



Government of India  
Ministry of Communications  
Department of Posts

**Manual of Internal Audit Questionnaire**  
**(For internal use in Circle Postal Accounts Offices only)**

**Edition- 2021**

Issued under the Authority of Secretary, Posts.

**Government of India**

**MINISTRY OF COMMUNICATIONS**

**DEPARTMENT OF POSTS**

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## PREFACE

The responsibility of the Internal Audit functions of the Postal Accounting Units vests with the Postal Accounts offices, the first manual of Internal Audit questionnaire for conducting the Inspection by Circle Postal Accounts Offices was brought out during the year 1988. The same was revised in the year 2002 and further in 2010.

Since then there have been vast changes in the functioning of the Department due to modernization and introduction of technology. Consequent upon roll out of ERP application in the department, several procedural changes have also been there. Various new products and schemes were also introduced and the way of activities performed has also been changed over the period of time.

In order to keep the pace with technology changes, a committee consisting of Sh Abhishek Singh Director (Accounts) Sh Pratap Singh Ex Director (IA), Sh K.N.R.Bhatta now Director (IA), Sh C.S.Guleria, Ex ADG and Sh B.P.Pattanayak Ex Dy DDAP, Kolkatta and co-opted member Sh A Saravanan Director, CEPT Chennai under the chairmanship of Shri.M. Sampath, the then Chief Postmaster General, Tamilnadu Circle , Chennai 600002 for revision of Inspection Questionnaire for Internal Audit of Postal Field Units to be conducted by Postal Accounts Offices in post CSI scenario vide Directorate letter No. 4-1/2019 - PA(IA) / 2066-77 dated 26.06.2019 and accordingly adopted .

This revised questionnaire (**Edition-2021**) has been brought out in accordance to technological changes, changed procedures and additions/alterations as of now wherever necessary. Every care has been taken to include the changes in this questionnaire as per changed procedure on account of introduction of new product and services as well as ERP application, yet, any error/omission, if noticed, may kindly be brought to the notice of Internal Audit Division of Directorate . General guidelines/procedures for the inspection of field units are brought out in the succeeding Chapters. These guidelines are only illustrative in nature and not exhaustive. They depend on the overall working and intelligence of the Inspection Party which is supposed to be well conversant with the rules/orders.

Vineet Pandey  
Secretary (Posts)

New Delhi-110001  
Dated 15<sup>th</sup> August, 2021.

## FOREWORD

This manual of Internal Audit is intended to guide the officials of the Internal Audit Section in inspecting various Offices in the Circles. The last Internal Audit questionnaire was issued in the Year 2010. Since then there have been a lot of changes in the functioning of the Department due to modernization and introduction of technology which necessitated the revision of questionnaire. Appropriate changes have been incorporated in this manual wherever necessary.

The procedures and guidelines included in this manual will improve the organization's operations and add value. The purpose is to provide reasonable assurance that processes are functioning as intended and will enable the objectives and goals to be met and also to provide recommendations for improving the operations of the office in terms of both efficient and effective performance. It will help to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

(Anil Kumar Nayak)  
Additional Secretary & Financial Adviser

New Delhi-110001  
Dated: 15<sup>th</sup> August, 2021.

## INTRODUCTORY AND GENERAL GUIDELINES

The scheme of departmentalization of Union Government accounts provides for setting up of an efficient internal audit organization to ensure accuracy in accounts and efficiency in the operation of the accounts set up. An internal Audit organization has accordingly been set up in DoP. The scope and function of the internal audit organization depends on the nature of work, the number of subordinate offices, the strength of establishment, nature and quantum of expenditure etc. As per the scheme, each Ministry will draw up a Manual of Internal Audit specifying the duties and functions of the organization, with particular reference to the prevailing conditions in the Ministry/Department. The guidelines contained in this chapter will regulate the working of these organizations. The scope of Internal Audit in the Department of Posts has been defined in the Chapter XVII of Postal Accounts Manual Vol.I. As per the new charter of duties and responsibilities of Chief Controllers of Accounts issued by the Secretary, Department of Expenditure, Ministry of Finance, the following functions will be carried out as per the guidelines issued by the Controller General of Accounts from time to time.

- (i). The appraisal, monitoring and evaluation of individual schemes;
- (ii). Assessment of adequacy and effectiveness of internal controls in general, and soundness of Financial systems and reliability of financial and accounting reports in particular;
- (iii). Identification and monitoring of risk factors including those contained in the Outcome Budget;
- (iv). Critical assessment of economy, efficiency and effectiveness of service delivery mechanism to ensure value for money; and
- (v). Providing an effective monitoring system to facilitate mid course corrections.

2. **QUANTUM OF AUDIT:-**An internal audit party should conduct a general review of all the accounts records maintained by an office since the last inspection or in case of new units, since the formation of that office. Apart from the general review, it should also conduct a detailed check of accounts records of at least one month in a year, selected by the respective GM(Finance) DAsP or in charge of internal audit. The percentage of bills/vouchers/cases etc. other than the month selected for detailed check will be left to the discretion of the Head of

the internal audit unit/team. The extent and nature of the checking has been described in the Internal Audit questionnaire in the respective chapters.

3. PERIODICITY OF INTERNAL AUDIT INSPECTIONS :- Considering the complexity of transactions and accounting under accrual based accounting and also to increase the quality & effectiveness of the internal Audit , the periodicity of inspection would be once in a year corresponding to executive inspection periodicity (calendar Year).

4. INTERNAL AUDIT TEAM: It is recommended that to maintain quality and effectiveness of internal audit, a well-defined IA team within the existing establishment may be formed and personnel posted to such IA unit with two-year tenure and headquarters would be of respective PAO. The duty of such team would be from planning IA to process for settlement of paras. This would improve quality and continuity of personnel in IA for better understanding and audit.

5. COMPOSITION OF PARTY: The present strength of Internal Audit team for various units by Postal Accounts Office consists one ACAO/Sr.AO/AO, two AAOs and two SA/JA. Considering the availability of data centrally in the system and such checks can be exercised centrally, the existing strength may be kept at five with the following composition:-

Unit	Total strength	Headed by	Remarks
Postal Directorate/Circle office/Region Office/ PTC/CEPT/ RAKNPA/ DPLI & Investment division, Kolkata/ Offices headed by independent Directors	4 (four)	1-JAG level officer 1-ACAO/ Sr. AO / AO 2- AAOs 1-SA/JA	This composition is for PAO headed by GMs. Wherever, JAG level officer not available, one STS officer may head the IA team.
		1-STs level officer 1-ACAO/ Sr. AO / AO 2- AAOs 1-SA/JA	This composition is for PAO headed by JAGs. Wherever, STS level officer not available, one JTS officer may head

			the IA team.
PSD/CSD/MMS/PED/PCD/ Foreign post/ GPO/Gazetted Head post	4 (four)	1-STS level officer 1-ACAO/ Sr. AO / AO 2- AAOs 1-SA/JA	Wherever, STS level officer not available, one JTS officer may head the IA team.
Head post offices/ canteen / Divisions & other units	4 (four)	3- AAOs 2- SA/JA	The IA team led by Senior most AAO.

**6. DURATION OF INSPECTION:-**The duration of Internal Audit would be as under:

Unit	Duration	Remarks
Postal Directorate/Circle office/Region Office/ PTC/CEPT/ RAKNPA/ DPLI & Investment division, Kolkata/ Offices headed by independent Directors	3 Three days	Three working days
PSD/CSD/MMS/PED/PCD/ Foreign post	3 Three days	Three working days.
General post office	12 days	12 days for GPO Delhi/ Kolkata/ Chennai/ Mumbai and 10 days for other Nodal HPOs like Bengaluru GPOs, Sansad Marg HPOs etc .
Head post offices & Divisions	10 days	8 days for Head post Offices and two days for Divisional office. This includes inspection of units attached to HPO and Divisions. During the period, one SO and one BO to be inspected.

**7. PROCEDURE FOR CONDUCTING INTERNAL AUDIT:-**The work relating to internal audit should normally be conducted by inspecting various units and offices and "on the-spot" verification of accounts records. The work of the inspection parties may be coordinated



through internal audit cell at the headquarters (PAOs), depending upon the nature, number and size of the internal audit set up.

(I). As a step further, considering the merger of Postal Accounts sections with Internal Audit as well as Internal Check Organization (SB) situated at Circle office/Region offices as a whole in Circle Postal Account offices, the questionnaire issued by the Inspection unit of this Directorate for Internal check of SB and SBCO branches at Head Post offices is also annexed to the manual.

Considering the data availability in the system centrally the concurrent audit of the transactions can be done at PAO level. Each SA/JA should be allotted minimum 3 DDOs in Postal Accounts section of PAOs. At least 12 SA/JAs should be supervised by a AAO. Every wrong booking/misclassification should be reported and get rectified from the DDO concerned. In case, the error or omission is not rectified, should be passed on to the Internal Audit which may further raise an audit memo as per usual process.

(II). Similarly, considering the deployment of AOs and AAOs in regional offices, it should be ensured that a tab on the transactions of all such sub post offices should be kept whose monthly business is Rs 1 crore or above. Such sub post offices should be audited by the AO or AAO posted in the regions once in a year with a periodicity of 1 day per week. The tour programme shall be designed for internal Audit of sub post offices for a continuous minimum period of 15 working days duration. Any irregularities noticed should be got rectified in consultation with Region Head or DPS concerned and still persists may be conveyed to Internal Audit section of the Circle Postal Accounts offices.

#### 8. SUBMISSION OF INTERNAL AUDIT REPORTS & RESULTS ETC:-

The Supervising Officer would try to settle on spot maximum number of items raised by the Inspection Party after going through the relative records/ information supplied and personal discussions with the officers of the unit concerned. The IA reports should contain only those paras which could not be settled, and have to be perused centrally. These reports would be submitted to Internal Audit Section of the Circle Postal Accounts Office which will scrutinize and sent it to the unit(s) concerned for compliance. The relevant extracts from the Report would also be sent to the concerned Executive authorities (viz SSPOs, DPS, and PMG etc)

where necessary. A Report containing important points or serious irregularities, if any, should be submitted to Director, IA Division at Headquarter along with action taken report for their speedy settlements for onward transmission to AS & FA/ Secretary (Posts).

9. The extant of Internal Audit in respect of various items of work in the accounting units and the questionnaire to be used by the Internal Audit Parties is brought in the succeeding chapters. The instructions contained in the relevant chapters are only illustrative and not exhaustive. The success of internal audit solely depends upon the intellectual capacity and presence of mind of the Internal Audit Parties which are supposed to be well conversant with the Government Rules/ Orders.

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**QUESTIONNAIRE FOR INTERNAL AUDIT OF POSTAL FIELD UNITS TO  
BE CONDUCTED BY POSTAL ACCOUNTS OFFICES  
IN CSI ENVIRONMENT**

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## **CHAPTER – 1**

### **Postal and RMS Units**

1. The inspection of Post Offices should be carried out by the inspecting officer and his staff intelligently. The last Inspection Report by the Audit Officer I.A. Officers as well as the Report of Executive Inspecting Officer should be reviewed personally by the I.A. Inspection Officer to see that the irregularities in accounts noticed in them have been settled. The failure to rectify all or any of them should be commented on.
2. With regard to the cash arrangements, custody of DOP cash, cheque books, issue of cheques. All accountable items, upkeep and balancing of DOP cash and availability of days' accounts with vouchers etc., it should be seen that the procedure, Rules laid down in the Postal Financial Hand Book Volume I, are observed. No physical verification of balances of cash or stamps need be undertaken. The arrangements for the obtaining cash from Bank and for its safe custody, payment and accounting should also be examined to see that they are in conformity with the Rules. Test check for the marked month including the 3 days of inspection be done.
3. Check whether CDDO has taken any view right of the Bank Account on personal/corporate and ensure that it is meant only for view of daily transactions to ensure its incorporation in DOP Books of account. CDDO may take the hard copy of the bank statement month to month basis and ensure correctness with reference to his accounts. All the balances lying unlinked (PO unlinked and Bank unlinked) be highlighted.
4. The Inspection Officer should also ascertain and record the following facts in the Inspection Report:

- i. By whom and on what date the cash, etc., were last physically counted and whether previous day's Closing Balance as verified on that occasion was recorded in the relevant inspection report.
  - ii. If any discrepancy is found on that occasion between the physical cash and the book balance, how it was accounted for.
5. A test check over the cash balance of the first and the last working days of the month, the accounts of which are test checked and of one week apart from these dates should be carried out to see if the cash balances are within the authorised limits. It should also be seen whether the limits so fixed are excessive or not. If the actual cash balance in hand is in excess of the authorised limit, the reasons should be investigated and recorded in the Inspection Report.
6. It should be seen whether the accounting of due on unpaid articles in the DPMS module is correctly getting accounted in the respective GL and comment on the system put in place to identify such unpaid articles before delivery. Check with reference to daily transaction report.
7. That the Sub and Branch Office Cash Balances kept within the prescribed limits. In cases of excess balance, it should be seen that the reasons given in the excess cash balance Memo justify the excess. The Inspecting Officer should examine generally to ascertain that the prescribed limits of the cash balance are not excessive. The cash transfer report may be extracted and checked with SO/BO remittances and vice versa for the test check month.
  - a. That there was no abnormal delay on the part of the treasurer in admitting transactions on account of remittances. The daily transaction report of Sub and Branch Offices for several months should be selected at random to see whether there were any unauthorised remittances from

one Post Office to another and the Postmaster specifically asked whether there were any such remittances.

Check the transactions of reversals done in the system and ensure the correctness as well as the justification of such reversals.

Comment on the frequent usage of reversals for correction of mistakes.

Reversal requests raised and pending at PAO may be listed.

- b. that the figures of the Sub Postmasters or Branch Postmasters in the Daily Accounts are not altered by the Sub Account Clerk or any other official of the Head Office
8. Check Cash In transit, Cheque in transit for the selected months and dates and ensure that there are no open items pending for acknowledgements  
Check for the correctness of transfer of material from Head post Office to Sub Post office Storage Locations in case of Stamps and other Stationeries including IPO, Pass book etc., Cash and cheque in transit from and to profit centres may be verified with respective 10-digit SAP GL codes.
9. Check the totals of respective GL of Reports in case of POS transactions with reference to POS Abstract Report for the selected days and ensure that the corresponding figures has been flown to F&A and is correct.
10. The entries against items “Savings Bank Deposits”, “Savings Bank Withdrawal”, “iMO”, “e-MO”, “Money Orders issued” and “Money Orders paid”, etc., and all other GLs should be compared with the DTR of the Profit Centres for selected days.
11. The entries against items “Drawn from treasuries Clearing Account and Drawn from Bank Clearing Account and remittance to Bank Clearing Account and Remittance to Treasuries Clearing Account should be compared with the Register of Cheques received and Cleared Data.

12. The entries against items like 1201 Other Receipts, Other Items and 8553 Payments and Check the correctness of Postings to the respective GL accounts.
13. Check the availability and correctness of Bills received from other Units as CDDOs while making payments to such units against the bills as DDOs.
14. Whether the closing balance as in DTR matches with the DOP closing balance as in Treasurer's Cash Book be checked and also with the physical cash balance held by the office. No physical check of cash is necessary.
15. Check the Postman Issue GL is settled for each Day and net balance is Zero at the close of the day.
16. Ensure that the amount settled towards VPP Clearing accounts has been correctly accounted and disposed of by booking e-MO on the same day.
17. While reviewing various GL reports of Field Units 15% of the entries of grant of short term advances such as TA, LTC, Medical Leave Salary advances etc. should be picked up with reference to the HR schedule and ensure its settlement and adjustment in the final bill/ recovery.
18. The Inventory of Stamp balances for each day should be checked and the difference between opening balance and closing balance including receipts for the day is tallied as Sale of Postage Stamps/ Commemorative Stamps. The balance as in MB52 report be referred to.
19. In the case of RMS Offices, it should be seen that the DTR is generated in the System and verify the correctness of reversals with the supporting

documents. Verify the correctness of Cash Remittance/ Cash Receipts from the concerned Cash/ Account office.

20. It should be seen whether the figures shown in the Test Checked CGA report for the month brought for Test Check against the several Heads under receipts and payments agree with those shown in the respective GLs for a month.
21. It should be seen that the Statement of Physical Cash balance with DDO(HO+SO+BO) tallies with the System Closing DOP Cash Balance GL at the Opening and Closing day of the accounting month. It should be seen that the HO daily transaction reports are duly signed by the Postmaster. Any discrepancy in cash in transit. Cheque in transit, POS balance ,VPP clearing GL, one time customer GL report for the day be identified and acted upon.
22. The amount as shown in the Remittance GLs for Inward and Outward / POR and RSAO, corresponding Debit/Credit GLs should be checked cent percent to ensure the accounting is genuine transaction. The checks indicated above should be exercised in respect of the transactions of the days / period as marked by the Head of Postal Accounts Office.
23. Check the Register of Cheques and the corresponding Accounting entries in the SAP F&A accounts for the days/periods as marked by the Head of Postal Accounts office.
24. In case of Inward and Outward Cheques, the respective data may be obtained from Cheque Truncation System (CTS) / Grid Clearance and corresponding accounting of the books of Profit Centre for the days/periods as marked by the Head of Postal Accounts office be checked and verified.



25. The amount in the schedules of remittances ( GL reports of RSAO and POR) received and sent should be compared with the remittance advices and acknowledgements respectively wherever applicable.
26. Check the generation of Acquittance Rolls wherever applicable to ensure the corresponding Payment GL entry in the respective Profit Centre. (DDO).
27. The regulation of TRCA from time to time in case of BPM and ABPM for the test check month be thoroughly checked with reference to Establishment workload particulars.
28. The payments made to Substitutes against the vacant post of ABPM and BPM and also for LWA periods, Put off duty cases etc., be checked for a test check month. The correctness of the corresponding allowances being paid to ABPMs and BPMs as per the existing TRCA Rules be checked.
29. The fixation of TRCA consequent on new appointments, Redeployment, Transfers in case of ABPMs and BPMs be reviewed for the period between the last date of inspection to the present date of inspection.
30. Check the payment made to Part Time Casual labourers / Full Time Casual labourers / Temporary Status Casual labourers as found in the establishment of the DDO with reference to the Sanction/ approval of the Competent Authority.
31. Check the correctness of Pay Drawals with reference to HR Documents with that of entries in the Service Records and corresponding allowances thereon with reference to the Basic Pay. The availability of Certificates in case of Suspension, Leave on Medical Grounds etc., be checked. Non-availability of Rent free Quarters in support of HRA drawals be verified.

32. It should be seen that health certificates of Government Servants (including Part Time Government Servants, contingency Staff, whole time or Part Time and Extra Departmental Agents), in all cases in requisite form and are recorded in the proper place.
33. It should be seen that the specimen signatures of the drawing officers other than the Postmaster himself, are properly maintained, and the same agree with those on the Bills brought from Accounts Office.
34. The following checks should be exercised during the Internal Audit Inspection of Postal Units
- i. Revenue Side – Whether the revenue realised on account of this service is in accordance with the rates prescribed by the Directorate. At least check of two months' accounts in a year should be conducted.
  - ii. Expenditure Side –
    - a. Whether payment of incentive money to Postmen and other staff employed for the purpose of delivery is in accordance with the standards prescribed for the purpose.
    - b. Payment of conveyance allowance to staff should be checked.
    - c. Employment of special means of conveyance such as taxi etc. for ensuring timely delivery in cases of breakdown of the normal means of transport should be scrutinised.
    - d. Refund of special charges realised in cases of belated delivery or non-delivery should be checked.
  - iii. Check the correctness of the Collection of GST on Supply of Output Services and its payment to the respective authorities on the due dates without fail.

- iv. Check the accounts of all Registered BD Customers to ensure that the Bill/ Invoice is raised on due dates and penal interest charged wherever applicable.
  - v. Check the settlement process done by the respective units. In case of Postage by Franking, ensure correctness of Revenue Accounting.
  - vi. Check the Ledger accounts of all the Registered Customers and ensure proper posting is happening in the Ledger for Receipts and Payments of the Registered Customers.
  - vii. Check the Open Items pending as overdue and comment on the action taken by the Divisional Head for liquidation of outstanding dues.
  - viii. Check the correctness of the Security Deposit made by the different Registered Customers and found adequate with reference to the average sales per month
  - ix. The off cycle payments and salary payments ( pay sheets) of month of test check should be checked with reference to the sanctions. These payments to be checked in CSI during course of inspection and found any discrepancies or irregularities are to be recorded in the Inspection report.
35. Check that whether revenue for BP COD, SP COD, SP parcel COD, EP COD has been transferred to the revenue from 8446 GL once the liability against the registered customer is knocked off.
36. A test check of Master Data as available in the PAO be compared with the Master Data as available in the HR and check the correctness of

payment such as Basic pension, Reduced Pension, Dearness Relief, Enhanced Family Pension, Fixed Medical Allowance, Restoration of Commutation of Pension amount and Payment of additional quantum of Pension/ Family Pension on attaining the age of 80 years etc.

37. Cent percent check on availability of Life Certificates/ Jeevan Praman Patram be conducted
38. Ensure that the PPO files in case of Postal Service/Family pension cases wherein no beneficiary available consequent on the death of the pensioner/family pensioner is sent back to PAO and no erroneous payments are made in the month of audit. All similar checks be made wherever applicable in case of Telecom pension/Railway Pension, etc.,
39. Test check payment of Pension through Voucher Posting any be made and comment on the irregularity.
40. A check of different classes of pension payment GLs have to be carried out for correctness; and also life time arrears, additional quantum of pension, disbursement mode checks to be carried out and findings needs to be noted in the Inspection Report.
41. Test check all Travelling Allowance Bills on Tour/ transfer as per Supplementary Rules and ensure its correctness including advance payment/ Adjustments, if any. In case bills are processed through PA30 instead of ESS, ensure that the amount payable as per the Sanction is the same as entered in PA30.
42. The Correctness of GL booking in case of system posted documents and in case of manual Voucher postings should be checked in particular and any variation in mapping of GL be brought into the report for immediate correction in the system.

43. It may also be ensured that no such bills have been processed for Sanction/ Claims submitted after the expiry of 60 days of the journey/ completion of journey.
44. In case of Bills preferred beyond due dates in case advance taken and also unutilised amount of advance is not credited back immediately on completion of journey, ensure that the penal interest is charged for the unutilised amount and got credited to Govt. accounts.
45. The following checks should be exercised over the overtime allowance Bills for the month selected for Test-Check: -
- i. It should be seen that previous authorisation by the Head of the Office for the performance of overtime duty exists in each case and that no overtime is ordered without good or sufficient reasons.
  - ii. The rate of pay of Part II officials shown in the Overtime Allowance Bills brought from the Accounts Office should be verified with reference to the relevant entries in the official's Service Books / Rolls.
  - iii. The correctness of the certificates endorsed on the Overtime Allowance Bills as required by Note (1) below Rule 323 of P& T Financial Hand Book, Volume I should also be verified in full with reference to the Attendance Registers and other initial records, which can be obtaining initial records may, however, be made, when the claims of outlying Sub-Offices are unduly heavy.
  - iv. In the case of RMS officials, the correctness of the claims should be checked with reference to the statement showing particulars of duty performed by RMS officials and the duty Register, Forms "B" and "C" respectively maintained by the Head Record Clerks under DG P&T's letter No. PE-11-4/53 dated the 15th Oct., 1954.

46. The Register of Retrenchment Objections should be examined to see:-
- i. That all the items shown in the objection statement on the accounts for the month of test check have been included therein.
  - ii. That no amount of advance or disallowance has been left outstanding for an unusually long period. In case, there is any such items, the cause of delay should be investigated thoroughly and the officer-in-charge advised of the action that should be taken.
  - iii. Ensure that the entries are not deleted at any point of time in the system and any refund was erroneously effected to the employee.
  - iv. Ensure that all the Outstanding under Long term and Short Term Loans and Advances including Audit Objection Recovery amount is correctly brought into the System against the Employee ID and the recovery is done correctly.
47. The advance Registers should be scrutinised and delays in adjustment of advances (such as the advances of Pay and TA on transfer tour TA as well as other short term advances Festival Advances etc.) should be commented upon in the Inspection Reports.
48. The items of advances and disallowances that are considered irrecoverable and the action taken for their recovery or adjustment should be noted in the report.
49. The cases of delay in the disposal of objection statements as shown in the statement brought from the Accounts Office should be investigated and the result of the investigation noted in the Report. It should also be seen whether the nature of the Objection indicates careless accounting or ignorance of rules procedure.

50. Deposits relating to rent of Post Boxes and Bags should be test checked with reference to the original documents and file of correspondence with a view to seeing that the deposits have been credited in favour of proper persons and that the amounts deposited have been accounted for correctly and in full. Check whether the deposits not renewed on time got forfeited to Government accounts.
51. It should be seen whether the full installed capacity of the number of Post Boxes is rented out on the basis of demand and, if not whether the same was due to faulty mechanism, not got rectified in time or similar other causes, leading to potential loss of Revenue to the Department.
52. The following checks which should be confined to two months accounts selected for check in respect to deposits referred to in Appendix 28 of P&T Financial Hand Book Volume I, and also instructions issued by Dte from time to time for maintenance of Register of Deposits should exercise to see:
- i. Whether all Open Items and Cleared items are available in the system along with the General Ledger Review.
  - ii. That the rules and orders regarding forfeiture of deposits have been correctly observed and transfer entry have been effected to transfer such deposits to postal Revenue on expiry of three years.
  - iii. Whether any voucher posting has been done for refund of EMD without following proper procedure.
  - iv. Whether any refund of lapsed deposit made during the period from the last date of inspection to till date.
53. The initial records maintained in the Philatelic Bureau should be examined to see that they are maintained in the manner prescribed in the Director General P& T letter No. 31-1/65-M dated 17.06.1965 and instructions issued by Dte from time to time with reference to the following aspects:-

- i. That individual accounts have been opened with a minimum deposit as per rule, by MO or by cheque / Bank Draft encashable in India.
- ii. That supply of first day covers etc., are made to the depositors under registered post unless the applicant desires the item to be sent by insured post. It should be especially examined that in no case the supplies of 1<sup>st</sup> day covers etc., have been made on postal Service as may be verified from the entries in the ledger at Annexure “C” of the above mentioned DG P&T, New Delhi letter dated 17.06.1965.
- iii. It should be seen whether any account has been kept operative even though the balance of the deposit amount has fallen short of the value of single order plus postage and packing charges, and if so, it should be examined whether the account has been regularised either by a fresh deposit for the required minimum amount or closing the account, if it remains in operative for a period of three months.
- iv. It should be examined whether the amount debited against the deposit of a individual accounts towards cost of packing works out of 1% of the total value of the items despatched on each occasion and brought under correct GL.
- v. Necessary verification of initial record should be made to see that their value of the Philatelic items indented for the depositor is not less than Rs.3 on each occasion.
- vi. Check whether the settlement accounts are made periodically to ensure revenue inflow in the CGA Report.
- vii. Check the continuity of invoices received from Supplier of Commemorative materials and ensure its proper inventory and sales including Posting to correct GL on expiry of Six/twelve months from the date of release of the material.
- viii. Test check the ledger account of each PDA and ensure that there should not be any debit balances.



54. The register of Refunds prescribed in Rule 76 of Postal Financial Hand Book, Volume II, should be examined to see whether Postmasters are exercising a wise discretion in sanctioning the refunds. Comments, if any, should be included in the Inspection Report.
55. It should be seen that a Service Book or Service Roll is maintained for every non-Gazetted Government Servant as prescribed in Supplementary Rules 197 and 205. It should also be seen that entries of all even in the official career of a Government Servant are duly and promptly made therein and attested by competent authority. As Service Book is the only document for the verification of service for Pension, adequate attention should be paid during local Inspection to the review of Service Books. They should be checked to the extent of 25 % including therein the Service Books of all Government Servant who are due to retire during the next five years. Ensure that all movements of the employee including Annual Service Verification, Recovery of CGEIS, Availing of LTC, Recording award of Penalty etc., are available in all digitized Service Books. Ensure the digitized Service Book contains First Page Entries along with the digitized signature of Head of Office.
56. The Service Book and Rolls should be inspected with reference to the following points :-
- i. That the entries on the first page are re-attested every five years.
  - ii. That no alteration is made in the date of Birth without the sanction of competent authority and that Date of Birth is entered both in words and figures.
  - iii. That thumb and finger impressions have been taken.
  - iv. That there is no break in the continuity of entries of service recorded in the Service Book or Roll (the instances of breaks, if any, should be noted).

- v. That annual certificate of verification of service has been recorded in Service Books and Rolls.
- vi. That the increments have been correctly granted.
- vii. Check whether the Service Books of officials on deputation/ Foreign Service are not maintained by the DDO and sent to PAO for maintenance.
- viii. Check the correctness of debiting of Earned Leave for encashment of LTC subject to a maximum of sixty days.
- ix. See whether the Cash Equivalent of Leave Salary paid to retired employees is correct with reference to the Leave Account as on the date of retirement.

57. The leave accounts should be inspected with reference to the following points :-

- i. That the accounts are posted up to date.
- ii. That each entry is attested by the Head of the Office or by some other officer in cases where the duty has been delegated to him.
- iii. That the entries of leave debited in the leave account agree with the corresponding entries in the Service Books and Service Rolls.
- iv. That in the case of leave granted to a Government Servant whose services were lent to other Departments, the correct allocation of leave salary has been noted in Column 13 of the Service Book and that a subsidiary leave account indicating the leave earned by such service and leave earned debited against it is maintained and that the calculations are correct.

58. The leave account of the officials due to retire before the next Internal Audit Inspection falls due should be checked thoroughly so that most of the portions of leave account would be covered by check leaving only a

small portion relating to the period after the last Internal Audit Inspection till the date of retirement.

59. The claims for reimbursement of tuition fees in respect of children of Central Government Employees should be checked to see that the Drawing Officers and Heads of Offices or the next superior officer have exercised the necessary check over the information and documents furnished by the employees as prescribed in the Government of India, Ministry of Finance, Office Memorandum No12011/ 03/ 2008 Estt. (Allowance) Dated 2<sup>nd</sup> September, 2008 and amended from time to time and verified the admissibility of the claims for this purpose. The claims pertaining from the date of last inspection should be checked thoroughly by the Internal Audit Staff.
60. If the office is located in a Private Building, it should be seen by the Inspection Party whether the amount of rent paid is fair and reasonable and has been sanctioned by a competent authority.
61. Check whether Service Contract has been created in the system and recurring monthly payments are happening through CSI System with applicable statutory tax recoveries like GST etc.
62. In respect of land purchased, it should be seen that:-
  - i. The purpose for which the land was purchased acquired has been fully served.
  - ii. That the land is being fully utilised.
63. In respect of land belonging to the Department and lying vacant it should be ascertained that: -

- i. There has been **no encroachment** thereof and that adequate action has been taken to prevent encroachment vide Rule 461 of Postal Manual, Volume II.
  - ii. Attempts were made by the Department to utilise the same to the best interest of the Department and if the land is of no use, the Department has considered desirability of disposing it off.
  
64. If the Postal Branch is the owning Branch of the office building and portion of it is occupied (1) by another Branch or (2) by a Private body or person, it should be seen by the Inspection Party whether the rent for that portion has been correctly assessed by competent authority and reported to the Head of the Circle for inter-branch adjustment by the Accountant General in the case of (1) and for recovery in the case of (2). In the latter case it should also be seen whether there recoveries are being made regularly.
  
65. In cases of joint buildings of Postal and Telecom, it should be verified that rent fixed by the joint committee along with dues (such as Rates and Taxes including water and electricity etc.) is being recovered / adjusted promptly.
  
66. In respect of residential Buildings, it should be seen whether extracts from the Register of Buildings in the charge of the Officer-In-Charge of the Post Office have been received from the Head of the Circle and all such Buildings are occupied by persons for whom they are intended. It should also be seen whether rent returns etc. are being sent according to the prescribed rules to the officers to whom they are due and full amount of rent is being realised in each case, and that other revenues of the Department such as rent of vacant plots of land and buildings let out and sale proceeds of compound product are being regularly realised and communicated to the Accounts Office. While checking the rent returns,

it should specifically be seen that no house rent allowance is drawn in favour of part II officials whose names do not appear in the pay bills submitted to Accounts Office, who are in occupation of Government accommodation.

67. In cases where Departmental Quarters have been constructed, but not occupied by staff, their reasons should be obtained and commented.

Note: - A 10 % check should be exercised to see that the standard rent to residential Buildings is being recalculated every five years or whenever any additions or alterations are made to such Buildings as required by Supplementary Rule 324.

N.B. :- While inspecting 1<sup>st</sup> and 2<sup>nd</sup> Class Post Offices located at the Head Quarters of the office of the Superintendent for the building files etc. from the office of the Superintendent of Post Offices and scrutinize them along with those, if any, available in the Head Office itself. No scrutiny need be exercised during the inspection of the 2<sup>nd</sup> Class Post Offices, which are not situated at the Head Quarters of the Superintendent of Post Offices.

68. It should be seen that
- i. The branch wise allocation of buildings as intimated to Accounts and indicated in the Register of Buildings is in order.
  - ii. The buildings intended for office use are not used for resident purposes and vice-versa without proper authority.
  - iii. Residential quarters are not allowed to remain vacant without sufficient justification.
  - iv. Adequate action has been taken to utilise buildings lying vacant or to dispose them off if it is not possible to utilise them in the best interest of the Department.

- v. There has been no unauthorised occupation of the buildings belonging to the Department.
  - vi. The allotment of buildings to private contractors is fully justified.
  - vii. The rent recoverable from them has been correctly arrived at.
  - viii. Additions and alterations are not frequently made without justification leading to dismantlement of recent additions and alteration.
69. A test check of the state of accommodation of the Postal Officials should be conducted. The following detailed checks in respect of rent returns [ACG 71] should be exercised in addition to those already prescribed during local inspection with reference to the pay bills taken from the official it should be ensured: -
- (i) That the total amount shown as recovered in each rent returns actually been recovered either from pay bills or in cash properly and accounted for.
  - (ii) That the credits are classified properly according to the owing Branch of the buildings as indicated in the rent return.
  - (iii) That there is no omission to sent the rent return by the officer in charge of the buildings to the disbursing officer.
  - (iv) That a rent return has been prepared in respect of every residential building (whether owned or leased by the Government) shown in the list of residential buildings.
  - (v) That the entries regarding particulars of property, authority and rate of standard rent, etc. have been correctly shown in the register that the emoluments shown in the rent return agree with those shown in the pay Bills.
  - (vi) That the standard rent is not altered without proper sanctions.

- (vii) That the necessary changes in the list of rentable property are made from time to time as new properties are acquired or additions and improvements are made thereto.

70. It should be seen that :-

- (a) No occupant of residential quarter is in receipt of house rent allowance.
- (b) That there is no deviation from the provision of FR 45. If there is any case not covered by FR 45-A, it should be seen that the rent of electric, water-supply and sanitary installation has also been recovered at the rates mentioned in the Rule 542 of Postal Manual Volume II.
- (c) That if the rent is not recovered at the rate of full standard rent or at 10% of the emoluments of occupants as the case may be, the reason for charging a different rate (with authority) in the “remark column” are quoted and that such sanction as is necessary has been received in each case.
- (d) That any variation from the previous month’s return, the rate of assessment and the authority in the remarks column for such variation is justified.
- (e) That recovery on account of Municipal and other taxes which are not in the nature of house or property tax as also meter hire, water consumption, electricity energy consumed etc. has been made, (vide column 12 of the return as per amounts indicated in column 11 of the return). It should particularly be seen that the provisions of Rule 27 of

Appendix 13 to P&T Financial Hand Book Volume I have been correctly observed in affecting such recoveries.

- (f) That occupier's share charge for Street lighting in P&T Colonies has been recovered as per instructions contained in DG P&T's letter No. NB-26/4/56-28-69-55/NB and 28/69/65/NB dated 10.06.1960, 12.01.1961 and 27.11.1961 respectively.
  
- (g) That the recovery on account of rent of furniture is being affected as per Rule 543 of Postal Manual Volume II in case of officers who are actually occupying free furnished occupation at the time of issuing the order conveyed in DG P&T Memo No. NB-17-1/50, dated the 25<sup>th</sup> Feb., 1953 and who continued to enjoy, even after the issue of these order, the option of retaining the furniture supplied to them, either in whole or in part and in all other cases at the rate of 2% of the capital cost of the furniture (vide DG P&T Memo No. 17/2-60-NB dated 15<sup>th</sup> June 1962).
  
- (h) That when a building or plot has been let out to any person not in the service of Government, full standard rent, under FR 45-B or prevailing rent whichever is higher is recovered in advance.
  
- (i) That in respect of buildings shown as vacant for a considerable period necessary re-allotment of quarters was made to make it remunerative.



- (j) That all cases of failure, short and excess recoveries are promptly brought to the notice of the officer-in-charge of the building by the disbursing officer for necessary action.
- (k) That in case of building occupied by officers under the jurisdiction of Postal Accounts Offices, the rents are being recovered according to the Rules.
- (l) That there are not cases of officer in occupation of out of class accommodation through an intelligent review of the rent return, if such cases come to notice, it should be enquired whether the accommodation of appropriate class could not be made available to them. For this purpose a review should be carried out by a comparison of the standard rent of each quarter with rent paid by the officer at 10% of emoluments.
- (m) That in respect of officials on leave, details of which will be noted in the remarks column of the rent return in pursuance of the Director General, Posts &Telegraphs letter No. NB-26-8/ dated the 31<sup>st</sup> December, 1956, rent is recovered when they are in occupation of the quarters in excess of one month allowed for free occupation vide Director General, Posts &Telegraphs, letter No. 2/22/59-NB dated 10.12.1960.
- (n) That in all cases of non-residential accommodation referred to in Rule 535-A of Postal Manual Volume II let out to other Departments, local bodies or private persons, the provisions contained in the rules cited above and also Rule 502 of Posts and Telegraph Financial Hand Book Volume I are satisfied

and six months' rent is recovered in advance before the quarters are handed over for occupation.

71. All cases of new assessment of rent since the previous inspection will also have to be checked by the Internal Audit Inspection Party.
72. The Register of Rents for Residential Buildings in Form ADG (71)(c) should be verified thoroughly to see that the balances of rent, if any, are brought forward correctly.
73. The register of buildings should be checked with a view to seeing that no remissions on refunds have been allowed without proper authority.
74. If there are any Departmental inspection quarters attached to the Post Office, it should be seen :-
  - (a) That a Register is maintained for the purpose of realisation of rent.
  - (b) that no quarter has been occupied by an eligible officers / officials for more than 10days without the permission of the Postmaster General.
  - (c) That a periodical verification of the stock of furniture, crockery etc. provided in the quarters in accordance with the prescribed scale, has been made and recorded by the Executive Officers (Postmaster General or any other Departmental Inspecting Officer) in the Stock Register.
75. A few entries in the register should be test checked to see whether rent has been realised according to the prescribed rates and the credits traced in the accounts of the Post Office.

76. In respect of grant of any immovable property made to a local authority for public, religious or educational purposes, it should be seen that the conditions set forth in Rule – 455 of Postal Manual Volume II are being fulfilled.
77. The files of contracts should be scrutinised to see :-
- a. That the tenderers as well as tenders are invariably invited in the most open and public manner.
  - b. That sufficient earnest money is taken as security against loss from each tender;
  - c. In scrutinising and acceptance of tender it should be seen :-
    - I. That the particulars regarding quantity and rates are furnished and the prices stipulated are firm. Tenders relating to contracts providing price variation clause or provisional rates should be specially examined.
    - II. That there is no omission of any important clause eg. Inspection of stores, date and place of delivery, despatch instructions, name of consigner, etc.,
    - III. That it is signed by an authority which is competent to enter into the contract. In case the signature on the order is that of an authority who is not competent to enter into the contract, a certificate to the effect that the purpose has been approved by the competent authority is recorded thereon mentioning also the designation of the authority whose approval has been obtained.

Note :- In the copies of acceptance of tender, supply orders etc. all the sheets containing rates, prices and other important conditions should be signed in ink by the purchasing officer concerned.

- IV. That, if the acceptance of tender provides for payment to a party other than the contracting firm, a power of attorney is already registered on Book of the office.
- V. The provision for the payment of sales tax, exercise duty etc. should be checked with reference to the instructions issued by the Government from time to time. Vague provisions, such as, “Sales Tax will be paid, if legally leviable” should be rate indefinite terms whether Sales / Tax exercise duty etc. are payable and if so at what rate and on what amounts.
- d. Whether the successful tenderer has indirectly derived an advantage over the other tenderers by the insertion of special conditions which have the effect of raising the rate quoted by him.
- e. That sufficient reasons exist for employing the same contractor in the majority of the cases, if there is any such contractor,
- f. That contracts are executed on standard forms applicable to each case, they may , however, be modified to suit local requirements after consultation with the legal advisers of the Government and the Director General,

- g. That no contracts containing any unusual condition have been entered into without the previous consent of the Ministry of Finance (Communications). It should also be seen that the no material variation in contracts once entered into has been made without the previous consent of the authority competent to enter into the contract as to varied;
- h. That security has been taken from all contractors and contractors lodging Government Securities have executed agreements in Form Section 24.
- i. That in the case of contracts for conveyance of mails amounting less than the prescribed amount, the conditions and stipulations laid down in the agreements are being observed and payments made on due observance of the conditions;
- j. Whether, as so far as can be ascertained from the purchase files, demands of other indenting officers received at the time have been bulked together as far as possible to secure the advantage of bulk supply rates, etc., and if so, whether the total quantity in respect of all the individual contracts issued against the bulked indents does not exceed and quantity of bulked indents;
- k. Whether purchase has been effected by single tender or negotiation, if so, whether sanction of the Competent Authority has been obtained and reasons recorded for resorting to this method of purpose;
- l. (i) whether all tenders were opened on the due date, and numbered and initialled with date by the officer opening them;

- (ii) Whether the Comparative Statement is on record and has been checked with original tenders;
- m. Whether any delayed / late tender has been incorporated in Comparative Statement and considered, and whether orders of the Competent Authority have been obtained to the consideration and acceptance of these tenders;
- n. Whether the contract has been placed on a Registered firm and, if not, it should be examined whether it is with or without security and whether sanction of the Competent Authority has been obtained;
- o. Whether the rates accepted have changed in any case after the conclusion of the contract and if so, whether the change in price has whether the reasons, justifying such changes are adequate;
- p. Whether any supplementary contract has been negotiated for payment authorised for any additional service required of the contractor subsequent to the placing of the acceptances of tenders and, if so the action taken should be examined with regard to propriety and competency.
- q. Extract the list of all Registered Customers wherein contract is created in the system and check the correctness of Sales and correct realisation of Accounts Receivable including correctness of Customer Ledger and overdue open items.
- r. Extract the list of Registered Vendors wherein is contract is created in the system and check the correctness Procurement

of Goods and Services and correct payment of Accounts Payable including correctness of Vendor Ledger and overdue open items.

