

CHAPTER 10.1

OBJECTIVES OF THIS MANUAL

INTRODUCTION

1. The aim of this manual is to provide the framework for effective financial management in the public service. It is designed to improve the quality of service provided by enhancing the ability of the public service to achieve its objectives of implementing Government policies and programmes economically, efficiently and effectively.
2. This manual, which replaces the rules laid down in the Control of Public Expenditure Handbook, General Orders - Financial and General Orders -Stores, is divided into five volumes as follows:-
 - 10) **Basic Principles** - the broad concepts and policies which form the basis for effective financial management in the public service.
 - 20) **General Financial Procedures** - the general procedures to be adopted to implement the above broad principles.
 - 30) **Supplies Management** - the principles and general procedures to be applied for the management and control of Government supplies and stores.
 - 40) **Internal Control and Internal Audit Principles and Practice** - the principles and procedures for establishing and maintaining an effective internal audit function.
 - 50) **Departmental Instructions** - which convert the broad principles and general procedures into detailed practices and procedures specifically applicable to each Ministry/Department/Section.
3. The demand for public sector services and programmes is increasing steadily, but the resources available to provide these are limited. Thus, it is imperative to make proper arrangements to create the right climate, and for all managers in the public service to be conscious of the need for achieving value for money. It is the responsibility of management to establish sound systems to ensure that Government policies and programmes are implemented and carried out economically, efficiently and effectively.
4. This volume sets out, in a number of chapters as outlined below, the basic principles and broad concepts of financial management. The other volumes expand on these concepts by establishing general principles and lay down the detailed procedures to be adopted.

SUMMARY OF VOLUME 10

5. **Systems and Procedures** - Chapter 10.2 outlines the framework for financial accounting in Government and the basic principles which apply throughout the public service for the incurring of expenditure and collection of revenue.

6. **Legal Framework** - Chapter 10.3 sets out the principles of Government's accountability framework and the legal and other provisions in relation to financial management in the public sector.
7. **Staffing Structure and Responsibilities** - Chapter 10.4 defines the respective roles and responsibilities of the Ministry of Finance and its officers, other Ministries and Accounting Officers.
8. **Internal Control** - Chapter 10.5 outlines the requirements for internal control and introduces the concepts of modern internal auditing. Internal check and internal audit are vital elements of good financial management. They ensure that appropriate procedures and practices are operating in order to prevent errors, waste and extravagance.
9. **Revenue Management** - Chapter 10.6 outlines the purposes and principles of revenue or cash flow management, which is an important part of overall financial management,
10. **Management Accounting** - Chapter 10.7 introduces the principles of management accounting, in order to relate income and expenditure to the provision of services, and management information to plan, monitor and control the extent to which policy and programme objectives are being achieved,
11. **Project Accounting and Management** - Chapter 10.8 outlines the essential features of the management of and accounting for capital projects.
12. **Computerised Accounting Systems** - The introduction of computerised accounting systems is a significant part of this programme, and the framework for these and the principles of the required controls are set out in Chapter 10.9.

SYSTEMS AND PROCEDURES

INTRODUCTION

1. This chapter outlines the basic principles of financial management to be applied by Ministries/Departments in their day to day operations. These basic principles provide a uniform framework which, together with other management controls, ensure that the financial transactions of Ministries/Departments are carried out on a consistent and acceptable basis, and are properly accounted for.
2. The principles are binding on all Accounting Officers as they represent the safeguards that are necessary when dealing with PUBLIC FUNDS. Nonetheless, there is scope for flexibility in their detailed application through the development of Departmental Instructions. However, to ensure that such instructions comply with the established concepts and policies, they must be subject to approval by the Ministry of Finance.
3. The system of public finance in Mauritius provides for the raising of funds by Government from the public, in the form of taxes, fees, levies, duties, etc. These are paid into the Consolidated Fund and appropriated for meeting recurrent public expenditure. Capital expenditure is met from the Capital Fund which is financed mainly by loans and grants. Disbursements are made mainly under Votes and Items, the responsibility for which rests with Accounting Officers. In addition, disbursements may also be made in the form of Advances or refunds of amounts on deposit.

RECEIPTS FRAMEWORK

4. Receipts take the form of revenue raised under the relevant Revenue Laws, grants received, loans raised or deposits. The various Revenue Laws define in specific terms the rate and scale of the relevant duty or tax leviable as well as the circumstances under which payments become due. Revenue-collecting Departments are charged with the responsibility for assessment, claim, collection and accounting. Provisions generally exist for legal enforcement and for penalties to be imposed in case of non-payment. Abandonment and write off are allowed in specific circumstances where debts become irrecoverable or where it is uneconomical to pursue the matter.

DISBURSEMENTS FRAMEWORK

5. Authority for disbursements is derived from the Estimates or Budgets, the contents of which endorse Government Plans and proposals for employees to be remunerated (number of posts) the authorised rate (approved scales of salary), services to be met, charges for supplies, public debt, public service pensions and social security payments. The supreme body for sanctioning the appropriation of public funds is the Legislative Assembly. The Budgeting procedure is spelt out in Chapter 20.2. Additional Funds to meet urgent and unforeseen expenditure over and above originally budgeted funds are provided under the Contingencies Fund, the procedure for which is detailed in Chapter 20.2. Disbursements may also take the form of Advances for which Warrants approved by the Financial Secretary are specifically signed, or the refund of amounts on deposits. These are explained in Chapter 20.7.

ACCOUNTING FRAMEWORK

6. The basis of the Government Accounting System can be summarised as follows:-
- (i) Accounts are maintained on a cash basis; thus they record only actual payments made and revenues received. No accruals, i.e. goods or services received but not yet paid for or revenues due but not yet received, are taken into account.
 - (ii) Recurrent, i.e. annual revenue and expenditure are accounted for through the Consolidated Fund.
 - (iii) Capital revenue and expenditure are accounted for through the Capital Fund.
 - (iv) Non budgeted items, classified as ‘below the line’ accounts, accommodate items which are not proper to the Consolidated Fund or Capital Fund. These are mainly monies deposited with or advanced by Government or for transactions of special funds. The balances on these accounts are shown in the final statement of balances (the Government Balance Sheet) along with the CONSOLIDATED FUND (reflecting the matching of Recurrent Expenditure against Revenue), the CAPITAL FUND (reflecting the matching of Capital Expenditure and Capital Revenue) and cash balances.
7. Public accountability and stewardship require that expenditure incurred and revenues received be classified, accounted for and reported upon in the same way as they were initially authorised. This is achieved through the preparation of financial statements using the same classification and format as the Annual Estimates. However, in addition, Management should be able to monitor actual performance, detect variations from plans, and take corrective action to achieve the intended results. This can only be achieved with the development and use of management accounting and management information (See Chapter 10.7).

SYSTEM FOR DISBURSEMENTS

8. Except for a few special accounts opened with Commercial Banks, Government Funds are operated locally through the Bank of Mauritius and the State Commercial Bank. Drawings are made on the Bank of Mauritius by the Accountant-General to provide funds for accounts held at the State Commercial Bank. These accounts are used to meet:
- (i) Payment orders for settlement of claims on behalf of non self accounting departments to suppliers;
 - (ii) Replenishment of self-accounting departments’ accounts from which payments are met at Ministry/Department level; and
 - (iii) Issue of cheques to non self-accounting Ministries/Departments for enabling payments to be made at Ministry/Department level to officers.

9. Payments made at Ministry/Department level are either in cash or by cheques drawn from departmental bank accounts to which cheques received from the Accountant-General would have been credited.

SYSTEM FOR RECEIPTS

10. Funds collected by Departments are paid to the Accountant-General who keeps his accounts mainly with the Bank of Mauritius and the State Commercial Bank. Receipts collected are to be accounted for under the relevant revenue item and immediately banked to the account of the Accountant-General. An official receipt should be issued for each collection.

FINANCIAL REPORTING

11. The Finance and Audit Act requires the Accountant-General to prepare annual statements of the Government's financial transactions and position. Monthly abstracts of the transactions of all Ministries/Departments are prepared, in accordance with the framework and principles outlined above, either directly from vouchers or, for self-accounting departments, from summaries of these.
12. The cumulative abstracts for the financial year are submitted to the Director of Audit for audit and thence for examination and scrutiny by the Public Accounts Committee (see Chapter 10.3).

BASIC PRINCIPLES

13. The detailed procedures for disbursements, receipts and accounting are set out in Chapters 20.4, 20.5 and 20.7 of this manual. The main principles upon which these are based can be summarised as follows:
 - (i) need for authority to incur expenditure and collect revenue, i.e. as contained in the Annual Estimates or other legislation;
 - (ii) legitimacy of payment and receipt;
 - (iii) documentary evidence of service received and supplied;
 - (iv) certification and approval of correctness and validity of payment and receipt;
 - (v) check and verification of the above;
 - (vi) recording of and accounting for the payment and receipt under the correct classification; and
 - (vii) reconciliation of Ministry/Department records with the central accounting records of the Treasury.

LEGAL FRAMEWORK

INTRODUCTION

1. The legal framework for financial management, within which the public service must operate, is set out in:
 - (i) The Constitution, Sections 103 to 110;
 - (ii) The Finance and Audit Act;
 - (iii) Regulations and Financial Instructions under the Finance and Audit Act; and
 - (iv) The Loans Act.
2. Accountability in the public sector means that those responsible for implementing policy are required to account for their actions to the nation, through the Legislative Assembly and specifically through scrutiny by the Public Accounts Committee. In practice there are two main aspects to the Government's accountability framework. The first concerns the methods by which public funds are made available and the second concerns the ways in which control is exercised over the use of these funds.
3. The principles of these two aspects and the legal and other provisions in relation to financial management in the public sector are set out in this Chapter; the detailed procedures are contained in Chapter 20.2 of this manual.

AUTHORISATION OF EXPENDITURE AND REVENUE

4. There is a clear division of responsibility between the Government (i.e. the executive) on the one hand and the Legislative Assembly on the other. Ultimate control rests with the Legislative Assembly but the execution of policy and the day to day management remain with the Government, which acts through its Ministers and Ministries. Nevertheless, the only authority for the expenditure of public funds and the raising of revenues is that which is given by the Legislative Assembly either by resolution or by legislation. The basis of this system is the approval of the annual Estimates by the Legislative Assembly, and this approval is given statutory force by the passing, each year, of an Appropriation Act in which the amount of money to be allocated for each service of the Government is set out under a series of "Votes". Once this Act has been passed the amounts of money and allocations of money appropriated by it are fixed.
5. The Accounting Officer of a Ministry is personally answerable to the Legislative Assembly through the Public Accounts Committee for the administration of the Vote of the Ministry, and also of the Votes of the departments within the Ministerial portfolio whether or not these departments are integrated with the Ministry.
6. The procedure by which estimates are approved, and appropriation authorized, is set out in the following paragraphs, and involves the Committee of Supply - which is a committee of the whole of the Legislative

Assembly - whose business is to consider all Estimates and to recommend that the sums provided in them should be voted with or without reductions. There are two types of estimates:-

- (a) Annual Estimates
- (b) Supplementary Estimates

7. Section 105(1) of the Constitution provides for the presentation of the “Budget” each year to the Legislative Assembly. This Section states -

“The Minister responsible for finance shall cause to be prepared and laid before the Assembly, before or not later than thirty days after the commencement of each financial year, estimates of the revenues and expenditure of Mauritius for that year.”

8. The presentation of these estimates of revenue and expenditure sets in motion the budgetary process. To meet the constitutional requirement regarding estimates, the Minister of Finance places an “Appropriation Bill” before the Legislative Assembly each year. This Bill provides for the appropriation of funds for financing both recurrent and capital expenditure during the coming year. The debate on the Bill in the Legislative Assembly is an occasion for discussion and consideration of the whole range of public expenditure and its financing. The speech made by the Minister of Finance on the Second Reading of this Bill is referred to as the “Budget Speech”. The expenditure proposals in the Minister’s speech are implemented through the Appropriation Bill while the taxation measures and revenue proposals are implemented by means of a Financial Resolution, a Finance Bill or other appropriate legislation. In his Speech the Minister of Finance normally reviews the general economic and social situation of the country for the outgoing year and indicates the prospects for the coming year explaining the policies which the Government is pursuing in relation to these matters. The Minister provides details of the cost of on-going public expenditures and the yield from existing sources of funds and indicates the new expenditure proposals or changes in existing policies and changes in taxation and other revenues which the Government intends to implement in the coming year. After the Budget Speech the Legislative Assembly examines and approves the Appropriation Bill.

RECURRENT AND CAPITAL BUDGETS

9. At the time of presentation of the Appropriation Bill to the Legislative Assembly the Minister of Finance also places before the Assembly documents for its consideration containing details of proposed public expenditure for the coming year. When the Legislative Assembly has completed its discussion, the documents, including any amendments are published in the final form. These documents, which are referred to as the “Recurrent Budget” and the “Capital Budget”, enable the Legislative Assembly to exercise control over revenue and expenditure.

10. Separate legal and other provisions operate in respect of each Budget and these are explained in Chapter 20.2 of this manual. However, in summary, the Recurrent Budget contains the normal ongoing or recurring expenditure and the yield from permanent taxation and from other similar revenue sources. The Capital Budget consists mainly of outlays on capital investment, i.e. expenditure which gives rise to benefits over a number of years. The revenue side of Capital Budget consists of grants and loans from international financial organisations, foreign financing agencies and governments as well as revenue from domestic borrowing and other sources. The Capital Budget is usually financed by borrowing so that the financing is spread over the useful life of the project.

