

THE CHITTAGONG PORT AUTHORITY



AUDIT MANUAL

(Approved vide Board's Resolution No. 61 dt. 3-8-1979)

Published by : The Chittagong Port Authority.

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TRON CHITTAGONG PORT
YTHIRONTUA



CHITTAGONG PORT AUTHORITY

THE GOVERNMENT OF BANGLADESH CIRCLES ONLY BEYOND

P R E F A C E.

This Manual has been compiled for the guidance of the Officers and staff of Internal Audit & Inspection Department of the Chittagong Port Authority with the object of explaining the procedure to be followed by them while conducting the audit and inspection of the Chittagong Port Authority for the satisfaction of the Port Management.

2. The Manual has been compiled on the basis of the rules and regulations contained in various authorised publications of Government/CPA and other upto-date publications.
3. Any suggestion for improvement of the procedure embodied in this Manual may be brought to the notice of the Member/Finance, Chittagong Port Authority.
4. The undersigned records his thanks to Mr. Nesar Ahmed, Audit and Accounts Officer (OSD/CPA) for drafting the Manual.

A. M. SALAHUDDIN AHMED
MEMBER (FINANCE),
CHITTAGONG PORT AUTHORITY.

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for the following audit and financial year
it will be referred to the Board of Audit and
Audit will be conducted by the Board of Audit
and the auditor will be chosen by the Board
from among the auditors who are independent
and who have the necessary qualifications
and experience to conduct the audit.

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 to ensure accountability (ii)
 to reduce risk (iii)
 to improve internal control (iv)
 to promote adherence to policies and standards (v)

DEFINITION

INTERNAL AUDIT

from day to day by the IAA (i)
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CHAPTER-I

INTRODUCTORY.

(A). AIMS AND OBJECTS OF INTERNAL AUDIT :-

The Organisation of Internal Audit and the extent of its role and responsibility is a matter for determination by the Chittagong Port Authority.

2. The Management has the responsibility to establish Internal control so that its activities are conducted in an efficient and well ordered manner. Internal Control comprises the whole system of control and methods, both financial and otherwise, which are established by management to :—

- (i) safeguard its assets;
- (ii) ensure reliability to records;
- (iii) promote operational efficiency; and
- (iv) encourage adherence to policies and directives;

3. Internal Audit is an independent appraisal function within an organisation, for the review of activities as service to all levels of management.

It is a managerial control which measures, evaluates and reports up on the effectiveness of Internal control and efficient use of resources within an organisation.

It is the responsibility of Internal Audit to review, appraise and report upon the :—

- (a) The soundness, adequacy and application of financial and other management control;
- (b) The extent of compliance with, relevance and financial effect of established policy, plans and Procedures;
- (c) The extent to which the Organisation's assets are lost on all accounts arising from;
 - (i) Fraud and other offence,
 - (ii) waste extravagances and inefficient administration; poor value for money or other causes.
- (d) The suitability and in reliability of financial and other management data developed within the organisation.

4. The independent Role of Internal Audit should in no way diminish the close working relation with other departments of an organisation, through contact at the appropriate managerial levels before during and at the conclusion of Audit assignment.

5. The object of Internal Audit Department is advisory and to review functions of the departments. Internal Audit may advise on controls to be incorporated in new or revised system before implementation. It should not engage in any activity which it would normally review and appraise.

6. Programme of work of the Internal Audit Department should be prepared by the Chief Auditor and got approved by the Member (Finance). It should be borne in mind that the works of the Internal Audit do not relieve the Departmental Authority including the Accounts Department of their respective responsibilities for management and control or Inspection.

7. When a fraud is suspected at an office or branch in course of Audit and Inspection, it will be the duty of the Chief Auditor to report the matter to the Member (Finance) confidentially and immediately and obtain order of the Member (Finance) to continue the investigation of the case with caution and calmness avoiding excitement and any tendency to exaggerate facts or jump at the conclusion. The general instructions for dealing with case of lossess, fraud, defalcation should be followed in such case.

(B) POWERS AND RESPONSIBILITIES OF THE CHIEF AUDITOR:

1. The Chief Auditor, Chittagong Port Authority is responsible for the detailed audit of the Accounts of the Chittagong Port Authority. He works directly under the supervision and direction of the Member (Finance)/CPA.
2. Subject to any general or special orders which the Member, Finance may issue, the Chief Auditor may prescribe detailed instructions regarding the division of work and responsibility among his subordinate staff and other matters relating to organisation of his Department.
3. The Chief Auditor is responsible for conducting periodical inspection of the Accounts records of the executive offices.
4. The Chief Auditor is responsible for the scrutiny and audit of financial sanctions accorded by different competent officers of CPA including the Budget allocations.
5. The Chief Auditor is responsible for sending the Member (Finance) early intimation of all serious irregularities and losses and embasslements of

cash or of stores coming to his notice. He is also responsible for bringing at once to the notice of the Chief Finance and Accounts officer any such serious irregularities or losses discovered during audit or audit inspection. He may also examined the investigation report of different agencies constituted by the CPA and offer such comments as might be necessary in regard to any defect of system found or and the adequacy of the actions taken.

6. The same procedure should be followed in regard to orders on writing of large amounts of revenue or expenditure or waiving recovery of over payments or advances.
7. The Chief Auditor is responsible for seeing that the accounts have been correctly complied by the Chief Accounts Officer and in proper forms; that no alteration in the form of Accounts or in Classification is made without the approval of the competent authority; all appropriations or reappropriations have been sanctioned by the competent authority and they are in order.
8. The Chief Auditor shall audit the allocation of expenditure between Capital and Revenue and

also the allocation of expenditure divisible between two or more projects.

9. The Chief Auditor is responsible for auditing the Annual Review of balances, the Appropriation Accounts, the Annual Accounts and balance Sheets of CPA.
10. The Chief Auditor is responsible for conducting Inspection of the CPA's properties in accordance with the programme drawn out by him or as per special directions issued by the Member (Finance) or the Chairman, CPA in this behalf.
11. The Chief Auditor is responsible for physical verification of stores and other properties of the CPA.
12. The Chief Auditor will audit the records and accounts of the auction sales of scrap and condemned properties.
13. The Chief Auditor is responsible to conduct financial review and to evaluate productivity of capital expenditure and to submit his report to the Member/Finance.
14. The Chief Auditor is responsible to submit to the Chairman through the Member/Finance, CPA

his comments on the performances in respect of the projects and Development works furnishing necessary details.

(C) DISTRIBUTION OF WORK AMONG OFFICERS:

1. The Chief Auditor is generally responsible for the whole work of the office and in particular of the efficient administration of the office. Subject to instruction issued to him by the Member/Finance in this behalf from time to time, the Chief Auditor may determine the distribution of work between himself and other officers of his department.
2. With a view to maintaining direct contact with the original work of the auditing section, he may arrange that the work of any of the officers under him who may be absent, should come up to him direct.
3. The Chief Auditor should arrange that all important estimates, completion reports, Audit Notes, Journal Voucher, Weekly and Monthly progress Reports and any other documents of importance are sent to him for scrutiny.
4. Officers of Audit and Inspection Department should take a direct part in original audit work upto

20% in addition to their supervision, direction and review of audit work run by the Sub-ordinate staff. Chief Auditor should arrange to make periodical charges in the item of work normally allotted to him since it is not desirable that he should always be doing the same item as original audit. As regards original work to be done by officer and qualified Accountant during local inspection, please see the subsequent paragraphs.

5. Where an item of work, which has been selected for original audit be an officer or qualified Accountant is also due for audit in the month, the officer should personally check a proportionate number of documents of vouchers, comprised in that item, a suitable record of the work being kept. The rest of the documents will be checked by the Audit Clerks of the Accountant.
6. The original Audit should be a through check of the document selected through all stages. The officers may be allowed during the course of their check to take the help of the clerks for routine calculations. Where the scope of any item is sufficiently large it may be split upto a number of convenient and self-contained units to be undertaken separately at different times or by different member of the staff.

7. A careful record of the selected items and the result of original audit should be kept for each member separately. The final disposal of the points taken up should also be noted therein. When original audit is done by Accountant as part of their normal duties, a similar record should also be kept. These records should regularly be scrutinised by the Chief Auditor and also submitted to the Member (Finance) for review and information.

(D) DISTRIBUTION OF WORK AMONG STAFF :

The distribution of work among the verious grades of the subordinate staff should be settled by Chief Auditor according to local requirements through office orders. In arriving at this distribution, the following principles should be observed :—

1. The exact and detailed responsibility of each member of the staff should as far as practicable, be clearly defined, so as to be subsequently ascertainable from recorded documents;
2. The primary responsibility for efficient Audit and its timely completion should be laid upon the Accountant concerned, although he may be given the assistance of one or more clerks/assistants.

3. The services of Clerks/Assistants should, as far as practicable, be utilised on the detailed audit of vouchers, the tracing of their accounting through the various stages and documents, on arithmetical checks and on other formal and straight forward processes of audit;
4. All important investigations, should be conducted by an officer or by an accountant, in the latter case under the close personal supervision of an officer;
5. Work at local inspection should be divided among the persons forming the inspection party according to the personal experience and aptitude of each, the most senior man in the party being held generally responsible for the work of the entire party; and
6. regard should be paid to the need for arranging that each accountant does some original audit work.

CHAPTER-II INSPECTIONS :

(I) INTRODUCTORY :— The Primary objects of local inspections are to apply test audit to such accounts and vouchers, etc. as are not audited in the Accounts Department or as can not be completely audited except at a local audit, and to see

that the initial documents from which the bills and accounts rendered by the Departmental officers are compiled, or on which they are based, are properly maintained. Local inspection will include the physical verification of all the assets/liabilities of the C.P.A.

