

CHAPTER - 6

AUDIT OF BILLS

RECEIPT VOUCHER REGISTER

6.01 Receipt Voucher Register is maintained to record all the receipt vouchers drawn for having received the materials in the stores, from suppliers against purchase order.

In the audit of receipt voucher register, Internal audit shall verify that:

- a) All the receipt vouchers drawn for the materials purchased are entered in the register and their total tally with the amount booked under the Account Code 42.101 in the stock compilation register.
- b) That necessary entries are made against the items transferred to Bill Booking Register for all bills received and passed for payment.
- c) That an abstract is put up at the end of the month clearly showing the Value of uncleared items outstanding in the RVR and tally with the balance shown against Account Code 42.101 in the General Ledger.

BILL BOOKING REGISTER

6.02 Bill Booking Register is maintained to record all the supply bills to be

passed for payment on the basis of receipt vouchers drawn in the same division i.e., when consigner and payee division is one and the same.

In the audit of the Bill Booking Register (BBR) the Internal Audit shall verify:

- a) That all the supply bills passed for payment, notwithstanding that they are actually paid or not, are posted in the BBR for all the columns.
- b) That the cost of materials at standard rates/purchased rates as entered in the BBR tallies in each case, with that transferred from the receipt voucher register and also tallies to the debits to Account Code 42.101
 - Liability for supply of materials, for the month.
- c) That the total amount of the bills payable (gross) as per BBR is transferred by credit to Account Code 42.201- sundry creditors' control a/c at the end of the month.
- d)
 - (i) In the case of centralised payments, see that a separate BBR is opened with reference to the credit A.T. received from the consigner division.
 - (ii) That the total liability (gross) as per this register is transferred by credit to 42.201 sundry creditor's control a/c at the end of the month.
 - (iii) That no bill is passed without its credit A.T.
 - (iv) That the credit A.T. is accepted without delay.

SUNDRY CREDITOR'S LEDGER

6.03 Sundry Creditor Ledger is maintained to know the balances outstanding against each of the suppliers, as on a particular day.

6.04 In the audit of Sundry Creditor's Ledger the Internal Audit shall verify:

- a) That only one ledger account is opened for each supplier of materials irrespective of the number of purchase orders placed on him and / or consignments delivered.
- b) That postings are made on day to day basis.
- c) That the credits posted in the ledger tally with the Bill Booking Register.
- d) That the debits posted tally with the payments made as per cash book.
- e) That total of all individual credit balances tally with credit balance in Account Code 42.201.

FUEL BILL CONTROL REGISTER.

6.05 The fuel bill control register maintained in the stores is intended to have not only control over the fuel bills received and disposed of , but also on the quantity of fuel purchased and issued to vehicles. In the audit of this register Internal Audit shall verify

- a) That the register is maintained supplier-wise by setting apart separate pages and that all the purchase orders issued, are entered in this register.
- b) That all the columns are invariably filled up with relevant particulars.
- c) That the quantity of fuel issued does not exceed the ordered quantity in a purchase order.
- d) That the despatch of the bills for payment is cross referenced in the register.

STOCK LEDGER/NUMERICAL LEDGER.

6.06 In the audit of the Numerical Stock Ledger, the Internal Audit shall verify that:

- a) The ledger account is opened with full details such as correct nomenclature of the material including technical specification, code number, minimum and maximum stock levels, folio number etc. for all materials as prescribed.
- b) Ledger account is posted up to date with reference to receipt voucher, Issue Invoice, returned material Invoice etc, and the balance struck correctly.
- c) Bin balances agree with stock ledger balances.
- d) Materials after inspection (wherever required) are taken to stock and receipt vouchers drawn.
- e) An entry is made in the concerned ledger folios for the material acknowledgement statements issued.
- f) Ledger balances are tallied with the price ledger balances by reconciliation at prescribed intervals.
- g) The counting officer taking the annual inventory has recorded the counted/ground balance in the respective ledger folios besides noting the item number of the inventory sheet in red ink and attesting with his dated signature.
- h) All the items borne in the ledger have been counted by the counting officer.
- i) The counted quantity has been adopted as the opening balance in each case, for further store transactions.
- j) The orders on difference statements are implemented

PRICING LEDGER

6.07 In the audit of the Store Price Ledger the Internal Audit shall verify:

- a) That the Store Pricing Ledger without value column is identical to Numerical Ledger in all respects.

- b) That the postings are upto date and balances struck both for quantity and value correctly.
- c) That the bin balances as noted in the receipt voucher and issue invoices agree with the pricing ledger balance in all cases.
- d) That the Numerical and Pricing Ledger balance are tallied for quantities by reconciliation at periodical intervals.
- e) That the receipts and issues are valued at the prevailing standard rates/purchase rates wherever required.
- f) That the standard rates on revision have been brought to use from the effective date.
- g) That contra reference is recorded in the ledger for the bills received for payment.
- h) That the counted quantity/recounted quantity is entered in the respective ledger folio in the pricing ledger as per the original inventory sheets by the Assistant Accounts officer / Senior Assistant concerned under dated signature.
- i) That the counted/ground balance is adopted as the opening balance for further store transactions.
- j) That excesses and shortages found on counting have been brought to account.
- k) That orders passed on the difference statements are implemented.
- l) That there are no minus balances under quantity or value balances.
- m) That there are no 'VALUE AWAITED' (VA), items in the ledger.

SUPPLY BILLS

6.08 The supply bills should be audited keeping in view the following guidelines:

- a) Whether all the registers such as RVR, BBR, SCR and Fuel Control Registers are maintained properly as required under commercial accounting system.
- b) The purchase is within the perview of the officer and the general rules of purchases as per the Manual of Financial Powers are followed.
- c) Purchase order has been issued by the competent authority and in accordance with the powers vested with each officer as per the Manual of Financial Powers.
- d) Purchases have been made in accordance with the orders of the purchase committee, special rules mentioned in K.E.B. Accounts Manual Vol.II and Circular instructions of the Board/Other competent authorities from time to time.
- e) The bills are in duplicate and the bill is arithmetically correct and is stamped wherever required.
- f) The Store Keeper/Store Officer/Other Officers as authorised have:
 - (i) Certified as to the receipt of materials in good conditions.
 - (ii) Verified as to the quantity, quality and receipt to stock account.
 - (iii) Recorded a certificate for having made necessary entries in the purchase orders and ledger.
 - (iv) Recorded the stock certificate as per the delegation of powers.
- g) The inspection wing has certified that the materials received are according to the specifications, before taking the materials to stock unless otherwise dispensed with.
- h) The materials have been valued at standard rate/purchase rate at the pricing section and entries have made in the purchase order and pricing ledger to avoid second payment.

- i) The rates are reasonable when compared to the previous rates or the central purchase rates as the case may be.
- j) The deductions are made towards freight (if the terms of delivery are F.O.R. destination), demurrage wharfage (due to late receipt of R.R) breakages, shortages and penalty for late delivery (as per the Manual of Financial Powers).
- k) The difference in value between the standard rate and the purchase rate is adjusted to Material Cost Variance A/c in O&M Divisions and capital works in Major Works Divisions.
- l) The Material Acknowledgement Statement (MAS) is complete in all respects and signed by the empowered authorities.
- m) The advance payments made have been deducted in the bills duly indicating reference to the schedule of advance to suppliers.
- n) All payments other than the rates specified in the purchase orders such as railway freight, packing and forwarding charges, insurance etc., are supported by vouchers and the purchase orders provide for such payments.
- o) Certificates in respect of Taxes, Central Excise Duty are furnished in the bills.
- p) Verify the bill passing encasement for the correctness of gross, net and total deductions and allocation to relevant heads of account.
- q) The payments are made by cheques issued by the Financial Adviser and Chief Accounts officer or by the Accounts officer to whom the powers of signing the cheques are delegated by the Board. In case of payments upto Rs.300 (or the amount as prescribed from time to time) the administrative officers are authorised to make payments out of imprest without purchase order.

- r) Internal Audit shall check whether necessary entries as prescribed under Accounts Manual Vol.III are put up and passed by the Accounts officer/Deputy Controller of Accounts of the accounting unit.

FUEL BILLS

6.09 In the audit of the fuel bills, the Internal Audit shall verify.

- a) That necessary entries have been made in the Fuel Bill Control Register by the Store Keeper.
- b) That the bill is supported by indents (Accounts Section Copy) and acknowledged copies of the coupons issued by competent authorities.
- c) That the particulars of the vehicles and the quantum of fuel issued as per the coupons tally with those mentioned in the corresponding indents.
- d) The quantity of fuel has not exceeded the ordered quantity as per the purchase order.

WORK BILLS

- 6.10 a) Work bills may be divided in to two classes viz.,
- i) Those relating to Civil Engineering works.
 - and
 - ii) Those relating to Electrical works.
- b) The work bills shall be prepared in the manner prescribed in Chapter IV of K.E.B. Accounts Manual Vol.II, (as amended from time to time).

