are only due to bonafide mistakes in having taken one variety as another at the time of issue due to bonafide mistakes and omissions in the postings made in the stock books as laid down in Board's Memo. No.11828 / 69-S, V. 5, dated 28th October 1969 Chief Executive Officer's Rc.No.19312/BII-2/61, dated 10th September 1962 and 15th November 1962 and Rc.No.62070/AA2/66, dated 26th November 1966 and Boards Memo No.29682/F3/72-1, dated 22nd March 1972;

(xiv) whether in the case of revision of selling rates or reduction of selling rates the revised rates are noted at the top of the stock folios duly attested by the Floor Supervisor or Receptionist.

NOTE (1) : As and when the prices of Khadi goods and other articles are revised, audit should call for the revised price and cost schedules and examine whether the revision of selling prices of stocks noted at the top of stock folios is correct. Similarly the reduction of sale price should be covered by the sanction of the Board.

NOTE (2) – If the stock registers are kept incomplete the auditor shall suspend the audit and report the fact to the Chief Executive Officer and the Chief Auditor, as laid down in D.O. Lr.No.72947 / Accts. / V3 / 76, dated 17th July 1976 of the Chief Executive Officer.

11. Summary Register or Abstract Register – Sales Summary or Sales Abstract register is maintained counterwise by the counter assistants. All sales, both cash and credit, effected

through the sales counter (23 Nos. at present) are recorded in this register. Cash and Credit bills are posted in seriatum and chronologically in different pages and the totals are struck each day.

It should be seen in audit :-

(i) that the value of all cash and credit sales through counters are entered daily in this register billwise;

(ii) that the daily totals are struck and agreed with the totals of the counter cash book.

NOTE – Though the individual entries of sale bills of each counter are also made in the Counter Cash Book under the respective counters, they could not be entered serially due to the presentation of bills by the customers at irregular intervals. Further as the sales summary of each counter is checked in audit with reference to each sale bill and the totals of the summaries are tallied with the Counter Cash Book the checking of the counter cash book with reference to the sales bills of each counter is redundant. In cases of variations in totals between the Customer Cash Book and Counter Sales Summaries, the cross check of bills in the Counter Cash Book has to be resorted to and objections raised wherever necessary for omission in accounting the amount.

(iii) that the floor Supervisor / Receptionist or Sales Executive of the Khadi Kraft has certified to the correctness of the daily totals struck in the sales summary of each counter after verifying the cash and credit bills; and

(iv) that the counter assistant (Grade II) posted in the Khadi Kraft Sales Section as per Managing Director's Memo. Rc.No.6457 / 72 / A1, dated 24th October 1972 has checked the arithmetical accuracies of the cash bills, including the totals before receiving cash in the cash counter from the sales assistants and affixed initials in token of having checked the bills.

12. Counter Cash Book – This register is intended to watch the daily cash collections in respect of the sales at all the Khadi, Village Industries and Handicrafts Counters of Khadi Kraft and to check the delay if any in the remittance of cash realizations to the Accounts Section of the Khadi Kraft. This register is provided with columns for bill number and separate columns for each counter and column for the total collections made.

It should be seen in audit –

- that the entries in the register are properly made;
- that the daily totals tally with the gross total of the Summary Registers of each counter for the day;
- that a classified abstract under various heads like Khadi, Village Industries, Handicrafts, Canteen Books, Ice Cream etc., is prepared for the day at the end, totaled and agreed with the totals and the total amount written in words and signed by the counter cashier in token of having handed over the amount to the Chief Cashier of the Khadi Kraft.

NOTE : Cheques received in the cash counter are to be accepted only after obtaining the prior approval of the Accounts Officer or the General Manager.

(iv) that the certificates is recorded for each day by the Chief Cashier token of having received the each specified in the Counter Cash Book; and

(v) that the amount taken as credit in the main chitta of the office daily.

NOTE : The discrepancies, if any, between the total amounts noted in the summary Registers of the Sales counters and the counter cashier's Counter Cash Book should be reconciled daily. Similarly the difference between the total amount noted in the Counter Cash Book and the actual amount received by the Chief Cashier should be reconciled and short or excess remittance, if any, has to be commented upon.

13. Inter-Transfer Invoices-Receipt Invoices – The invoices for the receipt of Khadi, Village Industries and Handicraft articles in the counters are prepared in quadruplicate. Two copies of invoices are sent to the counter. One copy of the invoice will be returned to the godown keeper by the respective sales counter assistant duly noting therein the stock folio number of the counter-stock register, wherein the articles received have been entered, together with the stock entry certificate thereafter and the third copy will be furnished to audit.

It should be seen in audit –

- whether the Floor supervisor or Receptionist has countersigned the inward inter-transfer invoice and endorsed thereon that the stocks transferred from the godowns to the Sales Counters have been correctly accounted for in the stock books of the counters;
- whether the stock issued to the counters from the godowns as per the office copies of the invoices maintained in the godowns have been duly accounted for in the stock registers of the counters. Any omission or variation noticed in audit should be commented upon.
- Inter-transfer Invoice – Issues – These invoices for the issue of goods from the counters should be prepared in quadruplicate just like receipt invoices.

It should be seen in audit –

- Whether one copy of the invoice was received duly acknowledged by the recipient and
- That the deduction of stock was properly made in the stock registers with reference to the issue invoices.

NOTE (1) – Normally there will be no necessity to transfer goods from the sale counters to the godowns. If any necessity arises, the sales assistants should inform such transfers to the General Manager or Chief Accounts Officer through the Floor Supervisor or Receptionist, and only after the sanction of competent authorities the sales assistants should transfer the goods to the godowns for effecting such transfers, transfer invoices should be prepared from the transfer invoice book termed as "Common Invoice Book" available with the floor Supervisor, or Receptionist and only after getting the signature of the Floor Supervisor or Receptionist the goods should be transferred from the sales counters to the godown.

NOTE (2) – At the end of audit of each counter, a list of receipt and issue invoices should be prepared for the purpose of cross verification.

- Demand Collection and Balance Registers – In this register all the credit sales of Khadi and Village Industries products (including canteen items) are entered and recoveries or adjustment of costs are watched. The registers are maintained separately for Khadi and Village Industries products in the form given in Annexure I to Circular No.114884/AIII/C/73, dated 22nd February 1974 of the Chief Executive Officer. The registers should be maintained in five parts under the following distinct heads :-

- Government Servants
- Government Departments
- Employees of Local Bodies
- Khadi and Village Industries Board Employees
- Aided Schools, reputed firms, etc.

The following points should be borne in mind while auditing the Demand, Collection and Balance Registers:

- The Demand Collection and Balance Registers are to be maintained separately for arrear and current demands.
- While raising the demands, it is enough to raise demand in one lumpsum against each drawing officer who undertakes to pay for the credit sale like the Commissioner of Panchayat Union, Municipality etc. The bill-wise details required may be furnished in an inner column on the demand side. The page-wise and year-wise abstract should be struck in the arrear and current demand registers and final abstract of arrears and current demand, collection and balance worked out at the close of the year and agreed with the Register of Receipts, Remittance Chalan Register and Sales Summary.
- The demand raised in the current demand register should be abstracted and tallied every month with that of the abstract of credit sales as recorded in the Sales Summary Registers. The collections for each month in respect of both current and arrear collections put together should be tallied with the abstract of collections of cash and cheques as noted in the Chitta Books and adjustment bills.
- It should also be seen in audit whether credit sales to the individuals, Government Offices institutions, firms, etc., are in order with reference to the Board's Standing Orders issued from time to time and the terms and conditions governing the credit sales have been duly fulfilled and the Demand, Collection and Balance Registeres are maintained on the lines indicated in Circular Rc.No.48453 / 61 / E2, dated 16th January 1965 of the Chief Executive Officer, Board's Memo No.29320 / D3 / 70-1, dated 6th October 1970. Circular R.C.No.43094 / 71 / M3, dated 13th March 1972 and Rc. No.114884 / AIII (C)/73, dated 22nd February 1974 of the Chief Executive Officer.
- Ordinarily the credit sales amounts are recoverable in advance from the drawing officers. If amounts are found not recovered in advance, objection should be raised in audit. Similarly, if the amounts are left in arrears over 3 years, the dues become barred by limitation of time, and such cases should therefore be examined and suitably commented on in the Audit Report fixing the

responsibility on the various officers who held office during the period of limitation for the loss (circular Rc.No.4039/AI-71 dated 26th May 1971 of the Chief Auditor.)

NOTE : - As per section 23 of the Tamilnadu Khadi and Village Industries Board Act of 1959 (Madras Act 18 of 1959) any amount due to the Board in terms of contract or otherwise or any sum payable in connection with such contract or terms can be recovered as arrears of land revenue due to the Government. Audit should see whether coercive steps have been taken to realize the arrears by invoking the provisions in the Revenue Recovery Act (K.Dis.No.11524/A4 / 64, dated 1st March 1964 of the Director of Khadi).

(6) As the Board is operating its monetary transactions through the commercial banks from 1st July 1973 the dues of the Board have to be settled by cheques and drafts only. The departmental officers (Government) are instructed to encash the contingent bills for the settlement of dues and obtain the drafts or cheques in favour of the Board, as laid down in G.O.Ms.No.1009/RDLA, dated 18th May 1973. Board letter No. 46232 / Accts. / I (I) 73, dated 27th July 1973 and Board's Memo. Rc.No.30096 / A1 (5) / 75, dated 21st March 1975.

(7) The items in the Demand, Collection and Balance Register should not be rounded off though recovery orders are issued. They should be shown in the register till the amount is actually realized.

(Circular Rc.No.25120 / Accts. Cell / 77 dated 11th March 1977 of the Chief Executive Officer)

16. Stock Account of Bill Books (money value forms). – It should be seen in audit :-

- Whether all bill books (Cash and Credit sales) issued from the main stock have been acknowledged by the receiving sales assistants and godown keepers
- Whether the used and unused bill books at the sales counters and godowns have been produced for physical verification during the course of audit;
- Whether the unused books at the main stock are produced for physical verification during the course of audit and

NOTE (1) – At the end of each quarterly audit the unused bill books should be verified and a verification certificate recorded in the Bill Books Stock Register by the Auditor concerned.

NOTE (2) – Another Stock Register of Receipts Books is maintained by the General Manager. Separate Bill books are used for cash receipts and receipts by cheques. This register should also be checked on the above lines.

- whether the instructions issued in the Board's Circular No.32585 / Acts / I / 73, dated 19th March 1973 on the maintenance of this register have been duly observed.

17. Audit of the Godown Accounts in Khadi Kraft General – There are four godowns under the control of the General Manager, Khadi Kraft. The articles purchased and received through invoices and bills are being stored in these four godowns as detailed below :-

Godown I and IA - Khadi

Godown I - Village Industries Products

Godown III - Handicraft Articles

Godown IV - Soap and Oil

The following registers and records have to be verified while conducting the audit of the Godowns

- Stock Register
- Price Appreciation Register
- Inter Transfer Invoice Books
- Credit Bill Books
- Delivery Notes
- Indents for the supply of goods
- Pay Bill Register
- Packing Material Register
- Register of Invoices (Inward)
- Register of Outward (Outward)
- General Ledger
- Agmark Register
- Register of Breakages
- Indents Register
- Register of Unindented Articles
- Stock Register of Articles purchased on consignment basis.
- Stock Registers – (A) Khadi – Stock Registers are maintained for Khadi, Village Industries and Handicraft articles separately in the godowns. In respect of Khadi goods, the main supply is made by the Central Godown, Tiruppur and departmental production units under the control of the Assistant Director of Khadi and Village Industries. Other varieties of printed khadi and wollen articles are purchased from various Khadi institutions in Bombay, Gujarat and Meerut approved by the Khadi and Village Industries Commission. As soon as the Khadi goods are received through inter-transfer invoices or through purchase invoices, they are accounted for in the relevant Stock Registers quoting the inter-transfer invoice numbers or purchase invoice numbers after checking the quality, quantity and value of goods.

It should be seen in audit –

- That the inter-transfer invoices (inward) are forthcoming to audit in respect of free transfer of stocks from the departmental units and purchase invoices are forthcoming in respect of Khadi goods purchased from certified institutions and other institutions.
- That the stock of goods as noted in the inter-transfer invoices are properly accounted for in the Godown Stock Registers;

- That the unaccounted or short-accounted and under-valued items should be listed out and necessary objections raised after verifying all the inter-transfer and purchase invoices produced to audit;
- That in the case of goods purchased from outside agencies, the margin of profit should be added after taking into account the discounts allowed by the suppliers, duly meeting the overhead charges within the discounts received and the correct selling rates noted in the stock books; and
- That the non-production of inter-transfer invoices including missing numbers should be reported forthwith and further action pursued.

NOTE (1) – Non-accounting of goods received as per Part II statements should be intimated to the Audit Inspectors in whose jurisdiction the supplying centres.

(B) Village Industries and Handicrafts : Village Industries and Handicraft articles are purchased through co-operative societies or outside agencies and they are accounted for in separate Stock Registers quoting the Invoice Number, value per item and the quantity procured.

It should be seen in audit –

- That the articles purchased through co-operative societies and outside agencies are entered in the Stock Registers with value thereof without any omission.
- That the value of the articles received are noted
- That the appreciation slips have been invariably attached to the articles purchased clearly working out the margin of profit added at the percentages fixed by the General Manager.

NOTE : The rate of appreciation for the goods purchased is worked out at the percentage of profit on the face value of the goods, after adding the freight and other incidental charges incurred on each Consignment duly approved by the General Manager.

(4) that the packing materials are properly entered in the stock books separately with the value due for each item and disposed of on the lines indicated in Board's Rc.No.24635 / Accts / Cell, 1976 dated 3rd March 1976.

(5) that the General Manager or any other responsible officer has attested each entry of goods received and sent out through the inter-transfer invoices.

- That the goods are issued to the counters and depots attached to the Khadi Kraft only and on Inter-Transfer Invoices only.

NOTE : Supply from the Khadi Kraft to the counters and the city depots attached to the Khadi Kraft (Main) should be entered in the register prescribed for the purposes by the Godown Keepers. This register contains details of inter-transfer invoices as to number, date on which the goods were supplied, nature of goods supplied, counter or the depot to which supplied, signature of the person who received the items, and the date of receipt of the acknowledged invoices.

- That in the case of goods sent to the other units in the districts entries are made in the General Ledger and the return of one copy of inter-transfer invoices duly acknowledged by the

receiving units are watched by the Khadi Kraft Main Office, and for this purpose, the Godown Keepers are required to furnish the particulars of the receipts and issues to the main office on the same day of receipts and issues; and

- That in the case of supply of Khadi goods and Village Industries products to the Government departments and other institutions on credit basis from the Godowns :-
- The credit bills are prepared in quadruplicate
- A centralized Indent Register showing the indents, authorizations, date of supply attested by the Floor Supervisor to prevent bogus supplies, are maintained.
- The quantity received by the consignee are written in figures and words at the time of delivery of goods in the delivery notes;
- The indent number and serial number of the Indent Register are quoted in the delivery note as well as in the credit bills, so that there will be proper correlation at all stages; and
- The ledger balance of the institution should be called for every month and its confirmation obtained and filed besides getting official acknowledgements for the goods supplied in the usual way.

19. Stock Register of Articles received on consignment basis – It should be seen in audit whether

- (i) all articles received for sale on consignment basis are entered in this register.
- (ii) for all articles issued to the counters the fact that they are for sale on consignment basis is clearly recorded in the invoices so that they may be accounted for separately by them.
- (iii) payment is made only for the stock actually sold and the same is noted therein and
- (iv) in case the goods are returned, the acknowledgements of the consignor are obtained and produced to audit.

20. Price Appreciation Register – This register shows the dates of purchase, the party from whom goods were received, nature of articles obtained bill number or invoice number, amount of bill, percentage of profit, and details of the bill paid by cheque or cash.

The following points should be borne in mind while auditing the Price Appreciation Register :-

- As and when the village industries or handicraft articles are received, an appreciation slip is prepared by adding an approved percentage to the value of the article purchased. This margin of profit will vary from articles to article according to its value or price-worthiness. The slip so prepared is approved by the General Manager and entered in the Rate Appreciation Register under his initials.
- The price fixed is not below the price of the article purchased plus cartage, transport, delivery and other incidental charges paid to bring it to the godowns.
- There is no loss or any account to the Khadi Kraft on account of irregular price fixation of articles due to omission of one element or other in the price fixation schedule.
- The General Manager, Khadi Kraft has to approve the prices of all the articles purchased and the margin of profit added.

- The price fixation slips have to be produced to audit for check for all the items of articles or goods purchased without any omission.

21. Delivery Notes – Delivery Notes are prepared in triplicate for all goods dispatched from the godown. It should be verified in audit :-

(i) whether goods have been delivered only against the indents received from the Government departments, counters etc.,

(ii) whether the goods were delivered at the godown only to the authorized agents carrying letters of authorization with the specimen signature of such agent duly attested

(iii) whether in case of goods delivered at the godown only the official acknowledgments of the recipients have been obtained in the duplicate copy and pasted to the triplicate copy of the Delivery Note; and

(iv) whether necessary invoices / credit bills have been prepared without delay for the goods dispatched.

22. Inter-transfer invoices receipt invoices. – Goods are generally received by transfer from the Regional Godown, Madras, Central Godown, Tiruppur and various other units of the Board through inter-transfer invoices.

It should be seen in audit whether –

- All the goods detailed in the invoices have been duly brought into stock account; and
- That the value of the goods received has been noted in the General Ledger in respect of supplies made by the various units of the Board.

23. Inter-Transfer Invoices – Issues – These Invoices are prepared in quadruplicate for the goods supplied to the counters and other centres of the Board.

It should be seen in audit –

- Whether all the goods issued have been correctly deducted from the stock account ;
- Whether the duplicate copy sent to the consignee has been received back duly acknowledged and pasted in the book
- Whether triplicate copies of all the invoices issued have been furnished to audit
- Whether invoices have been prepared in respect of all delivery notes;
- Whether General Ledger entries have been made in respect of all inter-transfer of goods from and to outlying units under the jurisdiction of other offices.

NOTE :- The general ledger folio of the consignor and the consignee will be noted in the duplicate copy received and back with the consignee's acknowledgement.

vi. whether the invoices have been duly countersigned by the General Manager or any officer authorized by him for the purpose.

NOTE : - At the end of the audit of each godown receipt and issue invoices should be prepared in a separate register by audit for the purpose of cross verification and for sending Part II Statements to Audit Inspectors under whose jurisdiction the receiving units lie.

24. Indents and Indent Register. – It should be seen in audit.

(i) whether all the indents received from the Government Departments etc., have been entered in this register.

(ii) whether the number and date of the delivery notes and the invoices and the value of the goods supplied have been noted against the respective indents in the Indent Register;

(iii) whether the cost has been realized; and

(iv) whether the quantity supplied did not exceed the quantity indeed for.

25. Credit Bill Books – Credit bills are prepared for the goods supplied to Government institutions on credit.

It should be seen –

- Whether credit bills have been prepared only for the quantity noted in the delivery notes;
- Whether the rates noted therein are correct and the calculations of the value are arithmetically correct.
- Whether the quantity noted in the credit bill has been correctly deducted from the stock account.
- Whether the value of the goods supplied has been entered in the Demand Collection and Balance Ledger under the name of the consignee and its prompt realization watched, and
- Whether the credit bills have been countersigned by the General Manager or any other officer authorized by him.

26. Way Bill Register (Receipts and Issues) – Separate registers for receipts and issues are being maintained in each godown. Charges such as for freight, forwarding, loading, unloading etc., incurred at each end are being entered in the above register. During the audit of receipt invoices along with Rate Appreciation Slip the charges incurred by the party and recorded in the relative invoices should be examined with reference to the entries made in the way Bill Register. Payments made out of imprest advance and paid through petty cash vouchers should also be referred to

27. General Ledger – The General Ledger is maintained in the Khadi Kraft Office. It contains particulars of inter-transfer invoices for receipts and issues outside the jurisdiction of the General Manager, Khadi Kraft.

It should be seen –

- Whether all the inward invoices as per the ledger are duly accounted for in the godown;

NOTE : For this purpose, the entries in the ledger should be traced with the inward invoices available in the godown.

ii) whether all the issue invoices as per the ledger are duly accounted for in the godown;

NOTE : For this purpose, the entries in the ledger should be traced with the inward invoices available in the godown.

(ii) whether all the issue invoices as per Godown Issue Invoice Book are duly entered in the ledger;

(iii) whether reconciliation is done once in a year at Tiruppur and

(iv) whether the entries in the ledger are attested by the General Manager.

28. Packing Materials Register – This register is maintained at each godown. The packing materials noted in the inward invoices along with the goods are being entered in this register. During the audit of receipt invoices, necessary stock entries of the packing materials received should be examined. It should also be seen whether the accumulated packing materials are disposed of at periodical intervals. The disposal thereof should be audited with reference to auction papers.

- Register of Inward Invoices – The particulars as to the date of receipt, invoice number, quantity received from whom received and the value thereof are recorded in this register. During the check of receipt invoices the entries made in the register should be examined with reference to the invoices received and the payment made in the contingent bills.

30. Register of outward Invoices – The articles supplied to the institutions by the Khadi Kraft are entered in this register with full particulars as to the invoice number and date of issue, quantity issued, rate and value of article to whom issued. The entries made in the register should be examined with reference to the outward invoices.

31. Agmark Register – This register is maintained at Godown. The quantity of honey received from the departmental units is being “agmarked” by the Assistant Director of Agriculture before the quantity is issued to counters for sale. The quantity agmarked and the charges incurred and other particulars are recorded in the register. During the audit it should be seen whether the quantity issued to the counters for sale is duly certified to with “Agmark” seal by the Assistant Director of Agriculture and the payment made is correct.

32. Register of Breakages : This register is maintained at Godowns. The broken materials are entered in the register, besides the materials sent for repairs and the remaining disposed of at periodical intervals. During the audit of receipt invoices the articles recorded as broken are to be examined with reference to the entries made in the register. It should also be seen whether articles sent for repairs are duly received back from the suppliers.

33. Register of unindented articles. – It should be seen whether :-

(i) the articles not indented for or received in excess of the quantity indented for are brought onto this register.

(ii) no payment is made for these articles; and

- They are returned to the supplier and his acknowledgement obtained and produced to audit.

Registers common to counters and Godowns

34. Register of recoveries.- It should be seen in audit that –

(i) this register is maintained in the form prescribed in circular D. Dis.No.41299 / A1 / 60, dated 12th August 1960, Circular No.6007 / Accts. Cell / 75, dated 17th February 1975 and Rc. No.23212 / Accts Cell / 76, dated 1st March 1976 of the Chief Executive Officer.

(ii) when an order of recovery is passed by the General Manager, the total amount to be recovered, the number of instalments allowed etc., are noted in this register.

(iii) the recovery is effected every month automatically from the pay bill and credited to the appropriate head of account.

(iv) the pay drawing officer has no discretion to postpone the recovery or to exempt anybody from effecting the recovery and if this condition is not followed, the pay drawing officer is held responsible;

(v) the officer ordering the recovery should specifically issue orders indicating the month in which the first instalment should commence and the number of instalments allowed;

(vi) the balances have been correctly carried over to the new register;

(vii) in the case of transfers the balance to the recovered has been fully noted in the Last Pay Certificate of the individual concerned; and

(viii) the register bears evidence of check at the hands of the General Manager at least once in a month.

35. Register showing the periodical stock verifications and results thereon. – It should be seen in audit that –

(i) the register in the form prescribed in Circular Rc.No.35771 / C2 / 63, dated 10th July 1963 of the Chief Executive Officer is maintained.

(ii) that stock verifications conducted from the opening of the Kraft and the results of such verifications are recorded.

(iii) the information relating to the disposal of the stock sheets in each counter and the orders of recovery passed thereon and noted in the register;

(iv) the stock verification is done once in a year in April by Audit Staff. The Periodical verification of stocks is also done by the Khadi Board. In addition to this, test verification of select and vulnerable stocks is also conducted by the audit staff during their quarterly audit as per order No.72947 / Accts / V / 3 / 76, dated 17th July 1976 of the Chief Executive Officer; and

(v) in the case of transfer of personnel involving handing over to stocks to the successors, the stock verification is conducted and the results recorded.

NOTES : (1) The excess found should not be adjusted against unaccounted stocks and shortages found at the time of handing over of charges.

(2) The shortages noticed in the test verification of stocks by the audit staff of State Trading Schemes Department during their quarterly audit should not be set off against excesses since their verification is confirmed with reference to certain select and vulnerable stocks only.

36. Register of Cheques and Drafts received in payment of dues. – This register shows the receipts and disposal of all the cheques and drafts received from the parties and Government institutions direct in the main office or in the sales counters.

It should be seen in audit –

- That all crossed cheques and drafts received in payment of money due to the Khadi Kraft are entered in this register with details of cheques presented.
- That the cheques accepted in payment of Khadi Kraft dues are treated as cash and entered in the Main Cash Book and when they are transmitted to the Board for the eventual realization and credit to the Board account, they are shown at the disbursement side of cash column as remittance to the Board;

NOTE : All the columns should be traced into Cheque Remittance Register.

(iii) that the particulars as to the date of encashment, Bank commission if any charged, the net amount realized and the date of credit have been noted on getting the advice from the Board Office;

(iv) that there are no undue delays in the encashment of cheques;

(v) that the Miscellaneous Receipts were issued in respect of all the cheques received from the parties direct in the main office and not from the sales counters; and

(vi) that the register is maintained on the lines indicated in K.B.P. Ms.No.41, dated 2nd February 1968 and as per the revised accounting procedure prescribed in Board's Memo Rc.No.30096 / A (S)-75, dated 21st March 1975;

NOTE : All items of cheques entered in this register should be traced into the Main Cash Book, with the miscellaneous receipts issued by the Khadi Kraft, and

(vii) that the register written daily closed by the Chief Cashier and the balance struck under the initials of the Accounts Officer.

37. Register of Cheques Dishonoured – This register is maintained to watch the receipt and subsequent realization of the bounced cheques.

It should be seen in audit whether –

- The register is maintained in the form prescribed in No.286 dated 29th March 1972 of the Chief Auditor and as per the instructions of O.O. No. 9 / 72 A1 3rd November 1972 of the Managing Director and
- The register bears evidence of check on the 1st and 15th of every month by the Accounts Officer, Khadi Kraft.

NOTE : - According to the instructions issued in Board Memo. Rc.No.30096 / A(s) / 75 21st March 1975, the cheques and drafts received from the parties are sent to the Board. The eventual

realization of these cheques and drafts to the credit of Board's accounts is to be watched in the Board Office, However, cheques dishonoured will be transmitted by the Board to the Khadi Kraft which should take action to get them realized and remit them back to Board's funds.

38. Main Chitta Book – This register shows the amount realized in the cash counter at the Khadi Kraft, by sale of goods to parties in the sales counters and the amount realized in cash from the parties at the Khadi Kraft Main Office towards old dues and other recovery amounts from stock sheet recovery, Khadi advance from contingent staff etc.

It should be seen in audit that -

(i) the sale proceeds in all the counters realized in cash are written in the daily abstract maintained by the counter cashier in Counter Cash Book and an abstract struck at the end, category-wise viz. Khadi and Village Industries and handicrafts goods;

(ii) the cash amount realized at the cash counter is allied with the Sales Summary Registers maintained by the counter sale assistants;

(iii) the Chief Cashier accepts cash as recorded in the 'cash abstract book' of the counter cashier (Counter Cash Book) and accounts for them immediately in the chitta under the relevant heads such as Khadi, Village industries and handicrafts;

NOTE (1) – Any short accounting of cash has to be made good by the counter cashier as the counter sales assistants do not handle cash while effecting sales to the parties.

NOTE (2) – The daily receipts as per counter cash books should be recorded in the main chitta.

(iv) the Chief Cashier accounts for all cash receipts tendered at the main office of Khadi Kraft as and when received by him in the main chitta;

NOTE : - The cash tendered at the main office of the Khadi Kraft relates to the outstanding dues of Khadi and Village industries products payable at outside parties like firms, Government Offices and institutions and for which the miscellaneous receipts are issued, and cash recoveries from the staff viz., stock sheet recovery, Khadi Advance, from contingent staff, etc.,

(v) Miscellaneous Receipts are signed by the Officers of Khadi Kraft;

NOTE : The Counter foils of Miscellaneous Receipts issued to the parties should be traced cent percent into the Main Chitta.

(vi) the Accounts Officer verifies the cash obtained from the counter and the cash received at the main office daily.

39. Miscellaneous Cash Book – This register contains the details of cash receipts recovered from the employees of Khadi Kraft towards Security Deposit Life Insurance premia amounts, co-operative society dues, R.D. and F.A. relating to contingent staff.

It should be seen in audit that :-

- The recoveries towards L.I.C. Society dues, F.A., R.D. Security Deposit are effected in cash from the staff and the amounts collected have been recorded in the relative subsidiary registers;

- The receipts paid by the staff in cash are remitted to the respective accounts without delay.

NOTE (1) – The receipts recovered under Security Deposits and R.D. are lodged in Post Offices and within the time fixed under relevant rules, and the counterfoils of remittance chalang issued by the post office should be verified, as in the case of Bank remittances.

- The book is closed every day and the balance carried over to the General Cash Book daily; and
- The miscellaneous receipts are forthcoming to audit for the recoveries effected from the staff towards security deposits.

NOTE : All receipts should be traced into the Cash Book. For the cash balance verification the balance in this book is also to be taken into account.

40. General Cash Book : (Cash Book Abstract) – This register contains figures of closing balances under undisbursed Pay, Miscellaneous Cash Book, Main Cash Book and Petty Cash Book. It should be seen in audit that –

- (i) the book is closed daily and the balance under U.D.P. Register, Miscellaneous Cash Book, Petty, Cash Book and Main Cash Book are correctly written up; and

NOTE – At the end of quarterly audit, cash balance should be verified and a verification certificate should be recorded in this cash book.

- (ii) the register bears the evidence of check by the Accounts Officer daily.

41. Special advance amount books maintained by the General Manager, Khadi Kraft – To enable the General Manager to take urgent payments for the purchase of handicraft and other articles, and to meet other expenses a special advance of Rs.25,000 has been sanctioned in B.P.Ms.No.338, dated 6th July 1974 under Art 246 (13) of Tamilnadu Financial Code-Volume I. out of the sum of Rs.25,000 a sum of Rs.3,000 has been kept in cash in the Khadi Kraft Office to meet urgent petty items of expenses. The balance of Rs.22,000 has been deposited in the savings bank account with the Indian Bank, Esplanade Branch in the name of General Manager. The expenditure from this fund is recouped periodically by presenting necessary bills in the Pay and Accounts section of the Board.

The records pertaining to the special advance and the audit checks are detailed below :-

- (a) Special Advances Cash Book – This register shows the expenditure incurred from the special advance and the particulars of recoupment.

It should be seen in audit whether –

- The amount of special advance and the authority sanctioning it have been noted at the first page;
- Vouchers are available for all the payments made and if so whether they are in order.
- Crossed cheques / bank drafts have been issued in favour of the supplies for the payments and their simple acknowledgements obtained in the register maintained for the purpose;

NOTE : - Stamped receipt of the suppliers are sent to the Pay and Accounts section of the Board at the time of presenting the recouped contingent bills.

- Contingent expenses have been entered then and there in the Contingent Register, and the Purchase Register;

NOTE : The contingent bills should be traced in the Cash Book.

(v) the recouments vouchers sent to the Pay and Accounts section of the Board have been passed for without delay and the cheques obtained and accounted for in the receipt side of the Cash Book.

NOTE : - The Register of Bills (M.T.C.70) has to be verified with the recoupment vouchers and the receipt of the cheques in detail.

(vi) the recouments and the payments made by cheques have been property entered in the Cash Book and duly attested by the Accounts Officer;

(vii) the certificate regarding the count of pages has been furnished in the front page of the register;

(viii) the book is written up daily and the balance at bank is ensured;

(ix) The amounts entered in the bank column of the Cash Book (charges side) agree with those in the counterfoils of cheques;

NOTE : All the counterfoils of cheques for the period of audit should be traced into the Cash Book and the Pass Book of the bank.

(x) the cancelled cheques are forthcoming to audit,

NOTE : - The cancelled cheque leaves should be destroyed and a note to that effect recorded in audit under the dated signature of the auditor; and

(xi) the cash book is closed every month and reconciliation of the closing balance of the Pass Book and Cash Book is effected and recorded under the initials of General Manager, Khadi Kraft.

(B) Bank Pass Book- It should be seen –

- That the cheques remitted into the bank as soon as the amount is recouped has been duly credited and that only amounts of cheques issued on the bank by the General Manager of Khadi Kraft upon the bank have been dedited in the pass book;

(ii) that the pass book is written up by the bank and that each receipt entry is duly authenticated;

(iii) that the pass book is balanced monthly under the signature of the Manager of the Branch;

(iv) that the pass book is sent to the bank once in a week or ten days for being written upto date; and

(v) that the balance shown in the pass book at the close of the year agrees with that entered in the bank column of the Special Advance Cash Book for the month of March after making the necessary allowances for uncashed cheques etc.,

(C) Cheques Books – It should be seen that –

(i) the cheque book given by the Bank should on receipt be carefully examined by the Accounts Officer who should count the number of leaves contained in each book and record a certificate of count on the fly-leaf;

(ii) the cheque books must be kept under lock and key in the personal custody of the Accounts Officer.

(iii) the cheques have not been signed unless required for immediate delivery to the person concerned.

(iv) the cheques were drawn in favour of third parties for the supplies of goods under proper acknowledgements.

NOTE : Pay and allowances including T.A. and medical charges, and contingent expenses like rent other recurring items shall not come under the scope of special advance account.

(v) all the cheques issued have been duly entered in the Cash Book.

NOTE : For this purpose, the counterfoils of all cheques issued during the period under audit should be traced into the Cash Book, care being taken to see that the amount, number and date of the cheques have been entered on the contingent bills.

(vi) the detailed instructions on the procedure to be followed in accounting for the cheques mentioned in the K.B.P.Ms.No.41, dated 2nd February 1968 and Circular Rc.No.27165 / Accounts / 70, dated 4th May 1973 Board's Circular Memo No.P.A.I / 76, A-8, dated 2nd March 1976 are followed in general.

42. Main Cash Book – The register contains all the cash receipts and cheque receipts and the remittances made into the bank.

It should be seen that –

- In this principal Book receipts as accounted for in the Main Chitta Book (Cash) and in the Register of Cheques Received (Cheque) are entered.
- In the receipt side of the Main Cash Book are entered the following :-
 - Receipt as from Main Chitta Book
 - Receipt of cash from Cash Counter
 - Receipt by cheques from Cash Counter
 - Receipt by cheques from the Register of Cheques draft received.
- Sale proceeds tendered by the City Krafts in the expenditure side of the Cash Book are entered the following items.
 - Cheque remittances
 - Cash remittances (by getting drafts at Canara Bank.)
- The General Manager, Khadi Kraft has to prepare an abstract of receipts for the calendar month and to send the list of drafts and cheques along with the monthly accounts; and

- While remitting the drafts and cheques to the Board Office he has to prepare in duplicate the covering list of cheques and drafts and get proper acknowledgement for the receipt of cheques and drafts by the Board on the duplicate copy.

43. City Chitta – The receipt of sale proceeds and remittances by the City Krafts are entered in this register.

It should be seen whether –

- (i) the amounts collected against each receipts are accounted for in the register; and
- (ii) the amounts remitted into Bank Daily.

NOTE – For the purpose the entries in this register should be traced into Cash Remittance Register and Cheque Remittance Register.

44. Cash Remittance Book (for getting drafts from the bank) – This register is maintained by the Chief Cashier of the Khadi Kraft to record the cash remittances made in to the Indian Bank and the drafts obtained therefore.

It should be seen that –

- (i) the daily cash collections as accounted for in the Main Chitta Book, Miscellaneous Cash Book, and the cash received from the city krafts are remitted into the Indian Bank, and demand drafts obtained for the amounts remitted and sent to the Board as laid down in Board Memo. Rc.No.30096 / A(s) 75, dated 21st March 1975.

NOTE : The receipt as per Main Chitta and City Chitta should be traced into this register. The remittances should be traced into Cheque Remittance Register.

- (ii) the minimum amount fixed for a draft is kept in view and drafts are obtained for the entire balance which remains at the close of the day, and in favour of the Tamil Nadu Khadi and Village Industries Board.
- (iii) necessary entries for the drafts obtained are noted in this register as well as in the Main Cash Book and
- (iv) the register bears evidence of check at the hands of the Accounts Officer.

45. Remittance Register for Cheques and Drafts – This register is maintained in the Accounts Section of Khadi Kraft to record the cheques and drafts sent to the Board daily.

It should be seen that –

- (i) the cheques and drafts tendered at the Main Office and received through Sales Counters of Khadi Kraft and Main Kraft are recorded in the Register of Cheques and sent to the Board on the next day positively.
- (ii) the cash collections of Khadi Kraft have been converted into Demand Drafts and added to the list daily.
- (iii) the official acknowledgements for the receipts and drafts sent daily to the Board are kept and filed;

(iv) the cheques and drafts drawn in favour of Khadi Kraft are not endorsed as instructed in Board Memo Rc.No.30096 / A1 / 5 / 75, dated 28th April 1975 while sending them to the Board.

NOTE : The entries made in the Register of Cheques and Drafts are to be traced in full in the Remittance Register.

(v) the cheques and drafts have been credited into the Board's Accounts and the dates of credit noted after verifying with the Board Office; and

(vi) in the case of dishonoured cheques necessary action has been taken for their subsequent realization on their return from Board's Office.

46. Petty Cash Vouchers – The General Manager is given a petty cash of Rs.3,000 to meet the petty cash payments such as freight, refreshment charges, cost of petrol etc., and this amount is placed under the custody of the Chief Cashier. Amounts Spent on petty items of contingencies from the petty cash are recorded in vouchers, which are treated as petty cash vouchers.