(II) PROGRAMME OF INSPECTIONS :—A programme of inspection to be conducted during the ensuing period should be drawn up at the begining of each year. Regard should be had to the programme of inspections the Accounts staff propose to carry out so that an undue strain may not be imposed on the local offices by both the Accounts and the audit inspections taking place within a very short internal.

The Head of the office proposed to be inspected should be given sufficient notice, of the probable dates of inspection, so that he may collect the necessary documents and arrange to be present at his headquarters to discuss with the inspecting officer the results of the inspection, the name the month the accounts of which will be test-checked locally shall not, however, be disclosed.

(III) PROGRESS REGISTER OF INSPECTIONS :— A register should be maintained showing :—

- (1) the date of last inspection of each Department by the Audit Staff.
- (2) the name of the Audit Officer who conducted the last Audit inspections;
- (3) the date of the present inspections;
- (4) the date of issue of the reports;
- (5) the date of return and re-issue of the report from and to the concerned Department; and
- (6) the date when the report was finally disposed of.

This register should also record on a separate page a progress report of the inspections showing the number of Department due for inspection, the number inspected upto the end of the previous months, the inspections carried out during the month and the balance remaining to be carried out. Reasons should be stated for arrears in inspection. This register should be reviewed every month by the Chief Auditor and shown to the Member (Finance)/C P A on alternate months.

(IV) CURRENT REVIEW OF AUDIT :— After the clerks have completed the audit of documents and of accountal, the accountant should not only review them generally to see that no important points have escaped the clerk's scrutiny,

but the items selected for his current review should be audited in detail. Particular attention should be given to the adjustment vouchers to see the necessity and regularity of the adjustment.

The minimum percentage of document to be reviewed by the Accountant should be as given below :—

(i) Pay bills & T. A. Bills of officers	— 50 per cent.
(ii) Accountal	— 20 „ „
(iii) Estimates & completion reports over Tk. 2,00,000/-	— 50 „ „
(iv) Final Bills of Contractor	— 50 „ „
(v) Leave salary certificates	— 20 „ „
(vi) All other documents	— 20 „ „

NOTE : An Accountant should review the original audit work done by the clerk. Officers will as far as practicable carry out current review the original audit work done by Accountant in independent charge of Sections.

(V) INSPECTION AND AUDIT OF THE WORKING OF THE ACCOUNTS DEPARTMENT :

In conducting the Audit of Vouchers and documents as laid down in the programme, Audit

staff should generally keep a watch over the progress of work in the accounts office. Any unsatisfactory features or serious error in the accounts department should be promptly brought to the notice of the Member (Finance) who may arrange for special review at such times as he deems necessary.

An annual review of the work of the accounts office will be carried out in the form prescribed in ANNEXURE— of this Chapter. The review will be undertaken personally by the Superintendent/Accountant along with Audit Zone Accounts. A report specially bringing out all details collected and defects noticed during the review should be submitted to the Member (Finance), Chittagong Port Authority.

ANNEXURE—

Review of Accounts Office work for the period ending.....

Sl. No.	Particulars	Remarks, if any.
(A)	Items common to all branches. Bills not audited within ten day of receipt.	To be generally seen during check of bills. Bills of one month in a year may be reviewed along with audit of June Accounts.

(B) Items peculiar to various section & branches.

Stores :

(1) Unreconciled Depot.	One month in a year
Card Ledgers over a week old.	
(2) Stock sheets not finally disposed of.	-do-
(a) More than 3 months old but less than 6 months.	-do-
(b) More than six months old (in the month in which review is conducted).	-do-

WORKSHOPS :

Number of days or months :

(1) Days or months for which Muster Rolls and time sheets have not been reconciled. (The information should be given upto the day or month of report.)	Upto one month as may be decided by the Competent Authority.
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(2) Un adjusted discrepancies between the cost accounts and the general accounts of labour and stores. Upto one month as may be decided by the Competent Authority.

BOOKS SECTION:

(1) Days for which the Treasurer's Cash Book has not been checked & signed.	One month in a year
(2) Days for which the general cash book has not been posted.	-do-
(3) Miscellaneous cash receipts.	One months account.

(C) Other items to be received generally:

- (1) Monthly progress reports of the section of the Accounts office.
- (2) Perodical reports of arrears
- (3) Registers of test-check by Accountants and Accounts Officers.

- (4) Calendar of returns. It should be seen that it includes all the reports and items of works for which the particular section is responsible and that all returns, etc. have been regularly received.
- (5) Finger print check system if any.

(VI) RESULT OF AUDIT:—

The Result of Audit will be communicated to the respective heads of departments, if necessary, with copy to Chief Accounts Officer in the form of a letter. Only important and serious irregularities mentioned below should be incorporated in the specific report :—

- (a) Questions of procedure and principle,
- (b) Questions involved in the efficiency of check, by Accounts Departments, individual irregularities of an important serious nature, such as heavy leakage of revenue and defalcation, losses etc.
- (c) Expenditure or other financial transaction not covered by the sanction of the competent authority or by sufficient appropriation.

Other irregularities should be settled on the spot as far as possible. In the case of failure to do so, the facts should be brought to the notice of the Concerned Head of the Department by the Chief Auditor for a possible settlement. If, however, no settlement is arrived at this stage the facts should be brought to the notice of Member/Fanance by the Chief Auditor for necessary instructions indicating clearly the points of difference.

As soon as an irregularity comes to the notice of the Internal Audit this should be got seen by the concerned officer of the Department on the spot at the time of audit or inspection.

CHAPTER-III

AUDIT OF RECEIPT :

(A) Introductory :—

It is primarily the responsibility of Departmental Authorities to see that all revenues of Chittagong Port Authority are properly realised as per Schedule of charges published under orders of competent authorities and also to see that they are brought to account and credited to Port Fund promptly and correctly.

In conducting the audit of different kinds of receipts of Chittagong Port Authority, Audit however, should keep in mind the following board principles of audit :—

- (a) In the Audit of receipt ordinarily the general is more important than the particular,
- (b) That there is an adequate arrangement in the Departments for accurate and proper collection of port Revenue.
- (c) Audit of receipt should be regulated mainly with reference to the Statutory provision or financial rules or orders which may be applicable to the particular receipt involved.
- (d) Audit will see that no amount due to CPA are left outstanding without sufficient reasons,
- (e) Audit should also see that sums due are regularly recovered and checked against demand.
- (f) Berth hire charges, Crane charges, Landing charges, removal charges, shipping charges, landing and shipping charges at the mooring, night charges, light charges, rent charges, holiday fees, wharfrent charges, water charges, etc. are the main revenue under Bandar

and Jetties of Chittagong Port Authority. River dues on Import, Export, Inland traffic, levy on jute are some of the receipt, under "Rivers and Canals". Each of the Port dues is realised under specific notification incorporated in the Jetty Schedule and the Schedules of charges. Audit should see that realisations are in accordance with rates and circumstances mentioned in the Jetty Schedule or the Schedule of charges. Any leakage of revenue and heavy amount of under-charge should be carefully be investigated and brought to the notice of the Member/Finance promptly.

However, detailed procedure for the audit of Some of the important items of revenue are given in the subsequent paragraphs.

(B) DETAILED AUDIT OF RECEIPT AND PROCESS OF AUDIT :

(1) IMPORTS.

(a) Manifests of import vessels should be examined over the whole year. The vessels of which the accounts are to be examined should be selected by the Supervising Officer-in-charge of the audit.

- (b) The entries in the Berthing Register for the year should be checked with the Berthing Lists received from the Jetty Superintendents office to see that there are Manifests for all the vessels that entered the Port and that the dates of receipts of Manifests and of their return are duly filled and in order.
- (c) Check of the preparation of Manifests in the Jetty Supdt's office should be made to see that the Bills of Lading are correctly entered in the manifests.
- (d) A general scrutiny of all the Manifests should be made in the Jetty collection office to see that they are properly prepared.
- (e) Entries in the manifests should be audited, details in each being checked with chalans, Delivery Orders, Cart Tickets, Gate Passes and Shed Rent Bills.
- (f) The chalans relating to vessels should be checked as to sanctioned rates as per scales of charges, as to goods delivered with Delivery Orders, Jetty Gate passes, Cart Tickets and

Shed Rent Bills and as to goods landed with entries in Tally Books. Calculations should be also checked.

- (g) A complete check of shed rent, Cranage, Hoisting fees and other miscellaneous charges should be exercised in respect of chalans, both cash and deposit, relating to the vessels.
- (h) The totals of this chalans should be traced into the daily collection sheets and the same into the daily summaries.
- (i) The totals of the daily summaries (Cash) should be checked with the monthly summaries and the Remittance Register and those of the Deposit Daily Summaries into the monthly summaries and Deposit Day Books.
- (j) The entries in the deposit collection sheets should be traced into the Depositor's Ledgers.
- (ii) EXPORT :
 - (a) Manifests of Export vessels should be examined and as in the cases of imports the examination should be made as selected by the supervising Officer.

- (b) The Berthing Lists prepared in the Jetty Superintendent's office should be compared with the vessel's Export Manifests Register to see that all documents have been received and disposed of. It should also be seen that all Manifests shown in the Manifest Register are forthcoming. Manifests of vessels should be checked with the corresponding Agent's and Custom's manifests.
- (c) The Agent's Manifests should be checked with the Dock Manifests and the stream river dues statement.
- (d) The Dock/Jetty chalans of the vessels should be checked with reference to rates and calculations. A complete check should be exercised over rent, cranage and other miscellaneous bills attached to the chalans of these vessels. Night work and overtime certificates, Log certificates, shed diaries and shutout cargo statements should be checked with the scales of charges and the amounts traced into the vessel's Account Register, Collections, Cash or Deposit, should be traced in to the collection sheets, and the entries in the deposit collection sheets should be traced into the Depositor's Ledgers.