78. In respect of Contingent Charges, Generate Expense Report for a period / days and check the correctness in accordance with Rule Rules 354 to 356 of Postal Financial Hand Book Volume I. The classification of GL for each expense be verified and any wrong classification, if found be corrected, separating from charges relating to Works Expenditure.
79. The classification of certain charges shown in the Contingent Register should be compared and necessary instructions given to the staff on the spot if instances of wrong classification are found.
80.
  - (i) It should be seen that charges for water and electric current consumed are regularly recovered monthly from the non-gazetted officials of the Postal Department whose pay as defined in FR 9(21) in respect of buildings occupied by them free of rent.
  - (ii) In all cases other than those falling under clause (I) above it should be seen that all municipal (including personal) taxes and other taxes, not being in the nature of house or property taxes, payable by the government or by the tenant in respect of the resident or accommodation occupied by Government Officials or private persons bodies are recovered regularly monthly from the occupants.
81. It should be seen that the Register of Treasury transactions maintained by the Postmaster himself and posting of scrolls is done up to date and list of unlinked items is prepared in the system.

82. It should be seen :-

- a. That a register of Cheque Books is maintained in the system are correct in the system with reference to the actual Stock on Hand. (vide Rule 172, Posts and Telegraph Financial Hand Book Volume I).
- b. That the Blank Cheque Books are kept under lock and key in the custody of the postmaster. The stock should be verified by actual count;
- c. That the certificate of count of cheques is signed by the Postmaster on receipt of each Cheque Book (Rule 172, Posts and Telegraph Financial Hand Book Volume I).
- d. That the counterfoils of cheques are initialled by the Postmaster if any correctly or alteration is noticed therein, and if any doubt arises, a thorough investigation should be made;
- e. That the counterfoils of used up cheque books are preserved for three years and then destroyed;
- f. That there are no Cheque Books in the Post Office, which have been partly used and are not likely to be used in future. All such Cheque Books should be returned to the Issuing Officer .
- g. That the provisions of Notes 1 & 2 below Rule 128 of Posts and Telegraph Financial Hand Book Volume I are strictly followed and that the original copy of the Memo of remittances by Cheque [Form ACG 11(a)] or in the case of cheques on local clearing Banks, on copy of the list [Form ACG 11(b)] along with one copy of the



Challan is duly received from the Bank / Treasury Officer signed and receipted in token of acknowledgement of the money represented by each cheque.

- h. Whether the serial numbers of Sub Office Memo for drawing from or remittances to treasuries or Sub Treasuries in Form No. ACG – 13 and 14 respectively kept in the Head office run in a consecutive series, and in cases where there are gaps due to cancellation, the original and duplicate copies or 3 copies where forms are printed in quadruplicate i.e. for transactions in respect of cheques of the cancelled memos are on record in the Head Office – Checks and balances for SO transactions be carried out by CDDO and maintain records as in the system.
- i. That separate register in Form AGPT-506 in Annexure I and II to the Director General, P& T letter No. 27-1/61-CI/B dated 19<sup>th</sup> September, 1964 in respect of each Bank, for noting the daily transactions of drawls / remittances from / to Banks are maintained properly. The monthly total of the money column i.e. Column 4 under “Remittances to Bank” and “Drawing from Bank” should be checked and the totals agreed with the corresponding amount incorporated in the Cash Book and the relevant schedules of the month concerned. Ensure that the amount as in the Register of Cheques for Drawings and Remittances are daily tallied with the figures as in Drawn from Clearing GL and Remittance to Bank Clearing GL. Ensure once reconciliation is done that the Drawn from Bank Clearing Account and the Remittance to Bank Clearing Account are debited and Credited respectively with Drawn from Bank GL and Remittance to Bank GL.

- j. That the daily scrolls received on the daily basis from Banks are properly checked and filed, the unadjusted items are correctly extracted and agreed, the statement in Annexure III to the Director General, P& T letter No. 27-2/CT/B dated the 19<sup>th</sup> September, 1964 is sent to the Accounts Office and the abstracts duly verified by the Accounts Office are received and kept on record. For this purpose the copy received and retained in Accounts Office should be furnished to Inspection Party.
- k. That the pairing of schedules done with the Bank Scrolls and the Bank Scrolls for each unit are tagged date wise and separately for each Branch of the Bank for that unit.
- l. That the entries in the foils of paid cheques brought from the Accounts Office agree with the corresponding entries in the counterfoils, Cash Book and Vouchers were available. The endorsements and acknowledgement of the payees on cheques should be examined intelligently wherever possible to see as to whether they give rise to any suspicion of fraudulent payment.

Note: 1. The checks indicated in this clause should be exercised for at least 10 percent of the paid cheques of the selected month.

- m. The checks indicated in clauses (g) & (h) should be exercised for a month of test check that other checks being exercised in a general way for the entire period since the last Internal Audit Inspection
83. The items which remain unlinked or the discrepancy which came to notice in Central Check linking the remittance transactions between the Post Offices and the Bank / Treasury should be investigated. For this purpose, the Central Check should supply to inspecting Parties a complete list of discrepant and unlinked items with full particulars.

84. Some of the fortnightly Bills issued by the Post Office for realisation of the amounts due on articles posted without pre-payment should be test checked as to their correctness with reference to the office copies of the invoices of the articles posted, retained in the Post Offices. It should also be seen that cases of delay, if any, in the payment of the Bills have been reported promptly to the Postmaster General. For this purpose, the Bills relating to the month of test check and also those of any other month selected by the Heads of Postal Accounts may be examined.
85. The relevant files in the Post Offices relating to Registered Newspapers licensed for posting without pre-payment should also be examined to see that where the renewal of both the registration and the licence was not executed in time, the concession of posting the Newspapers without pre-payment was not allowed during the period of registration and or licence was not in force.
86. It may be ensured that the Register of Customers who are posting Newspapers without pre-payment are renewed their license and there should not be any postings without any renewal.
- 87.
- a. The register of persons holding window delivery tickets should be examined to see whether the fees have been realised in advance at the prescribed rate and properly accounted for, the credits being traced in the schedule of unclassified receipts.
  - b. It should be seen whether in any case the period up to which a ticket was valid, has been exceeded and if so, what action has been taken. It should also be seen that no refund has been allowed in any case.
  - c. See whether the prescribed fees for Window Delivery ticket has been collected and credit has been made in the correct GL.

88. The following checks should be exercised in respect of collection of Postage Revenue through Franking Machines,

- a. Check all the franking machine holders list to ensure that the license is valid and within five years of license date using franking operations module in CSI.
- b. Review the Register of Meter readings and see that the difference between the opening balance and the closing balance for the day is credited in the Daily Transaction Report after settlement.
- c. Ensure that the SOM capture is done on day to day basis for accountable and unaccountable articles.
- d. Check the rebate is being paid correctly and is being processed through the System module and not by voucher posting.
- e. Check all the open items for settlement and comment for the lapses if any of items pending for a long time.
- f. Check for any duplicate of RV document and address such issues for rectification.
- g. Check the ledger of each RFMS license holder to ensure that the closing balance tallies with the closing balance for the day as in the SOM list.
- h. Ensure that the rebate paid is correct with booking under soft copy and without soft copy.
- i. Check the refunds for in correct franking is done through the system and 5% deduction made on refunds.
- j. Check the periodicity of connecting the machine with server on periodic/daily basis and point out the lapse if any.
- k. Check the correctness of refunds against cancellation of RFMS facility to a license holder.
- l. Check all the accounting entries and revenue is flown to CGA report in case of both accountable and ordinary articles.

- m. Check whether surcharge is collected in case the renewal is done after expiry of five years.
- n. Check the ledger of license holder using fd10n t-code and ensure that there are no debit balances at any point of time.
- o. Check the sanctions issued by Divisional head for refunds and cancellation and link it with payment GLs and accounting entries.
- p. Check any reversal made in the recharge document for wrong recharge if any and how such reversals behaved in the system.
- q. The above checks may be done for both private and departmental franking machines.

Note :1. The above checks may be exercised in respect of transactions of three days in the month of test check and for 3 days immediately before commencement of the inspection. However, the review of the Meter Register should be conducted for the entire month selected for test check.

- 2. See that a separate special error book is maintained to paste the impressions of such mis-franked postage for which no credit is afforded.
- 3. The following checks may be exercised in respect of the Franking Machines fixed in the customer's premises.
  - i. That the Franking Machine is duly licensed and posting is done only in the specified Post Offices.
  - ii. It should also be seen that special error book is maintained.

89. Check the inventory of all saleable publications in the MM module and check the following:

- i. Check the accuracy of accounting documents from requisition stage to payment document as the case may be.

- ii. Check for any obsolete items and suggest any remedial action for its removal from the main stock.
- iii. Check the flow of revenue in the accounting document and up to the stage of CGA report and comment on omissions if any.
- iv. Check on the offset of cost of purchase and revenue separately such that the cost is not figured as revenue.

Note: 1. The above checks may be exercised in respect of transactions of one week in the month of test check and for 3 days immediately before commencement of the inspection.

- v. It should be seen that rates mentioned in the invoice are current rates and same has been realised while selling to public. The corresponding credits should be checked in treasurer cash book and HO daily transaction report, GL reports concerned etc. for the test check months.
90. Wherever the Department has to raise Bills for Service Charges/ Commission Charges from the various Customers for the Business done by the DOP like e-Payment/ e-Biller etc., it may be ensured that the Nodal Office has raised the Bills for realisation of revenue and such revenue has been got credited to the Government Accounts (Collection of Electricity Bills for which the Service charges is receivable against the bills raised by the DOP.)
91. It should be seen: -
- a) That all miscellaneous receipts are issued and collected in the POS for various kinds of transactions and its mapping of GL is correct.
  - b) Wherever manual receipts are used, they are in the safe custody of the Head of the Office and stock are in commensurate with the requirements.
  - c) That counterfoils are available for the prescribed periodicity of preservation period as prescribed.

- d) Stock of Receipt Books should be physically counted and see the same agrees as per Stock Register.
  - e) Check on the receipt through system in case of insured articles and uninsured registered parcels etc. Including VP articles
92. It should be seen that important books and Registers as may be notified by the Director General from time to time are periodically reviewed by the Head of the Office.
93. The procedure of work in the Post Office should be generally reviewed with a view to seeing whether any suggestions can be made for reducing work that is superfluous or simplifying the procedure regarding any particular work.
94. It should be ascertained whether any officials other than the Postmaster-in-Charge reside in the office premises and, if so, whether any rent is being recovered and how it has been assessed. The Electric / Water charges are also to be recoverable at the prescribed rates where no separate meter has been provided.
95. If there is any Departmental Car, Lorry or Boat, the Log Book and Petrol Account should be examined.  
Ceiling fixed for the consumption of diesel / petrol should be seen. If excess consumption found, reasons should be obtained, examined and commented.
- N.B.: - The monthly closing entries in the Log Book and the recoveries made for non-duty journey performed should be test checked.
96. Record of sanction to expenditure to an aggregate annual limit should be examined to see that the annual limit has not been exceeded during any year Rule 348, Posts and Telegraph Financial Hand Book Volume I.

N.B.: - In order to have better budgetary control in the Divisional Office and it should be seen that the monthly expenditure under each head is not exceeded with reference to the allotted budget for a DDO using Budcon report in the system. Ceiling items should specially be examined so as to see the overall expenditure is kept within the ceiling fixed.

97. The following records should also be examined generally: -

- a. History sheet of all goods having the nature of asset and also stackable items.
- b. Check the annual verification of furniture and physical verification report conducted once a year by the Head of the Office and any variation if any.

98.

- a. The annual statement showing losses of Government property received in the Accounts Office (vide Rule 269-C of the Postal Manual, Volume II) to see if they have been correctly prepared with reference to the deduction entries (other than those of issues) made in the inventory under the several headings shown in Rule 11 of Appendix 12 to the Postal Manual, Volume II, together with full particulars of the articles and the reason for removing them from stock.
- b. It should be seen that: -
  - (i) All articles of stock purchases or received have been accounted for in the Stock Registers in the CSI system.
  - (ii) The quantity is correct;



(iii) Price charges are reasonable and suitable, notes of payment have been made on indents or orders; and

99. Unserviceable articles have been written in the Stock Register and have been sold under the sanction of the competent authority. The sale proceeds should be compared with credits afforded in the accounts and it should be seen that proper records of sale are preserved. It should also be seen whether stock is verified periodically by an independent officer.
100. Check that the money orders issued are credited to the respective GLs and commission is correctly configured in the system and service money orders are issued for a genuine reason with the approval of the head of the office.
- a. Check that Money orders are issued only after realisation of cheque in case of booking of e-MO by Cheque.
  - b. In case of registered bulk customers, check the ledger and ensure there is no debit balance against any individual bulk customer.
  - c. Check the unpaid money orders list for a office against receipts and ensure that such money orders are not kept unduly for a long time without returning to the sender.
  - d. Ensure that the MO vouchers are available for each payment of MO for the test check month as marked by the Head of Postal Accounts Office.
  - e. In case of bulk money order customer ensure that the return to sender- money orders are processed through the system only and payment action done through system process as designed in the CSI and payment is matching with the actual amount as in the system generated liability document and it is credited to the correct bulk customer.

- f. Ensure that the unpaid money orders over a period of three calendar years are transferred to revenue as forfeited Money orders at the end of the respective third financial year.
- g. Ensure that the Void e-MOs are not paid without the release of PAO and they are not in the custody of Postmaster. Ensure the unpaid money order printed copy is sent to PAO for preservation and release when requisitioned by Postmaster.
- h. Ensure that there are no balances in the Postman issue GL and it is zero at the end of each day.
- i. Ensure that the VPP clearing GL is also cleared at the end of day and residual balance left at the end of each day.
- j. Check the open items and comment on the functionality of open item management GL as MO GL is built under the functionality of open item management. Check the open items as the MO GL is configured as open item GL and system should reconcile debit against corresponding credit.

Note: - It will be sufficient if the test check is applied for a week for the period of marked month by Head of Postal Accounts Office, wherever applicable in case of all above points.

- 101. It should be seen that no void Money Order is kept in deposit in the Post Office after the period allowed under Rules of Postal Manual Volume VI (Part II).
- 102. It should be seen whether the entries in the journals of value payable articles are regularly disposed of by note of value payable Money Orders received, and in case of delay, whether calls have been issued on due dates as required under Rule of Postal Manual Volume VI (Part II).
- 103. Ensure that all VPP articles are booked and the liability for a day is cleared and liability exists and carried forward.

104. It should be investigated whether it was ever found necessary to stop issue or payment of a value payable Money Order on account of fraud or similar course. If so, particulars may be noted.
105. Check the correctness of movement of IPO stock from plant to plant and plant to storage location and ensure that the inventory of IPOs in the MM module. Ensure that the sale value along with commission is accounted in the accounts correctly matching with the depletion of stock in the stock register according to sales.
106. Ensure that the unpaid IPOs over a period of three calendar years are transferred to revenue as forfeited IPOs at the end of the respective third financial year.
107. Check the open items as the IPO GL is configured as open item GL and system should reconcile debit against corresponding credit.
108. Check the NSC/KVP/IVP etc. discharged accounting entries for the marked dates and ensure the corresponding credits in the original application and migrated record in the CBS system. In case non migrated certificates, any certificates discharged through voucher posting has to be checked cent percent and corresponding credit is verified. Check the correctness of amount as charged in the system with reference to the original hard copy of certificate brought from PAO. This check has to be done for one week during the marked month.
109. It may be ensured that no employee who entered in the Government Service on 01.01.2004 and after whichever is earlier, subscribing the GPF.

- a. It should be seen that report in respect of new entrant, is sent to PAO concerned.
  - b. It may also be ensured that every new entrant have 16 digits PRAN No.
  - c. It may also be ensured that 10% of BP+DA is deducted as employee contribution and 14% of BP + DA is drawn by the Govt. by charging it to service head 3201 and credit to employee's contribution head of Accounts as per codified procedure in the HR pay sub module of CSI.
  - d. Check the accounting entries and correctness of GL both in case of Departmental and GDS for SDBS.
  - e. Check the correctness of NPS/SDBS as in the HR schedule and F&A CSI figures for a DDO and check if there is any variation. Variation if any be brought to the notice of the DDO for avoiding mistakes in future.
  - f. Check the correctness of credit of SDBS by Government at Rs.300 per mensum provided he works for the entire month as codified.
110. Check for the UP items brought from PAO and ensure its settlement.
111. Check the correctness of minimum GPF subscription with reference to the pay as on the 31<sup>st</sup> march of previous year.
112. Check whether employee GPF advance payments and GPF withdrawals are through ESS and no voucher payments are resorted.
113. Check the GPF ledger accounts of few employees selected at random and ensure credit and debits are flown to the ledger accurately and quarterly interest rates applied and interest credit is correct.

114. Check the GPF HR schedule figure with that of F&A figure and for any variation, the reasons be found and brought to the notice of DDO so that such mistakes do not recur in future.
115. Check the GPF transfer in and transfer out cases in the HR and ensure correctness of entries and balances.
116. Check for the cases of GPF insurance linked claim cases and GL for which such payment charged.
117. Check for the GPF minus balance case if any and cause rectification of such minus balance on priority basis along with interest on irregular withdrawals if any.
118. The entries in the register of Security Bonds should be checked with the bonds on record. It should be seen that no person who has not furnished security or who has not been exempted from furnishing security is employed in the Post Office.

Note: - This check should be exercised with reference to copies of all the bills paid in the month previous to the month in which inspection is conducted.

(b) In the case of official transferred from other Head Offices it should be seen that certificates to the effect that the security bonds of such officials are on record in those Head Offices are on file.

(c) In the case of security bonds furnished by Private Insurance Companies it should be seen that the premia have been regularly paid and the bonds kept current and valid.

119. As regards security deposits the following points should be examined.

1. It should be seen whether the Departmental Officers who are required to furnish security under the Rules in Chapter V of the Postal Manual Volume II, have given security, and if so, to what extent in vide Rule 103 and 194 *ibid*. In the case of securities given by means of personal bonds, it should be seen whether the Postmaster has obtained each year in the month of April from all such persons employed in his jurisdiction a certificate to the effect that the sureties are alive and solvent and that the certificate is filed with the respective security bonds. The registers and other records should be inspected to see if they are kept properly.
2. In cash securities the following points should be seen: -
  - a. Whether in case of employees who have not completed the payment of their deposits, necessary recoveries are being made regularly.
  - b. Whether all cash security deposits of employees are paid in to Post Office Savings Bank in the name of the pledger.
  - c. Whether entries of interest are made in Savings Bank Passbooks every year.
  - d. Whether the Savings Bank Passbooks have been hypothecated to the Department and
  - e. Whether the amounts shown in the statement prescribed in Rule 455 of the P& T Financial Hand Book Volume I (2<sup>nd</sup> Edition) as having been deposited in the Savings Bank Agree with the acknowledgements in the Passbooks.
120. In respect of Cable TV Network, it should be seen that

- a. Whether the amount of prescribed fee for registration has been deposited and correctly accounted for in the respective GLs.
- b. Whether register to note the particulars of registration has been maintained properly.
- c. Registration is valid for 12 months. It is to be checked whether it has been renewed thereafter. Class on non-renewal may be noted.
- d. Whether returns pertaining to each month have been sent to circle office who in turn consolidate the same and submit to Directorate (PO Branch) by 5<sup>th</sup> of following month.
- e. Whether there had been any extra expenditure in the shape of deployment of extra staff or grant of OTA or any other for running this scheme furnishes details.
- f. Whether prescribed register for keeping watch on registration / due amount realised is being maintained.

121. In respect of Computers and other electronic Gadgets,

- i. Check all the electronic items /gadgets etc. have been purchased through GeM /e- procurement wherever applicable and processed through MM module of CSI SAP and proper asset is created in the asset account Module.
- ii. Check whether all items have processed in the system whenever the value is less than the limit as prescribed in GFR 2017 and inventory is maintained.
- iii. Check the correctness of Input Tax credit availed on assets /materials/ Goods etc. and proper accounting and procurement

records are kept in safe custody for GST auditing by respective GST authorities.

- iv. Check whether items have been condemned after following due procedure as codified in the GFR 2017 and they have been disposed as condemned items as per GFR 2017.
- v. Check the proper administrative and expenditure sanction with the concurrence of CIFA/RIFA as the case may be are available for procurements of all high tech goods/materials
- vi. Check the process of awarding of AMC either with OEM or any other vendor after following due procedure of GFR 2017. Ensure that no charges have been incurred on AMC which is comprehensive including spare parts. Check all the agreements/contracts and ensure that they are current and in force.
- vii. Ensure that all maintenance contracts which are approved are created in the CSI system under MM module of SAP CSI and recurring payments are being effected through the MM module.
- viii. Check the electronic items which have been issued to the staff as per codified rules are processed through MM/Inventory module and stock is verified physically by the designated officer annually.
- ix. Whether the performance review of the machines have been carried out by the controlling officer. Whether follow up action is taken up on the remarks of the controlling authority.
- x. Whether user ID and password policy are maintained strictly in overall office computer network.
- xi. Check for the standard backup system exists wherever standalone software exists beyond CSI/CBS/McCamish etc.
- xii. Essential steps have been taken to guard the data base and server to authorised persons or not wherever applicable



122. **MISCELLANEOUS:**

- i. The reasons for non-submission / habitual late submission of account return etc. to Accounts Office should be investigated to ensure that they do not hide defects of frauds. For this purpose, Accounts Office should furnish a list showing the over-due accounts Journals, Schedules and vouchers not received in Accounts Office. The documents which are generally received last should be shown in a separate part of the list.
- ii. All minor irregularities should be rectified on the spot.
- iii. It should be seen that all advertisements displayed in the Posts buildings are covered by active contracts, copies of which are on file with Postmaster. Whether the amount due on account of advertisements / hoardings has been realised or not.
- iv. The General state of the accounts of the Post Office should be reviewed and commented upon.
- v. Any cases of fraud or suspected fraud should be investigated thoroughly and report made immediately to the Chief Postmaster General and the Head of Postal Accounts Office separately.
- vi. In case any important records are not forthcoming during the inspection, Postmasters should be asked to send them on to the Accounts Office for check and their receipt in the Accounts Office watched

123. **HR Related and others:**

HR Module

- a. Check the Pay roll master data for Departmental employees, GDS, Pensioners. Ensure that mapping of cost centre, organisation key etc. are correct. Check whether PAN number has been updated for all employees.
- b. Check the pay sheet for Departmental employees, GDS and Pensioners in respect of each HO. Ensure that same employees are appearing in the master data also. The employee details in master data and pay sheet should

tally. Compare pay sheets of two three months consecutively to ensure that there is no abnormal increase or decrease in salary.

- c. Check off-cycle payments for the test check month. Download the report from HR module and tally with the vouchers. It should be ensured that no voucher postings should be done for off-cycle payments, data of off cycle payments available in the system.
- d. Check the recovery schedules downloaded from HR module and ensure that the same are reflected in Trial balance correctly.
- e. Download pension pay sheet from HR module and check with pension files available in the HOs.
- f. Check whether all the out of account payments (Professional tax/LIC/Union Sub/Society etc.) is tallied (Credit should be equal to debit)
- g. Ensure that all are using ESS portal for applying leave, personal claims etc.
- h. Check the Sanctioned post and working strength in CSI.

124. **Finance and Accounts: F&A**

- a. Check whether POS cash balance is zero for all the dates in the test check month. Along with above verification data from SAP F&A may be extracted up to subtotal to verify the classification of payments mode
- b. Check whether all the cash in transit transactions are cleared in F&A, i.e, amount remitted from one unit is acknowledged by other unit.
- c. Check the bookings made in 'Misc Suspense' account for its authenticity, correctness and its booking under correct head.
- d. Check custom duty GL account and ensure that Postal fee is booked separately in CSI.
- e. Check in the system for WUMT and ensure that all the payments above Rs.50000 are made through cheque or SB credit (GL code 8878100600).
- f. Ensure that GST payments are booked in correct GL accounts.

- g. Ensure that no voucher postings are made for SB transactions post GL Integration i.e. 16.09.2019, date from when Finacle was integrated with CSI. Check the error book entries in r/o transactions done outside Finacle due to non-migration of accounts/certificates to CBS is being made after getting approval, as these transactions will not be extracted in GL. Verify the manual voucher posting for CBS transactions in the system.
- h. Compare IPPB Daily transaction report with CSI data and ensure the same is tallied for the test check month. It should be ensured that no cash transactions should be done on Sundays and holidays. It should be ensured that SO/HO is downloading daily cash transaction report of BOs and ensure that the same is accounted in CSI.
- i. Ensure that all defrauded amount credited by individuals and also amount paid to the depositors on restoration of the amount to their accounts have been booked correctly in the system.
- j. Check HO, SO, BO cash balances for the test check month and ensure that the cash balance is within the authorised limits. It should be ensured that HO is monitoring the cash balances of SOs and BOs regularly
- k. Download the report from McCamish and ensure the same is booked correctly in CSI. Ensure that the GST components are booked correctly for first year and subsequent year separately. It should be ensured that in charge CPC is monitoring the PLI transactions of its SOs and BOs regularly.
- l. Ensure that Aadhar updation fee is accounted through POS module only. No voucher posting should be done for this.
- m. All the ATM cash loading transactions should be tallied with the receipt given by the cash loading vendor M/s AGS
- n. Ensure that no correction in OB has been done for Stamp balances.
- o. Check all voucher postings for the test check month by going to TCB Report in CSI date wise and ensure that the same are booked in correct GL account.

- p. Check all the reversal transactions done at HO in TCB Report. Verify all the reversed transactions are taken to correct GL subsequently.
- q. Ensure that the BOs are performing transactions through RICT devices only.
- r. Ensure that HOs are sending all the vouchers duly agreed, to DAP office and the practice of sending meghdhoot schedule with vouchers is to be discontinued.

#### 125. **Budget Module**

Check the budget consumption report from Budget module and tally with the vouchers/bills by generating report and also see that the expenditure not exceeded the allotment.

#### 126. **Bank Reconciliation**

Check whether bank reconciliation is being done in the system. Check whether reconciliation work in r/o Drawn from Bank and Remittance to Bank is being done with reference to the daily scrolls received and extract of BRS generated in CSI is being sent to PAO. Every HO should obtain online view rights of bank scrolls from respective bank without fail.

##### 1. Implementation of CTS process of cheque realization.

Check whether CTS process of cheque realization is being implemented i.e., the procedure of sending scanned image of the cheque to the nodal office through CTS machine.

##### 2. GST

- a) Check whether payment of GST is being made on monthly basis through electronically generated challan from GSTIN common portal and the returns is being filed on due dates.
- b) Whether eligible ITC is being claimed and reasons for not claiming ITC to be checked.

- c) Check whether GST figures in r/o all categories are being booked in CSI in correct GL accounts.
- d) Check Whether the CGST/SGST collected on PLI /RPLI in pay recovery is being properly accounted.
- e) Action taken in r/o ITC available under GSTR 2A may be called for.

**127. Accounting of NEFT/RTGS Transactions**

Check whether the payment received through NEFT/ RTGS in r/o BNPL/PLI Bulk booking etc. is being accounted properly.

**128. GEM Portal**

- a) Check whether all the procurement of Goods and services are mandatorily made through GeM for goods and services available in Gem and reason for not procuring through GeM, Non availability etc. are recorded in the file.
  - i) Up to 25000/- eligible for direct purchase
  - ii) Above 25000/- up to 5 lakhs through comparison of three OEMs
  - iii) Above 5 lakhs – through Bid/RA
- b) Whether the procurement authority must place on record in precise terms, the consideration which weighed with it, while taking the procurement decision.
- c) Whether the sanctioning authority is competent to incur expenditure
- d) Check whether liquidated damages are being charged @0.5% per week or part of the week of delayed period not exceeding 5% of the contract value, if the seller fails to deliver the goods/services in time.

129. **SDBS**

- a) Check whether all GDS appointed on regular basis on completion of one year are enrolled in SDBS and recovery is being made correctly. And also check whether the application for PRAN is being processed in time.

130. **ESS Portal**

Check whether all the personal claims (TA/LTC/GPF/Advances etc.) in r/o employees are being processed through ESS portal.

131. **PLI CPC**

In the Decentralised Scenario, separate inspection may be carried out at PLI CPC/DO like ICO(SB).

- i. Check billing and day end collection report from Mc Camish and compare the GL posting in SAP F&A and ensure that there are no variations between these two set of figures and CGA GL mapping is correct in all cases. This should be done for a week in relation to marked month of check.
- ii. Check the day end disbursement detail report of Mc Camish and compare the figures with SAP F&A and ensure that there are no variations between two set of figures and CGA GL mapping is correct in all cases. This should be done for a week in relation to marked month of check.
- iii. Check the day end indexing report relating to loan, surrender. Maturity, new proposals etc. and all such cases are properly dealt and processed in accordance with PLI/RPLI Rules. This activity has to be done for a week in relation to marked month of check.
- iv. Check the correctness of accounting of cheques and its realisation for transactions relating to PLI / RPLI. Ensure that the clearance of all these cheques were properly accounted in the respective GL Heads and accounting of dishonoured cheques. The realisation of penalty for

dishonoured cheques be traced. This has to be done for the test check month as a whole

132. **ATM**

Separate inspection may be carried out at National ATM Unit and ATM Nodal offices for which the questionnaire is devised .Refer chapter-XV.

133. **WUMT transactions.**

- (i) Whether the payment for more than 50,000 has been paid by cheque proper record of “To Receive Money” form is maintained serially and numbered and voucher posting is done on the day of transaction itself to the correct GL.
- (ii) Ensure that the voucher posting is done in the system with reference to each voucher separately as a line item and ensure the insertion of MTCN number in the reference assignment while posting f-02.
- (iii) Whether “Register of International Money Transfer” is maintained properly as prescribed vide Directorate Letter No. 95-21/99-SB dated 12.04.2001 and kept under the safe custody of Postmaster while there are no transactions. Also it may be seen that the amount entered in Column 6 of the register is tallied with the counterfoil of cheque / pay order and in the figures shown by return sent to Postal Accounts Office. This check may be exercised for the test check also.
- (iv) Whether the advice receipt from SBI and credit confirmed by the RBI, the amount is shown under Remittance to Bank in Head Office Summary and Cash Book with a contra credit in receipt side under the nomenclature “Payment received for Western Union Money Transfer” is Sansad Marg Head Office and the Principal, Commission of gain in foreign exchange as intimated by CSC. [For PAO Delhi].

- (v) Whether the daily advice for all the money received from Western Union is received by Postmaster Sansad Marg Head Office from SBI. [ For Director of Accounts (Postal) Delhi]
- (vi) Whether the Customer Service Centre has furnished a consolidated daily schedule to the Postmaster Sansad Marg Head Office. [ For Director of Accounts (Postal) Delhi]
- (vii) Whether the daily reconciliation has been done by the Sansad Marg Head Office with reference to consolidated daily schedule of CSC (customer service centre) and daily advice of credit received from SBI. [For Director of Accounts (Postal) Delhi]
- (viii) Whether fortnight returns are submitted to concerned Director / Dy. Director of Accounts (Postal) on time properly.
- (ix) Whether the nominated Head Offices are receiving a consolidated list of daily transaction from the customer service centre and proper reconciliation is being made. Discrepancy, if any daily reported to CSC within 15 days.
- (x) Whether the discrepancies pointed out by Head Offices are being reconciled by CSC [ For Director of Accounts (Postal) Delhi].
- (xi) It may be seen as to whether any double payment / wrong payment / fraudulent payment has been made. If so, how it is settled.
- (xii) It may be seen that under no circumstances the money paid to the messenger / agent.



- (xiii) It may be seen that the payment of Advertisement expenses does not go beyond 10% of the commission earned by the Department from WUFSI. [ For Director of Accounts (Postal) Delhi]
- (xiv) Check the corresponding entries with reference to the hard copy of WUMT vouchers brought from PAO for the marked month and any variation if any be brought out in the special report.

134. **BUSINESS DEVELOPMENT and related products.**

- i. Extract all the registered customers under BNPL/Advance customers/ RFMS etc. in the system and check whether the invoice is generated on due dates and proper accounting documents have been flown to the F&A on respective posting dates.
- ii. Check the GL of postings done on issue of Invoice in case of BNPL/Advance customers etc. and confirm the correctness.
- iii. Check whether all the registered customers have paid the dues on due dates and proper accounting of incoming payments is processed in the system in case of BNPL customers.
- iv. Check whether all the revenue once settlement is done have been flow to CGA report and correctly hit the Correct GL.
- v. Check whether all incoming payments done through CDDO bank account directly are processed and accounted for in the system.
- vi. Check whether settlement account has been done in the system in case BNPL advance customers.
- vii. Check the correctness of Discount structure allowed in case of registered customers as per the rulings of Business Development Directorate.
- viii. Check the ledger accounts of all registered customers and ensure the correctness.

- ix. Check all the open items and ensure whether dunning process done through the system in the system and penal interest is charged along with GST.

**135. GST related questionnaire:**

- i. Check whether GSTR1 is being filed within due date every month.
- ii. Check the GST payment is made with reference to actual receipts of GST either in cash /cheque and not with reference to figures as in fagll03.
- iii. Check whether any ITC is being availed and calculation correct and proper records are being maintained and kept in safe custody.
- iv. Whether GSTR2 is being filed by DO on due dates.
- v. Check whether ITC credit availed is properly accounted for in the books of account.
- vi. Check whether GSTR3 is being filed within due date for each month.
- vii. Ensure that DDO has paid the dues of GST in case of BNPL services provided the registered customer has not paid the dues in time.
- viii. Check the correctness of application of SGST/CGST/IGST/UGST correctly based on the place of supply of services.
- ix. Check whether register of TDS on GST maintained and ensure there should not be any recovery in case of services rendered by DOP.
- x. Check whether GSTR7 is being filed within due date.
- xi.** The check on GST is for the period from last date of IA to the present span of IA

136. **Banking Management and Reconciliation:**

- i. Check the adequacy of banking arrangement available in the jurisdiction of CDDO and identify which bank accounts already maintained are not operating 0 drawing and remittance account.
- ii. Check whether CDDO is maintaining any Current Account and it has the approval of Postal Directorate.
- iii. Check whether the CDDO is in receipt of daily scrolls from the dealing bank and making reconciliation in the CSI system and sending a copy of Bank reconciliation statement.
- iv. Obtain Hard copy of certified Bank statement from the dealing bank and make corresponding checks with the entries in the F&A CSI SAP and confirm the correctness for the month of check as marked by the Head of Postal accounts Office.
- v. Check the current Account transactions wherever approved and correctness of it with reference to the normal CDDO bank account sweeping transactions.
- vi. Check the adequacy of effort being made by the CDDO to obtain scrolls and bank Reconciliation work and comment on it.
- vii. Check whether the cheque in transit GL is neutralised and there are no open items pending for unduly long time. Action taken by the CDDO be commented and escalated to higher authorities.
- viii. Check whether cash remittances to other units and bank is made under security of guards/police as required under the Rules on the subject based on the quantum of remittances
- ix. Check whether all the direct credits and debits happened to the CDDO bank account are correctly reflected and accounted in the CSI SAP F&A on due dates. Check any omissions and point out so that such recurrence not to happen in future.
- x. The t-codes zfi\_receipt (remittance to bank schedule), Zfi\_payment (Drawn from Bank schedule), Zfi\_recon (Bank

Reconciliation Statement), Zfi\_schedules(Drawn from bank and remittance to bank schedules) be operated and confirm correctness for a day.

- xi. Check whether Dealing Bank is charging commission for DDs obtained by the CDDO for official purpose.
- xii. Check whether all Cheque books have been taken to system and while issue of cheques whether maker and checker concept exists.
- xiii. Check the amount as in the zfb13n for the drawn from bank clearing account tallies and matches with the Scroll figure for selected days and month.
- xiv. Check the cheques sent for realisation through CTS grid is accounted only after its realisation and bounced cheques are correctly accounted in DOP books for the products like PLI/RPLI, TRC etc.
- xv. Check the correctness of ATM upload and its proper accounting in the books of profit centre and correctness of posting in the correct ATM cash GL.
- xvi. Check the correctness of ATM Cash GL of all the Profit Centres coming under the jurisdiction of Inspecting Unit and its balances for the test check month and report any variations and accounting lapses.

137. **SAVINGS BANK AND SBCO**

- 1. Check whether manual interest calculation made in Non-CBS offices are correct for 10 accounts of each category i.e. SB/PPF/SSA and report result.
- 2. Check whether prescribed fee for transfer of account, pledging of account/certificate, etc., are collected at the prescribed rates and credited to the respective GL correctly.

3. Check whether revival of silent account is made only according to the procedure as prescribed in SB order 5/2016 dated 21.06.2016 and as amended from time to time in respect of references received from POs with one supervisor and record observation.
4. In respect of clearance of cheques:
  - a) Check whether prescribed dishonour fee is collected and credited to UCR/debited to account for dishonoured cheques
  - b) Check whether prescribed commission/fee is charged in case of outstation cheques returned uncashed.
  - c) Check whether the figures of inward and outward clearing in Post Office Clearing report tallies with Treasury figures.
5. Check whether the procedure for disposal of SB/SC death claims is followed scrupulously as prescribed in SB order 25/2010 and whether the sanction is accorded by the competent authority.
6. Check whether the DB and SR figure of annual interest of all schemes tally each other and ensure that no annual adjustment TE are effected at Postal accounts office.
7. Check whether transfer of account/scheme, freezing and unfreezing of account, Intersol transactions is made only according to the procedure as prescribed in SB order 5/2016 dated 21.06.2016 and as amended from time to time in respect of references received from POs with one supervisor and record observation.
8. Check the following office accounts for selected month and record findings
  - a) 0340(Postmaster's account) It should be credit balance only

b) 0017(Outward Clearing Account) It should be zero balance (from 15.01.2019, no cheque should be entered in this office account)

c) 0101 (inward clearing account POSB cheque debit to be given). It should be credit balance.

9. ATM cash account SOL ID +0006 needs to be cross checked with cash remittance entry to Bangalore GPO for a selected month. ATM Cash balance should always be in Debit Balance

10. Check to see that the guidelines circulated vide SB order 14/2012 regarding AML/CFT norms is being scrupulously followed.

11. Check to see that all reports as per under mentioned reporting schedule are sent

- CTR transactions more than 10 Lakhs
- All series of cash transactions totally exceeding more than Rs. 10 Lakhs during the selected month of audit
- STR (Suspected transaction report)

12. Check whether the licenses of all MPKBY/SAS agents are valid up to date and check whether any irregular commission has been paid to the agents during any period of non-renewal.

13. Check whether any SCSS accounts has been erroneously opened for those who retired by VRS before 55 years of age for selected month of audit.

14. Check whether any SSA accounts has been erroneously opened for more than two girl children in a family.

15. Check whether procedure for premature closure of SSA accounts has been scrupulously followed with reference to supporting documents as prescribed in Sukanya Sammiriddhi Accounts Rules, 2016 published vide GSR 323(E) dated 18.03.2016.
16. Check whether closure of all discontinued schemes is made at HO only.
17. Check whether separate KVP/NSC issue journal of pledging and releasing journal showing the particulars of the certificate, name of the pledger, etc., is sent to PAO as per Rule 39(7) of POSB Manual Volume II.
18. Check whether SBCO is generating consolidation of each scheme in Finacle when vouchers are received from HOs and SOs and compare the consolidation print out sent by the SOs and HOs with the consolidation shown in the system. Check whether in case of discrepancy, SBCO Incharge is immediately raising the issue and reporting to the Divisional Head as well as Vigilance branch of RO/CO.
19. Check to see if any accounts with balance of Rs. 50000 and above exists without updation of PAN numbers in CIF number and record observation.
20. Check consequent on Inter-SOL accounting after CBS GL integration with CSI, there should be any cases of non-tallying of DTR and if any errors noticed are corrected centrally.
21. Check to see if Agent commission schedules and vouchers are sent to PAO every month by the accounts branch of the HO as required vide

SB order no. 14/2015 dated 19.10.2015 and if any schedules and vouchers kept with them, record observation

22. Check whether interest adjustment register is maintained by In-charge of SBCO and interest adjustment if any made whether the same is done only after approval from the competent authority, as required vide Para 5.4.1 of Annexure I to SB order no. 14/2015 dated 19.10.2015.
23. Check whether all interest adjustment made has been communicated to DAP without any deviation as required vide Para 5.4.2 of Annexure I to SB order no. 14/2015 dated 19.10.2015
24. Check whether manuscript register for recording receipt of unused cheque books with closure applications is maintained by SBCO as required vide Para 5.5.4 of Annexure I to SB order no. 14/2015 dated 19.10.2015.
25. Check whether manuscript register for recording number of spoilt pass books is maintained by SBCO as required vide Para 5.6.2 of Annexure I to SB order no. 14/2015 dated 19.10.2015.
26. Check whether “Register of vouchers not received” (in form prescribed in Annexure 3 in Rule 4 of Manual of SB Control Procedure) for recording the vouchers not received along with LOT is maintained by SBCO as required vide Para 5.6.6 of Annexure I to SB order no. 14/2015 dated 19.10.2015.
27. Check whether the Supervisor SBCO is generating Statistical Report with HO Sol Set ID and sending the same to PAO duly adding the figures of Non-CBS offices and send the same to ICO(SB) and PAO by



the 10 th of the following month as required vide Para 5.8 of Annexure I to SB order no. 14/2015 dated 19.10.2015.