11. A surplus on the Recurrent Budget arises when revenue exceeds expenditure. This surplus is available to reduce the borrowing required for the Capital Budget. When there is a deficit in the Recurrent Budget, that is, when expenditure exceeds revenue, the borrowing required would be correspondingly increased. The methods selected in any year to finance the combined Recurrent and Capital Budgets for that year can have significant short and long-term effects on the economy.

THE APPROPRIATION ACT

12. The Appropriation Act is the annual Act which authorises the appropriation from (the charging upon) the Consolidated Fund and the Capital Fund of sums required for Government Services and for Capital Developments set out in the approved Recurrent Budget and Capital Budget respectively. The Recurrent Budget is appropriated **separately** by Vote, and the amount allocated to each Vote is recorded in the Schedule to the Act. The total amount for Capital Developments is appropriated in a lump sum and recorded simply as Capital Expenditure in the Schedule.
13. Once the Appropriation Bill is passed by the Legislative Assembly and is assented to by the Governor-General, it becomes the Appropriation Act. The Minister of Finance then issues a General Warrant to the Accountant-General authorizing him to meet the expenditure as provided for in the Estimates and legalised by the Appropriation Act.
14. On receipt of the General Warrant, the Accountant-General issues a Circular to all Accounting Officers authorising them to incur expenditure on Votes and items under their control, subject to the reservation that items marked "R.I.E." in the Estimates can only be incurred by way of a Requisition to Incur Expenditure approved by the Ministry of Finance.

SUPPLEMENTARY ESTIMATES AND SHORTFALL OF REVENUE

15. Expenditure may exceed the provisions made in the Appropriation Act and revenues may fall short of the amounts as shown in the approved Estimates. Additional revenues can be raised with immediate effect by resolution proposed and passed in the Legislative Assembly or through regulations. There is provision in the law for "Supplementary Estimates" to deal with such a situation in relation to expenditure.
16. These arise for two reasons:-
 - (a) Initial underestimating, which can never be entirely avoided in a financial system which requires Estimates to be drawn up well in advance of the beginning of the financial year to which they relate.
 - (b) The need for new items of expenditure arising in the course of one financial year and which was not, or could not have been foreseen, when the annual Estimates were framed.

The Supplementary Estimates are considered in the Committee of Supply and at the end of the financial year are covered by a Supplementary Appropriation Act.

SUPPLEMENTARY APPROPRIATION ACT

17. The Supplementary Appropriation Act is an Act validating the payment of expenditure out of the Consolidated Fund and the Capital Fund additional to that already authorised In an Appropriation Act. For example, if at the end of a financial year, actual expenditure on a Vote of the Recurrent Budget has exceeded the amount provided for that vote in the Appropriation Act for the year in question this excess must be covered by a Supplementary Appropriation Act. It follows therefore that only excesses occurring on Votes should be covered by a Supplementary Appropriation Act. Should it happen that the actual expenditure has exceeded the total amount provided for capital expenditure in the Appropriation Act, the excess should equally be covered by a Supplementary Appropriation Act.

VOTE ON ACCOUNT

18. Vote on account is advanced provision which the Minister of Finance is authorised to make available to cover the requirements of the Government for recurrent and capital services during a limited period of any financial year if the relative Appropriation Act has not come into operation by the beginning of that financial year.

Section 106 of the Constitution authorises the appropriation of monies for a limited period, and the Finance and Audit Act, imposes the following limitations on this vote on account:-

- (a) It is only operative for a period not exceeding four months from the beginning of the financial year in question.
 - (b) Expenditure incurred during that period should not exceed one third of the amount provided under the corresponding items in the estimates of the previous year which had received the approval of the Legislative Assembly.
 - (c) It lapses on the passing of the Appropriation Act.
19. The vote on account becomes operative by the Minister of Finance issuing a Provisional General Warrant to the Accountant-General authorizing him to meet expenditure within the above prescribed limitations.
 20. On receipt of the Provisional General Warrant, the Accountant-General issues a Circular to all Accounting Officers authorising them to incur expenditure on Votes and items under their control, subject to the prescribed limitations.

EXCESS EXPENDITURE

21. This term defines expenditure incurred out of public funds without the approval of the Legislative Assembly or without provision having been made available by the Minister of Finance acting within the delegated powers conferred upon him by law. It is a serious lapse of financial management, rendered worse if it arises as a result of carelessness or inefficiency, through a lack of proper attention to budgetary control. Excess expenditure must be covered, either by retrospective sanction or by refund from the Accounting Officer. The procedures for dealing with such cases, which include detailed reports and examination by the Public Accounts Committee, are described in Chapter 20.3.

ADDITIONAL PROVISION IN CASES OF URGENCY

22. It may happen from time to time that funds are urgently required for some activity of the Government for which there is no provision in the Estimates. This situation is met by reallocation (virement), or by advances from the Contingencies Fund.

REALLOCATION OR VIREMENT

23. If it becomes apparent during the course of the financial year that within the ambit of any single Vote expenditure on a particular item of the Vote is going to exceed that provided in the Estimates, whilst at the same time savings are going to accrue on another item of the same Vote, the Minister of Finance, if he is satisfied that the proposed expenditure does not represent an important departure from the original intentions of the Legislative Assembly, may sanction a transfer of provision from the one item to the other. This transfer is known as reallocation or “virement”. Reallocation cannot be authorized between different Votes except in the cases of the Capital Expenditure Estimates. The Minister of Finance may delegate his powers to the Financial Secretary and Accounting Officers may authorise reallocations within their own Votes within specified limits. The procedures and limitations for reallocation are set out in Chapter 20.3.

PROVISION ON ACCOUNT OF CONTINGENCIES

24. If provision is urgently required by any Ministry/Department for a new service or for an extension to an existing service (assuming that a reallocation is not possible or not acceptable) the Minister of Finance may authorise “advance” additional provision on account of Contingencies. The word “advance” is important for no such “advance” provision may rest permanently on account of contingencies. It must be cleared by means of a Supplementary Estimate, and all advances lapse at the end of the financial year.
25. If the Minister of Finance is satisfied that a case for “advance” provision on account of Contingencies is justified he will authorise it. As soon as possible thereafter he will lay on the table of the Legislative Assembly a copy of the Contingencies Provision Advance Warrant, together with the supporting Schedule. As early as possible after the issue of the Warrant, the Minister will seek the approval of the Legislative Assembly to such “advance provision” in a Supplementary Estimate. This procedure will only be used where it is essential that the expenditure is incurred before there is the opportunity to obtain first the approval and authority of the Legislative Assembly. Authority for the issue of such “advance provision” is vested in the Minister of Finance who may delegate his powers to the Financial Secretary.
26. A statement of each item of provision on account of Contingencies together with the expenditure charged against such provision and its clearance by Supplementary Estimate will be submitted to the Director of Audit annually and will be available for review by the Public Accounts Committee.

ACCOUNTS AND FINANCIAL STATEMENTS

27. At the end of each financial year the Finance and Audit Act requires the Accountant-General to prepare financial statements and accounts which record the actual transactions of all Ministries/Departments under the same classifications as the approved Estimates. These statements and accounts include abstracts and detailed statements of all income and expenditure from the Consolidated and Capital Funds, and details of advances, deposits, arrears, investments and stocks.
28. The statements and accounts, which are compiled by the Accountant-General from the detailed transactions of each Ministry/Department, are submitted for examination by the Director of Audit and thence for scrutiny by the Public Accounts Committee, on behalf of the Legislative Assembly.

DIRECTOR OF AUDIT AND PUBLIC ACCOUNTS COMMITTEE

29. The Constitution and the Finance and Audit Act confer wide powers and responsibilities on the Director of Audit to ensure that public monies are raised and disbursed in accordance with the intentions of the Legislative Assembly. The Director and his staff exercise continuous surveillance over the collection and spending of public monies and do not have to wait until the end of the financial year to perform their audit functions. The Annual Report of the Director of Audit is examined by the Public Accounts Committee which is a Select Committee of the Legislative Assembly. The powers and duties of this Committee, as set out in Standing Orders of the Assembly, are as follows:-

“92 - (1) It shall be the duty of the Committee to examine the accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before the Assembly as the Assembly may refer to the Committee together with the Director of Audit's Report thereon.

(2) The Committee shall have power to send for persons and records, to take evidence, and to report from time to time.”

30. This Committee is one of the most important safeguards in the financial system. It is assisted by Director of Audit and officers of the Ministry of Finance, and may review any aspect of the Government accounts. Its function is not to criticise the policy of the Government - that is the prerogative of the Legislative Assembly. Although it deals with what is past, its criticisms and recommendations which may take into consideration the current position in regard to any particular scheme or operation included in the accounts under review - can have a vital effect on future practice and procedure.
31. The Committee has the power to examine witnesses as it considers desirable. The results of its deliberations are embodied in reports in which it criticises financial administration; proposes alterations of systems, when necessary, to avoid repetitions of the objects of its censure, and, in the case of excess expenditure, makes firm recommendations as to what action should be taken. These reports are laid before the Legislative Assembly and they are given the fullest consideration by the Ministry of Finance. Any instructions which then appear to be necessary are issued by the Ministry of Finance in the form of a minute. This minute is communicated in the following year to the Committee, which is thereby able to satisfy itself of the adequacy of the measures taken to give effect to its recommendations. The Public Accounts Committee therefore is a powerful instrument for the exposure of waste, inefficiency and all forms of maladministration.

32. The control of public funds in Mauritius involves the approval of revenues and expenditure by the Legislative Assembly, monitoring by the Ministry of Finance over the collection and disbursement by Ministries of the funds approved by the Legislative Assembly and reporting by the Director of Audit to the Legislative Assembly on the spending of public monies. The Legislative Assembly, when it authorises the expenditure of public funds through the Appropriation Act, sets in motion a system of budgetary control which embraces authorisation, monitoring, and audit. Effective financial management requires that all officers are familiar with the concepts and principles of this system of budgetary control as set out in this manual.

CHAPTER 10.4

STAFFING STRUCTURE AND RESPONSIBILITIES

INTRODUCTION

1. In this Chapter, the word “Department” means “Ministry/Department/Division” and the word “Accounting Officer” means the “Permanent Head of a Ministry” or the “Permanent Head of a Vote 1 Department” or “Any other officer appointed by the Public Service Commission to look after the day to day affairs of a Department” or any officer designated by the Minister of Finance under Section 21(1) of the Finance and Audit Act.
2. The person answerable to the Legislative Assembly in respect of any Government Department is the Minister charged with the responsibility for that department. The public officer responsible for the running of any department in the charge of a Minister, including the management of its financial affairs, is the Accounting Officer. The reason is that finance and policy cannot be considered separately and that good financial management is an inseparable part of good organisation and management generally.

FUNCTIONS OF THE MINISTRY OF FINANCE

3. The Minister of Finance is responsible to the Cabinet, as the principal instrument of policy, for the financial soundness of the Government’s economic policy and for the proper control of revenue and expenditure. The Minister of Finance, assisted by his chief adviser, the Financial Secretary, exercises this responsibility through the Ministry of Finance.
4. The Ministry of Finance has its main opportunity for carrying out its responsibilities when the annual Estimates are being prepared. It must then satisfy itself that the policies of Ministers are such that financially they are capable of realization, and again that individual proposals are sound in themselves, and do not involve wasteful expenditure. Similarly, when proposals for expenditure not provided for in the Estimates arise during the year, either on new schemes or on schemes for which the original Estimates have proved to be faulty, it is the duty and right of the Ministry to examine such proposals and have them submitted for the approval of the Legislative Assembly before any expenditure is incurred upon them.
5. In addition, it is essential that one authority should be responsible for laying down general directions with regard to financial control and procedure and for the overall control of the collection and disbursement of public funds. This is done by the Ministry of Finance by means of:
 - (a) this Financial Management Manual;

- (b) instructions and directions issued from time to time to spending Ministries/Departments;
- (c) the work of the Finance and Stores Cadres in Ministries/Departments;
- (d) the work of the Internal Control Cadre in Ministries/Departments;
- (e) the close and continuous contacts with Ministries/Departments; and
- (f) the Financial Management Advisory Committee which is a Committee appointed by the Minister of Finance and comprising, inter alia of:-
 - (i) The Financial Secretary, Chairman;
 - (ii) The Director, Management Audit Bureau;
 - (iii) The Accountant-General or his Deputy;
 - (iv) The Head of the Finance Cadre;
 - (v) The Head of the Stores Cadre;
 - (vi) The Head of the Internal Control Cadre; and
 - (vii) Three other public officers.

The Committee may co-opt other members in the course of its work.

The purpose of the Committee is to look after the proper implementation of this Financial Management Manual and to assist Accounting Officers on any problem areas which may be encountered in its implementation. The Committee will also periodically review the manual and will advise the Minister of Finance on any necessary future revision and amendment.