(e) The totals of the challans relating to the vessels should be traced into the respective collection sheets, Cash or deposit and their totals in to the respective daily summaries. The daily summaries (Cash) should be checked with the respective monthly summaries and the Remittance Register/Bank Accounts and the Deposit Daily summaries with the monthly summaries.

(iii) MARINE/PORT AUTHORITIES DUES :

The Inward Tonnage Register should be checked with the Marine Bill Register to see that bills have been made out for all the vessels that entered the Port. Bills for Marine dues should be checked in detail with reference to the scales of charges as per quantum of audit fixed by the Member (Finance).

The Port Authority's dues viz, Assistant Harbour Master's fees (Day, Night and Holiday), Port Dues Mooring Hire, Dry Dock charges, towing charges, salvage charges, Jetty or Dock hire, Night work, Holiday fees and miscellaneous charges should be checked with the Harbour Master's certificates and documents received from the Jetties.

(iv) HIRE OF HEAVEUP BOATS :

The demands should be checked with the applications for service and realisation with the deposit challans and Marine bills.

(v) RECOVERY OF SUNKEN PROPERTIES :

The disposal of the articles recovered from the bed of the river should be checked with the parties acknowledgements or the sales Accounts.

The realisation should be checked with connected challans for miscellaneous Receipts.

(vi) BOAT REGISTRATION :

The amounts in the counterfoils of licences for cargo or passenger boats, Manjhees, change of ownership, Increase of Tonnage etc. should be checked with the scales of charges and traced into the Day Book of receipts and the Registers of Licences. The total of the Day Book of Receipts should be checked with the Remittance Register.

Advices of Debits for Licences issued in favour of parties having deposit Accounts should be traced into their Deposit Accounts.

Files relating to special survey fees for carriage of calcium carbide and explosives should be

inspected to see that the Licence Advise bear consecutive numbers and that there is a note on the file of the recovery of fees in each case.

(vii) MISCELLANEOUS :—

(a) Terminal charges (Rail borne/Sea borne) :—

The "Monthly Advices of Terminal charges payable" of the Railway should be checked with the supporting invoices and other particulars and with the cargo returns received from the Station. Credits should be traced into the Cash Book of the Head Office. Differences should be pursued. All connected documents be linked up and checked. The summary of goods should be checked with the statement of cargo received.

The Delivery Register of Railway should be checked with Receipts of goods consigned and the summary of goods and the application of the party in prescribed form supplied to the party. Receipt of goods consigned should be checked with Forwarding Note and Test sheets.

The Delivery Register of Railway should be checked with record copies of receipts for goods consigned.

(b) DEMURRAGE CHARGES :— The statement of "Demurrage charges realised or received in the Accounts Office" should be checked to see that the charges have been correctly levied.

(c) REMOVAL CHARGES :— Loading Notes should be checked with the Requisitions from parties and with bills. The amount of the bills should be traced into the Rough Cash Book. The Rough Cash Book should be checked with the Remittance Register.

(viii) RENT COLLECTION AND BILLS RECOVERABLE

The opening balances should be checked with the closing balance of the previous year in the miscellaneous and Rent Bills Registers.

The total of the Rent Bill Register should be checked with the total of the Demand Registers. The Demand Register should be checked with the Register of Residential Quarters (for Port Authority's employees). The Advices of the bills recoverable section should be checked with the Salary Bills of the employees in a few cases.

Advices from other departments should be checked with the miscellaneous bills register.

Miscellaneous and rent bills register should be checked with Remittance Register/Chalan Register and the deposit Chalans.

A few of the charges written off should be checked with the sanctions of the competent authorities

A few cases of Long Leases should be scrutinised with the Boards Resolution or the Chairman's sanction as the case may be.

Oustanding bills should be verified once a year and the totals checked with the balance shown in the miscellaneous and suspense Ledger.

(ix) JETTY AND DOCK WAREHOUSE:

Applications from parties (for storage of their goods at Warehouse) should be checked with the Receipt Register. Bills for storage and removal charges should be checked with the scales of charges and the amounts traced into the Bills Register and Daily Cash and Deposit collection sheets.

(x) SALABLE FORMS: — The Departmental requisitions for supply of Forms from the Store Officer's (supply & Service Branch) office should be checked for any two months in a

year with the respective supplies through the chalans. Issues should also be checked with the daily sales and remittances watched in the daily cash collection sheets. The opening balance should be checked with the closing balance of the previous year and the balances of the months should be checked. It should also be seen whether the closing balance is physically verified by the Authority's Inspector once a year.

(xi) CHART AND TIDE TABLES: — The opening balance of the stock Register should be checked with the closing balance of the previous year. The receipts should be checked with the orders of the Dy. Conservator. The Register of daily sales should be checked with the counterfoils of the Cashier's receipts for, Cash sales and with the Deputy Conservator's order for free issues.

(xii) PILOTAGE FEES: — Check the pilotage fees as shown in the counterfoils of the bills with the sanctioned rates and the pilotage certificates.

CONTRIBUTIONS FROM GOVERNMENT, AND OTHER SOURCES:

It should be seen that the amounts recoverable were actually recovered and credited in the accounts

and if not whether adequate steps have been taken for their recovery.

Miscellaneous Receipts, e. g. chain testing fees, recovery of charges for Electric Light and Power, etc. should be checked with the advices from the Heads of Departments and other records connected with the individual cases e. g. with reference to rates and other conditions attached with the cases.

CHAPTER-IV

AUDIT OF PROVIDENT FUND ACCOUNTS :

(i) CPA Provident Fund Ledger Accounts :—

The figures in the deduction list accompanying the pay bills of the employees concerned, are to be checked with the entries in the pay bills themselves and the checked items should be traced into the relevant ledger accounts. It should be seen whether the contribution credited to the account in the previous half year is correct, whether the closing of the account and the calculations of interest for the previous year have been correctly done, according to the rate of interest applicable to the person concerned and whether recoveries on account of advances are being regularly made in accordance with the Rules. In the cases of new accounts it should be seen whether

the employee is eligible to subscribe to the fund. The calculations of the amounts debited or credited in the starting accounts of the subscribers should be checked.

In cases of new starting accounts it should be seen that the CPA servant is entitled to the benefits of the starting Provident Funds Accounts Rules.

(ii) Temporary Withdrawals :— In cases of payments of Life Insurance, Insurance Premium instead of subscriptions it should be seen that the rules are correctly observed and that a proper record of such policies are kept by the Accounts Office.

(iii) Final Withdrawals :— In the audit of final withdrawals of provident Fund check of connected ledger account should include a recheck of the transactions for the last two years and if this reveals a substantial discrepancy, a recheck of the whole account as far as possible should be undertaken.

It should be verified that contribution has been correctly calculated upto the date of termination of service and that interest has been allowed upto the date of tender of payment or upto the end of sixth months in which the subscriber quitted the service or died whichever is earlier; that there is a clear

certificate to the effect that no amount is outstanding against the person concerned.

Final withdrawal of Accounts of Office staff should be checked. In the case of payment in starting It should be seen that they have been made in accordance with rules.

NOTE:—The recheck of the transactions referred to in lines 2 and 3 of this paragraph relates to the recheck at the time of final withdrawals of the entries in the ledger for the last two years with those in the deduction sheets as far as they may be available without difficulty. The check of the later with the pay bills will be the duty of the Audit party as per programme of Audit.

(iv) Contributions and interest:— The Journal entries in which the half yearly contribution and the annual interest are credited to the fund should be checked. Any large fluctuations in the contributions credited from year to year should be investigated. The total interest should be checked by working out interest or monthly balances under "Provident Fund" in the General Book. If the difference is not more than one percent it may be assumed that the bulk

of the individual interest charges are approximately correct.

(v) Reconciliation With General Books:— The reconciliation of the provident Fund ledgers with the General Books should be review with a view to see that any discrepancies are set right at once. It is necessary that the review of reconciliation should include a Test Check of the totals of check sheets and summaries. A method similar to that described below and modified to suit local procedure may be adopted for this purpose as to ensure that the entire field is covered in a cycle of 20 months. When the accounts extent over several ledgers, each month accounts of subscribers working upto the number prescribed in the General Audit Programme are selected from one particular ledger. These accounts will be checked in full, the total of the check sheet of that particular ledger being checked completely and the totals traced into the Summary Ledger which totals up the figures from other ledgers also. The grand total of the Summary Ledger (of opening balance, debits and closing balance) should than be reconciled with the figures in the General Books.

The reconciliation of the figures in the provident fund staring accounts ledgers with the General Book should also be checked on the above lines.

(vi) Machine system of Accounting or other charges:-

Whenever there is a change in procedure or method e. g. due to introduction of mechanical accounting, it should be seen that no important processes of check or accounting are left out and in particular, that there is a provision for reconciliation of the total amount as per the General Books.

CHAPTER-V.

STORES AUDIT INCLUDING PURCHASE OF STORES :

(1) Purchase of Stores and Scrutiny of Stores Control:-
 Briefly the policies under lying these rules is to make a Purchase of stores for the CPA service in such a way as to encourage ensure economy and efficiency and also keeping in view the order for which preference should be given in making purchase as laid down in the purchase manual of the Chittagong Port Authority.