28. Check whether the Supervisor SBCO is generating Report on Silent Accounts with HO SOL set ID and sending the same to PAO duly adding the figures of Non-CBS offices and send the same to PAO by the 10th of the following month as required vide Para 5.8 of Annexure I to SB order no. 14/2015 dated 19.10.2015.

29. Check whether the Supervisor SBCO is generating Annual Interest Summary with HO SOL set ID and sending the same to AO, ICO(SB) and PAO duly adding the figures of Non-CBS offices and send the same to PAO in the month of April as required vide Para 5.8 of Annexure I to SB order no. 14/2015 dated 19.10.2015.

138. **Inspection of Philatelic Bureau**

1.The Internal Check Inspection of Philatelic Bureau will be conducted by the Internal Check Inspection Party of the circle Postal Accounts Office under whose jurisdiction such Philatelic Bureau is held.

2. Check the correctness of Receipts of Inventory and its accounting in the system for Philatelic Commemorative Stamps and Stationeries since last date of Inspection.

i. Check the correctness of Sales Vs Revenue Recognition in CSI F&A for the test check month and point out any deficiencies thereon.

ii. Check the correctness of transfer of Philatelic Items to other Plants and its accounting in the Inventory Module.

- iii. Check as to the Auto conversion of Commemorative Stamp sale to Definitive Stamp sales after expiry of one year from the date of release of Commemorative Stamps and its proper accounting against the respective GLs.
- iv. Check the cases of lost Stamps in transit from Supplier to Philatelic Bureau and to other Plants and present the current status of the case
- v. Conduct case to case Receipts and Payments Account of First Day Cover Releases and its Profitability analysis. Comment on the Dead stock, if any.
- vi. Conduct Receipts and Payments Accounting Checks in case of all Philatelic Exhibitions held during the financial year and the deficiencies, if any be brought out.
- vii. Ensure that all the procurement processes relating to Philatelic/ Commemorative Stamps are processed in MM Module so that proper Accounting, Inventory Management etc., are accurate and real time.
- viii. Check all Philatelic Deposit Account, its Sales accounting, and settlement and ensure its depiction of revenue in books of accounts.
- ix. Ledger accounts of few PDA accounts (Minimum 50) be checked at random and corresponding sales and Inventory accounting be traced.

## **RESPONSIBILITY OF INSPECTING OFFICER**

Note: - At the commencement of the inspection with reference to the questionnaire and any other orders issued from time to time a distribution memo of the items of work to be done by each member of the inspection party should be drawn up and got approved by the Inspecting Officer. Each member of the Inspecting Party being required to put his dated signature against the items allotted to him.

The Inspecting Staff, i.e. the AAO and Accountants should submit brief daily progress reports of the items of work done by them to the Inspecting Officer, who is responsible for the proper distribution, and for the prompt execution of the share of the work allotted to each official. These daily reports should be passed by the Inspecting Officer in token of his scrutiny.

Each member of the inspecting staff should write the remarks “completed” against the items allotted to him under the dated signature as soon as the work is completed. The Inspection Officer should scrutinise such completion reports and at the close of the inspection of the office concerned send to his Head Quarters office the distribution memo and the daily progress reports stitched together, along with the other papers relating to the office inspected.

With the following certificate endorsed on the distribution memo: -

“Certified that no item of check prescribed under the Rules, or required to be carried out under special orders issued from time to time, has been overlooked either in the distribution of duties or in the actual performance of work during the inspection.”

1. The Inspecting Officer is personally responsible for seeing that the check prescribed are properly carried out. He should also personally carry out the following items of work:-
  - (i) Review of the banking arrangements to see that they are generally satisfactory. It should be seen in particular: -
    - (a) In whose custody the current cheques books and receipts books are kept and by whom the cheques are filled in the receipts are signed.
    - (b) What stock of blank cheque books and receipt books is in hand and the books are kept and what account is kept of them. The stock of the cheque and receipt books in hand should be verified.
    - (c) Whether the certificate of count is duly recorded by the drawing officer on each cheque books.
    - (d) The procedure of remittances to the drawings from treasuries should also be thoroughly reviewed where postage stamps and stationeries are obtained from the State Treasuries instead of Departmental Postal Stamp Depots, it should be specifically seen that entries for such transactions are made separately under the distinction heads in the HO Cash Accounts in terms of DGPT Circular No. 27-122/84-CI dated 09.01.1985 and 34-10/84-PA(Tech II)/218 dated 16.02.1985. i.e. Drawn from Treasury (a) ordinary postage stamp and stationery and Remittance to Treasury (a) for purchase of ordinary postage stamp and stationery.

- (e) The Treasury Passbook, the register of cheques received and cleared and challans to the treasuries etc. should be examined and cases of inordinate or persistent delays in the acknowledgement of remittances by the Treasury should be investigated.
- (f) The treasury Passbooks should be compared with the register of cheques received and cleared and other initial records in order to verify the bonafides of the cheques transactions. A reconciliation of the total amounts as per the register of cheques received and cleared should also be made with the amounts actually acknowledged by the treasury as per Treasury Passbook and the reconciliation statement should form part of the documents submitted with the Inspection Report; and
- (g) The extract of outstanding balances unacknowledged by the treasury from the Accounts Office should be verified with the unacknowledged entries in the Treasury Passbook.
- (ii) General Scrutiny of the various GL reports.
- (iii) Examination of the memorandum of distribution of work to see that it is duly signed by the Divisional Superintendent or the 1<sup>st</sup> Class Postmaster, as the case may be, that it is hung up inside the Post Office and that the distribution of duties assigned, therein to the different officials is duly observed in actual practice. It should also be examined to see whether the restrictions imposed on the discharge of duties connected with the Money Order, Savings Bank or Sub Account Department etc., are strictly observed, whether the Superintendent of the Post Offices or other Departmental Inspecting Officers verify during their inspection that the duties performed by each official are strictly in accordance with the Memo of distribution of work and whether the memo requires any.

- (iv) Reviews of the extent to which instructions and orders previously issued and noted for compliance are being observed in practice.
- (v) Scrutiny of any points noticed in the course of Internal Audit or otherwise which he may be asked to settle on the spot.
- (vi) Scrutiny of any other items not specified herein which he considers necessary to be examined on the spot.
- (vii) Review of the Inspection Reports of the Postmaster General and other Executive Officers to see that the irregularities noticed therein have been remedied.
- (viii) Review of the Register of Buildings and recoveries of rent thereof and establishment work.
- (ix) General review of the accounts, the nature and extent of detailed scrutiny left to the Inspecting Officer's description.
- (x) Review of all regular – contracts and of a percentage of other agreements made since the date of the last inspection.
- (xi) In case of Inspection of one Sub Post office, one Branch Post Office apart from other points, it should be specifically seen that the CSI accounting under RICT/ CSI is functioning correctly and no transactions are left out in the Daily Transactions Reports.
- (xii) Test check of all voucher payments done by DDO and its subordinate offices for a period of three days during the period Test check be conducted to ensure usage of correct GL / correct Document Type etc., All the voucher payments done in excess of Rs.10000 in each transaction may be checked for its correctness and accuracy.

Note: - The checks prescribed in clause (g) should be exercised for the month of test check. Any unpaired items included in the statement brought from Head Quarter Office should be checked in full.

## CHAPTER – II

### QUESTIONNAIRE FOR THE CASH BRANCH OF CIRCLE OFFICE AND OFFICE OF REGIONAL POSTMASTER GENERAL

1. The arrangement for obtaining cash and for its custody payment and accounting should be examined to see that they are in conformity with the rules on the subject. If any sum has been kept out of account, it should be seen whether it was necessary to keep it out of accounts. It may be ensured that any remittance transactions between CO/RO with CDDO are happening through workflow as designed in CSI and there should not be any transit pending for acknowledgement for a long time and are adjusted in a reasonable time.
2. In case of transactions initiated by CO/RO and final payments is processed at CDDO level, ensure that such transactions have been properly accounted in the cash based CCA accounts in the Books of CO/RO and CDDO properly. The accounting entries for clearance of liability creation at RO/CO will be verified for Test check month thoroughly.
3. The Inspecting Officer should also ascertain and record the following facts in the inspection report :-
  - (a) By whom and on what date the physical cash was last counted and whether the actual balances found on that occasion was recorded in the inspection report.
  - (b) If any discrepancy was found on that occasion between the cash and the book balance, how it was accounted for and finally got rectified.

(c) The various entries in the Treasurer's Cash Book for one week of the Test check month be checked thoroughly with Corresponding vouchers and Daily Transaction Report.

4. It should be seen that the Treasurer's Cash Book:

(a) That the entries in the Treasurer's Cash Book agree with receipts granted, the vouchers, etc., and are confirmed to actual cash receipts and disbursements of the officer in charge of the cash chest on behalf of the Government.

(b) That private cash or account of the member of the Department are not accounted for through the Treasurer's Cash Book or mixed with regular Cash Balance.

(c) That the Treasurer's Cash Book and Daily Transaction Report is balanced each day, as per Note 2 below Rule 124 of P& T Financial Hand Book, Volume I and duly vetted by the NCDDO concerned.

(d) That there is evidence in the Treasurer's cash Book and Daily Transaction Report of verification by the officer in charge of the Cash Branch that all entries made therein regarding receipts and payments and the actual balance of cash in chest as counted on the last working day of each month.

(e) That full particulars of all items of expenditure for which vouchers are not submitted to Accounts Office but destroyed have been recorded separately.

(f) That the Main pay and allowances Bills and Off-cycle payments are processed and disbursed without any avoidable delay in the System



and ensure that the HR figures are tallied with CSI F&A figures for a test check month for all GLs and corrective action be taken on the spot after identifying the variations.

- (g) All the entries of grant of short term advances such as (TA, LTC) Medical Leave Salary Advances etc. should be checked to see whether the advances are properly adjusted in the final bills and also the regulation of claim is in order with reference to CCS Medical Attendance Rules, 1944 , TA Rules, LTC Rules etc., as applicable.

N.B. :- The quantum of checks prescribed above has to be increased suitably, where the standard of Departmental Control appears to be poor, or the prescribed checks disclose any serious lapse, fraud or embezzlement.

- 5. It should be seen that the amount as in Salary payable GL is cleared at the end of each month by proper charging and payment to the respective beneficiaries through online payment and ensure that there will not be any residuary amount lying in Salary Payable GL account.

6.

- (a) The Contingent Payments done during the Test check month be examined generally and post facto approval was given in case of Contingent charges beyond the prescribed limit pertaining to subordinate offices like DO / RO.
- (b) It should be seen that wherever direct purchases or stores have been made these are covered by the exception and stationery purchases have been made in accordance with the rules in force.
- (c) It should be specially seen that the amount spent on contingent expenditure are legitimate and that prior sanction of competent authority has been obtained and kept on record.

- (d) It should be seen that (I) permanent advances for contingencies meet the requirements of every Branch of the office.
- i. That the amount is not larger than absolutely necessary and,
  - ii. Such advances have not been unnecessarily multiplied.
- (e) In the case of contingent Bills for payment to supplies etc. which cannot be met from the Permanent Advance it should be seen whether separate Bills have been drawn and endorsed for payment to the parties concerned.
- (f) It should be seen generally that there has been no rush of expenditure in March. It should also be seen whether there is any indication to show that the Cash Book for March was kept open after the close of the month.
- (g) It should be generally seen that contingent sub-vouchers are preserved for the test check month should be checked in full with the accounts.

### **TEST CHECK OF THE ACCOUNTS OF THE SELECTED MONTH**

7. The principal points on which this test check should be exercised are whether the accounts generated in the system and rendered tally with the initial transactions as in the system and whether all the entries in the Treasurer's Cash Book have been correctly depicted in the accounts. It should be seen that the authority issued by the Postmaster General authorising any Gazetted Officer under him to sign a Bill voucher or order, for him exists.
8. The Acquittance Rolls for pay, Travelling Allowances, etc. paid in the month test check should be checked with a view to see that the payee's

signature in vernacular has been translated into English and that the thumb impressions of illiterate payees have been attested by some responsible officer.

9. It should be seen that pay and any kind of special pay drawn in the Establishment Pay Bills paid in the month of Test Check agree with the corresponding entries in the Service Books.

10. The flow of data to e-service Book from various data of payments as in HR/CSI F&A to employees is checked at 10 % of the total sanctioned strength and correctness recorded. The e-service books to the extent of 25% be verified thoroughly including leave accounts and also those employees who are to retire within five years.

11. The correctness of drawl of pay on promotion, financial up gradations, etc which have direct bearing on basic pay, occurred between the last date of inspection and to the current date of inspection be verified and results recorded. The correctness of regulation of various kinds of allowances including Subsistence grant etc be verified.

N.B.: A 10% check of the entries in the Establishment Pay sheets with reference to the Service Books will be sufficient for this purpose.

12. In regard to establishments whose names do not appear in Pay Sheets, it should be seen :-

(i) That in the case of one under suspension, the subsistence grant made to him does not exceed the amount admissible under Rules and that the extra cost, if any, has not been incurred without the sanction of the proper authority.

(ii) That the Medical Certificate of fitness in requisite form have been obtained in all cases of Government Servants (including Part Time Government Servants and contingency staff, Whole Time or Part

Time) and are recorded in the proper place. The payment to contingent staff be checked with reference to the wages as fixed by the competent authority as per DOP rules.

(iii) It may be ensured that the amount payable as wages to various kinds of Outside staff engaged on outsourcing as per GFR, 2017 are with rates as applicable under Central Govt. Minimum Wages Act as finalised by the approving authority.

N.B. : In the case of Part Time Employees of the Department including Extra Departmental Agents, as in whole time employees of the local bodies or Government it is not necessary to insist on a fresh Medical Certificate, if they have already furnished Medical Certificates of fitness to the respective local bodies or Government. In such cases it should be seen that the Medical Certificates of fitness in requisite form have been obtained in all cases, where such certificates have not already been furnished to their whole time employees i.e. State Government or Local Bodies. For this purpose it should be seen that certificate to the effect that the incumbent has already furnished the Medical Certificate of fitness, has been obtained from the whole time employer and kept on record.

13. The correctness of the certificates regarding

- (a) Grant of leave to the absentees.
- (b) Posting in the e- Service Books of all grants of leave return from leave, suspension, transit, transfer, promotion, etc.
- (c) Actual employment of Government Servants whose names have been omitted from Pay Bills.
- (d) Non-availability of free quarters in support of house rent allowances drawn, and

Note : 1. The Inspection Staff of the Kolkata Office should verify the correctness of the certificates at the time of local inspection of the Post Offices concerned in respect of HRA paid to Postal Gr. "D" officials occupying "Roof top" accommodation in the buildings occupied by the Post Offices in Kolkata.

Note: 2. the correctness of the absentee statements appended to the Pay Bills of Test Check month(s) should be checked with the entries in the leave order book, Service Books and Leave Accounts during local check. It should also be ensured that supplementary absentee statements, where needed, were in fact prepared and that necessary adjustments in leave salary were made in the supplementary Pay Bills for Subsequent Periods.

14. The Register of Retrenchment Objections should be examined to see:-

- i. That all the items shown in the objection statement on the accounts for the month of test check have been included therein.
- ii. That no amount of advance or disallowance has been left outstanding for an unusually long period. In case, there is any such items, the cause of delay should be investigated thoroughly and the officer-in-charge advised of the action that should be taken.
- iii. Ensure that the entries are not deleted at any point of time in the system and any refund was erroneously effected to the employee.
- iv. Ensure that all the Outstanding under Long term and Short Term Loans and Advances including Audit Objection Recovery amount is correctly brought into the System against the Employee ID and the recovery is done correctly.

15. The advance Registers should be scrutinised and delays in adjustment of advances (such as the advances of Pay and TA on transfer tour TA as well as other short term advances Festival Advances etc.) should be commented upon in the Inspection Reports.

16. The items of advances and disallowances that are considered irrecoverable and the action taken for their recovery or adjustment should be noted in the report.
17. The cases of delay in the disposal of objection statements as shown in the statement brought from the Accounts Office should be investigated and the result of the investigation noted in the Report. It should also be seen whether the nature of the Objection indicates careless accounting or ignorance of rules procedure.

### **ESTABLISHMENT WORK**

18. The register of sanctions for Establishment should be examined to see that it is complete and up to date in the system and it is accessible only to the authorised persons. It must be ensured that the employee ids in case of Departmental/ GDS/ Pensioners should not be created in the System without the proper sanctioned Establishment particulars / PPO as the case may be checked since the last date of inspection.
19. It should be seen that a Service Book or Service Roll is maintained for every non-Gazetted Government Servant as prescribed in Supplementary Rules 197 and 205. It should also be seen that entries of all even in the official career of a Government Servant are duly and promptly made therein and attested by competent authority. As Service Book is the only document for the verification of service for Pension, adequate attention should be paid during local Inspection to the review of Service Books. They should be checked to the extent of 25 % including therein the Service Books of all Government Servant who are due to retire during the next five years. Ensure that all movements of the employee including Annual Service Verification, Recovery of CGEIS, Availing of LTC, Recording

award of Penalty etc., are available in all digitized Service Books. Ensure the digitized Service Book contains First Page Entries along with the digitized signature of Head of Office.

20. The Service Book and Rolls should be inspected with reference to the following points :-

- i. That the entries on the first page are re-attested every five years.
- ii. That no alteration is made in the date of Birth without the sanction of competent authority and that Date of Birth is entered both in words and figures.
- iii. That thumb and finger impressions have been taken.
- iv. That there is no break in the continuity of entries of service recorded in the Service Book or Roll (the instances of breaks, if any, should be noted).
- v. That annual certificate of verification of service has been recorded in Service Books and Rolls.
- vi. That the increments have been correctly granted.
- vii. Check whether the Service Books of officials on deputation/ Foreign Service are not maintained by the DDO and sent to PAO for maintenance.
- viii. Check the correctness of debiting of Earned Leave for encashment of LTC subject to a maximum of sixty days.
- ix. See whether the Cash Equivalent of Leave Salary paid to retired employees is correct with reference to the Leave Account as on the date of retirement.

21. The leave accounts should be inspected with reference to the following points :-

- i. That the accounts are posted up to date.

- ii. That each entry is attested by the Head of the Office or by some other officer in cases where the duty has been delegated to him.
  - iii. That the entries of leave debited in the leave account agree with the corresponding entries in the Service Books and Service Rolls.
  - iv. That in the case of leave granted to a Government Servant whose services were lent to other Departments, the correct allocation of leave salary has been noted in Column 13 of the Service Book and that a subsidiary leave account indicating the leave earned by such service and leave earned debited against it is maintained and that the calculations are correct.
22. The leave account of the officials due to retire before the next Internal Audit Inspection falls due should be checked thoroughly so that most of the portions of leave account would be covered by check leaving only a small portion relating to the period after the last Internal Audit Inspection till the date of retirement.
23. The claims for reimbursement of tuition fees in respect of children of Central Government Employees should be checked to see that the Drawing Officers and Heads of Offices or the next superior officer have exercised the necessary check over the information and documents furnished by the employees as prescribed in the Government of India, Ministry of Finance, Office Memorandum No12011/ 03/ 2008 Estt. (Allowance) Dated 2<sup>nd</sup> September, 2008 and amended from time to time and verified the admissibility of the claims for this purpose. The claims pertaining from the date of last inspection should be checked thoroughly by the Internal Audit Staff.
24. The Inspecting Officer and his team shall maintain Worksheet which depicts the nature of work done by them with reference to each item of work as allotted by the Inspecting officer.



25. To illustrate, once the Leave Account is checked, the following note be recorded in the Worksheet which should be scrutinised by the Inspecting Officer before submission of the draft report.

The Leave Account is checked upto \_\_\_\_\_ (date). EL at credit \_\_\_\_\_, HPL at credit \_\_\_\_\_.

Note: A manual register should be maintained in the Central Section of each Accounts Office for the use of the Inspection Parties in order to ensure that the Service Books of the office inspected are checked in rotation so that all the Service Books may come under scrutiny in due course. The names of all the officials who's Service Books have been checked during particular inspection should be noted in this register and signed by Inspecting Officer. The register will be handed over by the Central Section to the Inspection Officer who inspects the office next to enable him to select whose Service Books which have not already been checked during the previous inspections. The preservation period of this Register is permanent.

26. The cases of grant of advances for the purchase of Computer and HBA sanctioned since last inspection should be examined with reference to the relevant agreement from, Mortgage Bond and Insurance Policy to see that the provisions of Rules 207 and 208 of General Financial Rules have been duly complied with.
27. Test check all Travelling Allowance Bills on Tour/ transfer as per Supplementary Rules and ensure its correctness including advance payment/ Adjustments, if any. In case bills are processed through PA30 instead of ESS, ensure that the amount payable as per the Sanction is the same as entered in PA30.

28. The Correctness of GL booking be seen in particular.
29. It may also be ensured that no such bills have been processed for Sanction/ Claims submitted after the expiry of 60 days of the journey/ completion of journey.
30. In case of Bills preferred beyond due dates in case advance taken and also unutilised amount of advance is not credited back immediately on completion of journey, ensure that the penal interest is charged for the unutilised amount and got credited to Govt. accounts.
31. The nature and extent of check exercised by the Circle Office while countersigning the monthly contingent Bills of Gazetted Post Offices should carefully reviewed during the inspection of the Circle Office.
32. The Contingent Vouchers relating to Gazetted Post Offices which are retained in the Circle Office, should be checked in full in respect of all the units in a circle for one selected month, in addition to the review contemplated in Para 20 above. The vouchers selected for test check should be those of the same month, the accounts of which were subjected to Internal Audit when the units concerned were locally inspected during the year, before commencement of the inspection of Circle Office. In respect of the remaining units the selection of the month should be made by the Head Quarters office before commencement of the inspection of the Circle Office.
33. It should be seen whether the Register of Contracts is properly maintained and regularly checked and that timely actions taken to renew contracts. It should be seen that all the Contracts relating to procurement of Materials/ Goods and Services have been created wherever applicable

through the MM module and check the vendor balances which is payable.

34. Check the correctness of Statutory taxes payable on the Procurements under these contracts and availing of Input tax credit, if any with the supporting documents.
35. The files of contracts, agreements etc. (including those relating to execution of work by piece work system) should also be scrutinised.
36. The register of Postal Rolling Stock should be examined to see whether:-
  - (a)The Capital Costs agreed with the Railway Books,
  - (b)The amounts claimed by each Railway agreed with the sanctioned amount and
  - (c)Interest was charged on vans etc., according to rules.
37. The register of Railway Bills for conveyance of mails, interest on Railway Vans, conversion of Railway Vans, etc. should be examined to see that it is properly maintained and that the haulage bills, Private Airlines Bills etc. are properly examined before countersignature.
38. The extract of the Register of Lands and Buildings relating to lands acquired and buildings constructed since the last Internal Audit Inspection, brought from the Accounts Office should be examined to see that necessary entries as per the extracts have been recorded in the register of lands and buildings and the omissions, if any, should be pointed out. It should be seen further that the original documents (Title deeds etc.) executed at the time of purchase of lands and buildings are kept in safe custody and are legally valid at the time of inspection, and that and extract from the register of land and buildings showing particulars of the outlays incurred every year on electric fittings in each

building has been furnished to the Divisional Engineer and that the same has been received back after necessary agreement with the postings made in the inventory of electrical fittings maintained in the Divisional Office. Some cases of fixation of standard rents of buildings should also be scrutinised.

39. 5% to 10% [to be decided by the Heads of Accounts (Postal) concerned] of the estimates relating to acquisition of land, construction of buildings and Railway Mail Service Vans sanctioned by Head of Circles and which are not sent to the Accounts Office for scrutiny of allocation (vide Rule 446 of Postal Financial Hand Book Volume I) should be scrutinised to see that they are in order and have been correctly allocated.
40. It should be seen that the subsidiary register prescribed in Rule 485 of the Postal Financial Hand Book Volume I is being maintained properly in the Circle Office. The correctness of the entries made in the subsidiary register should be test checked. It should be seen that necessary action for revision of standard rent has been taken, wherever necessary.
41. In respect of land purchased, it should be seen that :-
  - (a) The particulars as in the Asset Accounting Module available in the system is updated as and when the Asset is procured through MM module and it is correct since last date of inspection and purpose for which the land was purchased or acquired has been fully served.
  - (b) The land is being fully utilised.
  - (c) In respect of land belonging to the Department and lying vacant it should be ascertained that :-
    - i. There has been no encroachment thereof and that adequate action has been taken to prevent encroachment vide Rule 461 of Postal Manual Volume II.

- ii. Attempts were made by the Department to utilise the same to the best interests of the Departments has considered the desirability of disposing it off.

42. It should be seen that:-

- (a) The branch wise allocation of buildings as available in the system is in order.
- (b) The buildings intended for office use are not used for residential purposes and vice-versa without proper authority.
- (c) Residential quarters are not allowed to remain vacant without sufficient justification.
- (d) Adequate action has been taken to utilise buildings lying vacant or to dispose them off it is not possible to utilise them in the best interests of the Department.
- (e) There has been no unauthorised occupation of buildings belonging to the Department.
- (f) Allotment of buildings to private contractors is fully justification.
- (g) The rent recoverable from them has been correctly arrived at.
- (h) Additions and alterations are not frequently made without justification.

43. In respect of grant of any immovable property made to a local authority for public religious educational purposes, it should be seen that the conditions set forth in Rule 455 of Postal Financial Hand Book Volume I are being fulfilled.

44. Records of sanctions to expenditure on the following subjects to an aggregate annual limit (Rule 348 of Postal Financial Hand Book Volume I) should be generally examined to see that the limit is not exceeded with reference to Schedule II to schedule of financial powers of HOC/HOD:-

- (a) Printing at Private Presses
- (b) Local purchase of stationery and printing stores.

45. The procedure of work in the Circle Office should be generally reviewed with a view to see whether any suggestion can be made for reducing work that is superfluous or simplifying the procedure regarding any particular work.
46. The stock register of furniture, etc., sanctioned equipment of forms and stationery should be examined generally with reference to Inventory management Module and excessive and dead stock if any be commented upon.
47. It should be seen that the register of liabilities (open items in the vendor Accounts) is being maintained in the system properly.
48. The annual statement showing the losses of Government properly received in the Accounts Office should be test checked to see if they have been correctly prepared with reference to the deduction entries (other than those of issues) in the inventory of furniture and other stores.
49. The last inspection report of Accounts Office should be reviewed to see that the irregularities noticed therein have been remedied. The failure to rectify all or any of them should be commented on.
50. The Procurements done since last inspection coming under the Asset Clause be thoroughly checked including Stock management, Issue Management, Balance on Stock etc., with Plant to Plant Transfer , if any. Cases of under utilisation and non-utilisation including non-installation, Annual Maintenance Contract etc., be thoroughly checked and point out the deficiency, if any.

51. The Budget allotment, Expenditure as at the end of the previous month of Inspection vis-a vis BE / RE /FG etc., be compared and point out the deviations, if any. The Joint action taken by Circle Office and Postal Accounts Office in reconciliation of expenditure on various GLs/ Schemes be reviewed and status presented. The Inspection Team should ensure action for reconciliation of booking of Expenditure of various GLs in co-ordination with Circle team during the course of Internal Audit Inspection.
52. In case of Centralised Payment of PLI/RPLI incentives to Direct agents/ Staff etc., at Circle Office/ Regional office, it may be checked for its correctness with reference to McCamish Data.

### **RESPONSIBILITIES OF THE INSPECTING OFFICER**

- i. At the commencement of the inspection with reference to the questionnaire in this manual and any other orders issued from time to time, a distribution memo of the items of work to be done by each member of the inspection party should be drawn up and got approved by the Inspecting Officer, each member of the inspection party being required to put his dated signature against the items allotted to him.
- ii. The inspecting staff i.e. Asst. Accounts Officer and Sr. / Jr. Accountants should submit brief daily progress reports of the items of work done by them to the Inspecting Officer, who is responsible for the proper distribution, and for prompt execution of the share of the work allotted to each official. This daily reports should be passed by the Inspecting Officer in token of his scrutiny.
- iii. Each member of the inspecting staff should write the remark “completed”, against the items allotted to him, under his dated signature

as soon as the work is completed. The Inspection Officer should scrutinise such completion reports and, at the close of the inspection of the officer concerned, sent to Head Quarter's office the distribution memo and the daily progress reports stitched together along with the other papers relating to the office inspected, with the following certificate endorsed on the distribution memo :-

“Certified that no time of check prescribed under the Rules or required to be carried out under special orders issued from time to time, has been overlooked either in the distribution of duties or in the actual performance of work during the inspection”.

- iv. The Inspecting Officer is personally responsible to see that the prescribed checks are carried out. He should also personally carry out the following items of work :-
- a) Review of all regular contracts and a percentage of other agreements made since the date of last inspection.
  - b) General review of the accounts, the nature and extent of detailed scrutiny being left to the Inspecting Officer's discretion, review of the Establishment work.
  - c) Review of the system of crediting to the Government the amounts of undisbursed pay and making subsequent payments of the same.
  - d) Reviews of the extent to which instructions and orders previously issued and noted for compliance are being observed in practice.
  - e) Scrutiny of any points noticed in course of Central Check or otherwise which he may be asked to settle on the spot.



- f) Scrutiny of any items not specified herein which he considers necessary to be examined on the spot.
  
- g) Whether the annual review of establishment of all cadres effected by the orders on one time bound promotion / BCR has been conducted in the Divisional / Circle Offices and if so appropriate reduction in posts has been made.

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## **CHAPTER – III**

### **POSTAL STORE DEPOTS**

1. The inspection of Postal Store Depot should be carried out by the Inspecting Officer and his staff intelligently and it should be seen when the last executive inspection was done and whether it is over due at the time of the Internal Audit Inspection.
2. All questionnaires relating to processing and settlement of Personal Claims including Pay & Allowances, Contingent Bills, etc., as applicable to Postal and RMS units applies mutatis . Such checks should be conducted for the test check month.
3. A check over the procurement of all kinds of Goods and Services are processed through Accounts Payable ( Material management ) module of CSI which has interface with Asset Accounting, Inventory Accounting, Stock transfer, Budget Accounting, etc., and purchased requisition, purchase order, Invoice verification to Goods received , Payment to Vendors etc., are processed in CSI only.
4. It should be seen that the all the Open items under Accounts payable is liquidated as at the end of financial year and no Open items are pending including Salary Payable account.
5. A cent percent check on availing of GST input tax credit for inputs , Inputs services, Capital Goods may be checked with respect to the corresponding documents and relevant accounting entries thereof.
6. The check should be exercised for transferring the Debits to the other various profit centres consequent on transfer of other Goods and

services be checked in the CSI accounting entries with corresponding transfer entries thereon. Any variations be brought down in the report.

### **RECEIPT DAY BOOK**

7. It should be seen that a Receipt Day Book in Form SK-51(a) in maintained for entry of all articles of stock received in the Store Depot day by day whether received from Aligarh Workshop or from Post Offices or Record offices or obtained by local purchase or from any other sources.

The Receipt Day Book should be examined to see :-

- i. That articles are entered each day in order of their receipt.
- ii. That the manner of disposal whether by transfer to stock register or otherwise, has been indicated.
- iii. That the entries are properly initialled and the register is periodically checked by Supervising Officer.

### **STOCK REGISTER**

8. The Stock Register (SK – 51) should be examined to see that it is maintained in the manner prescribed in Rule 360 of Postal Manual, Volume VIII. The entries made in the Stock Register should be checked with reference to the various records. It should also be seen whether the entries under the heading “Number received” and “Number issued” are initialled by the Superintendent / Manager.

- a. In case wherein the work of checking of the entries in the stock register is done by an Assistant Manager, it should be seen that a proper delegation exists.

**ACCOUNT OF CHARGES ON GOODS DESPATCHED AND  
RECEIVED BY RAILWAY / STEAMER / OTHER MODES OF  
TRANSPORTATION**

9.

- (a) The entries made in the account (SK – 52) should be compared with the Railway receipt or Steamer Bill of landing or with the receipts obtained for the amounts paid. It should also be seen that the total charge entered in the account is initialled by the manager [Rule 387(f) read with Rule 361 ibid of Postal Manual Vol II]
- (b) It should be ensured that the lowest negotiated approved tender rates have been used by the PSD while transporting goods and stationery.
- (c) Railway freight charges paid through credit notes should be examined with reference to the Register of Credit Notes.
- (d) Whether payment to Mazdoors is made through Muster Rolls, it should be seen that :-
  - i. A register of completed Muster Rolls is properly maintained and posted up to date.
  - ii. The arithmetical calculations are correct.
  - iii. The rates of labour paid are schedules rates.
  - iv. There are indications of test check by Supervising Officer.
  - v. There was no unusual delay in payment.
  - vi. Unpaid balances are properly accounted for.

- vii. The cost of labour is not so largely in excess of the value (at current rates) of the work done as indicated either loss to Government or head for closer financial control.
- viii. Sanctioned schedule of rates for carriage and labour exists and is kept up to date.

### **INDEX OF INVOICES DESPACHED ( SK – 53)**

- 10. This should be checked with reference to office copies of invoices. It should be seen that separate pages are set apart for each office, that the invoices are numbered in a consecutive annual, series for each office and that the closing number of annual series is sent to the concerned offices on 31<sup>st</sup> March every year. It should also be seen that the dates of despatch of invoices and dates of receipt of acknowledgements are indicated (Rule 362 ibid of Postal Manual Vol II)

### **WATCH OVER EXPENDITURE**

- 11. It should be seen whether a proper watch is being kept in regard to the expenditure incurred against the annual allotment and to expenditure incurred from 1<sup>st</sup> April up to the date of inspection is not out of proportion to be allotment for the whole year (Rule 363 ibid of Postal Manual Vol II).

### **BOOK OF ORDERS FOR THE PURCHASE OF ARTICLES LOCALLY**

#### **(SK – 54)**

- 12. It should be seen that the articles purchased locally were within the competency of the sanctioning authority and as per General Financial Rules such articles did not contained any item for which the supply is

made from the Postal Workshops and that suitable tenders were invited and purchases made at lowest rates. It should also be seen that the orders for the purchase of articles locally are made through this book in Form SK – 54 and the articles when supplied are duly entered in the receipt day book and brought on to the stock register (Rule 367 ibid)

### **INVOICES**

13. It should be seen :-

- i. That the office copies of the invoices despatched are filed in the stock depot in separate bundles for each office.
  - ii. That the acknowledgements (i.e. duplicate copies of invoices) are filed with the office copies of the invoices and;
  - iii. That proper action has been taken to call for the wanting acknowledgements (Rule 372 ibid).
- (a) When the articles are supplied by other sources (vide Note 2 below Rule 372 ibid) it should be seen that on receipt of monthly statement the Stores Depot has prepared and issued a properly numbered invoice to the office concerned.

(b) It should be seen that :-

- i. The number and date of invoices accompanying the immediately preceding supply of Receipt Books are noted by the Stores Depot in the invoice accompanying the supply of Receipt Books and;

- ii. That the last invoice of the supply of Receipt Books is preserved in all cases even when the preservation of the same has expired.

### **DUPLICATE KEYS**

14. It should be seen that a Register of Duplicate Keys of safes supplied to the offices is maintained and the locked safe containing duplicate keys of all safes is in the joint custody of the Manager and the Superintendent or Head Assistant of Circle Office (Rule 376 *ibid*).
15. It should be seen that on receipt of new copies of Postal and other publications by the Stock Depot action has been taken for the disposal of obsolete copies (Note 2 Rule 385 *ibid*).
16. It should be seen whether the office is inspected by the Head of Circle or DPS every half year and that during the inspection of the half year ending 30<sup>th</sup> September, the physical verification of all articles has been carried out.
17. It should be seen that a continuous verification by an independent stock verified is carried out and weekly report submitted to the Head of Circle.

### **DISPOSAL OF UNSERVICEABLE MATERIALS**

18.
  - a. It should be seen that a register is being maintained in the prescribed form for entry of articles declared by the competent authority as unserviceable.

- b. The procedure for auction, sales and accounting of the credits of such materials is in accordance with the rules.
  - c. There is indication of mode of disposal of such articles in the proper column.
  - d. There is no unusual delay in disposal of such articles in the proper column.
  - e. The amount realised in the following cases have been credited to Government.
    - i. Sale proceeds of empty deal wood cases
    - ii. Proceeds of sale of unserviceable articles by auction.
19. It should be seen that an account is maintained of all security deposits for printing and other works.

#### **LOCAL PRINTING OF FORMS**

- 20.
- (a) Records of sanction to expenditure on local printing of forms should generally be examined to see that :-
    - i. The limit imposed for expenditure on each occasion is noted exceeded.
    - ii. A register showing the name of approved printers is available in the Stores Depot.
    - iii. The procedure followed in issuing of tender notices to approved printers and acceptance thereof are in conformity with the Rules.
  - (b) The stock register and ledger accounts (kept for recording transactions of issue of paper to each printer and payments made for



printing charges) should be reviewed to see that proper accounts are maintained of the paper received from the Stationery Office and that issued to each printer and of the printed forms received from the printers and issued to Subordinate Offices.

It should also be examined whether the physical verification of balances of paper or forms has been conducted at the end of each half year.

It should also be seen that the procedure for local purchase of paper and for printing of forms locally is correctly followed.

### **SALEABLE PUBLICATIONS**

21. The invoices of saleable publications and forms should be examined to see :-
  - i. That the entries therein have been checked by the officer in charge and the invoices signed by him as required by Rule 712 of the Postal Manual, Volume II.
  - ii. That the invoices are in an unbroken series.
  - iii. That the number of copies of books, forms etc. received for sale as noted in the invoices have been correctly taken into account in the Stock Book prescribed in Note below Rule 712 *ibid*.
  - iv. That the value of the copies received for sale as entered in the invoices minus the value of the unsold copies in hand as per the Stock Book has actually been credited in the accounts.

- v. It should also be seen that the entries in the statement of opening balances, receipts etc. brought from the account office relating to the month of Internal Audit agree with the corresponding entries in the stock book, particularly the closing balance shown in the statement.
  
- 22. The periodical indents placed, the actual receipts and issues from time to time and the Stock / Stores remaining unutilised for a long time should be examined to find out whether the indents are correctly placed, if the contract files are available in the Circle Office only, points for further examination in Circle Office during the inspection of that office, should be taken note of and intimated to Head Quarters office for further action.
  
- 23. The procedure of work in the Postal Store Depot should be generally reviewed with a view to see whether any suggestion can be made for reducing work that is superfluous or simplifying the procedure regarding any particular work.

### **MISCELLANEOUS**

- 24. It should be examined whether all accounts journals, schedules and vouchers of every Department are submitted to Accounts Office on due dates and that there are no serious or habitual delays. The reasons for habitual delay should be investigated.
  
- 25. All minor irregularities should be got rectified on the spot.
  
- 26. It should be seen that all advertisements displayed in the office buildings are covered by active contracts copies of which are on file with the Head of the Office.

27. The general state of the accounts of the Postal Stores Deport should be reviewed and commented upon.
28. Any cases of fraud or suspected fraud should be investigated thoroughly and report made immediately to the Head of the Circle and the Accounts Office separately.
29. In case any important records are not forthcoming during the inspection, the Head of the Office should be asked to send them on to the Accounts Office for check and their receipt in the Accounts Office watched.
30. The Head of the Office should be asked whether he has any suggestion to make as regards, registers or procedure.

### **RESPONSIBILITY OF INSPECTING OFFICER**

Note :- At the commencement of the inspection with reference to the questionnaire in this manual and any other orders issued from time to time a distribution memo of the items of work to be done by each member of the Inspection Party being required to put his dated signature against the items allotted to him.

The inspecting staff. i.e. Asstt. Accounts Officer and Sr. / Jr. Accountant should submit brief daily progress reports of the items of work done by them to the Inspecting Officer, who is responsible for the proper distribution and for the prompt execution of the share of the work allotted to each official. These daily reports should be passed by the Inspecting Officer in token of his scrutiny.

Each member of the inspecting staff should write the remark “Completed” against the items allotted to him, under his dated signature as soon as the work is completed. The Inspecting Officer should scrutinise such completion reports and, at the close of the inspection of the office concerned send to his Head Quarters Office the distribution memo and the daily progress reports stitched together, along with the other papers relating to the office inspected with the following certificate endorsed on the distribution memo.

“Certified that no item of check prescribed under the Rules required to be carried out under special orders issued from time to time has been overlooked either in the distribution of duties or in the actual performance of work during the inspection.”