6.11 The Internal Audit should :

- a) Verify whether the work is included in the programme of Civil Engineering works in the case of Civil Works and detailed works budget in the case of Electrical works for the year.
- b) Verify the technical sanction.
- c) Verify the work award letter to the contractor.
- d) Verify the agreement executed by the contractor, comparative statements of tenders and schedule of rates.
- e) Check the arithmetical accuracy of the measurement taken and recorded in the measurement book.
- f) Verify the bill with reference to the measurement book and whether the record of measurements test checked in accordance the rules prescribed in K.E.B. Accounts Manual, Vol.II.
- g) Verify the bill with tender rates if it is a tendered work, if not with P.W.D. schedule rates for civil works and Board's schedule of rates for electrical works.
- h) Verify the bill with the previous bill passed, if any.
- i) Verify the bill with contractor's ledger for the materials issued.
- j) Verify whether the rules regarding preparation, examination and payment of bills mentioned in the K.E.B. Accounts Manual, Vol.II have been followed.
- k) Verify whether the materials issued to contractors are in accordance with the rules in K.E.B. Accounts Manual Vol.II, the agreement and the terms of contract.
- l) Verify whether the rules regarding Earnest Money Deposit/Tender Deposit and Security Deposit as per rules have been followed.
- m) Verify whether sanctions accorded conform to the powers delegated in respect of:-

- i) Electrical Works Estimates.
 - ii) Civil Engineering Works Estimates.
 - iii) Excess over estimates in respect of Civil Engineering Works.
 - iv) Revised and Supplemental Estimates.
 - v) Tender for works.
 - vi) Condonation of delay in execution of Civil Works and other works carried out by contract.
- n) When a final payment has been made on a running account, it should be seen that the payee, if he is able to write, has recorded in his own hand writing that the payment is in full settlement of all demands. If he is unable to write beyond signing his name or is unable to sign these words should be filled in by the Divisional Officer.
- o) Before passing the final bill verify whether all excess over estimated quantities, extra items of work done and all other non-tendered items are duly sanctioned either in the revised estimates and modified estimates as per actuals.
- p) In all cases of works of lighting or power installations given out on contract the Chief Controller of Accounts (Internal Audit) will see that tenders have been called for and if the work has been entrusted to other than the lowest tenderer, sufficient reasons have been given and competent sanction obtained whenever necessary.

SERVICE MAIN BILLS

6.12. The Internal Audit shall verify that:

- a) Necessary estimate has been sanctioned by the competent authority.
- b) Necessary entries are made in the measurement book wherever required.
- c) The rules as prescribed in K.E.B. Accounts Manual, Vol. II have been followed. The rate of each item has to be checked with reference to schedule of rates.

- d) The procedure laid down in K.E.B. Accounts Manual Vol.II regarding the procedure for using cost register of service connection works has been followed.

OTHER BILLS

Carting Bills / Transport Bills

- 6.13 Board's materials are normally transported by Board's Vehicles. In cases of non-availability of Board's vehicles and also in urgent cases materials are transported by Railway or by engaging transport contractors. In remote areas where there are no motorable roads carts may be engaged on hire for transportation..
- 6.14 In the audit of transport/carting bills, Internal Audit shall verify that:
- a) The quantity, weight and distances as well as total amount of the bill are entered both in words and figures.
 - b) The contractor has furnished a certificate to the effect that the bill includes all items of transportation done by him, up-to-date as specified in the bill and duly acknowledged with stamped receipt wherever necessary.
 - c) The officer-in-charge of works has certified as to the correctness of the quantity and the number of trips.
 - d) The Divisional Officer/Other Officers authorised have certified as to the correctness of the distances claimed.
 - e) The Divisional Accounts Officer has certified to the effect that he has verified with receipt or issue invoices or any other documentary evidence as the case may be.
 - f) The rate claimed is in accordance with the rates contained in the agreement/approved schedule of rates.
 - g) The bill is arithmetically correct.

BILLS TOWARDS REPAIRS TO BOARD VEHICLES

6.15 The procedure to be followed for all kinds of repairs to vehicles, whether major or minor overhauls or petty repairs or replacement of missing or worn out parts is prescribed in K.E.B. Accounts Manual, Vol.II (Part 'A').

6.16 In the audit of bills for repairs and replacements the Internal Audit should verify:

- a) That payments are made against estimates, sanctioned by the competent authority in accordance with the powers delegated.

Note :- Divisional Officers may incur expenditure on petty repairs or for the replacement of missing or worn out parts not exceeding Rs.500/- per vehicle without an estimate.

- b) That the total expenditure for each vehicle is within the annual limits prescribed.
- c) That necessary entries are made in the vehicles' history book.
- d) That the released materials are returned to stores and acknowledgement invoice number and date is furnished on the bill.
- e) That frequent repairs are investigated by the controlling officers.
- f) That the variation in rates of the same parts replaced during previous repairs is reasonable.
- g) That the guarantee of repairs carried out during the previous repairs is fulfilled.
- h) That the prescribed certificates are recorded on the bill.
- i) That entries are made in the recurring charges register.
- j) That the bill is arithmetically correct and is stamped wherever required.

- k) That purchase procedure is observed when spare parts and other materials required are purchased separately and such materials pass through stock, in the same manner as any other stock material.

TELEPHONE BILLS

6.17 Internal Audit should:

- a) Check the arithmetical accuracy of the bill.
- b) Check the period of claims with references to previous bills.
- c) Checkup if the following certificates have been recorded on the bills.
 - i) Certified that the Telephone Number..... was in good condition from to and was utilised in the interest of Board work.
 - ii) Certified that trunk calls have been made in the interest of Board work except the cost of which has been recovered vide receipt number and date

6.18. Similar checks should be carried out in respect of Telex/Fax Bills.

HOUSE RENT BILLS

6.19. The internal Audit should verify:

- a. The arithmetical accuracy of the bill.
- b. The period of sanction and authority.
- c. The certificate to the effect that the building rent has been sanctioned by CEE/SEE/EEE for the period fromto is recorded on the bill.
- d. The entries made in the recurring charges register.

- e. The certificate that the building was wholly occupied by the Board for locating office/stores/etc., and no portion of it was let out from whom any rent was recoverable.

REPAIRS BILLS - TYPEWRITERS/DUPLICATORS ETC

- 6.20. The Internal Audit should verify
- a. Arithmetical accuracy of the bill.
 - b. The sanctioned estimate.
 - c. Purchase order wherever required.
 - d. The entries made in the measurement book.
 - e. Whether the work was carried out in accordance with the Financial powers delegated.
 - f. That a certificate regarding the satisfactory repairs and the working of the machine/equipment in good working condition after repairs, is recorded on the bill.
 - g. The worn out/released parts are returned to stores and acknowledgement invoice number and date are recorded on the bill.

BILLS FOR REPAIRS TO TOOLS AND PLANT ARTICLES

- 6.21 The Internal Audit should:
- a. Verify the arithmetical accuracy of the bill.
 - b. Verify the estimates.
 - c. Verify the entries made in the measurement book.
 - d. Verify whether a certificate for having returned the released materials to stores duly furnishing acknowledgement invoice number and date in the bill.

- e. Verify whether the work is carried out in accordance with the powers vested with the officers as per the Manual of Financial Powers.

IMPREST BILLS

6.22 The Internal Audit should see:

- a. That the imprest amount has been sanctioned by the competent authority.
- b. That payments are made in respect of items of expenditure which have been specifically approved by the Board for payment out of imprest.
- c. That each item of expenditure is supported by a voucher.
- d. That purchase procedure has been followed in respect of each item of purchase.
- e. That the expenditure has been sanctioned by the competent authority as per rules.
- f. That the expenditure is allocated to proper heads of accounts.
- g. That special attention is paid to temporary advances and locking up of funds.

BILLS TOWARDS COMPENSATION FOR TREE CUT/CROPS DAMAGED

6.23 The Internal Audit should verify:

- a) That the bill is signed by the owner of the land to receive the amount of "Compensation":
- b) That the bill is supported by:
 - i. Consent of the owner for felling the trees and or for causing damages to the crops grown in his land.

- ii. Mahazar by the Village Accountant or by any Officer of Mandal Panchayat in presence of the owner and a few important persons of the place.
 - iii. The PAHANI Certificate.
 - iv. An indemnity bond on a stamped paper of appropriate value.
- c) That the amount of compensation is fixed by the competent authority as per the rates in force.
 - d) The arithmetical accuracy of the bill.

BILLS TOWARDS PAYMENT OF SOLATIUM TO THE OWNERS OF ANIMALS THAT DIE OF ELECTROCUTION

6.24 The Internal Audit should verify that:

- a) It has been established that the death of the animal occurred due to a lapse on the part of the Board.
- b) The amount payable in each case is fixed by an officer of the Department of Animal Husbandry and Veterinary Sciences or at the rates as prescribed by the Board from time to time.
- c) That the amount of compensation is determined and is sanctioned by the competent authority.