It should be seen in audit that –

- The petty cash vouchers are numbered in seriatum for the financial year and written in the Petty Cash Book under the different heads of contingent charges;

(2) the petty items of payments are passed for payment by the General Manager in all the Petty Cash Bills;

(3) the petty cash vouchers are cancelled as soon as they are paid under the orders of the General Manager and

(4) the payments made from the petty cash on local purchase of stationery, refreshment charges, freight, cost of petrol, washing charges of uniforms, repair charges to furniture, machinery etc., are within the financial powers prescribed in K.B.P.Ms.No.37, dated 22nd February 1980 and entries made in the respective registers without delay.

NOTE – The other usual checks have to be exercised on the lines indicated against Petty Cash Book in paragraph 48 below.

47. Permanent Advance Disbursement Register or Petty Cash Book – This register shows the expenditure incurred from the permanent advance / imprest and the particulars of periodical recoupment.

It should be seen in audit –

(i) whether the amount of Imprest or permanent advance and the authority sanctioning it have been noted at the first page;

(ii) whether petty cash vouchers are available for all the payments with pass orders by the General Manager.

(iii) whether contingent expenses have been entered then and there in the Contingent Register.

(iv) Whether the serial numbers of items recouped have been rounded off and the connected vouchers cancelled.

- Whether there has been any undue delay in the recoupment or recovery of advances paid and the balance at the close of each day is struck and verified by the Accounts Officer.

(vi) whether the temporary advances given to the Driver and other staff have been recorded in the Temporary Advance Register, and they have been adjusted after getting the vouchers for payments and adjusted item rounded off in the Temporary Advance Register; and

(vii) whether the balance according to the Petty Cash Book on the date of audit agrees with the actual cash on hand.

NOTE : - The unspent cash on hand should be actually counted and the closing balance on hand should be verified along with other cash balances.

48. Register of Undisbursed Pay – This register is meant for watching the payments of money drawn from the Pay and Accounts section of the Board through the Register of Bills (M.T.C. 70)

It should be seen in audit whether –

- All pay bills, T.A. Bills, Medical reimbursement Bills, Sales incentive Bills, contingent bills relating to the payment of salary to mentals, etc., except purchase bills are noted in this register;

NOTE :- Recoupment of permanent advances should not be entered in this register.

(ii) the dates of encashment have been noted in cases where the Bills were not encashed on the same date;

(iii) the daily cash balance in the U.D. Pay register has been carried over to General Cash Book

(iv) any money has been left undisbursed for over three months and in such cases whether the undisbursed amounts have been refunded as instructed in Circular Rc.No.1229 / 65 / E2, dated 11th March 1965 of the Chief Executive Officer.

(v) the register is maintained in Form 12 and on the lines indicated in Circular Rc.No.27165 / Accts-1/70, dated 4th May 1973, and Board's Circular Memo. No. PAI / 76 / US / 2-3-1976;

(vi) the register has been reviewed once a month by the General Manager and a strict watch is kept over delays in disbursement.

(vii) undisbursed pay and allowances and leave salary shall not under any circumstances be placed in deposit.

(viii) if the amount of Bill is not disbursed on the date of encashment, the date of disbursement is indicated and the serial numbers of items completely disbursed are ringed off;

NOTE – The Closing balance under U.D.P. Account should be verified physically in audit, at the time of verifying the cash balance for the day along with the other balances of cash, and

(ix) an abstract is drawn at the end of each day showing the following details -

- Opening Balance
- Add Receipts
- Total
- Less Disbursements

- Closing Balance

49. Temporary Advance Register – This register is specially maintained to watch the adjustment of temporary advance to the Drivers, Menials, and other staff to meet certain urgent expenses.

It should be seen in audit –

- (i) that the advance granted a covered by acknowledgements.
- (ii) that the advances have been granted only to the staff to meet urgent petty expenses;
- (iii) that the advances paid are based on the approximate expenditure likely to be incurred.
- (iv) that the approval of the General Manager has been obtained in each case; and
- (v) that there are no delays in adjustment of the advance paid to the staff.

NOTE – Entries in this register should be verified with reference to the Petty Cash Book in detail.

50. Pay Bill Register – This register shows the bills towards Pay and Allowances and Medical reimbursement bills drawn from the Pay and Accounts section of the Board. The salary of menials paid from contingencies should not be recorded in this register.

Audit should examine whether :-

- (i) the staff employed in the Khadi Kraft and their rates of pay find place in the annual establishment list approved by the Khadi and Village Industries Board Act read with G.O.Ms.No.470, dated 7th March 1968.
- (ii) the scales of pay, the number of posts sanctioned by the Board, period of sanction and absentee on leave or otherwise and other relevant particulars are noted in the pay bill.
- (iii) the acquittances in the proper form have been obtained in all cases with dates and that the dates of disbursement agree with the U.D. Pay Register.
- (iv) the page-war totals and consolidated total for the entire establishment are struck at the end of the Bill.
- (v) in respect of the persons deputed from other departments, the pay and allowances claimed are based on the terms and conditions of deputation or contract, if any;
- (vi) the certificates prescribed in subsidiary rule 4 (d) under Treasury Rule 32 have been furnished;
- (vii) the cross reference has been given in respect of all the arrear claims of staff viz., increments patta, etc.
- (viii) the dates of encashment and the token number Cheque number noted in the bill agree with the corresponding entries and in the Register of bills (M.T.C. 70 and the Register of U.D. Pay)
- (ix) the office copies of Last Pay Certificates received and issued by the office are forthcoming to audit.
- (x) the advances L.I.C. Society dues, R.D., G.P.F., etc., have been recovered promptly and credit entries made in the respective watch registers viz., Advance registers, G.P.F. registers, L.I.C. Premium Register, Society Recovery Register and Miscellaneous recovery register,

Miscellaneous Cash Book, etc. as laid down in Board's Circular Memo No.PAI / 76-U-8 dated 2nd March 1976.

(xi) in case of any establishment appointed by the General Manager the sanction of General Manager or higher sanction is required under the rules in force.

(xii) in the case of arrears of pay, leave salary bills, incremental arrears separate bills are prepaid and not mingled with the main Bill and arrears of payment have been regulated with reference to the Provisions in Article 54 of Tamilnadu Financial Code Volume I.

(xiii) Pay and Allowances relating to the establishment sanctioned for temporary periods, should not be mixed with the permanent establishment should be drawn in separate bills.

(xiv) the sanction order for the leave including surrender leave is attached and entry made in the service book when a leave salary bills is drawn.

(xvii) the details of income Tax deductions made in the bill are correct and remitted into the treasury or Reserve Bank of India.

(xviii) the security cash and fidelity Bonds have been obtained from the employees like Godown Keepers, Counter Assistants, Chief Cashier etc. who are required by the rules to furnish security and they are in order.

- The absentee statements prepared by the Khadi Kraft are forthcoming to audit.
- For drawing conveyance allowance, a certificate of maintenance of conveyance is furnished from the individuals.
- Whether the Employment Exchange was consulted and only the candidates sponsored by the Employment Exchange were newly appointed to service as required in G.O.Ms.No.2278 RDLA, dated 8th October 1971.
- In the case of suspension and the payment of subsistence allowance, whether the relevant rules in F.R. and Service regulation have been observed.
- In the case of Medical reimbursement claims the Essentiality Certificate the details of medicines purchased are available and they are admissible as per Medical attendance rules of the Government of Tamilnadu as amended from time to time and
- The compensatory allowances such as Hill Allowance, winter allowance H.R.A., C.C.A. payable to the staff are covered by the sanction of the Board.

51. Register of Bills (M.T.C. 70) – All the pay bills, contingent bills etc. presented to the Board should be entered in the Register of Bills (M.T.C.70).

It should be seen in audit

- Whether the net amount noted in the register is correct with reference to the pay bills and contingent bill' and

NOTE – For this purpose all the pay bills, contingent bills etc., and should be traced into the Register of Bills.

(ii) whether the amounts passed for payment by the Board are duly accounted for in the Khadi Kraft.

NOTE : For this purpose all the entries as per the Register of Bills should be traced into undisbursed Pay Register.

52. Acquittance Register – It should be seen that –

(i) separate acknowledgements, stamped wherever necessary, of the payees are taken in the office copies of Pay Bill or in separate Acquittance Register for the payment of Salary, T.A., Medical Reimbursement, advances etc., drawn for disbursement by the General Manager.

(ii) if the payee does not present himself to receive the payment and has authorized somebody to receive payments on his behalf, the acknowledgement and the authorization are taken and that the person who receives the money should be a person known to the disbursing officer and has signed on the bank of absentee's acknowledgement in token of his having received the money on the absentee's behalf;

(iii) the Acquittance Register is maintained on the lines indicated in Circular Rc.No.27165 / Accts.I / 70, dated 4th May 1973.

NOTE – All Bills of Pay and Allowances, Travelling Allowances, Medical Charges, and salary of contingent employees are drawn from the Pay and Accounts section through the Register of Bills (M.T.C. 70). Audit should check the Register of Bills in full, out the dates of encashment, and cross check with the Acquittance Registers and undisbursed Pay Register.

53. Register of Service Books and Rolls – This register contains details of the names and designations of the Khadi Board servants for whom Service Registers have been opened with the date of opening and the date of quinquennial attestation of the entries.

It should be seen in audit whether –

- The Service Books have been opened in respect of all the officials and whether the entries are made upto date and
- In case of transfers, the fact should be noted in the register both for incoming and outgoing staff.

NOTE : - The Service Books maintained should be verified with the Register of Service Books.

54. Register of Probationers – This register contains the details of Board Servants and their designation, in whose cases probation has been commenced.

It should be seen in audit that –

- a special Register of Probationers and a probation sheet have been opened in the forms prescribed in Annexures V-A and V-B to Board Service Regulations issued in K.B.P. Ms.No.434, dated 12th September 1966.
- The entries relating to appointment, regularization, commencement and completion of probation, etc., quoting the relevant orders issued by the General Manager or the Chief Executive Officer of the Board; and

- The register has been checked by the General Manager, Khadi Kraft at periodical intervals.

55. Register of Increments – This register shows the names of the Board Servants, for whom the Services are regularized, the first and subsequent increment drawn after observing prescribed procedure specified in Board's Service Regulations

It should be seen that –

- An increment Register in the form specified in G.O. MS.No.3155, Public (Inspection-B) dated 1st December 1963 has been maintained.
- The increments, have been drawn on due dates after observing the Board's Service Regulations.
- The increments have been drawn without any delay as laid down in TamilNadu Financial Code, Volume-I and Tamilnadu Treasury Code, Volume-I and
- The register has been scrutinized and the entries attested at the time of sanctioning increments by the General Manager.

56. Service Register – Service Register of staff should be checked to see –

(i) whether the record of service of each official is complete;

NOTE – While examining the Pay Bill Register it should be seen that all leave, increment, surrender leave salary, etc., have been recorded in the Service Book.

(ii) whether the annual verification of services has been recorded by the General Manager.

(iii) whether the leave accounts have been correctly worked out;

(iv) whether in the case of employees on deputation from Government Departments, the rates of leave salary (wherever recoverable) and the pension contribution due to the Government, as intimated by the Accountant General, Madras have been noted in the Service Books;

(v) whether the persons employed possess the qualifications prescribed for the posts specified by the Board in K.B.P.Ms.No.1064, dated 30th October 1971 and K.B.P.Ms.No.434, dated 12th September 1966 and

(vi) whether the entries in the Service Register are upto date, noting all the incidents in an official, career such as first appointment, regularization of service, completion of probation, passing of tests, promotion, leave, punishment, sanction of increment, etc.

NOTE – Entries made in the Service Books should be verified with the Register of Increment Certificates and the register of probationers. The audit of the Service Books is mainly conducted with reference to the establishment regulations issued by the Board in K.B.P.Ms.No.434, dated 12th September 1966, the Fundamental Rules and the Pension Rules of the Government.

57. Security Deposits Register of Khadi Board Employees –

It should be seen that

- Security has been obtained from all employees who are required by the rules to furnish it viz., godown keepers, counter assistants, Khadi Inspectors, Khadi Sales Inspectors, etc.

- The amount of security fixed in each case is noted in the register with the number and date of Board's Sanction.
- Full amount of security has been furnished by the cashiers, godown keepers, counter Assistants, Khadi Inspectors, Khadi Sales Inspectors, etc., as laid down in Khadi Board's Proceedings Ms.No.281, dated 29th March 1972 and MS.No.398, dated 3rd May 1972 and B.P. Ms.No.41, dated 2nd February 1968.
- Security bonds have been taken in all cases in the prescribed form as laid down in Tamilnadu Financial Code, Volume – I.
- The Savings Bank Pass Books are forthcoming in all cases where postal Savings Bank Deposits have been furnished as security.
- Interest realized from time to time paid to the staff.
- The Postal Savings Bank Pass Books are pledged in favour of the General Manager, Khadi Kraft.
- The return of pass books and other documents is duly acknowledged by the staff.
- The register is totalled and the consolidated total taken to "Security Deposit" head under Balance Sheet in the proforma accounts; and
- In respect of losses caused to the funds of Khadi and Village Industries by way of misappropriation, shortage of stock etc, the security deposits are first adjusted against the losses, and the balance amount of loss made good by the employees.

NOTE :- Audit should verify whether the closing stock held by the counter assistants and Godown Keepers are heavy and suitable comments are to be made if the stock is heavy and disproportionate to the value of security tendered, in the financial interest of the Khadi Kraft.

58. Travelling Allowance Bills – The audit of travelling bills comprise mainly of the following checks

- (i) the pay of the incumbent noted in the Travelling Allowance Bill is correct with reference to the pay shown in Pay Bill.
- (ii) the Railway fare claimed is correct as verified with the Railway time table;
- (iii) the claims for Daily Allowance, Mileage, incidental charges, terminal charges, transport of personal effects, etc., are correct with reference to the Travelling Allowance Rules and agree with the diaries and the Log Books of the vehicles.
- (iv) the requisite certificates are furnished in the Travelling Allowance Bill.
- (v) the bills are counter-signed by the competent authority and the sanction of higher authorities obtained as laid down in rule 60 (b) of the Tamil Nadu Travelling Allowance Rules'
- (vi) separate acknowledgement for the receipt of money is forthcoming to audit.
- (vii) the advances paid for the travel are adjusted without any delay.

(viii) The Travelling Allowance Bills are preferred by the Staff within the time limit prescribed in the Travelling Allowance Rules and the belated claims are rejected forthwith besides recovering the advances if any;

NOTE – (vide M.S.No.52, Volume I read with Board's Memo. D. Dis.79935 / G4 / 74, dated 8th July 1974).

- The payments of Travelling Allowance for special purposes are covered by special sanction and authority.
- The bills are passed without any delay and the payments regulated within the ceiling limits fixed by the Government and the Board; and
- In the case of Transfer Travelling Allowance the rules and conditions specified in the Travelling Allowance Rules are observed.

59. Medical Reimbursement claims – Before the audit is taken up, the auditor should acquaint himself thoroughly with the Medical Attendance Rules issued by the TamilNadu Government on the subject of medical reimbursement.

It should be seen in audit that –

- The medicines purchased are admissible with reference to the list of inadmissible medicines published by the Government from time to time.
- The essentially certificates are signed by an authorized Medical Attendant, attached to a Government medical Institution.
- A register of medical reimbursement claim is maintained in the office as laid down in the instructions issued by the Board's Endorsement No.2991/A1/68-1, dated 18th January 1968.
- Where the total claim during a financial year exceeds one month's basic pay and D.A. of the claimant, the need therefore is properly ensured; and
- The claim is time-barred, (for this period of three months should be computed from the date of purchase of medicine.

60. Register of Medical Reimbursement – The object of the register is mainly to watch the annual ceiling fixed by the Government.

It should be seen whether –

All items have been paid under the initials of the General Manager and the Voucher Numbers / Cheque numbers are noted in this register.

61. Nominal Muster Rolls – It should be seen in audit

(i) whether the wages paid to the personnel employed on N.M.R. are in accordance with the Market rates fixed by the Collector of Madrs.

(ii) whether the work turned out is in accordance with the scale fixed by the General Manager, Khadi Kraft.

(iii) whether the stamped acquittances in the form of left thumb-impression of the labourers have been obtained, even if they are literate in support of the payments of wages; and

(iv) whether the posts of Kalasis and menials employed under Khadi Kraft are covered by competent sanction as laid down in K.B.P.Ms.No.28, dated 30th January 1967, K.B.P.Ms.No.736, dated 21st October 1976 and K.B.P.Ms.No.37, dated 22nd February 1980.

62. Contingent Bills – The auditor should acquaint himself with the Madras Khadi and Village Industries Board Act, 1959, the rules framed under section 29 of the Act and the regulations framed by the Board under section 30 of the Act. According to G.O.Ms.No.470, Rural Development and Local Administration, dated 7th May 1968, the Board and its units have to follow the rules prescribed in the Tamilnadu Financial Code, Tamilnadu Treasury Code and the Tamilnadu Account Code, Besides, he should peruse the list of powers delegated to the General Manager, Khadi Kraft in K.B.P.Ms.No.26, dated 7th May 1968 and K.B.P.Ms.No.28, dated 30th January 1967, K.B.P.Ms.No.736, dated 27th October 1976 and K.B.P.37, dated 22nd February 1980 and the orders of the Board issued from time to time, regulating his financial and administrative powers.

In Khadi Kraft, contingent expenditure is incurred out of the funds at two sources, viz.,

- Special advance available with the General Manager.
- Regular Bills drawn on the Pay and Accounts Section at the Board Office.
- Special Advance Account Contingent Bills – In K.B.P.Ms.No.338, dated 6th June 1974, the Board has sanctioned a special advance of Rs.25,000 to the General Manager to meet the urgent and immediate payments for the purchase of Handicraft and Village Industries products and other articles, and towards other expenses like freight charges, cartage, etc. Out of this sum a sum of Rs.3,000 has been kept apart in cash, as imprest, to meet ordinary petty items of expenditure. The rest of sum viz., Rs.22,000 has been lodged in the Savings Bank Account with the Indian Bank, Espalande Branch. Payments towards the purchase of goods for Khadi Kraft for sale are made from out of this account at the discretion of General Manager by drawing self cheques and by issue of third party cheques and the amount thus spent is recouped from the pay and accounts section of the Board.
- Contingent Bills (Regular) – Fully vouched contingent bills in M.T.C. Form 58 are prepared and presented in the pay and accounts section of the Board for drawal of cheques.

Both these contingent Bills are booked in the Contingent Register and the Disbursing Officer's Register of Expenditure.

It should be seen in audit –

- Whether the contingent bills prepared with reference to the circular instructions issued in Board's Rc.No.27165 / Accts-I / 70, dated 4th May 1973 and the contingent register maintained in Board's circular Memo No.PAI / 76, U.S., dated 2nd March 1976.
- Whether it is a proper charge and is covered by the budget allotment.
- Whether necessary sanction exists for unusual or special contingent charges;

- Whether competitive tenders have been invited for the supply of all articles required for the whole year such as stationery, and the lowest rates accepted to the advantage of the Khadi Kraft.
 - Whether the payees stamped receipts are obtained from the suppliers of goods and whether the quality and quantity have been checked by the storekeepers and accepted as conforming to the specifications and requirement and that necessary stock entries have been made before payments had been recorded in the vouchers;
- (vi) whether necessary sanction is forthcoming and the charges entered in the Register of Recurring Charges in the case of recurring charges such as Rent, Electricity, Telephone, rates and taxes etc.
- (vii) whether the law charges, pleaders fees etc., are paid at the rates fixed by the Government and with the sanction of competent authority;
- (viii) whether in the case of expenditure on “postage” necessary entry is made in the stock account of postage stamps;
- (ix) whether the printing and binding bills have been paid with reference to the rates certified as reasonable by the Director of Stationery and Printing and the rules contained in Stationery Manual and with reference to G.O.Ms.No.264, Transport Department, dated 13th June 1975;
- (x) whether the contingent bills relating to purchase of petrol, diesel oil, to the vehicles are regulated with reference to the Departmental Vehicle Control Rules and the entries are made in log books, part-I
- (xi) whether the payment of repair charges to the vehicle has been made on the basis of certificates given by the Automobile Engineers of Motor Vehicles Maintenance Organisation and payments regulated with reference to the Departmental Vehicles Control Rules and entries made in Log Book – Part II.
- (xii) whether in the case of payment of wages to menials paid from contingencies, acquittances for the amount paid are obtained in a separate roll and its sanction of General Manager and the Board are obtained for the employment of Kalasis and menials;
- (xiii) that all payments relating to demurrage charges and whar-fages are reasonable and whether there was no fault on the part of officials to clear the consignments in time. The General Manager should enter a certificate to that effect on the sub-vouchers.
- (xiv) that the firms or Society’s invoices are enclosed as sub-vouchers as soon as the articles are received and accounted for in the Stock registers, the articles indented are received in good condition and the quality and quantity are in order;
- (xv) that the value of the article purchased has been noted invariably in all cases and the value noted is inclusive of certain percentage of profit or discount beside the fact value of the articles.
- (xvi) that the sanction of the purchase committee is forth-coming for all the purchases made from outside agencies.
- (xvii) that the rates quoted by the firms or companies of suppliers for the articles purchased are relatively cheaper and within the market rates.

(xviii) that the goods purchased for sale at Khadi Kraft have market value and public demand;

(xix) that the goods are purchased only from the reputed firms and companies, as the case may be.

(xx) that the sales incentive paid to the godownkeeper and counter sales assistants is in order with reference to instructions issued by the Board in K.B.P.Ms.No.589, dated 12th September 1968, 1992 dated 16th September 1970, 551 dated 13th September 1973 and 68, dated 30th January 1974.

(xxi) that the out of pocket expenses paid to the Officers and Staff are in order and covered by the sanction of Chief Executive Officer or the Board and b the Officers and Staff are in order and covered by the sanction of Chief Executive Officer or the Board and by the attendance register maintained for the purpose as laid down in K.B.P.Ms.No.521, dated 26th December 1970.

- all commercial advertisements relating to Khadi and Village Industries products offering special discount or rebate during the festival seasons of State importance requiring wide publicity should be made in English and Tamil dailies through the Information and Publicity Department of the Government with reference to Board's Memo No.3112 / E1 / 71, dated 6th April 1972.

(xxiii) in the contingent bills for the refunds of deposits, whether the amounts refunded are covered by original credits, repayments made noted in the registers against the original credits and proper sanction is forthcoming in support of the repayments, and the works entrusted have been duly completed satisfactorily.

(xxiv) whether in the case of contingent bills, relating to supply to uniforms to Last Grade Servants, the supply has been done on the scales, dated 26th July 1968 and amendments relating thereto;

(xxv) whether the expenditure incurred on various contingent bills is in accordance with the delegation of powers made in K.B.P.37, dated 22nd February 1980; and

(xxvi) whether the paper covers have been obtained only from the Departmental Hand made paper units in the case of contingent bills for the supplies made to Khadi Kraft.

63. Purchase Registers of Khadi, Village Industries and Handicrafts Goods – All purchase of good should be entered in these registers as soon as the articles are received, with details as to the date of receipt, purchase order, names of suppliers, description of articles purchased, rates, quantity etc., Payments made against the purchases should be noted with voucher number and date and the amount paid. At the end of each month, the totals of the purchases during the month should be struck up and tallied with the departmental expenditure on purchases separately for Khadi goods and Village Industries and Handicrafts products. An abstract of the unpaid items for the year should be struck and the sundry creditors listed out.

The register will also serve the purpose of the Purchase Day Book. The total purchases made during the year will be known from this register and the unpaid items will disclose the number of Sundry Creditors to whom the amount is due to be paid.

Articles received by transfer from the departmental units, Societies, etc., which will not be reflected in the General Ledger should also be noted in these registers together with the value of such articles and unsettled items are like wise to be treated as "Sundry Creditors".

It should be seen in audit that the purchase vouchers and invoices relating to purchases are recorded in the purchase registers, that the purchase Committee's order are noted for the purchases and the expenditure incurred and unsettled items looked for in the connected accounts.

This register will serve to watch the double payments.

64. Contingent charges register – The register is intended to record contingent items of expenditure whether incurred from the permanent advance or otherwise and the cash and petty cash vouchers should be called for and verified in audit.

It should be seen in audit whether –

- appropriation has been noted at the top of each column in red ink;
- all items of contingent bills have been attested by the General Manager.
- All purchases of Stores and goods have been struck and agreed with the Register of bills (M.T.C.70) and the Disbursing Officers Registers of expenditure.
- Monthly total under each column has been struck and agreed with Register of Bills (MTC 70) and disbursing officer's Register of Expenditure.
- In the case of recurring charges like rent, sweeping charges, etc., necessary entries are made in the Register of Recurring Charges, and
- Acquittances for the wages paid to menials, or kalasis from contingencies are obtained in separate acquittance rolls.

65. Tools and plant register and furniture – It should be seen in audit :-

(i) whether a stock register of Tools and Plant, Furniture etc., is maintained in the form prescribed in Circular Rc.No.11768 / G1 / 63, dated 17th August 1963.

(ii) whether all the articles purchased are entered in the register, with full description, value voucher number, sanction order for the purchase etc.

(iii) whether all the articles received by transfer are entered with the details as to the unit from which transferred invoice number, description, value, etc.

(iv) whether any deletions from the stock by sale, transfer, or write off have been noted, and if so, they are made with the competent sanction, invoice number, cash receipt, etc.

(v) whether the value of the articles at the close of the financial year has been arrived at, after charging depreciation at the rates notified by the Board then and there; and

(vi) whether a certificate of verification of the articles has been recorded in the tools and plant and Furniture register by the head of the office.

66 Stock Account of Stationery – This register shows the item-wise stocks of all kinds of stationery purchased for the office.

The stock account should be examined to see –

(i) that the requirements for the year are estimated before the commencement of the year and the purchases made either by inviting open or limited tenders depending upon the value of purchases as per Article 125 of Tamilnadu Financial Code, Volume I, with the sanction of competent authority;

(ii) that the closing stocks of the previous year have been correctly brought to the current stock accounts.

(iii) that the purchases during the year as per the contingent vouchers have been brought into account in this register and the issues regulated as per the prescribed scale of issues and the balances struck.

(iv) that the closing stocks at the end of each quarter have been physically verified and the certificates furnished and that the stocks have been test checked by the General Manager and Certified to; and

(v) that in the case of local purchase of stationery whether the purchase of stationery is within the financial powers laid down in K.B.P.Ms.No.28, dated 30th January 1967 and K.B.P.Ms.No.736, dated 27th October 1976.

NOTE : This should be verified with the petty cash vouchers relating to the purchase of stationery.

67. Register of Vehicles – This is a consolidated initial record for all the vehicles acquired for the Khadi Kraft. It should be seen in audit :-

(i) that all the vehicles belonging to the Khadi Kraft have been entered in the Register of Vehicles with reference to the purchase files and bills or records of transfer, and

(ii) that the value of the vehicles is depreciated annually at a rate fixed by the Government or by the Board and the depreciation charged to the Profit and Loss Account of the Kraft.

68. Periodical Charges Register – This register is maintained to check against double payments.

It should be seen –

(i) whether the register is maintained in now form No.19 and

(ii) whether all periodical charges such as rent, electricity, telephone charges etc. are entered in the register in separate folios with the sanction order noted at the top wherever necessary.

69. Log Books Parts I and II Part – I The performance of the vehicles is watched through the Log Book Part I.

Part II – The expenditure on repairs and replacement in respect of the vehicles is watched through Log Book Part III.

NOTE : - The entries in part I should be checked with reference to the contingent bills, petty cash vouchers relating to supply of petrol, diesel oil etc. Entries in respect of Part II should be checked with reference to the contingent bills relating to major and minor repairs, and petty cash vouchers.

It should be seen in audit whether –

- The monthly limit of fuel consumption has not exceeded the ceiling fixed by the Board and in the case of excess consumption whether it has been ratified by the Board.
- The average of kilometers done per litre is worked out and recorded at the end of each month in the Log Book Part I.
- The consumption of fuel has not exceeded the rate fixed in the Departmental Vehicles Control Rules in Appendix 26 Tamilnadu Financial Code, Volume II;
- The vehicles were used only for official purposes as laid down in Government Memo. No.82561 / Tr / Spl.68-6, dated 18th September 1968 and in the case of unofficial and private trips hire charges fixed by the Board have been recovered;
- The tyres have put in mileage as fixed in the Departmental Vehicle Control Rules in Appendix 26 of Tamilnadu Financial Code Volume II and the tyres and tubes are purchased through the State Transport Department, or through Director General of Supplies and Disposals, New Delhi.
- All repairs to the vehicles have been carried out in consultation with the Automobile Engineers of Motor Vehicles Maintenance Organisation and payments regulated.
- The fuel is drawn from the bunks as laid down in Appendix 26 of Tamilnadu Financial Code, Volume II.
- The spare parts, old types, batteries etc., have been accounted for properly and they have been disposed of in public auction; and
- The quarterly tax paid for the vehicles is in order and refunds of quarterly tax applied for the period during which the vehicles were off the roads due to repairs.

70. Cycle Register – This register shows the number of bicycles available in the Khadi Kraft. It should be seen in audit whether :-

(i) the details of purchases, value and dates of purchases with the sanction order are noted in the register.

(ii) all expenditure incurred on repairs, and replacements have been noted in the register.

(iii) action has been taken to fix the responsibility if any for the defects noticed in the cycle.

71. Stock Account of Service Postage Stamps – The register shows the purchases, use, and balance of service postage stamps.

It should be seen in audit whether –

(i) the postage stamps purchased have been brought into account.

NOTE : - The purchases according to the contingent vouchers should be traced into the Postage Account.

(ii) the register has been closed daily under the initials of the Head of the ministerial staff.

(iii) the stock has been verified periodically and a certificate recorded by the Accounts Officer or General Manager everytime when an indent for stamps is made.

NOTE : - The stock of stamps should be physically verified during annual audit and seen whether it agrees with the book balance.

72. Monthly Scroll – The Senior Accounts Officer (Accounts) of the Board sends every month a monthly scroll for the receipt of cheques and drafts received from the drawing officers and accounted for in the Board account to enable them to prepare the reconciliation.

It should be seen –

- Whether all the cheques and drafts as per the Register of Remittances are entered in the scroll and
- Whether the valuations if any are exhibited in the reconciliation.

73. Register of Remittance – This should be examined to see –

(i) Whether it is maintained in Form No.6 prescribed in Board's Memo No.27165 / Accounts I / 70-17, dated 9th March 1973 and Board's Circular Memo No.P.A.I. / 76 / U.S. dated 2nd March 1976.

(ii) whether the monthly total of daily receipts under sale of Khadi, Village Industries products, Handicrafts, articles sale of books and Publications, Canteen items etc., as posted in the detailed register of receipts has been taken to this register.

- Whether the total under several words of receipts have been arrived at the end of each month and the total receipts tallied with the scroll figures; and

NOTE : The variation between the departmental receipts and the receipts as per the scroll should be exhibited in the reconciliation memorandum for receipts.

(iv) whether an extract of the register has been sent to the Government office at the end of each month.

NOTE : This register also serves the purpose of Disbursing Officers Register of Receipts. The Inspector (State Trading Schemes) Khadi Kraft should see whether the figures as per the register have been reconciled with the Pay and Accounts section of the Board. On receipt of such reconciled statements from the Central Manager, the Inspector (State Trading Schemes) Khadi Kraft should check the same and forward them to the Inspector (State Trading Schemes), Khadi Board. Now receipt of reconciled statement if any should be taken up with the General Manager under report to the Assistant Chief Auditor, Madras.

(Also see Circular Rc.No.40226 / 76 / A V3, dated 6th October 1976 and C.A.'s Memo R.C. 6055 / A1 / 75-3 dated 17th March 1977 to the Chief Executive Officer)

74. Register of Payments – This register is similar to Disbursing Officer's Register of Receipts but for charges.

It should be examined to see –

- Whether it is maintained in Form No.4 prescribed in Khadi Board's Circular No. P.A.I. 76 / U.8. dated 2nd March 1976.
- Whether the classification has been done under correct head of account.
- Whether the totals struck under several heads of account are correct.
- Whether separate pages have been allotted for each head of account like "A" General Administration and Inspection "B" propaganda and publicity; and
- Whether an extract of this register has been sent to the Board office at the end of each month.

NOTE : The Inspector Khadi Kraft should see whether the figures as per the Register have been reconciled with the Pay and Accounts section of the Board. On receipt of such reconciled statements from the General Manager, the Inspector, Khadi Kraft should check the same and forward it to the inspector, Khadi Board. Non-receipt of such reconciled statements should be promptly taken to the notice of the General Manager and to the Chief Auditor.

75. Physical Verification of Stock – According to the orders of Government all stocks, tools and plants, motor vehicles, money value forms etc. in the Khadi Kraft should be surprise verification conducted by the special squad of the Board Office. As per G.O. Ms.No.266 Industries Department dated 3rd March 1979 the physical verification should be conducted from 1st to 15th April every year. Further the stocks in the godowns, counters, will be physically verified whenever there is a change in the post of the Counter Assistant / Godown Keeper. Further the stocks are subject to Physical Verification by Departmental staff from 1st September to 15th September every year as per Board's circular Rc.No.101523, All, 1:38, dated 23rd February 1979.

It should be seen in audit :-

- Whether the counter assistant / godown keeper has furnished a certificate before verification to the effect that he has produced all the stock registers and articles available with him for verification.
- Whether the actual verified have been recorded in the relevant stock register immediately after the book balance on the date of verification under the signature of the verifier
- Whether the actual noticed in the verification have been taken as the book balance immediately after the verification.

(iv) that discrepancies noticed in the stock if any (excess or shortage) have been detailed in the discrepancy statements.

(v) that shortages noticed have been taken to the Register of shortages.

(vi) that set off statements prepared with reference to the discrepancy statements are correct as per the Board's orders issued from time to time.

(vii) that the net shortages has been correctly worked out and recovery regulations orders passed;

(viii) whether the shortages exceeding Rs.1000 have been reported to the Chief Auditor as laid down in Act 294 of Tamilnadu Financial Code Volume – I.

(ix) that the recoveries ordered have been noted in the Recovery Register and recoveries made regularly.

(x) that the shortages written off are debited to the Profit and Loss Account; and

(xi) that the shortages pending recovery are exhibited as an asset in the Balance Sheet of the proforma accounts.

NOTE : According to D.O. Letter No.72947 / Accts / V-3 / 76, dated 17th July 1976 of the Chief Executive Officer the State Trading Schemes audit shall conduct in addition to cash audit and verification the physical verification of selected vulnerable stocks in each counter and godown and incorporate the defects in the quarterly audit notes.

76. Classified Abstract of receipts and charges – Monthly Accounts – It should be seen in audit whether –

(i) the monthly accounts of receipts and charges is correct with reference to the Register of Payments and Register of remittances and are prepared with reference to the Board's Circular Memo. No.PAI / 76 / U8 dated 2nd March 1976,

(ii) an abstract of transactions both under receipts and charges for each month is prepared with reference to the monthly accounts and rendered to the Board on or before 10th of every succeeding month and to the audit for being checked and forwarded to the Inspector, (State Trading Schemes) Khadi Board Audit.

77.Proforma Accounts : - According to Section 20(1) of the Tamilnadu Khadi and Village Industries Board Act 1959 read with sub rule (2) of Rule 5 of the Tamil Nadu Khadi and Village Industries Board (Accounts and Audit) rules 1968, the Board shall prepare an Annual Statement of Receipts and Charges, Profit and Loss Account and Balance in the form prescribed by the Board within 5 months after the final and supplemental accounts of the financial year are closed. In order to enable the Board to compile the consolidated proforma accounts for the Board for the financial year and to forward the same to Government, all the units of the Board including the Khadi Kraft shall prepare their own proforma accounts and forward it to the Board soon after the financial year is over.

A statutory date for the preparation and submission of the proforma account to the Board has been fixed as 30th April every year in the, case of Khadi Kraft. The transactions of the Khadi Kraft Madras are peculiar in nature and they differ from those on other departmental units. Khadi, Village Industries products and Handicrafts articles are purchased and sold at the Khadi Kraft for which separate proforma accounts have to be prepared under Khadi and Village Industries Funds and one Bank Account is maintained for both these Funds. But detailed procedure for the preparation of the accounts under the two funds have not yet been evolved by the Board. Detailed guidelines for the preparation of proforma accounts in the Khadi Kraft have not been issued by the Board.

In the absence of specific instructions from the Board the following accounts are appended for check.

Trading Accounts for –

- Khadi Cotton
- Khadi Silk
- Readymade Articles
- Village Industries
- Handicrafts
- Canteen
- Books.

II. Khadi Manufacturing Account for Readymade articles.

- Profit and Loss Account for –
- Khadi Goods
- Village Industries Products, including Books, Canteen and Handicrafts articles.

IV. Balance Sheet for the

- Khadi Funds and
- Village Industries Fund.

The check of proforma accounts has to be done with reference to the following register and records maintained in Khadi Kraft :-

- Main Cash Book
- Miscellaneous Cash Book
- Special Advance Cash Book
- Petty Cash Book
- Cash Abstract Book or III Cash Book
- Register of Cheques Received
- Purchase Register
- Creditors Register
- Debtors Ledger including the dues from the Khadi, Village Industries Commission.
- Rebates and Subsidies Register
- Posting Register of Receipts
- Posting Register of Expenditure
- Stock Registers and Stock Sheets
- Set off Statements
- Register of Shortages
- Register of writes off
- Undisbursed Pay Register
- Register of Bills (M.T.C. 70)

- Contingent Register
- General Ledger or Register of Incoming and Outgoing invoices.
- Cash Linking Statement of Receipt and Expenditure
- Stock Register of Stationery and the stock sheet relating thereto.
- Tools and plant register and stock sheet the statement of Depreciation.
- Furniture register and stock sheet relating thereto and the statement of Depreciation
- Register of Motor Vehicles and the Statement of Depreciation.
- Register of Deposits.
- Register of Advances
- Postage Account
- Register of Security Deposits
- Sundry Creditors Abstract
- Sundry Debtors Abstract
- Statement of Demand, Collection and Balance partywise, yearwise, category wise.
- Special Advance Pass Book
- Register of writes off.