- i. Review of all regular contracts and of a percentage other agreements made since the date of last inspection.
- ii. Items specified in Paragraphs 2 and 4 of Part II.
- iii. General review of the accounts, the nature and extent of detailed, scrutiny being left to the Inspecting Officer’s discretion.
- iv. Review of the establishment work.
- v. Reviews of the system of crediting to the Government the undisbursed pay and making subsequent payments of the same.
- vi. Reviews to the extent to which the instructions and orders previously issued and noted for compliance are being observed in practice.
- vii. Scrutiny of any special points noticed in the course of internal audit or otherwise which may be asked to settle of the spot.
- viii. Scrutiny of any other item not specified herein which he considers necessary to be examined on the spot.

## CHAPTER – IV

### MAIL MOTOR SERVICE ORGANISATION

#### CASH ARRANGEMENTS

1. The arrangement for obtaining cash from Post Offices and for its custody, payment and accounting should be examined to see that they are in conformity with the Rules on the subject contained in Chapter IV of the Accounting Procedure for the Mail Motor Services through the system using workflow arrangement and ensure that there are no transactions pending for acknowledgment in case of Cash in Transit GL and Cheque in transit GL
  
2. It should be seen :-
  - (a) Whether a cash imprest has been sanctioned by the Head of the Circle for the officer – in – charge of the Mail Motor Service Unit and for its branches at outstations, if any, [vide paragraph (7) of the Accounting Procedure].
  
  - (b) That the amount of imprest sanctioned is not excessive.
  
  - (c) That the entire transaction of the MMS of Receipts and Payments are happening within the authorised Cash Balance (Cash Imprest) and all accounted in CSI F&A module.
  
3. If any sum has been kept out of account, it should be seen whether it was really necessary to keep it out of account. When it is absolutely necessary, it may be checked whether the amount is paid to a staff for whom vendor ID is created and the account is settled by operation of 8553 GL.

4. The Inspecting Officer should ascertain and record the following facts in the inspection report :-

(a) By whom and on what date the cash was last counted and whether the actual balance found on that occasion was noted in the Cash Book.

(b) If on actual count any discrepancy was found on that occasion between the cash in hand and the Book Balance, how it was accounted for and what were the causes for the differences (vide Rules 124 and 125 of Postal Financial Hand Book, Volume I).

### **CASH IMPRESTS AND IMPREST CERTIFICATES**

5. Check the authorised minimum and maximum authorised cash balance of the office as fixed by the HoC / HoD and test check the closing balance of cash in retained in excess of authorised limits.

6. Check the Daily Transaction Reports along with the system generated GL transactions for correctness of classification and accounting. The accounts and vouchers for the month of test check should be checked in full.

It should be specially seen :-

(a) That the entries in the Treasurer's Cash Book agree with those in the counterfoils of receipts granted or of imprest certificates issued and in the vouchers etc., and are confined to actual cash receipts and disbursements of the officer-in-charge of the Cash Chest on behalf of the Government.

- (b) That the private cash or accounts of the members of the Department are not accounted for through the Treasurer's Cash Book or mixed with regular Cash Balance.
- (c) That the entries in the Treasurer's Cash Book are made in a clear and distinct manner at the time of receipt and payment and exactly as the transactions occur and there are not erasures or interpolations.
- (d) That there is evidence in the Treasurer's Cash Book of verification by the officer-in-charge of all entries of receipts and payments made therein and of the actual balance of cash in chest as accounted on the last working day of each month. It should also be seen that the closing balance at the end of each month has been noted in the Cash Book both in words and figures.
- (e) That the Cash Book is closed and balanced everyday as per instructions contained in Rules 123 and 124 of the Postal Financial Hand Book, Volume I.
- (f) That there is no tendency to keep unduly large cash balance in hand.
- (g) That the total shown in the Monthly account for all the month since the date of last inspection brought from the Accounts Office agree with those recorded in the Treasurer's Cash Book.
- (h) That full particulars of items of expenditure for which vouchers are not submitted to Accounts Office but destroyed have been recorded in the Cash Book
- (i) The Cash Book should be generally examined from the date of last Internal Audit Inspection to see that all the payments made to the outside agencies for the services rendered by them to the

Department and for the local purchase of stores have been charged in the Cash Book.

- (j) Whether there was any occasion during the past twelve months when the disbursing officer met at the Government expenses from private funds. If so, the cases with extenuating circumstances, if any, should be mentioned in the report.
- (k) It should be seen that cash receipts are not utilised for expenditure and are promptly remitted to Post Office (vide Rules 13 of the Accounting Procedure).

Note :- While reviewing the accounts since last inspection, the entries of grant of short term advances such as (TA, LTC) medical leave salary advances etc. should be picked up and checked to see whether these advances have been noted in the Register of Advances and Recoveries.

- 7. It should be seen that the all the Open items under Accounts payable is liquidated as at the end of financial year and no Open items are pending including Salary Payable account.
- 8. The cases of delay in the disposal of objection statements brought from the Accounts Office should be investigated and the result of investigation noted in the Report. It should also be seen whether the nature of the objection indicates careless accounting or ignorance of Rules and procedure with a view to advice the Manager Mail Motor Services Organisation suitably.



## **REGISTER OF CONTINGENT CHARGES**

9.

- a. In respect of Contingent Charges, Generate Expense Report for a period / days and check the correctness in accordance with Rule Rules 354 to 356 of Postal Financial Hand Book Volume I. The classification of GL for each expense be verified and any wrong classification, if found be corrected, separating from charges relating to Works Expenditure.
- b. It should be seen that wherever, direct purchases of stores have been made, these are covered by exception to Rule I of Appendix 15 to Posts and Telegraph Financial Hand Book Volume I and purchases of stationery have been made in accordance with the Rules in Appendix 16 *ibid*.
- c. It should be specially seen that the amounts spent on contingent expenditure are legitimate and the prior sanction of competent authority has been obtained and kept on record.
- d. It should be seen that Bills amounting to Rs.500 and above and required to be paid locally have been paid by cheques obtained from the Postmaster and endorsed in favour of the party concerned as required in Paragraph 17 of the Accounting Procedure.
- e. In respect of payments made to firms at outstations it should be seen whether the procedure prescribed in Rule 152 of Posts and Telegraph Financial Hand Book Volume I has been followed.

- f. It should be generally seen that contingent sub-vouchers are preserved for three years. The sub-vouchers for the test-check month should be checked in full with the accounts.

### **TEST CHECK OF ACCOUNTS OF SELECTED MONTH**

10. The principal points on which this test check should be exercised are whether the accounts rendered tally with the initial accounts from which they have been compiled or on which they are based and whether all the entries in the CSI accounts have been correctly abstracted in the accounts rendered to the Accounts Office. The following checks should be exercised.

- i. The checked vouchers should be examined to see :-
  - (a) That the quantities paid for are traceable in the relevant records of the Mail Motor Service Organisation.
  - (b) That the rates at which the several items of work or supply shown in a voucher were paid for are in accordance with the terms and conditions of the relevant agreements indents or orders, etc.
  - (c) That these terms and conditions had been duly sanctioned by competent authority before the liability was incurred and are not open to any objection; and
  - (d) That for each item of purchase there is a purchase order signed by the Manager.
- ii. Check the retrenchments from the HR module since DLI and ensure that the corresponding recoveries have been reflected and duly

completed in HR is in order for the month of test check. A general review on this point should be made in respect of other months also.

- iii. It should be seen that pay and special pay drawn in the establishment pay bill paid in the month of test check agree with the corresponding entries in the Service Books.

N.B. :- A 10% check of the entries in the establishment pay bill with reference to the Service Books will be sufficient for this purpose.

- iv. In regard to the establishment whose names do not appear in Pay Bills, it should be seen

- (a) Whether the number of men shown in lump as on duty, on leave and officiating in each grade in the establishment Pay Bill is correct with reference to the Acquittance Rolls.
- (b) That the pay drawn by each as shown in the Acquittance Roll agrees with that shown in his e-Service Book or Service Roll.
- (c) Whether pay, officiating pay, House Rent and other allowances, special pay, increment or leave salary drawn for each is correct and admissible.
- (d) That in the case of an official under suspension the subsistence grant made to him does not exceed the amount admissible under Rules and that the extra cost, if any, has not been incurred without the sanction of the proper authority and

- (e) That medical certificates of fitness in requisite form have been obtained in all cases of Government including Part Time Government Servant & Contingency Staff (Whole Time or Part Time) and are recorded in the proper place.

Note :- In the case of Part Time Employees of the Department of Posts including Extra Department Agents, as are Whole Time Employees of the local bodies of Government it is not necessary to insist on a fresh medical certificate if they have already furnished Medical Certificates of fitness to the respective local bodies or Government. In such cases it should be seen that the Medical Certificates of fitness in requisite form have been obtained in all cases, where such certificates have not already been furnished to their Whole Time Employees, i.e. State Government or local Bodies. For this purpose it should be seen that certificate to the effect that the incumbent has already furnished the Medical Certificate of fitness has been obtained from the Whole Time Employer and kept on record.

- v. The correctness of the certificate regarding :-
  - (a) Grant of leave to the absentees.
  - (b) Posting in the e-Service Books of all grants of leave, return from leave suspension, transit, transfer, promotion etc.
  - (c) Actual employment of Government Servants whose names are omitted from Pay Bills.
  - (d) Non-availability of free quarters in support of House Rent Allowances drawn and

- (e) The ignoring of the excess over half the pay granted to outsider in the leave arrangements of Group “D” servants, as endorsed on the Pay Bills charged in the month of test-check should be examined.

For (d) it should also be seen whether the certificates required under SR 6-C have been obtained from the Government Servants concerned and for (e) whether the authority granting the certificate in each case was really competent. In cases of drawal of compensatory and House Rent Allowances during leave under SR 6-B and 6-C it should be seen that the certificate to the effect that the Government Servant concerned is likely, on the expiry of the leave, to return to duty the station from which he proceeded on leave was recorded on the order sanctioning leave.

Note :- The Inspection Staff of the Kolkata Office should verify the correctness of the certificates at the time of local inspection of the P&T Offices concerned inspect of HRA paid to Department of Posts Gr. “D” officials occupying “Roof Top” accommodation in the buildings occupied by the Postal Offices in Kolkata.

- vi. The vouchers, which are not required to be submitted to Central Accounts, relating to the Months / month of test-check should be scrutinised as to the correctness of charges.

11.

- (a) It may be checked whether the advances paid to employees in case of Short term and Long term advances have been correctly depicted in the GL accounts and corresponding adjustment of recovery while settling the final bills / monthly Salary payments through HR.

- i. That it is posted up to date.

- ii. That disallowances are always recovered at once and in full and
- iii. That advances are recovered regularly and recoveries duly noted. The register should also be examined to see whether any amount of advance or disallowance has been left outstanding for an unusually long period; if there is any such item, the causes of delay should be investigated thoroughly and the Manager advised of the action that should be taken.
  - (b) The item of advances and disallowances that are considered irrecoverable and the action taken for their recovery or adjustment should be noted in the report.
  - (c) The advance registers should be scrutinised and delays in adjustment of advances (such as the advances of Pay and TA on transferred tour T.A., as well as other short term advances, Festival Advances etc.) should be commented upon in the Inspection Reports.

### **ESTABLISHMENT WORK**

- 12. It should be seen that a Service Book or Service Roll is maintained for every non-Gazetted Government Servant as prescribed in Supplementary Rules 197 and 205. It should also be seen that entries of all even in the official career of a Government Servant are duly and promptly made therein and attested by competent authority. As Service Book is the only document for the verification of service for Pension, adequate attention should be paid during local Inspection to the review of Service Books. They should be checked to the extent of 25 % including therein the Service Books of all Government Servant who are due to retire during the next five years. Ensure that all movements of

the employee including Annual Service Verification, Recovery of CGEIS, Availing of LTC, Recording award of Penalty etc., are available in all digitized Service Books. Ensure the digitized Service Book contains First Page Entries along with the digitized signature of Head of Office.

13. The Service Book and Rolls should be inspected with reference to the following points :-

- i. That the entries on the first page are re-attested every five years.
- ii. That no alteration is made in the date of Birth without the sanction of competent authority and that Date of Birth is entered both in words and figures.
- iii. That thumb and finger impressions have been taken.
- iv. That there is no break in the continuity of entries of service recorded in the Service Book or Roll (the instances of breaks, if any, should be noted).
- v. That annual certificate of verification of service has been recorded in Service Books and Rolls.
- vi. That the increments have been correctly granted.
- vii. Check whether the Service Books of officials on deputation/ Foreign Service are not maintained by the DDO and sent to PAO for maintenance.
- viii. Check the correctness of debiting of Earned Leave for encashment of LTC subject to a maximum of sixty days.
- ix. See whether the Cash Equivalent of Leave Salary paid to retired employees is correct with reference to the Leave Account as on the date of retirement.

14. The leave accounts should be inspected with reference to the following points :-

- a. That the accounts are posted up to date.

- b. That each entry is attested by the Head of the Office or by some other officer in cases where the duty has been delegated to him.
  - c. That the entries of leave debited in the leave account agree with the corresponding entries in the Service Books and Service Rolls.
  - d. That in the case of leave granted to a Government Servant whose services were lent to other Departments, the correct allocation of leave salary has been noted in Column 13 of the Service Book and that a subsidiary leave account indicating the leave earned by such service and leave earned debited against it is maintained and that the calculations are correct.
15. The leave account of the officials due to retire before the next Internal Audit Inspection falls due should be checked thoroughly so that most of the portions of leave account would be covered by check leaving only a small portion relating to the period after the last Internal Audit Inspection till the date of retirement.
16. The claims for reimbursement of tuition fees in respect of children of Central Government Employees should be checked to see that the Drawing Officers and Heads of Offices or the next superior officer have exercised the necessary check over the information and documents furnished by the employees as prescribed in the Government of India, Ministry of Finance, Office Memorandum No12011/ 03/ 2008 Estt. (Allowance) Dated 2<sup>nd</sup> September, 2008 and amended from time to time and verified the admissibility of the claims for this purpose. The claims pertaining from the date of last inspection should be checked thoroughly by the Internal Audit Staff.
17. The Inspecting Officer and his team shall maintain Worksheet which depicts the nature of work done by them with reference to each item of work as allotted by the Inspecting officer.



18. To illustrate, once the Leave Account is checked, the following note be recorded in the Worksheet which should be scrutinised by the Inspecting Officer before submission of the draft report.

The Leave Account is checked upto \_\_\_\_\_ (date). EL at credit \_\_\_\_\_, HPL at credit \_\_\_\_\_.

### **NEW PENSION SCHEME**

19.

- (a) It may be ensured that no employee who entered in the Government Service on 01.01.2004 and after whichever is earlier, subscribing the GPF.
- (b) It should be seen that report of new entrant is sent to PAO concerned.
- (c) It may also be ensured that every new entrant have 16 digits PRAN No.
- (d) It may also be ensured that 10% of BP+ DA is deducted as employee contribution and the % of contribution drawn by the Govt. by charging it to service head 3201 and credit to employee's contribution head of Accounts.

### **TRAVELLING ALLOWANCE BILLS**

20. Test check all Travelling Allowance Bills on Tour/ transfer as per Supplementary Rules and ensure its correctness including advance payment/ Adjustments, if any. In case bills are processed through PA30

instead of ESS, ensure that the amount payable as per the Sanction is the same as entered in PA30.

21. The Correctness of GL booking be seen in particular.
22. It may also be ensured that no such bills have been processed for Sanction/ Claims submitted after the expiry of 60 days of the journey/ completion of journey.
23. In case of Bills preferred beyond due dates in case advance taken and also unutilised amount of advance is not credited back immediately on completion of journey, ensure that the penal interest is charged for the unutilised amount and got credited to Govt. accounts.

### **OVERTIME ALLOWANCE BILLS**

24. The following checks should be exercised over the overtime allowance Bills for the month selected for Test-Check: -
  - i. It should be seen that previous authorisation by the Head of the Office for the performance of overtime duty exists in each case and that no overtime is ordered without good or sufficient reasons.
  - ii. The rate of pay of Part II officials shown in the Overtime Allowance Bills brought from the Accounts Office should be verified with reference to the relevant entries in the official's Service Books / Rolls.
25. The correctness of the certificates endorsed on the Overtime Allowance Bills as required by Note (1) below Rule 323 of P& T Financial Hand Book, Volume I should also be verified in full with reference to the Attendance Registers and other initial records, which can be obtaining initial records may, however, be made, when the claims of outlying Sub-Offices are unduly heavy.

## MONTHLY STORES PROFORMA

26. The checks as to the procedures for procurement of material / Goods and Services like Vehicles, Tyres and tubes, Batteries, Spare Parts and accessories, Tools and Equipments, Fuels and Lubricants, etc., are processed as per the accounting procedure prescribed for Mail Motor Service in the Material Management Module of CSI which has interface with Budget module, Asset Accounting Module, Inventory Module etc., Any variations be pointed out and brought out in the report. Likewise, consumption and issue of Material Objects, Stores, etc., be processed in MM – SAP module and checks to be applied accordingly.
27. A cent percent check on availing of GST input tax credit for inputs , Inputs services, Capital Goods may be checked with respect to the corresponding documents and relevant accounting entries thereof.
28. The check should be exercised for transferring the Debits to the other various profit centres consequent on transfer of other Goods and services be checked in the CSI accounting entries with corresponding transfer entries thereon. Any variations be brought down in the report.
29. The checks should be exercised over the procedure followed for disposal of obsolete and condemned Goods and materials and proper accounting of sales proceeds thereof.
30. A cent-percent scrutiny of Job Cards, purchase and issue register and allied records should be carried out. The monthly stores proforma together with the consolidated statement brought from the office for all the months following the months of Test Check of the last local check inspection should be examined with reference to the local records viz. Job Cards, Purchase and Issue Registers and other allied records and the

total value of the stores receiving during the each month, the value of stores utilised on the various vehicles and the balance on hand as shown in the Proforma duly got reconciled.

### **PURCHASE OF STORES VEHICLES**

31. In addition to the checks prescribed in paragraph 10 and Note I there under of Questionnaire for Postmaster General's office, the following checks should also be exercised during the local check inspection of the P&T Motor Service Units :-
- i. The Accounts and records regarding purchase of stores should be examined generally to see whether there have been any uneconomical purchase of stores or any losses which may be clearly and definitely attributed to the defective or inferior nature of stores.
  - ii. The accounts and records regarding purchase of stores should be examined generally to see whether there have been any uneconomical purchase of stores or any losses which may be clearly and definitely attributed to the defective or inferior nature of stores.
  - iii. That purchase of stores has been made in accordance with the relevant provision of Chapter VII of the Accounting Procedure.
  - iv. Contract documents relating to purchase of stores should be scrutinised on the lines indicated in the questionnaire for the Postmaster General's office.
  - v. That all purchases as and when made are noted in a purchase diary and also in the stock book.

- vi. That all purchases of vehicles, whether new or in replacement of old ones have been entered in the numerical inventory of Motor Vehicles maintained in accordance with paragraph 61 of the Accounting Procedure.
- vii. Conditions prescribed for local purchase of parts in emergent cases without calling for tenders vide serial No. 5 of Appendix 1 of the Accounting Procedure have been satisfied.
- viii. Where annual limits have been laid down for exercise of powers to sanction purchases or repairs, a suitable record is kept to watch that such limits are not exceeded and that where they are exceeded the same have been sanctioned by the competent authority.
- ix. That the particulars of Bills (viz. Number, date and amount) were recorded in the indent as also in the purchase diary in order to prevent double payment.

### **PURCHASE DIARY**

- 32. The purchase diary maintained in accordance with the provisions contained in paragraphs 59 and 60 of the Accounting procedure should be examined to see that :-
  - i. All purchases as and when made, are noted immediately in the purchase diary.
  - ii. All the purchases included in the purchase diary have been entered in the Stock Register.

- iii. No bill for cash purchase is paid without entering the transaction in the purchase diary.
- iv. For purchase made through the DG S&D and against rate running contracts, necessary entries are made in the purchase diary before returning the accepted bill to the Account Officer; and
- v. The date of payment or acceptance of the Bill is noted in the purchase diary in order to avoid double payment.

### **STOCK BOOK**

- 33. The Stock Book referred to in paragraph 62 of the Accounting Procedure should be reviewed (since the Previous Local Audit Inspection) to see :-
  - i. That the Stock Book is maintained in the prescribed form and that the postings have been made up to date. Entries on the “receipt side” of the Stock Book should be verified with reference to the entries in the diary and those on the “Receipt Side” of the Stock Book should be verified with reference to Stock Register. It should be seen that the balances have been correctly struck.
  - ii. That the stock of the stores is within the prescribed minimum and maximum limits.
  - iii. That the certificates endorsed on the purchase vouchers regarding the taking over to stock of stores materials, etc. for the month of test check are correct.

## **PETROL / DIESEL / CNG REGISTER**

34. If a petrol pump has been installed in the officer premises it should be seen :-
- i. Whether a Petrol Register/CNG Register is maintained by the Unit in accordance with Rules 73 to 77 of the Accounting Procedure.
  - ii. Whether differences between the book balance and physical balance were noticed at the time of weekly physical verification of the quantity of petrol by the Manager and whether they were attributed to mechanical defects in the Petrol Pump.
  - iii. Whether prompt action has been taken to see right the mechanical defects so detected.
  - iv. Whether the difference between the book balance and actual physical balance on the last day of each month were reported to the Head of the Circle and adequate action was taken before the loss if any, on account of evaporation is actually written off.
  - v. Whether in case of adjustment entries made in the Stock Register on receipt of write off sanction the authority of the Head of the Circle has been cited.

## **NUMERICAL ACCOUNT OF STORES AND SPARE PARTS**

35. It should be seen that :-
- i. Stores Issue Register in the form given in Appendix 11 of the Accounting Procedure is being maintained and that it is posted up to date.

- ii. In support of each “Issue” there is a written order of the Manager in the Job Card.
- iii. There is evidence to show that the register is put up to Manager at the end of each day after necessary entries have been made.
- iv. The stores are issued with due regard to the provisions of paragraph 72 of the Accounting Procedure and
- v. The stores issued and correctly carried over to Stock Book.

### **PHYSICAL VERIFICATION OF STORES**

36. The following checks should be exercised in regard to verification of stores, other than petrol. It should be seen :-
- i. That the Stock Book bears evidence of the fact that a continuous or progressive stock taking has been carried out by the Manager and that the stock has also been verified once a year by an officer (other than the Manager or any other official employed in the Unit) nominated by the Head of the Circle.
  - ii. That the Tools Kit of the workshop is inspected once a month.
  - iii. That shortages detected in the course of progressive stock taking as also annual verification have been noted in the Stock Register, a discrepancy memo in the prescribed form prepared therefore, sanction of the competent authority obtained for their write off and the Stock Balances corrected showing the particulars of sanction in the remarks column.



- iv. That shortages and damages as well as obsolete and unserviceable stores noticed during the annual verification have been reported immediately to the Head of the Circle for sanctioning write off from the Books.
37. It should be seen that the Manager keeps a signed list of tools supplied to each worker as his normal kit and he is held responsible for them.
- 38.
- (a) Register for keeping a watch over the Ceiling Limits of Spare Parts and Accessories in Stock. This Register (Appendix 9 of the Accounting Procedure) should be examined to see that :-
- i. It is maintained properly and posted up to date.
- ii. The value of stock of spare parts and accessories, at any one time does not generally exceed the amount arrived at by multiplying the number of vehicles (excluding condemned vehicles) in the unit by Rs.300. The entries in the register should be checked with numerical inventory of motor vehicles, purchase diary any stock book (Appendix 6, 7 and 8 of the Accounting Procedure).
- (b) Register of Tyres :-
- This should be examined to see that the same is maintained in accordance with the instructions contained in Appendix 30 of the Accounting Procedure and kept posted up to date.

## **REGISTER OF ESTIMATES**

39. The register of estimates and appropriations for maintenance works and the register of estimates and appropriations for repair works prescribed in the Para 114 of the Accounting procedure should be checked to see :-
- i. Whether powers utilised by manager / Sr. Manager / Controlling Authority are as per power of delegation of Financial Rules.
  - ii. That the registers are maintained in the prescribed form and are up to date.
  - iii. That in the case of estimates for maintenance which are within the powers of sanction of the Manager, sanction for the estimates is accorded in the Job Card itself and that in other cases the sanction of the competent authority has been obtained on a detailed estimate prepared for the purpose.
  - iv. That in the case of estimates originally sanctioned by the Manager, if in the course of execution of the work the expenditure, exceeds the prescribed limit in Appendix I of t he Accounting Procedure, the sanction accorded by the Manager in the Job Card is cancelled and regular estimates prepared and got sanctioned by the Head of the Circle.
  - v. That the general instructions regarding the financial responsibilities of the officers, excesses over sanction, currency of sanction, preparation, checking and sanction of detailed estimates, supplementary and revised estimates and allotment of funds are followed by the P&T Mail Motor Service Units, in regard to the works in their units.

- vi. The correctness of the expenditure incurred over the work as booked in the Job Card should be checked.
- vii. That excess over sanctioned cost, if any, is got regularised by obtaining the sanction of the competent authority wherever necessary.
- viii. It should be generally seen that the revision of estimates as a result of substantial increase in cost was not due to defective estimating in the first instance and that the revision has not resulted in any financial irregularity.
- ix. That the allocation of the estimates for repairs sanctioned during the month of test check is correct. A few estimates selected at the discretion of the Inspecting Officer should be examined to see that.
  - (a) They have been prepared in advance wherever a vehicle needs repairs.
  - (b) The cost of Departmental labour, the cost of stores and other items such as cost of specialised outside agencies, if any, are duly provided for in the estimate.
  - (c) A comparison between the actual and the estimated cost should also be made and the excess or shortage in the provision examined.

### **JOB CARD**

40. The following checks should be exercised :-

- i. That a Job Card, referred to in paragraph 121 of the Accounting Procedure, in the prescribed form is invariably opened for each Maintenance / Repair work whether it is within or beyond the powers of sanction of the Manager.
- ii. In the Job Card is opened only either under the orders of the Manager recorded on the Job Card itself or on the basis of sanction accorded by the Head of the Circle for carrying out repairs. In the latter case the particulars of sanction should also be verified.
- iii. That there is evidence to show that the Job Card is made over to the official-in-charge of the Workshop only after obtaining his acknowledgement in the Job Card Register and that the Job Card is returned by the Officer-in-charge of the workshop as the job is completed.
- iv. That the cost of labour employed as entered in the Job Card is correct with reference to the entries in the Column “Actual house spent” and the cost per man hour worked out at the beginning of the year as prescribed in the N.B. Below paragraph 125(b) of the Accounting Procedure.
- v. That the cost of work got done through outside agencies is correct with reference to relevant vouchers.
- vi. That the debits raised against other units on account of cost (including establishment and overhead percentages in the cost of work done) of work done for them is correct with reference to the entries in the Job Card.

- vii. That in the case of vehicles belonging to the P&T Motor Service Unit itself, the relevant entries from the Job Card have been correctly made in the History Sheet of the vehicle concerned.
- viii. That the prescribed certificates have been endorsed on the Job Card.
- ix. The Job Card should generally be examined to see that
  - (a) They have been properly filled in.
  - (b) A proper account is kept for work done for other units and there is no undue delay in carrying out repairs as seen from the Job Cards for unfinished works and the number of unserviceable vehicles lying in the garage.
- x. The accounts of four or more completed works for which scheduled Dockets and Vouchers have been brought from the Accounts Office should be inspected with reference to the following points :-
  - (a) That the accounts exhibit accurately the cost of work done relating to the particular object for which the particular estimate was sanctioned.
  - (b) Cases of marked excesses over estimated rates or amounts, if any, should be examined to see whether there has been any financial irregularity or serious error in accounting.
  - (c) That all recoverable charges have been credited to Government by recovery of short payment of dues.

## UNSERVICEABLE MOTOR VEHICLES AND STORES

41. It should be seen that :-

- i. An amount of all unserviceable stores returned to stock is kept in an unserviceable stores register in the form given in the Appendix 28 of the Accounting Procedure and that separate pages have been allotted for each vehicle and that it is maintained properly.
- ii. The obsolete stores which have become unserviceable while lying in stock and stores which have become surplus to requirements are brought on to the unserviceable stores register, duly routed through the Stores Issue Register.

Note :- For this purpose the entries made in the register in the month of test check should be checked in detail with the entries in the stores issue register.

- iii. A statement in Form ACE-9 has been prepared in respect of all unserviceable stores entered in the register of unserviceable stores.
- iv. The stores have been declared unserviceable by the Motor Vehicle Disposal Committee, where necessary.
- v. The unserviceable and obsolete stores are disposed of at least once in six months.
- vi. The sanction of the competent authority has been obtained for the disposal of the unserviceable stores.

- vii. The procedure laid down in paragraph 138 of the Accounting Procedure has been followed in regard to the disposal of unserviceable stores.
  - viii. Where the sale is not effected either through the Director General Supplies and Disposals or through the approved auctioneers, the usual formalities for calling for tenders after given wide publicity, opening of tenders, accepting the highest tender, recording the reasons for not accepting the highest tender, if any, obtaining the deposit of earnest money from tenderers, obtaining of security deposit from the successful tenderers have been followed.
  - ix. A sale account in proper form has been prepared and the amount realised on the sale has been credited to the proper head of account and
  - x. The commission paid to auctioneers is according to the sale prescribed from time to time.
41. It should be ascertained whether there are any surplus stores or larger accumulation of tools in the workshop and whether proper action has been taken for their disposal.

Note :- Cases of issue of surplus stores which considered as involving unusual features such as double indenting of stores, indenting of wrong type of stores in the first instance, etc., should be examined in detail and irregularities noticed commented upon in the inspection report.

## HISTORY SHEETS

42. The history sheets referred to in Appendix 29 of the Accounting Procedure may be subjected to the following checks:

- i. That is maintained for each vehicle in the unit as indicated in numerical inventory of Motor Vehicles (Appendix 7 of the Accounting Procedure) in the form prescribed in Appendix 29 and that it has been posted up to date and maintained properly.
- ii. That an annual and monthly abstract has been prepared by transfer of the monthly and annual total of the various items as recorded in the register.
- iii. That items of expenditure other than petrol, oil and lubricants are noted as and when transactions occur from day to day and that in the case of petrol made at the close of the month.
- iv. That the correctness of the expenditure on maintenance, repairs, batteries, tyres and tubes should be checked from the entries in the relevant Job Card.

Similarly the quantity issued should be checked with the Register of Vehicle-wise analysis of petrol issued (Appendix 14 to the Accounting Procedure) the figures relating to oil, grease and lubricants with the respective issue register and the relevant vouchers. Mileage during the months should be checked with reference to the Register of Mileage covered by the vehicles and the summary of accidents with reference to the relevant files.



## **MILEAGE PER GALLON REGISTER**

43. It should be seen whether a register of work out the mileage per gallon is maintained for each vehicle as prescribed in Rule 108 to 112 of the Accounting Procedure and adequate action is taken in cases of appreciable differences between the target mileage per gallon and the actual mileage per gallon.
44. Inventory of Plant Machinery may be checked to see that it is properly maintained.

## **TRAFFIC**

45. It should be seen :-
  - i. Whether a schedule of trips prescribed by the Head of the Circle is kept corrected up to date.
  - ii. Whether the vehicles run in strict conformity with the prescribed schedule.
  - iii. Whether in cases of diversions given at the foot of the log sheets the authorised mileage have been worked out by the office.
  - iv. Whether in respect of all non-schedule trips the requisitions are kept attached to the log sheets and
  - v. Whether the checks prescribed in Rule 100 of the Accounting Procedure have been exercised.

46. The register of charges for private journeys to be maintained as per Rule 105 of the Accounting Procedure should be examined with reference to the log sheets for private journeys and the entries in the Gate Register. It should be seen that:-
- i. The charges at the rates prescribed from time to time based on the mileage covered by the Truck, Lorry or pick-up van from garage to garage for these journeys have been correctly calculated and entered in the register for recovery from the user.
  - ii. The log sheets for the private journeys have been signed by the Manager in token of his having satisfied himself that the entries have been duly transferred to the register and that the bills have been prepared and issued.
  - iii. The register is reviewed periodically at least once a month and necessary action taken to get the outstanding bills cleared, and
  - iv. Cases where the bills are not paid within three months are reported to the Head of the Circle.

### **PROFORMA ACCOUNTS**

47. The details under various items under direct and indirect charges shown in the account for the month of Test Check should be verified from original records or other subsidiary registers and the differences, if any, between the average cost per mile in the test check month and that of the other months should be investigated. It should be seen that the account is prepared in accordance with the procedure laid down in the

Accounting Procedure for the Posts Motor Service Units and the special orders, if any, issued by the Director General, Posts.

The remarks of the Head of the Circle while reviewing the proforma accounts should be examined with a view to see whether the suggestions, if any, of the Head of the Circle for reducing the running cost per mile and also to improve the services have been given effect to.

The annual proforma accounts should also be checked with reference to the monthly proforma accounts.

### **CONTRACTS**

48. All cases of Maintenance and Service contracts in relation to Goods and Services be checked in the CSI system through Accounts Payable MM Module.
49. The following checks should be exercised :
  - i. It should be seen whether any rate running contracts are in force and if so, purchase of article is made strictly in accordance with the terms of contract in respect of cases where copies of contracts are not required to be supplied to Central Check.
  - ii. That tenders are invited in the most open and public manner possible.
  - iii. That sufficient earnest money is taken as security against loss from each tender.

iv.

- (a) Whether the lowest offer has been accepted in each case. If no, the difference between the lowest officer and the reasons recorded for rejecting the lowest offer should be examined. It should also be seen whether the reasons are adequate. When favourable quotations are rejected on the ground that the firms are untried, it should be seen if the matter regarding the placing a trial order with the firms with a view to secure economy in future purchases has been considered and appropriate action taken.
- (b) Whether the successful tenderer has not indirectly derived an advantage over the other tenderers by the insertion of special conditions which have the effect of raising the rate quoted by him.

Note :- Inspection Officers are authorised to have access to the book containing a confidential record of the reasons for the rejection of tenders maintained by officers authorised to accept tender.

- v. That no contract containing any unusual conditions has been entered into without the previous consent of Ministry of Finance (Communications). It should also be seen that no material variation in contracts once entered into has been made without proper sanction.
- vi. Whether purchase has been affected by single tender or negotiation and, if so, reasons have been recorded for resorting to this method of purchase.
- vii.
  - (a) Whether all tenders are opened on the due date and numbered and initialled with date by the officer opening them.

- (b) Whether the comparative statement is on record and has been checked with original tenders.
- viii. Whether any delayed / late tender has been incorporated in the comparative statement and considered and, if so, whether adequate reasons exist for the same.
- ix. Whether the contract has been placed on a registered firm or a non-registered firm. In the latter case it should be seen that adequate security has been obtained from the contractor.
- x. That sufficient reasons exist for employing the same contractor in the majority of the cases of the Unit if there is any such contractor.
- xi. That contracts are executed on standard form applicable to each case, they may, however, be modified to suit local requirements after consultation with the legal advisers of the Government and the Director General.
- xii. That the security has been taken from all contractors and that contractors lodging Government Security have executed agreement in Form Sec. 24.
- xiii. Whether the rates accepted have been changed in any case after the conclusion of the contract and, if so whether the change in price has been effected with the approval of the competent authority and also whether the reasons justifying such changes are adequate and
- xiv. Whether any supplementary contract has been negotiated or payment authorised for any additional service required of the contractor subsequent to the placing of acceptances of tenders and, if so, the

action taken should be examined with reference to propriety and competency.

## **GENERAL**

50.

i. Inventory of Government property

The annual statement showing losses of Government property received in the Accounts Office (vide Rule 52 of P& T Financial Hand Book, Volume I should be test checked during local inspection to see if it has been correctly prepared with reference to the deduction entries (other than those of issues made in the inventory under the several headings shown in Rule 11 of Appendix 12 to the Postal Manual, Volume II. The reasons for removing them from stock should also be examined.

ii. Register of Lands and Buildings

Register of Lands and Buildings should be generally examined to see that it is maintained properly.

iii. Inventory of Tools and Machinery

It should be seen that the inventory of tools and machinery is kept properly and that the purchases made since the previous local Audit Inspection have been duly entered therein.

iv. Work done by outside agencies

It should be seen that an estimate for such works is prepared, tenders have been called for and the sanction of competent authority obtained.

It should also be seen that only such types of works are entrusted to outsiders which cannot be carried out in the workshop.

### **RUSH OF EXPENDITURE**

51. All expenditure brought to account towards the close of the year, specially during March, should be scrutinised to see :-

- (i) That the charges against the appropriations and estimates of the year as brought to account are regular and
- (ii) That the liabilities and assets of one year are not brought to account in another year. If the accounts of March indicate an unusual and serious rush of payments towards the close of that month, the causes and effects of the rush should be specially investigated.

No definite and exhaustive instructions as to how it should be ascertained whether there has been rush of expenditure towards the close of the year can be laid down. The Inspecting Officer should guide his staff intelligently in this matter. The following points may, however, be looked into:

- (a) It should be seen whether there is any indication to show that the Cash Book for March was kept open after the close of the month.
- (b) The procedure for incorporating imprest Bills paid at outstations on 31<sup>st</sup> March should be examined. It should be seen whether any entry of local payment has been made in the Cash Book after an entry of imprest Bill paid at the outstation on 31<sup>st</sup> March.
- (c) The expenditure of March should be compared with the average of the other eleven months of the year.

- (d) It should also be seen whether there is any indication to show that some payments have been charged in the accounts in March but not actually made to the parties at the time.

### **REGISTER OF SECURITY BONDS**

52. (a) The entries in the Register of security bonds should be checked with the bonds on record. It should be seen that no person who has not furnished security or who has not been exempted from furnishing security is employed in the organisation.
- (b) In case of employees transferred from other units, it should be seen that certificates have been received to the effect that their security bonds are on records in the units from where they came.
53. As regards security deposits, the following points should be examined:-
- (a) It should be seen whether the Department Officers who are required to furnish security under the Rules in Chapter V of the Postal Manual, Volume II have given security and if so, to what extent and in what form, whether in cash or in other form prescribed from time to time vide Rules 193 and 194 *ibid*. In the case of securities given by means of personal bonds it should be seen whether the Manager has obtained each year in the month of April, from all such persons employed in his jurisdiction, a certificate to the effect that the sureties are alive and solvent and that the certificates filed with the respective security bond (vide Rule 217 of Postal Manual Vol. II). The registers and other records should be inspected to see that they are kept properly.
- (b) In the case of securities in cash following points should be sent:-



- (i) whether in case of employees who have not completed the payment of their deposits, necessary recoveries are being made regularly;
- (ii) whether all cash security deposits of employees are paid into Post Office Savings Bank in the name of the pledger;
- (iii) whether the Savings Bank Pass Books are duly sent to the Post Office every year for entry of interest therein;
- (iv) whether the Savings Bank Pass Books have been hypothecated to the Department.
- (v) whether the amount shown in the Register of Security Bonds (Form ACG-43) as having been deposited in the Savings Bank agrees with the acknowledgements in the Pass Books and;
- (vi) whether the Register of security bonds (Form ACG-43) is kept in the cash chest with the Pass Books.

NOTE:- These checks should be exercised with reference to the office copies of all Bills paid in the month previous to the month in which local I.C. Inspection is conducted.

- (c) In the case of security bonds furnished by Insurance companies it should be seen that the premia have been regularly paid and the bonds kept current and valid.

### **DEPOSITS**

- 54. (i) Some items of deposits taken at random should be checked with reference to original documents and files of correspondence with a view to seen that the deposits have been credited in favour of proper persons and that the amounts deposited have been accounted for correctly and in full.

(ii) It should also be seen whether a correct record is being kept of unclaimed deposits in the prescribed form and whether deposits unclaimed for more than 3 years have been credited to Government.

55. The following checks which should be confined to two months accounts selected for check in respect of deposits referred to in Appendix 28 of Postal, Financial Hand Book Vol. I should be exercised to see.

(i) that the Register of deposits is maintained correctly and entries therein are attested by the Head of the Office/Office-in-charge of the accounts;

(ii) that the monthly closing entry is made in the Register of deposits and its correctness should be verified;

(iii) that the closing balances as per plus and minus Memorandum agrees with the sum total of balance as per the Register of deposits;

(iv) that the Rules and orders regarding forfeiture of deposits have been correctly observed and the items are included in the monthly statement of forfeited deposits;

(v) that the statement of lapsed deposits have been prepared correctly as per Rules on the subject.

### **BUILDINGS**

56. If the office is located in a private rented building, it should be seen by the Inspecting Asstt. Accounts Officer whether the amount of rent paid is fair and reasonable and has been sanctioned by the competent authority. If electric fittings are installed by the Department, it should be seen that Register of such fittings is being maintained as required by Rule 486-A of Postal Financial Hand Book, Volume I. It should also

be seen that prior intimation of vacating a rented building, if any, previously occupied by the Department was given to the Divisional Head and that the Electric fittings etc., installed therein by the Department were removed before handing over the building to the owner.

57. If Mail Motor Service Unit is located in its own building and a portion of it is occupied:-

(i) By another Branch

(ii) By a Private body or person

It should be seen by the Inspecting Asstt. Accounts Officer whether the rent for the portion has been correctly assessed by competent authority and reported to the Head of the Circle for inter-branch adjustment by the Postal Wing of the Directorate in the case of (i) and for recover in the case of (ii). In the latter case, it should be seen whether recoveries are being made regularly.

58. If there is any Tea or Coffee shop located in the building (whether run by the Postal Staff themselves or private contractors) it should be seen that the rent of electric, water supply and sanitary installations, calculated under Rule 542 of Postal Manual, Volume II, cost of electric current consume on municipal and other rates and taxes, except house or property tax are recovered regularly according to orders issues from time to time.