Financial Duties of Public Officers

ACCOUNTING OFFICERS

6. The Accounting Officer is personally and pecuniarily liable to the Legislative Assembly for the administration of the Vote for his department. If the affairs of his department are under discussion by the Public Accounts Committee, he appears in person to answer its questions. It is his duty to see that the Votes are not overspent. Technical knowledge of accounts is not necessary to enable the Accounting Officer to discharge himself of his responsibilities. Although he has finance; internal control and stores officers to advise upon and execute the detailed functions of financial control, this in no way relieves him of his responsibilities.
7. The Accounting Officer is personally responsible for the regularity of all payments authorized by his department; that is all payments made have behind them some authority which can, if required, be referred to in their justification. A more important responsibility is to ensure that the functions of the Department under his control are exercised on the most economical, efficient and effective lines. This means that it is his duty to ensure that the activities of his Department, within the ambit of approved policy are carried out without waste, the monies voted are being utilized in the best possible way and value for money is obtained. It is part of the functions of the Public Accounts Committee to draw attention to the existence of wasteful expenditure where this is found, and the Accounting Officer must be prepared to defend himself when he appears before the Committee.

8. Thus, the Accounting Officer is responsible for the following:-
- (a) arranging all payments from the Votes or funds under his control;
 - (b) ensuring that revenue receivable is properly assessed, duly collected and brought to account, and taking appropriate action for the recovery of arrears;
 - (c) ensuring that the work of his department is carried out, within the framework of approved policy, on the most economical, efficient and effective lines and without waste. To this end, the Accounting Officer should institute appropriate systems of management information;
 - (d) ensuring that his Departmental accounts and financial records are maintained in accordance with the principles and general procedures contained in this manual;
 - (e) ensuring that detailed departmental instructions for financial management are prepared, reviewed and revised as necessary and approved by the Ministry of Finance after consultation with the Director of Audit;
 - (f) ensuring that proper systems of internal control over all activities, including the receipt, disbursement and accounting of public funds are established, kept under review and are in fact working satisfactorily;
 - (g) ensuring that all the department's activities are subject to regular independent review by internal audit;
 - (h) furnishing the Accountant-General with a monthly abstract of all the transactions recorded in his accounts for that month;
 - (i) furnishing the Accountant-General with any information he may need to prepare the Annual Report on the Accounts of Government; and
 - (j) producing in support of all his Departments financial transactions the necessary documents and vouchers for audit.
9. The Accounting Officer of a self-accounting Department is entrusted with the custody, receipt and disbursement of public monies and is required to render to the Accountant-General only a monthly abstract without vouchers. Whilst all vouchers covering payments made by non self-accounting Departments receive an additional examination by the Accountant-General's staff, and payment is effected by, or via, the latter, this in no way relieves the Accounting Officer of responsibility for his Vote. It is his duty to ensure that his records of expenditure and revenue agree with those of the Accountant-General, or to report any difference.
10. Further guidance for Accounting Officers is set out at the end of this Chapter.

THE ACCOUNTANT-GENERAL

11. The Accountant-General is the responsible officer of the Ministry of Finance for the accounting arrangements in all Ministries and Departments, self-accounting or not. His general duties are, *inter alia*:-
- (a) to ensure that a proper system of account is established in every Department, self-accounting or not, of the Government;
 - (b) to ensure that proper arrangements are made for the safe keeping of all public moneys, stamps, securities and valuable documents;
 - (c) in case of any apparent deficiency in the provision for a charge owing to the exhaustion or absence of a vote, to call the attention of the Ministry of Finance in writing to the matter; and
 - (d) to exercise general supervision over the receipts of public revenue and as far as possible to ensure its punctual collection; and to exercise general supervision over the expenditure and other disbursement of Government.

His particular duties are, *inter alia*:-

- (a) to bring promptly to account, under the proper heads and sub-heads or accounts, all money, whether revenue or other receipts, paid into the Treasury or accounted for to him;
 - (b) to exercise supervision over all the officers of his department entrusted with the receipt or expenditure of public money, and over the sub-accountants, and to take precautions, by the maintenance of efficient checks, including surprise inspections, against the occurrence of fraud, embezzlement, or carelessness;
 - (c) with regard to payments made by him, to take care that no payment is made which is not covered by proper authority expressed or referred to on the voucher relating to it;
 - (d) promptly to charge in his accounts under the proper votes and items and accounts all disbursements of the Government, whether expenditure or other payments; and
 - (e) to render the accounts for audit and to prepare the Financial Statements and Returns.
12. Certain of the Accountant-General's officers are entrusted with the day to day receipt, custody and disbursement of monies on his behalf. In the Accountant-General's office itself this is done by the Chief Cashier and in the Districts and Rodrigues by Sub Accountants (District Cashiers). A Sub-Accountant is required to keep a cash book, an analysis of the transactions (abstract) of which is furnished monthly to the Accountant-General (fully supported by vouchers) to be embodied in the Government's monthly accounts.

FINANCE OFFICERS

13. Finance Officers are posted by the Ministry of Finance to serve Accounting Officers in Ministries/Departments, relieving them of much of the routine work, whilst at the same time liaising with the Ministry of Finance. The duties of Finance Officers are:-

- (a) to be Financial Advisers to the Accounting Officers;
- (b) to be an integral part of the financial management team of the Ministry/Department;
- (c) to take charge of and organise the Finance Divisions of their Ministries/Departments;
- (d) to ensure the correct financing (provision of funds) of Departmental policy with all safeguards against waste and loss;
- (e) to ensure that the principles, procedures and Departmental Instructions in this Financial Management Manual, are observed and that directives from the Ministry of Finance are implemented;
- (f) to be responsible for the maintenance of proper systems of accounts and to issue supplementary instructions for control purposes; and
- (g) to ensure that the accounts are properly kept by making personal checks and arranging other checks by their subordinates, including surprise inspections, to guard against irregularity and fraud.

14. Further guidance for Finance Officers is set out at the end of this Chapter.

STORES OFFICERS

15. Stores Officers are posted by the Ministry of Finance to serve Accounting Officers in Ministries/Departments, for the management of stores and supply functions. The duties of Stores Officers are:-
- (a) to be supplies and stores advisers to the Accounting Officer;
 - (b) to take charge of and organise the supplies function of their Ministries/Departments;
 - (c) to coordinate the supplies requirements of the Ministry/Department to ensure that supplies are available and provided to carry out the Ministry's/Department's policy;
 - (d) to ensure that stock control levels - minimum, maximum and reorder - are fixed and observed for all stock items so as to maintain economic stock balances and an optimum balance between under and over-stocking of items;
 - (e) to be responsible for the maintenance of proper systems of control over supplies and stock, and to issue supplementary instructions for control purposes;
 - (f) to ensure that all adequate safeguards against the risks of fire, theft, deterioration and damage exist and that all items are stored in good condition;
 - (g) to ensure that records are properly kept by making personal checks, including surprise inspections, to guard against irregularity and wastage; and

- (h) to ensure that the principles, procedures and departmental instructions in this Financial Management Manual, and in particular those in Volume 30 are observed, and that directives from the Ministry of Finance are implemented.

16. Further details of the responsibilities of Stores Officers are given in Chapter 30.3

INTERNAL CONTROLLERS

17. Internal Controllers are posted by the Ministry of Finance to assist and advise Accounting Officers in Ministries/Departments, in the discharge of their financial management responsibilities by:-

- (a) independently evaluating and testing the systems of internal control throughout the Department, including surprise checks of cash, stores and accounting records;
- (b) reporting to the Accounting Officer any weaknesses and recommending improvement in the systems of internal control;
- (c) following up such recommendations and ensuring their satisfactory implementation;
- (d) evaluating comments from the Director of Audit and recommending remedial action; and
- (e) following up recommendation from the Director of Audit or from the Ministry of Finance, and ensuring their satisfactory implementation.

18. Further guidance for Internal Controllers is given in Volume 40 of this manual.

REVENUE COLLECTORS

19. A "Revenue Collector" is an officer, other than a Sub-Accountant who is designated to collect some particular form of revenue upon issue of a receipt or licence, and is required to keep a Cash Book, recording all monies received and its payment, in full, to Government.

IMPREST HOLDERS

20. An Imprest Holder is an officer to whom a sum of money is advanced to enable him to effect payments on behalf of Government which cannot be conveniently effected through the Accountant-General or his Sub-Accountants, or by a self-accounting Department direct, e.g. expenses in connection with the franking of letters, minor urgent purchases, etc.

OTHER OFFICERS

21. Certain other officers are required to make disbursements from moneys other than revenue which they receive and hold in their official capacities, but in all such cases, disbursements are made from sums authorised to be held temporarily with them or from sums held on account of special funds, for which the officers are for the time being responsible in their official capacity. Such officers may also be revenue collectors receiving revenue which has to be accounted for by them in full to the Accountant-General.

22. Other officers (e.g. pay clerks) may be required to effect payment of salaries, wages, etc to officers and employees out of sums which have been previously drawn from the Treasury or Self-Accounting Departments on the strength of Salaries or Wages paysheets.

GENERAL

23. The officers mentioned above having monetary, financial or accounting responsibilities are classified as “officers with accounting responsibilities” in this manual. The term thus includes any Permanent Secretary, any Permanent Head of Department, the Chief Cashier - Treasury. Imprest Holders, Collectors of Revenue, Sub-Accountants, District Cashiers, District Court Clerks, Postal Officers, etc.

Notes for the Guidance of Accounting Officers

1. The responsibilities of an Accounting Officer are important and varied. They include personal responsibility for the proper administration and management of the Ministry/Department concerned. This involves responsibility for efficient and effective service delivery in the implementation of Government policies and programmes and the financial management of the resources allocated to these purposes. Thus one of an Accounting Officer's key duties is to ensure that the public funds entrusted to his care are properly safeguarded. In these and other technical matters, he will have the advice and assistance of appropriate officers from the finance, internal control and stores cadres. The precise arrangements to be made will depend upon the circumstances of the Department, but they should include independent and effective internal audit of the systems of internal control through the Department.
2. It is equally the duty of the Accounting Officer to ensure that the funds entrusted to him are applied only to the purposes intended by the Legislative Assembly, that is to implement Government policy within the resources allocated in the Estimates. He must be satisfied, for instance, that any payments made by his Department are both within the ambit of the Vote and also covered by specific statutory authority where necessary; and that there is sufficient estimate provision to meet the payment. The Accounting Officer is answerable to the Public Accounts Committee for the formal regularity and propriety of all the expenditure out of the Votes for which he is responsible. Similarly he should ensure that adequate machinery exists for the due collection and bringing to account of all receipts connected with the Votes and Revenue Heads under his control.
3. On all matters affecting the accounts and finance, and on any matters concerning the propriety and regularity of the transactions, the finance, internal audit and stores officers of the Ministry of Finance are available to be consulted: and it is their duty to give constructive advice and assistance on such questions. The Accounting Officer should, therefore, regard it as part of his responsibility to ensure that the advice of these Officers is sought before his Department enters into any transaction the propriety of which may be called in question. Their advice, however, does not absolve him from his formal responsibility as Accounting Officer; and he should therefore also make sure that any issue of sufficient importance to call in question that responsibility should be brought to his personal attention, even though the advice of the officers of the Ministry of Finance may already have been obtained.
4. The above paragraphs set out the duties of an Accounting Officer in regard to the regularity of expenditure from his Votes and the avoidance of misappropriation in the strict sense. It should be emphasized that any dereliction of duty in this respect may lead to a recommendation by the Public Accounts Committee that expenditure already incurred should be disallowed. If this should happen, the doctrine of personal accountability means that the Accounting Officer may be liable, unless the Legislative Assembly is prepared to make good the deficiency by voting the money, to have to defray the expenditure from his own purse. It is for this reason that (as set out in paragraph 8 below) a recognised procedure has been developed to protect an Accounting Officer should he be over-ruled by the Minister in a matter which may lay him open to a financial penalty. In other words, the duties of an Accounting Officer are far from being merely procedural, they form an integral and important part of his practical day-to-day responsibilities.

5. In fact, these practical duties are embraced in the broad concept of an Accounting Officer's responsibilities, which springs from the basic principle underlying Government financial management and organisation. This is that due regard can never be paid to financial considerations if financial management and administration are divorced, and finance is kept separate from other factors which enter into policy decisions. It is basic to all Government activity that financial management is regarded as an essential element in the consideration of all policy questions from the outset; and the Accounting Officer of the Department must make sure, as a prerequisite of economical, efficient and effective administration, that financial considerations are taken into account at all stages by his Department in framing and reaching decisions of policy, and in their execution. Thus the Accounting Officer must be prepared to answer for the economical, efficient and effective conduct of the Department as a whole.
6. As part of this general concept, the Director of Audit is specifically encouraged to bring to the notice of the Public Accounts Committee any cases of apparent waste and extravagant administration and where economic, efficient and effective use has not been made of means of the disposal of the Department; and the Committee expects the Accounting Officer to satisfy it that the policy approved by the Legislative Assembly has been carried out with due regard to economy, efficiency and effectiveness and to provide the Committee with explanations of any examples to the contrary to which their attention has been drawn.
7. The Accounting Officer of a Department has ultimate responsibility over a wide field and this overall responsibility clearly cannot be carried out unless he is supported by a sound organisation which permits of proper delegation of duties. It is one of his chief duties to make sure that the Department is organised and staffed on sound lines. In particular, he should pay special attention to the organisation and staffing of the financial and internal control branches of the Department, and should encourage the closest liaison between them, and the operational branches, as they have a particular responsibility on his behalf for advising, assisting and monitoring to ensure that there is proper financial management of the public funds with which the Department is entrusted.
8. It may sometimes happen that an Accounting Officer disagrees with his Minister upon a matter of importance affecting the financial management of his Department. In the first place, the Minister may seek to insist upon implementing policy in a manner which the Accounting Officer regards as entailing expenditure on a scale, or in a direction, which could lay him open to criticism. While it is, of course, the duty of an Accounting Officer in the last resort to obey any instruction given to him by his political head, it is equally his duty, to do everything in his power to see that the administration and financial management of his Department is carried out economically, efficiently and effectively. He should, therefore, not hesitate to represent his objection to any course of action which he regards as inconsistent with that duty, and to place on record his disagreement with any decision which he may find difficulty in defending, as a treasure of prudent financial management and administration, before the Public Accounts Committee. Having done so, he must nevertheless, if the Minister adheres to his decision, accept it; in which case he should support his defence of the action taken, if need should arise, by reference to a policy ruling given by his Minister.