The following certificates and enclosures prescribed should be appended to the Proforma Accounts :-

- Certificate of Verification of Closing Stocks.
- Account of unused Service Postage at the close of the year.
- Schedules containing the details of writes off.
- Schedule of year-wise and party-wise particulars for Sundry Creditors and Sundry Debtors.
- Account of Sale of Khadi on wholesale basis for which no rebate is allowed separately.
- Certificate that the value of closing stock shown in the Balance Sheet has been reconciled and agreed with the entries in the Stock Registers.
- Certificate indicating the stocks held in the godowns and counters were in saleable or unsaleable condition.
- Certificate that the balances due from the Khadi and Village Industries Commission and Sundry debtors are confirmed.
- Certificate of count of Cash Balance at the end of the trading period.
- Furnishing of proforma receipts and expenditure linking them with the actual in the form appended to Circular Memo No.23305 / G I;61-15, dated 1st September 1961 and Rc.No.51189 / G I / 68, dated 25th September 1963.
- Accounting of the cost of Stationery and form supplied by the Director of Stationery and Printing and from other sources.

- Accounting of the value of goods received from and issued to other units separately on the assets and liabilities sides of the Balance Sheet
- Accounting in the Proforma Accounts – (a) The value of closing stocks actually found on physical verification including excesses noticed during the verification and taken to stock.
- The value of shortages pending recovery by regularization or write off.
- Appending a statement showing the yearwise and category wise D.C.B. particulars for Rebates and Subsidies from the Khadi and Village Industries Commission.
- Furnishing of year-wise Demand, Collection and Balance Statement under Khadi and Village Industries products sold on credit basis to the-
 - Government Servants
 - Government Departments, and
 - Others.
- Furnishing of the statements of depreciation as contemplated in B.P. Ms.No.531, dated 1st June 1971.
- Furnishing of a statement for apportioning the rent, telephones and other contingent items if any between the accounts as per paragraph 364 of Khadi Manual.
- Furnishing of invoice-war details for the transfer of receipts and issues of goods, and
- Furnishing of the list of balances under Deposits and Advances, individual wise as exhibited in the Accounts.

It should be seen in audit that –

- The classification of heads of accounts is done properly as outlined in G.O Ms.No.34, Rural Development and Local Administration, dated 6th January 1970 and are not mingled with other heads, so as to reflect the correct position in the Trading Accounts Separately maintained for each of them.
- The basic records, such as payment Registers, Creditors Ledger, Debtors Ledger, Stock Register, Registers of Receipts and Expenditure, Register of Incoming and Outgoing Register of Bills (M.T.C. 70) Contingent Registers, etc., are maintained correctly and the figures extracted from these registers and other records are correct;
- The allocation of common expenditure such as rent, supervisory charges, establishment charges and other contingent items of expenditure has been worked out in accordance with the formula given by the Khadi and Village Industries Board.

NOTE : - In the absence of specific instructions issued by the Board, the allocation has been worked out on the total expenditure or on to the total sales, as approved by the General Manager.

(iv) the closing stock under the Village Industries and Handicraft items have been valued on cost price or market price whichever is less. In as much as no uniform procedure has been adopted by the Khadi Kraft in adding the margin of profit on various items and the margin of profit added

differed from article to article the value of closing stock has to be reduced by a suitable percentage to be fixed by the Board.

(v) the omissions in stock postings, wrong postings, double postings, errors in arriving at closing balances, unauthorized or excess deductions pointed out in audit for the year have been rectified and the book balances arrived at in audit in the registers have been taken into account and the shortage duly assessed in the Stock Sheets prepared.

- the creation of certain reserves in the Proforma Accounts such as Reserve for Damaged and Shop-soiled Goods, Reserve for Price Fluctuation in the Village and Handicraft articles etc. is sanctioned by the Board.

- The percentage of depreciation of assets charged to the Profit and Loss Account in both Khadi and Village Industries Funds is in the ratio fixed by the Board (vide B.P. Ms.No.531, dated 1st June 1971).

- In the case of stocks pending with the contractors and tailors in the Khadi Manufacturing accounts for readymades, the details of stocks pending with them as well as the connected work orders are forthcoming to audit and their confirmation obtained for the stocks held;

- The value of the assets after charging depreciation is noted in the Registers of Tools and Plant and Register of Motor Vehicles

- The details of Rebates and Subsidies are correct with reference to the Demand Collection and Balance Statements worked out in the Registers of Subsidies and Rebates.

- The loans, advances, grants, etc., are drawn as per Budget Estimates approved by the Board and Government and credited to the respective funds within the time limit fixed for them.

- The figures taken under Deposit Heads are correct with reference to the Register of Deposits including Electricity Board Deposits and Security Deposits.

- The advances pending with the firms and persons are listed out including permanent advances, and tallied with the Register of Advances and Special Advance Registers; and

- The shortages are exhibited in the assets side of the Balance Sheet till they are regularized by write off or recovery etc., and the value of shortages written off is debited to the Profit and Loss Account.

- **KHADI EMPORIUM, COIMBATORE.**

- Introductory : With reference to Khadi Board proceedings Ms.No.1058, dated 28th November 1969 the Khadi Emporium at Coimbatore was opened and it is functioning with effect from 15th July 1970.

The audit on the accounts of Khadi Emporium, Coimbatore a unit under the direct control of Assistant Director Khadi and Village Industries, Coimbatore was entrusted to the Chief Auditor, in G.O. Ms.No.1367, Rural Development and Local Administration Department, dated 14th June 1965 and G.O. Ms.No.1103, Finance Department, dated 17th December 1968, and the audit is done concurrently in the Khadi Emporium. A manager is in full charge of the Emporium and is

under the administrative control of the Assistant Director of Khadi and Village Industries, Coimbatore.

2. Scope of Audit – The audit comprises of a scrutiny of receipts like sale proceeds of Khadi and Village Industries Products and expenditure on the various items detailed below : -

(1) Pay and Allowances of establishment

(2) Allowances (Travelling Allowance), etc.

(3) Office Contingencies.

(4) Working Capital

(5) Other Charges –

(i) Staff paid from contingencies

(ii) Transport and freight charges

(iii) Packing materials

(iv) Transit insurance

(v) Interior decoration

(vi) Advertisement charges

(vii) Electric Charges

(viii) Petty construction and repairs

(ix) Telephone

(x) Furniture and fixture

(xi) Sales incentives

(xii) Purchase of samples

(xiii) Bleaching, dyeing and printing.

(xiv) Tailoring charges

(xv) Commission on sales

(xvi) Work order materials, etc.

(6) Purchase for sales -

(1) Khadi goods

(2) Village Industries articles

(3) Khadi Kraft (goods transferred)

(4) Books and Publications.

(5) Canteen

The following registers maintained should be called for and checked as indicated below :-

- Purchase Register

- Stock Register of Goods
- Sales Summary or Abstract Register
- Credit Sales Register
- Cash Book
- Ledgers
- Bill Books (Cash and Credit)
- Invoice Register
- Remittance Chalans
- Furniture and Equipment Register
- Contingent Register
- Register of Bill Books
- Invoices
- Security Deposit Register
- Service Register
- Register of Packing Materials
- Stamp Account Register
- Sale Price Fixation File
- Register of Stationery Articles
- Tools and Plants Register.

3. Purchase Register – In K.B.P. Ms.No.1335, dated 10th December 1970, a purchase committee for Khadi Emporium, Coimbatore, was constituted with the following as members :-

- (1) The Assistant Director of Khadi and Village Industries, Coimbatore.
- (2) The Khadi Inspector, Coimbatore, and
- (3) The Manager, Khadi Emporium, Coimbatore.

The Committee will examine the prevailing market prices of articles intended to be purchased for sale in the Khadi Kraft. It will record its resolution in a minutes book regarding the quality and quantity of goods to be purchased.

4. Stock Register of Goods – (a) The stock Registers are maintained both for Khadi and Village Industries articles separately and also separately for both godowns and counters. As far as Khadi wing is concerned as soon as goods are received through inter transfer invoices, they are accounted for in the Stock Register quoting invoices, number, date, variety, quantity and value of goods. It should be seen in audit that invoices (incoming) are correctly forthcoming in audit and the stock of goods as noted in the invoices are properly accounted for in the godown stock registers. The unaccounted, short accounted items should be listed out and necessary detailed objections raised after checking the invoices (incoming) produced to audit. Non-production of invoices (incoming) should also be objected to in audit.

NOTE (1) – As soon as the audit for a particular period is over an extract of the invoices (incoming) should be taken and filed along with the Audit notes or report as the case may be and

this should be cross-checked with the Part II Statement of goods received from other audit offices.

NOTE (2) – Non-accounting of goods received as per the Part II Statements should be intimated to the audit units concerned for raising necessary objections in their units as soon as the verification of Part II Statement is over.

(b) Likewise, whenever the Village Industries articles are purchased, they are entered in a separate stock register quoting the invoice number, value per item and the quantity purchased.

It Should be seen in audit ;

- That the firms or 'Societies' Invoices are forthcoming in audit.
- That the value of goods received are noted.
- That the rate appreciation for the goods purchased has also been worked out.
- That the appreciation sheets for all the goods purchased are forthcoming.

NOTE :- The appreciation of the goods purchased is worked out after adding a certain percentage of margin of profit on the face value of goods purchased duly approved by the Assistant Director of Khadi and Village Industries, Coimbatore.

(5) that the stock entries for the packing materials are maintained separately with value thereof for each item.

(6) that the Manager of Khadi Emporium, Coimbatore has attested each entry of goods received and sent out through invoices;

(7) that the goods are issued to the counters only after preparing necessary invoices;

(8) that the invoice numbers and rate are noted with the initials of the Manager, Khadi Kraft for each item of goods sent out from Village Industries godown to village Industries counters for sales; and

(9) that the closing stock of each item of articles has been struck properly and the same carried forward to the next page of the same volume of the same year or to the next year as the case may be.

NOTE (1) – The correctness of the closing stocks struck and carried over should be carefully checked in audit and the audited book balances should be written up on words and figures in audit pencil over the dated signature of the auditor concerned.

NOTE (2) – Any wrong closing stock arrived at in the Stock Register should be commented in audit.

NOTE (3) – The same method should be adopted in the case of Stock Registers maintained in respect of "Sales Counters" also.

(c) Price fixation file – As and when the Village Industries goods or handicraft articles are received, an appreciation slip is prepared by adding a certain percentage of profit as fixed by the Chief Executive Officer with the value of articles purchased. This will of course vary from article to

article according to its value or price worthiness. The slip so prepared is got approved by the Assistant Director of Khadi and Village Industries.

It should be seen in audit –

- That the price fixed is not below the value of articles purchased plus cartage and other incidental charges paid.
- That there is no loss at any rate to the Khadi Emporium on account of irregular price fixation due to omission of one element or the other in the price fixation of articles purchased;
- That the Assistant Director of Khadi and Village Industries, Coimbatore, has approved the prices of all articles purchased; and
- That the price fixation file is forthcoming for all items of articles or goods purchased without any omission.

(d) Credit sales register, Bill Books (cash and credit) Invoice register, Remittance Chalang, Furniture and equipment register, Contingent register, Security deposit register, Service Register, Register of Packing materials, Stamp Account, Register of Stationery Articles, Tools and Plants registers, Cash book (both receipt side and payment side) and P.A register – The general checks to be exercised in respect of these registers maintained in a Khadi Sales Depot and in the office of the Assistant Director of Khadi and Village Industries may be applied in these cases also.

(e) Sales counter audit. – There are seven counters besides one Ice Cream Parlour in the Khadi Emporium, Coimbatore.

K1, K2, Selling of Khadi goods including readymades.

K3 Selling of Khadi Silk only

H1 Sales of Handicraft Articles

V1 Sale of Village Industries Goods

V2 Sale of Leather goods

V3 Sale of Oil.

The general principles of audit which the auditors should apply in the case of Khadi Sales Depots shall be applied in respect of the sales counters of Khadi Kraft, Coimbatore, also.

5. Sales Summary or Abstract Register – Sales Summary or Abstract Register is maintained counterwise by the counter assistants besides a consolidated one by the Cashier. All sales (Credit and Cash) effected through each counter are shown in this register.

It should be seen in audit –

- (1) that the value of all sales effected daily through counters are entered in this register bill-wise.
- (2) that the daily totals are struck and carried forward to the consolidated register counterwise.
- (3) that the total has been struck in the consolidated sales summary and the cash collections agreed with the totals shown in the consolidated sales summary.

(4) that the Manager of the Khadi Emporium has certified to the correctness of the totals struck, besides furnishing a certificate to the correctness of the cash collections made; and

(5) that the total amount collected has been taken to the Receipt Cash Book and the same remitted into the bank the next working day and the bank scroll is forthcoming in audit to support of the remittances made.

6. Register of Bill Books – The Stock account of bill books should be maintained as follows, as instructed in Circular No.72585 / Accounts I-73, dated 19th March 1973, of the Chief Executive Officer.

Part I - New Bill Books

Part II - Books in use

Part III - Books fully used

It should be seen in audit

(1) that separate sets of pages have been used for each category.

(2) that the entries are made under each category of bill books mentioned above.

(3) that the Manager of Khadi Emporium has attested each entry made in this register under each category.

(4) that the unused bill books and used up bill books and books in use as entered in this register are forthcoming to audit; and

(5) that this register has undergone periodical checks by the Superior Officers during their inspection.

7. Recovery Register – The orders passed for the recovery of the value of shortages found during the physical verification of stocks or handing over and taking over of charge office should be entered in this register with details of file number; etc.

It should be seen in audit –

That the value of the articles found short does not exceed the amount of security Deposit furnished by the individual, and if it exceeded, necessary remarks should be made in the Audit Notes / Reports, suggesting that the full amount pending may be recovered out of the Security Deposit furnished by the staff and that the staff should be insisted upon to furnish fresh security immediately.

8. Expenditure side – As far as the purchase of Village Industries Articles are concerned the contingent vouchers are prepared and passed for payment as soon as articles indented for are received from the firms or societies as the case may be. The suppliers invoices are treated as sub-vouchers and the description of articles received and accounted for in the Stock Registers are noted at the back of these sub-vouchers and then after preparing the contingent bills they are numbered serially after passing for payment to the suppliers.

It should be seen in audit –

(1) that the articles indented for are received in good condition and that the store-keeper has certified to the correctness of the quantity and quality of goods received.

(2) that the articles received are accounted for properly in the Stock Registers concerned;

(3) that separate receipts stamped wherever necessary are forthcoming to audit for the payments made to the suppliers and that they are filed properly with the sub-vouchers concerned.

(4) that the correct value of articles purchased has been taken into account in all cases and that the sale value noted is inclusive of a certain percentage of profit as per standing instructions.

(5) that the sanction of the purchase committee is forthcoming for the purchases made from outside the departmental units.

(6) that no advance payment has been made to the company or the firms from whom the articles have been purchased;

(7) that the rates quoted by the company / firm for the articles purchased are relatively cheaper and in no case they exceed the market rate;

(8) that no goods which have no demand or public taste were purchased; and

(9) that the goods are purchased only from the reputed firms / company as far as possible.

While auditing the vouchers relating to the sales incentive it should be seen –

(1) that the sales incentive is calculated only on the net sales value excluding sales tax, if any;

(2) that it is paid equally to all staff

(3) that is calculated as 1 percent of the sales turn over in respect of cotton, khadi, silk and wollen goods and as ½ percent of the sales turn over in respect of Handicraft articles and at ½ percent of the sales turn over of Village Industries products, books and publications and sales effected in the canteen.

(4) that the sales effected in all the counters as a whole for each month have been taken into account for the purpose of arriving at the sales incentive admissible to all the sales assistants.

(5) that the sales effected to private institutions and Government Departments as well as whole-sale transactions to other institutions have been excluded from the monthly sales turnover in arriving at the total sales incentives admissible and

NOTES – Only cash and credit retail sales should be taken into account for the purpose of sales incentives.

(6) that it has been paid with reference to actual number of days the staff have worked excluding holidays casual leave and leave of any other kind.

10. Audit Report – As soon as audit is over the objections raised in all wings of the Khadi Kraft viz., counters, godowns, canteen and office should be incorporated in an audit report and the report issued to the Assistant Director of Khadi and Village Industries, Coimbatore, requesting him to furnish replies to the Audit Report within one month from the date of its receipt by him.

Copies of the audit reports shall be forwarded to the Manager of the Khadi Emporium, Coimbatore and to the Regional Deputy Director of Khadi and Village Industries, Tiruppur – 3, besides sending him a special letter incorporating paragraphs of serious nature which require his personal attention for speedy action to rectify the defects reported in the special letter.

23.KHADI SUB-CENTRES AND SALE DEPOTS (KHADI KRAFTS)

1. In order to provide self-employment for the rural population and for their economic uplift, spinning and weaving were introduced in villages. In order to achieve the objects, Khadi Sub-centres and Rural Textile Centres have been opened and maintained in each district by the Khadi and Village Industries Board.

With a view to dispose of Khadi and Village Industries articles produced at the various production centres and Village Industries Units and to meet the increasing demand from the public for these products, numerous Khadi Sales Depots (Khadi Krafts) are opened throughout the State and provided with necessary stocks of Khadi and Village Industries Articles.

The Managers of Sub-centres and Sales Depots are responsible for proper maintenance of registers, accounts etc., under the immediate supervision, guidance, and control of the Centre Khadi Officer, Khadi Inspector and Assistant Director (Khadi) concerned.

2. The following registers and records are maintained in the Khadi Sub-Centres and Khadi Krafts and are scrutinised in audit.

Khadi Sub-Centres –

- Yarn Purchase Register (YPR)
- Stock Register of Grey Yarn
- Stock Register of Cotton
- Spinner's Personal Ledger
- Weaving Wages Register
- Weavers Personal Ledger
- Khadi Stock Register
- Stock Register of Implements
- Khadi (Korah) Stock Registers
- Stock Register of Silk and Wollen
- Stock Register of Village Industries Products
- Register of Tools and Plants, Furniture etc.
- Stock Register of Money Value Forms
- Stock Register of Packing Materials and Stationery Articles.
- Stock Register of Service Postage Stamps
- Stock Register of Condemned Articles
- Invoices for Inter-transfer of stocks (Incoming and Outgoing)

- Register of Invoices (Incoming and Outgoing)
- Cash and Credit Bill Books for Receipts.
- Demand, Collection and Balance Register for Khadi and Village Industries products sold on credit basis.
- Register of Drafts and Cheques Received.
- Sales Summary for Khadi and Village Industries Products.
- Receipts Cash Book for Khadi, Cotton, Implements and Village Industries (Register of Receipts).
- Expenditure Cash Book (Cash Book showing the expenditure met from Special Advance).
- Abstract Cash Book (III Cash Book)
- Vouchers for payments
- Register of Shortages
- Register of Miscellaneous Payments
- Implements Sales Summary
- Demand, Collection and Balance Register for Implements sold on credit basis.
- Yarn Issue Register
- Register of Registers
- Yarn Purchase Register (YPR) – The checks to be exercised are –
 - Whether the daily total quantity of yarn purchased, cotton issued to spinners, amount withheld as deposits, net amount paid to spinners and cash realized by sale of cotton, etc., have been correctly worked out.
 - Whether the totals of the amount shown under “Cost of Yarn Purchased”, “Deposits received” and “Cost of Cotton Sold” are correct with reference to the approved purchase rate or issue rates, as the case may be.
 - Whether the daily transactions under net amount paid to spinners in cash and cash realized by sale of cotton, etc., as per the register have been correctly accounted for in the Register of Expenditure (Expenditure Cash Book) and the Register of Receipts (Receipts Cash Book) and whether the transactions not involving receipt or payment of cash viz. cost of cotton and pass books issued to spinners and recovered from the cost of yarn delivered by them for sale, portion of the value of yarn retained as spinners deposits, etc., have been accounted for in accordance with the instructions issued in Memorandum No.26298, R.W. vii / 51-3, dated 28th August 1951 and Memorandum No.58866 – ARW – VII / 51-4, dated 3rd March 1952.
 - Whether the quantity of yarn purchased, and cotton or slivers issued as per the daily totals of the yarn Purchase Register have been posted correctly in the stock registers of yarn, and cotton and slivers;
 - Whether the value of yarn deposits with held from the value of hanks given by them has been correctly posted into their personal ledger accounts.
 - Whether in the cases where pass books are issued to the spinners and their value recovered from the cost of yarn delivered, the number of pass books sold has been exhibited as an issue in the stock account of pass books’; and

- Whether the disbursing officer has affixed his dated initials in column (18) of the register against each entry to denote that payments have been made correctly to the proper payees and whether the Centre Khadi Officer has checked the entries in the register atleast once in a week and certified to that effect as laid down in Memo No.68408 / DIII / 53-2, dated 18th December 1953.

NOTE : - In addition, the following checks should be made to detect the bogus purchase of yarn :-

- A judicious comparison of the issues of cotton with the yarn delivered back with reference to the entries in the Spinners' Personal Ledgers should be made.

(ii) A scrupulous scrutiny of the pass books of the spinners and the personal ledgers of the spinners concerned should be made to see whether any disproportionate purchase of yarn or sudden increase in the quantity of yarn purchased is noticed.

(iii) The Centre Khadi Officers are required to check 5 percent of the spinners Pass Books and maintain a register showing the results of such verification as prescribed in Chief Executive Officer's Rc.No.147747 / R3 / 71, dated 12th November 1971. In audit, this register should be called for and verified.

4. Stock Register of Grey Yarn – The checks to be exercised are –

(1) whether separate folios are allotted for different varieties of yarn such as Kissan Grey Yarn, Coloured Yarn, Coarse Count Yarn, Fine Count Yarn, Superfine Count Yarn etc., having different sale prices.

(2) whether the receipt entries are correct with reference to the Register of Yarn Purchased and Inter-transfer Invoices received.

(3) whether the receipt entries are correct with reference to Yarn exhibited in the yarn Issue Register as yarn returned by the weavers';

(4) whether all issue entries to other units are supported by Issue Inter-Transfer Invoices and all receipt entries from other units are supported by Receipt Invoices;

(5) whether issue entries noted in the Stock Account for the issue of yarn to weavers are supported by corresponding entries in the Yarn Issue Register.

(6) whether the orders of competent authority and acknowledgements for the transfers are forthcoming in respect of yarn transferred to other centres for the purpose of dyeing, bleaching etc. However the dyeing and bleaching of yarn should be done only at the Dyeing, Bleaching and Printing Unit at Bhavaninagar.

(7) whether totals of issues and receipts have been struck on each page and the closing balance on the last day of the month as shown in the Stock Register is arithmetically correct and

(8) whether the colour yarn issued to weavers is in accordance with the actual requirement.

5. Stock Register of Cotton – The checks to be exercised are -

(1) whether quantities entered as receipts by transfer are correct with reference to relevant invoices and whether the quantities having different sale prices are accounted for in separate folios.

(2) whether quantities shown as sold agree with the daily total issues worked out in the Register of Yarn Purchases, cotton sales, etc.

(3) whether the quantity of lint shown as issued for carding and slivering has been entered in the register.

(4) whether full details have been furnished in receipt of the other issues entered in the register and whether the value of the quantity issued has been realized whenever due.

(5) whether issues by transfer are supported by sanction and acknowledged copies of I.T. Invoices of the recipients.

(6) whether confirmation of the Assistant Director of Khadi was obtained for each issue I.T. Invoice in respect of transfers within the Development District.

(7) whether the totals of issues and receipts have been struck in each page and the closing balance shown in the register for each month has been worked out correctly; and

(8) whether the sale price of cotton has been noted correctly in the Stock Register and sold to spinners at the rate fixed.

6. Weaving Wages Register – The Register should be examined to see –

(1) Whether the transactions relating to the quantity of Kora Khadi delivered, yarn consumed for cloth delivered according to the variety of Kora Khadi produced weaving wages due, deposits received and net amount paid have been posted into the personal ledger accounts of the weavers concerned.

(2) whether the quantities of cloth delivered by the weavers as shown either in column (6) or column (9) have been entered in the Stock Register of Khadi individually;

(3) whether the rates of wages paid are correct with reference to the approved cost chart in force from time to time.

(4) whether the wages due have been correctly worked out.

(5) whether the quantity of yarn shown as consumed in the cloth delivered by each weaver has been correctly calculated in accordance with the sale laid down.

NOTE : To prevent the misuse of yarn by weavers, the yarn issued to and the pieces delivered by them should also be weighed by the Centre Staff and the weavers should be given credit for only so much yarn as is found to have been consumed by weighing the pieces, due allowance being made for any excess use of starch (vide Memo. 14762 / RW / VI / 52-1, dated 3rd March 1952). It should be seen in audit that the yarn so credited is not in any case in excess of the number of hanks admissible as per the approved scale.

(6) whether the wages paid are supported by payees acknowledgements in column (25) and

(7) whether the daily totals of wages paid, yarn and Khadi deposits, Welfare Fund Deductions etc., net wages paid to weavers have been correctly struck, and entered in the Register of Expenditure and whether the deposits deducted from the wages payable have been accounted for in accordance with the instructions issued by the Khadi Board.

7. Personal Ledgers of Spinners and Weavers – The deposits deducted from the spinners, deposits received from or refunded to weavers and yarn issued to and returned by the weavers and posted in the Ledgers would have already been traced from the registers concerned. It should be seen whether the ledgers have been balanced correctly at the time of refunding the deposits and also at the close of each year, and whether refunds have not been made in excess of the amounts at the credit of the individuals concerned. In the case of weavers, it should be seen whether the deposits received are adequate with reference to the scale laid down in G.O. Ms.No.634, Firka Development, dated 24th September 1948, and whether security bonds have been obtained in all cases.

NOTE (i) – The Khadi deposits made by the spinners is not refunded in cash. It is adjusted only towards sale of Khadi. The acknowledgements of Spinners for such refunds by adjustments should be obtained in the ledgers and in the sale bills concerned.

(ii) Under the orders in Memo. No.33436 R.W / VII / 51-7, dated 8th May 1952 and Memo. 48697 / R.W.VII / 6, dated 27th July 1953, when a weaver fails to account for the yarn issued to him in the form of cloth or as yarn on demand by any officer of the Centre and in any case fails to produce the woven cloth and any unused yarn at the centre within three months from the date on which he received the yarn the value of the yarn should be recovered with a penalty of 12p for every rupee worth of yarn.

(iii) At the time of carrying over the balance to the new ledger the items that are to be lapsed should be transferred to a separate register styled as “Register of Lapsed Deposits” to be maintained in each sub-centre and only other items of balances should be transferred to the new ledgers noting therein the date of last transaction to watch the one year limit. The list of lapsed deposit should be submitted by the Managers of sub-centre to the Centre Khadi Officer before 15th April each year. The Centre Khadi Officer will consolidate the lists and lapse the amounts to Board funds under intimation to the Chief Auditor and to the Chief Executive Officer.

The Centre Khadi Officer should maintain separate Proforma accounts in respect of the transactions relating to the deposits of Spinners and Weavers, reconcile the balance in the accounts with the individual ledger accounts at the end of every half year.

The deposits received under the Khadi Scheme should be lapsed to the Board’s funds if the amounts are not claimed within the time limit fixed below :-

- (2)
- Deposits taken from the One year from the Spinners for repayment date on which the
In terms of cloth on a last item of deposit was
Future date. Collected (To facilitate
this, the last date of

operation should be noted

against the opening balance of spinners deposits when the deposits are carried forward to the new ledgers at the beginning of the year).

b. Deposit from Weavers One year from the date on which the Weaver ceased to have connection with the centre.

(G.O. Ms.No.1170, Rural Welfare Department, dated 18th September 1953).

NOTE (i) – The Centre Khadi Officers should during the inspection of sub-centre of Yarn Purchase Days compare the entries in the Pass Books with the entries in the ledger folios concerned and satisfy themselves that the payments recorded in the pass books have been made correctly and only to the bonafide parties. As the refunds are generally made before important festival days like Adi, Deepavali, and Pongal the Centre Khadi Officer should arrange to visit the sub-centre and verify at least a percentage of the refunds of the deposits outstanding for more than one year and record the fact of identification of the Spinners in the Ledger folios concerned.

NOTE (ii) – The Auditors should during the course of audit obtain not less than 5 percent of the pass books and verify the correctness of the entries made therein with reference to the entries made in the respective ledger accounts.

8. Stock Register of Implements – The checks to be exercised are –

(1) whether separate folios have been set apart for each category of implements and whether the approved sale prices have been correctly noted in the Stock Folios at the top under the initials of a responsible officer;

(2) whether the entries have been correctly made with reference to the payment vouchers (copies or originals, as the case may be) invoices and transfer bills, and

(3) whether the issue entries noted in the stock register are supported by counterfoils of bills and acknowledged copies of invoices (in respect of transfers to other centres, etc.)

NOTES – (i) It should be seen whether in cases where implements have been sent to other centres, the transfers have been made under proper authority.

(ii) In cases where implements are issued on instalment basis. It should be seen whether the conditions in paragraph 14 (b) of Appendix to G.O. Ms.No.4678, Development Department, dated 23rd February 1951 have been satisfied whether undertaking in the forms specified in Annexure 1 to G.O. Ms.No.105, R.W. Department, dated 3rd February 1951 have been obtained from the individuals concerned and whether the recovery of the cost of the implements is watched through the weavers, Demand Collection and Balance Register and action is taken promptly under clauses 7 and 68 of the undertaking for default in payment of the instalments on due dates. In G.O Ms.No.1381, Revenue Department, dated 31st May 1951, the agreements executed by persons for whom implements are supplied on the instalment recovery system have been exempted from stamp duty.

(iii) Monthly totals should be struck in the Register and the balance correctly worked out.

9. Implements Sales Register – The checks to be exercised are –

- (1) whether all sales of implements as per bills are entered in this register and
- (2) whether the daily sales are correctly totalled and the amounts realized in cash posted in the Receipt Cash Book.

10. Cloth (Khadi) Stock Register – The checks to be exercised are –

- (1) that separate folios are allotted for each variety of cloth.
- (2) that the approved sale prices have been correctly noted in the folios under the initials of a responsible officer;
- (3) that the quantities entered as receipts are correct with reference to the relevant entries in the Weaving Wages Register, the register for watching the receipt of cloth issued for bleaching, dyeing and printing and the invoices for transfer of stocks from other centres, district godown or central godown.
- (4) that the quantities shown as issues have been correctly posted from –
 - (a) counter-foils of cash and credit sales bills.
 - (b) acknowledged copies of invoices for transfer of stocks to other centres, District Godowns, Central Godown etc.,
 - (c) and from issues to dyers for processing and from the entries in the register relating to cloth, etc., given to dhobis and tailors for bleaching or stitching.

NOTE :- It should be seen that transfers to sub-centres, other main centres, District Godowns, Central Godown and Sales Depot as well as issues to dyers, dhobis and tailors, etc., were made under proper authority.

- (5) that pagewar or monthly totals have been struck and the balance worked out correctly; and
- (6) that the closing balances have been correctly carried forward.

NOTE – Accumulation of cut-pieces of Khadi should not be allowed in large numbers. Action should be taken to have the cut-pieces converted into suitable readymade garments to avoid loss to the Board. A register should be opened for transferring the cut-pieces from the regular stock register and watching the disposal thereof.

11. Stock Register of Village Industries Products – The checks to be exercised are –

- (1) that separate folios have been allotted for each variety of Village Industries products.
- (2) that approved sale prices have been correctly noted in the folio under the initials of a responsible officer.
- (3) that the quantities entered as receipts are correct as per invoices for inter-transfer of stocks or suppliers invoices;
- (4) that the quantities shown as issues have been correctly posted from –
 - (a) the counterfoils of cash and credit sale bills and
 - (b) the acknowledged copies of invoices for transfer of stocks;

(5) that the pagewar or monthly totals have been struck and the balance worked out correctly; and

(6) that the closing balance have been correctly carried forward.

12. Invoices for Inter-transfer of Stocks – (Invoice Incoming and Outgoing) - It should be seen –

(1) whether the items included in the invoices have been shown as issued in the stock account of the centres from which the stocks were transferred or issued, whether supplies to other centres, the District Godown, the Central Godown, Tiruppur etc., have been entered in the Register of Inter-Transfer of Invoices and whether issues to dyers, dhobies and tailors have been posted in the Transfer, Entry Register with reference to work orders;

(2) whether the issue rates and value of the stock sent have been correctly noted in the invoices.

(3) whether the receipt of goods sent has been properly acknowledged by transferees on the duplicate invoices duly counter signed by the Assistant Director concerned, received back and pasted with the originals; and

(4) whether I.T. invoices both received and issued outside the Development District are entered in the General Ledger maintained in the Office of the Assistant Director against the consignors and consignees, as the case may be.

NOTES (1) – As the same invoice books will be used for all transfers from a Centre or sub-centre, the invoice book or an extract therefrom relating to the period covered by the audit should be taken by the auditing staff to the sub-centre or the main centre to which the transfers were made to verify the correctness of the quantity in the stock account of the transfers. In the case of transfers to other centres, the Central Godown, Tiruppur etc., particulars of the transfers should be sent to the audit units concerned to enable them to verify whether the stocks have been duly accounted for in the books of the receiving centres or offices.

(2) Fourth Copies of Invoices – In respect of supplies of Khadi etc., by the Centre Khadi Officers to the other Centres, the District Godown, Tiruppur etc., the supplying officers should send copies of the invoices for the supplies made to the Inspector, State Trading Schemes concerned. The Inspector will have the invoices arranged separately for each supplying centre or institution supplied and have the correctness of the receipt entries made in the stock accounts of such centres or institutions receiving the supplies verified at the time of next audit if they are situated within his jurisdiction or if they are not within his jurisdiction he will forward the copies of the Inspector of the area in which those centres or institutions are situated for such verification (Vide Memo. No. 16283 / RW VII / 53-3, dated 11th August 1953 and Circular Rc.No.68800 / C1 / 63, dated 21st November 1963 of the Director of Khadi). As per Circular Rc. 7 / 77 (K & V.I.) issued in Rc.No.13151 / A1 / 77, dated 30th September 1977 of the Chief Auditor a watch register should be maintained in each Audit Unit for the particulars sent to the inspectors concerned for verification.

13. Register of Invoices (Incoming and Outgoing) – The checks to be exercised are –

(1) that separate folios are set apart for accounting the invoices incoming and outgoing.

(2) that the number of items and value thereon noted against each of them; and

(3) that all the invoices noted in the register are forthcoming for audit.

14. Register of Inter Transfer of Invoices (Ledger) – The checks to be exercised are –

(i) that separate folios have been set apart for each institution.

(2) that the debit and credit entries made are correct with reference to issue and receipt invoices;

(3) that in respect of the transactions relating to the centres under the control of the same Assistant Director necessary monthly reconciliation has been made; and

(4) that an abstract has been written up at the end of the year and the figures taken to the proforma accounts.

15. Cash and Credit Sales Bills Books – The checks to be exercised are –

(A) In the case of sale of Khadi –

(1) whether the value of Khadi Sold, the deposits and subsidy adjusted and the amount realized in cash have been entered in the Khadi Sales Register (Sales Summary) correctly;

(2) whether the articles sold have been posted in the relevant folios of the Stock Register of Khadi, Silk, Woollen, Readymades, etc.,)

(3) whether the rebate and subsidy allowed on Khadi Sales have been correctly worked out, realized from the Khadi and the Village Industries Commission Tamilnadu Government and credited to the Board's Funds and

(4) whether the cost of Khadi sold to Government Servants and other is recovered in advance as stipulated in GO. Ms.No.961, Finance Department, dated 1st September 1976.

NOTE – If the instructions in the above Government Order are followed, the Demand, Collection and Balance ledgers need not be maintained from 1976 and it is enough to watch the collections of the outstanding during the previous years.

(5) It should be seen that all indenting Government Departments, Public Undertakings including statutory Boards, Local Boards, Municipalities and Panchayat Unions make 90 percent of the anticipated bill amounts as advance payments wherever orders are placed for the supply of Khadi and for Village Industries articles or their services are requisitioned and that the balance of 10 percent paid immediately after the goods are supplied or the services are rendered.

(G.O. Ms.No.246, Industries Department, dated 16th March 1978)

(6) It should be seen that the passing, forwarding, transport charges, etc., on the sale of Village Industries Products to all the co-operative Stores, Agencies, private dealers etc., are collected from them.

(Memo. L.Dis. 119082 / M-II-I / 77, dated 31st March 1978 of the Chief Executive Officer)

(7) It should be seen that market rate is adopted for the sale of oil in Khadi Krafts and atleast 25 p. in excess of the average market rate is fixed

(Circular Rc.No.44533 / Accts. Cell / 76, dated 17th April 1976 of the Chief Executive Officer)

(8) It should be seen that the trade commission of 10 percent on the cash sale of markets is allowed to the buyers on the sale of 10 bundles and above from production units where the production cost of market does not exceed Rs.51.70 per bundle.

(Memo Rc.No.56087 / VI (2) / 76, dated 27th July 1976)

(9) In fixing the sale price for readymade garments, it should be seen that 30 percent over-head charges on stitching charges are added along with the cost of cloth, raw materials other than cloth and stitching charges.

(K & P. Ms.No.500, dated 1st July 1976)

(B) In the case of sale of Implements, it should be seen-

(1) whether the amounts realized in cash and the articles sold have been entered in the sales summary and the concerned stock registers and

(2) whether the Demand, Collection and Balance Ledgers are maintained for credit sales and the collections watched.

(C) In the sales of Village Industries Products, it should be seen –

(i) whether separate bill books are issued for the sale of Village Industries Products.

(ii) whether the particulars of sales such as the description of variety, quantity, value, etc, are in the sales summary with reference to the duplicate of the sale bill;

(iii) the correctness of the quantity of stock debited from the stock account is checked with reference to the duplicate or triplicate copy of the bill that is available.