The other important rules laid-down for observance are that—

(1) except in certain stated circumstances, article required shall be purchased on condition that delivery shall be made in Bangladesh for payments in taka in Bangladesh and

(2) the normal procedure for placing orders for purchases shall be through open tenders invited in Bangladesh or abroad also when considered desirable. The cases in which it would be permissible or desireable to call for tender from abroad or to resort to "Limited Tender" or "Single Tender" or "Emergency Purchase" and the procedure to be followed in each of these cases are indicated in details in the Rules for such purchase, and it is an important duty of Audit to bring to notice cases for which there has been a failure without sufficient reasons to follow this instruction. The rules also provides that purchase may be made without calling for tender where it may clearly be in the CPA interest to do so. In such case however, the reasons dealing with the decision to call for tender should be recorded and audit should see whether these reasons appear to be sufficient. Some circumspection is, however, be exercised before raising any objection on this point and generally Chief Auditor and Member (Finance) should be consulted before doing so. Generally for each article or class of articles the Administration,

prescribes the quantity to be kept in stock. These quantities are based on the frequency and extension of the demand. These should be reviewed periodically to see that there is no *prima-faci* un-necessary accumulation of stores and consequent blocking up of capital.

Any undue tendency on the part of the Executing department to specify particular make of articles or particular firms for their purchases resulting in restricting the field of competition should be taken up cautiously with the Head of the Department or Member concerned through the Member (Finance), at the same time it should be seen that special stores meant for specific works are not obtained unduly far in advance of the time when they are actually required.

Speculative purchase for long period or merely against rise in price should be discouraged. Clear and important instances coming to notice, specially when resulting in loss, should be brought to the notice of the Member (Finance).

The check of stores bills should embrace a scrutiny of all bills adjusted through other departments. It should be seen that adjustment against

department is a proper charges against the work concerned and the expenditure has been sanctioned by the competent authorities. The postings in the Stores Purchase Ledger should be checked.

The bills for the purchase of store should be checked to see :—

- (1) that the particular agrees with the Purchase Orders and accepted tenders as regards rates, the date of supply, and the quantity to be supplied;
- (2) that the receipt of stores has been duly acknowledged;
- (3) that the arithmetical calculations are correct;
- (4) Due precautions have been taken against passing of the second claim for the same stores; and
- (5) that the items of stores required to be purchased through agency system are not purchased direct without sanction of the competent Authority.

(ii) Stores (receipts) :—

- (a) The Purchase/Procurement Officers' orders for

stores should be checked with the suppliers' Invoices and the supplier's Invoices traced into the "Purchase daily sheets" of Stores Received and thence into the stores Ledger. It should be seen that the supplier's Invoices are duly receipted by the officer receiving the stores.

- (b) In a few cases the rates noted in the Delivery Notice should be checked with the sanctioned contract rates and the calculation of value. It should be seen that the Port Authority's sanction has been obtained for Local/Foreign purchase of all items costing "over the prescribed limit" as per delegation of power.
- (c) The Register kept by Store Accounts of the Accounts Department and Store Depot of the respective departments, to effect a reconciliation between the total value of stores received and the total amount of bills passed in favour of contractors, should be examined to see if it has been regularly posted and reviewed.
- (iii) Stores (Issues) :—
- (d) A few delivery notes should be checked with

their audit copies and with reference to the Indenting Officers' indents. Delivery Notes of one Store group should be traced into the Daily Summaries of Issues and then into the monthly summaries.

- (e) The postings in the Stores Ledgers should be checked with the Delivery Notes.
- (f) Credit for returned stores for one store group head for two months should be traced in the daily and monthly summaries and also in the Journal vouchers.
- (g) It should be seen that the necessary periodical verification has been made and adjustments due to annual verification should be checked with reference to the sanction of the competent authority's.
- (iv) Stores Audit :—
In auditing the priced ledgers it should be seen :—
- (i) That the postings of receipts and issues are made daily from all the relevant documents and balanced daily or at stated intervals in regard to quantities, rates and values, and that there is no abnormal delay in the postings.

- (2) That there are no substantial irregular balances of the following types :—
 - (a) Quantity without value ;
 - (b) Value without quantity ;
 - (c) Minus quantity or minus value or both
 - (d) Quantity out of proportion to value or vice versa ;
- (3) That the rates at which the stores are borne on the books are in accordance with the rules on the subject ; if there is appreciable difference between the ledger rate and the price list rate, difference should be brought to notice.
- (4) That book losses, depreciation, etc. of substantial amount have been regularly written off.
- (5) That reconciliation is effected every month, or at such intervals as the rules on the subject may prescribe, or the balance at debit of stores according to the priced ledgers with the balance in the General Books after delivery and of the numerical balances with those of the depot ledgers ;

- (6) That the average annual consumption and the normal balances are suitable related to each other; and
- (7) That the nomenclature is correct, that grouping of articles of different sorts & sizes is properly done and that articles differing in value are not grouped together under one head so as to facilitate, without detection, the replacement of articles of higher value in a group by those of smaller value.

The duty of seeing that stores are standardised as far as possible rests primarily with the concerned department but Audit can help by bringing to notice any abnormal increase in the number of ledger headings which may appear to be due to an un-necessary multiplication of types or by reporting any instance where neglect of the principle of standardisation can be shown to have resulted in definite loss to the CPA.

The Audit of Stores Ledgers and the Annual Review of balances should be conducted in such a manner as to bring to notice case of irregular and unnecessary purchase of stores. In respect of each item therefore, it should be seen that

(i) there is some procedure for systematic store-keeping control, as for instance, by prescribing maximum and minimum. (ii) the quantity ordered on each occasion is based on accurate data and correctly calculated; and (iii) information is obtained from departmental officers so that there is proper co-ordination between the stores and consuming departments/branches.

(v) RETURNED STORES :—

Stores may be returned owing to excess issue in the first instance or as materials taken from the line during repair or renewals. The arrangement for the inspection and valuation of the returned stores should be examined to see whether they are in order.

In checking the voucher of returned stores, the following points require special attention :—

1. The accuracy of the rate at which credit is afforded to works should be checked. Where any formula has been prescribed for the valuation of the second hand materials it should be seen that the adjustments are correct according to the formula.
2. The correctness of the allocation of credit should be checked ;

1. It should be seen that these returned stores are properly taken in to account in the priced ledger;
2. It should be seen that freight, repairing charges, etc. are debited to the department returning the stores;
3. Cases in which valuation of the returned stores by the returning branch/Section/shop etc. differed greatly from that by the store depot, should be investigated to see how the difference was reconciled and what the reasons for difference were ; and
4. It should be seen that proper arrangements exist for verifying that all materials returned by branch/Section/Shop etc. to Depots have been actually received, acknowledged and accounted for in the Depot ledgers.

CHAPTER—VI.

PHYSICAL VERIFICATION OF STORES:

1. **DEFINITION** :—It is a comparison of the quantity or number on the ledger charge and the quantity or number held physically in stock on a particular date. In other words, it is a verification

of book balance with the physical balance and they are of the following types : -

- (1) Continuous stock taking,
- (2) Immediate stock taking,
- (3) Annual stock taking,
- (4) Special stock taking,

The first one is to be done by the Group—in-charge before annual stock taking by the Audit & Inspection Department. Immediate stock taking is done under orders of store officer—in-charge—

- (i) on change of charge,
- (ii) to adjust serious discrepancies,
- (iii) to adjust over issue,
- (iv) after auction sale.

Annual stock taking is done by the stock verifier of the Audit & Inspection Department. Special stock taking is done under orders of the Chairman/Member when theft, fraud or misappropriation occur.

(ii) **GENERAL PROCEDURE** —Before commencement of stock taking the subsidiary ledgers or bin cards should be removed from the store kept in the

custody of the Deptt Officer. No reference should be made to them unless stock taking is completed and entered in the stock verification sheets. Posting to the ledger maintained in the departmental Store Officer's should be brought upto date before commencement of the stock taking.

The Stock Verifier and the store keeper concerned should record independently each day's stock taking balances, found in stock after actual check in the stock taking book. At the end of stock verification the stock verifier and the store keeper should check each others balances and they should sign both the stock taking books in token of the comparison and agreement. The closing balance of previous day of stock taking is taken into account for stock taking, for any receipt or issue of an item during stock taking the concerning voucher is produced both before store keeper and the stock verifier who will initial it and note it in their respective Stock Taking Book as addition in respect of issues and subtraction in the case of receipts.

The following instructions should be carefully observed at the time of physical verification :—

- (a) Verification must always be made in the presence of the officer responsible for the custody of the stores or a responsible person deputed by him.
- (b) All discrepancies noticed must be brought to account immediately, so that the Stores Account may represent the true state of the stores.
- (c) Shortages and damages, as well as unserviceable stores must be reported immediately to the authority competent to write off the loss, who will either write off the loss or order for the recovery of the cost of such stores as the circumstances of the case demand.
- (d) The physical verification of stores may conveniently be done by one or two stock-verifier of the audit & Inspection Department. If it is considered necessary and more convenient that the verification should be done constantly by the staff of the Store Depot of the respective Department, then this may be got done by such staff as are not directly or indirectly concerned with the receipt, issue, custody of stores or maintenance of stores Accounts. Such departmental verification will not, however, absolve the Audit

& Inspection Department of its responsibility for conducting the physical verification by its own Stock Verifiers. In such cases the Stock Verifiers of the Audit & Inspection Department should conduct periodical verifications in such a manner that every kind of store is verified at least once in every six months. The verification should be conducted in a planned way so that the normal working of the Store depots may not be seriously hampered.

III) GENERAL RULES FOR GUIDANCE OF STOCK VERIFIERS :

- 1. Any large discrepancies found as a result of verification between the numerical ledger or other records and the actual count balance should be investigated on the spot and a detailed report thereon submitted to the concerned Head of the Department or the Chief Auditor as the case may be.
- 2. Any wrong classification of stores, or unauthorised stock of stores held by any officer or subordinate or stock item of stores which are surplus to the requirement or for which there has been no demand for over a year should be included in the narrative report of verification to be submitted by the Stock verifier.