9. Alternatively, the matter which is the subject of the Accounting Officer's protest may be one which involves his personal liability on a question of formal regularity or propriety. In that case he should not only set out his objection to the proposed action and expenditure, and his reason for it, in writing, but he should only incur the expenditure upon a written instruction from his Minister over-ruling the objection. Finally, he should inform the Ministry of Finance of the circumstances and should communicate the papers to the Head of the Civil Service. Provided that this procedure has been followed - but only on this condition - the Public Accounts Committee will no doubt acquit him of any personal responsibility for the expenditure.
10. The second matter concerns the relationship between the Accounting Officer and the officers of the Ministry of Finance. Attention has already been drawn to the role of the Ministry in advising upon and assisting in technical matters of accounting, internal control and stores, and on more general questions of regularity and propriety. It only remains to add, without prejudice to the personal responsibility of the Accounting Officer for the economic, efficient and effective conduct of his own administration, that the Ministry of Finance may be able, by reason of its central co-ordinating position, to give helpful advice in the exercise of that responsibility in its widest aspects. It is, indeed, an essential part of Government organisation that there should be close contact and co-operation at all levels between Ministries/Departments and the Ministry of Finance. An Accounting Officer is therefore encouraged, and should encourage his own subordinates, to make the fullest use of this advice. Provided that he does so, and over the whole field of his duties exercises his own commonsense, financial management and administrative experience, an Accounting Officer will be considered to have discharged himself of his responsibility.

Notes for the Guidance of Finance Officers

11. The Finance Officer is the right hand man of the Accounting Officer on financial matters and the Accounting Officer should accept his advice on matters of finance, accounting, and stores. If this advice is rejected for policy or other reasons the rejection should be made by the Accounting Officer in writing and a copy of the document sent to the Financial Secretary, the Accountant General and the Director of Audit.
12. The Finance Officer is required to establish and maintain direct semi-official contacts with the officers in the Ministry of Finance (particularly the Accountant General's Department) who are directly concerned with the financial and accounting matters of all Departments.
13. As stated above the Finance Officer is the financial adviser to the Accounting Officer and in this capacity it is his duty to advise on the financial aspect of every activity of the Department and to ensure that financial instructions, etc., are implemented correctly, within the framework laid down in this Financial Management Manual.
14. On behalf of the Accounting Officer, the Finance Officer is in charge of the financial and management accounts and information of the Department

and, as such, it is his responsibility to see (subject to the overall direction of the Accountant General) that proper systems of internal control and accounting are established in every branch and district office. He must also ensure that public revenue is collected promptly and properly accounted for, and that expenditure and other disbursements are properly made under the correct votes and items of the Estimates.

15. He is, of course, also required to exercise supervision over all officers of his Department entrusted with the receipt or expenditure of public money. He must also ensure that the accounts of the Department are properly and promptly kept and that the funds are properly authorised and sufficient for the works or services concerned. Should it appear that there is insufficient provision in any item of a vote to meet current or future needs he should immediately draw the attention of the Accounting Officer of the Ministry/Department to this matter and see that the necessary application for additional provision is submitted to the Ministry of Finance in accordance with the procedure outlined in this Financial Management Manual.
16. He should issue all necessary instructions to supplement existing instructions and guidelines for the proper control and care of funds, stores, etc., and ensure that such instructions are carried out. He should also arrange for efficient checks to guard against the occurrence of fraud or embezzlement. Cases of carelessness or extravagance must be reported in writing at once to the Accounting Officer and a copy of this report sent to the Ministry of Finance, the Accountant-General and the Director of Audit.
17. He is also responsible for the submission of all financial returns on their due dates, i.e. Estimates, Revised Estimates, Arrears of Revenue, or any other returns which the Accountant-General, etc., may ask for.
18. It cannot be emphasised too strongly that the role of the Finance Officer is to support the Accounting Officer in the achievement of the Department's objectives of implementing Government policies and programmes. Thus his advice and assistance should be constructive. Within the framework established by this Manual, Finance Officers should not seek to hamper the efficient and effective delivery of services by the rigid adherence to cumbersome or unnecessary procedures.

CHAPTER 10.5

INTERNAL CONTROL

INTRODUCTION

1. Internal control is defined as “the whole system of controls, financial and otherwise, established by management in order to carry out the functions of the Government in an orderly and efficient manner, ensure adherence to policies, safeguard assets and secure the completeness and accuracy of records”.

Thus, it comprises a whole system, made up of a number of individual control components.

2. The main types of controls are as follows:
 - (i) **Organisational** - which defines the authority and responsibility of individuals and/or sections - e.g. organisation charts showing the division of duties amongst staff, and departmental instructions for the conduct of the duties of each officer or section.
 - (ii) **Segregation of duties** - no one officer should process and record a transaction from start to finish - e.g. the officer placing an order for goods or services must not sign the cheque for payment.
 - (iii) **Physical** - secure areas for stores, documents, etc e.g. controlled stationery such as blank cheques must be kept in a locked safe and their use accounted for.
 - (iv) **Authorisation and Approval** - all transactions are authorised at the appropriate level - e.g. only officers of a specified grade or above may sign cheques.
 - (v) **Arithmetical and Accounting** - all transactions are arithmetically correct and are accounted for - e.g. use of sequentially numbered documents, regular bank reconciliations, etc.
 - (vi) **Supervision** - of day to day transactions - e.g. “spot checks” by senior officers of all activities.
 - (vii) **Management** - review of results - e.g. monthly financial and management accounts, internal audit reports, etc.
3. There are two essential bases which are fundamental to the achievement of effective and efficient internal control:
 - (a) Internal Check; and
 - (b) Internal Audit.

INTERNAL CHECK

4. “Internal Check” is primarily concerned with the prevention and early detection of errors. This requires the arrangement of duties in each a way as to ensure that:
 - (i) no single task is executed from its beginning to its conclusion by only one person; and
 - (ii) the work of each officer involved in the processing of a transaction is subject to independent check in the course of another officer’s duties.
5. This is secured by the segregation of duties (or separation of functions) in respect of the three fundamental elements that generally make up any transaction:

Authorisation	-	the initiation of the transaction.
Custody	-	the handling of assets involved in the transaction.
Processing and Recording	-	the creation of documentary evidence of the transaction its entry in the accounting records.
6. It is the responsibility of management to ensure the separation of these three elements to form the foundation for internal check. The flow of transactions and information should be designed so that the work of one officer is independent of, and thus serves as a check upon, the work of another officer. This must be achieved at all levels e.g. at operational levels within schools, hospitals, and centrally within finance sections in each Ministry or department.
7. For example, reliance can and should be placed on designated officers at operational levels to prepare and authorise payment vouchers, for the transactions for which they are responsible, for subsequent examination by finance sections prior to payment.

INTERNAL AUDIT

8. Internal audit is an independent appraisal function that measures, evaluates and reports on the effectiveness of the system of internal controls, as a contribution to the efficient use and management of resources within the organisation. Thus it is the responsibility of internal audit to review, appraise and report on:
 - (i) the soundness, adequacy and application of internal controls;
 - (ii) the extent to which the Ministry’s/Department’s assets and interests are accounted for and safeguarded from losses of all kinds, arising from:
 - fraud or other offences;
 - waste, extravagance, inefficient administration, poor value for money or other causes; and

(iii) the suitability and reliability of financial and other management information.

For internal audit to fulfill these responsibilities, it must operate with independence, authority and objectivity.

9. Thus internal audit must not be regarded as a routine part of the system of internal checks, but rather as having a clear responsibility to independently test these. Internal audit should examine the whole system of internal controls, and report upon deficiencies within this. It is the responsibility of management to review, amend and improve internal controls in the light of changing circumstances. Internal audit should be able to form an opinion as to their adequacy and effectiveness based on their independent checking and validation. Further details of the role and conduct of internal audit work are contained in Volume 40 of this Manual Internal Control and Internal Audit Principles and Practice.

PRACTICAL APPLICATION OF INTERNAL CONTROLS

10. It is the responsibility of management, at varying levels, to determine the appropriate system of internal controls for each type of activity. Whilst the detailed controls over particular activities, such as cheque payments, are primarily the responsibility of individual Ministries, based on the procedures set out in Part 20 of this Manual, overall controls in terms of general financial arrangements are primarily the concern of the Ministry of Finance. They involve the following:
- Devising an appropriate and properly integrated system of accounts and records;
 - Determining the form of general financial supervision and control management, using such means as budgetary control;
 - Ensuring that adequate precautions are taken to safeguard (and if necessary to duplicate and store separately) important records; and
 - Arrange for the recruitment, training and allocating to specific duties, management and staff competent to fulfill their responsibilities, arranging for rotation of duties as necessary, and deputing responsibilities during staff absences.
11. These controls over general financial arrangements are achieved by:
- the policies and procedures set out in this Manual;
 - other instructions and directions issued from time to time by the Ministry of Finance; and
 - the work of the Finance, Stores and Internal Control Cadres in Ministries/Departments.

CONTROLS IN A COMPUTERISED ENVIRONMENT

12. In addition to the internal checks referred to above, additional controls are required in a computerised environment since transactions may be initiated and processed without direct manual involvement. Thus individuals who have access to computerised systems or information may be in a position to carry out a number of activities which should be segregated, or to alter or process data without leaving any visible evidence. Thus additional general controls in a computerised environment are essential to ensure that computerised information processing is adequately controlled.
13. As computer systems are developed in each Ministry/Department, management is responsible for ensuring that all aspects of control have been considered and documented in departmental instructions. For example, these general controls and instructions need to include:
 - (i) persons having access to the computer section;
 - (ii) organisational controls, e.g. computer operators cannot originate or amend input data; and
 - (iii) persons having access to various tapes, disks, files, etc.

For further details see Chapters 10.9 and 20.9 on Computerised Accounting Systems.

CHAPTER 10.6

REVENUE MANAGEMENT

INTRODUCTION

1. Revenue is defined as the inflow of cash to the Government and, like expenditure, can be broken into recurrent revenue and capital revenue.
2. The main sources of **recurrent** revenue, which is credited to the Consolidated Fund from which recurrent expenditure is met, are as follows:
 - (i) Direct and indirect taxes;
 - (ii) Receipts from public utilities and public services;
 - (iii) Rental of Government property;
 - (iv) Interest and Royalties; and
 - (v) Reimbursement of loans.
3. The main sources of **capital** revenue, which is credited to the Capital Fund from which capital expenditure is met, are as follows:
 - (i) grants and loans from international financial organisations, foreign financing agencies and governments;
 - (ii) domestic borrowing through the issue of stocks and Treasury Bills;
 - (iii) proceeds from the sale of immovable property;
 - (iv) dividends from investments; and
 - (v) contributions from recurrent revenue.

RECURRENT REVENUE

4. The need for effective revenue management was a major reason for the establishment of the Unified Revenue Board in 1983. It is responsible for monitoring the operations of the major revenue earning departments (Sales Tax, Customs and Excise and Income Tax) and has the following responsibilities:
 - (i) to advise the Minister of Finance on all matters pertaining to fiscal policy and to the implementation of that policy in Mauritius;
 - (ii) to coordinate and supervise the activities of revenue departments;
 - (iii) to be responsible for the overall administration of the taxes and duties imposed by the various Revenue Acts;

- (iv) to take such measures as may be necessary to improve the effectiveness of the revenue departments and to maximise revenue collection in Mauritius;
 - (v) to determine the steps to be taken to counteract fraud and other forms of fiscal evasion.
5. However, a number of other departments receive revenues and thus in addition to the Unified Revenue Board which acts as a watchdog over the major revenue departments, a professional approach to revenue management should be adopted by **all** departments. This requires the following three key elements:
 - (i) the prompt assessment and collection of monies due;
 - (ii) the prompt banking of money collected; and
 - (iii) the forecasting of cash flow.
 6. **Prompt Collection.** It should be ensured that all monies due are received as quickly as possible and thus arrears minimised. When arrears do arise, the costs and benefits of collection should be considered, so that the costs of follow up action, in terms of man hours spent, stationery and opportunity cost of the resources that could be used on more productive work, are balanced against the expected returns, in terms of the amount of, and probability of successfully obtaining the payment as a result of the action.
 7. In order to control accounts receivable, claims should be raised promptly, recorded and subsequently matched against receipts to determine arrears, and a record maintained and the age of outstanding debts should be regularly reviewed. Strict limits should be set for the ages at which specified recovery actions are to be taken, ensuring that all appropriate action is taken well before collections are time-barred.
 8. Most of the major revenue departments have an investigation unit which reports to the Commissioner of Fiscal Investigations, who has the power to “take such steps as may be necessary with a view to expediting revenue collection or combatting fraud or other forms of fiscal evasion”. These investigation units should not play a passive role of examining routine cases, but instead should carry out in depth investigations of fraud, irregularity and tax/duty evasion cases.
 9. **Prompt Banking.** All monies collected should be banked as promptly as possible. This is necessary for security reasons and to ensure that the Government is able to make the best use of the money available to reduce its overdraft and hence interest payments, or to invest surplus funds and thereby earn interest.
 10. Further details on banking procedures are given in Chapter 20.6.
 11. **Forecasting of Cash Flow.** This is required for two reasons. Firstly to enable revenue collecting departments to monitor their own performance, and secondly to enable the Government as a whole to plan and control its needs for borrowing and its surplus available for investment.
 12. Each revenue department, and all other departments that collect significant amounts of money, should prepare an overall plan at the beginning of each year to establish collection targets. This should be broken down into monthly or quarterly periods and, where appropriate, into targets for individuals, or groups of officers. Progress against the plan should be regularly monitored and all variances examined and explained, to enable any necessary corrective action to be taken promptly. In this way revenue earning departments will be able to continuously monitor their performance on revenue collection.