BILLS TOWARDS PAYMENT OF COMPENSATION TO THE LEGAL HEIRS OF A NON-DEPARTMENTAL PERSON WHO DIED ON ACCOUNT OF ELECTROCUTION

6.25 The Internal Audit should see that:

- a) The death occurred due to a lapse on the part of the Board is established.

- b) The claims is supported by a death certificate, post mortem certificate, police Mahazar, accident report and Inspectorate report (Wherever required).
- c) The amount of compensation payable in each case of death is determined and fixed by the competent authority, at the rates prescribed by the Board, from time to time.

CONTINGENT CHARGES

6.26 The primary responsibility for effective control of the contingent expenditure rests primarily with the heads of offices.

6.27 In the audit of contingent claims, it should be specifically see:

- a) That there is no breach of any of the cannons of financial propreity.
- b) That the rates are apparently not extravagant.
- c) That there is a voucher for every payment.
- d) That the flow of expenditure is not too rapid
- e) That there is a delegated authority for each item of expenditure.
- f) That the allotted grant is not exceeded.

CHAPTER - 7

SCRUTINY OF ACCOUNTS

GENERAL

7.01 The work done in regard to the scrutiny of accounts may be classified as follows :

- i) Scrutiny of sanction to estimates and other sanctions.
- ii) Audit of Accounts.
- iii) Audit of completion Reports.

SCRUTINY OF SANCTION TO ESTIMATES AND OTHER SANCTIONS

7.02 Prior to expenditure two-fold sanction is essential viz.,

- i) for the outlay being incurred.
- ii) for its being incurred in any particular year.

The first condition is met by a sanctioned estimate and the second by due provision of funds in the budget and appropriation therefrom.

7.03 The scrutiny of sanction to an estimate involves the following general principles.

- i) Legitimacy of charge.
- ii) Completeness of project.
- iii) Correctness of classification.
- iv) Competency of sanction.
- v) Existence of budget provision or appropriation.

The estimates to be sanctioned by the Board, before sanctions are communicated are referred to the Financial Adviser and Chief Accounts Officer for scrutiny on the above lines. Similarly the estimates within the powers of sanction of the C.E.E./S.E.E./E.E.E. are scrutinised by C.A./D.C.A./A.O. as the case may be.

7.04 **Legitimacy of charge**

The fundamental principle of the disbursement of Board/s funds is that it shall be bonafide for the public object and spent on works, which are obligatory for the Board to take up. The items of expenditure not provided for under the Board's rules require special sanction of the Board. It is the duty of the Internal Audit at all times to challenge any infringement of this principle.

7.05 **Completeness of Project**

Internal Audit shall ensure that unless a work is complete in itself, the project of which it forms a part, must be specifically stated to ensure that sanction is not being accorded in piece-meal so as to bring the amount within the powers of the sanctioning authority.

With a view to prevent abuse of the powers of sanctioning authority special scrutiny must be exercised to ensure that sanctions are not accorded in piece-meal.

7.06 **Correctness of Classification**

The Internal Audit should see that the head of classification as given below is correct:

- a) Name of the work or project.
Name of the sub-work.
Main head of classification.
Sub-head of classification.
Detailed head of classification.
- b) Whether the estimate supersedes or supplements an already sanctioned estimate for the same work.

Note:- The classification of expenditure between Capital and Revenue works etc., given in the KEB Accounts Manual Vol.I and III should be strictly followed.

7.07 **Competency of sanction**

Internal Audit shall ensure that the powers of sanction of different authorities are not exceeded.

7.08 **Existence of Budget provision or Appropriation**

Internal Audit shall ensure there is necessary budget provision / appropriation to meet the expenditure required for the work, during the year, while verifying the Cost Registers.

7.09 **Other sanctions**

The Audit of the sanctions should be carried out as per the general principles detailed in earlier chapters.

AUDIT OF ACCOUNTS

- 7.10 In auditing the accounts of expenditure and of receipts, the Internal Audit should keep in view the general object to be attained by their supervision and while it should be careful to prevent unnecessary expenses and irregularity it should not be too precise in trifling matters which are of no importance to the finances of the Board.
- 7.11 The Internal Audit should keep a vigilant watch over expenditure that is audited while not calling upon divisional officers for explanations except with regard to irregularities falling distinctly within the rules and orders which can be quoted. It should bring to their notice all transactions appearing in the accounts which indicate any irregularity or want of attention to economical considerations.
- 7.12 The monthly Trial Balance usually consists of the following statements. These statements are due in the office of the Chief Controller of Accounts on or before the dates mentioned below.

Statement	Due in the Office of the Chief Controller of Accounts
1. Trial Balance	20th of succeeding month
2. DCB along with B & E statement	20th of succeeding month
3. Cash Balance Report	15th of -do-
4. Capital Expenditure (CWIP)	20th of -do-
5. All IUA returns monthly	20th of -do-
6. All IUA returns quarter	20th of -do-
7. Status of pending test reports	20th of -do-
8. Status of Tentative work orders	20th of -do-
9. Statement of Loan recoveries from employees.	Before the end of succeeding month.

- | | |
|----------------------------------|--------------------------|
| 10. Statement of Inventory | 15th of succeeding month |
| 11. Monthly Sales Tax statement. | 5th of succeeding month |

The above accounts statements shall be audited by the Accounts Officer (Internal Audit) before being sent to the office of the Chief Controller of Accounts.

7.13 The audit of Accounts comprise of :

- (a) Audit of journal.
- (b) Audit of General ledger.
- (c) Audit of Trial Balance.
- (d) Audit of DCB and other statements.
- (e) Audit of vouchers.
- (f) Audit of completion reports.
- (g) Audit of register & schedule.
- (h) Special reports.
- (i) Issue of Audit Notes and objectionable items statement.
- (j) Verify whether the rules regarding preparation, examination and payment of bills, mentioned in the K.E.B. Accounts Manual, Vol.II have been followed.
- (k) Verification of materials issued to contractors.
- (l) Verify whether the rules regarding E.M.D/ Tender Deposit and Security Deposit as per rules have been followed.
- (m) Verify whether sanctions accorded conform to the powers delegated in respect of:-

- i) Electrical Works Estimates.
- ii) Civil Engineering Works Estimates.
- iii) Excess over Estimates in respect of Civil Engineering Works.
- iv) Revised and Supplemental Estimates.
- v) Tender for works.
- vi) Condonation of delay in execution of Civil Works and other works carried out by contract.

Check List of Trial Balance and Statements/Registers

7.14 Verification of Trial Balance, involves verification of the following records:

- a) The Journal passed during the month with reference to respective registers.
- b) General Ledger.
- c) Registers and Schedules.
- d) D.C.B.
- e) Trial Balance.

7.15 In the audit of the Trial Balance the Internal Audit shall verify:

- a) That it is prepared in the prescribed printed form only.
- b) That all the debit/credit balances are extracted correctly from the General Ledger.
- c) Opening balances are correctly brought forward.
- d) D.C.B. Statements to confirm the correctness of revenue & collection as depicted in accounts.
- e) The totals of all debits and credits balance are tallied.
- f) Large variations on comparison with the previous balances to be looked into.

7.16 The audit of all statements and registers should be carried out as per the relevant rules contained in the KEB Accounts Manuals I, II & III. However checks in respect of certain important statements and registers which require special attention are detailed below.

7.17 Check of DCB statement:

- a) The consolidated DCB shall be verified with reference to the DCB of sub-division and sections.
- b) Check the opening balance with reference to previous month's closing balance.
- c) Check the classification with reference to tariff in force, schedule in force from time to time.
- d) Verify the revenue demand with previous month's demand to find out any large variations.
- e) Verify the cash collections with reference to cash accounts.
- f) Verify the closing balance to review the level of receivables and report the balances which are more than 2 months of average revenue demand of the year.
- g) Verify the demand with reference to the journal vouchers.
- h) Verify the withdrawal/refund of revenue demand.
- i) Verify whether the Demand, Collection and Balance of permanently disconnected installations are shown in the DCB in the form of a note.

Audit of Vouchers

7.18 Internal Audit shall verify to ensure.

- a) That the voucher is in the prescribed form, wherever required, and that particulars or signatures required in the form applicable to the class of charge, have not been omitted.

- b) That it is for a current and a specific claim and the period to which payment relates and the allocation of the charge are clearly shown upon the voucher.
- c) That it is signed by the officer/officers responsible for the accuracy and the propriety of expenditure in all places. Signature by a stamp or in pencil should not be accepted unless specially authorised by the Board.
- d) That it is properly filled-up and correctly classified under proper head of account.
- e) That it bears the orders of the responsible officer to pay a specified sum and a note that the payment has been made by cash or by cheque.
- f) That the total of each bill as well as the amount paid is expressed in words as well as in figures, when expressing the amount in words, it would be sufficient if the amount of whole rupees is entered in words followed by paise in figures.
- g) That no erasure or alteration of figures is made in the voucher. When corrections are necessary, they should be made in red ink leaving the original figures legible for being crossed out.
- h) That the corrections in total or in the sum paid are attested by both payee and drawer of the bill.
- i) That the voucher bears a formal receipt of the person in whose favour the bill is drawn and is duly stamped wherever required and that the sum acknowledged is written in words as well as figures.
- j) That the signature of the payee is witnessed when made by a seal or by a mark and also when he signs his name, if he is not well known and is paid in cash.