(iv) whether the sales rates adopted are the approved rates and the reckoning of the value and other computation work such as totaling are correct;

(v) that the sales discount is in order;

(vi) that the credit sales are made only to Government departments, and the applications countersigned by the heads of offices are forthcoming for check;

(vii) that proper acknowledgements have been obtained and filed in all the cases of credit sales; and

(viii) whether the concerned demand has been raised in the Credit Sales Ledger in all cases of credit sales and collections watched.

(D) General – The following further checks are to be exercised in the sales both on cash and credit basis.

(i) The bill books were obtained from the Concerned Assistant Director through relevant invoices and the credit entries made in the Register of Bill Books,

(ii) The number of leaves available in each bill book has been certified to by the Manager,

(iii) All the copies of the cancelled bill are intact,

(iv) All the bill books shown as used in the Register of Bill Books are forthcoming to audit.

NOTES (1) At the end of each financial year, the unused leaves in all the bill books that are in use as per Part II of the Register of Bill Books ought to be cancelled under the initials of the Centre Khadi Officer and then taken to Part III of the Register of Bill Books (vide board Circular No. 32585 / Accts-I / 73, dated 19th March 1973)

(2) The auditors should tear off the right hand bottom (signature portion) of each cancelled bill and certify to this effect on the back of the last used bill over his dated signature and designation.

16. Demand, Collection, Balance Ledger – This is a vital ledger in which the demands of all the credit sales are raised and collections watched. It also furnishes the balance of amount outstanding from each debtor. The ledger has to be maintained in the form prescribed in Annexure I to the Circular Rc.No.11584 / AIII / C / 73, dated 22nd February 1974 of the Chief Executive Officer. The ledger has to be maintained separately for Khadi and Village Industries in five parts under the following classified heads :

- (1) Government Departments
- (2) Government Servants
- (3) Employees of Local Bodies
- (4) Khadi Board Employees
- (5) Aided schools, reputed firms, etc.

It should be seen in audit –

- Whether the opening balance agrees with the closing balance of the previous year.
- (ii) whether both bills in which credit sales effected and collections made are entered in the ledger under the respective columns without any omission
- (iii) that particulars for all the credits afforded in the ledger have to be called for and checked in audit.
- (iv) whether an abstract of monthly demand, collection and balance is prepared at the end of the register, and the monthly total of demand agreed with the value of credit sales as shown in the monthly abstract of the sales summary and the monthly total of collections tallied with the abstract of monthly collections prepared by incorporating the collections made in the Unit as per the sales summary outside collections, advice from the Assistant Director and deducting the amount due for other centres collected in the Unit.
- (v) whether the closing balance at the end of cash financial year is correctly struck and duly carried over to the ledger for the succeeding year;
- (vi) whether prompt action is taken to realize the outstandings;
- (vii) whether confirmation of the outstandings at the close of each year is obtained from the respective institutions and
- (viii) whether the cost of Khadi sold to Government Servants and others is recovered in advance as stipulated in G.O. Ms.No.961, Finance Department, dated 1st September 1976.

17. Sales Summary (Sales Register) – This is a record which shows a thumbnail account of all sales effected. All the particulars such as the variety, quantity and value of goods sold are entered in the Sales Summary. As for this register, it should be seen whether –

- (i) separate registers are maintained for the sale of Khadi and Village Industries Products;
- (ii) all the relevant particulars with reference to the duplicate copy of all the bills, both on cash and credit basis and collections are posted in the register under appropriate columns provided in the Sales Summary.

(iii) the totals have been struck every day and correctly.

- The daily total of the amount realized in cash has been taken to the Receipt Cash Book on the same date.

- That rebates allowed are in order, and the amounts thus foregone have been realized from the Khadi and Village Industries Commission or / and State Government

- An abstract is prepared for each month for effecting adjustment of transactions not involving cash receipts and the figures under credit sales and Demand, Collection and Balance, collections tallied with the figures shown in the monthly abstract of Demand, Collection and Balance Ledger, and

- In the case of Khadi sub-centres where Khadi is sold by adjustment of the deposits and welfare funds, whether the entries in the Sales Summary tally with the ledger accounts of the spinners and weavers.

18. Cash Book (Receipts) both Khadi and Village Industries Funds – It should be seen in audit whether –

(i) the daily total collection as per the Khadi and VIP Sales Summaries are correctly entered in the Book and the book is written up daily;

(ii) the collections are remitted into the office of the Assistant Director / Centre Khadi Officer once a week or immediately when the cash on hand exceeds Rs.500. In centres where the remittances are directly made to the Board Office by demand draft obtained from the Canara Bank (the authorized bank dealing with Board's accounts)

NOTE : The acknowledgements from the Board Office as well as the scrolls received from the Board have to be checked in audit.

(iii) the remittances are made without retaining any portion of sale proceeds received upto and inclusive of the date preceding the date of remittance.

(iv) the receipts are not directly utilized for any expenditure.

(v) the cash receipt bills of the Centre Khadi Officer and the Assistant Director for the cash remittances made are forthcoming to audit (The correctness being cross-checked during the audit of the Assitant's Directors accounts) and

(vi) the cash balance at the time of audit is correct.

19. Expenditure Cash Book or Cash Book showing the expenditure incurred from permanent advance – It has to be seen -

(i) whether the entries have been correctly made from paid vouchers, weavers' day Book, RTC Wages, Voucher Register, Yarn Purchase Register etc.

(ii) whether the cash balance at the time of audit is correct with reference in the Third Cash Book.

(iii) whether the Cash Book is written up daily;

(iv) whether the amounts disallowed by the Assistant Director / Centre Khadi Officer at the time of recoupmnt (relating to disallowed vouchers) are recovered then and there; and

(v) whether the entire permanent advance is surrendered by the Centre Khadi Officer to the Assistant Director at the end of each financial Year.

• Cash Abstract Register (Third Cash Book) – It should be seen whether –

• the daily cash balance as per the Receipt ad Expenditure Cash Books are abstracted and the cash balance at the time of audit is correct, and

• The certificates of daily verification of cash have been furnished by the Manager.

21. Payment vouchers – The following checks are to be exercised –

(i) whether the original vouchers for individual payments of Rs.100 and below and certified copies in respect of others are forthcoming for all items of expenditure, other than those which are recorded and acknowledged in the registers prescribed for the purpose such as 'Register of Yarn Purchased' 'Weavers' day book R.T.C. Wages Voucher Register, etc.

(ii) whether the rules relating to the stamping of receipts and invitation of tenders or quotations as stipulated in Article 125 of the Tamilnadu Financial Code, Volume I have been followed.

(iii) whether the computation in the vouchers and the invoices is correct.

It should be seen –

(iv) whether the stocks in respect of which payments have been made have been duly credited in the respective stock accounts.

(v) whether the expenditure is covered by proper sanction; and

(vi) whether the rates of charges adopted for carding spinning, weaving, dyeing, etc., are the same as approved by the Board.

22. Register of Bill Books – The bill books (both credit and cash) are money value forms, and their accounts have to be maintained very carefully. Detailed Instructions regarding the accounting of the bill books have been issued in Circular No.32585 / Accts.I / 73, dated 19th March 1973 of the Chief Executive Officer.

It should be examined in audit whether –

(i) the register is maintained in three parts as prescribed in the above circular – Part I for the new (unused) bill books, Part II for books under use and Part III for bill books fully used and separate sets of pages are set apart in the stock register for these three categories.

(ii) the bill books received from the Centre Khadi Officer / Assistant Director through I.T. invoices are duly accounted for under Part I of the register showing the reference to the machine number of the bills;

(iii) separate sets of pages (Part I, II and III) are set apart for Cash Bill Books, Credit Bill Books and I.T. Invoice Books.

(iv) all bill books shown as issued under Part I are properly accounted for under Part II and are forthcoming for check.

(v) at the end of each financial year, the unused leaves of all bill books under use as per Part II are cancelled under the initials of Centre Khadi Officer and taken to Part III; and

(vi) the balance of bill books under Part I are duly carried over to Part I of the Register for the succeeding year and Part II and Part III of the new registers opened with a nil balance.

NOTES : - (a) Due to the paucity of the availability of bil books, the cancellation of the unused leaves of all bill books under Part II at the end of March need not be pressed in audit. In such cases, the balance of bill books under Part II has also to be carried over to the register for the next year along with the stock under Part I.

(b) The bill books as per Part I and Part II of the register have to be physically verified during the course of audit and the fact has to be certified to in the register.

(c) It should also be seen whether the reference to the machine number of the bills are noted in the register while making entries for both receipts and issues.

23. Register of Drafts and Cheques received – The checks to be exercised are –

- That all the drafts and cheques received by the Manager have been received in the register and that they have been handed over to the Office of the Assistant Director and they have been accounted for in the Office of the Assistant Director sent to the Chief Executive Officer, and whether they are included in the Scroll sent by the Accounts Officer of the Board and

(2) that all the entries made in the register have been attested by the manager.

24. Stock Account of Packing Materials and stationery – The following checks have to be exercised.

(1) Whether separate folios have been allotted for packing materials and stationery articles

(2) whether all packing materials and stationery articles received as per vouchers, indents and those received by transfer as per I.T. Invoices have been correctly accounted for in the register as receipts;

(3) whether the materials having different prices are accounted for in separate folios in the stock register.

(4) whether all issues are supported by the orders of Chief Executive Officer / Manager as the case may be and necessary acknowledgements obtained;

(5) whether the rate and quantity of materials issued for packing the consignments have been duly noted in the I.T. Invoices.

(6) whether the balances have been correctly struck and carried forward; and

(7) whether the stock of stationery articles has been verified by the Manager / Centre Khadi Officer / Khadi Inspector and the fact certified to in the register at the end of each quarter.

25. Register of Machinery, Tools and Plants. Furniture, etc. – The checks to be exercised are –

(i) whether the register contains a complete record of all machinery, tools and plants, furniture, etc.

(ii) whether all the machinery, tools and plants furniture purchased or received by transfer during the year according to payment vouchers of I.T. Invoices have been duly accounted for in the register.

(iii) whether separate sets of pages in a register are set apart for recording machinery, tools and plants, etc.

(iv) whether Annual Physical Verification has been done by the General Manager / Centre Khadi Officer / Khadi Inspector and the fact certified to in the register;

(v) whether the unserviceable articles are condemned and carried over to the Register of Condemned Articles;

(vi) whether the depreciation at the end of each year has been written down and the residual value noted in the register; and

(vii) whether the register maintained is in the form prescribed in Memo No.11768 / GR / 63, dated 17th August 1963 of Director of Khadi.

26. Stock Register of Service Postage – The checks to be exercised are –

(i) whether an account of service stamps showing the receipts, issues and balances has been maintained.

(2) whether the service postages received from the Assistant Director of Khadi and Village Industries / Centre Khadi Officer have been duly accounted for in the stock Register.

(3) whether the value of stamps used for dispatching the tapals as per Despatch Register have been correctly shown as issue; and

(4) whether the balance has been struck daily and the account has been checked by the Manager periodically and at least every time when an indent for fresh supply is made.

27. Register of Lapsed Deposits – The checks to be exercised are

(1) whether the deposits which are due for lapsing have been carried over to this Register correctly from the ledger accounts concerned and

(2) that are items brought forward have been lapsed promptly to the Board's funds (Circular No. S.T.S. 255, dated 20th November 1957 of Chief Auditor)

28. Stock Register of Condemned Articles – The checks to be exercised are –

(1) whether the articles condemned by authority competent are carried over to the register without any omission.

(2) whether the articles are sold in public auction with the sanction of the competent authority;

(3) whether the credits are traceable for all sales and

(4) whether the confirmation orders of competent authority are forthcoming for all sales.

29. Physical Verification – The Physical Verification of stocks at the sub-centres / depots shall be done twice a year as per the orders in G.O. Ms.No.266, Industries Department, dated 3rd March 1979 by the State Trading Schemes audit staff during April and by the Khadi and Village Industries Board staff during September every year.

30. Register of Shortages – The following checks to be exercised –

(1) whether the register has been maintained in the form prescribed by the Board.

(2) whether the discrepancies noticed during the physical verification of stocks have been brought forward without any omission. Where the value of shortages carried over to the register exceeds Rs.500 a report should be sent to the Chief Auditor, State Trading Schemes, Madras by the Centre Khadi Officer, as laid down in Article 394 of Tamil Nadu Financial Code, Volume I.

(3) whether final orders regularizing the shortages are passed by the Assistant Director of Khadi without any abnormal delay as per Memorandum Rc.No.30784 / Accounts Cell / 76, dated 15th March 1976 of the Chief Executive Officer

(4) whether the entries in the Register of Shortages are closed only on receipt of final orders regularizing the shortages.

(5) whether prompt action has been taken for recovery or write off of the value of shortages, by recovery or final orders regularizing the shortages.

(6) whether the Register of Shortages is maintained continuously

(7) whether the value of shortages is exhibited in the Proforma Accounts.

(8) that shortages and excesses under Khadi Varieties are set off as per instructions issued in K.B.P.Ms.No.376, dated 19th May 1976, as amended from time to time and

(9) that shortages and excess of village Industries articles are set off as per the instructions issued in K.B.P. Ms.No.76, dated 28th February 1977, as amended from time to time.

31. Register of Miscellaneous Payments – The checks to be exercised are –

(i) whether separate pages are set apart for the payment of rent, sweeping and lighting charges (Recurring Charges Register)

(ii) that the amounts shown as received from the Centre Khadi Officer / Assistant Director in the cash abstract for the purpose have been promptly disbursed under proper acquittance and necessary postings made in the monthly column provided therefore and

(iii) whether the expenditure incurred is covered by proper sanction.

32. Register of Registers – (i) whether a Register of Registers showing the list of registers is maintained and

(ii) whether all the registers noted in this register are forthcoming for verification.

33. Audit notes / Report – After the audit is completed for a quarter a consolidated audit notes comprising of all the Khadi Units under the control of the Assistant Director (Khadi) should be prepared and issued to him by the Inspector (State Trading Schemes.) The receipt of the replies to the audit notes should be watched and the replies should be examined and further remarks issued by the Inspector (State Trading Schemes). After the completion of annual audit and completion of records for the whole year, the pending objections in the Audit Notes which are of serious nature or involving heavy loss or financial impropriety etc. may be incorporated in the Audit Report.

24.GRAMODYOG SALES DEPOTS

1. The Gramodyog Sales Depots of the Tamilnadu Khadi and Village Industries Board, are being run with the main object of popularizing village industries products manufactured by the Village Industries units and co-operatives sponsored by the Board and make them available for public consumption.

2 The financial and administrative control over the Depots is exercised by the respective Assistant Director of Khadi and Village Industries.

3. The audit on the accounts of the depots is conducted by the Chief Auditor with reference to the orders in G.O. Ms.no.1367, R.D.L.A. Department, dated 14th June 1965 and G.O. Ms.No.1103, Finance Department, dated 17th December 1968.

4. The receipts and charges of the Gramodyog Sales Depots are :-

Receipts :

- Sale proceeds of goods sold at the depot.
- Commission realized on sale of goods.

Charges:

Pay and allowances and other contingencies.

5. The following are the registers and records required to be maintained at the Gramodyog Sales Depots :-

- (1) Daily goods received register (purchase day book)
- (2) Stock register of materials
- (3) Sales Summary register (Cash and Credit)
- (4) Sales Abstract

- (5) Debtors Ledger
- (6) Receipt, Expenditure and III Cash Books
- (7) Cash Bill Books
- (8) Inter-transfer Invoice Books (Credit Sales Invoices)
- (9) Register of Incoming and outgoing invoices.
- (10) Receipts for remittances made into the office of the ADK & VI.
- (11) Remittance chalans for remittances made into the Bank.
- (12) Remittance Register
- (13) Monthly statement of remittances made (in respect of remittances made into the bank)
- (14) Register of money value forms
- (15) Cycle registers
- (16) Stamp account
- (17) Despatch Register
- (18) Tools and Plants Register
- (19) Creditor's Ledger
- (20) Contingent Register
- (21) Purchase vouchers with relevant files
- (22) Register of shortages
- (23) Register of money orders, cheques and drafts
- (24) Price fixation register
- (25) Hawking Sales Register, and
- (26) Register of Registers.

6. The following checks are to be exercised in audit :-

Daily Goods Received Register – It should be seen that all the goods received through I.T. Invoices from the production centres, other departmental units and cooperatives are chronologically entered in this register with full particulars regarding their receipts.

Also vide instructions under the chapter 'Soap Units' regarding the register.

Purchases from the Co-operatives sponsored by the Board are paid for by the Asst. Director Khadi and Village Industries. Hence the paid vouchers, wherever necessary, should be called for from the District Khadi and Village Industries Offices and verified to ascertain the correctness of the quantity accounted for.

7. Stock Register of Materials – It should be seen that –

(i) all the goods received as per the Daily Goods Received Register are taken to stock in this register article wise, deductions made whenever sales effected and balance struck at the end of each transaction.

NOTE : - The Page war totals should be scrupulously checked for wrong totaling etc., Similarly the issues and transfer entries should be checked in detail with reference to the sale bills and I.T. Invoices respectively to detect defalcation by excess or double or unauthorized deductions.

(ii) the sale price of each article, together with orders fixing the sale price is noted at the top of each folio and the sales effected at the rates fixed by the competent authority;

(iii) physical verification has been conducted by the departmental officers as per the standing instructions of the Board and any deficiency, noticed in stock, regularised

NOTE : - The action taken in this regard, should be commented upon in audit.

(iv) the excess found, if any, during physical verification has been brought to account immediately as receipts and accounted for in the Stock Register; and

(v) the stockings are done in keeping with the off take.

NOTE - Audit should comment upon stock lying stagnant without disposal for a longtime, as this will amount to locking up of capital and also such stock might deteriorate in quality due to long shortage.

8. Sales Summary Register – It should be seen that all cash sales of stocks are summarized in this register bill wise and the total cash realized each day carried over to the Cash Books as receipt for the day and remitted into the bank approved by the Board, or in the office of the Asst. Director Khadi and Village Industries if there is no approved bank in the place. The remittances should be traced into the Cash Books of the Asst. Director Khadi and Village Industries at the time of audit of the accounts of the Assistant Director Khadi and Village Industries. The sale proceeds should be remitted once a week or when the collection exceeds Rs.500 whichever is earlier (Circular No.20202 / 63, dated 21st May 1963 of the Director of Khadi and Village Industries) An abstract of the daily transactions under the various heads should also be struck in the Sales Abstract Register.

9. Debtors Register (Personnal) – It should be seen that all credit sales are recorded in this register and recoveries watched. Vide also instructions under the chapter 'Soap units' regarding this register.

NOTES :- (i) Abnormal delay in the adjustment of cost should be taken to the notice of the authorities concerned as it might be due to fictitious or unauthorized sales.

(ii) As regards sale of Village Industries articles to Government Servants on credit, it should be seen that the instructions in G.O. Ms.No.1345, R.D. and L.A., dated 4th June 1971 are followed.

(iii) Except for Government institutions, local bodies and statutory bodies, Village Industries articles should be sold to all, including co-operative stores and supermarkets, against cash only.

(Circular Rc.No.54744 / E3 / 71, dated 26th July 1970 of the Director of Khadi and Village Industries)

• Inter transfer invoices – From 1st April 1974, all transfers or sales within the department, other than those meant for final disposal, are to be treated as free transfer (vide circular K.Dis. 44845 / Accts II (2) / 74, dated 8th April 1974 and R.C.No.54458 / All (2) / 74 dated 11th July 1974 of the Board.)

Instructions for the audit of transactions under inter-transfer invoices with effect from 1st April 1974 are detailed under the chapter C.L.M.D. Madras.

- Register of Money Orders – It should be seen that all money orders received are entered in this register initially before taking credit in the Receipt Cash Book.
- Register of Cheques and Drafts – It should be seen
- That all cheques and drafts received towards cost of goods, sold, etc., are chronologically entered in this register.
- That the entries are rounded off, as, and when the cheques or drafts are encashed, noting the date of presentation in the bank, date of encashment, etc., in the respective columns.
- That credit for all cheques and drafts received and encashed is available in the cash book.

13. Cash Book, Cash Bill Books, remittance chalans, physical verification of cash balance, cash bill books, and stamp account, tools and plants register, cycle register, etc.

Audit and Proforma Accounts :

14. The audit is done monthly and objections if any are incorporated in the Audit Notes reports of the concerned Asst. Director Khadi and Village Industries under Village Industries.

15. The annual proforma accounts which is due by 5th May of the following year is audited and the report issued separately.

CHAPTER V

AUDIT OF CIVIL COURT DEPOSIT ACCOUNTS

With reference to G.O.No.230, Finance, dated 30th August 1941, the accounts of Civil Court deposits (Original side and appellate side) received by the High Court were subjected to an annual local audit by the Accountant-General. The audit was transferred to the Examiner of Local Fund Accounts with effect from 6th July 1942 (vide also G.O.Ms.No.123, Finance, dated 7th February 1945). As per G.O.Ms.No.598 Finance (Local Fund) Department dated 3.8.1992 the Audit has been entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Boards with effect from 1.10.1992. The audit is conducted once a year in the office of the Registrar of the High Court.

2. The account of Civil Court deposit is administered by the Registrar of the High Court. The moneys relating to the accounts are lodged in the Reserve Bank of India under "Personal Deposit Account."

3. Before taking up the audit, the auditor should acquaint himself with the relevant rules of the High Court of Judicature in its original and appellate jurisdictions.

4. The receipts and charges consist of deposits made by the parties under the direction of the court while a suit is pending and those paid back under the orders of the Court, over-time wages and remuneration to Manager (translation and printing).

5. The following registers and accounts are maintained and are in charge of the Head Accountant of the High Court:-

- (1) Payment (Deposit) vouchers with orders of Court.
- (2) Receipts with chalans.
- (3) Register of receipts (cash and security) separate registers, for each account (Original and Appellate)
- (4) Register of repayments (Cash and Security) separate registers for each account (Original and Appellate)
- (5) Security receipts with orders of the Court.
- (6) Security register for receipts.
- (7) Security register for payments.
- (8) Receipt voucher books.
- (9) Cash balance book.
- (10)Cheque book.
- (11)Reserve Bank of India pass book.
- (12)Ledgers.
- (13)Statement of ledger totals prepared at the end of the year (original and appellate sides).

Separate sets of accounts are maintained for the original side and the appellate side.

6. After the completion of audit, the defect noticed during audit should be incorporated in an audit report which should be forwarded to the Registrar, High Court of Judicature.

7. The following items should be specified in the Audit Report:

- (i) Whether the opening balance in the Register of Deposits is in agreement with the closing balances of the previous year.
- (ii) Whether the closing balances under the original and appellate sides were in agreement with the balances in the Reserve Bank of India pass books and the aggregate total of the balances in the ledgers.
- (iii) Total amount of securities held both under original and appellate sides.

The gross receipts and charges for the year should be specified separately for original and appellate sides.

8. It should also be seen that an account is maintained to verify whether the total emoluments paid to the Manager of the Translation and Printing department do not exceed Rs.9,600 a year.

(G.O.No.733, Judicial dated 31st March 1919).

9. The lapsing of Civil Court deposits is governed by the following provisions:-

HIGH COURT DEPOSITS – SECTION 1 OF THE UNCLAIMED DEPOSITS ACT 1866.

(India Act XXV of 1866).

Deposits of Presidency Court of small causes.	Rules framed by the High Court and approved by Government under the Presidency small cause Court Act 1882 (India Act XV of 1822), which are embodied in the payment entitled "Rules pertaining to the Presidency Court of Small Causes, Madras."
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Other Civil Court deposits (excluding Rules issued by the High Court. deposits under payment of Wages Act 1936).

CHAPTER VI

AUDIT OF SUITORS FUND ACCOUNTS

1. Under rule 19 of order XXX of the Rules of the High Court of Judicature at Madras in its Original Jurisdiction 1956, the accounts of the Suitor's fund are audited annually by this department. (Vide also paragraph 4 of G.O.No.152, Finance, dated 20th February 1924) and for the work done, an audit fee of 0.2 percent on the gross receipts of all moneys paid into the Reserve Bank of India with the privity of the Registrar of the High Court is levied by the Registrar of High Court and is paid to the Reserve Bank of India to the credit of State funds. The audit is conducted once a year in the office of the Registrar of the High Court.

2. Suitors' fund otherwise known as " the investment account" in which trust moneys to provide for legacies and moneys belonging to wards, charitable associations, etc., are invested is administered by the Registrar of the High Court by an order of the Judge in chambers or under a decree. The moneys relating to the fund are lodged in the Reserve Bank of India, Madras, under "High Court deposits – Suitors' Accounts". The auditor, before taking up the audit should acquaint himself with relevant rules in the Rules of the High Court of Judicature at Madras in its original jurisdiction. The receipts consist mainly of interest on securities, moneys received under orders of court or decrees, etc. The charges consist mainly of payments to beneficiaries, bank commission. Income tax, etc., on interest on Securities, Government commission audit fees and other incidental charges connected with the purchase or sale of securities.

3. The following registers and accounts are maintained and are in-charge of the Head Accountant of the High Court:-

- (1) Cash Book.
- (2) Ledger.
- (3) Reserve Bank Pass Book.
- (4) Cheque Book
- (5) Courts order book or money order book
- (6) Security Register.
- (7) Interest Statements.

4. Cash book :- The checks to be exercised are--

- (i) that the net amount of interest, etc., as per interest statements is credited in the cash book;
 - (ii) that all moneys ordered to be credited to the Reserve Bank of India as per the court's orders have been taken credit for in the cash book and pass book;
 - (iii) that all payments ordered to be made have been paid by cheques drawn on the Reserve Bank of india;
 - (iv) that in case of payments to parties acknowledgments stamped when necessary, are forthcoming;
 - (v) that the parties are entitled to be paid as seen from the orders of court;
 - (vi) that the safe custody receipt for securities purchased is received from the Bank and filed;
 - (vii) that the sale proceeds of securities have been credited correctly with reference to the statement of sale received from the Bank;
 - (viii) that all entries of receipts or payments are initialled by the Registrar;
 - (ix) that the entries are totalled every month;
 - (x) that the monthly closing balance (both under securities and cash) is correct; and
 - (xi) that a reconciliation of the cash book closing balance with that of the Reserve Bank pass book has been made at the end of every month over the signature of the Registrar.
- The pass book and cheque book should be checked in the usual manner.

5. Security Register :- This should be checked with a view to see that all securities purchased or sold as entered in the cash book are correctly entered in this regard with the number of the

cause, names, etc, and that the securities are those authorised in Appendix IV of the Rules of the High Court, and that interest due has been properly realised.

6. Courts order book or the money order book :- A register referred to as the money order book is maintained causewise in which entry of every decree or order for transfer of money or effects from Civil Courts deposits to the Suitors fund account in the Reserve Bank of India for investments in securities or for delivery into ou of the Reserve Bank of India of any securities or for sale of such securities is entered. The orders copied are attested to by the Registrar and are acted upon accordingly.

7. Ledger :- This contains folios for each cause with details as to the number and year of the suit and the names of parties. The checks to be exercised are

(i) that cash or security received in respect of a cause as per the cash book in entered on the receipt side;

(ii) that interest realised on securities has been correctly posted with reference to interest statement;

(iii) that payments or sales are entered on the charges side as also the commission on interest realised by the bank as per the interest statement;

(iv) that the columns for cash and securities are correctly used and entries attested to by the Registrar or any other responsible officer of the High Court authorized by the Registrar; and

(v) that the ledger is balanced at the close of every year.

8. Interest statements :- These are statements prepared by the Bank with reference to the securities held by the bank and interest paid. It should be seen that net interest paid payable in respect of each cause has been credited in the pass book and taken credit for in the cash book and posted in the ledger.

9. After completing the examination of the registers as detailed above, the auditor should examine the correctness of the balances as shown in the ledgers. For this purpose, the ledger balances under 'Securities' and 'cash' in respect of each case are detailed and totalled and the total agreed with the total balance shown in the cash book under these items by the High Court. This statement should be checked in audit. The statement of securities held by the bank should be compared with the balance of securities as per the cash book and its correctness verified. The auditor should prepare a list of cases on which audit fee is leviable and the fee leviable from each account should be worked out and the total to be credited to Government arrived at.

10. After the completion of audit, an audit report containing the important irregularities noticed during the audit should be drawn up. The report should be forwarded to the High Court for review and orders. At the same time, another letter should be sent to the Registrar with the statement of audit fees due to Government requesting him to remit the amount to Government to the proper head of debit to the several accounts of the suitors as shown in the statement. The orders of High Court on the report will be forwarded by the Registrar to the Examiner. Action, if any, should be taken with reference to those orders.

CHAPTER VII

AUDIT OF THE ACCOUNTS OF THE OFFICIAL ASSIGNEE.

General:- This audit was undertaken with effect from 1943-44 with reference to G.O.No.345, Finance, dated 3rd July 1944. The Personal Deposit accounts of the Official Assignee in respect of insolvents' estates administered by him are audited once in every year, and the accounts are also subjected to a concurrent monthly audit. As per G.O.ms No.598 Finance (Local Fund) Department dated 3.8.1992, the Audit has been entrusted to the Chief Internal Auditors and Chief Auditor of Statutory Boards with effect from 1.10.1992.

2. Auditors should acquaint themselves with the relevant sections of the Presidency Towns Insolvency Act, 1909, as amended, and the Insolvency Rules, 1958, as amended, from time to time. The Office of the Official Assignee, Madras, was provincialised by the Presidency Town Insolvency (Madras Amendment) Act V of 1943. In G.O.No.5440, Home, dated 15th March 1943, it was notified that all the provisions of the said Act shall come into force with effect on and from the 1st April 1943. As the Official Assignee is a regular Government servant, the moneys received and administered by him in his official capacity have to be lodged in the Reserve Bank of India.

3. Scope of Audit:- The audit comprises of

- (i) The check of the realization of assets of insolvents as disclosed in the petitions and estate files, and noted in the assets register;
- (ii) The watch over the disposal of suits filed by the Official Assignee or creditors on his behalf for possession of property or recovery of amounts decreed;
- (iii) The check of both receipts and payments as recorded in the cash book and ledgers;
- (iv) The check of deposits and withdrawals as recorded in the proforma accounts for collection and unclaimed dividend accounts with Court orders and Accountants General's advice slips;
- (v) The agreement of the balance of cash book at the end of the year with the balance of the Reserve Bank Pass Book and the verification of the cash balance on hand at the time of annual audit;
- (vi) The agreement of the balances in the ledgers with the balance as per the pro-forma account relating to collection account plus the balance in the personal deposit account with the Reserve Bank of India;
- (vii) The examination of the several registers and records; and
- (viii) The check of the statements forwarded by the Official Assignee as required by Rule 7 under Order XVII of the Insolvency Rules, 1958 as amended.

4. The main items of receipts and payments to be checked during the monthly concurrent audit are-

Receipts:-

- (i) Sale proceeds of movable and immovable properties.
- (ii) Debts recovered including decretal costs.
- (iii) Notification charges.
- (iv) Lease amounts including house rents.
- (v) Advance by creditors for administration.
- (vi) Deposits by creditors as security for costs in alienation proceedings required to be taken by the Official Assignee.
- (vii) Allocation received from insolvents.
- (viii) Interest realized on securities.
- (ix) Refund of deposits.
- (x) Unclaimed dividends.
- (xi) Refund to insolvents.
- (xii) Rents, taxes and repairs.
- (xiii) Maintenance to insolvents.

(xiv) Miscellaneous charges.

5. The following are the registers and records with reference to which the audit is to be conducted:-

Cash and Accounts Section.

- (i) Cash Book (day book)
- (ii) Bank Ledger.
- (iii) Bank Pass Book.
- (iv) Remittance Chalsans.
- (v) Cheque Book.
- (vi) Receipt Book.
- (vii) Payment vouchers, Memorandum Book.
- (viii) Transfer Book.
- (ix) Transfer Memoradum Book.
- (x) Daily Balance Book.
- (xi) Rough Cash Book.
- (xii) Register of investment.
- (xiii) Advance Book (to note the advances)
- (xiv) Ledgers – Collection account.
- (xv) Legers – Dividend Account.
- (xvi) Advance account (vide Rule 3 under Order XVID.
- (xvii) Pro forma account – Collection account.
- (xviii) Pro forma account – Unclaimed Dividend account.
- (xix) Commission account.
- (xx) Commission and fees account.
- (xxi) Register of general collection with the Accountant-General.
- (xxii) Stock account of forms.

Dividend Section

- (xxiii) Claim and Dividend Registers.
- (xxiv) Register of unclaimed dividends deposited and withdrawn.
- (xxv) Deposit and Withdrawal orders of Government regarding unclaimed dividends.
- (xxvi) Notice of dividends.

Property and Debt Sections.

- (xxvii) Register of assets – Immovable and Movable.
- (xxviii) Rent Register for Cultivable land.
- (xxix) Rent Register for Immovable Properties Leased out.
- (xxx) Rent Receipt Book.
- (xxxi) Sales Book.
- (xxxii) Sale catalogues, inventory, bid book, sealed covers fixing upset prices and auctioneer's post book.
- (xxxiii) Register of Book Debts.
- (xxxiv) Document Register.
- (xxxv) Suit Register.
- (xxxvi) Decree Register.
- (xxxvii) Allocation Register.
- (xxxviii) Adjudication Order Book.
- (xxxix) Stock account of cheque books and receipt books.
- (xl) Process Register.

6. Audit Procedure – Cash Book (Day Book) : The cash book has seven columns on the debtor side headed "Date, Receipts, Ledger Folio, Government Security, Bank, Cash receipts and Total", respectively, and seven columns on the creditor side headed "Date, Payments and

Ledger Folio, Government Security, Bank, Collection payment and Dividend payment". Remittances to the Bank are entered in the Bank column on the creditor side while amounts drawn from the Bank whether by cheques issued to others, or cheques cashed and retained for petty expenses are entered in the Bank column on the debtor side. Amounts paid whether by cheque or cash are entered in the "Collection column" on the creditor side, if they are to be debited to Collection Account, and in the "Dividend Column" on the same side if they are to be charged to the Dividend account. The consequences of this arrangement of the cash book is that the only balance it can show at any time is the balance held by the Official Assignee in his own hands, and this can be arrived at by adding the totals of the several columns on each side together and deducting the total of the creditor side from the total of the debtor side.

7. Bank Ledger – In this ledger, remittances to the Bank and withdrawals therefrom recorded in the "Bank column" of the cash book as stated in the preceding paragraph, are entered on the sides "Deposits" and "Withdrawals" respectively. It can thus show at any time of the balance held by the Reserve Bank, and this can be arrived by the deducting the total of the "withdrawals" column from the total of the "deposits" column.

8. In checking the Cash Book and Bank Ledger, it should be seen:-

- (i) that the pages are machine-numbered and that the "cash" and "Bank" columns on either sides are correctly used;
- (ii) that all items of receipts are supported by counterfoil and all items of payments by vouchers in proper form and that both counterfoils and vouchers bear the signature or initials of the Official Assignee;
- (iii) that all collections according to the counterfoils of receipts have been promptly credited in the cash book;
- (iv) that the collections have been remitted into the Bank without any delay;

NOTE : - The remittances should be traced into the Bank Pass Book also in this connection.

- (v) that the moneys withdrawn from Bank for petty expenses do not exceed Rs.500 at any one time and that they are accounted for in the Rough Cash Book which is of the nature of a petty cash book (vide Rule 2 under Order XVII of the Insolvency Rules, 1958);
- (vi) that separate sets of pages are allotted in the bank ledger for each of the three subsidiary accounts, viz., the collection account, the dividend account and the advance account (vide subparagraph under Rule 2, under Order XVII of the Insolvency Rules);
- (vii) that remittances into the Bank are supported by receipted chalangos;
- (viii) that all payments are supported by cheques issued;
- (ix) that the totals have been made and carried over from page to page to the end of the month;
- (x) that balances have been struck at the end of each month and reconciled with the Bank Pass Book over the signature of the Official Assignee;
- (xi) that the several items of receipts and charges have been taken to the ledgers of the estates concerned and to the subsidiary registers.

9. Cheque Books – The Checks to be exercised are :-

- (i) that the cheque books used are those supplied by the Director of Stationery and Printing;
- (ii) that all cheque issued have been duly recorded in the cash book;
- (iii) that cheque have not been drawn until they are required for immediate payment;
- (iv) that cancelled cheques have been properly written back in the cash book and ledgers;
- (v) that the books received from the Director of Stationery and Printing have been properly accounted for in the Stock account of forms; and
- (vi) that cheques are kept in the personal custody of the Official Assignee.

NOTE – Audit need not object to the use of more than one cheque book at a time though there is only one drawing account in the Reserve Bank of India – Vide Examiner's orders, dated 20th November 1944 (O.A. 3-4/1945-46).

10. Receipt Books : The checks to be exercised are :-

- (i) that receipt books are obtained from the Director of Stationery and Printing and not locally printed;
- (ii) that the receipts have been serially machine – numbered;
- (iii) that the receipts have been issued in support of all collections;

(iv) that the receipt books have been duly accounted for in the Stock account of forms; and
(v) that all alterations in the amount and other particulars in receipts have been attested by the Official Assignee or by the Deputy Official Assignee.

11. Stock Account of Receipt Books and Cheques : The checks to be exercised are :-

- (i) that all receipt books and cheques obtained have been brought to stock;
- (ii) that issues have been noted as they were made; and
- (iii) that the stock has been verified at least once a year by the Official Assignee or Deputy Official Assignee.

NOTE – The unused books in stock on the date of examination should be verified and certified by Audit

12. In auditing the several items of payments relating to the Collection account it should be seen as regards :-

A. Payment Vouchers and Memorandum Book :- (i) That every voucher bears an endorsement with the signature or initials of the Official Assignee indicating the amount to be paid and the estate to be charged; and

(ii) that all payments made by order of Court are in accordance with the terms of such order.