Note:- This check should be exercised by the Inspecting Asstt. Accounts Officer.

59. In respect of residential buildings, it should be seen whether extracts from the Register of buildings in the charge of the officer-in-charge of the Mail Motor Service have been received from the Head of the Circle

and all such buildings are occupied by persons for whom they are intended. It should also be seen whether rent returns etc., are being sent according to the prescribed rules of the officers to whom they are due and full amount of rent is being realized in each case and that other revenues of the Department such as rent to vacant plots of land and buildings let out and sale proceeds of compound produce are being regularly realized and communicated to the Accounts Officer.

While checking the rent returns, it should specifically be seen that no house rent allowance is drawn in favour of Part II officials (whose names do not appear in the Pay Bills submitted to Accounts Office) who are in occupation Government accommodation.

Note:- A ten percent check should be exercised to see that the standard rent of residential buildings is being recalculated every five years or whenever any additions or alterations are made to such buildings as required by SR 324.

Note 2:- The detailed checks as prescribed in para 54-A of questionnaire for Posts and Railway Mail Service offices apply mutatis-mutandis to the buildings and quarters under the charge of Postal Motor Service Organisation.

60. A Test Check of the scale of accommodation admissible to the Postal Officials in accordance with the provisions of Paragraphs 463-A and 589 of the Postal Manual Volume II and supplementary instructions issued by the Director General, Posts in this connection, should be conducted during the local Inspection.

61. If there are any departmental inspection quarters attached to the Mail Motor Service, it should be seen:-

- (a) that a Register is maintained for the purpose of realization of rent;
- (b) that no quarter has been occupied by an officer eligible officer/official for more than 10 days without the permission of the Postmaster General.
- (c) that a periodical verification of the stock of furniture crockery, etc., provided in the quarters in accordance with the prescribed scale has been made and recorded by the Executive Officers in the Stock Register.

A few entries in Register should be test checked to see whether rent has been realized according to the prescribed rates.

62. It should be seen that no special accommodation has been hired or constructed for the purpose of providing space to the Departmental Clubs etc., in contravention of Rule 503 (a) of Postal Financial Hand Book Vol. I.

### **RECEIPT BOOKS**

63. It should be seen:-
- (a) that a register of receipt books is maintained as per Note 1 below Rule 8 of the Postal Financial Hand Book, Volume I and that all books received are entered therein with necessary particulars;
  - (b) that the stock of the blank receipt books is kept in the custody of the Manager;
  - (c) that the stock of receipt books (which should be verified by actual count) is not in excess of the requirements of the office;

- (d) that the receipts are normally signed by the Manager himself;
- (e) that the counterfoils of receipt books are preserved for 3 years and then destroyed.

### **MISCELLANEOUS**

- 64. The Budget allotment, Expenditure as at the end of the previous month of Inspection vis-a vis BE / RE /FG etc., be compared and point out the deviations, if any. The Joint action taken by Circle Office and Postal Accounts Office in reconciliation of expenditure on various GLs/ Schemes be reviewed and status presented. The Inspection Team should ensure action for reconciliation of booking of Expenditure of various GLs in co-ordination with Circle team during the course of Internal Audit Inspection.
- 65. It should be examined whether all the account returns schedules, schedule dockets and vouchers etc. are submitted to Accounts office on the due date and that there is no serious or habitual delay.
- 66. All minor irregularities should be got rectified on the spot;
- 67. It should be seen that all advertisements displayed in the office building are covered by active contracts, copies of which are on record with the Head of the office.
- 68. The general state of the accounts of the units should be reviewed and commented upon.
- 69. The last Inspection Report by the i.e. Officer as well as the report of the Postmaster General should be reviewed to see that the irregularities

noticed by them have been remedial. The failure to rectify all or any of them should be commented upon.

70. Any cases of fraud or suspected fraud should be investigated thoroughly and report made to the Head of the Circle and to the Accounts Office separately.
71. In case any important records are not forthcoming during the Inspection, the Head of the Office should be asked to send them to the Accounts Office for check and their receipt in the Accounts Office watched.

### **RESPONSIBILITY OF THE INSPECTING OFFICER**

72.
  - i. At the commencement of the Inspection with reference to this questionnaire and any other orders issued from time to time a distribution memo of items of work to be done by each member of the inspection party should be drawn up and got approved by the Inspection Officer, each member being required to put his dated signature against the times allotted to him.
  - ii. The inspecting staff i.e. Asstt. and Accounts Officer and Sr./Jr. Accountants should submit daily brief progress reports of the items of work done by them to the Inspecting Officer, who is responsible for the prompt execution of the share of the work allotted to each official. These daily reports should be passed by the Inspecting Officer in token of his scrutiny.

iii. Each member of the inspecting staff should write the remark 'completed' against the items allotted to him, under his dated signature as soon as the work is completed. The Inspecting Officer should scrutinize such completion reports and at the close of the inspection send to the Head Quarters office the distribution memo and the daily progress reports stitched together along with other papers relating to the office inspected with a certificate.

73. He should also personally carry out the following items of work:-

- (i) Review of all regular contracts and of a percentage of other agreements made since the date of last inspection.
- (ii) Items specified in paragraphs 2 and 4 of questionnaire for Postmaster General's office.
- (iii) General review of the accounts, the nature and extent of review being left to his discretion.
- (iv) Review of (a) Establishment work, (b) Register of Buildings and recoveries of rent thereof.
- (v) Review of the system of crediting to the Govt. the undisbursed pay and making subsequent payments of the same.
- (vi) Review as to the extent to which instructions and orders previously issued and noted for compliance are being observed in practice.
- (vii) Scrutiny of any special points noticed in the course of Course of Central Check or otherwise which he may be asked to examine on the spot.
- (viii) Scrutiny of any other items not specified herein which he considers necessary to be examined on the spot.



(ix) Review of the store balances and the system of obtaining stores and stores verification.

**ANNEXURE**

**PROGRESS REPORT OF POSTAL ACCOUNTS INTERNAL Audit**  
**WORK FOR THE MONTH OF .....**

**PART – I**

Details of Inspection work done:-

Name of Units Inspected	From (Date)
To (Date)	

**PART – II**

Particulars of irregular/overpayments detected in each unit which were got noted in the R.R. Register.

**PART – III**

- (a) Gist of important irregularities or serious lapses noticed during the Internal Check (Unitwise) together with their money value if any.
  
- (b) Whether any of the serious irregularities etc., coming to notice, indicate any lacuna in Rules and regulations or defects in procedure.
  
- (c) The remedial steps taken by Heads of Circles to prevent recurrence of such irregularities etc.

**PART – IV**

Statement showing the objections outstanding for more than three months and the progress towards their settlement in the following form:-

Name of Unit	Opening Balance		Objection included during the month		Objection settled admitted during the month		Closing balance	
	No. of Items	Amount Outstanding as per OB (year wise)	No. of Items	Amount Placed Under objection	No. settled	Amount cleared	No. of Items	Amount Outstanding

N.B.:- Necessary certificate may also be recorded on Part IV of the statement that the amount outstanding as shown in the statement agrees with the outstanding balance in the objection book of the concerned month.

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## **CHAPTER V**

### **POST OFFICE LIFE INSURANCE**

#### **GENERAL**

1. Rules regulating the general business of the **Post Office** Life Insurance are issued by the Govt. of India and have been embodied in the Book entitled “Rules relating to Postal Life Insurance and Endowment Assurance”. Under Rule 10 of the said Rules the administration of the Post Office Insurance Fund is vested in the Director General of Posts who is authorized to issue from time to time such subsidiary regulations and orders as he may deem necessary provided that no such regulations or orders shall be inconsistent with any of the provisions of the Rules that have been or may hereafter be made by the President.

The procedure relating to maintenance of accounts in the Post Offices and submission of returns to the Accounts Offices in connection with the transaction of the Fund will be found in Rules 546 to 558 of Chapter XVII of the Postal Financial Hand Book, Volume I.

While the work relating to:-

- (i) Issue of policies,
- (ii) Printing and dispatch of advance PLI schedules to all the accounting units.
- (iii) Receipt, checking of PLI schedules received from the accounting units after noting of recoveries from the insureds and their dispatch to the respective circle for posting in the individual premium ledger cards.
- (iv) Scrutiny of all payments made from the fund and noting the discharges with particulars of payment in the policy registers.

- (v) Maintenance of accounts (Broad sheets) for receipts and payments and its reconciliation with booked figures.
- (vi) Calculation of accrual of interest on the balances of the fund at the rate prescribed by the Govt. from time to time.
- (vii) Preparation of cost budget and ways and means budget.
- (viii) Preparation of financial Review, Revenue accounts and Balance Sheet of the Fund as also furnishing of statistical and other information on PLI for Annual Administrative Report of the Postal Department and,
- (ix) Maintenance of the valuation cases and submission of various data to the controller of Insurance, Shimla, necessary for the morality investigation and triennial valuation of the PO, I.F. is centralised in the office of the Director, PLI, Calcutta. The work commencing from the acceptance of the proposal till their final settlement either on maturity or death is localized in the PLI Sections of the offices of the respective Heads of circles which maintain the individual premium ledger accounts of the Insurant.

The rules in regard to the work to be done centrally in the office of the D., PLI have been detailed in the PLI Manual of office procedure whereas the Postal Life Insurance Manual for circle offices, deal with the work to be done in the PLI sections of the Circle Offices.

The Internal check of the PLI transaction, other than establishment and contingent charges which are also checked centrally in the offices of the respective Director of Accounts, Postal duly supplemented by local inspection of initial records in the usual manner, are to be done from the local inspections of initial records maintained in the office of the D., PLI and the PLI Sections of the circle offices respectively in the manner and to the extent indicated in the succeeding paragraphs.

The points to be looked into during internal audit (Local) of the aforesaid organizations have been divided into two parts for the sake of facility. The Part I of the questionnaire details the items of work that are to be seen during the internal audit and Part II thereof described the checks to be exercised in relation to the work that is done in the office of the D, PLI.

## **Part – I**

### **Points to be looked into during the local internal Audit**

#### **SCRUTINY OF PROPOSALS**

2. The submission of the proposal forms by the proponent on the basis of the contract between him and fund. The various items of the proposal form should therefore, be scrutinized generally to see that the checks prescribed in Rule 10 of the Postal Life Insurance Manual for the Circle Offices have properly been exercised with particular reference to the following important points:-
  - (i) The Life is eligible with reference to Rule 2,2-A, 2-B and 2-C of the Post Office Insurance Fund Rules.
  - (ii) The proposal is in correct form and that it is accompanied by certified copy of the first page of the service book and the proposal has been accepted in the stipulated period. An attested copy of the certificate of age may be accepted in cases of officials who have no service Books as referred to in Note 1.2 below Rule 17 of the Post Office Insurance Rules.
  - (iii) The calculation of the office, age at entry and the rate of premia fixed are correct in accordance with the tables prescribed under Rule 5 of the Post Office Insurance Fund Rules.
  - (iv) The amount of the proposed Insurance is covered by Rule 3 ibid and the class and condition of the policy are covered by Rule 13 ibid.

- (v) A second medical opinion has been obtained in case of delay in the acceptance of the proposal as required by Note 1 below Rule 22 of the Post Office Insurance Fund Rules.
- (vi) The first premium has been paid at the correct rate within the stipulated period. In case of delay of payment of first premium, condonation of delay is covered by Note 7 below Rule 22 *ibid*.
- (vii) In case of a policy where both condonation of delay in the payment of the first premium as also the antedating of the policy is involved the matter has been referred to the Postal Directorate for considering the issue of sanction of the President with the concurrence of the Postal Finance in terms of Note 7 below Rule 22 of the P.O.I. Fund Rules.
- (viii) That the proponent has been examined by a Medical Officer of appropriate status as mentioned in Rule 19 *ibid* in all cases and that no proposal has been accepted with loaded premium where such a course has been recommended by the Medical Officer *vide* Rule 9 of the PLI Manual for circle offices.
- (ix) The total sum for which an insurance is proposed plus the sum already assured, if any, is within the limits prescribed in Rule 3 of the POI Fund Rule and is in multiples of Rs. 100/-.

The above checks should be exercised to the extent of 10% in respect of policies of Rs. 5,000/- and above and 2% in the case of policies below Rs. 5,000/-.

In the event of any mistake being detected in the rate of premium, date of maturity etc., the case should be pursued till the policy documents already issued stands corrected.

### **REGISTER OF PROPOSALS (L.I. – 43)**

3. The particulars of every proposal, on receipt, are required to be recorded in this register vide Rule 8 of PLI Manual for circle office. The Register should be reviewed to see that all the columns (including Col. 14 viz. the number of the policy is noted on receipt of an intimation for the issue of policy by the D, PLI vide Rule 17 ibid) are duly filled in, the cases where note of payment of first premium is wanting, i.e. cases of default of payment of first premium should be traced in the Register of Medical fees imposed in Form L.I. 54. It may also be seen whether, the fortnightly and monthly review prescribed in Rule 19© ibid have been carried out by the appropriate authorities.

### **REGISTER OF PROPOSALS REJECTED**

4. It should be seen that the name of the proponent whose proposal has been rejected stands entered in the alphabetical Index Register of proposals rejected and that serial number of the Register of proposals received has been shown against the relevant entry vide Rule 11(b) of the PLI Manual for Circle Offices. This check should be done with reference to the Register of proposals.

### **CHECK OF CREDIT OF FIRST PREMIUM**

5. 3% of the entries in the Register of proposals should be reviewed to see that the payment of the first premium has appeared in the respective certified list in form L.I. 50 or L.I. 51 or in the schedules of Accounts Officers concerned. The dates noted in the Register should be checked with corresponding entries in the relevant lists of schedules.



## ASSIGNMENT AND NOMINATIONS

6. The Rules relating to Assignments and nominations have been detailed in Chapter III of the Postal Life Insurance Manual of circle offices. A register of assignments and nominations in Appendix 'A' and 'B' respectively of the said Manual is required to be maintained in the PLI Section of the circle offices. During the internal check of this organization the Register should be reviewed to see:-

- (i) that the register has been maintained in the prescribed form.
- (ii) that all the columns of the register have been properly filled in, the column 'Date of Receipt' of notice of assignment, should particularly be checked as an assignment.
- (iii) will not be legally operative unless due notice of the assignment has been delivered to the Postmaster General and as,
- (iv) the priority of claims under a policy is governed by the dates on which the notices of the assignment has been received (Rule 21 (iv) *ibid* refers).

Some of the entries in the Register should also be test checked to see that proper noting relating to assignments/nominations/or any subsequent changes thereto have been properly noted in the relevant premium ledger card. It should further be seen that these particulars also include a specific note in cases where the assignees have to pay further premium on the policy and that all these entries are attested by the AAO as required by Rule 31 (7) *ibid*.

## **CHECK OF POSITINGS IN PREMIUM LEDGER**

7. On receipt of an intimation from the circle office in Form L.I.44 regarding acceptance of the proposal and realization of the 1<sup>st</sup> premium in case (except Defence Services personnel) under certain conditions as specified in the Appendix to the P.O.I.F. (Rules) the D., P.L.I. Office, Calcutta simultaneously with the issue of policy documents prepares also a premium ledger account for onward transmission to the PLI Section of the concerned circle office duly authenticated by the D/AD PLI of that office. This authenticated Ledger Card forms the basis of posting the 1<sup>st</sup> premium already realized in cash and subsequent credits that may appear through schedules both for cash credits and recovery from the monthly pay bills receivable from the office of the D, PLI each month.

A test check of postings made in the premium ledger cards should be exercised to see that the premia recovered have been correctly posted in those cards. For this purpose, one month's schedule/certified lists should be selected. Where, as is usually the case, the premia are recovered by deduction from the monthly Pay Bill, the schedule are usually printed (the names of the insured and the rates of premium are also printed therein). Where, however, cash payment is made into a Post Office, manuscript schedules (of recovery) are prepared by the Post Office. The printed schedules (which are received from other Accounts Officers) indicate suitably:-

- (i) if no recovery has been made or,
- (ii) if recovery has been made at a rate different from that printed in the schedule. Therefore, in the case of printed schedules it should be seen that (i) in those instances where recovery has not appeared, no posting has been made in the premium ledger card, and such items have been posted in the Register of non-credits(except where non-recovery is attributable to transfer of insurance to another unit, and (ii) where the

rate of recovery shown in the printed schedules is different from the printed rate (including cases of double recovery) the amount shown in the printed schedules is different from the printed rate (including cases of double recovery) the amount shown in the schedule has been correctly posted in the ledger card. It would not be necessary to trace in the premium ledger cards the other credits shown in the printed schedules of the selected month. In the case of cash recovery schedules, credits appearing in the selected month's schedules of 10% of the Head Post Offices (including sub-offices under it) should be traced in the ledger card to see that the recoveries have been correctly posted and that the unposted recoveries bear a red cross mark in the schedule (vide Rule 36 of the Postal Life Insurance Manual for Circle Offices).

Such of those recoveries in the schedule/certified lists(both printed and in manuscript) which could not be posted in the correct ledger account will also similarly bear a red cross mark against them in terms of Rule 36 *ibid*. It should be seen that all the recoveries so marked in the selected months schedule/certified list have been correctly posted in the Register of unadjusted items.

### **REVIEW OF LEDGER CARDS**

8. 2% of the Ledger Cards should be test checked to see that:-
  - (i) the recoveries have been made at the correct rate and in due time.
  - (ii) the party has been duly notified annually about all non-credits, double credits, excess-credits, short credits, late credits and credits traced after premium has ceased.

- (iii) The above irregularities have been entered in the non-credit register or other irregularity register as the case may be and that proper action is being taken for their settlement.
- (iv) All cases of lapses or forfeiture under Rule 39 and 40 of the Post Office Insurance Fund Rules have been promptly brought to the notice of the insurant and that action has been taken for revival under Rule 39 or Rule 41 *ibid* as the case may be, and that, in cases of revival, the sanction is in order.
- (v) Short credit, if any, should be noted in the other Irregularity Register under intimation to the Insurance /Disbursing Officer. At the end of the contract period the entire short credits with 8% interest thereon is charged.
- (vi) The notice of discontinuance of premium has been issued at least six months before the month up to which premium is payable, so that further premium is not paid necessitating refund and that case of excess recovery action has been taken to refund the amount recovered in excess.
- (vii) When a ledger card is newly opened or when it is recopied or when a duplicate card has been prepared to replace a lost card, they are fully authenticated by full signatures of the Gazetted Officer, and that the review results noted on the top of the ledger card have been attested by an Accountant. In respect of duplicate cards and cards prepared to replace lost cards , posting of credit of premium made thereon should be test checked with reference to the relevant schedules as the case may be.
- (viii) In cases of conversion and commutation, it should be seen that the correction of the relevant opening particulars noted on the top of the ledger card have been authenticated by full signature of the Gazetted officer and that the alteration in the rate of premium has been noted under the months concerned.

- (ix) Ledger cards in respect of active policies only appear in the binders. Any ledger card in respect of a policy that has matured or has been paid up should be got transferred to the binders of matured and paid up cards respectively.
- (x) In case of discontinuance of payment of premium:-
- (a) Medical fee for medical examination of the proposer has been noticed for recovery through the medical fee Register, if the policy is of less than a year's standing and that in case of recovery a note thereof has been recorded in the ledger card and a note of cancellation of the policy has been made in the policy register in Form L.I. 77 or an intimation for cancellation of the policy in the Policy Register has duly been issued to the Deputy Director, PLI, Calcutta, as the case may be.
- (b) No amount is paid to or recovered from the insurant in respect of policies of not less than one year's standing but of less than three year's standing.
- (c) A reduced paid up policy or contract if permissible or surrender value has been offered only if the policy is of not less than three year's standing.

## **9. ACTIVE POLICY REGISTER**

It should be seen that the Register of active policies are maintained as per instructions laid down in the Postal Life Insurance Manual. It should be seen that the fact of exit of policies (either by death/surrender/maturity) has been recorded in the Active Policy Register and also ensured that the last bunch of K.L.C.'s (Ledger Cards) are incorporated in the Active Policy Register and those are being periodically reviewed by the A.A.O./and G.O. in-charge of PLI Section.

**Binders of Matured and paid-up Cards, Register of paid up and Forfeited Policies:**

The binders should be examined to see that no active card is kept in the Binder. It should be seen that the fact of paid-up has been noted on the paid-up cards and the cases entered in the Register of paid-up policies. It should also be seen that each entry has been attested by the Asstt. Accounts officer.

Review of the Register of the paid-up and forfeited policies consists in test checking a few entries of the Registers with the corresponding ledger cards placed on the binders.

### **COMPARISON OF A PERCENTAGE OF OLD CARDS WITH RECOPIED CARDS.**

10. It involves pairing and comparison of the new cards with the old ones. During this comparison it should be seen that the results of review of old cards as also the opening particulars therein noted in the top have been correctly brought on the new cards. It should also be seen that the opening particulars on the recopied cards have been duly authenticated by the full signature of the Gazetted Officer and review results brought forward into the recopied cards have been attested by the Asstt. Accounts Officer.

### **REGISTER OF MEDICAL FEES IMPOSED**

11. It should be seen that the items are properly pursued until they are settled either by recovery or they have been waived. It should also be seen that in the former case a note of intimation of recovery exists in the Register and in the latter case order of the competent authority has been obtained. (Review of the Register of proposal (paragraph-3) may be referred to in this connection. It should further be seen that the monthly review of the Register by Gazetted Officer has been carried out.

## **REGISTER OF UNADJUSTED ITEMS**

12. Each circle will have as many registers as there are units under it. The registers should be reviewed to see if the outstandings are on the increase and the items are being expeditiously settled by transfer of the items to the proper ledger cards. A few items of each register against which note of settlement has been given should be verified with reference to entries in the ledger cards, care being taken to see that the unadjusted items have been posted in the right card. For the latter purpose, the case file and the schedule etc. should be consulted, if necessary. It should be seen that Register is submitted on the due date to the G.O. and that the outstanding items are being properly and promptly pursued for settlement. The Asstt. Accounts Officer is personally responsible for examining the registers.

## **NON CREDIT REGISTER**

13. It should be seen that a non-credit Register is being maintained in terms of Rule 38 of the Postal Life Insurance Manual for circle offices and that the unsettled items are being properly pursued. It should be seen that where an item has been settled, reference has been given to the original document from which the credit has been traced as required under the instructions. A few of the settled items should be test checked into the ledger cards and into the original documents referred to above.

Note: When a non-credit item is settled through an unadjusted item being adjusted, the name and the amount should be checked from the list of U.A. items and the non credit card to ensure that the settlement has been correctly done.

### **REGISTER OF OTHER IRREGULARITIES**

14. The Register of other irregularities should be reviewed to see that the same is being maintained in the prescribed form by each of the posting clerks in accordance with the instructions contained in Rule -44 of PLI Manual for circle offices and that the unsettled items are being properly pursued. During review it should be seen that the action to be taken has been correctly indicated in the relevant column. A few of the irregularities should be test checked into the ledger cards.

### **REGISTER OF LUMP CREDITS**

15. It should be seen that separate Registers for the settlement of lump credits are maintained for each portion in accordance with the instructions laid down in Rule 33 of the PLI Manual for circle offices. It should further be seen by Test Check that where details have been received the credits have been duly pasted in the ledger cards concerned.

### **DISCONTINUANCE NOTICE REGISTER**

16. The register should be reviewed to see that the same is being maintained in the prescribed form by each of the posting clerks for his portion in terms of Rule-45 of Postal Manual of Circle Offices. It should be particularly seen that the cases where premia are deducted from pay or pension, copies of the notice have been issued to the Accounts Officer and the Disbursing Officers and that in cases where the premia are recovered in cash, month of the last installment has been intimated to the Postmaster concerned. Some of the notices issued be test checked with the ledger cards to see that the date of maturity has been correctly shown in the Register and that in case of unsettled irregularities suitable note has been made in the notice as required under Rule 45 *ibid*.



## **REGISTER OF CONVERSION AND COMMUTATIONS**

17. It should be seen that the Register is maintained according to the Instructions laid down in Rule 49 of P.L.I. manual for Circle Offices and that where an intimation of the issue of the converted policy is not received in the Circle Office from the office of the D. P.L.I. within a month the fact has been brought to the notice of the latter office.

### **18. CHECK OF CONVERSION AND COMMUTATION CASES**

5% of the cases entered in the conversion on Register will be checked to see that:-

- (i) The calculations have been correctly made in accordance with the method and tables prescribed by Govt. From time to time.
- (ii) The maturity of a policy has been altered only after premium has been paid for an integral number of years.
- (iii) When the maturity is postponed beyond the original age or when the conversion entails greater risk on the fund, conversion has been allowed on production at the cost of the assured, of a Medical Certificate from an approved Medical Officer as to the average prospect of his life.
- (iv) No such conversion as would put the date of maturity or of cessation of premium to a date preceding or within one year from the date of conversion has been allowed.
- (v) For all kinds of conversion including reduction a letter of consent has been obtained from the assignee concerned, where policies stand assigned.
- (vi) In case of conversion, commutation etc involving change in the rate of premium or in its terms, it should be seen that the alteration has been noted in the ledger card in red ink below the original entry with a note as to the month from which

the alteration takes effect, that a similar note has been made under the month concerned as well as and that the alteration of the original entry has been attested by the G.O.

- (vii) Where a reduced paid-up policy has been issued, the reduced paid-up value has been worked out in accordance with the formulae laid down in this regard.

## **REGISTER OF LOAN APPLICATION, RECEIVED AND INDEX**

### **REGISTER FOR INTIMATION OF INTEREST**

19. It should be seen that the registers have been duly maintained as per instructions contained in Rule 56 and 60(iii) respectively of the PLI Manual for Circle Offices.

### **LOAN CERTIFICATES**

20. 2% of the entries in the Register of Loan Certificate received should be test checked to see that the amount of the loan admissible has been calculated strictly in accordance with the provision or Rule -42 of the Post Office Insurance Fund Rules.

### **SANCTIONS FOR LOAN**

21. The prescribed quantum of check is 2% and should be exercised with reference to the cases for which loan certificates have already been checked as in preceding paragraph. The sanctions should be test checked to see that the amount of sanction does not exceed the maximum amount shown in the loan History Sheet. It should also be seen that where a loan has been sanctioned on the security of a copy policy, an indemnity bond of a value equivalent to the amount sanctioned has been required to be produced before payment.

## **REVIEW OF LOAN LEDGER CARDS**

22. In case of Loan Ledger Cards review is confined to only 2% of the loan cards and the review will consist in seeing that:-

- (i) Amount of loan sanctioned has been correctly noted in the cards, the correctness being verified from the Register of loan applications (PLI-110) prescribed in para 56 of PLI Manual for circle offices. The outstanding amounts carried forward from one card/Ledger to another should also be verified.
- (ii) A second or subsequent loan has not been granted until one year after the repayment of the previous loan except under exceptional circumstances as laid down in Rule 42 of the Post Office Insurance Fund Rules & Notes there under.
- (iii) The amount of interest for each half year has been correctly calculated and duly realized. It may also be seen that in case where the credit on loan has not been realized on the due date, whether the same is added to the outstanding amount of loan and usual interest charges thereon.
- (iv) Special action as indicated in para 61 of the PLI Manual of Circle Offices has been taken by the Postmaster General for issue of notice and surrender of policies when the interest on loan has not been paid for two half years and three half years respectively. If defaults resulting in loss to fund are noticed the matter should be brought to the notice of Directorate.
- (v) In respect of the cards reviewed the postings for one month will have to be traced in the Load Recovery schedules.
- (vi) The number of loan ledger card has been noted in the Index Register for intimation of interest and also in the History Sheet.

- (vii) The amount of loan paid and the fact of repayment of loans has been noted in the loan ledger card and attested by a Junior Accounts Officer.

### **REGISTER OF SAFE CUSTODY**

23. On receipt of an intimation for the payment of loan along with the loan bond and the policy from the Postmasters the particulars of the loan bond and the policy should be entered in the Register. The entries should be signed by the Asstt Accounts Officer in token of having kept the documents in his custody vide 58(iv) of the PLI Manual for Circle Offices. During internal check, it should be seen that the Register is maintained properly and that the same is reviewed by the Asstt. Director, PLI every quarter to see that a policy is held in custody for every current loan account and that policies are released and returned in respect of the loans which have been cleared.

### **VOUCHERS FOR LOAN PAYMENTS**

24. 2% of the entries in the schedule of loan payment should be test checked in the Circle Office. It should be seen that the loan bond has been recorded in the Circle Offices. The vouchers should be checked against sanctions and the loan certificates. It should also be seen that the loan ledger cards have been opened with correct details. Other normal rules relating to check of vouchers will apply.

### **VALUATION CALCULATION ON SURRENDER AND MATURITY OF POLICIES**

25. Check of valuation calculations will be test checked to the extent of 10% in respect of policies for Rs. 5000/- or more and 2% in other cases.

The number to be so test checked should be determined with reference to see the entries in the claims register in Form LI-

26. It should be seen that the Register is maintained properly accordingly to Rule

64 of the Postal Life Insurance Manual.

27. In case of surrender, it should be seen that surrender value has been calculated as due on the date of application in respect of active policies and in the case of forfeited policies, the surrender value has been calculated as due on the date of Forfeiture.

28. As regards paid up policies, it should be seen that calculations have been made:-

(a) when the policy (issued prior to 21.2.1951, the date on which new Rule 40 of P.O. I Fund was introduced) is automatically paid up under old Rule 40 of the Post Office Insurance Fund Rules, separately on the two basis, viz.

(1) on the basis of forfeiture on expiry of 12 months and

(2) on the basis of automatic paid up value on the date of application under old Rule 40 of the Post Office Insurance Fund Rules and that the greater of the two amounts thus arrived at has been sanctioned to the claimants. In the case of policies issued after 21.02.1951, the surrender value has been calculated on the basis of automatic paid up value on the date of application and the amount arrived at has been paid to the claimant.

(b) when the premia have been fully paid up separately on two basis, viz.

(i) the actual surrender value as it stands on the date of surrender and,

- (ii) the surrender value that would have been payable had the policy been surrendered one month before the payment of the last installment of premium and that the greater of the two amounts has been sanctioned to the claimant.
29. The claims for surrender becomes effective on the last day of the month in which the application for surrender is received in the Circle Office. As such if an insurant whose policy has been surrendered dies before the end of the month in which the application is received in the Circle Office, full value of the policy is payable to his assignee or heir. It should be carefully seen that full value is not authorized by the Postmaster General in other cases unless the application for surrender was withdrawn before the death of the insurant. It should also be seen that a notice of discontinuance of recovery of premia has been issued to the Disbursing and Accounts Officer of the insurant.
30. General checks to be exercised both in case of death or maturity and surrender consist of the following:-
- (a) Ledger cards should be checked to see if any, premium is due or if there is any other kind of irregularity affecting the policy account. For this purpose premium ledger cards for 6 years preceding the year of original of the claim generally and in doubtful cases still older ledger cards should be consulted when the original ledger card is missing and duplicate card has been prepared, the non-traceability of the original card and genuineness of the opening particulars on the duplicate card have been authenticated by the Gazetted Officer. In cases of maturity and surrender it should be seen that the fact has been noted in red ink on the ledger card over the signature of the Gazetted Officer.

If there is any lapse under Rule 39 of the Post Office Insurance Fund Rules or forfeiture under Rule 40 ibid it should be seen that the claim has not been admitted without prior revival.

- (b) The calculations made in the Form L.I. 89 (maturity or death) and L/I 80 (surrender) are correct.
- (c) If the records shown that policy has been assigned to any person the fact has been noted in the Form L.I. 80 or L.I. 89 as the case may be.
- (d) The bonus additions have been correctly taken into account.
- (e) In cases of claims preferred from outside India, instructions have been issued for payment being made through a Post Office in India.
- (f) In case of death a premium has been recovered for the month of death, if due, unless death occurred on the first day of the month.
- (g) Short recoveries or excess credit of premia on account of elimination of 5 Paisa amounting to less than a rupee while ordinarily neglected has been adjusted when there is any amount due to the party owing to the premia having been recovered in excess beyond the stipulated period or due from the party owing to the premia not having been recovered in excess beyond the stipulated period or due from the party owing to the premia not having been recovered up to the stipulated period.
- (h) When non-credits are established the same are noted in the certificates for recovery with fine or interest, as the case may be provided the policy has not come within the purview of Rule 39 or 40 of the Post Office Insurance Fund Rules.
- (i) In case where Disbursing officer's certificate regarding recovery of premium has not been furnished and the certified lists of the

schedules have not been received by the time the certificates are drawn up, it should be seen that the premia noted for recovery in the certificates with fine or interest, as the case may be, have been entered in the Refund due Register for watching the refund, if due.

- (j) If under Rule 67(b) of the PLI Manual of Circle Offices the settlement of a claim has been made on the certificate of the Drawing or Disbursing Officer or on collateral evidence regarding recovery of premium even though credit therefore has not been received in the latest accounts received in the Circle Offices such untraced credits have been duly entered in the Special Register.
- (k) If any premium due on a policy of Indian Liability is found to have been paid in Pakistan up to 31.3.1948 and the credits have been confirmed by the Director, PLI, Karachi it should be seen that details of such credits have been entered in the prescribed registers as laid in Rule 67(i) of the PLI Manual for circle offices.
- (l) Where payment is to be made to a nominee, it should be seen that instructions contained in Rule 9(4) (h) of the Post Office Insurance Fund Rules have been observed.
- (m) It should be seen that the outstanding loan with interest has been noted for recovery.

### **TEST CHECK OF BONUS CALCULATIONS**

- 31. On receipt of a Report of the Controller of Insurance regarding valuation of the fund, orders of the President sanctioning the rate of bonus and interim bonus, if any, for each branch of the fund are issued by the Government of India. Soon after the



receipt of the above orders the bonus due is calculated. Calculations should be test checked to the extent of 2% during each internal check inspection.

**SANCTIONS ISSUED ON MATURITY OR SURRENDER OF  
POLICIES**

32. The prescribed quantum of check is 10% for policies for Rs. 5,000/- and over and 2% for the rest. This check should be confined to the cases for which calculations have already been checked (vide Item 26 ante).
33. Sanctions should be checked with reference to valuation certificates(forms L.I. 80 and 89) and also against the paid vouchers. It should be seen specially that they agree in respect of the amount payable and the party to whom the amount is to be paid.
34. The following points should be seen while checking the sanctions:-
  - (a) In cases where the payee is neither the insurant for the assignee and the value payable exceeds Rs. 5000/- or in case where the claim is contested, it should be seen that the sanction for payment has been issued on the strength of a probate of a will, a letter of administration or a succession certificate.
  - (b) An indemnity bond is required when the policy has not been produced or a copy of policy produced by the claimant. The bond is required also in cases where the amount payable to the heirs of a deceased insurant or a deceased assignee exceeds Rs. 3000/- but does not exceed Rs. 5000/- and the claim is uncontested. When the value does not exceed Rs. 3000/- but a dispute amongst the heirs of the insurant or deceased assignee is

anticipated, an indemnity bond with two approved sureties has to be taken. It should be seen that the indemnity bond has been received before issue of the sanction in all such cases.

- (c) When a policy stands assigned, it should be seen that sanction has been issued on the terms and basis of assignments.

Note:- 1. In cases of payment of the value of policy to the heir of the deceased assignee, when the assignment is absolute, the amount involved is small and there is no appreciable risk, involved, the DGP&T can grant exemption to the payee from production of legal evidence of heirship.

Note:-2. In case of payment of policy money to a Hindu mother on behalf of her minor sons production of a guardianship certificate from a court of Law is necessary. All cases of payment in which it is proposed to grant exemption from the production of guardianship certificate may be referred to the DGP&T, New Delhi, irrespective of whether the claim is preferred on behalf of a minor assignee or whether a minor is involved as a co-sharer and the value of the policy.

- (d) It should be seen that in case of death the requisite death certificate is on record.

35. In cases in which outstanding loan with interest is recoverable the sanction should specifically require the production of the payee's receipt for the gross amount. It should specifically indicate that the loan recovery should be accounted for in the schedule of recoveries on account of loan.

## **CHECK OF SCHEDULE OF POSTAL LIFE INSURANCE**

### **PAYMENTS OTHER THAN LOAN**

36. 2% the entries in the schedule of Postal Life Insurance payment should be test checked In the Circle Office. The voucher should be checked against the Postmasters copy of the sanction and the valuation certificates. During check, the vouchers should be scrutinized to see that they are complete in all respects. They should be checked according to all the normal rules relating to check of vouchers.

Note:- The vouchers and schedules for the selected months should be requisitioned from the Director(PLI) Calcutta vide para 33(ix) of the PLI Manual of office procedure for the Director, PLI office, Calcutta.

### **REFUND DUE AND SPECIAL REGISTER**

37. It should be seen that the registers are maintained properly as per instructions and that the outstanding items are being regularly and promptly pursued for settlement. During the check of Refund Due Register and the Special Register of the cases settled by actual refunds or receipts of credits as the case may be should be test checked into Refund Register where particulars for refunds made are entered or into the premium ledger cards.

### **REFUND OF EXCESS PREMIA**

38. Sanction for refund should be test checked along with the vouchers with reference to the entries in the Refund Register, relevant ledger cases or policy cases. It should be seen that the quittance is in order and the refund advice issued to the postmaster has been attached with the payee's receipt obtained on the reverse of the Refund Order. It should also be seen that the date of payment has been noted in Refund Register.

The prescribed check is 2% and should be carried out with reference to the schedule of Postal Life Insurance payments other than loans) received from Post Office.

**SANCTION AND VOUCHERS FOR PAYMENT OF MEDICAL FEES**

39. The number of sanctions and vouchers to be checked (2%) should be determined from the schedule of Postal Life Insurance Payments (other than loan) received from the Post Offices. The sanctions should be checked with reference to the entries in the register of proposals. The number in the register of proposal is invariably quoted in the sanction. In examining the sanction it should be seen that the proper medical authority has examined the proposal and that the rate of medical fees allowed is admissible under Note 1 below Rule 21 of the Post Office Insurance Fund Rules. The Vouchers should be checked in accordance with the normal rules prescribed for the checking of vouchers.

**PART-II**

**POINTS TO BE LOOKED INTO DURING THE INTERNAL AUDIT INSPECTION OF THE DIRECTOR. PLI CALCUTTA**

**ISSUE OF POLICIES**

It should be test checked that:-

- (i) The calculation in regard to the rate of premium, date of maturity etc. as furnished in the intimations of the Circle Offices in Form L.I. 44 for issue of new policies and L.I. 84 for converted and commuted policies have been properly checked by the office of the DD, PLI in terms of Rule 5 & 12 respectively of the Manual of Office Procedure before the policies are actually taken up for issue.

- (ii) The particulars of the policy as noted in the policy Register are in accordance with the accepted proposals as indicated in L.I. 44 (Intimation for issue of policy) sent to Director PLI Calcutta by the Circle Office under Rule 15 of PLI Manual for Circle Offices. In case of policies issued after conversion and commutation the particulars in the policy Register should be checked with the intimation from L.I. 84 sent to the Director PLI by the Circle Offices, under Rule 51(B) of PLI Manual for Circle Offices.

The above check should be exercised to the extent of 10% in respect of policies of Rs. 5000/-and above and 2% in the case of policies below Rs. 5000/-. The above percentage may be determined from the policy registers and the conversion registers as the case may be.

### **REGISTER FOR WATCHING RECEIPTS AND DESPATCH OF SCHEDULES**

1. It should be seen that registers for watching the receipts and dispatch of PLI schedules are maintained separately for Postal Defence Railways and Civil Employees other than Central Govt. Ministry and Pay and Accounts Officers of the Central Govt. Ministries established consequent upon the departmentalization of accounts in these Ministries and that the various columns of the Register viz. Dates of receipts, dispatch, plate shifting and total checking are properly filled in.
2. That the remarks column bears the necessary entries as stipulated in item (iv) of Para 3 of the DG P&T letter No. 26/18/76-LI dated the 28.2.1977 in respect of the units from which cheques/Bank Drafts are received in support of the schedules.

### **REGISTER OF CHEQUES/BANK DRAFTS**

3.

(i) The register which is required to be maintained in Form ACG 28 should be reviewed to see that the particulars of the cheques/Bank Drafts have all been noted therein on the same day. This check should be exercised with reference to the Register for the receipt and dispatch of schedules.

(ii) That all the relevant columns of the Register of Cheques (in Form ACG 28) have been properly filled in

(iii) That a copy of receipted challan exists in the guard file in support of each entry in the Register of cheques and that the amount of the receipted challan tallies with that of the amount shown against the corresponding entry in the Register of cheques.

(iv) That a reconciliation of the booked figure, on its receipt from the Director of Accounts (Postal) , Calcutta made with that the figures of the schedule.

### **TEST CHECK OF BONUS CALCULATIONS**

4. On receipt of a report of the Controller of Insurance at the end of a triennial regarding valuation of the fund, orders of the President sanctioning in the rate of bonus and interim bonus, if any, for each branch of the fund are issued by the Govt. of India, soon after the receipt of the above orders the bonus so calculated by the circle office should be test checked to the extract of 2% of these calculations .

### **RECONCILIATION**

5. (a) For the purpose of check of reconciliation of accounts which is effected in the office of the D, PLI the following points should be seen.

- (i) The total of certified lists is agreed with the figures shown in the corresponding settlement accounts intimated by the Director/Dy. Director of Accounts(Postal).
- (ii) The total schedules and the certified lists have been correctly entered in the relevant Broad Sheet.
- (iii) The grand total of the Broad Sheet is correct.
- (iv) The booked figures as intimated by the DG P&T, have been correctly shown.
- (v) The difference, if any, between the departmental figures and booked figures is suitably explained and proper action is taken for early settlement of the difference.