Note:- 1. The signature of a person who can neither read nor write, more than his name, is equivalent to nothing more than his mark and should therefore be attested by two competent witnesses in whose presence the nature of the payment should be fully explained, as such a person not being able to read, might in the absence of witnesses subsequently plead that he did not know the nature of the document he signed.

2. When at the discretions of the disbursing officer, the thumb mark of an illiterate payee is taken on a voucher, one of the attesting witnesses may be dispensed with.

- k) That the signatures of all partners in a contract as recorded in the contract deed are taken upon the receipt except in the case of well known firms.
- l) That the receipt is for the full amount when a bill is satisfied partly by cash and partly by stores supplied.

7.19. In connection with final payments, the Internal Audit shall verify to see:

- a) That the proper form is used.
- b) That the payees have added, in their own language and hand-writing, words to the effect that the payment is in full settlement of all demands.

7.20 In the case of work bills the Internal Audit shall verify to see:

- a) That the number of the last bill granted and the month of payment are noted.
- b) The name of the work is correctly given according to the sanctioned estimate.
- c) Alteration in quantities have all been attested by the officer making them.

- 7.21 All audited vouchers should be impressed with a rubber stamp and dated initials of the person who has audited the voucher.
- 7.22 It is very necessary that the bills for running account should contain references to previous and subsequent bills and the audit should specifically examine if such references are properly given.
- 7.23 The Accounts Officer, Internal Audit may waive any audit objection upto a limit of Rs.10/- only. The order of waiving should be personally recorded by him on the voucher concerned.
- 7.24 When the money due to a contractor or any creditor is attached by an order of a court, the cheque sent to the court should show that the payment is on account of an attached debit and should set forth the number and date of the court's order in accordance with which the payment is made. Necessary recordings shall be made on the vouchers.
- 7.25 **Certificate in lieu of missing vouchers**

Sanction of the Chief Engineer, Electricity (General), is required for the acceptance of the certificate in lieu of a missing voucher. The certificate will be to the effect that the officer concerned has personally satisfied himself about the payment having been made as recorded in the cash accounts and no part of the payment is covered by any other voucher. The certificate should be countersigned by the Divisional Officer if the disbursing officer is a sub-ordinate. A register will be kept of all certificates in lieu of missing vouchers, received in the office and accepted.

Cost Registers

7.26 In the audit of Cost Registers the Internal Audit will verify that :

- a) A cost register is opened for each work as per the sanctioned estimate

Note:- Separate registers should be opened for recording expenditure for different types of works, viz., capital/ Revenue/Deposit works etc.

- b) A work order is assigned to each sub work asset wise.
- c) Contra reference of cost register volume number is recorded on the estimates, and also in the register of estimates and register of completion reports.
- d) Postings are made against respective work orders with reference to Issue Invoices, cash vouchers, journal vouchers and return invoices. All returns and cash refunds should be shown as minus entries in the cost register.
- e) The expenditure recorded under each work order and the total expenditure of the work do not exceed the amount as provided in the sanctioned estimate and in the Annual Financial Statement for the year.
- f) The materials drawn are not in excess of the quantities provided in the sanctioned estimate / differs from the provision in the sanctioned estimate.
- g) The quantities of materials drawn and the expenditure on labour is not disproportionate.
- h) The physical progress of the work is not disproportionate to the financial progress.
- i) Completion report is submitted when all the materials have been drawn and the percentage of work as recorded in the measurement book has reached 100%.
- j) When once the work account is closed, whether any further expenditure is booked nor any error or omission noticed in the recorded expenditure is rectified without the approval of the competent authority.
- k) Issue of asset commissioning certificate is recorded in the cost register.

- i) The Divisional Accounts Officer has reported to the Divisional Officer all the cases of excesses, material alterations and any deviations noticed by him/her to assist / advice the Divisional Officer in getting the excess expenditure regularised and the material alterations, deviations, if any, approved by competent authority.

Asset Registers

7.27 In the audit of asset register the Internal Audit shall verify:

- a) That an asset register in the prescribed form is maintained in each O & M Division Office in respect of all those assets commissioned on or after 1.4.1985. In respect of those assets categorised before 1.4.1985, the asset registers shall be maintained in the office of the Chief Controller of Accounts.
- b) Separate fixed assets registers - one for individual assets and another for blockwise assets are maintained as per the classification in KEB Accounts Manual, Vol-II.
- c) All the assets coming under block-wise category are booked together for each year and recorded in one page for each sub-group under each block of asset.
- d) the asset registers are posted based on the entries made in the statement of categorisation of assets.
- e) Where an asset is transferred from one Division to another Division due to re-adjustment of the Division jurisdiction and from Majorworks Division to O & M Division after completion of the works the value is transferred through an advice of transfer duly furnishing full details of the asset. When acceptance is received necessary entries are made in the asset register of the sending division.
- f) All the assets sold, written off, scrapped etc. are removed from the block of assets, in the asset register and the cost thereon is charged to revenue account.

Register of Dismantled Assets

7.28 While auditing the register of dismantled assets, the Internal Audit shall verify:

- a) That the register is maintained in the prescribed format, categorywise and capacitywise as required.
- b) That all assets dismantled either in the same Division or received from other Divisions/Central Stores Division or returned by Contractors/Suppliers/Departmental personnel after repairs, are invariably brought on to this register.
- c) That the written down value of all the dismantled assets held in the Division as per the register invariably tallies with the value shown under the relevant head of account.
- d) That the value balance shown in the pricing ledger under the folios of the released assets, which are maintained separately, tallies with the balance shown under the relevant head of account and the dismantled asset register.
- e) That the assets released in the Division are withdrawn from the original asset register both in quantity and value.

Cost Register for Dismantled Assets

7.29 In the audit of this cost register the Internal Audit shall verify to ensure:

- a) That cost register is opened for each dismantled asset duly recording full particulars of the work with reference to the sanctioned estimate in the same manner as is done in the case of new capital works.
- b) That the specifications and quantities of the materials to be released as per the estimate are recorded in the cost register.
- c) That the materials shown as returnable are actually returned on completion of the work.
- d) That necessary accounting entries are passed.

Audit of Categorisation Statement

7.30 In the audit of this statement the Internal Audit shall verify to ensure :

- a) That the statement is prepared in the prescribed format.
- b) That all the works completed, commissioned and for which technical certificates are received have been classified as assets.
- c) That the capital expenditure of the assets are transferred from the respective C.W.I.P. account heads to corresponding asset account heads.
- d) That the assets like Vehicles, Furniture & Fixtures, Office equipment, Tools and Tackles are brought to C.W.I.P.Account initially under 14 series, are then, transferred to respective asset accounts.
- e) That the assets categorised out of deposit contribution works and assets handed over by promoters of new layouts are separately shown under the head of account 55.1, in the statement.
- f) That the total value of the assets categorised is equal to the total C.W.I.P. transferred from 14 series to assets account heads under 10 series.
- g) That the C.W.I.P. (14 series - categorywise) transferred to head office under the head of account 32.802 are shown separately in the statement.

COMPLETION REPORTS

- 7.31
- a) There should be a separate completion report for each completed work other than stock manufacture and which should be submitted to the Divisional Officer within the time stipulated in para 331 of K.E.B.Accounts Manual, Vol.II.
 - b) Immediately on completion of the work carried out for Government Departments, Local Bodies and other organisations and individuals (i.e., deposit contribution works) a completion certificate shall be rendered to the depositor by the "Divisional Officer."

- c) The completion report should be checked for entries regarding the nomenclature, amount of the estimate sanctioned, outlay and excess or savings as the case may be. It should be seen that explanations are given for all appreciable excesses over or savings in estimates, that the date of the Divisional Officers' last inspection is given, that the name of the officer who checked or took the final measurement and the results of verification are noted in the remarks column.
- d) Any information required may be obtained from the Divisional Officer. The completion report when complete in all respects should be returned to the Divisional Officer for sanction or obtaining sanction by the competent authority.
- e) When the settlement of compensation claims if any is un-avoidably delayed, the completion report should not be held back on the account, but the estimated amount of compensation should be recorded therein as a distinct item in order that the total cost of the work including the liabilities may be brought out in the completion report so as to admit of administrative check being exercised over the total outlay as compared with the sanctioned estimate.
- f) A list of completion report overdue shall be prepared quarterly by the Internal Audit for submission to the Board.