13. Similarly, to enable the Government as a whole to forecast its requirements, all departments need to analyse their planned expenditure during the financial year so that the total estimates can be profiled over the 12 month period. This is particularly important for self-accounting departments operating their own bank accounts, as these plans will be used to determine the timing and amounts of funds to be transferred by the Accountant-General.
14. Copies of departmental plans for revenue collection (cash in) and expenditure (cash out) should be sent to the Budget Bureau in the Ministry of Finance, which will compile an overall cash flow forecast for the Government as a whole. This will be used to determine the Government's requirements for short-term borrowings and investments and enable the Government to balance its need for liquidity (having sufficient funds available to meet payments, take advantage of discounts, etc) with the opportunity to earn interest from the investment of surplus funds.
15. Consequentially it is important that all departments should monitor their performance against their plans, both for cash in and for cash out, and inform the Ministry of Finance of any major variations so that their impact on the Government's total cash requirements can be assessed.

CAPITAL REVENUE

16. Capital revenue is required to finance projects included in the Capital Budget. Responsibility for forecasting requirements lies with the Ministry of Finance, the Ministry of Economic Planning and Development and the Bank of Mauritius.
17. The raising of capital revenue is governed by the provisions of the Loans Act, and is carried out by the Ministry of Finance on behalf of the Minister.

CHAPTER 10.7

MANAGEMENT ACCOUNTING AND MANAGEMENT INFORMATION

INTRODUCTION

1. The key elements of good financial management are planning, monitoring and control of the Government's operations and activities, in terms of resources (both financial and non-financial) and achievements. Information is essential to all three elements of planning, monitoring and control.
2. The purpose of all the income and expenditure authorised in the Government's Annual Estimates, is for the implementation of Government policies and programmes. The purpose of management accounting and management information is to provide decision makers at all levels with the information necessary to determine the extent to which these policies and programmes have been implemented and their success in achieving the desired results.
3. Purely financial information, analysed on a subjective basis (such as personal emoluments, other charges) by vote item, as recorded in the Estimates and Financial Statements, is necessary for overall financial control and monitoring of the levels of income and expenditure. However, this needs to be supplemented by management accounting and information, on an objective basis, which relates the income received and the expenditure incurred to the intended purposes and the achievement of objectives.

DEVELOPMENT OF MANAGEMENT ACCOUNTING AND INFORMATION

4. The development of management accounting and use of management information require the following:
 - (i) identification and recording of income and expenditure by cost centres or activity centres based on operational units, functions, projects or activities;
 - (ii) definition of policy and programme objectives into quantifiable and measurable targets;
 - (iii) monitoring of actual performance in both financial and operational terms, against these targets;
 - (iv) investigation and explanation of variations in actual performance from financial and operational targets; and
 - (v) determination and implementation of corrective action where necessary.

5. Thus management information should include:
- (i) what was planned, at what cost and with what resources; and
 - (ii) what has been achieved, at what cost and with what resources.
6. The nature and extent of management information required will vary from activity to activity but in all cases should be determined in accordance with the following criteria:
- (i) **SIGNIFICANCE** - The information provided must be relevant and meaningful to the manager who is to use it. Thus operational managers will require more detailed, lower level information than senior managers who will need more strategic information.
 - (ii) **RELIABILITY** - The information must be both accurate and comprehensive so that it represents a true picture of the activity.
 - (iii) **CLARITY** - The information must include enough detail so as not to be ambiguous but should not include unnecessary details that would be confusing. Above all, it must be understandable to the user.
 - (iv) **PROMPTNESS** - Information must be provided as soon as possible after the end of the period to which it relates, so as to enable corrective action to be taken if required.
 - (v) **CONSISTENCY** - Information should be compiled and presented in the same agreed format and using the same classification of income, expenditure and activities in each period. Where there are similar activities within the same Division or Ministry/Department, or in different Ministries/Departments, the information should be compiled and presented in a similar way to enable comparison of performance.
 - (vi) **COST-EFFECTIVENESS** - Management information must be capable of compilation and production with the minimum of additional effort. Thus the benefits from the provision of information should not be outweighed by the cost of its production.
7. Also, the required frequency for management information will vary from department to department and between activities and programmes and should be determined on the basis of all the relevant factors, including:
- When decision can be taken;
 - The timescale for decisions taken to be actually implemented;
 - The timescale for the effects of the decisions taken and implemented to show results;
 - The stability of costs and income;
 - The frequency with which tasks or activities change; and
 - The frequency with which costs and income are incurred and received.

8. In order to meet the requirements in 6 above and particularly to ensure that management information is cost-effective, data should as far as possible be extracted from existing details. For example, the income and expenditure associated with a particular activity can be obtained by reanalysing such details recorded by vote item. This process will be more efficient and effective with the use of computerised accounting systems which include appropriate coding structures. For this reason, all information requirements for financial, management and operational control, must be identified and taken into account when developing computerised systems. See Chapter 10.9 on Computerised Accounting Systems.

CHAPTER 10.8

PROJECT ACCOUNTING AND MANAGEMENT

INTRODUCTION

1. A project is defined as an investment which will provide benefits over a number of years. It is thus included in the Capital Expenditure Estimates and financed from the Capital Fund, through loans, grants etc, rather than the Recurrent Estimates and financed from the Consolidated Fund, through revenue raised from taxation etc. Projects include the provision of new buildings and roads, improvements to existing buildings, roads etc, the purchase of vehicles, equipment and machinery, and major initiatives such as the Productivity Improvement Programme.

ELEMENTS OF PROJECT MANAGEMENT

2. There are five key elements to Project Management as follows:-
 - (i) **Responsibility** - responsibility and accountability for all aspects of a project or programme should be clearly defined.
 - (ii) **Appraisal** - each proposed project or programme should be objectively appraised and evaluated to demonstrate;
 - that it will achieve the desired objectives;
 - the advantages over alternative courses of action;
 - the financial implications; and
 - the non-financial costs and benefits.
 - (iii) **Final Approval** - the final approval should be based on full up to date information including;
 - an analysis of needs and alternatives;
 - all estimated costs, both the capital costs of the project and future recurring costs e.g. maintenance; and
 - an assessment of benefits
 - (iv) **Control of Project Implementation** - there should be comprehensive systems of control over all aspects of the project or programme, including:
 - changes in design or specification;
 - monitoring of progress against plans;
 - quality control against requirements; and
 - monitoring of costs against budget.

- (v) **Review** - each project or programme should be reviewed on completion in order to:
- evaluate performance, in terms of time, quality and cost;
 - ensure that objectives have been met;
 - ascertain that appropriate procedures were applied; and
 - recommend improvements for the planning, monitoring and control of similar projects in the future
3. Due to the timescale required for the planning, design and completion of a major project or programme, capital budgets are essentially long term. This means that although a project and its estimated cost may be approved in total, only the expenditure to be incurred in any one year must be included in the capital budget for that year. Thus costs and performance on each project must be monitored both against the overall project value and plan, and against the budgeted expenditure and progress during any one year.
4. It is important to frequently update the capital costings of projects, at least annually, but also when variations from budget occur. This updating of the capital programme provides the opportunity to reassess existing plans in the light of up to date information.
5. Before a project is included in the capital programme it should be subject to a thorough financial and technical appraisal including:
- the description and specification of the project;
 - the justification and perceived benefits;
 - the manpower requirements, in terms of numbers and expertise;
 - the phasing of expenditure;
 - the financial implications; and
 - any other requirements and implications.
6. Within the capital programme the Government can then plan the projects through the Capital Budget in such a way as to reflect
- the availability of capital finance;
 - its own capabilities of technical input; and
 - physical restraints, such as land availability
7. It is essential that the estimated project value, for inclusion in the capital programme and subsequently in the Capital Budget, should include all associated costs, so that the project on its completion is not dependent upon any additional works or any subsequent phase.
8. The procedures for the inclusion of projects in the Capital Budget are set out in Chapter 20.2, and those for the subsequent monitoring and control of expenditure in Chapter 20.3.

COMPUTERISED ACCOUNTING SYSTEMS

INTRODUCTION

1. The development of computerised accounting systems should be viewed within the overall strategy for computerisation of Government activities. The first step is to determine and maintain a strategic prioritised plan for the development of computerised systems, of which accounting systems are only one element, so as to ensure that developments are undertaken according to their priority, that systems are compatible, and that future as well as current requirements are catered for. For example, computerised accounting systems should aim not simply to automate existing manual procedures, but should also provide the financial and management information required for the efficient and effective management and control of the Government's activities. See Chapter 10.7 on Management Accounting and Management Information.

DEVELOPMENT OF COMPUTERISED ACCOUNTING SYSTEMS

2. The successful implementation of any computerisation is as much dependent upon management as upon the particular hardware and software products. Thus the strategy for development must be based upon:
 - the definition of the needs of all users;
 - the assessment of current and required human and technical resources;
 - the calculation of the financial implications; and
 - the setting of realistic targets for implementation.
3. The purpose of the development process is to implement computerised systems that meet users' requirements in an efficient and cost-effective manner. To achieve this objective, users' requirements should be properly defined, sound and effective controls should be incorporated, and the development itself should be carried out in a planned and controlled manner in accordance with the agreed policy and strategy for computerisation. For this reason, all proposals for the development, amendment and implementation of computerised accounting systems must be considered in the first instance by, and thus all such requests should be addressed to, the Ministry of Finance.

SYSTEMS CONTROLS

4. A good system will incorporate control features that ensure the secure, efficient and effective use and operation of the system, afford adequate separation of duties, and provide the means and information required to monitor and control all system activity.

These features can be summarised as follows:

- clerical and programme controls over input, processing and output;
- operational controls that conform to the standards laid down for the general controls for computing; and
- audit trails that may be used by managers, users, operators and auditors to trace transactions and the sequence of operations and processing.

The objectives of these controls are:

- (i) that all data can be accounted for;
- (ii) that all processed data can be reconciled or agreed with source data; and
- (iii) that all processing or other operational activities can be accounted for.

5. The controls to meet these objectives fall into two categories:

- (i) **Application Controls**, which relate to the transactions and standing data of each computer-based accounting system and are therefore specific to each application or system.

The purpose of application controls, which may be manual or programmed, is to ensure the completeness and accuracy of the accounting records and the validity of the entries made.

- (ii) **General Controls**, which relate to the environment within which the computer-based system are developed, maintained and operated and therefore apply to all systems or applications. The purpose of general controls is to ensure the proper development and implementation of applications, and the integrity of programs, data files and computer operations.

APPLICATION CONTROLS

6. Application controls, which are primarily the responsibility of individual Ministries to determine, with guidance from the Ministry of Finance, must be established over three areas:

- (i) completeness, accuracy and authorisation of input;
- (ii) completeness and accuracy of processing; and
- (iii) maintenance of master files and the standing data contained therein.

7. Controls over **input** should include the following:
- (i) for completeness
 - control totals
 - sequence checking
 - (ii) for accuracy
 - digit verification
 - existing checks
 - (iii) for authorisation
 - checking and signing of inputs documents
 - authorisation limits

8. Controls over **processing** should include:-

- batch totals;
- hash totals;
- digit verification; and
- existence checks.

9. Controls of **master files** and **standing data** should include:

- one for one checking of master file amendments;
- user review of contents of master files; and
- record counts and master file totals.

GENERAL CONTROLS

10. General controls must be established over many areas since they cover the computer installation itself rather than any individual application. It is primarily the responsibility of individual Ministries, with guidance from the Ministry of Finance, to introduce general controls which meet the following principal requirements:-

- to ensure that all application developments are authorised, tested and fully documented;
- to prevent unauthorised access and changes to programs;
- to ensure that all authorised program changes are adequately tested and documented;
- to prevent or detect errors during program execution;
- to prevent unauthorised amendments to data files;
- to ensure that systems software is properly installed and maintained;
- to ensure that proper documentation is kept; and
- to ensure continuity of operations.