(b) **Payments:-**

The total payment shown in the Broad Sheet under maturity and surrender separately agree with the corresponding figures in the payment registers. Arithmetical accuracy of the Board Sheet and payment Register should be checked.

Amounts of medical fees paid and refund shown in the Broad sheet agree with the figures shown in the schedules of payment received from the Accounts Offices that the amount of loan paid agrees with the classified figures furnished by the Postmaster General that the amount of loan paid (Military Wing) agrees with the classified figures furnished by the APS, Delhi and that the amount of loan paid for the units for which premium ledger cards are maintained by the DD, PLI agrees with the classified figures worked out by them.

Further checks should be exercised as at (iii), (iv) and (v) of Clause (a) above.

The above detailed checks are confined to one month's accounts only in review to see that suitable action is being taken for early

settlement of the differences arrived at between the Department and Booked figures.

### **CHECK OF INTEREST CHARGES**

6. Consequent upon the abolition of different rates of interest since 01.04.1966 a uniform rate of interest as declared by the Govt. from time to time (generally 0.5% less than the G.P.F. rate of interest) is applied on the balance of credit of the Post Office Insurance Fund. The special register in which the calculations of interest are made, should be checked to see that the monthly receipts and payments shown therein agree with the Broad Sheet figures. It should also be seen that the net balance has been correctly struck and that any discrepancy between the closing balance of the previous year and the opening balance of the year in question which should not normally arise has been satisfactorily explained . The arithmetical calculations should be test checked. It should also be seen that interest has been credited to the fund correctly at the close of the year.

The check will be confined to one month's accounts only in course of the Internal Check Inspection. The accounts of the remaining months should be generally viewed to see that the interest has been calculated on correct lines.

### **CHECK OF REVENUE ACCOUNTS, BALANCE SHEET AND FINANCIAL REVIEW**

7. The various statements accompanying the Finance Review, the Revenue Account and the Balance Sheet should be checked with reference to the verified figures available in the officer of the D, PLI.

The Supervising Officer of the Inspection Party is personally responsible for seeing that these statements and accounts have correctly been prepared.



## **CHECK OF ANNUAL ADJUSTMENTS**

8. Annual adjustments which are proposed by the office of the D, PLI are due on account of the following:-

- (1) Interest      (2) Extra premium      (3) Cost of Audit & Accounts and the Executive.

Note:- Immediately before proceeding on Inspection Duty, the Inspection Party should obtain from the Book Section information regarding the amounts of expenditure booked under the different heads under Head 355-CI(6) be checked against the figures so obtained by the Inspection Party and any discrepancy closely investigated.

### **EXTRA PREMIUM**

9. In order to save the PLI Fund from the extra strain for admitting the Defence Services Personnel to the Fund in 1949 extra premium was agreed to be paid by the Defence Ministry from the Defence Estimates on all Defence Policies at mutually agreed rates and the amounts were credited to and accounted for as a separate Fund known as 'The Extra Premium Fund'. The payment of Extra Premium on individual policies as a regular measure having been stopped from 01.04.1965, the balance at the credit of the Fund is being as an 'Advance on Account' and will be drawn upon the future to the extent required and as decided by the actuary from time to time after assessing "Duty Deaths". The amount so assessed by the actuary will then be transferred from the Extra Premium Fund to the Insurance Fund. During Internal Check it should be seen that no debit to the Fund is allowed unless supported by an authority from the actuary and that the amount of interest on the latest balance has been worked out correctly and necessary adjustment for the same has been made.

## **COST OF THE EXECUTIVE AND AUDIT**

10. Cost of audit and accounts will be intimated to the Deputy Director, Postal Life Insurance by the respective Branch Audit and Circle Accounts Offices during inspection it should be seen that the figures thus intimated have been taken into account for calculating the debit to the fund. As regards cost of the executive it should be seen b the Internal Check parties that the calculations have been made in accordance with the existing rules and orders and that they are arithmetically correct. In respect of the cost of Circle Office it should be seen that the figures intimated by the Circles have been taken into account by the Director, PLI.

It should also be seen that the cost of establishment specifically created in the Directorate under the Director, PLI for dealing with Postal Life Insurance matters is also taken into account in the cost calculation.

Note:- In respect of policies for which the ledger accounts are maintained in the office of the Director (PLI) Calcutta all checks as prescribed in Part I to be exercised during internal check of PLI transactions in Circle Offices, should be exercised.

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## CHAPTER VI

### CIRCLE STAMP DEPOT

1. The Inspection of the accounts of the Circle Stamps Depot should be carried out by the Inspecting Officer and his staff intelligently. The last inspection reports by the Audit Officer, Internal Audit Inspecting Officer, as well as the Executive Inspecting Officer should be reviewed personally by the Inspecting officer to see that irregularities in accounts pointed out therein have since been settled. The failure to rectify to all or any of them should be specially commented upon.
  
2. While checking the accounts records of Circle Stamp depot, the general instructions contained in the Inspection Questionnaire for the Post Offices and RMS relating to cash arrangements, maintenance of Cash Books, test check of the accounts of selected months, acquaintance Rolls, pay and Special Pay drawal, Part II exit, Part Time Employees Register of undisbursed amounts contingent charges/bills, TA bills, OTA Bills RR Register, Service Books, Re-imburement of tuition fees, buildings, contracts, log books and PLI Accounts, annual statement of loss of Govt. property, GPF, security bonds etc. should invariably be followed wherever applicable.
  
3. The following checks relating to the receipt, custody and supply of stamps should be exercised with a view to seeing that:-
  - i. The stamps depots keep a stock of only
    - a. Postage Stamps
    - b. Postal Stationery

- c. Service Stamps
  - d. Indian Postal orders
  - e. Any other type of stamps the value of which is creditable to the Postal Revenues as may be decided upon by the Postal Department and that no other types of stamps are stocked, there.
- ii. That the Stamps Depots keep in stock only that much quantity of stamps which is sufficient to meet the quarterly requirements of the units functioning in their jurisdiction and that the quarterly requirement of stamps has been worked out by the Postal Stamp Depot in consultation with the Head Post Offices and other units served by it. It should be seen that the amounts in Form 'A' are placed by the Stamp Depot through the CSI system for its quarterly requirements two months in advance of each quarter and that it is ensured that the supply is made to the Stamp Depot sufficiently in advance.
- iii. The supply received from the Central Store Depot, Nasik accepted by the Officer In charge of the Depot and taken to stock are as per the invoices sent by the Central Stamp Depot, Nasik and receipt acknowledged. Discrepancies noticed in the quantity of supplies are reported to the Central Stores Nasik within 15 days. Similarly the stamps found unfit for issue due to faulty manufacture or otherwise are returned to the Controller of Stamps, Nasik within 15 days of their receipt. It should also be seen that the inside wrappers of the packets of the stamps which bear the initials of the officer of the Central Stamp Depot, Nasik before their dispatch are preserved till the packets are examined and found correct, or the discrepancies, if any are supplied.

- iv. Separate stock register in Form 'B' through the CSI system has been maintained for each type of stamps and postal stationery and the entries therein are attested daily by the officer in charge.
- v. The Reserve Stock has been kept under double lock system and that the balance of the working stock, which is kept under single key arrangement left over, if any, after the day's supplies are dispatched has been returned under the receipt of officer in charge to be included in the double lock system.
- vi. It should also be seen that proper security arrangements have been made by the officer in charge of the Stamp Depot.
- vii. The stock in the Stamp Depot has been duly verified quarterly under the supervision of the Director, Postal Services of the Circle Office nominated by the Head of Circle.
- viii. Unserviceable/obsolete stock of stamps and stationery received from Post Offices from time to time has been exchanged for serviceable ones of the same kind. Similarly, the unwanted surplus stock sent to Postal Stamp Depot by the Post Offices has been exchanged with other denomination of stamps actually required.
- ix. Damaged and obsolete stamps that can be counted and identified are being sent by the Depot once a quarter to the Controller of Stamps, Nasik for destruction.
- x. The invoices for the supplies to the Head Post Offices are numbered in consecutive serial order for each Head Post Office. The receipt of the duplicate copy of the invoice has been duly

acknowledged by the Post Office and on receipt, it had been recorded in the Guard File.

- xi. That the Stamp Depots have obtained annual forecasts from the PO on the dates fixed by the Heads of Circles and the Inspecting Officer should verify them with reference to the actual supplies made during the previous year and that the forecast statement is duly forwarded to Controller of Stamps, Nasik and copy endorsed to Circle Offices. Register in Form 'D' – indicating the total value of stamps held is duly prepared and agreed with the balances as per Stock Register (Form 'B') under the signature of Stock Clerk/Accounts and Officer in charge.
- xii. That the invoices of stamps to be sent to the POs are checked by Accountant and signed by the officer in charge and that the acknowledged copies thereof received from the Postmaster are recorded in Guard File.
- xiii. That the supplies made to POs are entered in the Register in Form 'C' on day to day basis and the day's totals are posted in the Stock Register.
- xiv. That all the supplies made to various offices in the Circles is duly acknowledged by the receiving Office through the system and corresponding supply has been taken to the Stock of the recipient office. Any supply which is not acknowledged and shown under Transit be identified and call for investigation for it.
- xv. That the entries in the monthly statement of stamps supplied to Stamp Depot received from the Central Stamp Depot, Nasik

agrees with supplies actually received and accounted for and differences, if any, are noted in a separate register for settlement.

- xvi. There is a corresponding credit appearing in Statement received from the Circle Accounts Office in respect of the supplies made by the Postal Stamp Depot to the Post Offices concerned. The cases of wanting credits are promptly and properly pursued.
  
- xvii. Check the correctness of processing of payable/ paid amount to ISP, Nashik, and SPP, Hyderabad since the last date of inspection with reference to the CAB rates existing from the Date of Invoice and proper accounting was made in the CSI system to clear the liabilities existing in the system. Ensure that requisition, Purchase Order, Invoice Verification and Payment process are happening through the CSI – MM Module and payment accounting entry depicted correctly in the books of CSD.
  
- xviii. In Circle Stamp Depot by Internal Check Inspection Party of Circle Postal Accounts Offices:
  - i. Whether Stock Register of E-Post Cards printed and issued to Post Offices is kept properly.
  - ii. The HPOs acknowledges the receipts properly whether the expenditure on Stamps and Stationery is booked properly under the Head of E-Post.
  
- xix. Check all the invoices received from ISP, Nashik, and SPP, Hyderabad Since last date of inspection are duly accounted for in the Stock Register and review the cases where the consignments are stated to be lost during transport etc.,

- xx. Check the correctness of payment made to Security Personnel deployed in CSD through the State / Security Guards etc., are in order and found adequate.

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## **CHAPTER VII**

### **RETURNED LETTER OFFICE**

#### **CASH ESTT. AND OTHER MISC. ITEMS**

1. The detailed inspection of Cash, Establishment side and other misc. items of Returned Letter Office which is common in character should be conducted in accordance with the instructions contained in the Questionnaire for Internal Check Inspection of Post Offices.

#### **BOND OF SECRECY**

2. It should be seen that a bond of secrecy in Form RLO 17 has been signed by the Manager, Assistant Manager and each clerk on appointment and kept on record.

#### **DISTRIBUTION OF WORK**

3. It should be seen that a Memo of distribution of work has been drawn up and maintained. The Memo should also show by whom one of the two keys of almirah under double lock or of the iron safe or safes, is to be kept.

#### **SALE OF WASTE PAPERS**

4. It should be seen that the record period of preservation of which has expired are sold as waste paper by calling for tenders and the sale proceeds are credited to Govt.
5. The Register of Registered articles and articles containing valuable property maintained. May be examined to see that:-
  - (i) The Register has been maintained in the prescribed Form R.L.O. 3.

- (ii) All the Registered articles of the letter Mail, all parcels and unregistered articles found to contain saleable property have been entered in this Register.
  - (iii) All the entries made therein have been attested by the Manager and this valuable are kept in Joint Custody of the Manager and the Senior Clerk/Head Clerk.
  - (iv) The physical verification of the articles in deposit has been carried out at the intervals fixed by the Postmaster General.
  - (v) The articles noted in this register have been disposed of in the manner prescribed in the relevant rules.
  - (vi) The disposal has been marked against the entries concerned where the articles have been disposed of by R.L.O.
  - (vii) All articles containing valuable property that remained undisposed of after the close of the third month succeeding that in which these were received in RLO have been transferred to the Register of articles containing valuable property in store (Form RLO 4) and the said number of that register has been noted against the relevant entry in this Register (Form RLO 2).
6. The Register of articles containing valuable property in store maintained may be examined to see that:-
- (i) The Register has been maintained in the prescribed form RLO 4 and a fresh series of numbers is commenced on the 1<sup>st</sup> April of each year.
  - (ii) All the articles marked in the Register of Registered Articles and articles containing valuable property (Form RLO 3) having been transferred to the Register have been noted therein.
  - (iii) All the articles that remained in deposit for one year after the expiration of the month in which they were received have been

disposed of, and the disposal thereof has been marked against each entry.

- (iv) The sale proceeds of articles disposed of by public auction as credited in the Post Office may be verified with the receipts issued by the Post Office.
- 7. The Officer in charge of the Party may ensure whether a Report on irregularities on the part of Postal and RMS Officials are brought to the notice of Postmaster General and Supervising Officers of Postal and RMS units in default.
- 8. Check the correctness of the accounting of Sale proceeds of Waste Papers etc., in the books of Cash office attached to RLO.

**Note: After the re-organisation of RLO, this should be revisited.**

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## **CHAPTER - VIII**

### **COMMISSION PAID TO AUTHORISED AGENTS**

1. Check all the Agents authorisation is current as on the date of inspection.
2. It may be checked as to the correctness of payment of Commission to MPKBY and SAS authorised Agents for procurement of business in Savings Account and Savings Certificate respectively with reference to the actual investment made and the corresponding Commission credited as available in the POSB ledger of the Authorised Agent.
3. This exercise has to be done for all the Agents attached to the Unit of Inspection as well as sub-ordinate offices under it.
4. Check whether tax deducted at source is correct and accounted properly.
5. Check as to the payment of commission paid to BPMs for the procurement of business under Savings Account for the last financial year.

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## **CHAPTER IX**

### **POSTAL/REGIONAL WELFARE FUND**

#### **GENERAL**

1. It should generally be seen while conducting the Internal Check Inspection of the Central/Circle Funds that the principles and procedure laid down in paras 206 to 209 of the GFRs Vol. I as modified and as amended from time to time have been followed in regard to sanction issued for grants, donations etc. to the various bodies clubs or for other activities, or purposes from the moneys of funds that the grants have been spent for the purpose for which they were sanctioned. In addition to this the following checks should also be exercised.

#### **BANKING ARRANGEMENTS**

2. It should be seen that:-
  - (i) The Bank Account is operated upon jointly by the Chairman/President, Vice President and the Treasurer. In cases of their absence on leave tour etc. of these office bearers alternative office bearer are to be nominated by the President.
  - (ii) Receipts of grant from Central Fund should be deposited in the Bank/PO, SB as decided upon the Central or Circle Committees.
  - (iii) The amounts drawn from and paid into the Bank as per Pass Book agree with the corresponding entries in the Cash Book.
  - (iv) The balance in the bank shown in the latest monthly summary agrees with the balance in the Pass Book or the balance worked out with reference to last entry in the Pass Book.

## CASH BOOK

3. In Cash Book should be carefully scrutinized to be seen that the same is properly written up and maintained in accordance with the instructions contained in the accounting procedure of the Fund. It should be specially examined.
  - (i) That the entries in the Cash Book agree with those in the counterfoils of receipts vouchers etc. for the year under examination and are confined to receipts and payments of the Fund only.
  - (ii) That private cash or amount of the members of the Committee are not accounted for through Cash Book mixed with the regular cash balance.
  - (iii) That the entries in the Cash Book are made in a clear and distinct manner at the time of receipt and payment and exactly as the transactions occur.
  - (iv) That the Cash Book is closed and balanced at the end of each month and the monthly analysis have dully been submitted to the Central Fund after confirmation by the Circle Committee.
  - (v) That the various contributions, donations, voluntary subscriptions and other amounts received through the circle/concerned received by the Central Fund agree with the receipts issued and are deposited in the Bank (in Central Fund only).
  - (vi) That the grants made from the Central Fund to the various Circle Funds as shown in the copy of accounts of the Circle Funds concerns agree with the corresponding amount charged in the Cash Book of the Central Fund (for Central Fund only).
  - (vii) That there is no tendency to keep on unduly large cash balance in hand.

- (viii) That unspent funds at the end of the previous year have been carried over to the current year. Annual statement and half yearly return of circle Funds.
- (ix) It should be seen by a test check that the annual statement of the receipts, payments and balances as on 31<sup>st</sup> March each year and half yearly returning as on 30/9 and 31/3 indicating the amounts raised through voluntary contributions, donations and funds raised through cultural meets etc., have been correctly prepared.

### **VOUCHERS AND SANCTIONS**

- 4. All payments from the fund should be carefully scrutinized to see that the same confirm to the object of the head and the conditions, if any mentioned in the relevant sanctions. It should specially be seen.
  - (i) That every payment is supposed by a voucher setting forth in detail the purpose thereof and containing acknowledgement of the payee sanction from the Chairman/President of the Central Circle Committee, as the case may be.
  - (ii) That before making purchases quotations were invited and the lowest quotation was accepted. In case this was not done, it should be examined as to how the sanction/quotation at higher rates were made.
  - (iii) That for the grants made for organizing sport meets etc., a proforma accounts in the prescribed form duly audited internally obtained by the respective circle Fund Committees, vide clause 7 of the constitution of the Postal Sports Control Board. The correctness and completeness of this account should be generally examined.
  - (iv) That the advances, if any, have been given with proper sanction and their adjustment is properly watched and no advance remains outstanding at the close of the year's account.
- 5. Certificate on preface of the

“it should be ensured that all the items of purchase have been received in good condition and specification and entered in Stock Register page No.....

### **RECEIPT BOOK**

6. It should be seen:-
- (i) That the stock of all the receipt Books has been properly maintained, and
  - (ii) That the receipts are usually signed by the Treasurer and seen in consecutive serial order.

### **STOCK REGISTER**

7. It should be seen that the Stock Register is maintained in accordance with the rules and regulations in the Departmental Manuals and inventory of the property of the Fund has been duly maintained and all purchases of Stock are entered therein. It should also be seen that annual physical verification is duly conducted. Cases of losses etc. should be thoroughly investigated.

### **MISCELLANEOUS**

8. It may be ensured that grant of advances from the Circle Welfare Fund on behalf of the Central Welfare Fund since the date of last inspection.
9. The Minute Book of the committee should be generally examined to see that the proposals and orders embodied therein have been followed in so far as these relate to transactions of the Fund.
10. It should be seen that all remittances are made as prescribed in the accounting procedure. It should be specifically seen that the amount sanctioned in case of following financial assistance schemes are covered



by Rules and Regulations issued by DoP from time to time and the Grant-in aid / Payments are depicted in Receipts and Payments Account.

- a. Financial Assistance in case of death of Postal employees.
- b. Financial Assistance in case of death of Postal employees due to terrorist activities / Decoits etc., while on duty.
- c. Financial Assistance in case of death of Postal employees while on duty due to accidents.
- d. Financial Assistance in case of Natural Calamities, Fire and Floods.
- e. Financial Assistance in case of prolonged and serious illness / Major Surgery for Departmental Employees.
- f. Financial Assistance beyond Rs. 10,000 in case of illness etc., of Govt. Employees
- g. Financial Assistance for regular employees including family members suffering from TB
- h. Grant of financial assistance for EXOL and Half pay leave due to prolonged illness
- i. Financial Assistance for purchase of mechanical/ motorised tricycle for orthopeadically challenged departmental employees
- j. Grant of educational assistance to the children of Postal Employees.
- k. Incentive for excellence in academic achievement for X and XII class.
- l. Scholarship for appearing in UPSC examination for children of Postal employees.
- m. Scholarship for SC/ST employees for departmental examination and higher education.
- n. Scholarship for development of individual personality.
- o. Grant of Scholarship and transport charges to physically challenged children of Postal employees.
- p. Financial assistance for excursion trips.
- q. Financial assistance to the Central Ladies Organization and its subordinate organizations in the Circles.
- r. Financial assistance to Creches.

- s. Financial assistance to Tailoring classes.
  - t. Financial assistance to Recreation Clubs.
  - u. Prime Minister's Relief Fund
11. The similar checks and balances need to be done for the accounts relating to Circle Welfare Fund for Gramin Dak Sevaks as per the letter No. 19-31/2012- WL/Sport dated 17.09.2013.

**QUESTIONNAIRE FOR THE INTERNAL AUDIT OF POSTAL  
CENTRAL/REGIONAL SPORTS CONTROL BOARD**

**CASH ARRANGEMENTS**

1. The Accounting Procedure has been prescribed by the D.G.P.& T. for the Postal Sports Control Board vide his letter No. 29/3/65-Sports dated 23.06.1966 during Internal Check of the said Board, it should be seen that the prescribed procedure is properly followed with special attention to the following points:-
2. The arrangements for obtaining cash and for its custody, payment and accounting should be examined to see that these have been kept in accordance with the Directives of the Central Regional Sports Control Board. If any, sum has been kept out of account, it should be seen whether it was necessary to keep it out of account.
3. The Inspecting Officer should also ascertain and record the following facts in the Inspecting Report:-
- (a) By whom and on what date the Cash Book was last verified and whether the actual balance paid on that occasion was noted in the Cash Book under his dated signature.
  - (b) If any discrepancy was found on that occasion, how it was accounted for and what were the causes for the difference.

## CASH BOOK

4. It should be seen that the Cash Book has been maintained in the prescribed form. It should be carefully scrutinized to see that it is properly written up. Further it should be specially seen:-
- (a) That the entries in the Cash Book agree with those in the counter foils of the receipts granted, the payment vouchers, etc. and that there are confined to actual cash receipts and disbursements of the Officer in charge of the Cash on behalf of the RSCB.
  - (b) That private cash is not accounted for through the Cash Book or mixed with its cash.
  - (c) That the entries in the Cash Book are made in a clear and distinct manner at the time of receipt and payment.
  - (d) That the Cash Book is written promptly i.e. on the day of the transaction and is closed and balanced on the last day of each month.
  - (e) That there are no erasures and interpolations and the errors are rectified properly.
  - (f) That the payments are made without any avoidable delay.
  - (g) That for each item of payment, a valid voucher with pass and pay order recorded thereon by the appropriate authorities and acknowledgement of the payee is available.
  - (h) That each item of expenditure is sanctioned by a competent authority and the instructions contained in GFR Rule 6 to 9 (Revised and enlarged) 1968 are strictly followed wherever necessary.

Note:- These checks may be generally exercised for the entire period since the date of last internal check in respect of item (b) to (f) and for the month of test check in respect of items (a) to (h).

### **RECURRING CHARGES**

5. In the case of recurring charges such as rental, Special Pay etc. granted for the performance of duties of the Board and maintenance of records, cash, stocks, property, it should be seen that these have been paid at the rates approved for these purposes. Proper acquittance for each such payment has been obtained and kept on record.
6. Income and expenditure statement prepared as on 31<sup>st</sup> March may be examined to see:-
  - (i) That it is properly prepared.
  - (ii) That all the entries made in the Cash Book and subsidiary records have been incorporated therein.
  - (iii) That the accounts rendered by the sub-committees have been incorporated therein properly.
  - (iv) That it is signed by the Treasurer, Secretary and the Chairman.

### **STOCK REGISTER**

7. The Stock Register should be examined to see that it is maintained properly. The entries made in the Stock Register should be checked with reference to the various records, particularly with reference to the Cash Book where expenditure has been shown towards purchase of sports goods. It should also be seen whether the entries under 'Receipt' and 'Issue' are properly maintained and attested by the Store-Keeper in charge of the store. Every issue should be properly received by the recipient and the issue is authorized.

## **PHYSICAL VERIFICATION OF STORES**

8. The following checks should be exercised in respect of verification of stores. It should be seen that:-
- (i) The Stock Register is up to date.
  - (ii) The Stock Register bears evidence of the fact that at least annual stock taking has been carried out (say in September each year) by the nominated Member of the Board on the Committee.
  - (iii) The shortage detected in the course of annual verification have been noted in the S.R. and a Report furnished to the Circle Control Board for the write off after proper investigation and the stock balances corrected showing the orders of the board in the remarks column.
  - (iv) The storages and damages as well as obsolete and unserviceable stores noticed during the annual verification have been reported immediately to the Board for sanctioning write off from the Books.

## **DISPOSAL OF UNSERVICEABLE MATERIAL**

- 9.
- a. It should be seen that a Register is being maintained in manuscript form for entry of articles declared by the competent authority as unserviceable.
  - b. The procedure for auction sales and accounting of the credits of such materials is satisfactory.
  - c. There is no unusual delay in disposal of such articles.
  - d. The amount realized has been credited to Cash Book.

### **DIRECT PURCHASE OF STORES**

10. (a) In the case of direct purchase of stores it should be seen that the limits, if any, prescribed by the Committee have not been exceeded. It should also be seen by a perusal of the files maintained for this purpose that competitive local tenders were obtained and that the fullest use was made to observe economy wherever possible.
- (b) The uneconomical purchases of stores or any losses which may be clearly and definitely attributed to the defective or inferior nature of stores should be commented upon in the inspection report after proper verification.
- (c) That all purchases as and when made are noted in Stock Register.
- (d) That the particulars of Bills (Viz No. date and amount) by which payments were effected are recorded in the supply order in order to prevent double payment.

### **CHECKING AMOUNT OF THE ALL INDIA TOURNAMENT AND REGIONAL TOURNAMENT**

11. These amounts should be scrutinized in detail and findings commented upon in the Report. It should be seen that the expenditure was incurred according to the norms fixed by the Board. No expenditure was incurred on non-approved event and that the expenditure was within the sanctioned limit.

Note:- The checks indicated in Para 10 above should be exercised in respect of accounts of Sub-Committees and selection of check may be made by the Accounts Officer on spot. Accounts of heavy amounts may be selected generally.

## **RECEIPTS**

1. The receipts should be scrutinized to see that these have been collected from the approved sources only and that no other expensed collection have been received.
2. The procedure of work for the Control Board may be generally reviewed with a view to seeing if any suggestion can be made for reducing work that is superfluous or for simplifying the procedure regarding any particular work.

## **RESPONSIBILITY OF THE INSPECTING OFFICER**

3. (I) At the commencement of the inspection with reference to the questionnaire in this manual and any other orders issued from time to time, a distribution memo of the items of work to be done by each member of the party should be drawn up and got approved by the inspecting officer, each member of the party being required to put his dated signature against the item allotted to him.
  - (ii) The inspecting Staff i.e. Accountants should submit brief daily Progress Reports of the items of work done by them to the Inspecting Officer who should pass such reports after scrutiny.
  - (iii) Each member of the inspecting staff should write the remarks "Completed" against the items allotted to him under his dated signatures as soon as the work is completed. The Inspecting Officer should scrutinize all such Reports at the close of the Inspection, and send to his H.Q. the distribution Memo and the Progress Reports stitched together along with other papers with following certificates on distribution Memo.

“Certified that no item of check prescribed under the Rules or required to be carried out under Special Orders issued from time to time, has been overlooked either in the distribution of duties or in the actual performance of work during the inspection”.

4. The Inspecting Officer is personally responsible for seeing that the prescribed checks are carried out. He should also personally carry out the following items of work:-
- (j) General Review of the accounts the nature and extent of detailed scrutiny being left to the Inspecting Officer’s discretion.
  - (ii) Review of the extent to which instructions and orders previously issued and noted for compliance are being observed in practice.
  - (iii) Scrutiny of any items not specified herein which he considers necessary to be examined on the spot.
  - (iv) Check of Cash and Bank Balances. Reconciliation of Bank Balance with reference to Bank statement to be obtained for the date of check.
  - (v) The last inspection report by the Audit Officer, Internal Check Officers as well as the Report of the executive Inspecting Officer should be reviewed personally by the Internal Audit Inspecting Officer to see that the irregularities in accounts noticed in them have been remedied. The failure to rectify all or any of them should be commented upon.
  - (vi) It should be seen:-
    - (a) That a Stock Register of Receipts/Cheque Books is maintained. All books received are entered in the Register with necessary particulars.



- (b) That the Stock of Blank, Receipt/Cheque Books is kept in the custody of President or any Officer authorized by him.
- (c) That the Stock of Receipt/Cheque Books(which should be verified by actual count) is not in exceed of requirement of the office.
- (d) That the Receipts/Cheques are usually signed by the Chairman or an officer authorised by him.
- (e) That the counterfoils of old receipts books are preserved for 3 years and then destroyed.
- (f) That the inventory of the moneys and properties of the Board is being maintained by the Treasurer of the Central/Regional/Divisional Boards properly.
- (g) That in case of accounts relating to the Regional/Divisional Boards two copies of the accounts duly checked by the Internal Auditor are sent to Central/Regional Boards.
- (h) That the Treasurer, Central Board has furnished to the Central Welfare Fund Committee a copy of the Annual Accounts of Central Board duly certified by the Chairman/the Secretary and the Treasurer.
- (i) That the consolidated statement of accounts as on 31<sup>st</sup> March, of the Postal Sports Control Board, incorporating the accounts of all the Regional Boards has been circulated to the Board Members or placed before the Board at the next meeting for information.

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## CHAPTER X

### DEPARTMENTAL CANTEENS AND TIFFIN ROOMS

1. The Internal Audit Inspection of the Departmental Canteens and Tiffin Rooms should be carried out by the Inspecting Officer intelligently. The last Inspection Reports, if any, should be reviewed personally by the Inspecting Officer to see that irregularities pointed out therein have been set right. The failure to rectify any of the irregularities pointed out in earlier Reports should be specially commented upon.
  
2. It should be seen that the Canteen/Tiffin Room has been opened after keeping in view the provisions of Rule 503-B of FHB Vol. I as amended from time to time. The constitution of the Canteen, and the Rules of the business should be gone through as to see that proper provisions exist relating to maintenance of accounts authorizing payments etc. and to see that they are duly observed.
  
3. The Inspecting Officer should see that the following Account Books/Records as prescribed vide D.G.P.& T. letter No. B-19018/3/76-WL dated 03.11.1976 cited at page 77 of the Compilation of Rules relating to Recreation Clubs, Canteens etc. are maintained for all types of Departmental Canteens and Tiffin Rooms and also with reference to GOI orders on Departmental Canteens and Tiffin Rooms issued from time to time.
  1. Cash Book.
  2. Ledger.
  3. Stock Register(for expenditure items, coupon books and crockery).
  4. Dead Stock Register.
  5. Preparations Register/Production Register.
  6. Sales Register/Work Sheet.

7. Coupon Sales Register.
8. Deleted.
9. Attendance Register.
10. Bill Register for sales on credit.
11. Kitchen Register.
12. Journal where the number of daily transactions/or credit sales and credit purchases exceed. In other cases the entries in respect of credit sale and credit purchases may be passed through the Cash Book.
13. Annual Accounts comprising Trading Account, Profit and Loss Account and the Balance Sheet. (For Tiffin Rooms Receipts and Payment Account with statement of Assets and Liabilities).

### **CASH ARRANGEMENTS**

4. The arrangements for obtaining each and for its custody, payment and accounting should be examined to see:-
  - (i) That if any sum for some reasons has been kept out of Account and whether it was necessary to do so.
  - (ii) That they have been kept in accordance with instructions received from the Circle Office.

The Inspecting Officer should also ascertain and record the following facts in the Inspection Report:

- (a) When and by whom the cash balances were last checked and with what results.
- (b) If any discrepancy was observed on that occasion how it was set right.

## CASH BOOK AND LEDGER

5. Cash Book should be checked to see:-

- (i) That it has been maintained and properly written.
- (ii) That all transactions of receipts and payments are entered immediately on their occurrence and in order of their occurrence. The entries are serially numbered and the serial number is quoted on the Bill received or other vouchers on which the money is realized or payment made.
- (iii) That the entries of receipts in the Cash Book agree with those in the counter foils or office copy of the receipt ranted when the money was received.
- (iv) That each entry of payment agrees with the connected vouchers and the vouchers should be examined to see that it bears a payment order recorded by the Secretary of the Committee or other office bearer duly authorised to sanction the payment and a Certificate of disbursement signed under his authority.
- (v) That private Cash or accounts of the Members of the Managing Committee of the canteen are not mixed up with the cash or accounted for through the Cash Book.
- (vi) That the Cash Book is balanced daily.
- (vii) That there are no erasures and the errors are rectified properly under attestation.
- (viii) That the payments are made without any avoidable delay.
- (ix) That amount B/F from sale Register of each item agrees with the Sale Register.
- (x) That corresponding entries are available in the Ledger.
- (xi) That the actual cash balance in hand at the close of each day has been verified by actual count and certified.
- (xii) That the balance with the Bank as per the Cash Book and the Bank Pass Book has been reconciled every month.

6. **STOCK REGISTER:-** (For expandable items, coupon books and crockery)

The Stock Register should be examined to see that it is maintained properly and is only confined to the items for which it has been opened. The entries made in this Register should be checked with reference to the various records connected with the purchase and the Dead Stock Register etc. It should be seen whether the entries under 'Receipt' and 'Issue' are properly recorded and attested by the Secretary of the Managing Committee. It should be seen that all purchases as and when made are noted in the Stock Register indicating full particulars of Bills (viz. No., date, amount and the name of the party).

### **PHYSICAL VERIFICATION OF STOCK**

7. The following check should be exercised in regard to verification of Stock items. It should be seen:-
- (i) That the Stock Register is up to date.
  - (ii) That the Stock Register bears evidence of the fact that at least annual stock verification has been carried out.
  - (iii) That shortages detected in the course of annual verification have been noted along with reasons thereof and steps have been taken to regularize the same by write off or recovery.
  - (iv) That damaged as well as unserviceable articles of stock are taken to Dead Stock Register after approval of the sub committee formed for this purpose and the sale proceeds of unserviceable articles of Stock such as furniture and other items are promptly and properly credited to accounts and there is no unusual delay in disposal off such articles without valid reasons which may be recorded in writing.

## **PREPARATIONS REGISTER/PRODUCTION REGISTER**

8. It should be seen that this register is maintained properly. All items made available for sale were actually prepared or purchased from a reliable or guaranteed person to ensure that there are no chances of adulteration. Purchase Register should also be checked with reference to sale Register.

## **SALE REGISTER**

9. (i) It should be seen that it is maintained properly and is up to date.
- (ii) Each day's sale is recorded item-wise at the close of the day.
- (iii) If the canteen makes sales on credit, it should be seen that the dues are being promptly and regularly recovered.

## **COUPON SALES REGISTER**

10. Where the coupon sale system is in vogue, it should be seen:-
- (i) That sale proceeds of coupons is duly brought to accounts in the Sale Register.
- (ii) That equal number of coupons sold have been shown as reduced in the Stock Register of Coupons.
- (iii) That at the end of the month where all coupons were sold on credit, the amount so realized is duly entered in the Sale Register.
- (iv) That the amount a per Sale Register agrees with the entry in the Cash Book.
- (v) That the system of stock, issue and accounting of token coupons is fool proof and that it leaves no room for leakage in revenue.

### **ATTENDANCE REGISTER**

11. It should be seen that an Attendance Register is maintained properly in respect of the persons employed to serve in the canteen and it is up to date.

### **BILL REGISTER FOR SALE ON CREDIT**

12.
  - i. It should be seen that this register is maintained and is up to date.
  - ii. That the amount of items sold on credit are promptly, recorded in it indicating full particulars of the persons.
  - iii. That there is no undue delay in realization of the amount.

### **JOURNAL**

13.
  - i. The Inspection Officer should see that where the number of daily transactions of credit sales and credit purchases exceeds five, all transactions are first entered in the Journal irrespective of their nature and in the order in which they occurred. It should also be examined whether a separate debit is given to the receiving Account and a credit to the giving Account and in other cases the entries in respect of credit sale and credit purchase are through the Cash Book and subsequently transferred to their respective Accounts in the Ledger.
  - ii. That as far as possible purchases have been made at wholesale rates in order to effect utmost economy in the working expenses of the Canteen Tiffin Room. For this purpose, the general system of making purchase should be examined and in addition, purchases made in two months of a year should be examined in detail.

**PROFIT AND LOSS ACCOUNT AND THE BALANCE**  
**SHEET**

14. Annual Profit and Loss Accounts along with the Balance Sheet should be checked to see:-

- (i) That these have been correctly prepared and duly accepted by the Managing Committee of the Canteen and the other authority (e.g. Ex. Officio President , if any) as per the constitution.
- (ii) That the position with regard to Assets and Liabilities of the Canteen/Tiffin Room is correctly brought out in the Balance Sheet.
- (iii) Besides the aforesaid checks, it should be examined whether:
  - (a) The cost of equipment for the Tiffin Room and Canteen are borne by the Department subject to the prescribed upper limits.
  - (b) All the employees of the Canteen are treated as Central Government Employees with effect from 01.10.1991.
  - (c) The electricity and water charges to the full extent are recovered from the canteen in the first place. It is for the canteen authorities to get cent percent reimbursement of water and electricity charges from the Department subsequently. Where separate meters to measure the electric and water consumption of the canteens have not been provided the charges are to be calculated at the rates laid down in Clause (b) of Rule 503-A of FHB Vol. I, read with sub clause 5 of Rule 503-B ibid of the rates separately prescribed for the purpose, if any.

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## **CHAPTER XI**

### **FOREIGN POST**

1. The inspection of the unit should be carried out by the Inspecting Officer and his staff intelligently. The last inspection report by the Audit Officer, I.C. Officer as well as the Executive Inspection Officer should be reviewed personally by the I.O. to see that the irregularities in accounts noticed in them have since been remedied. The failure to rectify all or any of them should be commented on.
2. While checking the accounts records of Foreign Post Office, the instructions contained in the Inspection Questionnaire for Post Offices relating to cash arrangements maintenance of Cash Book Test Check of accounts of the selected month, acquittance Rolls, pay and special pay drawal, Part II Estt., Part time Employees, Register of undisbursed amounts, contingent charges, contingent Bills, T.A. Bills, OTA Bills, RR Register, Service Books, reimbursement of Tuition Fees, Buildings contracts, Log Books, and Patrol account, annual statement of loss of Government Property, GPF, Security Bonds etc., should invariably be followed.

### **PARCEL BILLS**

3. The main function of checking would to see:-
  - (i) that for parcels originating in India, the credit shown in the outward parcel Bills and other parcel Bills as due to the countries of destination and the countries of transit are correct.
  - (ii) that the amounts due to India shown in the inward parcel Bills received from the other countries are correct.

- (iii) That payments to Shipping Companies for conveyance of parcels by sea have been made correctly.
- (iv) The credits afforded to each designated operations have been correctly worked out for each weight step and have been afforded with reference to the latest CP-81 or CP-82 table of the country of destination.

In case of insured parcels, the share of insurance fee realized is correct with reference to the value of insurance. In the case of air parcel Bills, land transit rates have been included only where the parcels are to be conveyed through an intermediary land service.

- (v) Where sea service of another administration has been utilized, the sea credit has correctly been worked out and the name of the Shipping line in the Parcel Bills appear in the International Bureau's List of Shipping lines and the rate approved by the D.G.
- (vi) A Register of Returned Foreign Parcels is maintained in every office of exchange, for the test check month a statement of actual amounts realized on undeliverable returned parcels should be prepared as we are paying to the Foreign Administration the return postage and accrued charges viz. demurrage and redirection charges etc. This statement may be forwarded to Nagpur Postal Accounts Office for checking with reference to the Statement received in that Postal Accounts Offices.

### **FOREIGN PARCEL POST**

4. For allocation of parcel revenue between different countries there is a Parcel Post Agreement. India is a signatory to that agreement. However,

many other countries (notable of which are USA, UK, Canada, Australia, Burma, etc. a complete list of such countries is given in Annexure 'C') have not signed that agreement. Allocation of parcel revenue between the countries (mentioned in Annexure 'C') which have not signed the Parcel Post Agreement and India is governed by bilateral agreements executed by those countries with India.

The Parcel Post Agreement has prescribed the shares, of the country of destination and of the country of transit, in terms of so many SDR for a given weight of parcel mail for a prescribed distance. These (shares) are known as the basic rates. Subject to notifying the other designated operator a country is entitled (under the aforesaid agreement) to increase its share (i.e. its basic rates) by upto 50 P.C.

India exchanges ordinary and insured parcels with a number of designated operator, both signatories and non-signatories to the Parcel Post agreement. Except for some differences (according to the nature of agreement with each designated operator ) in the rates (and, therefore, the amount of credits to the afforded) and the manner of calculating them in the case of designated operator which are not signatories to the agreement, the method of preparing accounts with both types of designated operators are the same.

5. The countries through which the parcel mails travel overland in transit as well as the country of destination get a share of the revenue collected by the country of origin. These are termed 'Transit Credit' and 'Terminal Credit' respectively. Secondly, the amounts due to and by each administration are calculated (not with reference to the statistics of a selected period) with reference to each individual parcel. The charges for air conveyance payable to the air lines are settled on a different basis and they are not included in the parcel accounts.