B. Law Charges :- (i) That all bills for heavy law costs have been taxed by the Taxing Officer of the Court;

(ii) that, in the case of stamp duty, the amount charged agrees with the value of stamps impressed on the documents concerned which can only be ascertained by actual reference to those documents. If the documents could not be had, it should be seen with reference to the suit the file whether the stamp duty paid is in accordance with the scale laid down in the rules prescribed;

(iii) that prior sanction of the Insolvency Court is obtained for instituting and defending legal proceedings in matters of substances;

NOTE :- In simple matters and matters of routine, it is not necessary to insist on the Official Assignee obtaining prior leave of the Insolvency Court. In matters of substance, he has to obtain the sanction of the Court – Vide Order of the Court of Insolvency, dated 20th November 1944 (O.A. No.3-3/1944-46).

(iv) that the expenditure is noted in the suit register or decree register as the case may be, and enquiries are made as to how the suits, petitions or proceedings in connection with which law charges were incurred, were disposed of. If any amounts were due to any of the estates under the decrees or orders passed by the Courts in such cases, it should be seen whether steps were taken for the recovery of such amounts; and

(v) that the fees paid to the advocates do not exceed the regulation fees except with the sanction of Court.

C. Travelling Allowance :- (i) That travelling allowances has been charged to the funds of the estates concerned on behalf of which the journeys were undertaken;

(ii) that the rates charged are not in excess of those admissible under the Tamil Nadu Travelling Allowance Rules; and

(iii) that the certificates prescribed in Appendix IV to the Insolvency Rules 1958, for the drawals of actual expenses under Rule 51 of the Tamil Nadu Travelling Allowances Rules for journeys for which no travelling allowances in admissible are appended in every case in which charges are drawn.

D. Auctioneers' Commission and Auction charges :- (i) That the Commission charged is in accordance with the rates in the tender approved by the High Court; and

(ii) that the postage charged agrees with the actual charges noted in the post book maintained by the auctioneers.

E. Rents, Taxes and Repairs :- That the properties for which these charges are paid are found in the Assets Register.

F. Miscellaneous Charges :- That miscellaneous charges are admissible and are supported by sub-vouchers.

NOTE – Postage – In conformity with the principle of the order of the High Court, R.O.C. No.1940/36-B-2, dated 16th April 1938, the Official Assignee should use only Service postage for

sending dividend warrants by registered post and meet the entire cost from contingencies – No part of the postage should be debited to estates – High Court Proceedings R.O.C.No.1485/45-D-3, dated 14th August 1945 (O.A. No.3-8/1944-46).

G. Advances to Office Staff :- That the advances paid to the office staff are posted in the Advance book and accounted for.

NOTE – Advance book is not one of the books prescribed in the Insolvency Rules. It is, however, maintained in manuscript to watch the rendering of the accounts for the amounts advanced.

H. Investments :- (i) That the Investments made are noted in the Investment Register:

(ii) that the interest is recovered regularly;

(iii) that interest realized agrees with the amount shown in the memorandum received from the Bank; and

(iv) that the Official Assignee has obtained yearly certificate of safe custody from the Bank.

NOTE – Investment Register is not one of the registers prescribed in the Insolvency Rules. It is being maintained in manuscript as per suggestion made in audit and accepted by the Official Assignee in his letter No.190, dated 3rd September 1932 to watch the realization of interest on the due dates and to watch the dates of maturity.

I. Mortgage and Preferential Claims and Refund of Surplus to Insolvents.

(i) That commission at 7 percent or at any lower rate fixed by Court has been charged on the gross sale proceeds of mortgaged property sold free from the mortgage (vide Rule 13 under Order XVII and G.O.Ms. No. 2063, Home, dated 31st July 1973).

(ii) Commission has been charged on preferential claims admitted by the Official Assignee; and

NOTE – (1) Section 49(1) of the Presidency Towns Insolvency Act enumerates that kind of debts that are classified as preferential claims.

(2) In the opinion of the High Court, preferential creditors are creditors and preferential debts are debts and any payment of any dues is a dividend on which 7 percent will be the proper charge – Vide High Court Proceedings R.O.C.No.315-B-2/33, dated 17th June 1933, passed on paragraph 26 of the audit report for the year 1931.

(3) Property Held by Insolvent or Trustee – Property held by the insolvent on trust for others is not divisible among his creditors and therefore does not pass to the Official Assignee or Official Receiver. The insolvent has no beneficial interest in such property nor any disposing power over it which he may exercise for his own benefit.

(Lecture VIII, paragraph 487 – On the Law of Insolvency in British India by D.F.Mulia Kt.James and Company, Bombay) – Hence no commission is chargeable on such payments.

(iii) That commission has been charged on the moneys in the hands of the Official Assignee upon the dismissal of a petition on appeal or the annulment of the order of adjudication and any moneys repaid to the insolvent – vide Rule 12 under Order XVII of the Insolvency Rules and G.O.Ms.No.2063, Home, dated 31st July 1973).

J. Refund of deposits – No deposit register has been prescribed in the Insolvency Rules. It should therefore, be seen from the ledger that original credits are forthcoming and that only the unexpended balance has been refunded.

NOTE – The refund should be noted in audit against the original credit in the ledger.

K. Surplus funds in the collection account – Transfer of - (i) That the Official Assignee has, from time to time certified to the Accountant-General, Madras the cash balance standing to the credit of his collection account which, in his opinion, is in excess of the amount required for the time being to meet demands in respect of insolvents estates and that the Accountant-General has taken credit to such surplus to the Provincial Revenue – Vide Rule 4, under Order XVII.

NOTE – If a surplus remains in the hands of the Official Assignee and there is no legal representative or where there is one whose title to give a valid discharge is doubtful or in dispute, the Official Assignee shall pay the surplus to the Official Trustee.

(Rule 6 – Order XIII – Insolvency Rule, 1958)

(ii) that the sanction of the Court has been obtained for the withdrawals of any amount required for the administrators or declaration of dividend in insolvents' estate (vide Rule 5, under Order XVII of the Insolvency Rules) and

(iii) that the withdrawals and deposits are posted in the pro forma account collection account.

L. Balance in Inoperative Estates – Lapse to Government: That in cases where there are no transactions for three complete account years in the estates, the balances thereof are lapsed to Government – Vide Article 271 (iii) of the Tamil Nadu Financial Code.

13. In the audit of payments of dividends, it should be seen as regards –

A. Claim and dividend register – That the rate of dividend and the amount payable to each creditor noted in the register are in accordance with the rate declared by the Court and the payment order passed by the Master of the High Court (vide Rules 4 and 9 under Order XI of the Insolvency Rules).

NOTE : (1) Audit need not see that the claims noted in the register are supported by claim applications; and

(2) that debts admitted have been actually proved – Vide Examiner's orders, dated 12th January 1945 (O.A. No.3-2/1944-46).

B. Notice of dividends – (i) That the form has been properly filled in and sent to the creditor who has proved his claim;

(ii) that the dividend warrant has been signed by the creditor or by his legal representative or representatives;

NOTE : - In cases where a claim for any amount due to a deceased creditor is Rs.100 or less the Official Assignee may, after satisfying himself as to the claimant's right and title; apply to the Government for sanctioning payment without the production of a succession certificate or like authority. The Official Assignee shall, however, obtain a personal indemnity bond from the payee before each payment.

(Rule 7 – Order XI – Insolvency Rules, 1958)

(iii) that it is stamped if the amount exceeds Rs.20;

(iv) that it bears an encasement with the signature or the initials of the Official Assignee indicating the amount to be paid and the estate to be charged; and the Court and noted in the dividend register.

C. Dividend Ledger – (i) That the total amount of dividend declared in an estate at any one time is transferred from the collection account to the dividend account and that the amount thus transferred is credited in the ledger;

(ii) that payments of dividends to creditors, as and when made, are correctly posted against the respective dividends declared;

(iii) that the amount of unclaimed dividends as per the ledger is transferred to the State Government; and

(iv) that the amounts transferred to State Government and withdrawn therefrom are posted in the ledger.

D. Deposits and withdrawals of unclaimed dividends :- (i) That the Official Assignee has certified to the Court the sums due to creditors who have not applied for their dividends within six months after the declaration thereof and that he has transferred such dividends to the credit of State revenues as directed by the Court (vide Rule 11, under Order XI of the Insolvency Rules);

(ii) that orders of Court have been obtained for the withdrawal of unclaimed dividends deposited; and

NOTE : - Audit need not object to the withdrawal of unclaimed dividend by the Official Assignee instead of by the creditor on application to Court as required under Rule 11, under Order XI of the Insolvency Rules, 1958 – Vide also Examiner's Order, dated 22nd August 1946 (O.A. 3-12/1946-47).

(iii) that the deposits and withdrawals are posted in the pro forma account relating to unclaimed dividend account.

14. Commission – The checks to be exercised are –

(i) That the Official Assignee has charged commission at 7 per cent on the principal amount or value of assets collected by him in each estate and on the amounts paid to creditors in pursuance

of a composition or scheme of arrangement and that the commission so levied is credited to the State revenues – Vide Rule 10 of Order XVII of the Insolvency Rules.

NOTE :- (1) For the purpose of Rule 10 of Order XVII of the Insolvency Rules, 1958, the moneys to be paid to creditors under a composition or scheme shall be considered to be moneys to be paid as dividends out of the estate of the insolvent in the hands of the official Assignee.

(2) The Official Assignee first of all determine what sum is distributable or to be paid as dividend and when working out the actual payments to be made, the commission on the said sum distributable should be deducted (vide High Court Proceedings P.Dis.637/33, dated 11th October 1933);

(ii) that the amounts are correctly carried into the commission book from the Court orders sanctioning commission and posted to the estates concerned in the ledgers.

15. Transfer book and transfer memorandum book – The checks to be exercised are

(i) That the dividends transferred from the collection account to dividend account are correctly posted in this book and the total taken to the bank ledger by transfer memorandum;

(ii) that the other adjustment entries noted (for purposes of rectification of errors, etc.) are correct; and

(iii) that when adjustment entries affect the sub-accounts, i.e., collection dividend or advance accounts – transfers from one account to another are affected by transfer memoranda.

16. Daily Balance Book and Rough Cash Book – It should be seen that the amounts drawn from the Personal Deposit Account of the Official Assignee for petty expenses does not exceed Rs.500 at any one time (vide Rule 2 under Order XVII of the Insolvency Rules).

NOTE : - These two registers have not been prescribed in the Insolvency Rules. Rough cash book is maintained by the Cashier who notes therein the receipts, the withdrawals from bank for payments in cash. This register is in the nature of combined chitta and petty cash book. The cash on hand on any one day should be verified with reference to this register during the annual audit. The Daily Balance Book is maintained by the Accountant and it serves as a counter-check over the daily balance struck in the Rough Cash Book.

17. Advance Account – In G.O.No.5783, Home, dated 14th May 1943, a sum of Rs.5,000 was placed at the disposal of the Official Assignee as a permanent advance towards financing the first stages of proceedings in respect of estates which have no balances to their credit but in which there are good prospects of realization. The advance was drawn in August 1943 and kept in the Personal Deposit account of the Official Assignee. The amount was reduced to Rs.1,000 in High Court Proceedings Roc. No.7743/64 DR (R), dated 26th August 1965.

The checks to be exercised are –

(i) that the prior sanction of Court has been obtained for drawal of amount from this account (vide Section 82-B (i) of the Presidency Towns Insolvency Act, as amended);

(ii) that the total expenses on this account have not at any time been allowed to exceed the sum of Rs.1,000 (vide Rule 3 under Order XVII of the Insolvency Rules and Section 82-B (3) of the Presidency Towns Insolvency Act, as amended);

(iii) that the withdrawals and repayments are noted in the registers; and

(iv) that the realizations in the estates are first utilized for the repayment of the advances (vide Section 82-B (3) of the Presidency Towns Insolvency Act).

18. Receipts – In the audit of receipts, it should be seen as regards –

A. Assets Register – Movable and Immovable – (i) that the assets as disclosed in the schedule filed by the insolvent are correctly noted in these registers with full details of items and their value;

(ii) that properties discovered during the course of administration are noted in the register. (Such items should be checked with the connected files);

(iii) that properties discovered during the course of administration noted against the assets disposed of;

(iv) that, in the case of unrealizable items, the fact has been noted under the attestation of the Official Assignee; and

(v) that adequate action has been taken by the Official Assignee in respect of undisposed assets during the period under audit and in previous years. (This should be ascertained by careful scrutiny of the items in the assets register with the concerned files).

NOTE – (1) The High Court in its Proceedings P.Dis.No.725/42, dated 18th November 1942, has prescribed an annual return- (to be furnished in January) – showing all immovable properties in the possession of the Official Assignee with the reason for not selling them. This statement should be looked into during the annual audit while reviewing the Assets Register.

(2) Abandonment of Assets – The Presidency Towns Insolvency Act does not require the Official Assignee to obtain the sanction of the Court before he abandons any assets as unrealizable because all attempts to realise have failed – High Court Proceedings R.O.C.No.32027/45-D-3, dated 14th August 1945 passed on paragraph 10 (ii) of the Audit Report for 1943-44.

B. Register of Book Debts – Besides exercising the checks stated against the Assets Register

(i) that no book debt has been allowed to become barred by limitation of time without adequate reason;

(ii) that, in cases where suits have been filed for the realization of the amounts necessary entries are made in the Suit Register; and

(iii) that book debts have, as far as possible, been realized by legal proceedings and not by sales.

C. Rent Register – (i) That the undisposed of immovable properties as disclosed in the Assets registers have either been rented or leased out;

(ii) that the monthly rent at which the premises have been let, is correctly noted in the Rent register and that rent deeds have been obtained from the tenants;

(iii) that, in the cases of lease of lands, the demand noted in the Lease register is correct, that the lease has been made by public auction and that a lease deed has been obtained;

(iv) that rents and lease amounts due by the occupants or lessees as the case may be, have been regularly collected;

(v) that vacancy remission has been claimed on vacant buildings from the concerned local bodies; and

(vi) that necessary steps have been taken to realise the standing crops, if any, at the time of adjudication, on the land belonging to the estate of the insolvent.

NOTE – Rent bills for a month which are provisional receipts are prepared in advance and given to the Rent Collector for collection. As and when he collects rents, he remits them in the Office Treasury. Final receipts are then issued to the parties. In audit, rent receipts should be checked with the provisional receipts issued by the Rent Collector to verify whether rents collected have been credited without delay and that bill receipts are forthcoming in the case of uncollected rents as per the Rent Register. It should also be seen that the uncollected bills at the end of the month are duly cancelled since the arrears are carried forward in the bill for the succeeding month. In cases of rents received in office and part collections made by the Rent Collectors, it should be seen whether they have been noted in the provisional receipts.

D. Sales Book – (i) that sales of property have, as a rule, been made by public auction after giving wide publicity;

(ii) that the auctioneer has not confirmed any sale wherein the upset price fixed by the Official Assignee has not been reached without the specific orders of the Official Assignee;

(iii) that the Official Assignee has not directly or indirectly bid at the sales, nor acquired any interest in the purchase of the insolvents' properties;

(iv) that the consent of the mortgagee has been obtained in the case of sale of property subject to mortgage free of encumbrance;

(v) that all sales held have been recorded in the register and that there has been no delay in the realization of sale proceeds, and that where there has been delay, penal interest according to the terms of sale, has been collected; and

NOTE – Sales in the case of movables should be checked with inventory besides sale catalogue, upset prices if any, fixed by Official Assignee and bid books and in the case of immovables with sale catalogues, bid book and upset prices fixed by the Official Assignee.

(vi) that the sales have been conducted by the auctioneer appointed by the High Court.

NOTE – Auditors should acquaint themselves with the terms on which the auctioneer has been appointed.

E. Allocation Register – (i) that the monthly allocation fixed by the Court is regularly collected; and

(ii) that orders of the Court have been obtained for excusing arrears of allocation.

NOTE – It is sufficient if 25 percent of the allocation receipts are traced in the allocation registers monthly – vide Examiner's Order, dated 24th January 1944 (O.A.No.3-1/1944-46).

F. Suits and Decree Registers – (i) That all suits filed are entered in the suits register with necessary particulars;

(ii) that the charges incurred are duly noted;

(iii) that the disposal of the suit is noted in the Suits register and that in respect of degree passed in favour of the Official Assignee, the decree amount and costs have been correctly posted in the Decree register;

(iv) that the realizations of the amounts covered by decree are correctly posted against the respective decrees;

(v) that no decree is allowed to become barred by limitation of time and that in cases of abandonment of decrees, sufficient action has been taken to realize them before they are abandoned; and

(vi) that orders of Court have been obtained for compromising debts and claims (vide Section 68(1) (h) of the Presidency Towns Insolvency Act).

19. Adjudication Order Book – With reference to this book, the insolvency petitions filed should be called for. The initial entries made in the registers such as Assets Register, the Register of Book debts, the Claim and Dividend Register and the Allocation register, should be checked from the records such as Schedules filed by the insolvent, the orders passed by the Court fixing allocation, etc., available in this file. The dividends declared from time to time in an estate should also be traced. The entries of surcharge of insolvents, annulment of adjudication, dismissal of insolvency petitions and closure of estates made in the register should be verified with Court Orders and initialed in audit. The register should be looked upon as an authentic record for purpose of verifying whether the administration of an estate is pending or not.

20. Check of Accounts – The withdrawals from and remittance into the Personal Deposit account with the Reserve Bank should be checked with cheque book, remittance chalangans and Reserve Bank Pass Book. The agreement of the balance as per the Cash Book with the Bank Pass Book should also be verified in audit.

21. Monthly Objection Statement – After the check of receipts, charges and accounts for a month in the manner indicated above, the irregularities noticed should be communicated in the form of an objection statement to the Official Assignee with a request to return it with his replies within fifteen days from the date of issue.

22. Annual audit check of Statements, etc., Received from the Official Assignee – Before the 1st day of July in every year, the Official Assignee shall forward to the Chief Internal Auditor and Chief Auditor of Statutory Boards Accounts a statement certified by him containing a list of estates (1) committed to his charge during the previous year ending the 31st day of March; (2) committed to his charge prior to the said period on account of which he has during the said period received any moneys or securities; and (3) wherein dividends have been declared or distributed during the said period vide Rule 7 under Order XVII of the Insolvency Rules, as amended. These statements are otherwise styled as operative and inoperative Schedules relating to Collection and Dividend accounts for the year. Besides the above statements, the following statements are also sent by him for check and transmission to the Registrar, High Court:-

(a) Abstract of receipts and charges relating to the Collection account for the year;

(b) Abstract of receipts and payments relating to the Dividend account for the year;

(c) Balance Sheet (statement of balances) as on the 31st March of the year;

(d) Statement of Commission credited during the year;

(e) Statement of major law charges incurred during the year;

(f) Statement of showing details of collection payment other than transfer to Dividend account, Official Assignee's commission, Law charges, etc., and

(g) Statement showing commission and remuneration paid to agents and others.

23. Operative and Inoperative Schedules – Collection Account – (i) These Schedules should be checked with the ledgers. The opening balances and the closing balances should be checked carefully with the balances struck in the ledger accounts, the correctness of the balances in the ledger accounts having been proved. It is absolutely necessary to take up each volume of the ledger in turn and go right through it, checking account by account with the schedules. When all the ledger accounts have been checked in this way with the schedules and every entry in the latter is found to be initialed, the correctness of the totaling of the several columns of the schedule should be proved. The sum total of the closing balances of operative and inoperative schedules will thus represent the aggregate balance according to the ledgers. It should be seen that the totals of the balances struck in the schedules (operative and inoperative) agree with the collection account balances as per the cash book, bank ledger and pro forma account.

NOTE - (a) Ledger balances (estate moneys) are held by two agencies:-

(1) Moneys required for running the day-to-day administration are held by the Official Assignee in its Personal Deposit account.

(2) The rest representing surplus moneys not required for immediate use is merged with the Provincial Revenues – vide Section 81-A (2) of the Presidency Towns Insolvency Act, as amended. Thus the aggregate of the ledger balances is made up of the balance in the Reserve Bank plus the balance in the Provincial Revenues.

No Personal Deposit account on behalf of the Official Assignee is maintained by the Accountant-General in respect of the moneys transferred to the Provincial Revenues, moneys withdrawn therefrom, and the balance from time to time. The Official Assignee maintains a pro forma account showing the above transactions. Under the accounting procedure prescribed in G.O.No.3912, Home, dated 29th October 1945, the entries made in this account have to be checked in audit with the annual statement to be furnished by the Accountant-General, showing the amounts withdrawn from the Provincial Revenues and amounts credited to the Provincial Revenues. The balance worked out at the end of the year in the pro forma account should thus be taken as the amount that stands merged with the Provincial Revenues. The aggregate balance according to the ledgers should thus agree with the balance in the Personal Deposit account of the Official Assignee with the Reserve Bank of India, plus the balance in the pro forma accounts maintained by the Official Assignee (vide O.A.No.3-5/1945-46)

(b) There is only one Personal Deposit account with the Reserve Bank of India in respect of transactions relating to the three accounts, viz., Collection account, the Dividend account and the Advance account for which separate accounts are maintained by the Official Assignee – Vide Rule 2 under Order XVII of the Insolvency Rules. The aggregate of the balance relating to the three accounts are reconciled monthly with the balance shown in the Bank account. For the purpose of reconciling the ledger balances with the Collection account balance, the balances relating to the Dividend Account and the Advance account should be excluded.

(c) It should be seen that there has been no undue delay in declaring dividends and that orders of Court have been obtained in cases, where dividends were not declared within the time prescribed – Vide section 69(2) of the Presidency Towns Insolvency Act and order of High Court P.Dis.No.1118/1941, dated 12th November 1941.

(d) While checking the collection schedules it should be seen that the balances of estates in which there were no transaction for three complete account years have been lapsed to Government as required by Article 271 (iii) of the Tamil Nadu Financial Code, Volume I.

(e) It should be seen that no estate closes with a debit balance.

Operative and Inoperative Schedules – Dividend Account – (ii) (a) The check prescribed for the verification of the balances in the schedule with the ledger accounts relating to the collection account should be exercised in checking the schedules with the Dividend ledgers.

(b) While checking the Dividend ledgers, it should be seen that orders of Court have been obtained as to how dividends which have remained unclaimed for over six months should be dealt with – vide Rule 11 under Order XI of the Insolvency.

(iii) Statements : 'A' to 'G' – These should be checked with the cash book and their correctness certified to.

(iv) Review of Registers – The review of all the registers should be taken up. In reviewing the registers, particular attention should be paid to the register of Assets and Book debts. It should be seen that prompt and adequate action has been taken to realize the assets and that no book debt has been allowed to become barred by limitation of time. Similarly, in reviewing Suit and Decree registers, it should be seen whether there is any default on the part of the Official Assignee in watching the disposal of the suit and realizing the amounts decreed.

NOTE :- The High Court in its proceedings P.Dis.No.725/42, dated the 18th November 1942, has prescribed a half-yearly statement of pending decrees giving full particulars of the date of decree, the steps taken for realization, the amount or amounts realized and the reason for omission or delay in taking steps. This statement should be looked into while reviewing the Decree Register. In reviewing Rent Register, it should be seen that action has been taken against the defaulter and that explanations are forthcoming for the omission to rent or lease out, as the case may be, any property.

24. General – (i) It should be seen that all the registers produced for audit bear evidence of periodical check by the Official Assignee or the Deputy Official Assignee.

(ii) All the vouchers and receipts should be traced by the Auditor in the cash book and all the relevant subsidiary registers. In token of such tracing, the auditor should affix his initials against every entry so traced in the registers as also on each voucher, receipt or other record perused and passed by him.

25. Audit Fees – No audit fee is leviable for the audit of the accounts of the Official Assignee (vide Finance Department unofficial reply No.46144 Exp. A-1, dated 13th September 1914-O.A. 2-3/1944-46).

26. Audit Report and Annual Objection Statement – After the audit is completed, a report containing important defects should be drawn up for communication to the Registrar of the High Court – not later than the first day of September following. The report should be accompanied by the various statements forwarded by the Official Assignee for check in audit (vide Rule 8 under Order XVII of the Insolvency Rules, 1958).

At the same time, an annual objection statement containing minor defects should be prepared and sent to the Official Assignee with a request to return it with replies within two months from the date of issue.

CHAPTER VIII

“AUDIT OF THE ACCOUNTS OF THE OFFICIAL LIQUIDATOR, MADRAS HIGH COURT”.

Preamble – The auditors should acquaint themselves with the relevant sections of the Companies Act, 1956 (Act I of 1956), the Companies (Court) Rules, 1959 and the Circular Instructions issued from time to time by the High Court, the department of Company affairs and the Examiner of Local Fund Accounts. An index to some of the important sections in the Companies Act, 1956 is given in Annexure for ready reference. They should also acquaint themselves with the relevant sections of the Income-tax Act, 1961. The Madras Court Fees and Suits Valuation Act, 1955 (TamilNadu Act XIV of 1955) and the Legal Practitioners Fees Rules, 1973 framed by the High Court of Madras.

The accounts of the registered Companies wound-up by the High Court under the Companies Act, 1956 are vested with Official Liquidator on the directions of the High Court. The accounts of each Company, so vested should be kept separately. The funds of the companies should be lodged in the Punjab National Bank (upto 30th September 1976 remittances were made into the Reserve Bank of India). When the companies are dissolved by the order of the Court under Section 481 of the Companies Act 1956, the undisbursed assets of the Companies should be disposed of in accordance with Section 555 of the Act.

1. Authority in which the Audit has been Entrusted – The audit of the accounts of the Companies in liquidation was undertaken by this department with reference to Circular Roc.No.94042/D-3, dated 22nd August 1942 of the High Court of Madras, read with Government Memo.No.6129/F-42/2, dated 25th September 1942 of the Home Department and G.O.Ms No.80, Home Department, dated 10th January 1958. As per G.O.Ms No.598 Finance (Local Fund) Department dated 3.8.1992 the Audit has been entrusted to the Chief Internal Auditor and Chief Auditor of Statutory Board with effect from 1.10.1992.

2. Scope of Audit – The audit shall be done for each financial year. The audit shall be a complete check of the accounts of the Official Liquidator and of each of the Companies in Liquidation in his charge. (Rule 302 of the Companies (Court) Rules, 1959).

Under Rule 298 of the Companies (Court) Rules, 1959, the Official Liquidator shall file his accounts in Form No.144 into Court twice a year. Such accounts shall be made upto the 31st of March and 30th of September every year, the accounts for the period ending 31st March being filed not later than the 30th June, following and the accounts for the period ending 30th September, not later than the 31st of December following :

Provided that the final accounts of the Official Liquidator shall be filed in Form No.146, as soon as the affairs of the Company have been fully wound-up irrespective of the periods prescribed above.

Rule 301 of the Companies (Court) Rules, 1959, lays down that as soon as the accounts are filed (by the Official Liquidator) the Registrar (of the High Court) shall forward to the Auditor one copy thereof for purposes of audit with a requisition in Form 147 requesting that the accounts may be audited and a certificate of audit issued to the Court not later than two months from the date of receipt of the copy of the accounts.

3. Items of Receipts – The main items of Receipts are as follows:

- (i) Sale proceeds of movable and immovable properties.
- (ii) Lease amounts including rents.
- (iii) Interest from investments.
- (iv) Realisation of Book debts.
- (v) Advance made by the petitioning creditors etc.
- (vi) Permanent advance or other fund provided by the Central Government.
- (vii) Realisation of unpaid call amounts.
- (viii) Miscellaneous Receipts.
- (ix) Realisation of Bank Balances as on the date of order of winding-up by Court; and
- (x) Encashment of securities and investments (prior to winding-up date).

4. Items of authorized expenditure – The main items of charges are as follows:-

- (i) Establishment – Pay of Estate Clerks, Inspectors, Peons, Watchmen, etc., and payment of Travelling Allowance;
 - (ii) Legal Charges;
 - (iii) Publication charges for the sale of property and payment of auctioneer's commission;
 - (iv) Payment of dividends;
 - (v) Commission payable to the Central Government;
 - (vi) Audit fees payable to the Tamil Nadu Government and to the Chartered Accountants;
- Note – The audit fees payable to the Chartered Accountants is subject to the directions of the Court, whereas the audit fees payable to the Tamil Nadu Government is with reference to Rule 304 (2) of the Companies (Court) Rules, 1959.
- (vii) Income tax – Payment of interest on Income-tax is not admissible and hence the same will have to be held under objection in audit;
 - (viii) Rents, rates, taxes, etc., payable in respect of Companies properties; and
 - (ix) Miscellaneous expenses:

5. LIST OF REGISTERS AND RECORDS TO BE CHECKED IN AUDIT (RULE 286 (1) (2)).

(i)	Register of Liquidations	Form No.142-A
(ii)	Central Cash Book	Form No.142-B
(iii)	Company's Cash Book	Form No.142-C
(iv)	General Ledger	Form No.142-D
(v)	Cashier's Cash Book	Form No.142-E
(vi)	Bank Ledger	Form No.142-F
(vii)	Register of Assets	Form No.142-G
(viii)	Securities and Investments Register	Form No.142-H
(ix)	Register of Book debts and outstandings	Form No.142-I
(x)	Tenant's Ledger	Form No.142-J
(xi)	Suits Register	Form No.142-K
(xii)	Decree Register	Form No.142-L
(xiii)	Sales Register	Form No.142-M
(xiv)	Register of Claims and Dividends	Form No.142-N
(xv)	Contributories Ledger	Form No.142-O
(xvi)	Dividends paid Register	Form No.142-P
(xvii)	Commission Register	Form No.142-Q
(xviii)	Suspense Register	Form No.142-R
(xix)	Documents Register	Form No.142-S
(xx)	Books Register	Form No.142-T
(xxi)	Register of unclaimed dividends and undistributed assets deposited into the Companies Liquidation Account in the Punjab National Bank	Form No.142-U
(xxii)	Record Book	
(xxiii)	Daily Register of Money Orders and Cheques received	
(xxiv)	Petty Cash Book	
(xxv)	Receipt Book	Form No.143

6. Reasing of private loans and Government loans Where the Company has no available assets – Where a Company against which a winding-up order has no available assests, the Official Liquidator may with the leave of the Court, incur any necessary expenses in connection with the winding-up out of any permanent advance or other fund provided by the Central Government and the expenses so incurred shall be recouped out of the assets of the Company in priority to the debts of the company:

Provided that where any money has been advanced to the Official Liquidator by the petitioning or other creditor or contributory for meeting any preliminary expenses in connection with the winding-up, the Official Liquidator may incur any necessary expenses out of such amount and the money so advanced shall be paid out of the assets of the Company in priority to the debts of the Company. (Rule 292 of the Companies Court Rules).

7. Audit checks on receipt side – The following checks shall be exercised in the audit of collections received by the Official Liquidator :-

(i) Receipt Book – The Receipt Book (in Form No.143) is maintained with Counterfoils, the leaves of which are machine numbered serially, from which receipts are issued for all amounts received by the Official Liquidator, it should be seen that the duplicate and triplicate bear the same number as the original. The receipts shall be serially entered in the Cash Book maintained by Cashier, as well as in the Central Cash Book, indicating the receipt number. Further, it should be seen in audit that the amounts noted in the receipts have been duly credited in the Cashier's Cash book and in the Central Cash Book and that all the three foils are available in tact in respect of cancelled receipts, duly cancelled by the Assistant Official Liquidator.

(ii) Remittance of cash into the Punjab National Bank – It should be seen in audit that all the moneys received by the Official Liquidator as the Official Liquidator of any Company and the realizations of each day are remitted (into the Public Account of India) in the Punjab National Bank to the credit of an Account in his official name without any deduction, not later than the next working day of the Bank, provided that the remittance of moneys into the Bank may be deferred until the realizations exceed Rs.100 (Rule 287 of the Companies (Court) Rules 1959). It should be seen in audit whether a bank remittance chalan book in counterfoils is maintained the leaves of which should be serially numbered in which the acknowledgment of the Bank should be obtained for all moneys (whether in Cash or Cheque) deposited into the Bank. The S.No. of the remittance chalan shall be entered in the Central Cash Book as well as in the Cashier's Cash Book.

Similarly, it should be seen in audit that all the bills, cheques, hundies, notes and other securities of a like nature payable to the Company or to the Official Liquidator thereof, are deposited by the Official Liquidator with the Bank for the purpose of being presented for acceptance and payment or for payment only as the case may be and the proceeds when realized are credited by the Bank to the account of the Official Liquidator (See Rule 288 of the Companies (Court) Rules, 1959).

NOTE - (1) The remittances into the public account were made into the R.B.I. upto 30th September 1976 and thereafter into the Punjab National Bank with reference to the letter PRAO/X (b)/76-77/858, dated 11th January 1977, of the Principal Accounts Officer, Department of Company Affairs, Government of India.

(2) The bank remittance chalans should be prepared in duplicate in carbon paper and the originals should be called for and checked in the Cashier's Cash Book/ Central Cash Book and in the Bank scroll.

(3) The receipt numbers shall be entered in the Bank remittances chalan for all the moneys, remitted into the Bank (either in cash or cheques, demand drafts, pay orders).

(4) The remittance chalan number shall be entered in the Central Cash Book as well as in the Companies Cash Book.

(5) Separate chalan should be prepared for each Company.

(iii) Check of Sale Proceeds of the properties belonging to a Company – It should be seen in audit whether (i) the properties belonging to a Company which is being wound-up by the Court, have been sold by the Official Liquidator with the previous sanction of the Court and that every sale has been confirmed by the Court; (ii) that every sale was conducted by the Official Liquidator or on the directions of the Court by an agent or an auctioneer approved by the Court; and (iii) all sales were made by public auction, or by inviting sealed tenders or in such manner, as the Judge may direct (See Rules 272 and 273 of the Companies (Court) Rules, 1959).

(iv) Claims by the Company – No claim by the company against any person shall be compromised or abandoned by the Liquidator without the sanction of the Court upon notice to such persons as the Court may direct (Rule 270 of the Companies (Court) Rules, 1959).

(v) Official Liquidator to realise uncalled Capital – Notwithstanding any charge or encumbrance on the uncalled capital of the company, the Official Liquidator shall alone be entitled to call and realise the uncalled capital of the company, and to collect the arrears if any, due on calls made prior to the winding-up but shall hold all money so realized subject to the rights if any, of the holder of any such charge or encumbrance (Rule 236 of the Companies (Court) Rules, 1959).

(vi) Collection and distribution of Assets in a winding-up by Court – Powers of Official Liquidator : The duties imposed on the Court by Sub-section (1) of section 467 (of the Companies Act, 1956) with regard to the collection of the assets of the Company and the application of the assets in

discharge of the Company's liabilities shall be discharged by the Official Liquidator as an officer of the Court subject to the control of the Court and to the proviso in Section 643 (2) (Rule 232 of the Companies (Court) Rules).

8. Audit Checks on Expenditure side – The following checks shall be exercised in the audit of expenditure in the Official Liquidator's Office:

(i) Withdrawal of Cash from the Bank by Cheques – The money needed for meeting expenses or for making payments in cash shall be drawn from the Bank by Cheques drawn upon the Bank by the Official Liquidator. All payments out of the account by the Official Liquidator, above Rs.50 shall be made by cheque drawn against the said account. (See Rule 287 of the Companies (Court) Rules, 1959).

(ii) Official Liquidator's Dividend Account (Rule 290) – A separate dividend account for each Company under Liquidation shall be opened by the Official Liquidator either in the State Bank of India or its subsidiaries, or with the sanction of the Court, in any other Scheduled Bank as may be convenient under the name " the Dividend Account of " (name of the Co.) in liquidation by its Official Liquor in which account, the Official Liquidator upon a declaration of dividend being made in the winding up of any Company, deposit by transfer from his account with the Reserve Bank of India the total amount of the dividends payable upon such declaration. There shall be a separate account in respect of each declaration of dividend. All payments of dividend shall be made from the said official Liquidator's dividend account and any unpaid balance in the account shall be transferred back to the Official Liquidator's Personal Deposit Account in the Punjab National Bank before being paid into the Companies Liquidation Account as unclaimed dividend (as reiterated in Rule 336 also).

All payments of dividend above Rs.50 shall ordinarily be made by Cheques drawn against the said Account.

NOTE – The word "dividend" includes refund of Capital to Contributories (vide note under rule 290 of the Companies (Court) Rules, 1959).

(iii) Fees to be credited to Central Government – In every winding-up where the Official Liquidator becomes or acts as Liquidator there shall be paid into the public account of India in the Punjab National Bank to the credit of the Central Government from out of the assets of the Company in liquidation, the Fees determined in accordance with the provisions contained in Rule 291 of the Companies (Court) Rules.

(iv) Investment of money – The money for the time being standing to the credit of the Official Liquidator at the Bank, as is not immediately required for the purposes of winding-up shall be invested in Government Securities or in interest bearing deposits in the State Bank of India or with previous sanction of the Court in interest bearing deposits in any other scheduled Bank, in the name of the Official Liquidator of the Company to which the funds belong (Rule 293).

At the end of every three months, the Official Liquidator shall examine the account of each liquidation in his charge to ascertain what moneys are available for investments. In case the Official Liquidator decides not to invest any surplus funds, the reasons for such decision shall be recorded by him in the Record Book (Rule 294).

All investments shall be made by the Bank upon the written request of the Official Liquidator and the securities shall be retained in the Bank in the name and on behalf of the Official Liquidator. They shall not be sold except by the Bank and under the written instructions of the Official Liquidator (Rule 295).

(v) Law Charges – Legal Assistance for the Official Liquidator – The Official Liquidator shall as far as possible, personally appear and conduct all proceedings of the liquidation before the court. The Official Liquidator may apply to the Court for sanction to employ an advocate or advocates to assist him and the Court may sanction such employment or pass orders as it may think fit (Rule 307).

The payment of fees to the advocate should be in accordance with the provisions contained in Rules 348 to 353 and 356 of the Companies (Court) Rules, 1959.

(vi) Employment of Additional or Special Staff – The Official Liquidator shall apply to the Court for sanction and the court may sanction such staff as it thinks fit on such salaries and allowances (Rule 308).