Audit of Schedules

7.32 The Internal Audit shall exercise the following checks, while auditing the various types of schedules.

- a) Check the opening balances with reference to closing balances of the previous month to ensure that all the previous balances have been properly brought forward. Check the totals of the opening balance with reference to the balance of the ledger in the relevant head of account.
- b) Check the correctness of occurrences of the debits and credits and also the correctness of classification of the transaction, with reference

to the authority quoted for each transaction. Also check the correctness of classification into capital and revenue.

- c) Check the debits and credits posted during the month with reference to cash receipts, receipt vouchers of stock, cash and stock vouchers, adjustment book, cash and stock analysis register, to ensure that all the transactions occurring in a month are posted in the relevant schedules. Ensure that reference numbers are noted against each of the debit and credit.
- d) Check the classification of receivables, payables, deposits and advances.
- e) Check the individual closing balances and check the totals of the closing balance with reference to the relevant ledger account.
- f) Verify that monthly abstracts in the schedule to ensure that the monthly debits and credits are tallied with monthly accounts, and that the abstracts are attested by the Assistant Accounts Officer/Accounts Officer or Deputy Controller of Accounts of the respective offices.
- g) Critically analyse the balances of over 3 months and action taken to clear them.
- h) In respect of advances and recoverable amounts, ensure that timely action is taken to effect recoveries and clear the outstanding balances.
- i) In respect of deposit contribution works, ensure that the debits are booked only after collection of deposits and that timely action is taken to obtain additional deposits in case the debits (expenditure) exceed the deposits (credits) originally collected.
- j) In respect of deposit contribution work it should be seen that balances are adjusted immediately after the work is completed and completion reports called for.

- k) In respect of Inter-divisional transfers, ensure that after the adjustment is passed AT/Acceptance is sent immediately. Critically analyse and report the long standing balances which are pending acceptance.
- l) In respect of stock transfers within the division, stock transfers from one sub-division are properly accounted in another sub-division. Report the cases where the transfers are not accounted properly and cases of transfer which are not at all accounted.
- m) Ensure that all the required schedules are maintained in the division / other offices.

Special Reports

7.33 Internal Audit should not wait for the completion of the statement of objectionable items to report any irregular or excess outlay/expenditure which may be discovered in audit. On the contrary the Internal Audit is required to make an immediate report to the Divisional Officer/Higher Officers as may be appropriate, of all items of objectionable outlay which may be considered either from the amount involved or circumstances of the case to require immediate action.

Note:- Excess over or expenditure without estimate are to be included in these reports. Items of special nature apart from the amount involved may also be brought in these reports.

7.34 It must always be the aim of audit to prevent irregularities and where the accounts disclose them, to indicate their impending probability to see, advise and guide the administrative and executive authorities with timely advice and assistance so as to forestall and as far as possible prevent irksome official reports by indicating the steps which should be immediately taken to avoid them.

7.35 It should be clearly understood that neither the fact that revised estimates have been prepared(or even submitted for sanction by competent authority) nor the fact that the audit is aware that the case is being dealt with by the Board, renders the submission of special report un-necessary. These reports should be repeated until the objection has been removed by sanction by the competent authority.

7.36 It should also be understood that neither the knowledge of the measures contemplated by the Board nor the general approval of any authority whatsoever to begin or advance a scheme which is not covered by estimates or allotments sanctioned by competent authority, has any force whatever, in audit.

Audit Note

- 7.37 a) Except in very special cases there must absolutely be no correspondence with the Divisional Officers on points connected with or arising out of the audit of the accounts. The proper place for all remarks and enquiries with regard to those, is the Audit Note or Objectionable Items Statement.
- b) The Audit Note will be drawn up in accordance with the rules, and issued. The following are some of the important points to be kept in view.
- c) The audit remarks on vouchers etc., should be as brief and as concise as practicable and consistent with clarity. The rule under which an exception is taken or a demand made should be quoted as far as possible in each case so that the Divisional Officer may rest satisfied that the observations are in conformity with rules and that no unnecessary matters are raised by audit.

Note:- Instructions must never be given in Audit Notes except in strict accordance with rules.

- d) Such of the results of the check of vouchers as can be embodied in the list of objections will be included in it and this should accompany

the Audit Note which should be issued not later than the end of the month succeeding that to which the accounts relate. It should be returned by the Divisional Officer within a fortnight of their receipt.

- e) A register should be maintained showing the dates of despatch, return and disposal of all Audit Notes. Any deliberate disregard should be brought, specifically to the notice of higher authorities and the Board wherever necessary.
- f) The Audit Note on return, must be disposed of without unnecessary delay. Remarks against the items in the Audit Note will be usually
 - (i) Accepted
 - (ii) Corrected
 - (iii) Checked
 - (iv) Note Put Up
 - (v) Rejoinder issued and so on according to the nature of each item

Note:- If the Audit Note cannot be fully disposed of without obtaining further information it should be returned for resubmission with the necessary replies.

- g) It is not enough to be content with repeating the same remark month after month for the removal of any irregularity. If the irregularity or the objection persists, special letter should be written to the officer concerned. As a rule, any tendency on the part of a Divisional Officer to allow audit objections to run on, in his Division, should be particularly brought to the special notice of the higher authorities and/ or the Board.

Objectionable Items Statement

- 7.38 All objections raised in regard to irregular expenditure should be entered in the 'Register of Objectionable Items' and memos issued to the Divisional Officers.

7.39 Several classes of items to be treated as irregular expenditure refer to outlay incurred :

- i) Without estimate (including tentative work orders not regularised within the stipulated period).
- ii) In excess of estimate.
- iii) without appropriation.
- iv) In excess/over appropriation.
- v) Miscellaneous irregularities such as,
 - a) Voucher due
 - b) Unauthorised purchase of stores
 - c) Entertainment/continuation of unsanctioned establishment.
 - d) Advance of Board's funds for contribution works i.e. execution of contribution works without/before collection of estimated cost.
 - e) Any charges objected to as not being for a bona-fide purpose/object of the Board.
 - f) Delay in recovery of rents, in payment of dues to contractors and the like.

7.40 The removal of audit objections should be made from time to time from the following sources:-

- a. From the progress report in respect of write back of previous unsanctioned expenditure or previous excess over estimate and appropriation.
- b. From the sanctions to estimates sanctioned by himself/higher officers/ Board in respect of sanctions which relate to previous expenditure held under objection.

- c. From completion reports in which excesses are approved by the competent authority.
- d. From replies to the objectionable Items in respect of sanctions which were not identified by the Internal Audit owing to differences in the description of the work, accidental omissions and commissions.

7.41 The statement of objectionable items will, like the Audit Note, be prepared as the audit progresses and it will include all items which have been made the subject of special reports as well as any others taken up in Audit Notes and requiring report to the higher authorities/Board.

7.42 The objectionable items statement last disposed of should also be referred in the preparation of the new statement and the items requiring repetition noted in the letter.

7.43 The list of items which usually appear under the head "Miscellaneous Irregularities" is given below. However items which are not included in the list but which may be found necessary to be included should also be brought on to the Statement of Objectionable Items.

List of Miscellaneous Irregularities

<u>Sl.No.</u>	<u>Nature of Items</u>	<u>Remarks</u>
1.	Want of bills and Vouchers	To be entered in the money column.
2.	a) Want of sanction to purchase of stores.	To be entered in the money column.
	b) Violation of rules prescribed for the purchase.	Need not be entered in the money column.
3.	Delays in the recovery of rents of over one month.	To be entered in the money column.
4.	Delays in the adjustment of outstandings in the suspense accounts and contractors accounts.	Over three months and when there are no special orders authorising the delay they should be shown in the money column.
5.	Excess over sanctioned stock reserve limit if any.	To be entered in the money column.
6.	Advances to contractors and other without sanction of competent authority.	To be entered in the money column.
7.	Items of unusual nature of expenditure on objects outside the ordinary work of administration.	To be entered in the money column.
8.	Want of competent sanction to special charges.	To be entered in the money column.
9.	Delay in the submission of completion reports - more than 3 months.	To be entered in the objection book and not in the money column.

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| 10. Losses of Cash, Stock or Tools and Plant not covered by adequate sanction. | To be entered in the money column. |
| 11. Extra items of work paid for in contractors' bill. | If higher sanction is necessary the amount should be placed under objection and shown in the money column. |
| 12. Delay in the payment of contractors' bills. | Not to be entered in the money column. |
| 13. Heavy payments at the end of the year and irregularities connected there with. | Not to be entered in the money column. If however the irregularities are such that amounts can be specifically placed under objection, the amount should be shown under the appropriate head. |
| 14. Sale of stores without proper sanctions. | To be entered in the money column. |
| 15. Irregular charges and over payments to contractors and others detected in the detailed check of vouchers. | To be entered in the money column. |
| 16. Deficient assessment of rents on residential buildings. | To be placed under objectionable items and should not be entered in the money column. |
| 17. Adjustments indicating manipulation in accounts. | To be entered in the objectionable items statement and should not be entered in the money column. |

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| 18. Delay in the adjustment of items under Deposit Accounts for ever 3 months. | Not to be entered in the money column. |
| 19. Un-authorized execution of works before recovery of contributions. | To be entered in the money column. |
| 20. Delay in the recovery of advances on retrenchments. | To be entered in the money column if the items are over three months old. |

Note:- Serious irregularities or items of an unusual nature will, as soon as they come to notice, be made the subject of special reports, independent of the usual objectionable items statement in which such special items should also be included care being exercised in the selection of irregularities for such reports.