6. Charges for conveying parcels by sea from the country of origin to the country of destination are paid by the country origin and are determined in accordance with the agreement which it has concluded with the steamer companies. The accounts for parcel are settled through the parcel accounts between the different individual designated operators.
7. Parcels are sent enclosed either (1) in bags for the country to which the parcels are addressed or (2) in bags for a country other than the one to which the parcels are addressed. The former class of parcels is usually referred to as closed transit parcels, i.e. the bags are not to be opened by the country through which they pass in transit. The later class of parcels is usually referred to as a decouvert parcels i.e. open transit parcels (because the bags are to be opened by the country through which they pass in transit).

Though the basic principle of allocation of revenue (between the country of origin and the country of transit) is the same for both closed transit parcels and open transit parcels, yet the detailed manner in which that is secured differs for the aforesaid two classes of parcels. For closed transit parcels, the country of origin pays direct to the country of destination and the countries of transit their respective shares. On the other hand, for open transit parcels the country of origin pays only to the first country of transit (and neither to the other countries of transit nor to the country of destination) the whole amount inclusive of the shares of the country of destination and the other countries of transit. This being so, for such parcels the first country of transit becomes liable to the other countries of transit and the country of destination their respective shares.

Within the limits prescribed by the Parcel Post agreement, each Administration fixes its charges (i.e. the actual credits required by it) for transmission of parcels over its land (or by its sea services). The rates fixed along with the conditions for accepting parcels are intimated

by each Administration in their CP-81 and CP-82 tables. When dispatching foreign parcels the country of origin prepares a Parcel Bill ('Air Parcel Bill' when the parcel is transported by air), which also shows the amounts due to the country of destination. For closed transit parcels the country of origin also prepares another 'Special Parcel Bill' which shows the amount due to each country of transit. The special parcel bill is retained by the country of transit. For open transit parcels the country of origin renders the Parcel Bill to the (first) country of transit which retains the Parcel Bill, prepares a fresh Parcel Bill (as if it is a fresh outward parcel originating there) from the country of transit to the next country, and sends it to the latter.

8. Bombay, Kolkata, Delhi and Chennai are the Post Offices of exchange in India and Cochin, Ahmedabad, Bangalore, Jaipur are the Sub-Exchange Office and some other offices as appointed by Directorate from time to time as Sub Exchange Office. The accounts showing the net amount receivable by India from each country is prepared in the office of the Director General, Posts. (Similarly, if a net amount is payable by India to another country later prepares the account and sends it to India and Director General, Posts checks it). A carbon copy of the outward parcel Bills and air parcel Bills is sent by the Indian Post Offices of exchange to the Postal Directorate, while the Parcels Bills and Air Parcel Bills received by the Post Offices of exchange are sent to the Postal Directorate. For closed transit parcels the special Bills and an extract of the Register of Close Mail Transit Parcels is sent by the office of exchange of the Postal Directorate. Copies of verification notes intimating corrections in the Parcel Bills are also sent by offices of exchange to the Postal Directorate. From these documents the Directorate prepares periodical return of the amount due to India to the other Administrations and sends them to those designated operators for acceptance. Similar periodical accounts of amounts due by India by the

other individual Administrations are received by the Postal Directorate whose function is to see that the amounts claimed by the other Administrations are correct.

**DETAILS OF CHECKS TO BE EXERCISED DURING INTERNAL AUDIT OF THE POST OFFICES OF EXCHANGE**

1. It should be seen whether there is a proper record of the various routes fixed by Director General (Posts), for dispatching parcels. The office of exchange has no authority to make changes in the established route and it should be seen whether this regulation is followed.
2. For insured parcels the value in rupees is converted into CDR in the offices of exchanges. For a few of the insured parcels it should be seen that this conversion has been correctly done by the offices of exchange.
3. When parcels are dispatched from India by steamers not under contract with the India Postal Department or any foreign administrations, payments for such parcels are made to the Master of the Ship in accordance with orders issued by Government of India from time to time. It should be seen that:-
  - (i) The ship is not under contract with India or any Foreign Administration.
  - (ii) The payment to shipping companies for conveyance of parcels by sea have been made correctly.
  - (iii) The number of parcel bags/weight of parcels with reference to which payment has been made agrees with the entries in the Register of Parcels dispatched or the copy of the delivery Bill duly signed by the Ships Mail Offices.

If payment has been made with reference to general cargo rate, it should be seen that the rate at which payment was made was actually the rate for the day.

## **FOREIGN LETTER MAIL**

9. Sharing of revenue between different countries is governed by the Universal Postal Union convention. The more important features of that convention are:-

- (1) Each administration retains the whole of the charges it has collected from the sender for outward correspondence. Subject to what is stated in the next sentence, the cost of conveying letter mails from the country of origin to the country of destination is borne entirely by the country of origin. Charges for conveyance from the port of entry to the office of delivery in the country of destination are to be borne by the country of destination.
- (2) The country in which the mail originates is to give to the countries through which the mail passes in transit a share of the revenue collected by it. That share is related to the weight of the mail in transit and the distance the mail is carried in the countries of transit. The rates are prescribed in the UPU Convention.
- (3) In the absence of other arrangements direct sea conveyance between two countries is regarded as a third party service i.e. as if the Shipping Company is one which under the convention had a contract with the administration of the country in which the ship is registered, the country of origin makes the payment not to the Shipping Company but to the other administration (which has the contract with the Shipping Company and apparently) that other administration makes the payment to the Shipping Company. If, however, the sea service utilised between two countries is not under contract with the country, the conveyance charges are paid

direct to the steamer company by the country or origin and these payments do not form the subject of any transit charges account.

- (4) The amounts of inter-governmental payments for transit charges are determined (every three years) from the weight of letter mails carried during a selected period of 14 days or 28 days are selected in advance and notified to the countries which are signatories to the UPU Convention. The statistics are taken in the second year of each triennial period. The payments in the first year of each triennial period are initially made on the basis of the earlier statistics. Those payments are provisional and are subsequently adjusted when with reference to the new statistics, the amounts due to or from, each country are redetermined. The statistics, for the triennial period from 1975 to 1977 were taken in October – November, 1976 (15/10/76) to 11/11/1976).

During the period of statistics the office of origin the period of statistics the office of origin prepares and encloses to every letter mail a special letter Bill (Form C-15) showing the number of bags and their gross weight and a transit bulletin (Form C-19) which shows the route. Each country whether be it the country of origin or the country of transit or the country of destination checks the weights of the bags of mails it receives from, the sends to every other country. After expiry of the statistical period the country of destination prepares originating country-wise consolidated statements in Form C-17 (Showing the routes, number of bags and their weight received during the whose statistical period and sends them, along with a copy for each of the transit administrations, to the country of origin for acceptance and transmission of accepted copies to the transmit administration. If originating administrations do not receive these statements from the destination administrations within three months from the date of dispatch of the statistical mail



the originating administration themselves prepared the said statements on the basis of their own records and forward them to all administrations. If within six months from the expiry of the statistical period the administration of origin has not distributed the statement in Form C-17 to the transit administrations, the latter prepare them on the basis of their own records.

(5) It is the weight and the distance travelled by land or sea in transit of these mails (during those selected days) with reference to which monetary settlement between the different countries is made during the three year period. The total amounts for the statistical period are multiplied by 26 (if the statistical is 14 days) or is 28 days) as the case may be and the products, less 10 percent is the amount payable by the country of origin to each country of transit. 13 (if the statistical period).

(6) If during the three year period a country finds that there has occurred such a substantial increase in the volume of transit traffic passing through that country or a substantial decrease in the volume of traffic originating in it but passing through any other country, or a substantial reduction in the route of mails (originating in the country) passing through other countries and that the amount due to it from any other country should be substantially increased or the amount due by it to any other country should be substantially reduced that country may ask the other country to have fresh statistics of mail carried during another period and in that event it is obligatory for the other country to agree to such a request. If the fresh statics collected justify an upward or downward revision of the amount due to or by it, then the revised amounts take the place of the earlier amounts. To this extent therefore the amounts due to or by each country can be varied even during the three years period.

Subject to this, however, the amount once determined due to by one country to another country remains unchanged for each three year period.

- (7) Accounts between the administrations are either settled directly between themselves or through liquidation account prepared by the International Bureau every year. Balances are to be settled before the expiry of first quarter of the year following that of their preparation. After that period interest @ 5% per annum on the amounts due is chargeable that is to say, the interest shall be added to the principal at the end of each year till final settlement.
- (8) As initial records for payments to (non-contract) Shipping Companies will be available in the various offices of exchange. The correctness of payments to Shipping Companies will be checked by the Directors of Accounts (Postal), Kolkata, Nagpur and Chennai during Internal Audit Inspection of the Post Offices of exchange under their accounts jurisdiction in the following manner. Details of checks to be applied during Internal Audit Inspection of the Offices of Exchange.
- (9) Letter and parcel mails from India, to various foreign countries are also dispatched by the steamers not under contract with the Indian Postal Department or with any other administration. Payments for such mails are made to the Matter of the ship in accordance with orders issued by Govt. of India from time to time.
- (10) According to the orders conveyed in the Director General Posts Telegraphs letter No. 20/14-56 CF/KW dated 17.09.1958 the payments at the offices of exchange at the general cargo rate (Prevailing on the date of dispatch of the mails) for each shipping ton. It should be seen during Internal Check of the Foreign Post Office of the exchange that:-
  - (i) The ship is snot under contract with India or any foreign administration for carriage of mails;

- (ii) The number of letter mail bags (which for payment has been converted into shipping ton for which payment has been made agrees with that entered in the Register of mails dispatched (Para 38 of FPM).
- (iii) The general cargo rate mentioned in the Bill was actually the current rate.

9.11. Payment to shipping companies for mails carried from Madras and Calcutta by the Madras and Calcutta Post Offices of exchange respectively are made at the prescribed rate. These payments should be test checked to the extent of 20 with reference to those rates and the bag statements of (I) letters and Post Cards, (ii) packets, (iii) parcels, and (iv) mail bags and other containers.

9.12. Whether statistical register in the office of exchange has been maintained properly and reviewed by the Head of Office of exchange and the information in respect of parcel mail exchanges with other countries is furnished to Director General and the Register of outward and inward parcels is maintained in the prescribed form.

(Para 405 of Foreign Post Manual)

9.13. Whether the accounting of transit charges is based on data from statistical returns taken once in three years during a period of 14 days or 28 days as the case may be taken in the second year of each triennial period as required in Para 174 of Foreign Post Manual (reprint Edition). That the MOs advised by the office of Account on receipt at the exchange office in India along with the list are forwarded to office of exchange abroad and the V.P.M.O. transactions are embodied in the account relating to exchange of M.O.s between India and Foreign Countries concerned as required in Paras 342-343 of the Foreign Post Manual.

### **CALCUTTA OFFICE OF EXCHANGE**

9.14. The advice relating to TMO issued in India for payment in Burma have passed through one or other of the frontier Telegraph Offices at Calcutta, Chennai which has inserted as the first test for the purpose of check. The TMOs advised to Burma are to be included by the Calcutta Office of exchange in list. It should be seen that invoices of office of exchange are checked against each advice of date as required in Para 386 of Foreign Post Manual.

### **CHENNAI OFFICE OF EXCHANGE (INDO SRI LANKA)**

9.15. Whether the monthly MO account prepared by Chennai Office of exchange on the basis of the list received and dispatched during a month has been settled in full and the summaries of TMOs forwarded to Home Account Office are required under para 388 of Foreign Post Manual.

### **ASSESSMENT AND RECOVERY OF CUSTOM DUTY**

9.16.

1. The checking and accounting work in connection with the Customs Duty and other charges realized by the Post Offices on inward Foreign Parcels and letter mail articles has now been entrusted to respective Postal Accounts Office and in this connection the following documents are received from various offices of exchange:

- (i) Parcel Bills/Letter Mail Registers.
- (ii) Statement of Detailed Articles.
- (iii) Write Back Statements.
- (iv) Discrepancy Statements.
- (v) Customs(Duty) Bill.

2. The checks to be conducted in respect of the various records maintained in the offices of exchange are given in the following paragraphs.

**PARCEL BILL/LETTER MAIL REGISTERS/CUSTOMS BILL**

3. The entries in the Parcel Bills/Letter mail Registers should be compared with the original Bills received from Foreign Countries and the entries made in the Register of Parcel Bills received (FP 41) and files of letter Bills received and Index Book of Inward letter Bills (FMS-17) to ensure that all parcels/letter mail articles received from different foreign countries are correctly entered in the parcel Bills/Register of Letter Mail Articles.

Note: This check should be exercised for the month of test check.

4. It should also be seen for the current week at the time of Inspection that:-
  - (i) The entries in several columns of the Parcel Bills are properly filed in.
  - (ii) In case of articles authorized to be delivered free of duty the word 'Free' is written.
  - (iii) The Parcel receipts/assessment memos are actually attached to the parcels and letter mail articles to be sent out to the offices of delivery (some parcels/letter mail articles available on spot at the time of inspection may be examined).
  - (iv) The local number and month of assessment are correctly noted on the parcel receipt/ assessment memos, (this check may be exercised in respect of some parcel receipts/assessment memos available at the time of inspection).

- (v) The weekly returns of Parcel Bills/Register of letter mail articles should also be checked with the original bills received from foreign countries and the Register of Parcel Bills received (FP-41) files of letter Bills received and Index Book of Inward letter Bill numbers (FMs-17) to ensure that all parcels/articles of letter mail received from foreign countries are correctly entered in the parcel Bills/Register of letter Mail Articles, and total of weekly returns agreed with the amounts incorporated in the abstract in Form FP-29.

### **DETAINED STATEMENT**

- 5. (i) The statement of detained parcels/letter mail articles brought from the Accounts Office should be compared with the office copy maintained in the office of exchange.
  
- (ii) It should be seen that sufficient reasons existed for detention of parcels/letter mail articles for an unduly long period included in the statement.
  
- (iii) According to Rule 81(10) of the Foreign Post Manual, a Physical verification of articles in stock as compared with the Detained Statement should be conducted on the last day of each month. It should be seen that such verification is being conducted regularly and for the discrepancies noticed at time of such stock verification action has been taken to reconcile such discrepancies.

Note:- This check should be conducted for all the months under check since previous Internal Check Inspection.

- (iv) At the time of Internal Audit Inspection it should be seen that for parcels/letter mails articles detained on hand, sufficient reasons thereof exist.

## **WRITE BACK STATEMENT AND DISCREPANCY STATEMENT**

6. It should be seen that prompt action is being taken for securing the write back from Customs Department in respect of:-
- (i) Parcels/Letter Mail articles redirected to Foreign countries as remained undelivered to the addresses.
  - (ii) Parcels/letter Mail articles originally assessed to customs duty but subsequently declared customs free ; and
  - (iii) Parcels/Letter Mail articles abandoned.
  - (iv) In cases of reassessment it should be seen that original records have been duly corrected or suitable remarks made under intimation of Accounts Office.

Note:- The above checks at 6(i) & (ii) may be conducted for the month of test check.

- (v) It should be seen that the monthly discrepancy statement brought from Accounts office for the test check month is correctly prepared with reference to the corrections made in original records.
- (vi) It should be seen that for all outstanding cases of write back at the time of Inspection prompt action has been taken for securing the write back from the customs authorities and that no delay is being allowed.

## **ABANDONED PARCELS/LETTER MAIL ARTICLES**

7. It should be examined whether the intimations regarding sale of abandoned parcels/letter mail articles are being received from the Customs

Department and in cases where the amount of sale proceeds exceeds the customs duty, the excess amount has been claimed from the Customs Department.

Note:- This check should be exercised for the month of Test Check. Where, however, checking of the accounts of Test Check month reveals many irregularities, accounts of another 2/3 months selected at random, may be checked in addition, to ensure that there has not been general laxity requiring further people.

8. In respect of offices of exchange situated under the Accounts jurisdiction of Branch Accounts Offices, other than Nagpur, advance intimations of the programmes should be sent to Nagpur Accounts Office to enable that office to send the requisite records to the Inspecting Party in time.

9.17 Register of losses in respect of insured registered articles. (Rule 156 of Foreign Post Manual).

### **REGISTERED ARTICLES**

- (a) It should be seen whether sanction of write off has been issued in case of the losses to be borne by the Department and the compensation is restricted to the prescribed limit or the amount of claim whichever is less.
- (b) It should be seen whether appropriate action has been taken to recover the amount of loss involved in case the loss is to be borne by other administration/parties /officials at fault.
- (c) It should be seen whether in case of losses to be recovered from Foreign Administrations full facts have been intimated to the DAA Section of Postal Directorate for making necessary recoveries.



## INSURED ARTICLES

(a) It should also be seen in addition that the compensation sanctioned will be lower of the following:-

- (i) The value of which article was insured or
- (ii) The actual value at current Market rate of loss or damages.

9.18 The following records may also be subjected to check intelligently with a view to see that

(a) Register to note deficiency in collection of postage (Rule 16 of Foreign Post) is being maintained properly).

(b) List of abandoned parcels

It should be seen that sale proceeds of abandoned parcels over and above the Custom Duty are credited to Postal Department (Rule 272(2) of Foreign Post Manual).

(c) Register of parcels in Deposit

It should be seen that monthly verification is conducted and action has been taken for assessment of Custom Duty 81(10) of Foreign Post Manual).

(d) Bag Account

It should be seen that the stock has been fixed on the principles mentioned in Rule 141 of foreign Post Manual.

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## **CHAPTER XII**

### **POSTAL CIVIL/ELECTRICAL WING**

#### **1. MEASUREMENT BOOKS**

- 1.1 Are the Measurement Books regularly sent by the Sub-Divisions to the Divisional Office for review by the Divisional Accountant in the month of September each year and the review on the Measurement Book had been carried out and follow up action taken wherever(necessary)? (Rules 50 & 51 of Sec. 7 of CPWD Manual Vol. II and Rules 10.2.9 of CPM A code).
- 1.2 Have all the completed Measurement Books or the Measurement Books no longer required been sent by the sub-Divisions to the Divisional Office? (Rules 7 & 9 of Section 7 of CPWD Manual Vol. II).
- 1.3 Was there any loss of Measurement Books? If so, was it reported to the C.E. for sanction for write off by the competent authority?
- 1.4 Is a register of Measurement Books in form CPWD-92 and issues shown by names etc. and properly acknowledged?  
( Rule 10.2.6 of CPWA Code and Rules 7 Section 7 of CPWD Manual Vol. II)

#### **2. CONTRACTORS LEDGER**

Is the contractor's ledger maintained properly in accordance with the code rules and specially with regard to the following points.

(Para 4 to 9 Sec. II of CPWD Manual Vol. II).

- 2.1 Is it posted up to date?
- 2.2 Is a separate folio or set of folios reserved for each work and each contractor?

Is it properly indexed?

(Rule 4,5,6 of Section 11 of CPWD Manual Vol. II and Para 10.7.1 to 3 of CPWD).

2.3 Is it closed and balanced monthly?

(Para 10.7.6 of CPWA Code Rule 7 Section II of CPWD Manual Vol. II).

2.4 Are there any balances remaining outstanding for a long time without justification? Are the bills prepared at reasonable intervals in the case of running accounts.

(Rule 8 of Section 11 of CPWD Manual Vol. II Rule 10.7.8 of CPWA Code).

2.5. Whether recoveries for materials issued to the contractors are made in full from the first bill authorising payment. If not whether reasons have not been recorded by the Divisional Officer.

(Para 8 of Section 27 of CPWD Manual Vol. II and Rule 10.3.7 of CPWA Code).

2.6 Examine the final bills of contractors which are remaining unsettled for a long time and find out the causes that are holding up the settlement of final bills.

2.7 List out the cases in which works have been completed out final bills have not been received from the sub-divisions. (Clauses 7 & 8 of the contract read with para 1 of Section 30 of CPWD Manual Volume. II).

2.8 Examine if there is any case of minus bill and if so that are the factors which resulted in minus amount.

2.9 Examine whether there are any cases of payment of running bills for works or supply estimated to costs less than Rs. 5000/- and if so whether the condition as given in para 1 of Section 30 of CPWD Manual Vol. II has been fulfilled.

### **3. REGISTER OF CONTRACTOR BILLS**

3.1 Whether a bill register is being maintained strictly in order of receipt of Bills and passed in order of receipt (First come and first out basis).

3.2 Whether the Register is reviewed weekly by the Divisional Officer and his report is recorded in case of non-observance of above instructions.

### **4. CHECK OF RUNNING/FINAL BILLS OF CONTRACTORS**

4.1 Whether there is any delay in the completion of work and if so whether contractor has applied for extension of time and got it approved by competent authority. If not, whether any fine/penalty has been levied for delay and the same recovered from the contractors bills.

(Rule 2 and 4 of Section 3.3 of CPWD Manual Vol. II)

4.2 Whether the schedule of quantities of work have been calculated correctly and the abstract of quantities of measurements and calculations agree with those shown in the contractor's bill.

(Rule 10-2-7(ii) of CPWA Code and Rule 13, 14 and 15 of Section 7 of CPWD Manual Vol. II)

4.3 Whether the A.E. has test-checked the measurements to the extent of 50% and the E.E. to the required extent of percentage check and whether the bills in the running account have been compared with the previous bills.

(Rule 30, 31 & 32 of Section 7 of CPWD Vol. II Rule 10.2.16 of CPWA Code).

4.4 Whether the contractor's or his authorized representatives signature has been obtained in the measurement book and bill, in token in acceptance of measurements.

(Rule 15A of Section 7 of CPWD Manual Vol. II).

4.5 Whether the extra/substituted item statement has been forwarded to the competent authority for sanction and whether all extra/substituted items of work billed for have been covered by proper sanction of competent authority and claims thereof in the bill are in accordance with the approved sanction. In case of unsanctioned extra/substituted items, only part-rates are paid in accordance with para 5 below Notes under Section 25 Chapter III of CPWD Accounts Manual (vide correction slip No. 4 and Rule 3, 4 and 5 of Section 25 of CPWD Manual Vol. II).

4.6 Whether the items of AHR and ALR (abnormally high/low rates) have been worked out at the time of awarding tender and the same communicated intimated to the officer entrusted with the execution of works and whether sanction of competent authority has been obtained for quantities executed for abnormally high rates items (i.e. AH items) and abnormally low rates items beyond the prescribed permissible limits.

(Rule 10 Section 20 of CPWD Manual Volume II).

4.7 Whether recovery towards the cost of departmental materials issued to the contractors has been made ordinarily from the first bill (except under exceptional cases under the written order of competent authority and whether recovery statements for the same are attached to the contractors bill duly approved by the competent authority.

(Rule 10.3.7 CPWD Code and para 8 of Section 27 of CPWD Manual Vol. II).

- 4.8 Has the statement of theoretical consumption of cement and steel are duly checked and approved by the drawing branch has been attached for materials issued departmentally and is the theoretical quantity of cement/steel used on the works calculated on the basis of coefficient prescribed attached and the arithmetical calculations are correct?

Rule 10.3.18 of CPWA Code and para 12 of Section 27 of CPWD Manual Vol. II).

- 4.9 Has recovery been effected in the bills at penal rates on account of:-

- (a) cost of materials issued for removal of defects.
- (b) the difference in the quantity of cement/steel actually issued to the contractor and the theoretical quantity including authorized variations as provided in clause 42 of the agreement.

(Rule 12 of Section 27 of CPWD Manual Vol. II).

- 4.10. In case of supply of materials not stipulated in the agreement but issued to the contractors has the sanction of the competent authority been obtained for issue of such materials and the issue rates net rates provided in the analysis for the item of work on which it would be used for the percentage above or below the scheduled rate allowed to the contractor or market rate or stock issue rates plus store charges which ever is higher.

- 4.11 Are there any dismantled materials? If so, whether they have been accounted for properly in the dismantled material register.  
(Rule 31 of Section 11 of CPWD Manual).

4.12 In the case of serviceable recovered materials from dismantled /demolished structure and issued to contractors for reuse on construction works, whether recovery for such material has been effected at approved rates from the contractor's Bill.

(Rule 33 of Section 11 of CPWD Manual Vol. II)

4.13 In the case of unserviceable material, whether they have been disposed off to the best advantage of the Department.

(Para 2 Section 11 of CPWD Manual Vol. II).

4.14 Have unstamped dated receipts (USRS) been obtained from the contractor for materials issued to him up to date and whether the same have been exhibited correctly under issues in the recovery statement attached to the contractors bill?

(Para 6 of the Section 27 of CPWD Manual Vol. II)

4.15 Has storage charges been recovered from the contractor for (i) balance of materials returned to the godown; and (ii) cartage charges for materials transferred from one work to another without actual issue from the godown.

Para 2© of Section 27 of CPWD Manual Vol. II)

4.16 Whether the contractor has returned atleast 90% of the total empty plastic bags to the authorised agents and recovery for the short fall i.e. No. of empty bags falling below 90% of the total supply, has been made from the final bill (as per agreement).

4.17 In the case of RA and Final Bills, has the agreed percentage of voluntary reduction forming part of the agreement been applied on the total (i.e. gross) cost of the work and deducted from the bill as per agreement with contractor.

4.18 Whether any court attachment against the contractor has been received from other Division and recovery thereof from the RA/Final Bill compiled with?

4.19 Whether Income Tax at 2% of the cost of the work has been deducted from each and every RA/Final Bill?

4.20 Whether the completion certificate and he certificate to the effect that all malba/rubbish etc. has been cleared from the site of work been furnished in the measurement books and final bill of the contractor.

(Rule 5 of Section 33 of CPWD Manual Vol. II)

4.21 Whether secured advance if any (advance by the Department to the contractor against security of materials brought to the site of work) has been adjusted in full from the RA/Final Bill and account of secured advance in Form 26(a) is annexed to the contractor's bill.

4.22 Whether the miscellaneous recoveries such as fines, penalties, water charges etc. security deposits if any, and Income Tax if any as detailed in the misc. recovery register/MCWA register against the contractor have been recovered from the bill of the contractor.

(Rule 10.2.24 of CPWA Account Code).

4.23 Test Check some of the Final Bills with the "Site order Book" to see that the orders indicated therein have been compiled with satisfactorily and rejected materials replaced etc.

5. **ADVANCE PAYMENT TO CONTRACTORS**

Are advance payments made to the contractors in accordance with the coded rules and especially with regard to the following points:



1. Is previous sanction of SE Postal Civil Circle obtained for such payments?
2. Are these advances made only in exceptional cases of real necessary?
3. Are the detailed measurements made within the stipulated time of payment of the advance.
4. Is a monthly statement in the prescribed form submitted to SE for information?

(Section 33 of CPWD Manual Vol. II read with Rule 10.2.25 and 10.2.18 of CPW Account Code Vol. I).

**6. SECURED ADVANCES**

Are secured advances made to the contractors in accordance with the coded rules and especially with reference to the following points:-

- (a) Are there any secured advances paid to contractors not covered by proper security?
- (b) Are these advances recovered by deduction from the running bills of the contractors properly and promptly?
- (c) Is there any secured advance outstanding for a long time and if so the reasons thereof.
- (d) Whether the contractor has executed a formal agreement under which the Governmental secures a lien on the materials and is safe guarded against losses due to the contractor postponing the execution of

work or to the shortage or misuse of materials and against the expenses entitled for their proper watch and safe custody.

(Section 32 of CPWD Manual Vol. II read with Rule 10.2.24 of COWA Code Vol. I).

7. **SCHEDULE OF FIXATION OF ISSUE RATES OF CEMENT, STEEL ETC.**

7.1 The file relating to the fixation of issue rates should be called for and checked thoroughly to ensure the correctness and fixation as it forms the basis for issue rates in all agreements/contracts/recoveries from final bills of contractors etc.

7.2 A few agreements may be test checked to see that correct issue rates for departmental supply of cement/steel have been applied to the contract?

(Para 2(b) Section 27 of CPWD Manual).

8. **CONTRACTS, TENDERS AND AGREEMENTS**

8.1 Review the system adopted by the Divisional Engineer for carrying out works in the Division and the number and amount of works carried out.

Under Regular contract, Piece work contract, Work Orders, Departmentally.

8.2 Is the best system usually adopted in every case? Is there any objectionable item?(ibid).

8.3 Is wide publicity given for the invitation of tenders?

(Para (i) of Section 18 of CPWD Manual).

8.4 Is advertisement for NIT inserted in the press, through the DAVP, in respect of work the estimated cost of which exceeds Rs. 25000/- (ibid).

8.5 Are the tender forms sold only to the registered contactors?

(Para 4(a) of Section 19 of CPWD Manual I).

8.6 Is the tender sale register maintained? Are the tender forms charged in accordance with the scale prescribed? Is the money realized by sale of tender forms properly accounted for? (Para 10, 13 of Section 19 *ibid*).

8.7 Are the tender forms kept under the personal custody of the cashier of the Divisional Office?

(Para 13(b) of Section 19).

8.8 Is the stock register of tender forms maintained and monthly balance struck.

(Para 13(b) of Section 19)

8.9 Is the register of Tender Opening for each work maintained? Does it give a list of all tenders received for a work, names of tenderers and their amounts?

Does it state the final disposal of the tenders? In case where the lowest tender has not been accepted have reasons been recorded by the Divisional Officer in a confidential book and whether prior sanction of SE/CE was obtained before acceptance of the tender other than the lowest? In case any work was awarded to the Single Tender whether approval of the competent authority was taken.

(Para 8 under the heading “Central Works Advisory Board” in Section 20 of CPWD Manual Vol. II).

8.10 Are the comparative statements of all the tenders received in response to the notice inviting tenders, drawn up in the prescribed

forms? Are the completed tenders checked satisfactorily and efficiently.

(Para (xii) of Section 20 of CPWD Manual Vol. II).

8.11 (1) Is the time table prescribed in App. 9 of CPWD Manual Vol. II observed for dealing with the tenders by the different authorities?

(2) Are there any works awarded without calling tenders and if so whether they are within the powers vested with the authority and whether the urgency of work demanded the same.

(3) In case of negotiations it may be examined whether the procedure laid down in Section 20 of CPWD Manual Volume II has been correctly followed.

8.12 Is the earnest money received from each tenderer before tendering, in accordance with the scale prescribed in the rules?

( Para 2 of Section 21 of CPWD Manual Vol II).

8.13 Is the Security Deposits worked out correctly and collected by deductions from the running bills of the contractors at the rates mentioned in Section 22 of CPWD Manual Volume II?

8.14 Is there any case in which the contractor has made lump sum deposit for exemption from security deposit and earnest money.

(Para 3 of Section 21 of CPWD Manual Vol. II and para 2 of Section 22)

8.15 Are the Security deposits refunded to the contractors in accordance with the procedure laid down in Section 23 of CPWD Manual Vol. II?

8.16 Are the original contract documents kept under the personal custody of the Executive Engineer.

(Para 4(a) of Section 24 of CPWD Manual Vol. II).

- 8.17
1. Is the register of agreements maintained? Are the entries therein posted up to date? Is the extension of time duly noted?
  2. Are the agreement prepared in the form prescribed for each kind of work viz percetage tender, item rate tender, piece work etc.
  3. Are they signed by both the parties to the contract?

8.18 Examine a few works to see whether there are deviations in the contract viz new or extra items of work and substituted items and variation in quantities of items? If so, was prior sanction of the competent authority obtained for the execution of these extra/substituted items and examine whether the rates arrived at are reasonable.

(Para 3 of Section 25 *ibid*).

8.19 Are the works generally completed by the contractors within the time stipulated in the contract? If there was delay in completion of any work, was the delay covered by the grant of extension of time by the competent authority with or without levy of compensation.

(Para 5 of Section 29 of CPWD Manual Vol. II).

8.20 Is there any case in which there was delay in handing over and /or taking over of the completed buildings?

8.21 Are the monthly payments of Running Bills made to the contractors? Does the Divisional Office maintain a register to keep a record of the monthly running payments made to the contractors in the proforma prescribed in App. 22 of CPWD Manual Vol. II.

8.22 Is there any case in which the sub-standard work has accepted? If so, was payment made to the contractors at reduced rates and orders of

SE obtained in accordance with procedure in Section 31 of CPWD Manual Vol. II?

**1. LATEST AGREEMENTS**

Examine as in the case of contractors.

(Para 80 of Section 4 of CPWD Manual Vol. II).

**2. EARNEST MONEY AND SECURITY DEPOSITS AND REFUND THEREOF**

Whether earnest money has been obtained from each tender and same for unsuccessful tenderer refunded. Whether Security Deposit has been obtained from each contractor and noted in the Security Deposit Register. Whether refund of Security Deposit to Contractors is made on proper sanction after satisfactory completion of work and noted in the Security Deposit Register. Check up the register of security deposits and register of tenders.

(Section 21 of CPWD Manual Volume II).

**ARBITRATION CASES**

Examine Arbitration/Court cases with reference to the following points:-

- 1.1 Is action taken properly and promptly on all these cases by the EE in accordance with the detailed procedure outlined in Section 36 of CPWD Manual Vol. II?
- 1.2 Are the cases reviewed by the Divisional Officer periodically?

Is the prescribed register maintained and if so, are the entries made therein up to date?

1.3 Is there any case in which it is noticed or established that the award of the arbitration or law suit was caused by negligence, dereliction of duty or deliberate act of an employee of the Department?

**2. MUSTER ROLLS**

2.1 Whether casual mazdoor, if any, engaged on MR and rates paid are in accordance with the approved schedule of labour rates?

2.2 Whether there has been delay in the payment of wages to mazdoors and whether payments have been made with proper identification?

(Section 9 of CPWD Manual Vol. II).

2.3 Examine the stock register from CE 54 whether the receipt, issue, and stock of MRS is correctly maintained.

2.4 Check whether the items remaining unpaid are entered in the register of unpaid wages form 21 A in the Sub-Divisions.

2.5 Whether the sanction of SE/CE has been obtained for employment of labour for more than three months and 6 months respectively.

(27.02 of CPWD Manual Volume III).

2.6 It should be seen whether any chowkidar or supervisory staff are employed on Muster Rolls.

**3. ANNUAL MAINTENANCE AND REPAIRS ESTIMATES**

3.1 Examine the annual maintenance and repairs estimates with a view to ensuring that the expenditure is within the prescribed percentage of capital cost of respective buildings.

3.2 Is the W.C. Staff provided in these estimates in accordance with the prescribed yard stick?

(Appendix 8 of CPWD Manual Vol. II).

3.3 Have the annual maintenance estimates been prepared at the prescribed percentage?

(Para 52 to 64 of Section 4 of CPWD Manual Vol. II).

#### **4. ACQUISITION OF STORES AND ADVANCE PAYMENTS THEREOF**

4.1 Has a reserve stock limit been prescribed in respect of the whole Division and individual sub-divisions? Was there any occasion on which the reserve stock limit was exceeded?

4.2 Is a purchase register maintained by the Divisional Office in the prescribed form?

4.3 Is a suspense register maintained? Is prompt action taken to clear the outstanding items.

4.4 Is there any case in which advance payments was made for the procurement of stores? If so, was sanction of competent authority obtained? Is there any advance payment outstanding and if so, the reasons therefore?

(Para 24(b) of Section 38 of CPWD Manual Vol. II).

4.5 In respect of purchases through DGS&D, are the bills for supply received from the DG S&D promptly and re these bills (credit suspense items) settled promptly?



4.6 Are the purchases (of stores) made in accordance with the principles laid down in Section 38 of Chapter IV of CPWD Manual Volume II.

4.7 Examine if there were any losses or damages to stores in transit and if action was taken promptly to regularize the losses or damages.

(Para 5 to 18 of Section 41 of CPWD Manual Volume II).

## **5. RECEIPT CUSTODY AND ISSUE OF STORES**

5.1 Are proper accounts maintained for the receipt custody and issue of stores? Examine the following records/points:

5.1.1 Are stock and issue of booklet of CRS to be maintained in form 12A is correctly maintained in DVL Office.

5.1.2 Stock Register of Bin Cards maintained in Form 12B.

5.1.3 Is the Divisional Office receiving goods received sheet Form 8A (for receipt of stores and indents (for issue of stores) daily from the Sub-Division their continuity in serial number and accounting is to be examined.

(Para 7.2.30 and 7.2.34 of CP Accounts Code).

5.2.1 Is the priced Stores Ledger (in Form 12) maintained in the Divisional Office and the Ledger is posted from the goods received sheet and their indents? Is the Ledger closed both for quantities and values at the end of each month?

5.2.2 Are the summary of stock receipts and summary of Indents correctly posted from GRS and indents and reconciliation effected with the monthly total of ledger.

(Para 7.2.30 and 7.2.34 of CPW Accounts Code)

5.3 Are completed Bid Cards (Showing the balances of stores) promptly submitted by the Sub-Divisions to the Divisional Office and the Divisional Office is carrying out the checks prescribed in para 7.2.16 of CPW Account Code?

(Para 7.2.30 and 7.2.34 of CPW Accounts Code).

5.4 Is the annual verification of stock promptly done? Was there any discrepancy as a result of stock taking and if so, how it was set right?

(Para 1 to 11 of Section 48 of CPWD Manual VI. II)

5.5 Is there any case of loss of stores? Has action been taken to regularize the loss (Sec 47 of Ch. IV of CPWD Manual Vol. II). Was there any serious loss?

5.6 Is prompt action taken for the disposal of unserviceable stores? Are the sale proceeds of unserviceable stores promptly credited to Government?

(Pare 33 of Section 11 ibid of CPWD Manual Vol. II).

5.7 Is the issue rate fixed every year in respect of each article of stores held in stock in accordance with para 7.2.20 et. Sq. of CPW Account Code?

## **6. MATERIAL AT SITE (MAS) ACCOUNTS**

6.1 The material at site accounts should be examined to see (Para 20 to 24 of Section II of Chapter II).

6.1.1 That the material supplied to contractor have been brought into account .  
(Para 20 of Section 11 Chapter II of CPWD Manual Vol. II).

6.1.2 That the cost of materials supplied has been recovered from the contractors.

6.1.3 That the cost of materials supplied to contractor is not in excess of the amount of security taken from him.

6.1.4 If any material not stipulated in the contract was issued to the contractor examine whether it was issued with the consent of the SE and whether the recovery rate for these items has been fixed as prescribed in the rules.

## **7. PRICED STORES LEDGERS**

It should be seen:-

7.1 Whether the priced stores ledger is maintained in Form 12 for different articles of stock.

7.2 Whether postings have been done on daily basis from Goods Received Sheet, indents and USRs received from the Civil Sub Divisional Office and the balances have been posted in the relevant columns.

7.3 Whether the ledger is closed monthly both for quantity and value of materials?

7.4 Whether the monthly totals of receipts, issues and balances have worked out and agreed with summary of stock receipts and summary of indents as laid down in para 7.2.30 and 7.2.34 of CPWD Account Code.

Note:- The Internal Check Party may also call for some of the used up bin cards received by the Divisional Office from the Civil Sub-Division and trace the transaction of issues and receipts in the priced stores ledger to ensure that the latter record has been written up correctly

8. **TOOLS AND PLANTS**

Examine tools and plants register for Division with reference to the following points:-

- 8.1 Are the monthly and annual tools and plants accounts received from the sub-divisions and properly checked and regularized?

(Para 12 of Section 37 of CPWD Manual Vol. II)

- 8.2 Is the annual verification of tools and plants carried out by the sub-divisional officers promptly?

(Para 12 of Section 37 of CPWD Manual Vol. II)

- 8.3 Are there any unserviceable/surplus articles and if so whether action taken to dispose of these materials.

(Para 12 of Section 37 of CPWD Manual Vol. II).

9. **ACCOUNTS (GENERAL)**

- 9.1 Is the register of deposits from contractors and other deposits being properly maintained and reviewed monthly?

- 9.2 Is there heavy accumulations of deposits which would have been refunded to the contractors after 3/6 months of completion of works.

- 9.3 Is the register of lapsed and confiscated deposits maintained and unclaimed deposits for more than three completed account years promptly credited to Government?

- 9.4 Are materials at site account (in respect of materials issued direct to work) received along with the works Abstract each month and scrutinized?

(Para 20 of Section 11 of CPWD Manual Vol. II)

- 9.5 Are works Abstracts prepared and submitted by the Sub-Divisions every month?

Are they properly checked in the Divisional Office before work registers are posted?

(Para 14 of Section 11 of CPWD Manual Vol. II)

- 9.6 Is the average monthly expenditure uniform throughout the year?

(Para 7 of Section 53 of CPWD Manual Vol. II)

- 9.7 Are proper accounts maintained for the surveying and mathematical instruments in the Division? Is the history sheet of each instrument properly maintained?

(Section 49 of CPWD Manual Vol. II)

10. **LOSS OF GOVERNMENT ASSETS**

Is there any case of loss of cash/stores or other Government property?  
If so, what was the action taken to regularize the loss?

(Section 47 of CPWD Manual Vo. II).

11. **REGISTER OF IMMOVABLE PROPERTY**

Whether the register has been kept up to date in Form PWD-25 (vide para 120 of CPWA Code). Test check a few completed buildings to see whether entries have been made in the register.

12. **BILLS REGISTER**

Is a Register of Bills in respect of all the bills, received from the sub-divisions in respect of works/supplies maintained in the Divisional Office? If it is properly maintained.

(Para 1 to 2 of Section 11 of CPWD Manual Vol. II and Appendix 22 and Para (1) of Section 30 Chapter III ibid)

13. **REGISTER OF DISMANTLED MATERIALS**

Is a register of dismantled material maintained in accordance with the Coded Rules and especially with regard to the following points:-

- 13.1 Is a separate folio kept apart for keeping the accounts of dismantled material pertaining to each work?
- 13.2 Is there any case in which the balance of materials lying undisposed of for a long time?
- 13.3 Are the survey reports for the disposal of the unserviceable materials promptly submitted by the sub division.
- 13.4 Are the sale proceeds of the unserviceable materials promptly remitted to the Divisional Office (by the sub division) for being credited to Government?
- 13.5 Are the 'Sale Accounts' promptly submitted by the sub-divisions in respect of the disposal of unserviceable materials.