(vii) Apportionment of Expenses of Common Staff – Where any staff is employed to attend to the work of more than one liquidation or any establishment or other charges are incurred for more than on liquidation, the expenses incurred on such staff and the common establishment and other charges, shall be apportioned by the Official Liquidator between the several liquidations concerned in such proportions as he may think fit, subject to the direction of the Judge, if any (Rule 309).

(viii) Declaration of dividend or return of Capital – (a) The dividend to creditors or return of capital to contributories shall be declared by the Official Liquidator with the sanction of the Court (Rule 275).

(b) Payment of dividend or return of capital due to a deceased creditor or contributory – In the above case of payment, if the amount due is Rs.500 or less, the Official Liquidator may upon satisfying as to the claimant's right and title to receive the dividend or the return as the case may be apply to the court for sanctioning the payment of such dividend or return to the claimant without the production of a succession certificate or like authority. Where the court sanctions the payment, the Official Liquidator shall make the payment upon obtaining a personal indemnity bond from the payee (Rule 280).

(ix) Termination of Winding-up-Liquidator to pay the balance into Public Account – Upon an order for dissolution (of the Company) being made by the Court under Rule 282 of the Companies (Court) Rules, 1959) the Official Liquidator shall for with pay into the Companies Liquidation Account in the Public Account of India in the Reserve Bank of India, any unclaimed dividends payable to the creditors, or undistributed assets refundable to contributories in his hands on the date of the order of dissolution and such other balance in his hands as he has been directed by the Court to deposit into the Companies Liquidation Account in the Punjab National Bank (Rule 283).

(x) Expenses of Sale of Property – The charges and expenses connected with the sale of property of a company, in liquidation shall be paid to the auctioneer or agent in accordance with the scales if any fixed by the Court (Rule 274).

(xi) Discharge of debts – The value of all debts and claims against the company shall as far as possible be estimated according to the value thereof at the date of the order of the winding-up of the Company (Rule 154).

Discount : A creditor proving his debt shall deduct therefrom all trade discounts, if any. (Rule 155).

(xii) Expenses of preparing the statement of Affairs – No person shall be paid out of the assets of the Company any costs or expenses which have not been sanctioned by the Official Liquidator nor shall such costs and expense be paid until the statement of affairs verified by affidavit has been submitted to the Official Liquidator except by order of the Court. [Rules : 129 and 338 (1)].

(xiii) Costs, etc., of Provisional Liquidator – Subject to any order of the Court, all the costs, charges and expenses properly incurred by the Official Liquidator as Provisional Liquidator including such sum as is or would be payable to the Central Government under the scale of fees for the time being in force applicable where the Official liquidator acts as liquidator of the Company shall be paid out of the assets of the Company (Rule 108).

(xiv) Costs and expenses payable out of the assets in a winding-up by the Court – The payments out of the asset of the Company being wound up by the Court detailed in Rule 338 (1) of the Companies (Court) Rules 1959, shall be made in the order of priority mentioned therein.

(xv) Bill of costs by advocate or other person employed by Official Liquidator – Every advocate, accountant, auctioneer or other person employed by the Official Liquidator in a Winding-up by the Court shall on request by the Official Liquidator (to be made in sufficient time before the declaration of a dividend) deliver his bill of costs or charges to the Official Liquidator and if he fails to do so within 4 weeks of the receipt of the request or such extended time as the Court may allow, the Official Liquidator shall declare and distribute the dividend without regard to such person's claim and the claim shall be forfeited. However, the Court may at any time before the declaration of the final dividend, for good cause shown, restore the claim and order the bill to be received without prejudice to the distribution of dividends declared prior to the making of the order (Rule 347).

9. Audit Checks on Important Registers – The following checks shall be exercised in audit in the case of maintenance of registers.

(a) Register of Liquidations : (Form No.142-A) – The Register is a complete record of all the Companies in liquidation. It should be seen-

- (i) That the register is kept up-to-date in disclose of all the facts.
- (ii) That the Official Liquidator has filed accounts in respect of all the companies in liquidation;
- (iii) That the statement of affairs has been received and
- (iv) That preliminary report has been filed by the Official Liquidator in due time.

(b) Central Cash Book (Form No.142-B) – The register is common to all the liquidations administered by the Official Liquidator and the day-to-day transactions of the various companies in liquidation, are entered in this register chronologically. This register contains 4 Columns (viz.) Securities, Contra, Bank and Cash on both sides in addition to receipt No. and Ledger No. on the receipt side and Chalan No., Voucher No. and Ledger Folio number on the payment side. The instructions regarding the maintenance of this register are prescribed under Form No.142-B, under Rule 286 of the Companies (Court) Rules 1959. The Central Cash Book shall be closed monthly over the signature of the Official Liquidator. The cash balance shall be verified daily by some responsible officer and at least once a month by the Official Liquidator. The total of the cash and bank balances of all the Companies should be tallied with the balances in the Central Cash Book once in every month and a certificate should be recorded in the register that the total of the balance in the individual companies accounts agrees with the consolidated balances in the Central Cash Book.

(c) Company's Cash Book (Form No.142-C) – There should be a separate Cash Book for each Company and the entries should be posted from the receipts and voucher checked with the corresponding entries in the Central Cash Book. The total of the cash and Bank balances of all the companies should be tallied with the balances in the Central Cash Book once at the end of every month with the help of the Register of Trial Balances.

(d) Cashier's Cash Book (Form No.142-E) – This book is maintained independently by the Cashier. The checks to be exercised are:

- (i) That opening and closing balances are struck for each day;
- (ii) That the columns are properly used;
- (iii) That collections are duly remitted into the Punjab National Bank in accordance with the rules;
- (iv) That the closing balance as arrived at in the cash book agrees with the closing balances as per the Central Cash Book : and
- (v) That the number of the Chalan or receipt is also given.

(e) General Ledger (Form No.142-D) – The General Ledger may be maintained for each company with such heads of accounts as the Official Liquidator may think necessary and appropriate. The entries are posted from the company's Cash Book. The total of the debit balances and the total of the credit balances of the several heads of account in the general ledger should agree after taking into consideration the cash and bank balances as shown in the company's cash book. The totals should be tallied once a month.

(f) Bank Ledger (Form No.142-F) – In this Ledger remittance into the Bank and withdrawals therefrom recorded in the Bank Column of the Cash Book are entered under 'Deposits' and 'Withdrawals' respectively. It can thus show at any time the balance held by the Bank. The checks to be exercised are;

- (i) That remittance into the Bank are supported by receipted chalans;
- (ii) That all withdrawals are supported by cheques issued;
- (iii) That the totals have been struck and carried over from page to page at the end of the month; and
- (iv) That balances have been struck at the end of each month and reconciled with the bank statement and Central Cash Book.

(g) Register of Assets (Form No.142-G) – All the property of the Company except the Liquidator's investment in securities and outstandings to be realised are entered in this register. The checks to be exercised are:-

- (i) That the assets taken possession of by the Official Liquidator are entered in this register with reference to the inventory list prepared while taking possession.
- (ii) That proper action has been taken by the Official Liquidator to realise all the assets as disclosed in the statement of affairs and other records;
- (iii) That steps have been taken for the disposal of the assets;
- (iv) That sanction of the court has been obtained and other formalities prescribed are observed for the disposal of the assets;
- (v) That date of sale, date of realisation and amount of sale etc., are duly noted with reference to the Sales Register; and
- (vi) That there is no undue delay in the disposal of assets.

(h) Securities and Investment Register (Form No.142H) – All Securities made by the Official Liquidator after the date of winding-up order, are entered in this register. Similarly the securities made prior to winding-up and taken possession of by the Official Liquidator are entered in a separate register. In addition to the usual checks it should be seen whether all the investments made by the Company prior to the winding-up are encashed by the Official Liquidator without any delay and the investment with interest remitted into the Punjab National Bank.

(i) Register of Book debts and Outstanding – (Debtor's Ledger-Form No.142-I) – All the debts due to the Company (both secured and unsecured) including amounts due for arrears of calls made prior to the winding up are entered in this register. The register should be examined to see

- (i) That all the debts due to the company as per the details gathered by the Official Liquidator and with reference to the list of promissory notes taken possession of are entered in this register;
- (ii) That prompt action has been taken for the realisation of all the book debts;
- (iii) That reference to Suit Registers are furnished, wherever suits have been filed for realization of the debts; and
- (iv) That in the case of write-off of debts, sanction of the Court has been obtained.

(j) Tenants Ledger (Form No.142-J) – The register is a complete record of the properties rented. The checks to be exercised are :-

- (i) That the undisposed buildings as disclosed in the Assets Registers have been rented out;
- (ii) That the demand has been correctly noted;
- (iii) That the rents due by the occupants have been regularly collected;
- (iv) That the realisation are correctly entered; and
- (v) That vacancy remission has been claimed for vacant buildings from the concerned local bodies in which there are situated.

(k) Register of Claims and Dividends (Form No.142-N) – Claims admitted either wholly or in part are entered in this register. It should be seen;

- (i) That claims are called for from creditors with the sanction of court;
- (ii) That claims admitted either wholly or in part are entered in this register;
- (iii) That sanction of court has been obtained for the declaration of dividends;
- (iv) That dividends due are correctly calculated;
- (v) That dividends paid are correctly posted;
- (vi) That the dividends which remain unpaid for six months from the date on which they become payable are transferred back to the Official Liquidators' Account (i.e) P.D Account of the Official Liquidator before being remitted to the credit of the companies Liquidation Account maintained in the Punjab National Bank;
- (vii) That unused cheque leaves, if any, are returned to the Bank after the closure of the Dividend Account; and
- (viii) The page on the left side should be reserved for claims and the page on the right side for dividends paid.

(l) Dividends paid Register (Form No.142-P) – Separate pages should be set apart 'preferential' and 'Ordinary' dividends. The payments should be entered and when they are made. Any amount which is returned unpaid should be re-entered in the account under 'Receipts'. The number in

Col. (2) should be the number of the creditor in the list of creditors as finally settled. The total amount of unclaimed dividends payable into the Reserve Bank of India and the amount paid into the Bank with the date of payment are shown at the end of the account.

An account on similar lines should, if necessary, be maintained in respect of share capital returned to contributories.

(m) Register of unclaimed Dividends and undistributed Assets (Form No.142-U) – The particulars regarding the unclaimed dividends and undistributed assets deposited into the Companies Liquidation Account in the Punjab National Bank are entered in this register :

The checks to be exercised are :-

(i) That full particulars regarding the amounts remitted are entered in this register; and
(ii) That a copy of such particulars in the prescribed form is forwarded to the Register of Companies.

(n) Contributories Ledger (Form No. 142-O) – Only the contributories settled on the list of contributories are entered in this register in the same order as in the list.

(o) Suit Register : (Form No.142-K) – A single register may be maintained for all the companies in Liquidation, but the register is maintained company wise by allotting sufficient number of pages to each company. Applications made by or against the Company which are in the nature of suits are also entered in this register.

(p) Decree Register (Form No.142-L) – This register is common to all the Liquidations, the purpose of the register being to enable the Official Liquidator to keep watch on the progress of the realisation of decrees in favour of the Companies in his charge.

Every decree or order for payment of money or delivery of property in favour of the company including an order for payment of costs whether made in a suit, appeal or application, should be entered in this Register.

Reference to suits Register should be indicated in this register wherever necessary.

(q) Sales Register (Form No.142-M) – The register is common to all the Companies in liquidation, administered by the Official Liquidator and entries are made as and sales of property are held.

(r) Commission Register (Form No.142-Q) – An entry should be made in this Register of every Company that is wound-up in which the Official Liquidator becomes or acts as Liquidator. There should be a fresh opening for each year. The fees due to Government under section 451(2) for each half year should be entered in the Register as soon as the audit of the accounts for that half is completed. In the case of final accounts, the fees to be credited under section 451(2) should be entered in this Register as soon as the final accounts are audited.

It should be seen that the Commission due to the Central Government has been correctly calculated in accordance with the scale prescribed in Rule 291 of the Companies (Court) Rules, 1959.

(s) Suspense Register (Form No.142-R) – This Register should be kept company-wise. Advances made by the Official Liquidator to any person or made to the Official Liquidator by any person are entered in the Register. There should be a separate opening for each person.

(t) Audit Fee Register – It should be seen that audit fee due has been correctly worked out and paid into the credit of the State Government, as laid down in Rule 304 of the Companies (Court) Rules, 1959 and entered in this register.

(u) Register of Letter of Credit – The advance drawn by the Official Liquidator with the leave of the court, from the fund provided by the Central Government is entered in this register. It should be seen that the advance is repaid to the Central Government as soon as there sufficient funds in the Company for payment.

(v) Documents Register (Form No.142-S) – All documents of title like title-deeds, shares, promissory notes, etc., should be entered in this register. Such entries should be made on the basis of the details available in the Inventory prepared while taking possession of the assets and records of the Company.

(w) Books Register (Form No.142-T) – In this register should be entered all books and files of the Company which come into the hands of the Liquidator.

10. Compilation of half-yearly accounts of the companies by the Official Liquidator – The following general instructions should be observed in preparing the statement of account – Rule 299 of the Companies (Court) Rules.

(1) The statement should consist of the detailed accounts of all the Liquidator's realisations and disbursements in respect of the Company. Under 'Realisations' should be entered all the receipts derived from assets existing at the commencement of the winding up and subsequently realised including balance in Bank, Book debts and calls collected, property sold etc., and under 'disbursements' should be entered all payments for costs and charges, or to creditors and contributories. Where property has been realised, the gross proceeds of sale must be entered under realisations, and the necessary payments incidental to sales must be entered as disbursements. The statement should not contain payments into or out of the Bank (which should be shown by the Bank Pass Book) nor the temporary investments by the Liquidator or the proceeds of such investments when realised, which should be shown separately by a separate detailed statement of moneys invested by the Liquidator and the investments realised.

Interest allowed or charged by the Bank, Bank Commission, etc., and profit or loss upon the realisation of temporary investments should however be inserted in the accounts of realisations or disbursements as the case may be. Each receipt and payment must be entered in the account in such a manner as sufficiently to explain its nature. The receipts and payments must be severally be added up at the foot of each sheet and the totals carried forward, from one account to another without any intermediate balance, so that the gross totals shall represent the total amounts received and paid by the Liquidator respectively.

(2) Where the Liquidator carries on a business, a Trading Account must be furnished as a distinct account and only the totals of receipts and payments on the trading Account must be brought into the statement.

(3) When dividends or instalments of composition are paid to creditors or a return of surplus assets is made to contributories the total amount of each dividend or instalment of composition, or return to contributories, actually paid, must be entered in the statement of disbursements as one sum and the Liquidator must furnish separate accounts showing in list, the amount of the claim of each creditor and the amount of dividend or composition payable to each creditor and of surplus assets payable to each contributory distinguishing in each list the dividends and instalments of composition and shares of surplus assets actually paid and those remaining unpaid.

(4) When unclaimed dividends, instalments of composition or return of surplus assets are paid into the companies Liquidation Account, the total amount so paid should be entered in the statement of disbursements as one sum (Rule 299).

The checks to be exercised are :

(i) That the statement of account received for audit, has been made out in accordance with the Instruction (1) to (4) regarding the preparation of the statement of Account.

(ii) That no balance is shown on this account, but only the total realisations and disbursements which should be carried forward to the next statement of account;

(iii) That only the total amount of dividends paid to creditors or capital returned to contributories are included under disbursements and the details are given in the Annexure;

(iv) That balances are correctly struck and tallied with the Companies cash book; and;

(v) That the statement of accounts contains Annexure-I to V (vide Fo 144).

11. Reconciliation with bank account – (i) The Central Cash Book should be closed montly under the personal attestation of the Official Liquidator. The Bank balances should be reconciled with the bank statement at the end of each month, after taking into account the factors arising out of cheques drawn but not cashed, or remittances made but adjusted in the Bank's Books in the accounts of a different month.

(iii) The total of the Cash and Bank Balances of all the Companies should be tallied with the balances in the Central Cash Book once in every month and a certificate should be recorded in the Central Cash Book that the total of the balances in the individual Companies' Account agrees with the consolidated balance in the Central Cash Book over the signature of the Official Liquidator.

12. Important Government Orders, Departmental Circulars and the Head Office Circulars and instructions – (1) Registrar, High Court of Madras – Ref. No. Roc.2207/63/F1, dated 6th January 1964 – Regarding procedure to be adopted for the appointment of Temporary ad hoc staff in the Liquidation of Companies by the Official Liquidator and proposed terms and conditions of such appointment.

(2) Government of India, Ministry of Commerce and Industry, New Delhi – Lr.No.1/30/61 CLIII, dated 27th January 1962 of the Under Secretary addressed to all the Official Liquidators.- Investment of surplus funds Rules 293 and 295 of the Companies (Court) Rules, 1959 – Procedure to be followed when investing funds in scheduled Banks.

(3) (i) High Court of Madras – Circular No.D.Dis326/47, dated 5th August 1947.- Regarding commission and Audit Fees to be calculated for all cash, cash in Banks and Securities subsequently converted into Cash that came into the possession of the Official Liquidators.

(ii) Government of India – Ministry of Commerce and Industry, Department of Company Law Administration Letter No.1/12/60 CL III, dated 24th November 1962 – Commission and Audit Fees to be calculated on the proceeds of investments and securities even if they are credited under N.D.D. (Non-Distributable Deposit). They should also be calculated and paid on the entire amount of dividend payable transferred to dividend account.

(4) Government of India – Department of Company Affairs under The Ministry of Law, Justice and Company Affairs, New Delhi Lr.No.PRAO/X(b)/76-77/858, dated 11th January 1977 of the Principal Accounts Officer, Ministry of Law, Justice and Company Affairs, New Delhi –

(i) Consequent on the departmentalisation of account by the Government of India, the Punjab National Bank, Mount Road, Madras-2, has been allotted to the Ministry of Law, Justice and Company Affairs for operating the “Companies Liquidation Account instead of the Reserve Bank of India/Treasury which was hitherto maintaining the P.D.Account in respect of the Companies liquidation account.

Head of Account –

“843. Deposits and Advances – Deposits not bearing interest – Civil Deposits – Companies Liquidation Account ”.

(ii) Regarding deposit of money in the Punjab National Bank in the Public Account under the head -

“ Deposits and Advances – Deposits not bearing interest – Civil Deposits – Personal Deposits – Official Liquidator’s Account.”

(iv) Regarding Official Liquidators’ Dividend Account :

This account to be opened by the Official Liquidator with the Punjab National Bank after obtaining the Orders of Court.

13. Issue of Audit Report and Pursue of the Objections Involving Losses and Serious Irregularities – (a) Issue of Audit Report – After the audit is completed, a report containing important defects should be drawn up for communication in duplicate, to the Registrar, High Court of Madras. A copy of the Audit Report should be communicated to the Official Liquidator with a covering letter that replies to the report may be furnished through the High Court within two months from the date of receipt. A copy of the Audit Report shall also be submitted to the Examiner of Local Fund Accounts.

At the same time Audit Notes containing minor defects should be prepared and communicated to the Official Liquidator with a request to furnish replies within two months from the date of receipt.

Note - It should be borne in mind that the Audit Report is issued to the Registrar of the High Court, within two months from the date of receipt of the copy of the account from the High Court (See Rule 301 of the Companies (Court) Rules, 1959)

(b) Follow-up action on the Audit Report – After the expiry of two months time for the receipt of replies to the Audit Report from the Official Liquidator (through the High Court) the Registrar of the High Court has to be addressed intimating the non-receipt of replies to the Audit Report, wherever necessary.

On receipt of replies to the Audit Report from the High Court, the replies have to be verified by calling for the relevant files and records from the Official Liquidator in support of the replies furnished. After the verification of the replies, necessary further remarks shall be issued on the replies to the Official Liquidator with a copy thereof marked to the Registrar of the High Court.

The pending objections should be pursued till they are eventually settled by indicating them in the subsequent Audit Report to be issued.

14. Audit Fees – The Audit Fees shall be calculated and paid (1) On the amount brought to credit including the produce of calls on contributories, interest on investments and rents from properties, but after deducting (a) the amount spent out of the money received in carrying on the business of the Company and (b) amounts paid by the Official Liquidator to secured creditors (other than debenture holders), at half percent and

(ii) On disbursements, other than payments to secured creditors not being debentures holders at half per cent into the public account of India in the Reserve Bank of India to the credit of the State Government (Rule 304) of the Companies (Court) Rules, 1959.)

(a) in respect of Companies generally by sections 237, 391, 394, 395, and 397 to 407 both inclusive;

(b) in respect of Companies with a paid-up share capital of not less than one lakh of rupees and the other provisions of the Act relating to the winding up of Companies.

It has been ascertained that no notification has so far been published by the Government of India in the Official Gazette, as laid down in section 10(2) of the Companies Act, 1956.

As such, there is no post of Official Liquidator in the District Courts. At present the Companies are wound up only by the High Courts.

In the event of the Central Government appointing Official Liquidators in the District Courts, under Section 448 (1) (b) of the Companies Act, 1956, their accounts also have to be audited on the lines discussed in the Manual of Instructions for the audit of the accounts of the Official Liquidator, High Court of Madras.

CHAPTER IX

AUDIT OF THE ACCOUNTS OF THE ADMINISTRATOR-GENERAL

The audit of the accounts of the Administrator-General was entrusted with the Examiner of Local Accounts in G.O. Ms. No.114, Finance, dated 6th February 1924.

2. The Administrator-General's Office is regulated by the Act III of 1913 and by the rules framed under the powers vested with the Government under Section 50 of the Act. The Act III of 1913 was repealed by the Central Act 45 of 1963 but no rules have been framed so far under the powers vested with the Government under section 62 of the Act 1963 has been brought into force.

The auditor should acquaint himself with the the relevant sections of the Act and the rules framed thereunder by Government. He should in particular carefully study the Sections 43 to 46 of the Act of the 1963. which define the powers and duties of the auditor.

3. This is a calendar year audit. The Monthly concurrent audit is being done by the residential audit unit headed by one Inspector of Local Fund Accounts. The accounts of the Administrator-General are closed every year ending with 31st December. After receipt of the annual accounts, the annual audit will be done consolidating the monthly audits and checking the annual accounts and schedules received from the Administrator-General.

4. The following registers are maintained in the Administrator-General's Office :-

- (i) Register of estates in charge of the Administrator –General.
- (ii) Register of assets in each estate.
- (iii) Petty Cash book showing in separate columns, the receipt of cash, cheques, dividend warrants, etc., and payment of the same through the office (to be balanced daily)
- (iv) General cash book showing in separate columns every receipt and payment through the office and every receipt and payment through the bank of cash, cheque, dividend warrants, Government and other securities, etc. the dates of receipts and payments and the voucher number for each payment.
- (v) Ledgers in which shall be entered the account current with each separate estate showing detailed debits and credit items and every transaction whether in cash, Government or other securities.
- (vi) Register of Sales, movable and immovable properties.
- (vii) Register of outstanding in which shall be entered all the outstandings due to an estate in the shape of book debts, pro-notes, mortgages, pledges, etc.
- (viii) Stock book of jewellery, trinkets and other valuables belonging to each estate.
- (ix) Register of Government and other securities belonging to each estate.
- (x) Register of rents and lease amounts collected from the immovable properties.
- (xi) Register of suits and proceedings to which the Administrator-General is a party.
- (xii) Register of commissions and fees collected and credited to Government monthly.
- (xiii) Permanent receipt book.
- (xiv) Income tax refund register in which shall be entered all particulars regarding the applications made to the Income Tax Officers concerned for refund of Income-tax deducted and the particulars of all refunds realized.
- (xv) Assessments register in which shall be entered particulars of all taxes quit rents lists etc., paid in respect of immovable properties.

(xvi) vacancy remissions register in which shall be entered all particulars in respect of applications made to the Madras Corporations, District, Municipalities or Panchayats for remission of taxes, etc., on the ground of vacancy.

(xvii) Periodical payments register in which shall be entered all payments made to the beneficiaries and other parties through the agent of the Administrator-General at London.

(xix) Register of sanctioned estimates in which shall be entered all particulars regarding the estimates sanctioned by the Administrator-General.

(xx) Register of buildings and fixtures in which shall be entered the particulars of all house properties, the particulars of fixtures and movables belonging to each buildings, repairs and improvements effected each building and the value thereof.

(xxi) Register of advances in which shall be entered the particulars regarding the advances made and their recoveries or adjustments.

(xxii) Register of claims in which shall be recorded all the claims made against various estates whether admitted or rejected.

(xxiii) Register of certificates issued under Sections 29 and 30 of the Administrator-General's Act, 1963.

(xxiv) Register of amounts to be transferred to Government.

(xxv) Register of properties locked and sealed or left in the custody of the beneficiaries.

(Memorandum No.10117 F/45-13, dated 13th August 1946)

(G.O. No.2088, Home, dated 24th May 1949)

(xxvi) Register of Deposits.

(xxvii) Classified register of receipts and payments.

(xxix) General accounts of monthly balances of Trust estates.

(xxx) Register of money orders received.

Letter No. Roc. No.56516/A.G. & O.T./72 dated 9th November 1976 of the Examiner of Local Fund Accounts Madras.

5. On commencing the audit attention should first be directed to the Cash book which should be checked throughout with particular care.

The cash book has nine columns on the debtor side headed "Date, Receipt-number, particulars of receipts, Trust credited, Ledger Folio number, Cash Collection, Cheque and Bank Collection, Government Securities and other securities and nine columns on the creditor side headed "Date, Voucher number, Particulars of payment, Trust debited, Ledger Folio Number, Cash payment (office), Cheque payment (Bank), Government securities and other securities.

The daily balancing could be proved and cases, if any, in which the Administrator-General has retained in his own hands more than Rs.750 at the close of any day should be brought to notice if not satisfactorily explained. It should also be seen whether the book is written, upto date and has been signed by the Administrator-General, monthly.

It should also be seen whether the petty cash book maintained by the cash-keeper and the main cash book maintained by the Accountant are closed daily and the closing balances verifies by the Deputy Administrator-General under his dated initials in both the books in token for his check.

(G.O.No.97, Home, dated 13th January 1944)

(G.O. Ms. No.1648, Home, dated 3rd June 1960)

6 The following checks are to be exercised on the receipt-side of the cash book-

(i) that every entry is supported by a counterfoil receipt in printed form bearing the initials of the Administrator-General or by the bank's interest statement in the case of interest realized;

(ii) that in the case of house-rent, the entries agree with those in the rent register against the month or months to which they pertain under the respective estates.

(iii) that in the case of realization of decree amount of debt due, the entries agree with the postings in the suit register or the debt due register as the case may be.

(iv) that in the case of sale proceeds of valuables and other movables the sale lists are available and the entries of articles sold are traceable in the register of valuables and the asset register;

(v) that in the case of sale proceeds of immovable, the sanction of the High Court is forthcoming for the sale of the property, and that the amount realised is posted against the item in the asset register and the date of disposal is noted in the rent register;

(vi) that in the case of realization of lease amounts of lands, the lease was sold by public auction, that in respect of leases that are not auctioned, the Administrator-General has consulted the local Tahsildar or Deputy Tahsildar, as the case may be, as to the reasonableness of the lease amount, such consultation being made by direct correspondence with the Revenue Authority concerned and that the amounts realised are noted in the rent register;

(Memorandum No.22498-J/44-6,Home, dated 16th March 1945)

(vii) that in the case of refunds of income-tax the amounts realised are correct with reference to the relevant records and are posted against the items in the register of refund if income; and tax.

(viii) that in the case of vacancy remissions the amounts realised are correct with reference to the period during which the buildings are vacant and are posted against the items in the register of vacancy remissions.

(B) On the creditor side of the cash book it should be seen—

(i) that every entry is supported by proper voucher bearing the pass order of the Administrator-General and showing the estates to be debited;

(ii) that in the case of remittances to office of the High Commissioner for India in the United Kingdom, bills have been purchased from any of the banks approved by the Government, viz., the Reserve Bank of India, Madras and that the particulars have been entered in the remittances register pending final adjustment on receipt of acknowledgements.

(iii) that in the case of securities purchased or sold, the particulars agree with those given in the security register;

(iv) that in the case of securities purchased there is provision in the will, or the Court's order or the orders of the Administrator-General for payment of the amount and that the payments are noted in the register of periodical payments to guard against double payment;

(v) that for expenditure on religious and charitable objects and on improvements as may be considered reasonable and proper for the case of a property, the sanction of the Court under Section 47(b) is forthcoming.

Note 1:-- The Administrator-General may incur expenditure without any outside sanction as such acts as may be necessary for the proper care and management of any property belonging to any estate in his charge as per section 47(a).

Note 2:-- The Administrator-General and Official Trustee is authorized to sanction to the members of his establishment the actual cost of hiring a conveyance on a journey for which no travelling allowance is admissible under the Tamil Nadu Travelling Allowance Rule 51, subject to the conditions that in every such case a certificate is appended by him to the effect—

(1) that grant of the concession is necessary in the interests of the estate concerned; and

(2) that he is satisfied that the expenses have been actually incurred.

(G.O. Ms. No.2888, Home dated 27th July 1947 and G.O.No.2907, Law (General) dated 21st September 1925)

(vi) that law costs, if large in amount (say, cost exceeding Rs.300) have been paid and when paid are supported by Court's order.

(vii) that taxes, quit rent and land revenue paid are noted in the assessment register and the amounts paid are otherwise correct and are in accordance with the demand;

(viii) that in the case of works expenditure tenders are invited for works the estimated value of which exceeds Rs.1,500 unless the order of Court have been obtained to dispense with tenders;

(ix) that in the case of petty repairs the payment is supported by duly sanctioned estimate and proper vouchers;

(x) that stamp charges in the case of letters of administration are in accordance with the stamps actually affixed to these documents;

(xi) that advance to an agent or to the estate clerk for purposes of expenditure are noted in the Register of advances and are not finally admitted till proper voucher, have been produced; and

(xii) that all payments of Commission to the Administrator-General have been entered in the commission book.

7. The registers subsidiary to the cash book should be checked in the following manner :--

(a) The counterfoil Receipt Book.—The counterfoil receipt book should be examined throughout to see that there are no receipts which have not been brought into cash book. The absence of auditor's initial will indicate this. This particulars given in the receipts should be checked as far as possible with original documents.

(b) Security Register.—This register would have been checked already with reference to the entries in the cash book and counterfoil receipt before the correctness being verified with the particulars given to the advices received from the bank.

The checks to be exercised are—

(i) that all Government securities and bank or other shares coming into the possession of the Administrator-General have been lodged in the bank for safe custody except in case in which it may be necessary for him to retain them temporarily for any purpose; and

(ii) that interest realized as per bank interest, statement, has been posted correctly in this register.

(c) House Rent Register.— In the case of houses purchased newly for an estate or the houses in respect of estates brought under Administration for the first time, entries in the register should be traced from the asset register. In the case of houses taken off the register the entries of removal should be verified with the sale proceeds credited in the cash book and if not sold, but otherwise disposed of, with the documents relating to the handing over of the house.

The checks to be exercised are—

(i) that particulars regarding the arrears due from the tenants, advance paid etc. have been ascertained and posted; and

(ii) that the postings of collections have been correctly made in the register with reference to the particulars noted in the counterfoil receipt books.

Note.—In regard to the collections of rent, the temporary receipts issued by the rent collector should be checked in detail with a view to see that all sums collected have been brought to account.

[G.O. Ms.No.1513, Law (General), dated 30th March 1931.]

(d) Commission Book.—Commission book should be examined to see—

(i) that the amounts upon which commission is charged are correct with reference to the postings in the ledger;

(ii) that the rates charged are in accordance with the prescribed scale.

Note—Different scales have been prescribed for estates for which letters of administrative or probate were granted prior to 1st August 1933, on or after 1st August 1933 and on or after 1st April 1940.

(iii) that the calculations are correct;

(iv) that folio charges for extracts granted have been correctly charges at 25 paise per folio of 72 words subject to a minimum of Rs.1 with effect from 1st April 1940 and that an additional fee of Rs.1 has also been collected if any such copy or extract is required to be certified by the Administrator-General as a true copy;

(v) that for every certificate granted under sections 29 and 30 of the Administrator-General's Act, 1963 the fee due has been correctly calculated at the rate of three per cent on the amount mentioned on the certificate subject to a minimum of Rs. 6 from 1st April 1940 [Vide Rule II (2) of the rules issued under the Act 1913] ;

(vi) that the sum payable as commission or fee has been rounded to the nearest paise divisible by five and fraction of two and half paise and more may be rounded to the next higher paise divisible by five while the fraction of less than two and half paise is ignored.

(vii) that when any portion of the asset of an estate consists of immovable property the commission is charged on the capital value calculated at 20 times of the annual net income of the property derived on the date when the Administrator-General takes possession of the property the annual net income being arrived at after deducting three months rent or 25 per cent from the annual gross rental (i.e., the capital value calculated at 15 times of the annual gross rental income derived from the said properties on the date when the Administrator-General takes possession of the properties).

(G.O. No.3801, Home, dated 14th September 1940)

In the case of securities received otherwise, than by purchase by the Administrator-General or passing out of the hands otherwise than by sale, commission should be charged at the market value of the Securities at the time of receipt or the closing of the estate accounts. No Commission can be allowed on the purchase or sale of Securities.

Note.— For purposes of levying commission the movable shall be valued by the Administrator-General at the time he takes possession of them.

(viii) that commission on interest amount realised from securities is calculated and the net amount collected by the Administrator-General;

(ix) that in the case of closed accounts a general statement is prepared or the commission due and paid from the commencement and the difference. If any, to be recovered, is recovered and credited to Government;

(x) that the commission due to Government has been remitted to the credit of Government on or before 20th of the month following that in which the receipts on which the commission is based are realised; and

(xi) that all fees and commission realised by the Administrator-General from estates in central areas are paid in the Reserve Bank to the credit of the Central Government in the first instance on or before 20th of month following that in which they are realised under central head. The auditor should see that fees realised are properly apportioned between Central and State revenues.

(e) Sales Register.—This should be checked—

(i) with the original inventory prepared and signed by the Administrator-General's representative when taking charges of the property and countersigned, if possible by the representation of the deceased or other person from whom the property was taken charges;

(ii) with the asset book;

(iii) with the original account sales as regards articles sold by auction;

(iv) with necessary documents as regards property sold otherwise than by auction (in each case the credit of the sale proceeds in the cash book must be traced); and

(v) With the necessary acknowledgements as regards property delivered to the parties.

(f) Ledgers.— The receipts and payments as per cash book should be traced into the Ledgers. It is important also to see that whenever there are investments, interest accruing on them during each half year has been realised and credited to the account of the estate. This will be an indirect check upto the cash book as regards interest transaction.

(g) Cheque Book :— The checks to be exercised are that :—

(i) Cheques have not been signed unless required for immediate delivery to the person concerned.

(ii) that the amounts of self cheques have noted as receipts under cash column in the cash book.

(iii) all cheques issued have been duly recorded in the cash book and

Note :-- The Counterfoils of cheques should be traced into the cash book.

(iv) the cheque book is in the personal custody of the officer.

Note : -- As the money held in trust by the Administrator-General and Official Trustee are not moneys payable to Government, the receipt issued by him for sums exceeding Rs.20 cannot be exempted from Stamp duty under the Indian Stamps Act. The cost of stamps purchased in connection with the issue of receipt may be met from the allotment under contingencies sanctioned for the Administrator-General and Official Trustee.

(G.O. Ms. No.3001, Home, dated 31st July 1947)

8. Annual Audit.—The Administrator-General shall every year on or before the first day in May deliver to the Government a schedule of all sums of money and all bonds or other securities for moneys received or issued by him on account of each state the final balances of which have been over to the persons entitled to the same during the year.

The schedules should be verified with the figures worked out in the ledgers. The correctness of the balances under bonds and other securities should be verified with the balances worked out in the Security register under each estate-the object being to ascertain that the schedule contains a full and true account of everything which ought to be inserted therein. The whole of the folios in the ledgers should be turned over to see that there have been no omissions. Not only the entries but the totals of the schedules also should be proved and the totals compared with the figures entered in the balance-sheet. The balance sheet should itself be otherwise examined and proved. The balances which represent actual cash and securities held should be checked and compared with the entries in the bank pass book, bank book and statements of securities furnished by the bank. The cash balance on hand on any one day in the course of the annual audit should be verified and certified to by the auditor.

In going through the schedules, it should be seen that all balances which have been remained unclaimed for 12 years have been finally credited to Government.

NOTE:- The period of twelve years shall be reckoned from the date of notification in the local official gazette of the fact of closure of the estate.

(Vide Rule XII(i) of the rules issued under the act, 1913)

(G.O. No. 2088, Home, dated 24th May 1949)

9. The following records have also to be checked during the annual audit. It should be seen in audit that the several registers evidence security by the Administrators General.

(a) Pass Book :-- This should be verified to see:--

(i) that all remittances into the bank which should be traced through remittance chalangans have been duly credited and that no amounts other than those of the cheques issued by the Administrator-General have been debited except the cost of securities purchased by the bank and the cost of bill or amount debited by the bank as per advice which should be traced into the cash book.

(ii) that sale proceeds of securities have been credited and

(iii) that all receipts such as interest on securities collected by the bank and amounts credited to the bank have been taken credit for in the cash book.

(b) Ledgers :--(i) The correctness of the opening balance should first be verified and the closing balance should then be proved.

(ii) It should be seen that whenever the cash balance to the credit of any individual estate has amounted to Rs. 500 after providing for ascertained current demands, it has been invested in Government Securities.

As per Government letter No. 141396/IF/78-3, Finance, dated 5th April 1979 addressed to Administrator-General and Official Trustee, the cash balance to the credit of any individual estate can be invested with Nationalised Bank, Commercial Bank and A class Bank (Scheduled bank).

(c) Rent Register :-- In addition to the monthly check with reference to the receipts, it should be seen that the balances outstanding at the end of each year have been carried over correctly as arrears due in the succeeding year, that there has been no delay in collections, that prompt steps have been taken to collect the arrears by filing suits wherever necessary and the amounts found irrecoverable have been written-off. In the case of vacant houses, vacancy remission should have been claimed.

