

CHAPTER V

RELATIONS WITH AUDIT

A—GENERAL

94. The divisional officer, as the primary disbursing officer of the division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force. *See also paragraph 77.* P.W.A.C. 95

95. The divisional officer is further required to submit his accounts to the Principal Auditor, who has to apply to them such audit checks as may, from time to time, be prescribed by the Auditor General under the rules in Appendix I of Volume V of the Handbook. *See also paragraph 76.* P.W.A.C. 96

The accounts returns which have ordinarily to be submitted for audit and compilation are enumerated in Chapter XXV, but the Principal Auditor is authorized to call for additional accounts, books, papers, and writings having relation thereto, should he consider them necessary for the elucidation thereof.

96. The divisional officer is responsible that the accounts of his division are not allowed to fall into arrears; but if arrears or confusion arise which in his opinion cannot be cleared without the assistance of the Principal Auditor he should at once apply for such assistance. P.W.A.C. 97

B—DIVISIONAL ACCOUNTANT

97. To assist divisional officers in the discharge of their responsibilities referred to in paragraphs 94 and 95 above, the Principal Auditor will post a divisional accountant to each divisional office. P.W.A.C. 98

1. Rules regarding the establishment of divisional accountants are given in Appendices II and III.

2. The employment, as an accountant in a divisional office, of any person who does not belong to the establishment of divisional accountants is not permissible. But when a regular accountant is not available, and, as a purely temporary arrangement, the Principal Auditor has to entrust to a clerk the duties of a divisional accountant, he will be appointed to officiate as a divisional accountant in the particular vacancy, even though he be not eligible for such appointment under the rules in Appendix II.

P.W.A.C. 99.

98. (a) The functions of the divisional accountant are three-fold :

(i) as accountant, i.e., as the compiler of the accounts of the division in accordance with the prescribed rules and from the data furnished to him;

(ii) as primary auditor, i.e., as the representative of the Audit Department, charged with the responsibility of applying certain preliminary checks to the initial accounts, vouchers, etc. (See Chapter XXV); and

(iii) as financial assistant, i.e., as the general assistant and adviser to the divisional officer in all matters relating to establishment, the accounts and budget estimates, or to the operation of financial rules generally.

(b) In the discharge of these duties he is expected to keep himself fully conversant with all sanctions and orders passing through the office and with other proceedings of the divisional officer and his subordinates which may affect the estimates or accounts of actual or anticipated receipts and charges. He should advise the divisional officer on the financial effect of all proposals for expenditure and keep a watch, as far as possible, over all the liabilities against the grants of the division as they are incurred.

(c) The divisional officer should see that he is given the fullest opportunity of becoming conversant with these sanctions, orders and proceedings. To enable him to discharge his duties efficiently the divisional accountant is treated as the senior member of the office establishment of the division, though his position is analogous to that of a sub-divisional officer, *vide* paragraph 77.

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99. The divisional accountant is expected to see that the rules and orders in force are observed in respect of all the transactions of the division. If he considers that any transactions or order affecting receipts or expenditure is such as would be challenged by the Principal Auditor if the primary audit entrusted to the accountant were applied by the former, it is his duty to bring this fact to the notice of the divisional officer with a statement of his reasons, and to obtain the orders of that officer. It will then be his duty to comply with the

orders of the divisional officer, but if he has been overruled and is not satisfied with the decision, he should at the same time make a brief note of the case in the register of divisional accountant's audit objections, form no. 60, and lay the register before the divisional officer, so that the latter may have an opportunity either of accepting the divisional accountant's advice on reconsideration and ordering action accordingly, or of recording for the information of the Principal Auditor, his reasons for disregarding that advice. An objection entered in this register should not be considered as finally disposed of until it has been reviewed by the Principal Auditor, for whose inspection the register should be available at all times.

If no audit inspection takes place in a year and entries have been made in the Register during the period since the last inspection, the Register, or, if the entries are few, an extract therefrom should be submitted to the Audit Office in the month of April for review.

100. (a) The divisional accountant should bring to the divisional officer's notice all instances in which subordinate officers exceed the financial limitations on their powers placed by the divisional officer or higher authority.