3. The stock verifier should particularly examine and report if proper arrangements exist for the safe custody and proper storage of materials against un-necessary deterioration from the weather or any other cause. With this object he should examine the existing arrangements to see :—

- (a) that racks or other suitable arrangement are provided for storing hand tools and petty and consumable stores.
- (b) that items of common domestic use are always kept under lock and key, Soap, matches, towels, dusters etc. are instances of this nature,
- (c) that in case of materials stocked outside the godowns, enclosures have been provided or chowkidars engaged to watch the same;
- (d) that proper arrangement exist for locking the godown etc. and keeping the keys in safe custody;
- (e) that adequate arrangements exist for fire protection i.e. fire extinguishers are kept handy and at easily accessible spots and that fire buckets are always full of water and/or

sand, specially where inflammable articles are stocked;

- (f) that inflammable stores are never stocked near combustible items, e. g. cotton or woods or wooden fittings should not be stocked near petrol or oils;
- (g) that statutory regulations for storing explosives are observed;
- (h) that no stores are stocked on the ground and that unserviceable wooden or iron fittings etc. have been used underpacking in case of heavy materials which can not be stocked in racks or bins;
- (i) that in order to avoid deterioration of stock, issues are not met from fresh receipts as a matter of course but that articles first received are issued first and to ensure this, fresh receipts are not dumped on existing stock but so arranged that their turn will come only when the existing stock are exhausted.

4. In order to ensure that any stock not in the books are not overlooked, a general survey should be made to see that all materials lying about stocked or unstocked is

properly accounted for in the books. If there is any materials in stock for which no ledger exist, it should be examined how the materials in question come into stock, and steps taken to account promptly for such materials in the books of the depot or the departments concerned.

5. The procedure in force in the store depot and department regarding the receipts issued and accountal of stores should be examined with a view to ascertain if the orders in force with regard to these matters are strictly followed.
6. It must be seen that articles verified agree with the descriptions under which they stand in numbrical ledgers and that the nomenclature, classifications and unit for stock are in accordance with the price list. If any doubt arises as to the correctness of the classification the assistance of the relevant department may be sought for by the Store verifier.

The stock verifier should personally count, weight or measure all items of stores he

proposes to verify with the assistance of stores khalasies, where necessary

8. Stock Verifier should not waste time in counting large quantities of small articles when a fair result can be obtained in a shorter time by weight or measurement. In such cases 5 percent or 100 of the articles whichever is less, should be counted and the weight of the whole stock then take reduced to count by weight of sample count. When weighment is made the maximum quantities which a scale can weigh should be weighed each time.
9. Measurement or average weightment to arrive at the total approximate weight of Stocks of an article may be resorted to if there are heavy balances in hand. To arrive at average weighment at least 2 percent in the case of iron and 10 percent in the case of other materials should be weighed; such stock should then be measured by length, area or cubic contents. The measurement of the entire stock should then be taken and then reduced to weigh by the help of data furnished by the small quantity measured and weighed.

If weight thus arrived at is approximately the same as the book balance the latter should be accepted as correct; if, however, a heavy difference is disclosed thereby, all figures for measurement and weightment should be carefully re-checked and an additional 2 percent or 10 percent (as the case may be) measured and weighed.

10. The method adopted in ascertaining the average and actual weighments or measurements taken in each case should be carefully recorded in the Stock verifier's diary and report.
11. In the case of valuable articles the whole stock should always be weighed or counted regardless of what the balance may be.
12. The stock verifier should maintain a diary in which full particulars of the verifications (viz name of the depot, office Nos. of bins the date of commencement as well as the date of completion of the verification, class, nomenclature, P.L. No. of the items, Depot Ledger balance and the stock found by verification should be recorded. Initials of the representatives of the Store Depot in whose presence the stock in question is verified should

be obtained daily against the items as a token of his acceptance, on behalf of the store depot of the correctness of the entries made therein. He should also furnish a certificate to the effect that all stock of a particular item have been shown to the Stock verifier.

13. After the verification of each class of stores have been completed the stock verifier should obtain a certificate from the Store Keeper concerned and the ledger clerk that all stores pertaining to the class have been truly and correctly presented for verification and duly verified.
14. After the actual figures of an item of stores have been ascertained and the discrepancies have been accepted by the Store Keeper, the result of verification should be posted in the numerical ledger in following manner:—
 - (a) If there is no difference, the remark "Stock verified on..... and found correct" should be written in the numerical ledger and initiated by the Stock Verifier.
 - (b) If the difference be an excess i.e. the actual figures are greater than the book balance,

the difference should be posted in the receipt column of the numerical ledger. The date of posting should be recorded in the columns for "Date" "To excess in Stock" should be written in that column. From whom received or to whom issued and the No. of items of the stock verifier's diary as well as the No. of the stock verification sheet should be recorded in the column for "reference". The Difference should be recorded in the "Receipt" column and the balance then struck by adding the excess to the book balance. The same procedure should be adopted while recording shortages except that in the column for "From whom received and to whom issued" will be written. "By shortage in stock" and the figures in the receipt column will be shown as minus figures and the balance will be struck by deducting the shortage from the book balance. The entry in the ledger should be initialed by the Stock Verifier who should simultaneously prepare six copies of stock verification sheets from his diary. The stock verification sheets should contain full description, classification, P. L. No. etc. of the stores. The Account No. Unit, (the number given on Bin Card) the Book balance the actual balance

and the difference between the actual balance and the stores ledger balance and the date on which such balances were worked out should also be clearly indicated in the verification sheet. The original copy of the verification sheet will be sent to the "Stores Account Section" of the Accounts Department. The Accounts Department should verify the ledger balance shown therein with the balance of the stores priced ledger and in case of discrepancies between the stores ledger balance and the stores priced ledger balance note the priced ledger balance therein and send the same to the store keeper for reconciliation and return. Two copies of the sheet should be sent to the ledger section which will incorporate the items as plus or minus (as the case may be) in the P. D. S. and sent one copy to the Accounts Department along with the P. D. S. in support of the entries made therein. Of the remaining 3 copies, two copies should be given to the store keeper who will return one copy to the Stock Verifier with full explanation for the difference. The last will remain with the stock verifier as the record copy. On receipt back of one copy of the store verification sheet from the Store Keeper the Stock Verifier should see that every discrepancy

has been explained. Further explanation should be called for in regard to remarks that are unsatisfactory. While scrutinizing the explanations it should be seen :—

- (i) that explanations recorded against discrepancies represent fact ;
- (ii) that they are clear, intelligible and definite ;
- (iii) that independent explanations are furnished against individual discrepancies and that excess under some items are not adjusted against shortage in dissimilar items. In case of analogous items (where sizes only differ) such adjustment may be posted upto 2% of the transactions since the date of last verification but any bigger differences must be taken up.
- (iv) that where shortages found as a result of stock verification and attributed to the neglect of the persons holding charge of stores the cost of the missing articles are invariably recorded from the persons at fault.
- (v) That in case of discrepancies arising as a result of improper classification, the shortage

under one item are not set off by compensating improper classification and excess posted under other items. After scrutiny of the explanations for verification the stock verification sheets should be forwarded to the "Stores Accounts" Section of the Accounts Department for further scrutiny. If the explanations are found to be satisfactory and no further action is necessary the verification sheets should be returned to the Stock Verifier who will file the same if further action is not called for. The stock verifier should maintain a Register for watching the issue, receipt and disposal for the verification report as well as the stock verification sheets.

CHAPTER—VII.

ESTABLISHMENT AUDIT :

(i) ESTABLISHMENTS BILLS :

Bills should be checked in detail to see that :—

- (1) They have been signed by the head of the Office or Section concerned and certified by him as to the accuracy of entries thereof,

- (2) They are passed for payment by the Chief or Deputy Chief Accounts Officer,
- (3) The charges are correctly allocated to Budget Grants and entered in the Cash voucher Abstracts,
- (4) The calculations are correct, the details work upto the totals and the totals are in words as well as in figures,
- (5) There are acquittances stamped where necessary, in support of the disbursements, and that there are letters of authority in cases of payments made to persons other than the actual payees.
- (6) Recoveries on account of Rent, Electric and other charges are made in accordance with the statement of recoveries furnished by the bills recoverable section,
- (7) the amounts are correctly entered in the Audit Registers;
- (8) the Audit Register should be examined to see that the scales are attested by a responsible officer, that they agree with the schedule of Establishment and that the reference to the sanction is correct.

Files should be examined at random to see that the objections raised have been made.

(ii) LEAVE :—

The leave cases during the year should be examined to see that—

- (i) The leave sanctioned is admissible under the rules,
- (ii) The leave sanctioned and availed of is recorded promptly in the Leave Register and the Service Book, and
- (iii) Acting arrangements made and acting allowances sanctioned are in order.
- (iv) INCREMENT :— Increments should be checked with reference to the service records. During local inspections the increments drawn during the month selected for special check should be fully checked with reference to the relevant service records.
- (iv) OFFICIATING APPOINTMENTS :— It should be seen that an officiating promotion has been made against a specific vacancy after taking into consideration any leave reserve in the cadre, that work of increased responsibility is involved and that the initial pay has been fixed correctly according to the rules.

(v) **ADDITIONS TO PAY** :— It should be seen that additions to pay and other special concessions and allowances (e.g. overtime, running compensatory, subsistence, graincompensation etc.), are correctly drawn in accordance with the rules on the subject.

NOTE : Any additions to pay and allowances may be broadly reviewed periodically and any reductions which appear to be justified by the circumstances may be suggested to the Management but some circumspection must be exercised in making such suggestions. As an instances, it may be seen that ever time allowances are not ordinarily given to such staff where there is a possible tendency to slow down work during the ordinary hours, accumulate arrears and extra hours, or attend on Sunday, etc. to claim the over time allowances.

A check of bills with all initial documents should be conducted during inspections, when the check of over-time, running, etc. bills at headquarters is restricted to a check of the correctness of the bills without a check of the initial documents.