GLOSSARY

Accountant-General	An officer of the Ministry of Finance responsible for the maintenance of the Government's Accounts and thus for the accounting arrangements in all Ministries/Departments.
Accounting Officer	The officer responsible for the administration and operation of the Ministry/Department and responsible to the Legislative Assembly, through the Public Accounts Committee, for the financial management of the Ministry's/Department's Vote(s).
Advance	A disbursement of the public money which must be repaid.
Allocated Stores	Stores maintained by individual departments for their own use; they are held on charge and accounted for by numerical quantities only.
Ambit	The ambit of a Vote is the whole content, of that Vote, i.e. all the items within it.
Annual Estimates	The Estimates of revenue and expenditure of the Consolidated Fund and of the Capital Fund for a given financial year.
Appropriation Act	The annual Act which authorizes the appropriation from the Consolidated Fund and the Capital Fund of the sums required to meet the expenditure set out in the approved Estimates.
Below the Line	Financial transactions relating neither to revenue nor to expenditure of the Consolidated Fund and the Capital Fund, and, therefore do not appear on the Annual Estimates, e.g. Advances and Deposits.
Budget	The annual Estimates as presented to the Legislative Assembly for approval.
Capital Budget	That part of the annual Estimates which is concerned only with non-recurrent capital revenue and expenditure, the latter composed of all works items, and other capital items not involving works.
Capital Expenditure	Expenditure on non-recurrent items which are of long term benefit appearing in the Capital Budget.
Capital Revenue	All revenue assigned to the Capital Budget, comprised mainly of loans and other borrowings.

Civil Establishment Order	An order made by the Governor General and requiring approval by Resolution of Legislative Assembly, establishing offices in the public service, the number of holders of such offices, and the emoluments to be attached thereto. Funds for the payment of the holders of posts so established are charged on the Consolidated Fund by the Civil Establishment Act, as subsequently amended which nevertheless appear annually in the Appropriation Act.
Commitment	An undertaking entered into which involves the eventual paying out of public money.
Committee of Supply	The Legislative Assembly sitting as a Committee, to discuss annual and supplementary Estimates.
Condemned Stores	Items in stores which have no further use and have been authorised for disposal.
Cost or Activity Centre	A defined unit or element of a Ministry's/Department's operations for which all associated expenditure and income is identified and whose operational and financial performance is monitored against agreed objectives, targets and budgets.
Departmental Vote Control Record	A record maintained by the officer in charge indicating the Vote of the approved Estimate, plus any further provision authorized; and all actual expenditure and all commitments, including those reflected in the departmental warrants so that he is always aware of the extent of the unexpended and uncommitted balance of each Vote item under his control.
Departmental Warrant	A Warrant issued by an officer controlling a Vote authorizing another officer to incur expenditure on his behalf.
Deposit	Money received which must in time be repaid.
Draft Estimates	The annual Estimates before they are finally approved.
Estimates	The approved annual Estimates of the Government.
Excess Expenditure	Expenditure incurred without the authority of the Legislative Assembly or the authority of a Reallocation or Contingencies Fund Advance Warrant.
Finance Officers	Officers of the Ministry of Finance posted to Ministries/Departments responsible for providing advice and assistance on financial management to, and for maintaining accounting records on behalf of, Accounting Officers.

Financial Year	The twelve months between the 1st of July and the following 30th of June
General Warrant	The annual warrant signed and issued by the Minister of Finance authorizing the Accountant General to pay out of the Consolidated Fund and the Capital Fund the sums required to meet the cost of the services included in the Estimates.
Head	A main division of Revenue in the Estimates.
Imprest	An allocation of funds to individual officers to finance expenditure in the interests of improved service delivery.
Imprest Holder	Individual officers authorised to hold funds to meet expenditure and responsible for the custody of and accounting for such funds.
Internal Control	The whole system of controls, financial and otherwise established by management in order to carry out the functions of the Government in an orderly and efficient manner, ensure adherence to policies, safeguard assets and secure the completeness and accuracy of records.
Internal Controllers	Officers of the Ministry of Finance posted to Ministries/Departments responsible for providing assurance to Accounting Officers on the adequacy and effectiveness of internal control by carrying out independent internal audits of control systems.
Item	One of the individual components of a Vote of Expenditure (Personal Emoluments being one Item) or a Head of Revenue.
Management Accounting	The recording of financial information by objective heading; i.e. in relation to the intended purposes (the implementation of Government policies and programmes) of the income and expenditure.
Management Information	Using management accounting to monitor and evaluate performance by setting objectives, targets and budgets for identified cost or activity centres and measuring operational and financial achievements.
Minor Works	Works items each estimated to cost less than Rs 500,000 and financed from a one-line item.
New Proposal	A proposal for the inclusion in the Draft Estimates of Expenditure of provision for a change in any establishment or salary scale; or for any existing service involving expenditure greater.

than that provided in the current Estimates; or for any new Government activity or in the case of the Capital Budget the creation of a new project or an increase in the project value of an existing project.

Other Charges	All recurrent items of expenditure contained in the Estimates which are not personal emoluments.
Personal Emoluments	All items forming part of the emoluments of an officer including salary; personal, acting, duty, entertainment and clothing allowances.
Project Management	The detailed planning and control of capital projects from their inception to their successful completion, including appraisals, costings and post-implementation review to ensure that the desired results are achieved.
Provision for Contingencies	The Minister of Finance or the Financial Secretary by delegation authorizes “advance” provision within limits laid down by the Legislative Assembly through the Finance and Audit Act to meet urgent expenditure not provided for in the annual or approved Supplementary Estimates. Money spent under this authority must be covered by a Supplementary Estimate, at the first opportunity.
Public Accounts Committee	A standing committee of the Legislative Assembly, charged with the review of the annual accounts.
Public Debt	The total of unredeemed loans raised by the Government.
Reallocation (Virement)	The transfer of funds from one item of the Recurrent Budget to another within the same Vote or within the Votes of the Capital Budget.
Recurrent Budget	The part of the annual Estimates which deals with recurrent revenue and recurrent expenditure.
Recurrent Expenditure	Annual Expenditure on items which provide benefits mainly in the year in which the cost is incurred, comprising personal emoluments, other payments to officers and other charges for local and overseas purchases.
Recurrent Revenue	All revenue raised from taxes and other levies, used to finance recurrent expenditure.

Requisition to incur Expenditure	The means by which the Financial Secretary authorizes expenditure from items over which special control is exercised by the Ministry of Finance. These items are marked R.I.E in the Estimates.
Revenue Collectors	Officers designated to collect, on behalf of Government, some particular form of revenue upon issue of a receipt or licence.
Stores Officers	Officers of the Ministry of Finance posted to Ministries/Departments responsible for providing advice and assistance on supplies management to, and for undertaking procurement and storekeeping duties on behalf of Accounting Officers.
Sub-Head	A division of a Vote in the Recurrent Budget. Sub-head A is Personal Emoluments; sub-head B - Other Charges. Each sub-head is composed of items. Personal Emoluments is one item, which is broken down into sub-items.
Sub-Item	One of the individual components of the Item "Personal Emoluments".
Supplementary Appropriation Act	An Act validating the payment of expenditure out of the Consolidated Fund and the Capital Fund additional to that already authorized by an Appropriation Act.
Supplementary Estimates	Estimates presented to the Legislative Assembly during the course of a financial year, in which provision is sought for expenditure not included in the annual Estimates.
Supplementary Provision	The provision sought by means of a supplementary estimate.
Unallocated Stores	Common stores held for use by any department. They are accounted for both financially and numerically, purchased and held as a charge to one Vote item in the first instance, pending issue, when the cost is credited to that item and debited to another, namely the receiving item.
Unserviceable Stores	Items in stores which are not fit for issue but which have not yet been authorized for disposal.
Vote	A main division of the Expenditure Estimates.
Vote Control	See under Departmental Vote Control Record.

Vote on Account	Advanced provision to cover during a limited period requirements of the Government for recurrent and/or capital services which have received the approval of the Legislative Assembly in the previous year. This is only needed when for some reason a new financial year begins before the Appropriation Act is passed.
Vote 1 Department	Departments which are not grouped within any ministerial portfolio.
Value for Money	The basis of good financial management so that all activities and operations are carried out so as to achieve economy (e.g. paying less for what is bought), efficiency (e.g. buying the right things. in the right quantity, at the right time) and effectiveness (e.g. expenditure achieves its desired objectives).

VOLUME 20

GENERAL FINANCIAL PROCEDURES

VOLUME 20

FINANCIAL MANAGEMENT MANUAL

General Financial Procedures

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CHAPTER 20.1

INTRODUCTION

SUMMARY OF VOLUME 20

1. This volume expands on the broad concepts of financial management, set out in volume 10, by establishing the general procedures to be adopted. It is set out in a number of chapters as outlined below.
2. **Estimates** - the expenditure of the Government and the revenue necessary to finance this, are authorised by the Legislative Assembly by means of Estimates. Chapter 20.2 sets out the procedures required for the preparation and submission of Estimates.
3. **Management of Funds** - once the Estimates have been approved by the Legislative Assembly, Ministries and Departments are empowered to incur expenditure and receive revenue in accordance with the budgeted amounts. The procedures for this and for dealing with variations are set out In Chapter 20.3.
4. **Payments** - the general procedures to be applied by Ministries and Departments for making payments to employees or suppliers are set out in Chapter 20.4.
5. **Receipts** - the general procedures to be applied for the receipt of revenues are contained in Chapter 20.5.
6. **Cash Management** - revenue received and the means of making payments must be securely controlled, to prevent losses and fraud. The principal procedures for achieving this are set out in Chapter 20.6.
7. **Accounting** - all revenue received and payments made must be accounted for and recorded in the Government's Financial Statements. The general procedures to be adopted are contained in Chapter 20.7.
8. **Management Accounting** - the requirements of and procedures for management accounting and management information to plan, monitor and control the achievement of policy and programme objectives are set out In Chapter 20.8.
9. **Computerised Accounting Systems** - the procedures to be followed for the development of computerised accounting systems and the controls required over their use are contained in Chapter 20.9.
10. **Miscellaneous** - there are a number of procedures required for specific types of transactions and these are outlined in Chapter 20.8. This Chapter also contains further guidance on the responsibilities of Accounting Officers and Finance Officers.

11. The aim of this part of the manual is to build upon the framework, set out in Part 10 (Basic Principles), for effective financial management, by establishing general financial procedures which, together with other management controls, will ensure that the financial transactions of Ministries and Departments are carried out in a controlled, consistent and acceptable basis, and are properly accounted for. These general procedures are binding on all Accounting Officers as they represent the safeguards that are necessary when dealing with public funds. Nonetheless, there is scope for flexibility in their detailed application through the development of Departmental Instructions. However, to ensure that such instructions are compatible with the established framework, they must be subject to approval by the Ministry of Finance after consultation with the Director of Audit.

CHAPTER 20.2

ESTIMATES

INTRODUCTION

1. It is a fundamental principle of financial management in Government that the annual estimates, and the corresponding Appropriation Act, limit and arrange the expenditure of the Government for the year to which they refer. They are designed to show clearly the amount of money to be spent on each individual service (recurrent and capital) and to set out the authorised establishment. They are intended to cover all foreseeable expenditure but not to make provision for contingencies. They also set out the various sources of revenue necessary to finance Government expenditure.
2. Expenditure should only be incurred within the amounts provided for:
 - (a) by the Legislative Assembly in approving the annual estimates and the Supplementary Estimates;
 - (b) by reallocation of provision within an approved estimate whether annual or supplementary under the authority of a reallocation warrant; and
 - (c) by advances from the Contingencies Fund under the authority of a Contingencies Provision Warrant.
3. Any officer in control of a Vote who incurs excess expenditure without such authority does so at his sole responsibility, and will consequently be held personally responsible for his actions. This means that an officer can be called upon to meet unauthorised over-expenditure from his own purse should the Public Accounts Committee - to which body the Government will refer such cases - so recommend.
4. In addition, funds may not be committed in anticipation of Legislative Assembly's approval, or Contingencies provision, or reallocation. Where it is considered essential that such commitments must be entered into, e.g. to ensure the continuity of any supplies or services which have been previously approved In principle by the Legislative Assembly, the prior concurrence of the Ministry of Finance must be obtained.
5. The Estimates are divided into two main divisions - the Recurrent Budget and the Capital Budget. They are central to the Government system of financial management and thus great care and attention to detail is essential in their preparation and submission. Authorisation may be through the Annual Estimates, Supplementary Estimates, Reallocation, or Advances from the Contingencies Fund. The purpose of this chapter is to set out the procedures to be followed for each of these. Copies of the Finance Forms referred to are included at Appendix I.

Annual Estimates

FORM OF THE RECURRENT BUDGET

6. The Recurrent Budget is divided into Heads of Revenue and Votes of Expenditure. Each Head of Revenue is again divided into items and each Vote of Expenditure into subheads, each subhead may cover a number of items. Subhead A is Personal Emoluments, which is controlled as one item, and which gives a breakdown of the establishment into number of posts, titles, salaries and allowances. Subhead B is Other Charges, within it are all the Other Charges Recurrent, and items of a non recurrent nature other than works. There is a separate Vote of expenditure for every Department or equivalent, for Ministries and for their associated Miscellaneous Services. The Recurrent Budget is financed from the Consolidated Fund.