CHAPTER - 8

AUDIT OF CASH AND REVENUE ACCOUNTS

- 8.01 The Audit of Cash and Revenue Ledger Accounts shall be carried out as per the guidelines for audit of Cash and Revenue Accounts which are given below. These checks are to be exercised keeping in view the duties of Senior Assistants and Assistant Accounts Officer (Internal Audit), as indicated in Appendix II.

AUDIT OF CASH ACCOUNTS

- 8.02 While auditing the Cash Accounts, the Internal Audit shall verify/ensure that:
- a) All receipts of cash as shown in the counterfoils of the receipt books which have been used by the cash officers in Division, Sub-division and Sections are traced in the cash book of the respective office under the respective dates.
 - b) Daily totals of receipts of the Revenue Cash Book are correctly entered in the General Cash Book and collections are remitted to the Bank on the very day/next day of the receipt.
 - c) The entries in the cash book are correct and that the resultant book balances agree in each case with the cash on hand.

- d) When actual balance of cash is verified the audit will record a note in the cash book, the amount counted specifying it both in words and figures.
- e) A stock register of blank receipt books is maintained in each office giving reference to the invoice or the forwarding letter with which the books are received, reference to books issued for use etc.,
- f) The Board/s money is kept in strong treasure chest under double lock and the keys of the lock are kept in the custody of two different persons.
- g) The cash account is checked from the date upto which it had been checked during previous audit.

AUDIT OF REVENUE LEDGERS

8.03 While auditing the Revenue ledgers the internal audit shall exercise the following checks applicable to different nature of installations:

- a) **Domestic lighting, heating, I.P. sets and Commercial lighting installations**
 - 1) Revenue Register (RR) files have to be reviewed to check up whether two or more lighting installations are not combined for the benefit of AEH service with heating or domestic pumps not originally connected.
 - 2) Whether the loads connected to the installations are for bonafide domestic use, in the residential houses and in other buildings as classified by the Board from time to time and bill preferred at the tariff schedule applicable to that class of consumers.
 - 3) Whether the bills preferred for combined load in the various installations of non-domestic buildings are correctly classified and the correct billing ensured at the tariff schedule applicable to that class of consumers.

- 4) Whether the ledgers are correctly maintained filling all the columns.
- 5) Whether the balances are correctly carried forward and rule of disconnection is strictly enforced for non-payment of dues.
- 6) Whether the difference in reading is correctly worked out and the amount raised is correct by calculation applying the tariff rate.
- 7) Whether the bills are preferred on average consumption in the installations where meters are out of order and the replacements by good meters are watched.
- 8) Whether the misuse of power supply is properly billed and recovered.
- 9) Whether the installations serviced on DC basis are billed in accordance with the provisions of Board orders issued from time to time and metering of installations is insisted upon.
- 10) Whether the recovery of arrears is strictly followed up and action taken as per recovery act.
- 11) Whether the additional deposit is called for to cover two months average bill or two months minimum charges whichever is higher.
- 12) Whether the tariff minimum of AEH is considered for billing of the installation if converted into LT1 to LT3, within the agreed period of two years.
- 13) Whether the register of test reports is maintained and any delay is involved in opening the ledger accounts and sending of first bill.
- 14) Whether the delay in opening the ledger accounts is avoided and Board revenue safeguarded.
- 15) Whether the MT reports are promptly attended and action taken to set right the discrepancies.

- 16) Whether the withdrawal and refund of revenue and tax is correctly accounted.
- 17) Whether the disconnection and reconnection fee, cheque dishonour fee are promptly claimed.
- 18) Whether the amount received through cheque and subsequently returned dishonoured is withdrawn in the ledger and further action taken to collect the same including cheque dishonour fee.
- 19) Whether the audit short claims are correctly demanded and recovery is watched.
- 20) Whether the deficit of annual minimum charges at prescribed rates per HP in respect of irrigation pumpsets has been correctly worked out, claimed and collected to be ensured.
- 21) Whether the rate of energy charges is correctly worked out on the units consumed in respect of IP sets above 10 HP and water supply installations of village and town panchayats has to be verified.
- 22) Whether the electrical energy supplied at 40 watts per NHP for lighting the pump house, well and farm houses are not misused, has to be confirmed and if it is so, whether the appropriate tariff is applied for such misuse and amount collected.
- 23) Whether the power supply utilised for commercial purpose has been properly and correctly measured and billed at respective tariff needs to be checked and ensured.
- 24) Whether the meter constants are promptly applied to determine the total consumptions in respect of 3 ph. installations provided with single phase meters and correct entries are made in the register of meter constant as and when the meters are changed.
- 25) Whether all the details are correctly filled in the respective columns and signed by the Assistant Accounts Officer/Senior Assistant in token of correctness.

- 26) Whether the cases where the departmental work is completed but the power supply not utilised even after serving the notice to party are taken up for billing from the date or expiry of three months notice and demand raised based on the sanctioned load.

b) Power installations - LT 5

Before the ledger accounts of LT power installation is taken up for audit, the Revenue Register file has to be checked up, to see.

- 1) Whether the power supply is sanctioned by the competent authority.
- 2) Whether the estimate is sanctioned and the cost of estimate is debited to the correct head of account and the expected revenue returns are ensured.
- 3) Whether the consumer has forwarded the completion reports, paid the required deposit within the stipulated period and executed the power supply agreement duly filled in and signed for the sanctioned/connected load including the lighting portion, if it is an industrial concern.
- 4) Whether the completion report/wiring diagram bears the load details of the installation duly signed by the licensed electrical contractor and the consumer, are received in the office within the stipulated period.
- 5) Whether the departmental work has been carried out within the time or is there any delay on the part of the Board or the consumer so as to assess the loss of revenue between the period from the date of completion report and the date of completion of the departmental work.
- 6) Whether the test report bears the date of service, load details, type of premises (nature of industry), meter details with meter constant if any and the details of shunt capacitors fixed.

- 7) whether test report is signed by the competent authority for having tested and serviced the installation.
- 8) Whether the copy of the sanctioned estimate is available in the file and the line minimum at 18% of the cost incurred by the Board is worked out.

After all the above details are noted in the ledger at the respective columns and checked by the Senior Assistant in token of correctness and signed by the Asst.Accounts Officer/Asst. Executive Engineer of the sub-division, the ledger accounts have to be taken up for auditing the claims, with reference to the tariff charged from time to time.

- 9) While auditing the ledger for accuracy of the claim, it must be seen whether the KW is converted into HP and rounded off to the next higher half and monthly minimum fixed accordingly.
- 10) Whether the monthly bill is preferred on the highest of the following:
 - a) Connected load as entered in the agreement.
 - b) Rated HP of the installation.
 - c) Total load as per name plate / rating of the installation.
 - d) Line minimum at 18% per annum of cost of the work.
- 11) Whether the consumptions are correctly determined between the previous and present reading applying the meter constant.
- 12) Whether the demand raised is arithmetically correct by applying appropriate tariff.
- 13) Whether the tax levied on consumption is correct as per the table given in the tax schedule of the tariff.
- 14) Whether the interest levied for belated payments is correctly worked out at 2% p.m. subject to a minimum of Rs.1/- per month.

- 15) Whether the payment is regularly made as per demands raised and whether the rule of disconnection is enforced properly in the event of non payment of dues.
- 16) Whether the periodical rating/re-rating is carried out and the results thereof are given effect to correctly.
- 17) Whether the power factor is brought to the standard level and the installation is provided with shunt capacitors, if not whether the consumer has been asked to install additional capacitor.
- 18) Whether working condition of the capacitor is certified as good.
- 19) Whether the check readings taken by Asst.Executive Engineer or Executive Engineer are being recorded in the ledger and correctness ensured.
- 20) Whether the cheques rendered against the payment of the energy charges are being honoured promptly or returned dishonoured, if so whether the amounts are withdrawn in the ledgers and dishonour fee is levied in all such cases.
- 21) In case of additional power supply whether the load serviced as per test report is brought on to ledger and monthly minimum raised.
- 22) Whether the meters are periodically calibrated and the defective meters are replaced by good one.
- 23) Whether the bills are being averaged correctly in case of defective meters.
- 24) Whether the back billing towards theft, misuse are correctly assessed and demanded in the ledger.
- 25) In case of welding transformers whether the circular instructions of Chief Engineer, Electricity (General), issued from time to time is being correctly followed and monthly minimum determined.