(d) Suit Register :-- This register should be examined to see that it is a complete record of all suits filed by the Administrator General and that prompt action has been taken for the recovery of the amounts decreed by the Court.

(e) Register of Estates Administered :-- This is a register in which the names of estates with the date of the grant of letters of administration have been noted. It also shows the names and addresses of the next kin or beneficiaries their interests in the estates the nature of assets with their estimated value and the liabilities. It should be seen from this register that all assets have been noted in the assets register, securities register, rents register and debt due register.

(f) Asset Register :-- In addition to the check already stated, it should be seen that, prompt steps have been taken for the realization of all assets, particularly cash due to the estate.

(g) Claim Registry Book:-- In the course of monthly audit, this register will be checked whenever payments have been made of registered claims. In addition to this, when money is retained for payment to creditors, reference should be made to the claim registry book to see that the amounts so retained are correct.

(h) Debt Due Register :-- This is otherwise called pro-note register. It should be seen that prompt steps have been taken to realise the amounts in time. In case of non-recovery, orders of the Administrator-General Should have been obtained for writing off the amount.

(i) Stock Book of Jewellery :-- The entries in this register would have been traced in the course of monthly audit from the register of inventory and sale lists. It should be seen that bank's acknowledgements are forthcoming in all cases where the jewels are stated to have been sent to bank for safe custody. In the case of handing over of the jewels to the beneficiaries, their acknowledgements should have been obtained in this register and in the case of disposal by auction the auction list etc., should be called for and examined.

(j) Register of sales :-- In addition to the usual monthly check already detailed, it should be seen that all properties, movable and immovable handed over to auctioneers for sale have been sold promptly and the sale proceeds realized in full and remitted to the Administrator-General without any delay.

(k) Register of Refund of Income tax :-- In addition to the usual monthly check detailed already, it should be seen whether the Administrator-General has applied for refund of income tax in all cases in which he has to apply for refund and whether refund of income tax has been realized in all cases.

(l) Register of vacancy Remission:-- It should be seen whether vacancy Remission has been realized in all cases in which notice of vacancy has been issued and application for refund has been made. It should also be seen that notices of vacancy have been issued and applications for refund have been made in all cases in which the buildings have been vacant for the period for which they are entitled to remission.

(m) Register of Buildings and Fixtures:-- It should be seen whether the fixtures have been and a certificate of verification has been recorded in the register.

(Paragraph 2 of G.O. No. 2702, Home, dated 11th July 1947)

(n) Register of Properties Locked and sealed or left in the custody of the Beneficiaries:-- It should be seen that the properties are checked atleast once in a year by the Administrator - General or the Deputy Administrator-General with the inventory thereof and a certificate to that effect is recorded in the register.

(G.O No. 2088, Home dated 24th May 1949.)

10. The Administrator-General's Reserve Fund:-- There shall be constituted a fund of such amount as the Government may determine from time to time called "The Administrator-General's Reserve Fund" in the Reserve Bank of India, Madras.

The checks to be exercised are :--

(i) that this fund is kept distinct from the personal Ledger Account of the Administrator-General at the Reserve Bank of India, Madras.

(ii) that the Advances made by the Administrator-General from time to time for meeting the initial expenses for obtaining probate or letters of administration for the purpose of taking over the administration of estates or for purposes of proceedings for realization of asset or outstandings of any estate are recorded therein and

(iii) that the transactions to the Fund are regulated as follows :--

(a) whether withdrawals from the Fund are made as and when necessary by means of cheques superscribed, "The Administrator-General's Reserve Fund" in red ink.

(b) whether recoveries of expenditure made from the Fund are credited to the Fund by means of chalangos superscribed "The Administrator-General's Reserve Fund" in red ink.

(c) whether any portion of the expenditure incurred which is ultimately found irrecoverable is written off by debiting it to the Administrator General's budget by a corresponding credit to the Fund.

NOTE:--(1) For this purpose the amount to be written off shall first be drawn from the contingent allotment to the office of the Administrator General and then credited to the Fund.

(2) Copies of orders of the court or Government authorizing the write-off and recoupment should be verified in audit.

(d) Whether a separate cash book is maintained for the fund.

(e) whether separate ledger account in respect of the several estates to which advances have been made from the Fund and recoveries effected are maintained to enable the liabilities to the fund to be ascertained easily at any time.

(f) whether a certificate accepting the amount of advances outstanding against him in his above account as on the 31st March of the preceding year is forwarded to the Accountant-General at the beginning of each financial year by the Administrator-General.

(G.O. No. 2088, Home, dated 24th May 1949 Rule XVI.)

11. As soon as the audit for the year is completed and not later than the 15th November a report of the audit is submitted to Government in the Home Department together with the following statements and a certificate under Section 44 of the Administrator-General's Act 1963 to be prepared by the auditor. Defects noticed in the monthly audits and minor defects noticed in the annual audits are communicated to the Administrator-General in an objection statement for rectification of defects and return with replies within fifteen days from the date of receipt.

(1) Abstract of cash and Government or other Securities received and paid during the year.

(2) Administrator-General's balance sheet for the year.

(3) Abstract of Commission account of the Administrator-General for the year

(4) Statements showing the particulars of assets remaining in the hands of the Administrator-General for 12 years or upwards which have to be finally credited to Government.

(5) Statement of remittances to England during the year for which acknowledgements have not been received.

(6) Statements showing sums below Rs. 10 in amount at credit of different estates and trusts for which there are no claimants.

(7) Statement showing sums below Rs. 10 in amount at debit of different estates and trusts, the recovery of which is hopeless.

(8) Statement showing sums above Rs. 10 in amount at debit of estates, the recovery of which is hopeless.

(9) Memorandum of law costs for the year.

(10) Statement showing balances of Rs. 500 and upwards on the last day of the year with reasons for the non-investment.

NOTE:-- The audit report should be forwarded with a covering letter to the Secretary to Government, Home Department, Fort St. George, Madras-9 with the certificates prescribed in Section 44 of the Administrator-General's Act 1968.

Certificate to be attached to the Audit Report. Subject to the remarks contained in the audit report, it is certified in conformity with section 44 of the Administrator General's Act 1963 that.

(a) the schedule and Account of the year contain as far as can be discovered full and true account of everything inserted therein.

(b) The books which by the Act or the rules framed thereunder are directed be kept by the Administrator-General have been duly maintained; and

(c) the assets and Securities have been duly invested and deposited in the manner prescribed by the Act and rules framed thereunder.

12. The audit fee is leviable at 45 paise per cent of the total transactions audited except those relating to the purchase, conversion or sale of securities. The charges for the preparation of schedule viz., Rs. 807 for every year should be defrayed from all the estates in proportion to the amount of transactions in each estate. The required number of copies of schedule in manuscript would need to be supplied by the Administrator General to the Examiner of Local Fund Accounts for purposes of audit(vide Examiner's Lr. K. Dis. F2/90713/76, dated 25th September 1976). This proportion should be worked out and reported by the auditor.

CHAPTER X.
AUDIT OF THE ACCOUNTS OF THE OFFICIAL TRUSTEE, MADRAS.

The audit of the accounts of the official Trustee is being done by this department with reference to G.O. No. 114, Finance, dated 6th February 1924.

2. The Official Trustee's office is now regulated by Act 11 of 1913. The auditor should acquaint himself with the Act and the rules framed thereunder. He should carefully study sections 19 and 20 of the Act which define the powers and duties of the auditors.

3. Scope of Audit:-- This is a calendar year audit. The monthly concurrent audit is done by the residential audit Unit headed by one Inspector of Local Fund Accounts. The accounts of the Official Trustee are closed every year ending 31st December and are subject to annual audit in addition to the regular monthly audit.

4. The following registers are maintained in the Official Trustee's Office:-

(i) Register of Trusts in charge of the Official Trustee.

A. Register of Estates of minors and lunatics.

(ii) Register of assets in each estate.

(iii) Petty Cash Book showing in separate columns the receipt of cash, cheques, dividend warrants, etc., and payment of the same through the Office (to be balanced daily).

(iv) General Cash Book showing in separate columns every receipt and payment through the Office and every receipt and payment through the Bank, of cash, cheque, dividend warrants, Government and other securities, etc., the dates of receipts and payments and the voucher numbers for each payment.

(v) Ledgers in which shall be entered the account current with each separate estate showing detailed debit and credit items and every transaction whether in cash, Government or other securities.

(vi) Register of sales movable and immovable properties .

(vii) Register of outstandings in which shall be entered all the outstanding due to an estate in the shape of book debts, pro-notes, mortgages, pledges, etc.

(viii) Stock book of jewellery, trinkets and other valuables belonging to each estate.

(ix) Register of Government and other securities belonging to each estate.

(x) Register of rents and lease- amounts collected from the immovable properties.

(xi) Register of suits and proceedings to which the Administrator-General is a party.

(xii) Register of Commissions and fees collected and credited to Government monthly

(xiii) Temporary Receipt book.

(xiv) Permanent Receipt book.

(xv) Income-Tax refund register in which shall be entered all particulars regarding the applications made to the Income Tax Officers concerned for refund of Income-tax deducted and the particulars of all refunds realised.

(xvi) Assessment Register in which shall be entered particulars of all taxes, quit-rent, kists, etc., paid in respect of immovable properties.

(xvii) Vacancy remission register in which shall be entered all particulars in respect of applications made to the Madras Corporation District Municipalities or Panchayats for remission of tax, etc., on ground of vacancy.

(xviii) Periodical payment register in which shall be entered particulars of all payments made to beneficiaries, etc., periodically.

(xix) Register of Foreign remittances in which shall be entered all payments made to the beneficiaries and other parties.

(xx) Register of sanctioned estimates in which shall be entered all particulars regarding the estimates sanctioned by the Official Trustee.

(xxi) Register of buildings and fixtures in which shall be entered the particulars of all house properties, the particulars of fixtures and movables belonging to each building, repairs and improvements effected to each building and the value thereof.

(xxii) Register of advances in which shall be entered the particulars regarding the advance made and their recoveries or adjustments effected.

- (xxiii) Register of amounts to be transferred to Government.
- (xxiv) Register of properties locked and sealed or left in the custody of the beneficiaries.

(Memorandum No. 10117/F/45-13, Home, dated 13th August 1946)

(xxv) NOTE:-- The following registers have been prescribed in this Department letter No. 56316/AG & OT/72, dated 9th November 1976—

- (i) Register of Deposits.
- (ii) Classified receipts and Payments Register.
- (iii) Arrear Demand Register.
- (iv) General accounts of monthly balances of Trust estates.
- (v) Register of Money Orders.

(Examiner's Lr.No. 56516/AG & OT'72, dated 9th November 1976)

5. On commencing the audit, attention should first be directed to the Cash Book which should be checked throughout with particular care.

(a) In auditing the receipts, besides exercising the checks prescribed in instructions (i), (ii) and (iii) under paragraph 6 of Chapter VIII the audit checks to be exercised are:--

(i) that in the case of amounts received on account of sale proceeds, the sale lists, etc., are forthcoming;

(ii) that in the case of other miscellaneous receipts, connected papers are produced to prove the correctness of the amount received and credited.

(iii) that the interest received as per bank statement or intimation received is correct and that the date of receipt has been noted in the security register.

(iv) that in the case of realization of lease amounts of lands, the lease was sold by public auction, that in respect of leases that are not auctioned, the Official Trustee has consulted the local Tahsildar or Deputy Tahsildar, as the case may be as to the reasonableness of the lease amount, such consultation being made by direct correspondence with the Revenue Authority concerned and that the amounts realised are noted in the rent register.

(Memorandum No. 22498 J/44-6, Home, dated 16th March 1945)

(v) that in the case of refund of income-tax, the amounts realised are correct with reference to relevant records and are posted against the items in the register of refund of income-tax; and

(vi) that in the case of vacancy remission, the amounts realised are correct with reference to the period during which the buildings are vacant and are posted against the items in the register of vacancy remissions.

(b) As regards payments, the checks prescribed in instructions (i) to (iv), (vii) to (ix) and (xxiii) under paragraph 6B of Chapter VIII should be exercised and it should further be seen:

(i) that the law charges incurred have been noted in that suit register;

(ii) that the sanction of the Court has been obtained for expenditure falling under the purview of Section 28(b) of the Act;

(iii) that remittances to the bank are supported by entries in the bank pass book;

(iv) that in each case the estate to be debited has been correctly entered and

(v) that the charge is in accordance with the conditions of the trust deed.

NOTE:-- The Administration-General and Official Trustee is authorized to sanction to the members of his establishment the actual cost of hiring a conveyance on a journey for which no travelling allowance is admissible under the Tamil Nadu Travelling Allowance Rule 51 subject to the condition that in every such case a certificate is appended by him to the effect;

(1) that grant of the concession is necessary in the interests of the estate concerned; and

(2) that he is satisfied that the expenses have been actually incurred.

(G.O. Ms. N., 2888, Home dated 27th July, 1947 and G.O. No.2907,
[Las (General) dated 21st September, 19]

6. The entries in the Cash Book having been checked in the above manner, the daily balances should be proved and cases, if any, in which the Official Trustee has retained in his hands more than Rs. 500 at the close of any day should be brought to notice, if not satisfactorily explained. It should also be seen whether the book is written up-to-date and that the cash book balances have been reconciled with the bank balances and signed by the Official Trustee monthly and whether the petty cash book maintained by the Cash-Keeper and the main cash book maintained by the Accountant are closed daily and the closing balances agreed by the Deputy Official Trustee under his dated, initials in both the books in token of his check.

(G.O. No.97, Home, dated 13th January 1944.)

7. Cheque book:-- The checks to be exercised are:--

(i) that cheques have not been signed unless required for immediate delivery to the person concerned;

(ii) that the amounts of self cheques have been noted as receipts under cash column in the cash book;

(iii) that cheques issued have been duly recorded in the cash book;

NOTE:--The counterfoils of cheques should be traced in the cash book.

(iv) that the cheque book is in the personal custody of the Officer.

8. Pass Book:-- The Checks to be exercised are:--

(i) that all remittances into the bank which should be traced through remittance chalang have been duly credited and that no amounts other than those of the cheques issued by the Official Trustee have been debited except the cost of securities purchased by the bank and the cost of the bill of amount debited by the bank as per advice, which should be traced into the cash book;

(ii) that sale proceeds of securities have been credited; and

(iii) that all receipts such as interest on securities collected by the bank and amounts credited direct to the bank have been taken credit in the cash book.

9. The Registers subsidiary to the cash book should then be taken up and checked. Many of these would have been already examined in the course of the process referred to above. The following additional checks should be exercised;

(a) The counterfoil of receipt book:-- this should be examined on the general lines indicated for the audit of the accounts of the Official Receiver.

(b) Securities Register:-- All purchases or sales of securities should be traced into this register from the cash book and advices from the bank in this connection and also from the separate vouchers, if any, on which payment of brokerage was made (to guard against double payment of brokerage). It should be seen that interest or dividend due have been realised. If not, reasons for non-realisation should be enquired into. It should also be seen that securities held under each estate agree with those shown as balance in the annual schedules.

(c) Rent Register:-- This should be checked—

(i) in the case of new house purchased for or belonging to estates brought under administration for the first time with the register of trust properties. In the case of properties newly vested, it should be seen that the particulars regarding the monthly rent, advance paid, and arrears if any due have been ascertained and recorded in this register. This check should be from the register of Trust properties to the rent register and not vice versa; and

(ii) in the case of houses taken on the register with the sale proceeds credited in the cash book or if not sold with the document relating to handing over of the houses.

The properties relating to each trust should be traced into the new register for each year from the register for the previous year.

It should also be seen that every item of rent received according to the rent register has been credited in the cash book, that prompt steps have been taken to realise the outstandings and that the arrears have been correctly brought forward to the next year register.

NOTE—(1) In regard to the collection of rent, the temporary receipts issued by the Rent-Collector should be checked in detail with a view to see that all sums collected have been brought to account.

(G.O. Ms. No. 1513, Law(General), dated 30th March 1931).

NOTE (2) – In cases where the houses are vacant, it should be seen whether vacancy remission due from local bodies has been applied for in time and obtained.

NOTE (3) -- As the moneys held in trust by the Administrator-General and Official Trustee are not moneys payable to the Government, the receipt issued by him for sums exceeding Rs. 20 be exempted from stamp duty under the Indian Stamp Act. The cost of stamps purchased in connection with the issue of receipts may be met from the allotment under contingencies sanctioned for the office of the administrator-General and Official Trustee.

(G.O. Ms. No.3001, Home, dated 31st July 1947)

(d) Commission Book:-- Besides exercising the checks referred to in instructions (i),(ii) and (iii) of paragraph 7(d) of Chapter XXX, it should be seen—

(i) that all receipts from every source should be brought to account for purposes of calculation of Commission have been taken into account;

(ii) that the totals are correct; and

(iii) that the Commission due to Government has been remitted to the credit of Government on or before the 20th of the month following in which they are realised.

Note:--(1) In the case of an estate vested under a trust deed, it should be seen that the Commission on capital moneys and value of properties constituting THE CORPUS OF THE TRUST is realised in advance.

(2) In the case of securities handed over, the market value at the time of receipt should be taken into account for the calculation of Commission.

(3) The capital value for the purpose of Commission to be charged on properties should be taken as 15 times the annual gross rentals derived from the said properties on the date when the Official Trustee takes possession of the said properties.

(4) As for valuables such as jewels, the value fixed by the Official Trustee should be taken into account. As for the movables, the value fixed by the Official Trustee, at the time he takes possession of them, should be taken into account.

(5) In the case of closed accounts a general statement is prepared to show the Commission due and paid from the commencement and the difference, if any, to be recovered should be recovered before the estate is handed over to the beneficiaries. This should be examined in detail.

(6) Any sum payable as Commission or fees shall be rounded to the nearest paise and fractions of half and over be rounded as one while fractions of less than half be omitted.

(7) Fees and Commission realised by the Official Trustee from the estates in central areas should be paid into the Reserve Bank to the credit of the Central Government. The auditor should see that fees realised are properly apportioned between Central and State revenues

(e) Register of Trusts:-- It should be seen that all trusts vested with the Official trustee have been recorded with full and correct details with reference to the trust deed or orders of the Court and that the rate of Commission chargeable has been noted.

(f) Register of Assets:-- The entries in the register are made with reference to the particulars in the trust deed. The checks to be exercised are:--

(i) that it contains full particulars of all the properties belonging to the estate;

(ii) that prompt action has been taken to realise the dues.

(iii) that handed properties have been leased out (all the landed properties should be traced into the rent register to watch the realization of rents etc.);

(iv) that securities and other shares have been brought forward in the security register to watch the realization of interest or dividends due:

(v) that valuables have been brought to the register of valuables; and

(vi) that debts due to the estate have been brought forward to the debts due register to watch the recovery of the amounts due.

(g) Suit Register:-- This Register should be examined to see that it is a complete record of all the suits filed by or against the Official Trustee and that prompt action has been taken to recover the amounts decreed by the Court and that decrees are not allowed to get time-barred.

(h) Assessment Register:-- The Checks to be exercised are:--

(i) that all taxes, quit-rent, etc., payable have been detailed in this register ;

(ii) that the taxes, etc., paid have been noted in the register to guard against double payments; and

(iii) that the annual value on which the taxes are paid are in accordance with the rents realised and that in other cases prompt action has been taken to have the taxes revised.

(i) Foreign Remittance Register:-- This should be checked with the payments vouchers of foreign remittances and it should be seen that acknowledgements are forthcoming in all cases and long delays in receipt of acknowledgements should be brought to notice.

(j) Debt due Register:-- This should be examined to see that prompt action has been taken to realise the dues and that debts are not allowed to get time-barred.

In the case of usufructuary mortgage, it should be seen that the property has been brought to the rent register to watch the recovery of rents, etc.

NOTE: The Official Trustee is competent to write off the irrecoverable amounts. No outside sanction need be insisted on for writing off the embezzled amount from the accounts of the Trust.

(Vide. Lr No. 77024/CTS/III/59-9, dated 17th December 1959)

(k) Register of valuables:-- The entries in this register pertaining to the receipt, custody and disposal of valuables should be checked. It should be also seen that instructions issued in G.O. No.1004, Law(General), dated 10th March 1930, have been adhered to and that the annual inspection of the contents of the iron safe and the iron cage was made in the presence of the Official Trustee or his Deputy and the date of inspection and a certificate of verification recorded by him.

(l) Register of Sales:-- In addition to the check detailed in paragraph 7(e) of Chapter VIII, it should be seen that all properties, movable and immovable, handed over to auctioneers for sale have been sold promptly and the sale proceeds realized in full and remitted to the Official Trustee without any delay.

(m) Register of Refund of Income- tax:-- The checks to be exercised are:--

(i) Whether the Official Trustee has applied for refund in all cases where he has to apply for the same;

(ii) Whether refund of income-tax have been received in all cases; and

(iii) whether the amounts realised have been posted in the register.

(n) Register of vacancy |Remission:-- The checks to be exercised are:--

(i) Whether in cases where the houses are vacant, notices of vacancy have been issued to the local bodies concerned: and

(ii) Whether vacancy remission has been claimed in all cases and obtained.

(o) Register of Advances:-- The checks to be exercised are:--

(i) that the advances paid are entered in the register;

(ii) that they are recovered or adjusted; and

(iii) that there is any delay in the recovery or the adjustment of the advances.

(p) Register of Buildings and Fixtures:-- It should be seen whether the fixtures have been verified and a certificate of verification has been recorded in the register.

(q) Register of properties locked and sealed or left in the custody of the beneficiaries:-- It should be seen that the properties are checked at least once in a year either by the Official Trustee or by the Deputy Official Trustee with the inventory thereof and a certificate to that effect is recorded in the register.

(G.O. No. 2088, Home, dated 24th May 1949-Rule XVI.)

(r) Ledger:-- After checking the above registers, the ledger should be taken up for audit. The correctness of the opening balance should first be verified. The receipt and payment should be traced from the cash book into the ledgers and lastly the accuracy of the closing balance checked. It should be seen further that whenever the cash balance of an estate has accumulated to Rs. 500 and upwards, it has been invested in interest bearing securities after providing for ascertained current demand. As per Government letter No. 141396/IF/78-3, dated 5th April 1970 the fixed deposit can be made in the Nationalized Bank or Commercial Bank or A class Bank(scheduled Bank), priority being given to small savings. It is also important to see that whenever there are investments, interest falling due during the half-year has been properly brought to account. (This will be an indirect check upon cash book as regards interest transactions.)

10. The annual schedules prepared by the Official Trustee (due on the 1st June should be checked with the ledgers, the object being to ascertain that they "contains full and true account of everything which ought to be inserted therein". For this purpose, it will be necessary to see not only that the entries agree with the ledgers but that no transactions in the ledgers (under new accounts) have been omitted.

Not only the entries but the totals in the schedules should be checked and the totals then compared with the figures entered in the balance sheet. The balance sheet should itself be otherwise examined and proved. The balances which represent actual cash and securities held should be checked and compared with the balances in the cash book, bank pass book and the Government security book.

In going through the schedules, it should be seen that the balances at the credit of estates remaining unclaimed for twelve years have been finally credited to Government.

NOTE:-- The period of twelve years shall be reckoned from the date of notification in the local Official Gazette of the fact of the closure of the estate.

11. The Checks exercised during monthly audits are with reference to the receipts and charges entered in the cash book for the month. This should be checked with reference to the connected documents and the entries should be traced into the respective subsidiary registers. The agreement of the cash book balance with that of the pass book should also be verified during monthly audit. After each monthly audit, an objection statement containing the irregularities noticed during the audit will be issued to the Official Trustee for return with replies within fifteen days. Its timely return with replies and the early settlement of the objection should be watched.

12. All the registers should be gone through during the annual audit and reviewed. As soon as the audit of the accounts for a year is completed and annual schedules checked, a report on the result of audit is prepared and submitted to Government in the Home Department not later than 15th December. Separate Audit Report in respect of estates having huge transactions and complicated matters should be issued as per G.O. Ms. No. 1754, Home/CTS/III, dated 30th June 1980. The report should be accompanied by the Statements prescribed in Rule V(1) of the Rules and also the certificate prescribed in section 19 of the Act.

NOTE:-- The Audit Reports should be forwarded with a covering letter to the secretary to Government, Home Department, Fort, St. George, Madras-9, with the certificate prescribed in section 19 of the Official Trustees Act, 1913. Copies of the Audit Reports shall be forwarded (i) to the Official Trustee of Tamil Nadu, Madras – 1, with a request to furnish replies to Government within 60 days from the date of receipt of the Audit Report (ii) to the Registrar, High Court, Madras-1. (iii) to the Office of the Examiner of Local Fund Accounts,(vide proceedings 1347/70/F1, dated 8th October 1970 of the Examiner of Local Fund Accounts).

Certificates to be attached to the Audit Report:-- Subject to the remarks contained in the audit report, it is certified in conformity with section 19 of the Official Trustees Act, 1913 that—

- (a)The Schedule and account of the year contains as far as can be discovered a full and true account of everything inserted therein;
- (b)the books which by the Act or the rules framed thereunder are directed to be kept by the Official Trustees have been duly maintained; and
- (c) the assets and securities have been duly invested and deposited in the manner prescribed by the Act and rules framed thereunder.

13. After the submission of the audit report, the auditor shall prepare a statement showing the total audit fee due to Government and also the cost and expenses of preparing the schedules which should be charged to each other. The audit fee and cost of preparing and printing the schedule should be apportioned in proportion to the transactions of each estate during the year as required by Rule-V(4) of the Rules.

NOTE:--(1) The term “transactions” shall not include the conversion of securities into cash and vice-versa.

(2) The audit fee is leviable at 45 paise per cent of the transactions audited. The charges of preparation of schedule are fixed at Rs. 807 per year. The cost of printing should be ascertained by a reference to the bill received from the Controller of Stationery and Printing, Madras.

CHAPTER – XI

TAMIL NADU LEGISLATIVE ASSEMBLY COMMITTEE ON PUBLIC UNDERTAKINGS.

INTRODUCTION

1. The Legislature is one of the three wings of the State, the other two being the Executive and the Judiciary. It is the duty of every democratic Legislature to keep a close watch and oversee the administration of public expenditure, in addition to the control naturally exercised by the Finance Department in the course of its duties, through the Committees.

The Financial Committees of the Legislature - The Estimates Committee, the Public Accounts Committee and the Public Undertakings Committee exercise control over Government expenditure and receipts. The Estimates Committee examines current estimates while the Public Accounts Committee scrutinises the Appropriation Accounts of the State, placed on the Table of the Legislature and the Report of the Comptroller and Auditor-General thereon. The Committee on Public Undertakings (COPU) scrutinizes the working of the Corporations of the Government of the Tamilnadu and the Government Companies of the Government of Tamilnadu registered under the company's Act, 1956. COPU examines the CAG's Audit Report General and Social Sector, Revenue Sector and Audit Report on Public Undertakings. COPU also scrutinizes the Audit Reports of the Chief Internal Auditor of the Internal Audit and Statutory Boards Audit in relation to the Statutory Boards. The Estimates Committee seeks to find out what economies can be achieved within the estimates approved by the Legislature. The Public Undertakings Committee endeavours to see that money has been spent as intended by the Legislature. The Public Undertakings Committee will ensure a proper balance between the requirements of autonomy which is necessary for the successful working of the undertakings and the need to maintain effective legislative control. The Estimates Committee are to be treated as complementary in their scope and functions.

2. The term 'Public Undertakings' refers to enterprises of an industrial, commercial or financial nature set up by Government. In a Welfare State, the Government takes upon itself huge economic undertakings and Public utility Services. The Government cannot directly administer or run these undertakings and hence Statutory Corporations and Government Companies are formed under the relative statutes. They have freedom of action in the efficient management of the organizations with the least interference by the Government in their day-to-day administration and those organizations function with a great degree of autonomy. When huge public funds are invested in such Corporations. It is but natural that the Legislature which votes such funds should have the necessary control over them and such control is exercised through Legislature Committee like the Public Undertakings Committee. As the custodian of public funds, the Legislature has to see that these Corporations are run with utmost efficiency from the economic and utilitarian points of view. Of course, there are certain Undertakings functioning more with emphasis on public utility than on profit. Even there we have to see that they produce the goods/ services at an economic cost.

3. In the United Kingdom the question was considered soon after the Second World War. Several industries were nationalised and it was felt there should be greater Parliamentary supervision over these Enterprises.

However, in 1945 the Labour Government which was in office was not in favour of the suggestion. In 1951, a Select Committee was appointed to make a study in 1955. There were no

departmentally managed industries (except for defence) and no Government Companies. The Public Corporation is the type favoured. The Ownership of each undertaking is vested in a Board which is responsible for the day-to-day management. Accounts and Audit Reports of each Nationalised Industry are laid before parliament. The Select Committee of the House of Commons examines these accounts and reports.

4. There is a fairly large number of public enterprises in U.S.A. They are governed by the Government Corporation Control Act, 1945. The Act envisages two types of Public enterprises Viz., Public Corporation, and Wholly Owned Corporations, Committees are closely concerned with the policy of the Corporations.

5. In India the Question of setting up of a Parliamentary Committee on Public Undertakings was first discussed in the Lok Sabha in 1953 and the creation of a separate Parliamentary Committee to look into the affairs of the various categories of Public Corporations, Companies and Institutions was suggested, but it was not accepted by the Government. Only in 1963, the Committee was constituted in the Lok Sabha. In Tamil Nadu Legislative Assembly the Committee was constituted in April 1973.

2. CONSTITUTION

6. (a) The Committee consists of 16 Members elected by the Assembly from amongst its members according to the principle proportional representation by means of a single transferable vote, besides the Chairman of the Committee on Estimates and the Chairman of the Committee on Public Accounts are members ex-officio. The Chairman of the Committee shall be appointed by the Speaker from amongst the members of the Committee. The person so appointed presides at the meetings of the Committee. In his absence one of the members elected by the Committee presides. The Term of the Committee in one year.

(b) A Minister is not eligible to become a member of the Committee. If a member after his election to the Committee is appointed as a Minister or a Parliamentary Secretary he ceases to be a member of the Committee from the date of such appointment.

(c) The quorum for a meeting of the Committee is five including the Chairman or the member presiding. All questions at any sitting are determined by a majority of the member eligible to vote and who are present and voting. In case of an equality of votes on any matter, the Chairman has a second or casting vote. In actual practice, however the questions are not formally put to vote and as far as possible unanimous decisions are taken. Minutes of dissent are recorded in the proceedings of the Committee but not appended to the report of the Committee. The sittings of the Committee are usually held within the precincts of the House or at any other place within the state of Tamilnadu.

3. FUNCTIONS.

7. The Committee has to examine the Reports and Accounts of the Undertakings which have been specially allotted to the Committee and the Reports of the Comptroller and Auditor – General on these Undertakings and ascertain whether, the affairs of the Undertakings are being managed in accordance with sound business principles and prudent commercial practices having regard to autonomy and efficiency in management. The Committee may also consider as to what economies and improvement can be made in the organisation for its efficient working in

accordance with the objective of the formation of the Undertaking. The Committee shall not examine and investigate any matter of day-to-day administration and matters of major Government policy as distinct from business or commercial functions of the undertakings. In short, the function of the Committee is generally to evaluate the performance of Undertakings covering all aspects like implementation of policies, programmes, management, financial working, etc. The rules relating to the Committee on Public Undertaking in the Tamil Nadu Legislature Assembly Rules and the rules of procedure are reproduced in Appendix-I and II. The Committee has power to require the attendance of persons or the production of records and documents. The guidelines in regard to the tendering of evidence before the Committee and the production of records to the Committee are given in Appendix-II.

4. PROCEDURE.

8. At present 11 Statutory Corporations, 65 Public Undertakings and other Companies (Covered by Section 619 B of the Companies Act, 1956) come under the scrutiny of the Committee. Under the Legislative Assembly Rules. Hon. Speaker may notify such other Public Undertakings from time to time.

9. (a) In examining the Reports of the Comptroller and Auditor General of India on Public Undertakings, Corporations and Statutory Boards COPU is assisted by the concerned Accountant General and the Chief Internal Auditor.

As soon as then Audit Report for each year is placed before the Legislature, it is taken up for the examination by the Committee on Public Undertakings. Hon. Speaker has issued a permanent direction that whenever necessity arises, even before the Report is placed before the Legislature, it may be taken up for examination by the Committee. This is, however, subject to the condition that the Audit Report is treated as confidential until it is placed before the Legislature and that the Report of the Committee should be presented to the Assembly after the Audit Report is placed on the Table of the House.

(b) The Committee considers all the audit observations in the CAG's Audit Report relating to Public Sector Undertakings, and Corporations or such paras which the committee decides to discuss. The Committee will consider audit observations of importance relating to Statutory Boards. Immediately after the placing of the Audit Reports the Departments of the Government will be called upon to submit their explanatory notes and such replies in roneod / printed form are circulated to the Members of Committee. A soft copy of the explanatory notes will be received on a compact disc and also through the official mail id of the committee for record.

(c) The Committee then proceeds to examine the Reports by way of interrogation of the witnesses. It has powers to call for any person whom it considers necessary to aid its deliberations, and has a right, to call for papers are well to determine the circumstances in which it would allow information to be withheld from it. The Chairman is the Chief interrogator. Any Member of the committee can raise any questions on his own initiative.

(d) The departmental witnesses are examined and cross examined by the Committee in respect of the irregularities pointed out and other audit comments about their working by the CAG in his Report and they are called upon to explain these irregularities for which they were directly responsible. After such examination the Committee formulates its recommendations.

10. (a) In addition to the examination of the Audit Report the Committee also selects from time for review the working of such Public Undertakings or such subjects as they may choose. The Committee, in a year invariably selects two or three undertakings/ subjects for detailed examination. The Committee may, from time to time, appoint one or more study groups for this purpose.

(b) The Undertakings so selected is asked to furnish necessary preliminary materials relating to its working for the information of the Committee. The material will be circulated to the members, who after perusal frame questions on points on which further information may be required by them. A questionnaire in respect of the functioning of the Undertaking is prepared and sent to departments/ undertakings concerned to furnish replies within a specified period. Soon after the replies are received, they are circulated to member of the Committee. The Committee may also invite memoranda from non-official organizations and also from private individuals besides Chief Office Bearers of Registered Unions/Associations of the Undertakings taken up for examinations. The Committee undertakes tours in districts in the State for an on the spot study in regard to the working of the Undertakings taken up for scrutiny. The Committee also undertakes study tours to other States. As and when the Committee visits the Undertakings under examination, representations will be heard from Registered Associations or Unions. The views of the Associations/Unions on matters like productivity, cost of production, avoidance of wasteful expenditure, efficiency, economy are taken into consideration, but the Committee does not go into individual cases or matters pertaining to industrial disputes. When the Committee is on study tour, only informal sittings are held at the place of visit and at such sittings neither evidence is recorded nor any decisions taken. Later, in the light of these informal discussions of the Committee and the memoranda and other information received, non-official and official witnesses are invited to give evidence at formal sittings of the Committee.

11. In all cases involving examination of witnesses, a verbatim record of the proceedings approved by the Chairman is kept. The verbatim proceedings are forwarded to the witnesses for confirmation and return by a specified date. If corrected copies of the proceedings are not received back by the specified date, the reporter's copy is treated as authentic. The verbatim proceedings are for the use of the Committee only and are treated as confidential. The observations/ recommendations of the Committee are embodied in its Reports which are presented to the Assembly.

5. REPORT

12 (a) The Report of the Committee is presented to the House either by the Chairman or on his behalf by any Member of the Committee. As a convention the Report is not discussed by the House.

(b) The work of the Committee, however, does not end with the presentation of a Report to the Legislature on the Public Undertakings for any particular financial year. It has to keep a watch on the administration and see how far its recommendations are implemented by the Government. If they are not implemented, the reasons for which the Government differs from them should be intimated to the Committee. In the light to the Government views the Committee has to reconsider the matter and comes to further conclusions. The implementation of the recommendations of the Committee is watched by the Legislative Assembly Secretariat and a statement of action taken thereon is prepared and placed before the Committee from time to

time. The replies of the Government are examined by the Committee and an Action Taken Report is presented to the House.

APPENDIX I.

EXTRACTS FROM THE TAMIL NADU LEGISLATIVE ASSEMBLY RULES.

COMMITTEE ON PUBLIC UNDERTAKINGS.

211. (1) There shall be a Committee on Public Undertakings for the examination of the working of the Public Undertakings specified in Appendix E (reproduced in the Annexure) to this Appendix and such other undertakings as may be notified by the Speaker from time to time.

(2) The Committee on Public Undertakings shall consist of sixteen members elected by the Assembly from among its members, according to the principle of proportional representation by means of single transferable vote in addition to the Chairman of the Committee on Estimates and the Chairman of the Committee on Public Accounts who shall be members ex-officio.

Provided that a Minister shall not be elected as a member of the Committee, and that if a member after his election to the Committee is appointed as a Minister he shall cease to be a member of the Committee from the date of such appointment.

(3) The term of office of the members of the Committee shall not exceed one year. There shall be fresh election before the end of the year for constituting a Committee for the ensuing year and if under any circumstances such an election is not held, the existing members of the Committee will continue to hold office until new members are elected.

212. If any new Public Undertaking is formed by the Government, the same shall be intimated to the Speaker immediately after such constitution together with a memorandum of objects of its formation and the need for such formation. If the House is not in session. If the House is in session a statement shall be made or shall be placed on the Table of the House by the Minister concerned on the first opportunity, explaining the objects and need for such formation.

213. The Chairman of the Committee shall be appointed by the Speaker from among the members of the Committee. The person so appointed shall preside at the meetings of the Committee and in his absence one of the members of the Committee elected by the Committee shall preside.

214. In order to constitute a meeting of the Committee the quorum shall be five including the Chairman or the member presiding.

215. The Committee may appoint one or more Sub-Committees to examine any matter that may be referred to them, and the reports of such Sub-Committees shall be deemed to be the reports of the whole Committee if they are approved at a meeting of the whole Committee.