FORM OF THE CAPITAL BUDGET

7. Like the Recurrent Budget, the Capital Budget is divided into Heads of Revenue and Votes of Expenditure. Each Head of Revenue and each vote of Expenditure is divided into items. There are three Votes of Expenditure - Loans by Government for Capital Purposes, Project Expenditure and Reserve. The items under the Loans Vote represent individual loans by Government to parastatal bodies and the private sector and are classified under the controlling Ministries. The items under the Project Expenditure Vote represent capital projects, whether or not involving works, which are grouped under the controlling Ministries and associated Departments and Divisions. The amount provided under the Reserve Vote is to be used for reallocation to other Capital Votes as and when necessary. Further details on the format of the Expenditure side of the Capital Budget together with the procedures for the preparation of Estimates are given at paragraphs 43 to 55 below.
8. The Capital Budget is financed through the Capital Fund into which the proceeds of loans and grants, revenue from investments and the annual contributions from recurrent revenue are channelled. In approving the Capital Budget the Legislative Assembly is concerned with the application of the monies in the Fund and is not, technically speaking, "voting" the money. For this reason sums appropriated for particular purposes do not generally lapse at the end of each year.

ESTIMATES TIMETABLE

9. The compilation of the Estimates from the mass of individual estimates is an involved process to be undertaken within strict time limits, it is therefore essential that the dates for the submission of the estimates by departments, etc., which are set annually by the Ministry of Finance, are observed and that the procedures contained in this chapter are followed.

PREPARATION OF RECURRENT EXPENDITURE ESTIMATES

10. The Ministry of Finance will annually call for the estimates of expenditure by a circular setting out the dates by which the estimates should be submitted and the conditions governing their preparation; a specimen form, giving the lines on which the estimates are to be drawn up will be attached to the circular.

11. A new proposal is defined as “a proposal for inclusion in the draft Recurrent Budget for a change In any establishment or salary scale; or for any existing service involving expenditure greater than that provided in the current Estimates or for any new Government activity.”
12. Each Ministry/Department should set out Its new proposals in order of priority in two categories using the appropriate forms:-

Category A ... Establishment proposals

Category B ... Other Charges
13. Each form should contain a brief justification and explanation of every new proposal; an estimate of the cost; a comparison with provision already sanctioned in the current Estimates; a reference to any Capital Budget provision to which the new proposal may be linked; and . in the case of Category A items - details of the posts and salary scales involved; an explanation of the duties attached to them; and reference to any relevant documents or report. A copy of proposals for the creation of new posts should be sent to the Permanent Secretary, Ministry for Civil Service Affairs.
14. Explanatory details are also required for other than new proposals as follows:
 - (a) Personal Emoluments - a breakdown of the establishment, salary costs and amount provided for each sub-item. The circular contains details of the basis for this calculation;
 - (b) Reimbursement - full details must be given of every reimbursement which will be received against items of expenditure in the Vote. The details must show, in addition to the amount of reimbursement payable against each individual item, the sources from which It will be met, the authority for it, and the supporting calculation; and
 - (c) Stores and Equipment . departments should estimate the total sum they wish to commit - i.e place orders against - in the coming financial year. Estimates should not include any provision for stores ordered in a previous year.
15. The estimates after preparation by the departments should be sent together with the supporting documents and explanations to the appropriate Ministry which will examine, discuss and amend the draft as necessary. The Ministry should submit two copies to the Ministry of Finance, together with a memorandum containing such comments, recommendations and amendments as it may wish to make.
16. The Ministry of Finance will convene a meeting to discuss the Estimates including the new proposals of each Department and representatives of the Department and parent Ministry concerned and of the Permanent Secretary, Ministry for Civil Service Affairs will be invited to attend. Each Ministry/Department will be provided with printed sheets which show the Vote as it appears in the current estimates, plus columns in which to insert the detailed estimates for the coming year. All new proposals of the Ministry/Department must be shown at the foot of each sheet; the existing numbers must not be changed.

17. The Ministry/Department should fill the printed sheets and return them to the Ministry of Finance as soon as possible, which will forward them for printing. The printed proofs will be returned to the Ministry of Finance and forwarded to the officer concerned with the detailed preparation of the vote in each department. It is the responsibility of the recipient to check the proof in detail for accuracy and to return it to the Ministry of Finance without delay. The proof will then be printed off and no subsequent amendment will be made to the printed draft Estimates prior to its submission to the Legislative Assembly.
18. Footnotes for inclusion in the draft Estimates must be purely factual. They are intended to explain variations from the previous years estimates e.g. 'transfer of provision or posts to another Vote or item, creation of new or additional posts since the previous estimates, new or additional posts required or any change involving a new principle or activity.

PREPARATION OF REVENUE ESTIMATES

19. Estimates of Revenue for both the Recurrent and Capital Budgets will be called for direct by the Ministry of Finance, and should be submitted on Finance Form 10. Departments should give concise explanations in the columns provided where there is an appreciable difference between the approved and revised Estimate, or between the revised Estimate and that submitted for the coming year. In the case where a new source of Revenue arises (i.e. one not provided for in current estimates) the reporting department should complete a separate Finance Form 10, in respect of each such new source.

AMENDMENTS TO PRINTED DRAFT ESTIMATES

20. On occasions the Minister of Finance may have to propose amendments to the printed draft Estimates before they become the approved Estimates. These amendments will be included in a Schedule and circulated to the members of the Legislative Assembly before the Assembly is due to examine the details of the draft Estimates in Committee of Supply.

REVISED ESTIMATES OF REVENUE AND EXPENDITURE

21. The Ministry of Finance will call for revised Estimates of revenue and expenditure for the current year by circular. Replies should be submitted to the Ministry of Finance, on Finance Forms 12 and 13. The purpose of obtaining these revised Estimates is to enable the Ministry of Finance to present a picture of the outturn of the current year when presenting the Estimates for the coming year to the Legislative Assembly. The revised Estimates are also of considerable value in assessing the accuracy of the individual draft Estimates for the coming year.

BUDGETRY CONTROL

22. Budgetary Control throughout the financial year is an essential element of financial management to monitor the progress of revenue and expenditure and to take timely remedial action in case variations arise. To the end, returns on appropriate forms are to be rendered monthly or at such other intervals as the Ministry of Finance may prescribe by circular. It is important that these returns should be completely filled in to provide all the details asked for and submitted to the Ministry of Finance by the date prescribed. This is in addition to the submission of the revised estimates of Revenue and Expenditure called for at the time of the preparation of the estimates for the ensuing year referred to in paragraph 21 above.
23. In order to further assist the Ministry of Finance in making a realistic forecast in connection with the preparation of the Annual Draft Estimates and to help in the examination of the Government final accounts by the Public Accounts Committee, Accounting Officers should submit to the Ministry of Finance in respect of every financial year explanatory notes on discrepancies between actual revenue and expenditure and the amount provided in the original estimates.
24. The explanatory notes should cover each item of revenue and expenditure where the discrepancy is more than 20% of the original provision or Rs 50,000 whichever is the lesser. Reference should be made in the explanatory notes to any supplementary provision which was approved under the item in the course of the relative financial year either in the Estimates of Supplementary Expenditure (paragraphs 26 - 35) or in Reallocation (Chapter 20.3 - paragraphs 20 - 32) or Contingencies Fund Advance Warrants (paragraphs 36 - 37).
25. The explanatory notes should be prepared within three months of the closing of the accounts, submitted to the Ministry of Finance for circulation to the members of the Public Accounts Committee, and copied to the Director of Audit. Nil returns should be submitted where applicable.

SUPPLEMENTARY ESTIMATES

26. The paragraphs which follow deal with the procedure for obtaining supplementary provision in a Supplementary Estimate.
27. Applications for supplementary provision will only be considered when the Ministry of Finance has examined the following aspects:-
 - (a) that the voting of the additional money is manifestly in the public interest;
 - (b) that the need is so urgent that provision cannot be delayed until the next annual Estimates are approved,
 - (c) that failure to foresee the expenditure when the current annual estimates were framed was due to reasonable causes; and

- (d) that the monies required cannot be found by reallocation in the light of the principles governing reallocation as prescribed in Chapter 20.3 paragraphs 20 - 32
28. No suggestion should be made therefore either to the public or to departmental officers that a request for supplementary expenditure will be or is likely to be approved by the Legislative Assembly, prior to such approval; nor must any officer enter into any commitment in advance of such approval.
29. Application for supplementary provision under the terms of the preceding paragraphs are to be submitted on Finance Form I; this form is to be used for application for supplementary provision, reallocation and “advance” provision on account of Contingencies. The application, which must be expressed to the nearest ten rupees, should be initiated in the department concerned, and submitted to the appropriate Ministry, with a memorandum attached setting out the reasons for the application. These reasons must fulfil all the requirements listed in paragraph 27 above. No covering letter is necessary.
30. The application is then considered in the Ministry. If it is recommended for approval, the form should be completed and a copy forwarded to the Ministry of Finance. No covering letter is necessary, unless, the Ministry wishes to elaborate on the departmental memorandum. A copy should be retained in the Ministry.
31. The application will be closely examined in the Ministry of Finance to ensure that it fulfils the requirements set out in paragraph 27 above, and that the purpose is in fact essential and not merely desirable. The number of Supplementary Estimates is normally limited to two each year on the basis that, save in exceptional circumstances, even proposals approved on grounds of general policy shall await the next annual Estimates.
32. Ministries and Departments should therefore note, in following the procedures, that there will be normally only two opportunities for seeking supplementary provision each year, usually in:-

October: requests for supplementary provision the need for which (a) has appeared in the period April - June of the preceding financial year and/or (b) has appeared in the period July - September in the current financial year and/or (c) is expected to appear in the remaining part of the current financial year.

April: requests for supplementary provision the need for which has appeared in the period October - March in the current financial year or is expected to appear before the end of the current financial year.

Thus in cases where the use of the Contingencies Provision procedure (see paragraphs 36 - 39 below) or the reallocation procedure (see Chapter 20.3) is not approved, it will be necessary to wait up to six months before funds can be made available.

33. If the Ministry of Finance does not approve submission of an application for supplementary provision to the Legislative Assembly, the appropriate Ministry will be informed by a memorandum giving the reason for its rejection. If it is approved for such submission, then the details of the application are included by the Ministry of Finance in a Supplementary Estimate Schedule. It is this schedule which is in due course, after approval in Cabinet, submitted to the Legislative Assembly sitting in Committee of Supply for its consideration.

34. If the Legislative Assembly has, not approved the application, the appropriate Ministry/Department will be informed by a memorandum issued by the Ministry of Finance. If approved, the Minister of Finance issues a Supplementary Estimate warrant (Finance Form 3) to the Accountant-General for action; this is copied to the Director of Audit. The Minister of Finance may delegate his powers to the Financial Secretary.
35. On receipt of the warrant the Accountant-General issues Finance Form 4 - a Supplementary Provision Advice - in duplicate, one copy being sent direct to the appropriate Minister for his Information. On receipt of this advice the department concerned may incur or commit the expenditure authorised.

PROVISION ON ACCOUNT OF CONTINGENCIES

36. The Minister of Finance may, following an application for supplementary provision for a new service or for an extension to an existing service (assuming that a reallocation is not possible or not acceptable), authorise advance provision on account of Contingencies. The Legislative Assembly in approving the use of this procedure has set a limit to the provision, which may remain uncleared at any one time, and the use of this provision is under the control of the Minister of Finance who is answerable to the Legislative Assembly for its proper use. The Minister of Finance may delegate his powers to the Financial Secretary.
37. It is emphasized that the Contingencies provision applied for should be only for the amount actually required and must not therefore remain totally or partially unutilized after issue, as this would result in funds which could be profitably used elsewhere being blocked due to the ceiling of the Contingencies Fund, No application for Contingencies provision will be entertained unless documentary evidence is produced to prove the correctness of the amount required and the absolute urgency of the service.

TOKEN PROVISION ON ACCOUNT

38. In certain circumstances no additional money needs to be provided for new items of essential expenditure which must be met at once, because such money can be provided by reallocation; but the creation of a new item of Personal Emoluments, Other Charges, or (with the approval of Cabinet) Capital expenditure is necessary before any expenditure can be incurred. This can be done by the Minister of Finance approving the creation of the new item by the provision of a 'token' sum of advance provision on account of Contingencies, which must, as for any other Contingencies provision, be covered by a Supplementary estimate at the first opportunity and by the Minister of Finance laying on the table of the Legislative Assembly, for the information of members, a copy of the Contingencies Provision Advance Warrant, together with the supporting schedule. For accounting purposes, the item need not be treated as a Contingencies one with a separate "advance" record in the Accountant-General's books as is the case for non-token provision - it may be treated as any ordinary item of expenditure.

39. The Minister of Finance will, if “advance” provision on account of Contingencies is approved, sign a Contingencies Provision Advance Warrant (Finance Form 5) in order to convey the necessary authority. This Form will be passed to the Accountant-General and copied to the Director of Audit. On receipt of the form the Accountant-General will issue a Contingencies Provision Advice (Finance Form 6). This form will be addressed direct to the department concerned, with a copy to the appropriate Ministry. On receipt of the form the department may incur or commit expenditure up to the amount of the authorized provision.