When an officer draws house rent allowances

for the first time it should be seen that the scale of accommodation has been approved by competent authority and that the amount has been correctly calculated after making due allowance, whenever an increment is drawn or the residence is changed, the altered allowance if any, should be checked.

In the case of payment of honoraria and fees it should be seen that the requirements of relevant CPA Rules have been fulfilled.

(vi) **ECONOMIES** :— Any intelligent proposal for reduction of work in any department of the Port Authority e.g. by the combination of duties of posts into one without undue loss of efficiency and without throwing undue burden on one post, or by the transfer of work from one department or office to another or by modification of the procedure, may occasionally be made by Audit for such action as may be considered necessary by the management, but some circumspection will be necessary in the treatment of the subject.

(vii) **ORIGINAL FIXATION OF PAY** :— Cent percent check will be exercised on new appointments or refixation other than those due to revisions of scales in the bills under audit.

(viii) REVISION OF PAY :— Whenever there is a general revision of scale of pay the refixation of the initial pay of officers of the Secretariat and the Accounts Department should be checked cent percent and 20% in the case of all other staff. This check should be completed within 3 months in the case of officers and within 6 months in the case of staff of the first bill in which the new rates of pay have been drawn. The check may be treated as special work and not as part of the ordinary programme of work. In the selection for the above percentage check with regard to staff, special attention should be given to the more difficult case where there are complicating factors.

(ix) ARREARS OF PAY :— In checking pay-orders for arrears claims it should be seen that the amounts have not been paid in any previous pay order and if such amounts have already been drawn in any previous bill and remained unpaid, suitable remarks may be made against these items to prevent a subsequent payment.

(x) ADVANCE OF PAY, TRAVELLING ALLOWANCE, PASSAGES AND FOR PURCHASE OF CONVEYANCES AND OTHER ADVANCES :— While conducting audit of the payment of advances

on account of pay, Travelling allowances and purchases of conveyances and other allowances, it should be seen that such advances were sanctioned by the competent authority and proper records of payments are maintained both by the concerned departments and the Accounts Department. Recovery or adjustments of advances should be checked with reference to the extant rules guiding the grant of such advances and also executive orders that may be issued by the competent authority in this behalf.

(xi) RENTS OF RESIDENTIAL BUILDINGS :— The rent rolls pertaining to the bills taken up for audit should be examined to see that rents are correctly recovered under the rules obtaining on the Port Authority. In cases where rent rolls do not accompany the pay bills percentage check on rent rolls should be exercised at local inspections of the offices concerned. It should be seen that rent rolls are received or rent recovered, where rent rolls are not recovered in respect of all rentable buildings either by a check at headquarters of a suitable percentage of entries in rent rolls with the particulars given in the lists of buildings and the capital and revenue accounts or during local inspections,

When an employee is enjoying a privilege i. e. rent free or partly free quarters, free or partly free electric or water supply, it should be seen whether an employee is entitled to such concessions under the rules of the Port Authority and that the rule in question has not been abused in the particular case.

CHAPTER-VIII

WORKS AUDIT:

(i) Audit of Estimates :— The Audit of estimates sanctioned during a particular month should be completed by the end of the following month. The selection of estimate for audit should be made by the officer-in-charge of the section from the register of estimates maintained in the accounts office and particulars of the selected estimate should be entered in a separate register in the Audit Office.

Apart from the Rules laid-down on the subject in the department and Accounts Manual and separate orders in this behalf, the main points to be looked into in the audit of estimates are :—

- (1) The propriety or justification for the expenditure proposed to be incurred.
- (2) The incidence and classification or allocation of the charges, and
- (3) The existence of the sanction of the competent authority.

(ii) Revised Estimates :— Revised and supplementary estimates may be scrutinised to see :—

- (1) that they do not disclose want of reasonable precautions in the first instance and
- (2) Whether any financial justification bases on the original estimates is affected by the altered cost in the revised estimates.

(iii) Material modification of estimates :— It may be possible for audit to detect palpable cases of material modification from a comparison of revised estimates with original estimates, detailed estimates with abstract estimates and the booked expenditure with the latest sanctioned estimates.

(iv) Estimate for Residences :— In cases of estimates for residential quarters—it should be seen that the principles laid-down by the Port Authority

in regard to provision of quarters for CPA employees are not infringed.

Briefly these principles are :—

- (1) that quarters should be provided by CPA where conditions are such that quarters should be provided to the CPA employees under orders of competent authority.
- (2) that quarters should for the purpose of assessment of rent be divided into separate classes according to the class of Establishment for which they are intended and
- (3) that definite scales of accommodation and a maximum limit of cost should be prescribed for each class of quarters.

The Capital & Revenue accounts of residential buildings prepared by the Chief Accounts Officer should be checked to see that all new residences completed during the year as well as additions to those already in existence have been taken into account. The result of this review should be communicated to the Member (F)/CPA.

(v) AUDIT OF CONTRACTORS' BILLS:

Bills should be examined to see that they are in accordance with the terms of the agreements and in proper form. Where a contractor was to use materials supplied from CPA stock it should be seen, when the rates for such materials are higher than market rates, that the contractor has taken all the materials from the CPA which he was required to take under the agreement and has not purchased it from the market also where such rates are lower than market rates, that the contractor has not taken more materials than that to which he was entitled. This last point should be specially noted,

Quantities in bills should be compared with the quantities provided for in the estimate and abnormal excesses, if of financial significance, should form the subject of comment.

Items showing minus figures in the quantity or the money columns should be carefully scrutinised. Such deductions may be the result of previous over payments either legitimate or otherwise, e. g., earth-work originally described as hard and paid for at a higher rate may subsequently be classified as soft and paid for at a lower rate, the necessary deduction being made in the final bill. In such cases the

reasons for the original over-payments may be ascertained and apparently culpable oversight or change of plan brought to notice.

Bills may contain alterations in the quantities of works to be paid for added to the original work orders. In such cases, it would be advisable to obtain the measurement books, etc., from the local officers so as to complete the audit check properly, instead of postponing the same to the next inspection.

(vi) Contractor's Ledger :— The correctness of the postings of the gross amount and of deductions from the audited bills into the contractors ledger should be checked. The contractor's account should be revised to see that all amounts due from him have been recovered. It should also be seen that there is a systematic reconciliation between the contractor's ledger and the column "due to or due by contractors" in the works register, if advances have been made to contractor's, it should be seen that there is proper sanction for them and sufficient security against loss to the CPA.

(vii) MEASUREMENT BOOKS:- The measurement book is a very important original record and is liable

to be required as evidence in a court of law. Entries should be made in it at the site of the work and not copied into it from loose sheets. An intelligent scrutiny of the measurement books will sometimes indicate violations of these rules.

Frequent corrections in the quantities in measurement books although duly initialled should be scrutinised to see if they appear to be bona fide.

It should be seen that all recoveries due under the contract or by us-usage or custom from a contractor are made, not only those on account of materials acknowledged by him but also, for instance, in regard to departmental labour engaged on works for which the contractor was liable, the cost of scaffolding, the hire of steam-rollers, the cost of clearance of site, etc.

In the case of renewals of permanent way it may be seen whether the number of old rails and sleepers taken out is approximately equal to the number of new ones put in and whether a proper account is maintained of the released materials and action taken to dispose of them in the prescribed manner or otherwise to the best advantage.

(viii) DETAILED ANALYSIS OF CAPITAL WORKS :-

- (a) A detailed analysis of the capital works costing over 10 lakhs of takas should be made to see that the works undertaken have been sanctioned by the proper authority.
- (b) All on account bills paid during the year should be checked against the Estimates with reference to entries in Measurement Books, Works Abstracts, Tenders and the rates as approved by the CPA. In the course of analysis it may be considered expedient to scrutinise past years bills as well. In such cases the analysis should be carried into past years' accounts as well. The expediency of analysis past years' transactions should ordinarily be brought to the Member/Finance's notice. The bills should also be traced into the Contractor's personal Ledgers. The Measurement books should be scrutinised to see that the entries are properly made and crossed through after payment with a note of the No. of the Bills in which the payments were made and that the Measurements were checked and passed by the proper authority.
- (c) Transfer of materials, etc., from stores, workshops and materials at Site-Account should be checked with the respective journal vouchers.

(IX) GENERAL REVIEW OF ALL ORIGINAL CAPITAL WORKS :

A General Review of all original capital works should be made—the Estimates, Tenders and all final bills being examined—

- (a) the Estimate should be examined to see that—
 - (i) they were properly prepared and sanctioned by the proper authority for works from dismantled materials etc. or otherwise.
 - (ii) any excess over estimate is watched and a revised estimate is prepared as soon as the original estimate is exceeded.
- (b) The Agreement should be examined to see that they are properly executed,
- (c) The Tenders should be examined to see that—
 - (i) tenders are publicly invited and that the original and supplementary tenders are accepted by the proper authority, and
 - (ii) the terms of any tender do not involve the authority into unnecessary obligations.
- (d) All final bills should be examined—
 - (i) with measurement books, works abstracts and the rates as approved by the CPA, and

- (ii) to see that the rates do not exceed the approved rates and that graduated rate is sanctioned for certain items of work, e.g. earth work, etc.
- (e) It should also be seen that—
 - (i) A completion report is furnished for all completed works without undue delay, and
 - (ii) Completed works are closed to block and entered in the Block Register as early as possible.