- 26) Whether the additional deposits as per the Board's instructions are being collected promptly.
- 27) Whether the audit short claims are properly demanded as per the register of short claims and recovery effected.
- 28) Whether the Senior Assistants have checked the ledgers as per the work load norms.
- 29) Whether prompt recovery of the arrears is enforced.
- 30) Whether the monthly figures furnished by the case workers in the DCB agrees with that of the tallying figures by conducting test check between ledger and the abstract.
- 31) Whether the name of the incumbents who handle ledgers together with the periods are recorded in the ledger duly signed by Asst.Accounts Officer/Asst.Executive Engineer in token of correctness.
- 32) Whether the reduction of connected load is properly given effect to after observing the rules and necessary revised agreement is obtained.

c) Street Lights (Public Lighting) LT-6

- 1) Whether the principles and procedures laid down in supply regulations are correctly followed while arranging power supply to avoid loss of revenue.
- 2) Whether a minimum load of 0.25 KW is taken for billing purpose when the connected load is less than 0.25 KW.
- 3) Whether the additional loads serviced from time to time are correctly brought on to the ledger and monthly minimum raised.
- 4) Whether the fall in consumption has been promptly observed in billing.

- 5) Whether the fixing and handling charges for having replaced the fuse out lamps has been promptly claimed and collected.
- 6) Whether the monthly bills are promptly realised, if not prompt action is taken for collection in addition to levy of interest on belated payments.
- 7) Whether the street lights of colonies of HT consumers, where the distribution system is maintained by the Board are not billed at street light rate.
- 8) Whether the register of requisition of street lights and register of inventory are correctly and promptly maintained.
- 9) Whether the load details and other relevant informations are correctly recorded in the respective columns of the ledger and balances are correctly carried forward.
- 10) Whether the Block Development Officers Zilla Parishad / Village Panchayath officials of the respective taluks are informed of the arrears and action is taken to pursue for recovery.
- 11) Whether the audit short claims are correctly demanded and collected.

d) Temporary Power Supply (LT 7)

- 1) The Revenue Register (RR) files and the register of temporary installations have to be verified to see that the required fixed charges towards consumption with reference to the period of supply as required under the provisions of Electricity Supply Regulations, are collected before extending the power supply. Similarly for extension of the period of supply, advance consumption charges are collected.
- 2) Verify whether necessary estimate is prepared and sanctioned before servicing the installation.
- 3) Whether the power supply agreement is properly executed and accepted by the competent authority.

- 4) Whether the use of temporary power supply has been correctly classified and appropriate rate applied.
- 5) Whether fraction of kw is rounded off as provided for in the Electricity Tariff Schedule and Supply Regulations.
- 6) Whether the required Permit/License/NOC, as may be necessary under statute, is produced by the consumer and that the consumer has also furnished a certificate to the effect that he has obtained all such documents and also attached copies thereof to the power supply application.
- 7) That the energy meters are installed wherever the temporary power supply is for more than 10 kws and for more than 15 days and periodical readings taken promptly.
- 8) Whether appropriate power shunt capacitors are provided to installation.
- 9) Where extension of distribution main is required, necessary minimum charges are collected as per the estimated cost.
- 10) Where the work of extension of distribution main is carried out by the consumer, supervision charges at prescribed rates are collected on the basis of total estimated cost.
- 11) While giving temporary power supply to touring talkies, ensure that the camp allotment letter from the local District Magistrate permitting consumer for running the touring talkies is furnished.
- 12) Where H.T. temporary power supply is extended, ensure that the demand charges, energy charges and the service charges as required under Electricity Supply Regulations are collected in advance.
- 13) Whether final bill has been properly prepared as per the final readings taken.

- 14) Whether audit short claim as pointed out in respect of temporary installations are demanded and recovered from the consumers.

e) H.T.Installations

- 1) The verification of Revenue Register files of HT installations newly serviced since last inspection is essential as to the conditions to power sanction i.e. for knowing the competency of sanctioned load, tariff applicable with reference to the nature of industries and class of consumer, amount of deposit payable, execution of agreement, provision for commitment charges and validity of sanction etc.,
- 2) The Assistant Accounts Officer (Inspection) has to check up the Revenue Register file to see whether the party has fulfilled the conditions as per power sanction intimation within the stipulated time i.e., executed power supply agreement to the sanctioned load (termed as contract demand) whether the contract demand as entered in the agreement agrees with the power sanction communicated duly filled in signed by the supplier and the party with seal and date, paid the security deposit either in the form of cash or bank guarantee, submitted the completion reports, wiring diagram, list of connected machineries, details of installed shunt capacitors etc.,
- 3) Whether the estimate is sanctioned by the competent authority and verify the work order number and date, amount of the estimate, line minimum, if any, to verify the annual minimum charges in case of lift irrigation scheme.
- 4) Whether the approval of the Inspectorate is obtained to charge the line.
- 5) Whether the report of pre-commissioning test of metering equipment installed in the installation is available and the meter constant assessed for energy meter, demand meter and KVAH/KVARH meters are correctly worked out, with reference to the ratio of PTs and CTs installed and with initial readings of each meter.

- 6) To check the test report to know the installation is serviced duly recording the date of service, tariff applicable, details of meters installed at LT/HT side shunt capacitors, certificate for having verified the connected machineries as per list furnished by the party, assigning the next Revenue Register Number is signed by the Executive Engineer of the Division.
- 7) Whether the loads not connected to factory and factory premises are separately metered to bill at appropriate tariff.
- 8) After the Revenue Register file is examined as to the above preliminary details, auditing of ledger accounts has to be taken up to see.
- 9) Whether the ledger accounts are opened with relevant details entered in the respective columns with specific noting of meter constants, contract demand in bold letters with initial readings as per RT report, tariff, monthly minimum/line minimum etc.,
- 10) Whether the said entries are checked by Assistant Accounts Officer of the sub-division and signed by the Executive Engineer, Elec., of the Division in token of correctness.
- 11) In case of existing installations, whether the additional load sanctioned, changes in load, machineries, meters are properly taken to account and monthly minimum raised.
- 12) If the contract demand is in terms of KW, whether this has been converted into KVA adopting the standard PF and rounded off to the next higher half. If the contract demand is in phased manner, whether the bills are preferred in the same manner. While rounding off, the billing demand of 0.5 KVA and above is rounded off to the next higher KVA and less than 0.5 KVA ignored.
- 13) Whether the commitment charges leviable for not having availed the power supply from the agreed date, is correctly worked out.

- 14) Whether the meter readings noted in the ledger tally with that of the readings recorded in the reading book duly initialled by Assistant Executive Engineer, Elecl., of O & M Sub-division.
- 15) Whether the consumptions are correctly determined applying the corresponding meter constants and total units arrived for billing at HT tariff deducting the consumptions of sub-meters, if any.
- 16) Whether the reading of maximum demand in KVA is correctly worked out applying rated PF and fractional KVA rounded to next higher half.
- 17) Whether the billing demand is correctly determined based on the tariff applicable.
- 18) In case of HT installations, provided with LT metering equipment whether the loss at 2% to the demand side and 3% to the consumption side is added and the total energy determined.
- 19) In case of new installations serviced under direct connections, whether the load factor is correctly applied and units worked out depending upon the number of shifts.
- 20) In case of all installations, where the energy meter / MD meter has gone out of order, whether the average consumption is arrived at as per the provisions of Supply Regulations.
- 21) In case of new installations, where meters installed have gone out of order on the day of service or any other day before the first reading date, whether the installation is billed, on direct connection basis and subsequently regulated as per relevant clause of the Supply Regulations.
- 22) Whether the rate charged for calculation of demand and energy is correct based on the type of installations and the amount worked out is correct.
- 23) Whether the high voltage rebate allowed to the installation is admissible and calculated correctly at varied rates on the total bill including the PF penalty and excluding the other items.

- 24) Whether the PF is correctly assessed computing the ratio of KWHR to KVAHR recorded in the month duly allowing 3% tolerance and penalty levied at specified rates on actual demand and energy consumption charges.
- 25) Whether the MD has exceeded the CD and penalty levied at prescribed rates and observed other rules thereof, regarding disconnection after issue of notice.
- 26) Whether the misuse of energy as detected by vigilance squad or other agencies, is correctly assessed, demanded and recovered.
- 27) Whether the load of residential quarters, show-cases of advertisements and other connections are billed at the tariff rates applicable.
- 28) In respect of installations, covered under power cut, whether demand and energy entitlement is correctly fixed based on the guidelines issued by the Chief Engineer, Electricity, (General).
- 29) Whether the method of billing is correctly done in accordance with the relevant clause of general conditions of tariff schedule and calculations are correct.
- 30) Whether the penal charges are correctly levied at prescribed rates for the demand and units exceeded.
- 31) Whether the variation in record of MD and energy is punctually watched and any reports of tampering or any attempts to bring down the consumption and units within the allotted quota to avoid penal charges and disconnection of power supply are observed and suitable action taken.
- 32) The tax on consumption and interest on belated payment are correctly levied and demanded as also cheque dishonour fee, if any.
- 33) After checking the claims on the above lines, whether the bills sent to consumer is totally correct and tally with the ledger entry duly initialled by Assistant Accounts Officer with date for accuracy.