216. The functions of the Committee shall be –

(a) to examine the Reports and Accounts of the Public Undertakings specified in the Appendix E (reproduced in Annexure) and such other undertakings as may be notified by the Speaker from time to time;

(b) to examine the reports, if any of the Comptroller and Auditor – General, on the Public Undertakings;

(c) to examine, in the context of the autonomy and efficiency of the Public Undertakings, whether the affairs of the Public Undertakings are being managed in accordance with sound business principles and prudent commercial practices; and

(d) to exercise such other functions vested in the Committee on Public Accounts and the Committee on Estimates in relation to the Public Undertakings specified in Appendix E (reproduced in the Annexure) as are not covered by sub-clauses (a), (b) and (c) above as may be allotted to the Committee by the Speaker from time to time;

Provided that the Committee shall not examine and investigate any of the following matters, namely:-

(i) matters of major Government policy as distinct from business or commercial functions of the Public Undertakings;

(ii) matters of day to day administration;

(iii) matters for the consideration of which special machinery is established by any special statute under which a particular Public Undertaking is established.

217. (1) The Committee may, if it thinks fit, make available to Government any completed part of its report before presentation to the Assembly. Such reports shall be treated as confidential until presented to the Assembly.

(2) There shall be no minute of dissent to the report of the Committee.

218. Except as aforesaid, the rules applicable to a Select Committee of the Assembly shall apply.

APPENDIX II

RULES OF PROCEDURE (INTERNAL WORKING) OF THE COMMITTEE ON PUBLIC UNDERTAKINGS

The following rules approved by the Committee on Public Undertakings at its meeting held on 3rd June 1981 are supplemental to the provisions contained in Rules 211 to 218 of the Tamil Nadu Legislative Assembly Rules, which relate to the Composition, scope, Functions and Conduct of Business of the Committee on Public Undertakings:-

1. Selection of Subjects for Examination:- (i) The Committee shall select from time to time for a examination such Public Undertakings from the list of Public Undertakings specified in Appendix "E" to the Tamil Nadu Legislative Assembly Rules or such subjects as they may deem fit.

(ii) The Committee shall also examine the paragraphs relating to Public Undertakings Government Companies and Statutory Boards in the Audit Reports of the Comptroller and Auditor General of India.

(iii) The Committee shall also examine all or selected paragraphs from the Annual Accounts and Audit Records of the Statutory Boards whose audit is conducted by the Chief Internal Auditor.

2. Programme of sittings:- (i) A detailed programme for the sittings of the Committee for the year may be drawn up based on the business to be transacted, and placed before the Committee in its first sitting and its approval obtained. The committee shall meet at such time and for such period as the Chairman may determine from time to time. In the absence of the Chairman, Secretary is authorized to fix the dates of the meeting. Notice of sittings as and when decided shall be communicated to all concerned including Members of the Committee well in advance.

(ii) If the Committee is divided into Sub-Committees, the procedure of each Sub-Committee shall be the same as that of the whole Committee.

3. Materials to be furnished to the Committee- (i) In respect of each Undertaking selected, Assembly Secretariat will call for 30 copies of preliminary materials (on the lines indicated in Annexure) from the Secretariat Department concerned.

(ii) The Secretariat will then prepare a detailed questionnaire covering all aspects of the undertakings and circulate the same along with the preliminary materials to the Members of the Committee with a request to suggest additions/modifications to the questionnaire, if any by a specified date.

(iii) The questionnaire is then placed before the Committee for approval.

(iv) After approval, the questionnaire is communicated to the Department concerned for sending its replies (30 sets both in English and Tamil) by a specified date.

(v) The Committee may also invite memoranda from non-official organizations, experts in the concerned field of activity and chief office bearers of Registered Associations/Unions of the respective Undertakings. It may also request any of them to appear before it for giving oral evidence.

(vi) The replies to the questionnaire received from the Undertakings/Department and the memoranda received from experts of non-official organizations, are circulated to the members with a request to indicate points on which further information/clarification are required from the Department/ Undertaking. The Department/ Undertaking will be asked to furnish 30 copies both in English and Tamil of such additional information/clarification by a specified date.

(vii) The Committee may also undertake as on the spot study of the working of the Undertaking. During the study tour representations may be heard from the Registered Associations/Unions.

(viii) The Secretariat will then prepare a list of points and/or questions for oral examination of witnesses. After approval by the Chairman, this list of points will be circulated to the Members before the meeting for examination of witnesses.

4. Examination of Audit Reports and Annual Accounts of Public Undertakings:-

(i) Chief Internal Auditor and Chief Auditor of Statutory Boards shall be requested to send a memorandum of important points in their Audit Reports relating to the Public Undertakings and the Annual Accounts of the Statutory Board soon after their presentation to the Assembly.

(ii) These points along with other points identified by the secretariat shall be communicated to the department concerned for furnishing explanatory notes thereon (30 copies both in English

and Tamil) by specified date for circulation to the members, Accountant-General's Office and the departments

(iii) A brief is then prepared in consultation with the Accountant- General/Chief Internal Auditor and Chief Auditor of Statutory Boards for oral examination of witnesses and circulated to the members of the Committee before the meeting for the examination of witnesses.

5. Papers circulated to the Committee are to be treated as confidential and the contents thereof shall not divulged to anyone nor shall any reference be made to such information outside the Committee at any time before the report on the subject has been presented to the House. Thereafter reference may be made only to such information as is available in the documents or records laid on the Table of the House.

6. Members not to raise in the House matters regarding Public Undertakings under examination- Members of the Committee shall not ask questions or otherwise raise in the House any matter which are specifically under examination by the Committee until the reports of the Committee thereon have been presented to the House.

7. Summoning of witnesses to give oral evidence :-

The Secretary to the Government of the Department concerned and the Principal Executive Officer of the undertaking to be examined shall appear in person before the Committee to give oral evidence on the date or dates fixed by the Committee. If any such officer is unable to appear in person due to unavoidable reasons, the second line officer may appear on his behalf with the prior permission of the Chairman. The witness may bring with him for his assistance other officers who may be allowed to give evidence with the permission of the Chairman.

(i) The Committee, may, wherever necessary take the oral evidence of the representatives of the Undertakings under examination separately from those of the Government.

(ii) The Committee may call upon individual experts/ representatives of non-official organizations who have submitted memoranda on the subject under examination to appear before it to give evidence.

(iii) The Committee may request the Accountant-General/Chief Internal Auditor and Chief Auditor of Statutory Boards to assist them during oral evidence when audit paragraphs and comments relating to various undertakings are examined.

8. Power of the Committee to call persons or Officers:- The committee may at its discretion call upon any other officer or person who in its opinion may be able to throw light on the question pertaining to the Undertaking under examination.

9. Procedure for taking oral evidence – The Chairman shall put question one by one to the witness. Thereafter, with the permission of the Chairman, Members may put such questions as they desire. In case the witness is not in a position to elucidate any point immediately he shall take a note of it and shall seek permission from the Chairman to furnish such information in writing to the Secretariat as soon thereafter as may be possible for him. Normally this information shall be furnished within a week.

10. Supply of further information to the Committee:-

The Secretariat shall note down points on which further information is required by the Committee and, under the directions of the Chairman, take such action in the matter as may be necessary.

11. Recall of witness:- The Committee may recall any witness to give further evidence on any point which is under consideration of the Committee.

12. Production of documents:-

(i) The Committee may require the attendance of persons and the production of records required in connection with the examination of the Undertakings/ Department. In accordance with an established convention, secret documents required by the Committee are confidentially made available by the Department to the Chairman in the first instance, unless it is certified by the Minister concerned that the document could not be made available on the ground that its disclosure would be prejudicial to the interest of the State.

(ii) The Chairman gives due consideration to the wishes of the Government/Undertakings before making any such documents available to the Members of the Committee. Any difference of opinion between the Government and Chairman is settled by discussions and in the last resort by reference to the Speaker.

13. Record of Proceeding of the Committee:- (i) A verbatim record of the proceedings of each sitting of the Committee approved by the Chairman shall be kept.

(ii) The Verbatim proceedings shall be for use of the Committee only and only such papers as have been laid on the Table of the House will be made public.

(iii) Two copies of the uncorrected proceedings of the meeting of the Committee will be sent to the Department in the Secretariat concerned with request to return one copy of the same after verification by a specified date (the other copy is to be retained in the Department for sending further notes and details required by the Committee). If corrected copies of the Proceedings are not received back by the specified date, the reporter's copy will be treated as authentic.

14. Report: - (i) After the examination of any subject is concluded a draft report will be prepared by the Secretariat in consultation with the Accountant-General in cases where the examination relates to Audit paragraphs.

(ii) A Tamil Version of the Report is then prepared.

(iii) The draft report shall be considered at a sitting of the Committee. The report of the Committee shall embody the decisions of the majority of the Members present and voting.

(iv) In the cases of equality of votes the Chairman shall decide the issue by a casting vote.

(v) In actual practice, the questions are not put to vote and decisions are arrived at by consensus.

(vi) There shall be no minute of dissent to the Reports of the Committee.

15. Supply of advance copies of report for factual verification :-

(i) Advance Copies of the report as finalized by the Committee shall be marked "secret" and sent to the concerned Undertakings/Department and also to be Finance Department (wherever necessary) for verification of factual details. They are expected to comment on the recommendations contained in the draft Report.

(ii) It shall be enjoined on them to treat the contents of report as secret until the report is presented to the House.

(iii) On receipt of the reply of the Department/Undertakings, after factual verification, the Chairman may make suitable modifications in the Report to correct factual inaccuracies, if any or may direct that the matter be placed before the Committee for consideration.

16. Presentation of the Report :-

(i) The report, after approval by the Committee, shall be signed by the Chairman on behalf of the Committee.

17. Distribution of Report :- As soon as possible after presentation of the report to the House, copies thereof shall be made available to persons who are in the mailing list. Copies of the report are also supplied to press correspondents immediately after presentation of the report to the House.

18. Statement of action taken by Government:-

(i) While forwarding the report of the Committee to the Government, the Department concerned shall be asked to furnish a statement showing the action taken by the Government on the recommendations contained in the reports within six months from the date of presentation of the report in the Proforma prescribed.

(ii) As soon as final action taken reports are received from the Departments, a statement of action taken in respect of each report of the Committee is prepared by the Secretariat and placed before the Committee. The Committee considers them, at a sitting and decides which of the items can be treated as implemented/settled or closed with reference to the report given by the Departments and which of the items are to be pursued and the lines on which they are to be pursued.

(iii) The Secretariat then prepared a draft report on the action taken by the Departments, accompanied by two statements name Statement-I Statement showing the recommendations which have been treated as implemented/ settled/closed; and Statement-II-Statement showing recommendations which the committee desires to be pursued indicating also the observations/Comments of the Committee. Whenever the reports relate to Audit Reports of the Accountant-General, the Accountant-General is consulted if necessary before finalizing the draft report.

(iv) A draft report is then placed before the Committee at a sitting for it's approval. After approval by the Committee, the Report, is sent to the Government Press for Printing.

(v) When the final printed copies are received from the Press, the report is presented to the Assembly by the Chairman of the Committee or in his absence, by any other Member of the Committee.

19. Attendance of persons other than Members of the Committee at its sittings:- A member of the Assembly who is not a Member of the Committee or a Member of Parliament and other State Legislatures, may with the permission of the Chairman, attend a sitting of the Committee when evidence is being taken by it, but not when the Committee is deliberating or formulating its views on any matter or considering a draft report. Such Members or officer shall not, however, take part in any manner in the proceedings of the Committee nor sit in the body of the Committee.

20. Study tours :- (i) The Committee may undertake "on the spot study" of various public understandings connected with the subjects under examination.

(ii) When the Members of the Committee are on study tour informal meetings may be held at the place of the visit, but at such meetings neither any decision shall be taken nor any evidence recorded.

(iii) During study tours no person who is not a member of the Committee except officials of the Assembly Secretariat, shall be allowed to accompany the Committee, without the specific permission of the Chairman.

(iv) No information or interviews should be given by any Member to the press regarding his tour impressions of any Public Undertakings or subjects under examination.

(v) Staff members seeking to approach press regarding their grievances should be discouraged. Representatives of registered labour association which have already furnished a written memorandum may, however, be interviewed at the discretion of the Chairman.

21. Incorporation of additional points of procedure in the rules:- Any addition to these rules from time to time shall be incorporated in these rules.

ANNEXURE TO APPENDIX – II

[Vide Rule 3 (i).]

Points to be covered in the preliminary material to be furnished by a Department/ Undertakings –

(i) Historical background together with copies of Statutes/ Memorandum and Article of Association of the Corporation/ Company. Rules, Regulations issued there under, if any.

(ii) Note giving briefly the objects and present functions of the Corporation/ Company together with copy of the Instrument of Instruction issued by Government, if any.

(iii) (a) Organizational set-up of the corporation/Company including that of its various Projects/ Officers. This information may be shown in the chart supported by short explanatory notes.

(b) Organisational set-up in the administrative department which coordinates/controls the work of the Corporation/ Company.

(iv) A detailed account of the working (the financial as well as in physical terms) of the Corporation/ Company year wise since its inception with reference to programme or plan. Reasons for variation between the programme and the achievement, if any, may be furnished.

(v) The original estimates, revised estimated and actual expenditure or the various projects for the last three years together with a brief note indicating the reasons for variations, if any.

(vi) Current programme and future plans of the Corporation Company.

(vii) (a) Copies of the annual reports and accounts for the last three years, together with administrative reports and reviews of Government, if any.

(b) Copies of monthly/quarterly reports submitted by the Chairman and the Financial Controller to Government during the last one year.

(viii) Copies of reports of any enquiry or investigation conducted into the working of the Corporation/Company.

(ix) Notes giving main features of the projects reports, if any relating to each Project undertaken by the Corporation/Company i.e., their estimated cost, scheduled dates of commissioning of the various units in each project annual rated capacity (both in terms of quality and value) and the year of reaching that capacity, staff required (category –wise), etc., together with the latest position with reference to each aspect.

(x) Copies of agreement, if any, entered into with Consultants Collaborators.

(xi) Copies of directives, if any, issued by Government.

(xii) A brief-note indicating the position of similar undertakings in other States and Government of India.

(xiii) Any other information which the department/undertaking would like to place before the Committee.

APPENDIX – III

GUIDELINES TO WITNESSES WHO APPEAR BEFORE THE COMMITTEE ON PUBLIC UNDERTAKINGS FOR TENDERING EVIDENCE AND PRODUCTION OF RECORDS TO THE COMMITTEE.

1. The Committee has power to examine representatives of the Undertakings and the Government.

2. The undertakings should be represented by its Principle Executive. The Government should be represented by its Secretary. If for any reason such an Officer could not attend the Committee on any particular occasion, the Chairman may, on a request being made to him, permit any other Senior Officer to represent the Undertakings/ Government. The witness may bring with him for his assistance other officers who may be allowed to give evidence with the permission of the Chairman.

3. Due respect to the Chairman and the Committee/ Sub-Committee should be shown by the witness by bowing while taking his seat.

4. The witness should take the seat earmarked for him opposite to the seat of the Chairman.

5. The witness should answer specific question put to him either by the Chairman or by a Member of the Committee or by any other person authorized by the Chairman. The witness may be asked to place before the Committee any other points that have not been covered and which witness thinks are essential to be placed before the Committee.

6. All submission to the Chair and the Committee should be couched in courteous and polite language.

7. When the evidence is over and the witness is asked to withdraw, he should, while leaving, bow to the Chair.

8. The witness should not smoke or chew when he is appearing before the Committee.

9. The following acts will constitute breach of privilege and contempt of Committee:-

(a) refusal to answer questions.

(b) Prevarication or wilfully giving false evidence or suppressing the truth or misleading the Committee.

(c) Trifling with the Committee, returning insulting answers.

(d) Destroying or damaging a material document relevant to the enquiry.

10. The Committee has also power to call for the production of records and documents. Government, may however, decline to produce a document on the ground that its disclosure would not be in the public interest.

11. If at any time any question arises whether the production of document is relevant for the purpose of the Committee the question is referred to the Speaker whose decision is final.

12. In accordance with an established convention, secret documents required by the Committee are confidentially made available by the Government to the Chairman in the first instance unless it is certified by the Minister concerned that such document could not be made available on the ground that its disclosure would be prejudicial to public interest. The Chairman gives due consideration to the wishes of the Government before making any such document available to the Members of the Committee. Any difference of opinion between the Government and the Chairman is settled by discussion and in the last resort by reference to the Speaker.

13. A list of officers who would be appearing before the Committee should be furnished to the Committee in advance. Once such a list is furnished, officers mentioned therein should attend the meeting without fail, in exceptional circumstances, when such attendance is not possible, the position should be intimated to the Secretary, Legislative Assembly in advance by a D.O. letter giving reasons for the absence and seeking permission of the Chairman to be absent. Normally such occasions should be rare.

14. Witnesses should not withdraw from the meeting in the middle of the Session as soon as their items are over without prior permission of the Chairman. On such occasions. Proper course should be either for the Secretary of the Department or the concerned officer to seek permission of the Chairman to withdraw and if permission is granted then such witnesses can withdraw.

APPENDIX IV.

DIRECTIONS OF THE COMMITTEE ON PUBLIC UNDERTAKINGS.

1. Explanatory notes on important points on the Audit Reports and Annual Accounts of Public Undertakings called for by the Committee should be sent within two months. In respect of Public undertakings subjects selected for suo-moto examination, replies to the questionnaire on the working of such Undertakings should be sent within a month. If extension of time is required by the Department, the Department should address the Secretary, Legislative Assembly, who will place the request before the Chairman of the Committee and Communicate his orders. On no account such extension of time will be granted for more than one month. If notes or replies to the question raised are not received within the period of extension allowed, they will be construed as notes or replies not received.
2. The explanatory noted on important points on the Audit Reports and Annual Accounts of Public undertakings and replies to questionnaire on the working of Public Undertakings or on the selected subjects should not be sent piecemeal/item, but in a consolidated shape covering all items pertaining to the Department and Undertakings in respect of each Audit Report and also in respect of each point in the questionnaire. Even if the items relate to different sections in the same Department, one section should co-ordinate and send the consolidated notes in a single batch separately for English and Tamil versions.

The Tamil version should be sent along with English versions. In case of Public Undertakings 30 copies (both in Tamil and English) of replies of questionnaire should be sent to the Committee. A soft copy of the details should be sent in a compact disc along with the hard copies. The soft copy should also be sent by mail to the official mail id of the Committee.

3. The explanatory notes/replies furnished by the department should contain complete details relating to the Audit points and the Points in the questionnaire and should be supported by documentary evidence. It is always presumed that the facts mentioned in the Audit paras are indisputable as the department had an opportunity to offer their comments when the Draft Para was included in the Audit Report. If the department wants to point out any factual disagreement, it should be clear and should also be indicated as to why it was not pointed out to Audit before inclusion of the Draft Para in the Audit Report. Replies should not be based on surmises or prepared on hypothetical basis. The facts furnished in the explanatory notes should not be controversial when tendering oral evidence before the Committee. The departmental Secretary is personally responsible to the Committee for the correctness of the facts placed before it. The reply besides being complete and comprehensive, should indicate further development explanation for the lapses pointed out the corrective action/remedial measures taken and any additional information that may be relevant for consideration of the paragraph/review without reproducing the points mentioned therein. The replies should also contain the current stage of the particular item if it is a continuing activity.

It is open to the Committee to basis its recommendation with reference to the explanatory furnished by the department without giving further opportunity to the department to submit the oral evidence before the Committee.

The department should not dispute the factual position mentioned in the recommendations of the Committee at a later stage viz., at the time of consideration of action taken.

4. If any of the item in the list of important points does not relate to the department to which it is sent, that department should transfer the items to the concerned department under intimation to the Legislative Assembly Secretariat within 15 days from the receipt of the list of important points.
5. The notes should be consolidated and printed/ronoed by the concerned department itself and sent to the Legislative Assembly Secretariat in accordance with the requirements.
6. The Undertakings should be represented by the Principal Executive. The Government should be represented by the Secretary. If for any reason such an officer could not attend the Committee on any particular occasion, the Chairman may, on a request being made to him, permit any other senior officer to represent the Undertakings/Government.
7. All the witnesses who appear before the Committee should come prepared with full facts and figures.
8. The evidence tendered by them should be complete and accurate in all respects and the officer is responsible for the accuracy of the statement made by him before the Committee.

CHAPTER - XII

The Tamil Nadu Text Book and Educational Services Corporation

1) The Tamil Nadu Text Book Society was established on 4th March 1970 and registered as a Society under the Societies Registration Act 1850.

This Society was renamed as Tamil Nadu Text book Corporation in 1993 and again renamed as The Tamil Nadu Text Book and Educational Services Corporation during the year 2013 vide G.O. Ms.No.178/School Education (TRB) Dept. Dated 06.09.2013 and G.O. Ms. No.34/School Education (TRB) Dept. Dated 26.02.2014.

2) Entrustment of Audit:

i) The Tamil Nadu Text Book Society audit was entrusted to the Local Fund Audit Department vide G.O. Ms. No.913/Finance (Miscellaneous) Dept. Dated 20.04.1976

ii) Later this audit was entrusted to the Internal Audit Department vide G.O. Ms. No.598/Finance (Local Fund) Dept. Dated 03.08.1992.

3) (a) Main Functions of the Corporation:

- i) Printing of Text Books
- ii) Distribution of Text Books
- iii) Publication of Special Materials.

(b). Additional / Special Works:

- i) The Printing works of other Government Departments are entrusted to this corporation.
- ii) Printing of Special Guides for Standards X and XII for Adi Dravida Welfare Department, Backward Class and Most Backward Class welfare Departments.
- iii) Printing of Question Bank and Model Question paper Books for Standards X and XII to Parents Teachers Associations (PTA).
- iv) Source Books for DTERT, Text Books for polytechnic, Atlas etc.,

4) Administrations:

The Corporation is headed by the Chairman and the executive authority lies with the Managing Director.

The Corporation is having its Head Quarters at Chennai and Regional Offices/ Godowns are established in almost all districts headed by Regional Officers.

5) Scope of the Audit :

The Audit of Text Book Corporation is conducted at Chennai Head Office. Godowns situated at Chennai and at Regional Godowns under the control of Regional Officers.

The audit of sale of Text Books is the primary audit function. Text Books are sold to retailers, private schools and others for the price fixed by the Government / Corporation.

Text books without cost are issued to all students studying in Government Schools, Government Aided schools. These books are issued to Nodal Schools directly through the concerned Assistant Elementary Educational Officers, District Educational Officers and Chief Educational Officers by the Printers based on the indents given by the respective Officers.

The Text Book Corporation Godowns keep notional receipts entries based on the acknowledged copies of Delivery Challans.

Then Book Receipt voucher and Book Issue voucher for Free issues are prepared.

6) Audit of Regional Godowns/ Offices:

Registers Maintained:

- 1) Text Books Stock Register
 - i) For Sale Copies
 - ii) For Free Issues
- 2) Book Receipt Vouchers – Receipt Invoices (BRV)
- 3) Book Issue Vouchers – Issue Invoices (BIV)
- 4) Permanent Advance Register/ Petty Cash Book
- 5) Cash Book for Collection Account
- 6) Cash Book for Expenditure (Drawal) Account
- 7) Cheque/ Demand Drafts Received Register
- 8) Bank Pass Book / Account Statements
- 9) Pay Bill Register / Copies
- 10) Obsolete Books Stock Register
- 11) Tools and Plants and Implement Stock Register
- 12) Library Books Stock Register
- 13) Physical Verification Reports/ Stock Statements
- 14) Money Value forms Stock Register.

7) The Procedures for Text Book Receipts and Issue at Regional Text Book Godown are detailed as below:

<u>Before September 2015</u>	<u>From September 2015 onwards</u>
1) The Text Books received directly from the Printers vide Delivery challans are entered in Stock Registers.	1) The Text Books received directly from the Printers vide Delivery challans are entered in Stock Registers.
2) Based on Stock Receipts Computer generated book Receipts Voucher is prepared (BRV)	2) No BRV is prepared at Godowns. There is no option in software.
3) Books Received for sale copies and free issue copies to Government and aided schools are separately generated	3) Books Received for sale copies and free issue copies to Government and aided schools are separately generated.
4) For free issues, only notional entries are made in Stock Register and BRV and BIV is generated based on acknowledgment received from AEEOs/ DEOs/ CEOs.	4) For free issues, only notional entries are made in Stock Register and BRV and BIV is generated based on acknowledgement received from AEEOs/ DEOs/ CEOs.
5) Books are sold based on requisition received along with Demand Drafts / Cheques	5) Books are sold based on the basis of direct online payment at Corporation's Bank Account along with Requisition.
6) Computer generated Receipts/ Bill is raised for books sold out.	6) Sale Invoice is generated by Head Office.
7) Books transferred to other godowns are	7) Books transferred to other godowns are

supported by computer generated Book Issue Vouchers – BIV	supported by computer generated Book Issue Vouchers – BIV
<u>8) Discount Allowed on Sale Copies</u> i) To retailers For Std. 1-12:9.5% ii) For Private Schools: a) Std. 1 to 10: 5% b) Std. 11-12: 9.5%	<u>8) Discount Allowed on Sale Copies</u> i) To retailers For Std. 1-12:9.5% ii) For Private Schools: a) Std. 1 to 10: 5% b) Std. 11-12: 9.5%
9) Renewal for retailers: Every 3 years	9) Renewal for retailers: Every 3 years

8) Audit of Stock Registers:

It should be verified in audit whether

- 1) All the receipts and issue of text Book are properly accounted for as per Books Receipt vouchers and Book Issue Vouchers. Sale Copies are deducted only by way of proper authority of Cash receipts, Cheque/ Bank Drafts or Sale Invoices.
- 2) The closing Balance is arrived correctly and the balance are carried over to the succeeding year's stock registers. The price of the books should be correctly noted as per Government orders/ Corporation's order.
- 3) a) The free issue text books are properly acknowledged by the respective officers. (CEOs, DEOs, DEEOs, and AEOs)
b) The free issues are made as per the indents given by the Education Department.
- 4) The closing balance of stock as on 31st March of every year is physically verified by the Corporation's officers and excess/ shortages of Stock are properly regulated. The Value of shortages should be recovered from those who are responsible for the shortages.
- 5) There are any unauthorized deductions, excess deductions and double deductions of stock.

Such instances have to be objected and monetary loss should be met out from the employees, responsible.

9) Book Receipt Vouchers (BRV) :

It should be verified in audit whether:

- 1) The Quantity received vide Delivery challans are all invoiced properly.
- 2) The price of the Text Books is correctly specified as per price list issued by the Government.
- 3) All the text books received are entered Standard Wise and Medium Wise (Tamil, English, etc.) without any omission in the Stock Register.
- 4) The arithmetical accuracy of the value of the Books received should be ensured.

10) Book Issued Vouchers (BIV) :

It should be verified that whether:

- 1) The quantities issued by way of book issue vouchers are entered without any omission and

there are no excess deductions.

- 2) Proper acknowledgements are received for text books, sent to other Godowns and entered in Stock Register.
- 3) The Free issue of Books sent to Government and Government Aided Schools are based on Proper indents and acknowledged by Nodal Officers,
- 4) The sale copy BIVs are priced as per price list approved by the Government.

Note: Both the BRVs and BIVs have to be supported by proper packing slips/ delivery notes and the weight list of the printers/ Transporters. It should be cross verified during Audit to ensure the accuracy of the quantity and weight of the books/ note books. Any deviations, inaccuracies have to be verified thoroughly and suitable objections should be raised.

11) Cash Book-Collection Account:

It should be verified in audit whether:

- i) All the Bank Drafts/ Cheques are remitted into Bank Account.
- ii) The Cash collection if any is remitted into Bank Account on the next day.
- iii) The collection amount is transferred to the corporation Head Office Bank Account.
- iv) The Closing balance is correctly arrived and reconciled with Bank Account.

12) Cash Book – Expenditure / Drawing Account :

It should be seen in audit whether:

- i) All the expenditures are based on proper vouchers.
- ii) The Mail transfers received from Head Office are properly accounted for
- iii) The expenditures such as Electricity Bill, Rent, Telephone Bills, and Transports etc. are made as per standard financial procedures on expenditure.
- iv) The petty cash/ Permanent Advance amount closing balance is correctly arrived and reconciled with the Bank Account.

13) Cheque/ DD Received Register and Bank Account Statements:

It should be verified in audit whether:

- i) There are any short collections of sales amount.
- ii) Sale invoices/ Receipts are prepared for the Value of the Cheque/ DD amount only and the details are noted in the Register.
- iii) All the bank drafts/ cheques received are sent to Bank for collections promptly without any delay.
- iv) All the Draft and Cheque amounts are collected and credited in the collection account of the Regional Godown and the date of Credit is noted in the Register.
- v) All the amount realized and interest credited are transferred to Corporation's Head office Bank account.
- vi) The unrealized cheques and bank charges debited are correctly accounted for in Bank

Reconciliation Statement.

- vii) The responsibility is fixed for unrealized amounts.

14) Verifying Payments:

It should be verified in audit whether:

- i) All the cheques issued are cashed.
- ii) Self cheques are not drawn as far as possible.
- iii) The uncashed cheques and Bank charges are properly accounted for in Bank

Reconciliations Statements.

- iv) The pay and allowances and other expenditures and properly authorized.

15) Obsolete Books Stock Register :

Due to Change of Syllabus and other reasons the books printed become obsolete. They become useless. They should be auctioned and sold out. Suitable objections should be raised for non-auctioning/ keeping in idle the obsolete stock.

- i) It should be ensured in audit that the weight and number of copies auctioned/ sent for auction are in accordance with Book Balance.
- ii) The obsolete books should be periodically physically verified by the relevant officers.
- iii) The discrepancy between the no. of the books and their weight, should be objected in audit.
- iv) The accuracy of the numbers/weight of the obsolete Text Books should be verified in audit.

16) General:

1) The unacknowledged Book Issue vouchers list containing the quantity, price and amount should be sent to the Corporation Head Office Audit Inspector.

2) The list of Mail Transfers received from the Corporation Head Office and List of Mail Transfers sent to Corporation Head Office has to be annexed in the Audit Report.

3) The list of Obsolete Books (with No.'s/ weight / value) stock as on 31st March has to be appended to the Audit Report.

4) Consolidated report of Sale copies of the Books with No.'s and value has to be annexed to the audit report.

5) The list of Free Issue Copies sent to schools under various administrative Departments has to be classified and appended to the Audit Report.

6) The cost of such free issues has to be reimbursed from the Departments concerned. Hence suitable Para has to be raised for Reimbursement of the Cost of Text Books from the Government Departments.

7) It should be seen that whether there are any excess discounts allowed to retailers and such excess discounts allowed should be objected in Audit.

17) Cross verification of Books Issued to other regional Godowns has to be made by way of sending part II Statements (specifying, BIV Number, particulars of books, Number of copies, price and Value) to the respective District Internal Audit Offices and the non-Receipt of the books has to be suitably objected and Audit Paras has to be raised.

CHAPTER XIII.

The Tamilnadu Wakf Board, Chennai

1. Authority for Audit:

The audit on the accounts of Tamilnadu Wakf Board is conducted by the Internal Audit Department as per G.O.Ms.No.738, Home Department, dated: 24.03.1958, G.O.Ms.No.598/ Finance (L.F) Department Dated 03.08.1992 and Under Section 80 (1) of the Wakf Act 1995 (Act 43 of 1995)

2. GENERAL REVIEW ON TAMIL NADU WAKF BOARD :

Wakf is the permanent dedicated by any person, of any movable or immovable property for any purpose recognized by the Muslim Law as pious, religious or charitable. The Wakf Board was constituted to safeguard the interests of the Wakf Institutions like Mosques, Darghas, etc., by ensuring proper execution of their religious and Charitable Functions, Financial Accounting, Audit and efficient administration of their estates and properties.

The Wakf Act 1954 came into force in Tamil Nadu on 15.01.1955. The Tamil Nadu Wakf Board was constituted on 18.01.1958. According to Central Act 43 of 1995, The Second Wakf Act 1995 came into force in Tamil Nadu by which Wakf Board was reconstituted on 01.01.1996.

The main source of income to the Board is 7% contribution collected annually from Wakf Institutions under Section 72 of Wakf Act 1995. Out of this, 1/7 is to be paid to the Central Wakf Council, New Delhi.

The major financial commitment of the Board is payment of salary to staff, maintenance of payment of Divorced Women, Pension Contribution, Retirement Pension Benefit, Family Pension to Spouse of deceased Staff, Audit Fees, Legal Charges, T.A. to all members and Staff and administrative expenses etc. To meet the excess of Expenditure over receipts, the Government of Tamil Nadu has been sanctioning Administrative grant of Rs.45 Lakhs for every year to the Tamil Nadu Wakf Board (From the year 2001-2002 to 2010-2011). It is raised to Rs.1 Crore from the financial year 2011-2012 on wards.

The Government also sanctions Grant for major repairs and renovations of Mosque and Dargahs from 1999 onwards to the needy Wakf Institutions which are in dilapidated condition and which require urgent Renovation work. In addition to this Renovation Grant, Government also sanctions another scheme for construction of compound wall to needy Wakf Institutions. From 1978-1979 to 1988-89 the Government has sanctioned Rs.46 Lakhs as Development Loan under the scheme of Development of Wakf Properties.

As per Section 83 of the Wakf Act 1995, on 24.10.97 Government constituted 25 Wakf Tribunals in the State for conducting Court cases regarding Walf Institutions.

Every year the Board has been giving financial assistance to poor Muslim people through Welfare Fund under the recommendation of Chief Executive Officer and the Honorable Chairman of Wakf Board.

The Ulema pension Sanction Committee sanctions Ulema Pension to Pesh Imam, Muazzin and Arabic Teacher of all Wakf Institutions.

3. FUNCTIONS OF THE BOARD :

The Wakf Act 1995 has conferred many powers and functions upon the Board. The various functions are listed below:

- a) To maintain a record containing information relating to the origin, income, object and beneficiaries of every wakf.
- b) To ensure that the income and other properties of the Wakfs are applied to the objects and for the purposes for which such Wakf were created or intended.
- c) To give directions for the administration of the Wakf.
- d) To settle the scheme for management for Wakfs.
- e) To scrutinize and approve the Budget submitted by Muthawallis and to arrange for the auditing of the accounts in accordance with the provisions of the Wakf Act.
- f) To appoint and remove Muthawallis in accordance with the provisions of the Wakf Act.
- g) To take measures for the recovery of the lost properties of Wakfs.
- h) To institute and defend suits and proceedings in a Court of law relating to Wakfs and their properties.
- i) To sanction sale, lease, mortgage or exchange of Wakf Properties.
- j) To administer the Wakf fund.
- k) To call for such returns, statistics, accounts and other information from the Muthawallis with respect to the Wakf properties, as the Board may require from time to time.
- l) To inspect or cause inspection of Wakf properties, accounts or records or deeds and documents relating thereto:
- m) To investigate and determine the nature and extent of Wakfs and Wakf properties and to cause, whenever necessary, survey of Wakf properties;
- n) To do generally all such acts as may be necessary for the due control, maintenance and administration of Wakfs.

Apart from this, the Board is implementing certain schemes for the needy Wakf institutions such as;

- a. Renovation scheme for the repair and renovation of Wakf properties.
- b. Major Renovation Scheme.
- c. Scheme for construction of compound wall / barbed wire fencing around Burial Ground.

These schemes are operated from the grant sanctioned by the Government of Tamil Nadu. Further, the Board is operating Development Schemes for the development of Wakf properties from the loan sanctioned to the Wakf Institutions by the Government of Tamil Nadu as well as Central Wakf Council, New Delhi.

Besides, the Tamil Nadu Wakf Board is running a College (i.e.) M.S.S. Wakf Board College at K.K.Nagar, Madurai.

4. General Review of Accounts :

Maintenance of various funds of Accounts in Tamilnadu Wakf Board – Details of Accounts – Reg.

The following Fourteen Accounts are in operation in the Board.

S.No.	TN WB A/c. No.	Accounts Name	Details of Account
1	A/c.No.I	General Fund Account	Receipts of 7% contribution from Wakfs and Receipts of Grant from Government and all payments to General Activities Board
2	A/c.No.II	Deposit Fund Account (Investment A/c)	It Consists of all deposit and Redeposit of F.D.R. of Wakf Board. Funds collected from wakfs with dispute.
3	A/c.No.III	Renovation Fund Account	Renovation Grant Received from the Government and Payment to Mosque for Major Repair and Renovation
4	A/c.No.V	ISMI Magazine Fund Account	Receipt of ISMI Subscription and printing Charges of ISMI (book) magazine.
5	A/c.No.VIII	Development Loan Fund Account	Development Loan sanction to Wakf institution by Central Wakf Council and Repayment of Development Loan amount to Government Account.
6	A/c.No.IX	Special PFG Fund Account	Special P.F. Subscription Collection from Board Staff and settlement payment of Special PFG to all Retired staff.
7	A/c.No.X	Pension Fund Account	Payment of Pensionary Benefits, Pension and Family Pension to spouse of deceased Board.
8	A/c.No.XII	Welfare Fund Account	Receipts of Public Donation and Payment of Financial Assistance to Poor Muslim People and advance to Board Staff.
9	A/c.No.XIV	Incentive Fund Account	Payment of Financial Assistance to Madarasa Dheeniyyath Students.
10	A/c.No.XV	Building Fund Account	Grants received from Government to construct Own Office Building to Tamil Naud Wakf Board.
11	A/c. No.XVI	Annadhanam Fund Account	Expenses for providing free meals to the Poor Devotees in Selective Mosque / Darghas
12		Wakf Institution Development Fund	Government's Initial contribution of Rs.3 Crores with Public Donation. Releasing of funds to needy weaker Wakf institutions for renovation and development purposes.
13		NIC A/c.	Grants from Central Govt. Expenses towards computerization of records and salaries to NIC staff.
14		Pensioners family security scheme Account.	Receipts from pensioners Subscription