(Items 1-5, Para 31 of Section 11 of Chapter II of CPWD Manual Vol. II read with Appendix 7 ibid. Also Appendix 27 of CPWD Manual Vol. II).

- 13.6 Examine the postings in the register with reference to the entry in the measurement book and whether the entries in the Measurement Book are cancelled by crossing with red ink lines.

14. **REGISTER OF STOCKED MATERIALS UNDER 'OTHER HEADS'**

- 1. Examine nature of items stocked, suitably and cost.

2. Whether annual physical verification of stock of materials carried out by any agency and if so with what results.
3. Whether any discrepancy/shortage found and if so, how was it dealt with.
4. Whether any reserve stock limit has been fixed by competent authority for the stock limit held and what is the actual stock? If excess stock is held, comment over unnecessary locking of capital and in fructuous e expenditure if any in stocked material.

15.

**REGISTER OF M.C.E.W.A.**

1. Examine whether the amounts debited/credited under this head conforms to the provisions in para 18.4 of Accounts Code.
2. It should be seen that all items entered in this register such as advance payments made for purchase of materials like steel etc., shortage in the transported materials etc. are promptly adjusted by recovery in the claims of contractors/suppliers and there are no huge amounts outstanding.

16.

**REGISTER OF WORKS**

Is a register of works maintained in accordance with code rules and especially with reference to the following points:-

1. Has it been posted up to date?
2. Are the accounts of works closed soon after the actual completion of the work?
3. In respect of completed works, have the completion reports been prepared and submitted to the authority concerned?

4. Is there any case in which the expenditure in a particular work has exceeded the sanctioned estimate? If so, how was the excess expenditure regularized?
5. Are there any works in progress without sanctioned estimates?
6. Are there any works under execution without agreement?
7. Give a list of sanctioned works without expenditure for over three months and say that it is due to.
8. The works register for major works should be reviewed to see:-  
  
Whether administrative approval, expenditure sanction and technical sanction exist and are duly noted, whether the respective sanctions have been issued by the competent authority.
9. Whether progressive expenditure is noted.
10. Whether expenditure made against works has been brought forward from previous years.

(1-10 Para 10 to 15 of Section 11, Para 31 of 45 para 14 to 18 of Section 2 of CPWD Manual Vol. II).

11. Whether the entries are reviewed by the Divisional Head under dated initials?

(Para 15. Section 11 of Manual)

12. Test check the postings in works registers with reference to paid vouchers?

## 17. **TRANSFER ENTRIES**

1. Whether journal slips are prepared correctly and accounted for each month in respect of items detailed in Chapter VIII of



CPWA Code and Chapter XIII of Account Code in respect of Suspense Account?

2. Whether necessary account adjustments are made correctly in respect of purchases transfers, issues etc. as required in para 10.3.36 to 10.3.12 of CPWA Code.
3. Whether transfer entry in respect of establishment, T&P, supervision charges has been made as per para 22.1.2 of CPWA Code?
4. Is the adjustment of profit and loss of stock as per paras 7.2.85 of Account Code is correctly carried out?

**18. FINANCIAL POWERS**

1. Examine whether the Financial Powers at the level of CE/SE/EE for expenditure/awarding of works/acceptance of Tender/Single Tender/Negotiations have been correctly/properly exercised.
2. What is the position in regard to execution of original works/maintenance works? Is there any difference?
3. What are the instructions regarding allotment of funds and control over expenditure and whether these are properly/strictly followed.
4. Is there any delay in communicating the actual to various authorities, GMT/GMM etc. viewing from the preparation of F.S.T.?
5. Is there a strict watch over booking of expenditure in respect of works under Postal and Telecom?
6. Do they carry any contribution work departmentally?
7. How far these points differ basically from these applicable to electrical division?

## **19. CHECK OF ESTIMATES**

1. Examine some of the Project Estimates, Detailed Estimates prepared to see that it confirms to the procedure prescribed in 'D' code, especially the rates that are adopted have been correctly arrived at with reference to schedule of rates approved.
2. Examine whether Administrative approval, Expenditure sanction of Competent Authority has been obtained before starting any work, and Technical Sanction of the Competent Authority exists.
3. Examine whether the savings under one section of the project or contingencies are not diverted to another or any new work/repair without the sanction of the Competent authority.

(Para 91 of 'D' Code).

## **20. CASH BOOK/ IMPRESTS/ TEMPORARY ADVANCES/ ALLOTMENTS/ APPROPRIATIONS ETC.**

### **SUB DIVISION**

### **INSPECTION OF ACCOUNTS RECORDS OF POSTAL CIVIL SUB DIVISION**

#### **QUESTIONNAIRE**

21.1 MBs

Is register of MBs (From CPWD 92) maintained?

(Chapter II Section 7 Para 8)

21.2 Are MBs no longer used return to Divisional Office? (2.7.9 of CPWD) Manual Vol. II).

21.3 **WORKS ABSTRACTS**

Whether works abstracts are maintained by the Sub-Division?

(2.11.14 of CPWD Manual Vol. II)

21.4 Are there any unused balances of materials charged direct to work? Were they verified by the AE/AEE and report sent to EE?  
(2.11.21)

21.5 Is numerical account maintained in respect of works costing more than Rs. 20,000/-?

(2.11.22) (3.27.9) (10.3.5 CPWA Code)

**CEMENT REGISTER**

21.6 Is it maintained? Is it test checked by the AE/AEE at least once a week at site of work costing over Rs. 20,000/- at their Head Quarters?

(2.11.25) (3.27.14)

21.7 Is Dismantled materials register maintained?

(2.11.31)

Is the register submitted to Divisional Office every month?

(2.11.35)

21.8 Is a tender call register maintained in the Sub-Division?

Are the proceeds of sale of tender forms promptly remitted to Division Office?

Is the register maintained in accordance with Rule 3.19.13 of CPWD Manual Vol. II.

21.9 Are acknowledgements of the contractors obtained in the tender sale register?

(3.19.14)

21.10 Are the tenders received and accepted in accordance with the procedure contained in Section 20 of Chapter III of CPWD Manual Vol. II.

21.11 Is a register of abnormally high or low rates quoted by the contractors maintained? Is the certificate showing that quantities of such items have not been exceeded beyond the permissible limits given by the AE/AEE while submitting bills to the Divisional Office for payment? (3.20.10)

Earnest money in respect of tenders accepted by the AE/AEEs. Is the amount (in case of tenders accepted by AE) promptly remitted to Divisional Office and refunded to unsuccessful contractors? Is tender opening register properly maintained?

21.12 Was there any occasion in which single tender was accepted? If so, was the sanction of the competent authority obtained for the acceptance of the tender?

21.13 Is there any case in which the earnest money of the contractors was forfeited.(3.11.1).

21.14 Is there any case in which cases relating to extra items, extension of time, levy of compensation etc. have not been finalized well within the maintenance period?

21.15 Was any material issued to the contractor for rectification of defects noticed in the work? If so, whether the procedure prescribed in para 3.27.12 of CPWA Code followed?

21.16 Site order Book-Accounting to Rule 3.262(gO(I) of CPWD Manual Volume II the AE while forwarding running account bills in case of sections not located at the Head Quarters of the Sub-Division should furnish a certificate to the effect that no items of work.

21.17 Is a secured advance register maintained in Form 26?. What are the advances outstanding?

(10.2.22 of CPWA Code).

21.18 Is register of weeding out of old records maintained?

21.19 Is register of Miscellaneous receipt maintained?

21.20 Is proper account for the issue of materials to contractors maintained in Form 35-A in terms of para 10.3.4 and 10.3.8 of CPWA Code?

21.21 Is an indent register maintained in Form 7A. Are indents prepared and issued in accordance with rules?

( 7.2.9 to 7.2.12 of CPWA Code)

21.22 Whether the estimates sanctioned by the Sub-Divisional Officer (AE) are within his power of sanction.

21.23 In respect of works executed by the Sub-Division, whether tenders were called for and the lowest tender accepted. If the lowest tender is not accepted, whether sufficient reasons thereof have been recorded in writing. The validity of such recorded reasons should also be examined.

21.24 Whether cost of tender forms issued to contractors have been realized in each case and sale proceeds deposited with the Divisional Office. Check up register of sale of tender forms in detail.

21.25 Whether earnest money has been obtained from such tenderer and same for unsuccessful tenderer refunded. Check up register of tenders in detail.

21.26 Whether security deposit has been obtained from contractors and deposited in the Divisional office.

21.27 In case where sale proceeds of tender forms and security deposits are sent to Divisional Office by Money Order, check up the Money Order receipts.

21.28 Whether the penalty clause imposed in tender is enforced in cases of non-completion of works or delayed execution of works.

22. Test check all Travelling Allowance Bills on Tour/ transfer as per Supplementary Rules and ensure its correctness including advance payment/ Adjustments, if any. In case bills are processed through PA30 instead of ESS, ensure that the amount payable as per the Sanction is the same as entered in PA30.

23. The Correctness of GL booking be seen in particular.

24. It may also be ensured that no such bills have been processed for Sanction/ Claims submitted after the expiry of 60 days of the journey/ completion of journey.

25. In case of Bills preferred beyond due dates in case advance taken and also unutilised amount of advance is not credited back immediately on completion of journey, ensure that the penal interest is charged for the unutilised amount and got credited to Govt. accounts.

26. It should be seen that a Service Book or Service Roll is maintained for every non-Gazetted Government Servant as prescribed in Supplementary Rules 197 and 205. It should also be seen that entries of all even in the official career of a Government Servant are duly and promptly made therein and attested by competent authority. As Service Book is the only document for the verification of service for Pension, adequate attention should be paid during local Inspection to the review of Service Books. They should be checked to the extent of 25 % including therein the Service Books of all Government Servant who are due to retire during the next five years. Ensure that all movements of the employee including Annual Service Verification, Recovery of CGEIS, Availing of LTC, Recording award of Penalty etc., are available in all digitized Service Books. Ensure the digitized Service Book contains First Page Entries along with the digitized signature of Head of Office.

27. The Service Book and Rolls should be inspected with reference to the following points :-

- i. That the entries on the first page are re-attested every five years.
- ii. That no alteration is made in the date of Birth without the sanction of competent authority and that Date of Birth is entered both in words and figures.
- iii. That thumb and finger impressions have been taken.
- iv. That there is no break in the continuity of entries of service recorded in the Service Book or Roll (the instances of breaks, if any, should be noted).
- v. That annual certificate of verification of service has been recorded in Service Books and Rolls.
- vi. That the increments have been correctly granted.

- vii. Check whether the Service Books of officials on deputation/ Foreign Service are not maintained by the DDO and sent to PAO for maintenance.
- viii. Check the correctness of debiting of Earned Leave for encashment of LTC subject to a maximum of sixty days.
- ix. See whether the Cash Equivalent of Leave Salary paid to retired employees is correct with reference to the Leave Account as on the date of retirement.

28. The leave accounts should be inspected with reference to the following points :-

- i. That the accounts are posted up to date.
- ii. That each entry is attested by the Head of the Office or by some other officer in cases where the duty has been delegated to him.
- iii. That the entries of leave debited in the leave account agree with the corresponding entries in the Service Books and Service Rolls.
- iv. That in the case of leave granted to a Government Servant whose services were lent to other Departments, the correct allocation of leave salary has been noted in Column 13 of the Service Book and that a subsidiary leave account indicating the leave earned by such service and leave earned debited against it is maintained and that the calculations are correct.

29. The leave account of the officials due to retire before the next Internal Audit Inspection falls due should be checked thoroughly so that most of the portions of leave account would be covered by check leaving only a small portion relating to the period after the last Internal Audit Inspection till the date of retirement.



30. The claims for reimbursement of tuition fees in respect of children of Central Government Employees should be checked to see that the Drawing Officers and Heads of Offices or the next superior officer have exercised the necessary check over the information and documents furnished by the employees as prescribed in the Government of India, Ministry of Finance, Office Memorandum No12011/ 03/ 2008 Estt. (Allowance) Dated 2<sup>nd</sup> September, 2008 and amended from time to time and verified the admissibility of the claims for this purpose. The claims pertaining from the date of last inspection should be checked thoroughly by the Internal Audit Staff.

31. The Budget allotment, Expenditure as at the end of the previous month of Inspection vis-a vis BE / RE /FG etc., be compared and point out the deviations, if any. The Joint action taken by Civil / Electrical Wing in reconciliation of expenditure on various GLs/ Schemes be reviewed and status presented. The Inspection Team should ensure action for reconciliation of booking of Expenditure of various GLs in co-ordination with Circle/ Regional/PAO and EE PCD/PED team during the course of Internal Audit Inspection.

32. The Internal Audit of Postal Civil Sub Division and Postal Electrical Sub Divisions has to be conducted by Postal Accounts Offices where the salary of such employees are debited in the Circle.

## **CHAPTER-XIII**

### **Philatelic Exhibition**

#### **1. General:**

The Internal Check Inspection of Philatelic Exhibition will be conducted by the Internal Check Inspection Party of the circle Postal Accounts Office under whose jurisdiction such Philatelic Exhibition is held immediately after the completion of Accounts of the Exhibition.

#### **2. Composition of Party**

1. One Sr. A.O./A.O.
2. Two AAOs
3. Two Sr. Accountants/Jr. Accountants.

#### **3. Number of Days**

- (i) State and National Exhibition - 02 working days
- (ii) International Exhibition - 03 working days.

#### **4. Guidelines for the Inspection:**

- (I) No specific guidelines for inspection of Philatelic Exhibition can be prescribed. The checks to be exercised during inspection of this unit will broadly depend upon the rules, orders and instructions issued by various authorities in regard to holding of this exhibition and maintenance of the registers/records and accounts thereof under the rules and orders in general as laid down for incurring Government expenditure and realization of revenue/receipt. However, keeping in view the standards of financial propriety as laid down in Government of India decision under Rule '6' of general financial rules, the inspection party may broadly exercise, inter-alia, the following checks:-

- (i) To check the receipt and payment accounts ensuring that all receipts and payments have been properly accounted for.
  - (ii) To see whether all expenditure has been done sanctioned and booked under the Head of Accounts.
  - (iii) Whether expenditure is within the sanctioned budget allotment.
  - (iv) To see that all receipts on accounts of advertisements/sponsored sale of stamps, rent of booths etc. has been realized and there is nothing outstanding on this account.
  - (v) To see, whether target of Revenue under various schemes have been achieved. If not, reason thereof.
  - (vi) Whether, staff has been deployed as per sanctioned Establishment of the competent authority.
- (II) The observations made by the Internal Auditor or any other authority assigned the task of auditing accounts of exhibition should be carefully gone through and suitably commented in the Inspection Report.
- (III) Inspecting Officer should also exercise any other checks considered necessary during the course of Inspection.
- (IV) It should also be seen that economy instructions issued from time to time in regard to holding of exhibition have been duly observed.
- (V) Dy. Director/Director of Accounts(Postal) under whose jurisdiction the Philatelic Exhibition is held may also prescribe suitable checks keeping in view the specific rules and orders prescribed for holding the exhibition.

(VI) To check, whether all proceedings have been duly executed under prevailing administrative as well as General Financial Rules of Government of India and approved by the competent authority.

(VII) To see, whether procurement of assets have been registered and properly handed over to the concerned authority.

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## CHAPTER-XIV

### India Post Payment Bank

**14.1** The following checks should be applied for the first and last 3 working days of the selected month during Inspection of various offices by the Internal Audit teams as detailed below:-

**1. Head Post Office:-**

- a. Whether HO/SO is generating the cash transaction report for IPPB on daily basis from IPPB finacle CBS system and verify with the report/ cash deposited (with BODA sheet/ device reports).
- b. Ensure whether entries made in office GL accounts of IPPB Finacle CBS system are accurate and made by authorized personnel only.
- c. Ensure no unauthorized/ wrong parking of entries in the office GL accounts used by the counter staff at the HO.
- d. Report if any instance of password sharing for the IPPB Finacle CBS system at the HO/SO was observed during the audit/inspection.
- e. For CSI Post offices, verify that the MIS report of IPPB tallies with the CSI classification of Gross Deposits and Gross Withdrawals at the back end of F&A module.
- f. For non CSI Post Offices, check that the gross deposits from IPPB customers/ gross payments to IPPB customers separately in cash book and get it tallied with the MIS report of IPPB.
- g. Check that the Post master has consolidated the total no. of transactions of IPPB during the month and sent the report to concerned PAO.

**2. Circle Office:-**

- a. After the receipts of reports from all HPOs, the Circle office will consolidate the reports and calculate the total incentive due for the month and claim the same from the nodal office.

### **3. Postal Accounts Offices:-**

- a. Check that the Gross receipts and Gross payments of circle which have been classified under HOA, MH 8455-00-101-02-01.00 and MH 8455-00-101-02-02.00 in CSI tallied with the MIS report of IPPB.
- b. For non CSI, Post Offices, check the gross deposits/ gross payments to IPPB customers shown in cash book and get it tallied with the MIS report/schedule.
- c. Check whether consolidated position of Net receipts/ Net withdrawals in respect of its Circle (Both CSI and Non CSI) after tallying with MIS report of IPPB is being sent to Nodal PAO, Delhi through email on daily basis.

### **4. Nodal PAO's**

- a. Check that circle wise position of the Net Deposits or Net Withdrawals under MH 8455.00.101.02.03.00/ MH 8455.00.101.02.04.00 shown through emails received from PAOs is being reconciled with the PAN India figure in CSI system and Meghdoot system.
- b. Whether commission received from IPPB has been credited in relevant head of A/c i.e. 1201.00.202.01
- c. Whether necessary ATCs to all other PAO have been made at due interval. Comment if any pendency is there.
- d. Whether cash settlement process with IPPB is done on daily basis.

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**CHAPTER-XV**  
**ATM, NAU/PAYMENT CHANNEL DIVISION,**  
**BENGALURU**

While conducting the Internal Audit Inspection of National Accounting unit/Payment Channel Division at Bengaluru GPO by the Circle Postal Accounts Office; following points should invariably be attended to by the Internal Audit Inspection team:-

1. How settlement process for financial and non-financial transactions done between the card issuer (DOP) and Financial acquirer members (Other banks in the network) is being monitored at National ATM Unit ?
2. How the service charge deducting as interchange and switching fees from DOP cards are being verified?
3. How the reconciliation of interchange and switching fees due from other banks is done?
4. Mechanism adopted to verify the rate charged as interchange and switching fees are correct or not ?
5. Whether monitoring of uptime (99.5% as per NFS OSG) is done on a real time basis by the department?
6. Whether online system for enabling immediate notification to vendor about breakdown is available?
7. Whether system of periodic preventive maintenance is done by DOP or through agencies if any ?
8. How the payment of penalty is being settled? Any records are being maintained?

9. Details of Denied transactions, if any?
10. Whether advertisement in ATM is as per the guidelines issued from NPCI?
11. Whether steps are being taken to maintain data sharing in “need to know “ basis?
12. Any cases of re- certification in r/o DOP ATM software's? If so details of fee remitted.
13. Whether the ATM cards supplied by Nodal ATM unit is as per the specifications and to the prevailing standards provided by NPCI & ISO ?
14. The type of ATM Cards printed and supplied to Branches ? Is there any pendency in replacing magnetic stripe DOP ATM Cards with EMV Chip based cards ?
15. How is the Card Authorisation System (CAS) maintained in r/o DOP ATM cards?
16. Verify whether new ATM cards and PINs are mailed to customers at different time intervals?
17. Are the records of ATM cardholders, fee status, renewal of cards being properly documented?
18. Sanction from appropriate authority and requisite documentation is in place for issue of duplicate, renewed cards and re issue of PIN mailers.
19. Is there a procedure in place for destruction of ATM cards and PIN mailers lying in the branch offices uncollected beyond a certain period?



20. How is the verification of immediate blocking of ATM cards in case of loss of ATM card or closure of account by the ATM card holder maintained/done in DOP?.
21. Verification of documentation and recording maintained by the ATM Unit for the following:
- a) Stock Records for ATM applications sent to the vendor
  - b) Receipt of the ATM cards from the vendor
  - c) Dispatch of the cards to the branches.
  - d) Stock Valuation and reconciliation of ATM/Debit Card Stock lying with the vendor
22. Is there any instances of failure in response( within 20 seconds) to the request message from NFS/ failure in maintaining accuracy of transaction message? Any instances of being penalized? If so details.
23. Whether system of periodic preventive maintenance of ATMs is done ?
24. Whether network penetration testing for ATMs is conducted to check that they are on network or not?
25. How the partial dispensation of cash by ATMs are monitored and settled ? Is there any case pending for settlement ?
26. Verify discrepancies in cash dispensation:
- i) Whether complaints related to cash dispensation are resolved within time limits?
  - ii) Whether online monitoring of ATMs having higher dispenser problem is done.

27. How the online verification of disabling cash retraction facility in ATMs are monitored?
28. Details of captured cards and monitoring process to block the cards on detecting frauds
29. Verification of immediate blocking of ATM cards in case of loss of ATM card or closure of account by the ATM card holder.
30. Whether any mechanism is being done to analyse the complaints to identify complaint prone ATMs and monitoring transactions at the said ATMs?
31. Whether cash levels are set and monitored at intervals? Whether the branch is informed to replenish cash immediately when cash in the machine falls below a pre-determined level?
32. Whether the message regarding non-availability of cash in ATMs is displayed before transaction is initiated by the customer?
33. Is the banking license is valid as per RBI norms if any sub-members are enrolled by DOP?
34. Any fine and/or penalty imposed by a regulator or any directive received from regulators about its sub-member for discontinuation of business
35. Details of daily reconciliation with NPCI for clearing and settlement account
36. Verification of pending settlements with NPCI.
37. How the daily reconciliation of accounts is carried out and settled ?
38. If daily reconciliation done through agency then whether the details are submitted by them on daily basis?

39. If the agency fails to submit reconciliation reports , penalty clause, if any as per the agreement with the agency is invoked ?
40. Verification of daily settlement reports [NTSL file containing summary of transactions, disputes/adjustments, penalties, customer compensation amount, interchange, GST, and switching fees]
41. Verification of Daily Issuer File (VERIF files) and Verification Acquirer File (VERAF) containing reversal transactions generated after cut off and those reversals, which has been received by NPCI without original transactions
42. Verification of Reversal Report shared by NFS containing the details of reversals received from Acquirer by NPCI after cut off (late reversals) and settled in the next day's settlement
43. Details of Exception transactions which remains un-reconciled and/or are reported by a customer as erroneous.
44. Verification of transactions which are not settled due to data loss :-
  - 1) Mechanism adopted for settlement of such transactions as Issuer and Acquirer
  - 2) Any such claims pending from other banks ( DOP as acquirer)?
  - 3) Records maintained for such transactions.
45. Verification of Disputes - Chargeback, Credit/Debit adjustments, Chargeback representment/ acceptance
46. Verification of rejected cases of disputes -wrong transaction details , time limit has lapsed, Lodging of duplicate disputes, using of wrong file format while uploading bulk adjustments.
47. Verification of pre-arbitration of debit adjustment disputes

48. Verification of arbitration cases
49. Verification of compensation cases refunded to customers
50. Documents on Debits adjustments
51. Documents on Credits adjustments
52. Register of customer complaints / grievances for transactions routed through NFS network.
53. Verify access to grievance redressal mechanism:
54. Whether systems are in place to provide smooth access to grievance redressal mechanism for ATM related complaints.
55. Any suit filed in any court of law or arbitration ATM Nodal unit and NPCI have been made parties.
56. Details of cases where chargeback cannot be claimed within the specified period( 60 days from the next day of the transaction)
57. Details of customer compensation for delayed credit if any.
58. Details of compensation paid (Rs. 100 per day) to other banks in case of Arbitration acceptance if any.
59. Details of arbitration decision by NRP(NPCI's Internal Review Panel) or PRD (Panel for Resolution of Disputes) and fee in any paid by the Department ( Rs500 for NRP & Rs.5000for PRD where the decision is against the Dept).
60. Check the entire day accounting and its reconciliation wherever required in accordance with Sop and SAP as issued by DOP.
61. Reconciliation of NFS pool account reconciliation and its status.

62. Cheque whether required GST and statutory taxes have been regulated and paid in accordance with the statutory rules of GST and check whether ITC on GST obtained where ever eligible.
63. Reversals done and its impact on accounts.
64. Any other matters pertaining to accounts and related topics as per booking in the ATM GLs.

\*\*\*\*\*End of Questionnaire\*\*\*\*\*

**File No:-16-3(4)/2019-Inspn.**  
**Government of India**  
**Ministry of Communications**  
**Department of Posts**  
**(Inspection Unit)**

Oak Bhawan, Sansad Marg  
New Delhi 110001  
Dated 22.10.2019

To

1. All Heads of Postal Circles
2. Director, RAKNPA
3. Army Postal Service Directorate, New Delhi
4. All Directors, Postal Training Centres

Subject: Revised Inspection Questionnaire of SB Branch and **S.B.C.O.** of Head Post Offices by the Account Officer ICO (SB).

Kindly find enclosed herewith the revised Inspection Questionnaire of SB Branch and S.B.C.O. of Head Post Offices by the Account Officer ICO (SB) which is in supersession of the Inspection Questionnaire pertaining to these offices issued from time to time.

2. This Inspection questionnaire for SB Branch and S.B.C.O. of Head Post Offices by the Account Officer ICO (SB) will come into force with immediate effect. This Inspection Questionnaire is also uploaded on [www.indiapost.gov.in](http://www.indiapost.gov.in) website.
3. The number of days for Inspection of HO by AO, IC0 (SB) has been revised to 4 Days (3 days for HPOs + 1 day for SO/MDG under the HO's jurisdiction).
4. This issues with the approval of Competent Authority.
5. Hindi version will follow.

*Dinesh*  
22/10/19  
Assistant Director (Inspection)

Copy to:

1. CGM (PLI) Directorate/CGM(BD) Directorate/ CGM Parcel Directorate.
2. DDG (Vigilance), Dak Bhavan, New Delhi
3. All DDsG
4. GM, CEPT Mysuru is requested to kindly upload the above revised Inspection Questionnaire on India Post website at S.No. 34 (20) on web page at link <https://www.indiapost.gov.in/VAS/Pages/RTI/RTI-Manual-5.aspx>
5. DOG (Estates) — It is requested to kindly have the questionnaire translated into Hindi from the Hindi Section within a month please.

*Dinesh*  
22/10/19  
Assistant Director (Inspection)

QUESTIONNAIRE FOR INSPECTION OF S.B. BRANCH AND S.B.C.O. OF HEAD POST OFFICES  
BY THE ACCOUNT OFFICER ICO (SB)

**SECTION I (GENERAL)**

1. (a) When was the SB Branch/SBCO last inspected by the Audit and AO, ICO (SB) and whether all items of the reports have been properly complied with?

(b) The inspecting officer will exercise his discretion in scrutinizing any item of work not specified in the questionnaire.

2. (a) Examine memo of distribution of work of SBCO and see it is approved and is being strictly followed.

(b) Examine whether all SBCO staff are given training at WCTCs by User champions for End User/Supervisor Module and Auditor training.

**SECTION II (SB BRANCH OF H.O.)**

3. The Inspecting Officer shall check the procedure for transfer of account/scheme, freezing & unfreezing, intersol transactions circulated vide SB order 5/2016 dated 21.06.2016 and as amended from time to time, is being followed correctly in respect of references received from Pos with one supervisor and record observations

4. The Inspecting Officer shall test check 4 dates the cases of account closed on transfer to verify the genuineness of the closure and that the procedure circulated vide SB order 5/2016 dated 21.06.2016 and as amended from time to time, is being followed correctly in respect of references received from Pos with one supervisor and record observations.

5. Check the register of rectification of Interest and ensure:-

(i) The proper maintenance for each category of accounts separately (Single register with separate folio).

(ii) Entries in the register are checked by I/C SBCO regularly.

(iii) The correctness of the rectification of Interest made needs to be checked.

6. Check 20 Pass Books presented at HO/SO and received from SOs/BOs during the visit, to see that entries in pass books with reference to Finacle ledger. Also check passbooks are being printed by Passbook Printer and no manual entries is being done in Passbook.

7. Interest calculation correctness should be verified to see that no errors in interest calculation occurred due to inaccuracy of data before migration (closed accounts of PPF, NSS, SCSS etc.). This is linked to T-Recon Reconciliation. As there are issues with value date and migration data, a percentage check of interest as prescribed may be made by SBCO till further orders.

8.(a) The Inspecting Officer shall check the procedure for revival of silent account, circulated vide SB Order 5/2016 dated 21.06.2016 and as amended from time to time, is being followed correctly in respect of references received from POs with one supervisor and record observations.

(b) Check with reference to report on deduction of Silent Account maintenance Fee that the amount deducted has been accounted in HO Cash Book/CSI Daily A/C sheet of HO.

9. Check the entries in the Cheque register to see that:

Check Cheque register maintained in HO and test check, some entries to see that:

(i) In case of **dishonoured** cheque **returned** to the **depositor** the **prescribed dishonour** fee is collected and credited to UCR/debited to account.

(ii) In case of outstation cheques, prescribed commission (Fee) is charged in respect of cheques returned uncashed.

(iii) The physical stock of unused cheque books is tallied with the total unused cheque books shown in Finacle system.

(iv) That the lodging of cheques is done only at the HO. It should be ensured that no SO is lodging cheques in Finacle and that the SO is preparing manual list of cheques received for New Investment and subsequent deposits and is being sent to HO.

(v) That the HO is lodging cheques presented at SOs for New Investment and subsequent deposits for RD against Clearing Office Account of SO and for subsequent deposits of other schemes in its own clearing Account.

(vi) That the SOs are checking their Clearing Office Account on daily basis to see clearance received at HO and opening accounts with value date as clearing date and funding the account.

(vii) That the amount in Clearing Office Account of SO is shown as remittance received from SO in advance at HO and at SO as funding the account as Deposit and Remittance (in advance) to HO.

(viii) That the figures of inward and outward clearing in Post Office Clearing Report (available in HFINRPT in Finacle) tallies with Treasury figures.

### SECTION III (CONTROL ORGANISATION)

10. (i) Is every official performing his work satisfactorily?

(ii) Is every official maintaining a hand to hand receipt book for making over documents?

(iii) Whether rotation of work among officials is being done regularly.



11. (i) Whether SBCO is generating consolidation of each scheme (Including KVP/NSC issued after 01.07.2016) from the Finacle (which is available in production for any date) when vouchers are received from SOs/HO and compare the consolidation print out sent by the SOs/HO counter with the consolidation shown by the system. Whether in case of discrepancy, SBCO In charge is immediately raising the issue and **reporting to** Divisional Head as well as Vigilance Branch of Region/Circle. It is mandatory that consolidation report should be generated from the Finacle production system for reconciliation. (Refer point 4 & 5 of SB Order dated 21/06/2016g).

12. (i) Is the 'Register of vouchers not received' in respect of 'will follow vouchers' maintained properly for each type of account and prompt action is taken when vouchers are not received within reasonable time?

(ii) Whether the MAPs/Certificates of payments relating to objected vouchers received subsequently from Post Offices are attached to the relevant vouchers/kept on record.

13. (i) Is the prescribed voucher checking work of the SBCO upto date (Including KVP/NSC issued after 01.07.2016)? Are the P.As. placing full signatures on the vouchers in token of having checked TRAN ID, Account number and Amount. If not, please note the details of pendency and action being taken to make it updated.

(ii) Examine a voucher bundle taken at random for 4 dates and see whether all the vouchers due to be checked have been checked as per prescribed procedure.

(iii) Is the Supervisor ensuring that the P.As. are carrying out the requisite check of vouchers effectively by test checking 5% of the vouchers checked by PAs and placing Countersignature on the vouchers checked in token of Supervisor check.

(iv) Whether proper Preservation of the records is being made by the SBCO?

14. (i) Are separate objection registers maintained for each CBS Office?

(ii) Examine the register to see that the objections raised are relevant, brief and to the point and each mistake is given a separate serial number.

(iii) Whether action is taken promptly by the P.O. and the compliance/nature of action taken is noted against the objections and duly attested by the Supervisor when the objections are settled. See that the dates and manner of settlement are entered and admitted by the Supervisor.

(iv) Are the objection register closed at the end of every month? Is the summary of objections settled and pending at the end of month correctly prepared? Are the serial numbers of pending objections noted?

(v) Have any serious irregularities been noticed against any office which requires special investigation? If so, whether these cases have been reported to the Divisional Head?

(vi) Is the Supervisor reviewing the objection register once a month and forwarding lists of objections pending for more than three months/six months to the Divisional Superintendent and Director Postal Services respectively?

15. (i) Are the progressive totals cast daily in the consolidated journals of different type of accounts?

(ii) See that the supervisor verifies daily totals/progressive totals of the cash figures of the consolidated journals with the amounts shown in the SO Summary, HO Summary and Head Office Cash Book and initials the entries in the latter in token of verification.

(iii) Is the Supervisor furnishing daily, in the Consolidated Journals requisite certificate of verification of cash figures with the Head Office Cash Book?

(iv) Is the Supervisor furnishing in the consolidated journals at the end of the month, the requisite certificate of deposits, withdrawals, etc. with the figures shown in the CSI Daily account sheet/Respective GL list?

(v) The inspecting officer shall see that the amount of deposit, withdrawal and interest for each category for the month in respect of the HO agree with each other in the following three documents i.e. CONSOLIDATION (arrived at from finacle), CSI Daily Account sheet/Respective GL list AND STATISTICAL EXTRACT. This check will ensure two things namely:-

a) That all transactions that have happened in Finacle have been incorporated into Cash Account which is in Meghdoot.

b) That at O/o GM (F&A)/DAP there is no discrepancy between DB (Detail Book Figure posted from Cash Account sent by Postmaster) and SR (Subsidiary Register posted from Statistical Extract sent by SBCO In-Charge).

16. It should be examined that summary reports regarding annual interest for Savings/PPF/NSS/SSA accounts is generated and sent to PAO. (To be checked till DAP is able to generated reports centrally).

17. (i) Is the Register of undeliverable pass books (SB 44) for each type of accounts maintained properly at HO/SO?

(ii) Is the Supervisor verifying the stock of pass books once a year in April and recording the certificates in the register of U/D Pass Books maintained in SBCO? Is he keeping the pass books safely in his personal custody?

(iii) Destroy all undeliverable pass books in deposit for more than 1 year after making a note in the register.

18. (i) Is the register of spoilt pass books maintained properly?
- (ii) Destroy all spoilt pass books in deposit for more than 1 year after making a note in the register.
19. (i) Are the statistical registers of different types of accounts generated from CBS system?
- (ii) Are the extracts from the statistical registers submitted to the Director/Dy. Director Postal Accounts in time every month?
20. (i) Is the register of unused cheque foils maintained properly?
- (ii) Destroy the unused cheque foils in partly used cheque books surrendered for cancellation by the depositors on the closure of the cheque accounts.
21. (i) Are all closure of discontinued scheme accounts (like NSS-87 and NSS-92) is done at HO only and that the closure amount is paid only by credit into savings account or by cheque. No closures should have been processed at SO and no cash payment should have been made.
- (ii) That issue of Duplicate Pass Book is being done at HO only as per 'point No. 31 circulated vide SB order 5/2016 dated 21.06.2016 and as amended from time to time.

### **Additional checks for Inspection in CBS environment**

- 22 (i) Check the (HFINRPT Report: Common user Profile and access report) which shows that the user-IDs of those officials who have proceeded on leave/deputation/retired/suspended etc have been disabled.
- (ii) Check that the Sanchaya software has been disabled at the Post Office.
23. For selected month/dates randomly from last inspection, office accounts have to be checked. All Office Accounts should be checked by comparing HO Summary/Daily Account. Refer annexure for Office Accounts. No transfer entry should be made in any clearing Office Account from any other Office Account. Point 7 SB order 5/2016 dated 21.06.2016 states that any unauthorized entry into any office Account shall be treated as violation of rules and official will be liable for disciplinary action.
- (i). 0340 (Postmaster's Account): It should be credit balance only.
- (ii). 0017 (Outward Clearing A/C): It should be Zero Balance. (From 15.01.2019 no cheque is to be entered through this office account)

- (iii). 0101 (Inward Clearing A/C POSB cheque Debit to be given): It should be credit balance.
- (iv). 0408 (Pension upload account): It should be Debit balance only.
- (v). 0409 (Salary upload account): It should be Debit balance only.
- (vi). 0410 (DBT Upload Account): It should be Debit balance only.
- (vii). 0382 (Subsequent deposit): It should be Zero balance only.
- (viii). 0385 (Money order upload account): It should be Debit balance only.
- (ix). 0387 (Reinvestment A/c): It should be Zero balance only.
- (x). 0098 ECS Debit & Credit Account: It should be Credit balance only.
- (xi). 0322 PPF Transit Account. It should be zero balance.
- (xii). 0339 Branch office settlement account. It could be either Debit/Credit balance.
- (xiii). 0006 ATM cash account: It should be Debit balance only.
- (xiv). Also 0336 account needs to be checked whether any wrong debit is done for TTUM upload. HTTUM LOT available should be checked with accounted figure for the uploaded date.

24. (a) The Inward list of cheques received and lodged in Finacle using HMICZ/HICTM menu for clearance may be checked for selected month with respect to the SB account numbers at HO to confirm actual debiting of accounts of HO & SOs. (by using HACLI Menu).

(b) The Outward cheques received and lodged in Finacle using HMCLZOH/HOCTM may be checked with respect to the account numbers of SO/HO to confirm credits given on receipt of Outward List (OL) from service centre/ GPO and corresponding office account/cheque clearing report.

(c) The realized cheques needs to be checked for corresponding credit entries from respective office accounts like 0017 (Subsequent deposit to **PPF, SSA & RD** Accounts), 0382 (new investment account excluding SB) ( SB Order 5/2016).

25. For selected month, inspecting officer should see that all non DOP cheques are lodged to SO SOLID + 0017 for RD, HO SOLID \_ 0017 for PPF & SSA accounts irrespective of HO and its Sub Offices. Posting of PPF and SSA to be done at HO itself for all the cheques.

26. PPF Transit account SOLID + 0322 should be cross checked for selected month with the report of Account Transfer. Also compare the amount shown as remitted/drawn to/from Bank with the amount shown in the office account on selected dates.

27. Office account SOLID + 0387 should be checked for selected month and see that it should not have credits for reinvestment after 18/06/2015 as per addendum to SB order number 07/2015.
28. Office account SOL ID + 0339 (Branch office settlement account) should be checked for selected month for BO transactions done by the respective SO/HO and compare the same with BO Summary.
29. Generate User profile and Login access report in Finacle and cross verify with nominal roll for day of inspection (HFINRP Report: Common user Profile and access report).
30. Test check entries in office account SOLID 0098 for selected month and cross verify with ECS Debit & credit lists of HOs.
31. During your stay in the office, observe verification of transactions done by Supervisor. Supervisor should visit verification menus aRer every half an hour and clear the pending transactions. Record your observations.
32. Use IES menu and cross check few accounts of all category to see whether signature is scanned and uploaded. Record results.
33. See whether Head Office is sending KYC Forms to CPC on daily basis and there is no pendency in Post Office. Record results.
34. Check stock of Passbooks maintained physically with stock register and physical stock. Record results.
35. Check Error Book and see that all the corrections done in Consolidation are being recorded and copy is sent to SBCO and higher authority.
36. Check whether Passbook printer is supplied and it is in working condition? Test check some passbooks from counter and see whether manual entries are still done by the staff in Passbook. Record results.
37. Whether Post Office is attached with ATM. Whether ATM is installed in the Post Office Premises? If so, is it working?
38. ATM cash account SOL ID + 0006 needs to be cross checked with cash remittance entry to Bangalore GPO for selected month comparing HO summary and RAs (Remittance Advice) drawn and whether acknowledged. ATM cash account should always be in debit (Dr.) balance.
39. (a) Number of instant ATM Debit card kits issue register along with the pending stock needs to be checked. Test check can be done for few cards whether these are issued to genuine customers only. This can be done by referring to CIF where customer details are available. (ATM kits to be checked physically referring the stock register and issued ATM

cards to customers can be checked using Inquire function under CCMM Menu. Stock register needs to be checked manually).

AML and CFT checks-

40. The inspecting officer shall check to see that the guidelines circulated vide SB order No. 14/2012 received from Directorate vide Letter No. 109-04/2007-SB dated 09/10/2012 regarding AML/CFT norms is being scrupulously followed.

41. The inspecting officer shall also check to see that all reports as per the under mentioned reporting schedule are sent.

- (a) CTR All cash transactions more than Rs. 10 lakhs.
- (b) All series of cash transactions totally exceeding more than Rs. 10 lakhs during a month.
- (c) STR Suspected transaction report.

3<sup>d</sup> working day of subsequent month — Every Departmental PO to Divisional office.

5<sup>th</sup> working day of subsequent month — Divisional Office to Circle Office.

8<sup>th</sup> working day of subsequent month — Head of Circle to DDG (PCO) in Directorate.

**ONE TIME CHECKS**

42. T. Recon report for negative balances.

Check whether reconciliation report shared by FSI Vendor aRer migration with the Post Office are kept in guard file and copies have been sent to SBCO/DO/RO/CO. This check is very important to ensure that no closed or transferred out accounts have migrated to Finacle inadvertently and that the migrated accounts have migrated for correct balances.

43. Check whether all BOs are mapped to their 5 digit BO code correctly. See the drop down list of BOs in Finacle.

This can be checked using respective modification menus using Inquire function. (CASBAM for SB, CMISAM for TD, CRDACM for RD).

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