- 34) Whether the revenue is being realised monthly on the due dates if not, whether the rules of disconnection is applied and action taken for recovery of arrears and prescribed D & R fee is levied.
- 35) Whether adequate deposit is available, if not insist for additional deposit based on average monthly bill.
- 36) Whether the check readings conducted by Assistant Executive Engineer and Executive Engineer, Elec., and other field officers are being recorded in the ledger, verified with the readings taken by Assistant Executive Engineer (Elec), O&M and suitable action taken for any variation found.
- 37) Whether the periodical rating/re-rating is conducted and the results correctly considered for billing.
- 38) Whether all the items of withdrawals of excess demands, refund of excess payments are properly accounted in the ledger.
- 39) Whether the exemption from payment of tax and new industries rebate allowed from the date of sanction are not continued for more than five years.
- 40) In case of seasonal industries, whether the working season and off season months are determined by written order of Superintending Engineer, Elec., of the circle and procedure of billing as indicated in the tariff schedule is strictly followed.
- 41) In the case of conversion from existing LT power installation to HT, verify whether the cost of Board materials within the premises of the consumer is recovered, whether the final readings of the meter of LT power are taken and billed at LT power rates.
- 42) Whether the register of meter constant is maintained, if not to get it opened immediately.
- 43) Whether the installation is rated immediately after the service to confirm the correctness of the meter constant and other technical details such as PF and recording of meters, etc.

- 44) Verify the register of meter sealing to confirm that the meters are sealed properly by the officer authorised to do so.
- 45) Verify whether there is any abnormal consumption either in MD or energy which may be due to installing of authorised machinery.
- 46) Whether the reduction in contract demand is properly given effect to and according to rules.

CHAPTER - 9

AUDIT SHORT CLAIMS

- 9.01 The following procedure is prescribed for the recovery of audit short claim
- 9.02 During the course of audit, the inspection batch will furnish a statement of audit short claim in duplicate every week to the Sub-Division Officer/ Section Officer or his sub-ordinates.
- 9.03 In respect of all items of audit short claims which are accepted by the Revenue Units, revenue demands have to be raised in the current months' demand column without any delay.
- 9.04 Each consumer concerned should be informed of the nature of the short claim by furnishing a separate bill accompanied by a statement giving brief particulars in proforma - 2 and allowing 30 days time for payment.
- 9.05 Interest is chargeable after the expiry of the said period treating it as arrears of revenue in case of default in payment.
- 9.06 Rules of disconnection should be enforced if no payment is received, after serving a seven day's notice as per rules.
- 9.07 All items of audit short claims disputed even after discussion during finalisation of audit will be referred to the Executive Engineer, Elec., of

the Division for his orders duly furnishing details in Proforma-1. If the orders passed by the Executive Engineer, Elecl., is not acceptable to the Accounts Officer (Internal Audit), such items will have to be referred to the Chief Controller of Accounts (Internal Audit) for referring them to the Circle Superintending Engineer/Zonal Chief Engineer,. The Chief Controller of Accounts (Internal Audit) will appraise the Board of the details of items where he differed with the views of the Zonal Chief Engineer, Electricity and seek further instructions in the matter.

9.08 On receipt of final orders from the Board the Revenue Accounting Unit has to take action accordingly. The Accounts Officer (Internal Audit), will delete such items of short claims which are to be deleted as agreed to by the Chief Controller of Accounts (Internal Audit) / Board.

9.09 If the Revenue staff fail to raise the demand in respect of clarifications issued by the Chief Controller of Accounts (Internal Audit) the matter will be referred to the Chief Controller of Accounts (Internal Audit) for further action.

9.10 The inspection batch will have to ensure that necessary demands are raised in the ledgers and bills sent to the consumers for recovery before they close the camp. They have to bring to the notice of the Chief Controller of Accounts (Internal Audit) all such items where the demands are not included in the ledgers even though the claims are accepted as correct. It is the responsibility of the Revenue Accounting Unit to pursue the recovery till finality.

9.11. A register of audit short claims shall be maintained in the following offices, in the proforma indicated against each of the office.

- | | | |
|--|-------|--------------|
| (1) Accounts Officer, (Internal Audit)/
Sub-division / Section office | | Proforma - 3 |
| (2) Division Office | | Proforma - 4 |
| (3) Circle Office | | Proforma - 5 |
| (4) Zonal Office | | Proforma - 6 |

KARNATAKA ELECTRICITY BOARD
STATEMENT OF AUDIT SHORT CLAIMS

PROFORMA - 1

Name of the sub - division/section :

Name of the incumbent :

Sl. No.	Name and address of the consumer	R.R. No.	Amount of short claims. Rs. P.	Period of short claims. reasons.	Action taken by the Sub-Dvn.		Remarks	
					Accepted & claim made / date of claim.	Not accepted & referred to EE(E).		
1	2	3	4	5	6	7	8	9

INSTRUCTIONS FOR FILLING UP THE FORM

1. The Inspection Staff will take with them these pads.
2. The statement has to be prepared in quadruplicate in manuscript. First & Second copy should be handed over to the AEE(E)/AEE/AAO/SA of the Sub Dvn./Section duly entering the items of short claims, once a week / fortnight. Necessary demands have to be raised in respect of accepted items.
3. Only after finalisation by the Accounts Officer (Internal Audit) with the AEE(E), disputed items referred to the EEE are to be noted in column No.8 and duplicate handed over to Accounts Officer (Internal Audit) by AEE(E)/AEE of the Sub Dvn after finalisation.
4. All the items of short claims will have to be brought on the statement and totals struck.
5. No item in the statement should be deleted or removed till such time orders are received from the competent authorities mentioned in the circular.
6. Triplicate should be posted to Accounts Officer (Internal Audit) by the Assistant Accounts Officer (Inspection) soon after the statement of audit short claims are handed over to the Revenue Units either weekly or fortnightly.
7. The last copy should be retained by the Assistant Accounts Officer (Inspection) and should be enclosed to the report for being retained in the Internal Audit Office for record and reference.

KARNATAKA ELECTRICITY BOARD

PROFORMA - 2

Details for arrears/audit short claims, to be furnished to the consumer

R.R. No.

L.F. No.

Month / Year	Claimed as arrears		Claims on account of	Reasons for claims		
	Revenue in Rs.	Tax in Rs.			Total. in Rs.	
1	2	3	4	5	6	7
Total Amount						

1. Non payment of dues.
2. Wrong application of tariff
3. Adoption of wrong meter constant
4. Power factor penalty left out.
5. Interest on belated payments omitted.
6. Excess over the sanctioned load.
7. Supplemental claims due to wrong energy demand entitlement.
8. Penal rate omitted.
9. Line minimum at 1 $\frac{1}{2}$ % per month left out.
10. Arithmetical errors.
11. Any other reasons.

1. Indicate Sl.No. of reasons in column(7) appropriately.

2. In the case of LT consumers the tax dues are included in the revenue dues themselves.

Senior Asst/Asst.Accts.Officer/Asst.Exec.Engr.(Elect.)
O & M Sub Dvn. KEB.

KARNATAKA ELECTRICITY BOARD REGISTER OF AUDIT SHORT CLAIMS

PROFORMA - 4

(To be maintained in Division Offices, Unit Wise)

Sl. No.	Period covered during audit.	Reference No. & Date.	Amount of short claims pointed out.		Amount recovered		Balance		Remarks
			Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	
1	2	3	4	5	6	7			7

KARNATAKA ELECTRICITY BOARD REGISTER OF AUDIT SHORT CLAIMS

PROFORMA - 5

(To be maintained at Circle Offices)

Sl. No.	Name of the Revenue Unit	Period covered.	Reference No. and date.	Amount of short claims pointed/out		Amount recovered		Balance		Remarks.
				Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	
1	2	3	4	5	6	7	8	9	10	11

KARNATAKA ELECTRICITY BOARD

PROFORMA -6

REGISTER OF AUDIT SHORT CLAIMS

(To be maintained at Zonal Chief Engineer (Electricity)'s Office)

Sl. No.	Period covered during Audit.	Reference No. and date.	Amount of short claims pointed out		Amount recovered		Balance		Remarks.
			Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	
1	2	3	4	5	6	7			

DECLARATION OF THE ZONAL CHIEF ENGINEER (ELECTRICITY) THAT THE REGISTER OF AUDIT SHORT CLAIMS IS MAINTAINED AS PER THE PROVISIONS OF THE KARNATAKA ELECTRICITY REGULATIONS, 1956.

SIGNED AND DELIVERED BY ME

ZONAL CHIEF ENGINEER (ELECTRICITY)

OFFICE OF THE ZONAL CHIEF ENGINEER (ELECTRICITY)