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For example, if the divisional officer is allowed a lump sum appropriation for expenditure on a group of works, and he has made out of it appropriations for individual works, expenditure should be watched against individual appropriations and excesses brought to the divisional officer's notice.

(b) He may further be required by the divisional officer to undertake, on his behalf, such other scrutiny of the accounts of the receipts and disbursements of subordinate officers falling within the divisional officer's own powers of sanction, as the latter may consider necessary.

(c) The divisional accountant should not as a rule be required to receive, or pay out, cash, but in the case of irrigation and hydel divisions, where the monetary transactions at the headquarters of the divisional office are not large, either in number or in amount, the divisional officer may, on his own responsibility and with the previous consent of the Principal Auditor, entrust the receipt and disbursement of cash to the divisional accountant. The divisional accountant should not however be normally authorized to issue final receipts

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in the forms prescribed in paragraph 149 over his own signature. (See also rule 1 under paragraph 149).

P.W.A.C.102

101. The divisional accountant is further expected to inspect periodically at least once a year under the orders of the divisional officer, the accounts records of sub-divisional offices and to check a percentage of the initial accounts. The defects noticed should be reported to the divisional officer for orders, but the divisional accountant will be responsible, as far as possible, for personally explaining the defects of procedure and imparting necessary instructions thereon to the sub-divisional officers and their staff.

1. The results of these inspections should be placed on record for the inspection of the Principal Auditor, but serious financial irregularities should be reported at once for the information of that officer, even though set right under the orders of competent authority. See also paragraph 82 of Volume V of the Handbook, requiring a report to be made immediately to the Principal Auditor of all defalcations or losses of Government money, stores or other property.

2. The accounts of interest-bearing securities maintained by Sub-divisional officers should be examined to see that the rules relating to them are observed and that the register in form no. 85 is correctly maintained, and with this object a few transactions of the register should be compared with the entries in the cash-book or other account, and *vice versa*. The securities certified in the last annual account of interest-bearing securities, form no. 86 as being on hand should be verified by inspection as far as possible, and it should be seen, in respect of such of them as are not produced for inspection, that there are in existence either the original acknowledgments of the depositors bearing dates subsequent to the dates of the last account, or the acknowledgments of the authorized custodians, as the case may be.

102. Two sets of questions for the guidance of the divisional accountant are contained in Appendix IV. Part I of the questions contained the subjects which should necessarily be examined by the accountant, part II refers to matters about which the accountant should obtain, before commencing his inspection, the specific orders of the divisional officer in writing as to whether he should examine them or whether the divisional officer would take them up. The accountant will then take up those subjects in part II which the divisional officer has ordered him to do so. The remaining points therein should be examined by the divisional officer himself.

103. The divisional officer has a right to seek the advice of the Principal Auditor in all matters connected with the accounts of his division or the application of financial rules and orders concerning which there may be any doubt. It will usually be desirable, however, that he should first obtain the advice of the

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divisional accountant who is specially trained for this duty, and this should be done in writing in all cases of importance.

C—AUDIT INSPECTIONS

104. The Principal Auditor arranges for the periodical test audit and local inspection of the accounts of divisional and sub-divisional offices, and the divisional officer is responsible that the initial accounts and other connected records are made available for inspection. Inspecting officers are required, if possible, to discuss the drafts of their reports with the head of the office inspected before submitting them to the Principal Auditor, and, for this purpose, it is desirable that the head of the office should be present at the inspection unless his presence is urgently required elsewhere.

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D—COMMUNICATION OF SANCTIONS TO AUDIT

105. As a general rule, every sanctioning authority is responsible that all sanctions and orders against which audit of receipts or disbursements is to be conducted in the audit office are communicated to it.

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1. In the Buildings and Roads Branch sanctions to both estimates and appropriations are communicated by divisional officers to the Principal Auditor through monthly lists of sanctions in form no. 60A, while in the Irrigation Branch sanctions to estimates are communicated monthly through minor works returns. Sanctions to appropriations of divisional officers in the Irrigation Branch are communicated to the Principal Auditor monthly in a consolidated statement through the superintending engineer who includes therein his own sanctions also. Copies of all sanctions by the deputy chief engineers in the Buildings and Roads Branch and other higher officers in both the branches are forwarded from time to time as they are accorded. See also paragraphs 686 to 688.