CHAPTER-IX

- (i) WORKSHOP AUDIT :
 - (a) Accounts should be audited in detail.
 - (b) The Work Order Book in which are entered brief accounts of all jobs, should be checked with the Index Register to see that all jobs have been properly entered and that the dates of completion and the total cost of completed jobs are noted.
 - (c) The cost ledger which contains accounts for each job taken up and in which charges for labour and material for each individual job are entered job by job, should be checked to see that—

- (i) there are sanctioned estimates for all jobs. For the purposes of determining the limit of Tk. 1000 overhead charges should be taken into account in all cases except that in the case works chargeable to revenue the above limit should apply to direct cost only. i. e. labour and materials.
- (ii) Labour and materials are properly posted from the respective summaries.
- (iii) No charges have been booked after the dates of completion as entered in the work order book,
- (iv) Adjustment have been made for works done for private parties and the CPA employees.
- (d) Estimates should be examined generally to see that these are sanctioned by the proper authority. They should be checked with the prime cost books to see that the costs have not exceeded the estimates or in cases of excess a further or revised sanction has been obtained. The estimates should also be checked with the completed jobs to see that provisions are not too liberal.

- (e) Posting of Labour charges in the prime cost book job by job, should be checked with the Labour Allocation sheet and the Labour Allocation Sheet with the time sheets prepared by the Foreman of the respective sections.
- (f) The time sheets which show the number of workmen working on different jobs each day and the wages earned by them should be checked with the Attendance Register and monthly wages bill to see if the wages and attendance have been correctly shown.
- (g) The total of the wages bill (including overtime bills) should be checked with the Monthly Account (in which all the labour and material charges for the month are posted under the respective budget head) to see that the two figures agree.
- (h) The cost ledger should also be checked to see that the amounts in the audited copy of the store delivery orders (through which materials are drawn from stores) are correctly posted under the respective work orders. Postings of Credit Notes for materials returned to stores should also be traced into the cost ledger. The counterfoil Book of the store Delivery Orders and Credit

Notes should be obtained from the shop and checked with the audited copies of those issued for one shop.

- (i) Costing Account should be checked with store Delivery Orders and Labour Abstracts to find the cost for unit weight. A few, months costing Accounts should be compared to see if wastage and grit are abnormal.
- (j) Iron scrap Rough Book should be checked to see that the receipts, issues and balances are correct.
- (k) Stock Account of materials held by the shops should be scrutinised and the balances examined.
- (ii) APPROPRIATION AUDIT :
Audit against grant and appropriation would be conducted according to the general principles and rules laid down here in after. The procedure relating to the preparation of Budget and revised estimates, allotment of funds and their re-appropriation is given in the Rules framed under Section 37&38(I) of the CPA Ordinance, vide Annexure-A.
The duties laid down upon the Audit Officer in regard to appropriation audit may be summarised as follows :—

- (1) to see that no appropriation order has the effect of increasing the amount of grant,
- (2) to see when an appropriation order is issued that the amount appropriated is available under the unit from which it has been allotted.
- (3) to see that orders of appropriation and re-appropriation are issued by competent authorities.
- (4) to see that all orders of appropriation and re-appropriation are issued within the financial year.
- (5) to see that no appropriation is made between the units or sub-units in grant, the power for which has been reserved by a higher authority.
- (6) to see that no appropriation is made to meet expenditure on new service without approval of the competent authority.
- (7) to observe in case where the orders required specific appropriation, that the expenditure is watched against the specific appropriation, and

- (8) to observe, where an order specified a lump appropriation for a group of items of expenditure, that such expenditure is watched against the lump appropriation.

CHAPTER-X

AUDIT OF GENERAL ACCOUNTS :

(i) BILLS RECOVERABLE :

The ledger balance of the 30th June should be checked with the totals of the outstanding items in the respective Bill Registers and verified with the outstanding bills in hand. It should be seen that the balances have been analysed to see that nothing is improperly kept under the head and no item remains unnecessarily outstanding for any length of time.

(ii) DEPOSITS :

- (a) The opening balances of the year should be checked with the previous year's closing balances of the depositors' personal accounts in the Jttee Collection Office. The receipts of deposits for two months should be traced into the depositors' Ledgers.
- (b) It should be seen that an annual agreement is effected between the balances

under Import and Export Deposits and that the aggregate balance at the credit of the depositor's accounts in the Jetty collection office agrees with the balances as exhibited in the suspense ledger. Debit balances, if any, should be scrutinised and it should be seen that steps have been taken to settle them.

(iii) SECURITY AND OTHER DEPOSITS:

(a) The opening balances in the Registers of security deposits should be checked with the closing balances of the previous year, receipts for two months with counterfoils of receipts granted by the Cashier and refunds with the acknowledgements of the depositors or with the credits in the Cash Book. The balances in cash should be agreed with the balance of the suspense Ledger and that of securities with the Bank's safe custody receipts. See that the securities furnished by the Port Authority employees if any have been entered in the ledger Accounts and verified the entries from the Savings Bank Pass Book, Postal Cash Certificates, Government Promissory Notes etc.

(b) The details of miscellaneous deposits should be scrutinised to see that no items are improperly credited to this head and that they do not remain outstanding unduly.

(iv) UNPAID WAGES AND MISCELLANEOUS BILLS

The opening balances of the Registers should be checked with the closing balances of the previous year. Entries of receipts for at least any two months should be checked with the cash voucher abstracts and those of payments with the payee's receipts. The payments should also be traced into the Cash Book for those months. It should be seen that quarterly transfers of items over six months old are made in the unclaimed Register. The balance outstanding at the end of the year should be agreed with that of the Suspense Ledger.

(v) UNCLAIMED WAGES AND MISCELLANEOUS BILLS:

The opening balances of the Register should be checked with the closing balance of the previous year. The receipt entries for at least any two months should be checked with the Register of unpaid wages and the payment

entries with the vouchers and payee's receipts. The balance outstanding at the end of the year should be agreed with that of the suspense Ledger. It should be seen that items over 3 years old are credited at the end of every quarter as miscellaneous receipts.

(vi) REVENUE RESERVE AND DEPRECIATION FUNDS:

(a) The opening balances should be checked with the closing balances of the previous year, the receipts during the year with amount transferred from the Revenue account under the orders of the Authorities and the amounts withdrawn, if any, with credits in the Revenue account and in the case of the depreciation fund the receipts should be checked against the investments held and payment, if any, with payment vouchers.

(b) The securities should be examined to see that the securities purchased are those admissible under the Port/CPA. Ordinance and have been brought to account in the Register. The purchase price of the securities purchased and the sale proceeds

of those sold should be traced into the Revenue Reserve etc. funds Accounts.

(c) Check the accounts of the depreciation fund in the Ledger with the Depreciation Register. The manner in which the fund is invested should be reviewed generally. Advances from the depreciation fund to the capital account should be carefully checked with the entries in the Balance Sheet with a view to finding out any misapplication of the fund.

(vii) INVESTMENT ACCOUNTS OF FUNDS:

The opening balances should be checked with the closing balances of the previous year. Credits should be checked with the sale accounts and debits with the purchase accounts received from the Bank. Securities purchases should be traced into the Security Register. It should be seen that any depreciation or appreciation in the value of the securities has been taken into account. Check the investments in securities and fixed deposits with the Ledger Accounts and correspondence on the subject.

(viii) GOVERNMENT LOANS:

It should be seen that the instalments of principal and interest have been paid on the due dates and that the amounts taken in reduction of principal have been correctly calculated. See that the Ledger Account for Loans is properly kept and that all loans received as shown in the Cash Book have been entered in it. Trace the corresponding credits in the cash book. Verify the amounts of outstanding Government Loans with the figures reported to the Chairman by the Book Section of the Accountant General's Office.

(xi) GENERAL REGISTER:

The posting in the General Register should be checked with the annual totals of the Abstract Register of Receipts and expenditure the capital and the miscellaneous and suspense Accounts Ledgers.

(x) GENERAL LEDGER:

The opening and closing balances for the year should be checked with the opening and the closing journals and the transactions with the

figures in the General Registers. The Earnings Account in the General Ledger should be checked with the Cash Abstract Book and Journals and the Authority Account with the Authority Account Ledger. The closing balances should be traced into the General Balance Sheet.

(xi) CASH BOOK:

Cash Book should be checked with—

- (1) Cash receiver's miscellaneous receipts.
- (2) Bank Advices,
- (3) Remittance Register.
- (4) Bank Pass Book.
- (5) Cash Abstract Book.

The totalings should also be checked.

The total of the outstanding cheques on the 30th June should be proved and the cash balance in the hands of the cashier as on that date verified by actual count on the 1st of July. The Bank balance as per cash book on the 30th June should be verified with the balance as per Bank Pass Book as well as with the certificate of balance furnished by the Bank.

(xii) ABSTRACT REGISTERS :

The postings should be checked with the voucher Abstracts and Journal vouchers (Income and Expenditures). Totaling for the months should also be checked.

(xiii) MISCELLANEOUS CASH VOUCHER :

Cash Vouchers for the whole year should be generally examined to see that—

- (1) They bear certificates of the head of the office or section concerned as to the correctness of the items in voucher.
- (2) the expenditure is covered by sanction of "the competent authority".
- (3) they are passed for payment by "the competent authority".
- (4) the allocations to Budget Grants are correct.
- (5) the amounts agree with entries in the Cash voucher abstracts.
- (6) they are supported by payee's receipts.
- (7) the charges is legitimate.
- (8) unusual charges are covered by specific sanction of the competent authority.

(xiv) CASH VOUCHERS :

Cash Vouchers should be checked in detail to see that :

- (a) they are in the prescribed form and signed by the head of the Section concerned.
- (b) they are consecutively numbered.
- (c) "they are checked by the Audit or Account Section concerned and passed by the Asstt. Accounts Officer/A.O. In Charge".
- (d) the Pay Order is in words and figures signed by the Chief or Deputy Chief Accounts Officer.
- (e) the charges are correctly allocated to budget grants and entered in the Cash Vouchers Abstracts.
- (f) sanction of the proper authority is quoted on the voucher,
- (g) the payments are supported by payee's receipt's and sub-vouchers if necessary,
- (h) payments in case of interest on, and refunds of, Security Deposits of contractors and employees and of electric, and other charges are entered in the Security Register of employees and contractors and the respective recurring register,

(i) refund of Marine Dues and of Jetty charges are entered in the respective Refund Register.

(xv) JOURNAL VOUCHERS:

INCOME : Journals should be checked with the monthly summaries of collections or with the remittance registers in cases in which the Journals are prepared direct from the Remittance Register.

EXPENDITURE :— Journals should be checked with the necessary documents.

(a) Journals should be checked as to the correctness of and the necessity, for the adjustments.

(b) Any adjustment as between capital and revenue Accounts should be specially scrutinised with reference to rules on the subject.

(xvi) CASH VOUCHER ABSTRACTS:

A general examination should be made of abstract to see—

(a) that they are in proper form,

(b) that they have been correctly posted from the cash vouchers and that where there are funds, income tax or other deductions the gross amount

has been charged as expenditure and the deductions separately credited under proper heads.

(c) that the payments made by cheques or the cash have been noted therein under proper dates.

(d) that the amounts of unpaid wages and unpaid miscellaneous bills are correctly entered in their proper place in the abstracts.

(e) that they are arithmetically correct.

Totals only in big Abstracts need be checked.

Abstracts should be checked with the entries in the cash book to see that payment noted therein have been correctly posted Abstracts should be traced into the demands payable register.

Unpaid items should be traced into the unpaid Register.

(xvii) PRINTED ANNUAL ACCOUNTS AND BALANCE SHEET:

(a) The Annual Account figures under the individual Budget grants should be checked with the Annual totals of the Abstract Registers of Receipts and Expenditure and with those of the capital and miscellaneous and suspense Account

Ledgers. They should also be checked against the revised budget grants for the year. It should be seen that the excess of expenditure if any has been regularised by obtaining sanction to an additional grant.

(b) The General Balance sheet should be checked with the balances of the capital, revenue and the miscellaneous and suspense accounts as shown in the general ledger.

(c) Each item in the balance sheet and the Annual Accounts should also be generally scrutinised with reference to the general principle of accounting.

CHAPTER-XI

MISCELLANEOUS :

(i) AUDIT OF VOUCHERS OF PAYMENTS :

The following points should be noticed in the case of vouchers generally—

(1) That the voucher is in a prescribed form, or if not, that no particulars or signatures required by the form applicable to the class of charges have been omitted.

- (2) That each voucher is the original.
- (3) That it is for a current and specific claim and that the period to which the payment relates and the allocation of the charge are clearly shown upon the voucher.
- (4) That it is signed by the officer or officers responsible for the accuracy and the propriety of the expenditure in all necessary places. Signature by a stamp or in pencil should not be accepted.
- (5) That it is properly filled up and headed.
- (6) That it bears an order of the responsible officer to pay a specified sum and a note whether the payment is to be or has been by cash or by cheque.
- (7) That the nature of the charge is one which may rightly be made against Government and against the work or service to which debited.
- (8) That the rates paid are not much higher than those usually paid in the locality for a similar service.
- (9) That the outlay is fully detailed and that quantities are always given of work done and of material supplied.

- (10) That the details work up to the totals and that all arithmetical calculations are correct.
- (11) That the total of each bill as well as of the amount paid is expressed in words as well as in figures.
- (12) That no erasure or alteration of figures was made in the voucher. When corrections are necessary, they should be made in red ink, leaving the original figures legible after being crossed out.
- (13) That corrections in the total or in the sum paid are attested by both the payee and the drawer of the bill.
- (14) That the place of payment and name of the officer or subordinate before whom payment was made are given.
- (15) That the voucher bears a formal receipt of the persons in whose favour the bill is drawn and is duly stamped if the gross amount exceeds Tk 20/- and that the sum acknowledged is writing in words as well as in figures.
- (16) That the Signature of the payee is witnessed when made by a seal or by a mark and also in all cases, even when he signs his name, when he is not well known and is paid in cash. The Signature of the payee as well as of the witness should be dated.

- (17) That each voucher is cancelled in some effective way and that receipt stamps are crossed out so as to render them unusable.
- (18) That the Signatures of all the partners in a contract as recorded in the contract deed are upon the receipt, except in the case of well known firms.
- (19) That the receipt is for the full amount when a bill is put up for payment.

(ii) AUDIT OF SUSPENSE BALANCES :

The accuracy of the balances shown in the schedule should be checked in detail. In addition, the several registers showing the details of debits and credits to the suspense heads should be checked in accordance with the rules laid down in the Accounts Manual of the CPA. It should be seen that proper action is being taken to expedite the clearance of outstanding items and that no item which *prima facie* could be debited or credited to a final head is allowed to stand over in the books a tendency to do which sometimes manifests itself during the closing months of the year in order to avoid excesses/over-allotments. A careful scrutiny of these

registers by an experienced accountant will sometimes bring light important defects in procedure or control which should be very carefully investigated and pursued in the light of all available information before being formally reported to accounts. **AUDIT OF PASSES, G.T.O. & P. T. Os** :—Passes, P. T. Os & C. T. Os forwarded to the Railway by the authorised officers of the Chittagong Port Authority for issue to ex. Railway Employees should occasionally—not more than once in a year to be test-checked.

(iii) **STORES JOURNAL** :—

Journal slips relating to stores transaction prepared according to rule should be scrutinised in the manner laid down. It should be seen that the Journals and are properly posted and that the reconciliation of all the subsidiary book with journals and the latter with the General Books of the CPA is made monthly and certified to as being so completed.

(iv) **FINANCIAL REVIEW AND TESTS TO JUDGE PRODUCTIVITY OF CAPITAL EXPENDITURE** :—

Instructions contained hereinafter on the subject of financial stock taking of big Engineering projects should be borne in mind in

the course of these review. Scrutiny of estimates and expenditure pertaining to large works or projects to ensure that there have not occurred any material modifications of or deviations from the sanctioned estimates can be usefully undertaken by Audit. It is also a matter of great financial importance that there should be a financial stock taking of large engineering projects at suitable intervals so as to correlate the progress of expenditure with the progress of work actually done as compared with the estimates in order to ascertain the prospects of the projects being completed within the limits of sanctioned estimates. The figures relating to sanction : actuals further outlay etc. should be verified.

A special report should be made to the Member/Finance, CPA when the examination of productivity Tests conducted by CPA Audit & Inspection Department reveals any important or peculiar features or when there is any doubt or difference of opinion in regard to the interpretation of CPA's orders in regard to the information that should be supplied.

(v) **HANDLING CHARGES** :

These are charges payable by Chittagong Port

Authority to the Contractors with whom Agreement has been made for arranging the handling of goods within the Jetty area on behalf of Chittagong Port Authority on payment of handling charges at certain fixed rate as per agreement. Handling operations on behalf of Chittagong Port Authority at the Jetties are of different kinds viz. Jetty Head/Shore handling operations and miscellaneous handling operations. While auditing the handling bills it should be seen—

- (i) that the payments are genuine and they are in accordance with the terms of Agreement,
- (ii) that necessary Register showing the Handling of cargo by the men of the Contractor is maintained in proper/prescribed form.
- (iii) number, description of the packages, weight of the cargo handled by Stevedore/Contractor, Tally slip, shipping list, Export Register, Daily work-done statement of the vessels, connected manifest and other relevant documents should be consulted while checking the handling bills.

While auditing the bills, audit should consult the relevant Accounts Manual also on the subject

for detailed idea. Special care should be taken against duplication of shed voucher and duplication of payment.

(vi) DEAD STOCK REGISTER :—

A numerical inventory should be maintained of dead stock, Viz-Plant, machinery, furniture and fixtures, in each department of the chittagong Port Authority. The price of all articles costing above Tk. 25/- should be shown against them.

The Inventory should be test-audited by actual verification in January every year by an officer and a record maintained to show which items were not test-checked and that excesses and shortages were found. It well be desirable to have each article of furniture permanently marked with a distinctive letter and number which should also be recorded in the register to facilitate identification. The sanction as per Rules delegation should be obtained to the write-off of condemned articles of tools and plants. The condemned articles may thereafter be disposed of as per Rules to the best advantage of CPA.

(vii) REGISTER OF IMPORTANT RESULT OF AUDIT :—

It is, essential to have a handy and continuous record of result of Audit and for this purpose a Register should be maintained, in the office of the Chief Auditor where important results of audit should be entered after approval by the Member (F)/Chief Auditor as the case may be.

The simplest plan would be for a Apitone of each to be prepared by individual sections of Internal Audit and sent to Central Section where consolidated registers would be kept and submitted for review by the Member (F).

(viii) CALENDAR OF RETURNS :

Each Section of the Chief Auditor's office should maintain a Calendar showing the due and actual dates of—

- (i) receipt of returns from other section or departments.
- (ii) despatch of returns etc. from the section or to other section or departments respectively and

(iii) submission of registers etc. to the officers. The returns should be classified as weekly monthly, half yearly and annual and entered in the Calendar chronologically under each heading. Delay in the submission of any return should be suitably explained The Calendar should be submitted to the head of the office once in a month and to the Member/Finance, CPA as ordered by him.

Correction Slip

Page No.	Line no.	As printed	Correct word
2	12	loses	losses
5	3	object	object
17	13	Cnief	Chief
18	7	Fanance	Finance
19	19	removel	removal
26	5	see	sea
30	10	Found	Fund
31	6	Acuounts	Accounts
34	3	accounting	accounting
36	22	speially	specilly
41	10	smallerly	smaller
51	9	take	taken
54	5	colun	column
76	17	meet	met
87	19	figurs	figures
89	1	The	That

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