2. Audit against sanctions accorded by the divisional officer is conducted in the audit office only in respect of technical sanctions to estimates and sanctions to write-off stores or losses of Government money. In respect of other sanctions of the divisional officer the divisional accountant is responsible for the necessary check, *vide* paragraph 100.

3. Sanctions to contract agreements accorded by officers higher than the divisional officer should be communicated by them to the Principal Auditor in such form as to enable that officer to audit the payments to contractors on the basis of rate sanctioned for each item of work or supply and other necessary terms and conditions. Duplication of agreements should in no case be required that is to say an authority who has concluded an agreement should not be required to draw up and sign again an agreement already executed.

4. All sanctions to works in connexion with Official residences of the Governor whether original works or special or ordinary repairs, should be referred to the Principal Auditor for pre-audit and must be accepted by him before any expenditure on the works is incurred. The Military Secretary to the Governor may however authorize the execution of urgent works in any of the residences up to a limit of 10 per cent. of the total annual provisions for original works. (*See* Appendix VI.)

E—RESULTS OF AUDIT

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106. The results of audit are communicated to the divisional officer in the form of audit notes, objection statements, inspection reports, letter or memoranda. These should receive prompt attention, *vide* paragraph 79 of Volume V of the Handbook, and the replies of the divisional officer should be based, as far as possible, on his own knowledge. It is not enough to pass on the explanation of a subordinate; reports prepared in this manner have more than once, by lulling suspicion, led to greater irregularity afterwards.

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107.

107. Objection statements and inspection reports should be returned through the superintending engineer after the divisional officer has recorded his replies thereon. The superintending engineer will pass orders in respect of matters which he is competent to deal with finally and record his remarks (with a note of the action taken) on all other points, before returning the documents to the Principal Auditor.

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108. Once a transaction has been entered in the objection statement, or otherwise challenged in one of the other documents referred to in paragraph 106, the responsibility for having the objection removed will devolve upon the divisional officer, and the Principal Auditor is required to report to the higher authorities cases in which objections are not cleared within a reasonable time.

An audit objection is usually removed by obtaining the requisite sanction, by making the necessary recovery, by correcting or completing the relevant account or voucher, by furnishing the necessary documents or information, or by otherwise securing compliance with the provisions of a specified rule. In cases in which a protest is made against an audit objection as being incorrect, the objection should be held to be in force unless a formal intimation of its withdrawal is received from the Accountant General.

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109.

109. The Principal Auditor is required to place under objection any transaction coming to his notice which is not covered by adequate sanction or involves an excess thereon or other deviation. In some cases, the divisional officer may have already taken action to regularize the transactions, or the excess (if any) over sanction, *plus* any further excess that may be anticipated, may be within his own powers of sanction without the need for preparing a revised estimate, and he may have accorded the necessary formal approval to it: yet, if the necessary intimation of sanction does not

reach him when the divisional accounts in which the irregular transaction appears are being audited, the Principal Auditor is bound to raise the objection, as he is not authorized to assume that the necessary sanction has been accorded. Divisional officers will, therefore, find it advisable to send to the Principal Auditor the earliest intimation of such of their sanctions and orders as are required to be communicated to him (*vide* paragraph 105), and to give it, without waiting for the receipt of the objection statement or audit note, all the necessary information in regard to transactions for which, within their knowledge, adequate authority does not exist. A single statement recorded monthly over the signature of the divisional officer in form no. 83, monthly list of accounts submitted to audit or in form no. 84, divisional officers' report of scrutiny of accounts, when form no. 83 has been signed by the divisional accountant, will ordinarily suffice in respect of transactions brought to account in the monthly account.

1. The object of this rule is to obviate the issue of unnecessary audit objections : but a reduction in the number of objections can be effected only by observing the requirements of the financial and other rules bearing on the transactions, and by taking timely action to accord or obtain, as the case may be, such sanction or order as may be required in cases in which a deviation from rules has occurred.

2. The divisional accountant is responsible (i) for bringing prominently to the notice of the divisional officer, at least once a month, all irregular transactions on which action has not already been taken by the latter at the instance of sub-divisional officers or of his own motion, and (ii) for giving effect to the provisions of this paragraph in accordance with the procedure which the divisional officer may have desired to be observed in this connexion.