ESTABLISHMENT MATTERS

40. Authority for establishing new posts and emoluments attached thereto, changes in salary scales, additions to the number of existing posts or alterations in their wages can only be conveyed by an order made by the Governor-General under the Civil Establishment Act and thereafter approved by the Legislative Assembly by way of Resolution. Provision for salaries in the estimates should be in accordance with the scales provided in the Civil Establishment Orders. As regards temporary posts not covered by the Civil Establishment Act, the authority for any change or alterations is expressed by the provision in the approved annual estimate, or through Supplementary Provision or Contingencies Provision.
41. However, applications to exceed the authorised establishment for a period of less than six months to cover an overlap, or a short secondment on special duty; or applications temporarily to increase the cadre of a lower paid grade, against a corresponding reduction in a higher paid grade, may be authorised by the Permanent Secretary of the Ministry for Civil Service Affairs without reference to the Legislative Assembly. Applications on these lines should therefore be submitted by Ministries (or by departments to the appropriate Ministry), and thence to the Permanent Secretary of the Ministry for Civil Service Affairs by memorandum in the normal way.
42. Provision for the other items shown under “Personal Emoluments” (Extra Assistance, Overtime, Extra Duty Allowance, Acting and all other Personal Allowance) should be made in the draft estimates with full details in an accompanying memorandum for the total amount which it is expected will become payable in the budget year. If no provision is made in the estimates, the item must first be created (possibly with a token provision) by using supplementary provision procedure or by applying for an advance from the Contingencies Fund before payment can be effected. Savings under Personal Emoluments as a whole may be used to supplement individual provisions made under that sub-head. Payment of allowances under Personal Emoluments will be made in accordance with the rules laid down in General Orders Establishment, It is emphasized that in the case of overtime, responsibility for control over payment rests entirely with Accounting Officers.

THE CAPITAL BUDGET

43. The Expenditure side of the Capital Budget, as outlined in paragraph 7, is divided into three votes: Loans by Government for Capital Purposes, Project Expenditure and Reserve. All the major capital requirements of Ministries/Departments are divided among these Votes.

44. Both the Loans Vote and the Project Expenditure Vote are laid out in the approved estimates so as to show the Project Value, cumulative expenditure to date, and thus the unspent Balance of the Project Value as well as the Estimates for the current financial year.
45. Projects and Project Values refer to the items, description and figures, appearing in the Capital Expenditure Estimates which represent the Capital Expenditure Programme. The Capital Estimates which incorporate the Capital Expenditure Programme after approval by the Legislative Assembly define and limit the total money which may be spent on the project concerned. Thus no work should start, no contract should be let and no stores or equipment should be ordered which might commit the Government to a total expenditure on any project in excess of the approved Project Value.
46. The Project Value should be sufficient to provide finished projects that are complete and are not dependent upon the execution of any additional works to bring them into full economic use. Such additional works would not have been included in the project value as approved, by the Legislative Assembly and would therefore commit Government in advance to additional and undefined expenditure for which no sanction exists.
47. The project value may be increased with the approval of the Legislative Assembly or by the Minister of Finance within a permitted limit of Rs 500,000 as prescribed in the Capital Fund Regulations 1974, if circumstances so warrant as work on the project progresses.
48. The Minister of Finance may, with the approval of the cabinet, create new projects or increase the project value of any existing project in excess of Rs 500,000. The action taken and the reasons must be reported to the Legislative Assembly at its next meeting.
49. Estimates for the budget year represent the provision available for the financial year to which the budget refers. This sum may be increased during the year by provision in a supplementary estimate or by reallocation, but only to the extent of the balance of the project value and/or by an increase in the project value appearing in the approved Estimates. The Minister of Finance may increase the project value within the permitted limit of Rs 500,000.
50. The use of the Capital Fund generally permits the use of funds already voted but unspent, up to the difference between the total amounts previously voted on any item and the actual expenditure on it to the end of the financial year preceding the budget year. Thus provided the item is included in the Estimates, commitments entered into in previous years can be met. Where it is considered possible that charges will arise in the budget year for a project scheduled to be finished in the previous year, a token sum (of Rs 10) should be inserted in the Estimates for the budget year. If a token sum is not provided or the item has not been repeated, then token supplementary provision is required and should be sought in the usual manner. It will be normal for a Department to include such a token sum for one year, for there are frequently late debits, but abnormal for this to be needed for two successive years.

PREPARATION OF CAPITAL EXPENDITURE ESTIMATES

51. The Ministry of Finance will annually call for the estimates of project expenditure by a circular setting out the date by which the estimates should be submitted and the conditions governing their preparation. A specimen form giving the lines on which the estimates are to be drawn up will be attached to the Circular. The estimates on Form 11 should include all new proposals and proposed increases in project values and their supporting details as follows:-
 - (a) a description of the new Project or the reason for the increase in the Project Value of a current Project;
 - (b) an explanation as to the urgency of the proposal;
 - (c) whether equivalent savings could not be quoted from other Projects within the Minister's portfolio; and
 - (d) the new Project Values and the proposed phasing of expenditure over the ensuing years.
52. To assist in the preparation of the draft estimates, Ministries/Departments which have issued departmental warrants for works to be carried out or supervised by the Ministry of Works should obtain from the latter the revised estimates of expenditure for the financial year then current and the amount of money likely to be needed in the forthcoming year to complete or continue projects included in the approved estimates. For works let to private contractors, similar details should be called for.
53. Estimates under the Loans Vote, which covers those cases in which money is being loaned by Government to parastatal bodies and the private sector to provide them with capital (loan or working) to carry out approved capital projects, should also be prepared on Finance Form 11. New proposals should be detailed separately.
54. Completed draft estimates for both Project Expenditure and the Loans Vote should be submitted to the Ministry of Finance and copied to the Ministry of Economic Planning and Development. The Ministry of Finance will convene a meeting to discuss the Estimates including the new proposals of each Ministry/Department and representatives of the controlling Ministries/Departments and of the Ministry of Economic Planning and Development will be invited to attend.
55. As soon as the examination of the Capital Votes is completed, the Ministry of Finance will prepare the Vote Estimate for printing. The printed proof will be checked for accuracy by the Ministry of Finance and be printed off. No amendment will thereafter be made to the printed draft Estimates prior to its submission to the Legislative Assembly.

CAPITAL WORKS PROJECTS

56. Works undertaken on behalf of the Government have been categorised as follows:-

CATEGORY A: Major works above Rs 500,000 in value

CATEGORY B: Minor works not exceeding Rs 500,000 in value

CATEGORY C: Minor repair, maintenance and installation works

The procedures to be followed for the preparation of technical specifications, award of contracts and supervision of works in respect of each of these categories are described below.

CATEGORY A - MAJOR WORKS

57. Once a Project Value is approved, the Ministry of Works may, on the request of the controlling Ministry, either carry out the work itself or arrange for the letting of contracts, through the Central Tender Board, provided that no more is spent in each financial year than is authorised for that year, or can be made available within the Project Value by re-allocation from elsewhere. Work on the projects should be so planned that it may continue uninterrupted into the next financial year and until completed, whilst keeping within the financial limitations not only of the Project Value, but also of that part of it shown as provision for the year in question.

CATEGORY B - MINOR WORKS

58.1 A Commissioning Ministry/Department may, in respect of minor work costing more than Rs 20,000 but, not more than Rs 500,000.

- (i) request the Ministry of Public Infrastructure to
 - (a) carry out the work; or
 - (b) arrange for the letting of contracts; or
- (ii) itself arrange for the letting of contracts.

58.2 Where the Ministry of Public Infrastructure arranges for the letting of contracts, the specifications and drawings in relation to the work shall be submitted to the Ministry of Public Infrastructure for vetting, and, where appropriate, for assessment of the project costs.

58.3 Where the Commissioning Ministry/Department arranges for the letting of contracts, it may, after consultation with the Ministry of Public Infrastructure, retain the services of private consultants for the preparation of plans, and/or for supervision works.

58.4 Notwithstanding para. 58.3, the Ministry of Public Infrastructure shall be responsible for the general supervision of works.

- 58.5 The Tender Committee of the Ministry of Public Infrastructure or of the Commissioning Ministry/Department, as the case may be, shall –
- (i) invite tenders from at least three registered contractors; and
 - (ii) after evaluation of the tenders, award the contracts.
- 58.6 For the purpose of implementation of minor works referred to in para. 58.1, the Ministry of Public Infrastructure shall –
- (i) maintain a register of private consultants who could assist Ministries/Departments in the preparation of specifications and drawings; and
 - (ii) maintain a register of contractors who could execute works of the value of up to Rs 500,000.
- 58.7 The Ministry of Public Infrastructure shall –
- (i) regularly update; and
 - (ii) circularize to all Ministries/Departments,
- the registers referred to in para. 58.6.

CATEGORY C - MAINTENANCE, REPAIR AND INSTALLATION WORKS

60. Provided the cost of execution does not exceed the amount that may be disbursed from the Ministry's/Department's Imprest Account, and provided the matter is not of a nature to require technical advice from the Ministry of Works, Accounting Officers are empowered and expected to take initiatives so that minor maintenance, repair and installation works are carried out in the shortest possible time, so as to minimise inconvenience to users and so as to ensure maximum service standards. In this respect, the services of registered private contractors, and, where necessary, of registered private consultants may be resorted to if the Ministry of Works or the Electrical Services Division, as the case may be, is not in a position to complete the work in due time.
61. For the purpose of implementation of minor maintenance, repair and installation works referred to in paragraph 60, each Ministry/Department should maintain:-
- (a) a list of its registered minor works contractors; and
 - (b) a list of registered private consultants in the relevant fields.

ADVANCE ORDERING OF STORES

62. The Project Value of a works project will usually contain an element for stores. In certain continuing projects this element may be very large. The annual provision for a works project is, however, normally related to the work intended to be done in that year, rather than the monies that must be committed (but not necessarily spent in that year) on the ordering of stores.

63. In order to prevent unnecessary delays, advance orders may be placed, and funds thereby committed, up to the extent of the stores element in any project Value, provided that total expenditure during the year, on both stores and work, does not exceed the actual provision, and is within the Project Value, or as enhanced by re-allocation from the Capital Votes. Ministries/Departments should not place advance orders in anticipation of the issue of additional provision by the Ministry of Finance which must first be consulted in order to ensure that adequate funds will be available at the time the stores orders become due for payment.

BUILDING PLANS COMMITTEE

64. The Building Plans Committee is an important link in the system of financial control over expenditure on capital works. It is advisory to the Minister of Works, who is responsible for authorizing, at the request of the commissioning Ministry/Department, the construction of works for which provision has been approved. It consists of the Permanent Secretary of the Ministry of Works or his representative (Chairman), a representative of the Financial Secretary, a representative of the Ministry of Economic Planning and Development and the Chief Engineer of the Ministry of Works or his representative. Its terms of reference are to examine all building relating to works projects included in the Capital Expenditure Estimates which have a project value of Rs 1,000,000 or above, in order to ensure, inter-alia:-
- (a) that the maximum economy in design compatible with the retention of sound building standards and the needs of the commissioning Ministry/Department is obtained;
 - (b) that the type of building proposed is suitable for the site selected;
 - (c) that maximum standardization of building materials is achieved; and
 - (d) that considerations of architectural merit are not lost sight of in the pursuit of functional convenience.
65. The first stage in the preparation of plans for a new Government building or major extension is the submission, by the commissioning Ministry/Department, of a schedule of accommodation required. This should show the number and approximate size of the rooms required, and their purpose, with an indication of how they should be grouped for convenient working, and should be forwarded through the Ministry concerned, to the Ministry of Works. Once the Architects have worked out their preliminary sketch plans of the layout of the accommodation, in full consultation with the Ministry/Department concerned and obtained the clearance of the Ministry of Health, the Ministry of Housing, Lands and Town and Country Planning, and Fire Services, the following will be forwarded to the Chairman of the Committee:-
- (a) the proposed layout;
 - (b) sketches of the completed building;
 - (c) a schedule of general specifications, indicating the materials and form of construction proposed;
 - (d) a detailed estimate of cost; and
 - (e) bills of quantities - when available.
66. The Committee will then examine these plans. The Ministry concerned will be invited to attend with a representative of the commissioning Ministry/Department and to indicate its acceptance of the plans, to be confirmed in writing. The approved sketch plans are thereafter submitted to the Minister of Works for final authority to proceed with the works.

67. Projects having a value of less than Rs 1,000,000 are also subject to the approval of the commissioning Ministry/Department and the Ministry of Works but do not require the prior approval of the Building Plans Committee.
68. If the Ministry of Works is not in a position to carry out the works, it should seek the services of the Development Works Corporation or arrange the letting of contracts after appropriate Tender procedures have been followed. Except as provided for in paragraphs 58 to 61, a commissioning Ministry/Department should not deal direct with the Development Works Corporation or with any other contractor as the Ministry of Works is solely responsible for drawing up or approving building plans, supervising the works and issuing certificates for payment purposes. This enables the Ministry of Works to be in a position to take over the new buildings and ensure their subsequent maintenance.
69. The Ministry of Works should not accept or make any other than minor technical modifications to the requirements agreed with the commissioning Ministry/Department after it has been approved by the Committee. If any such change is required by the commissioning Ministry/Department at a later stage before or during construction then it should be brought to the attention of the Ministry of Works with copies to the Ministry of Finance and the Director of Audit. If in exceptional cases during the development of working drawings, substantial variations from the proposals approved by the committee are found to be necessary, then the committee's approval must be obtained. No further alterations or departure from approved plans should be made once they have been finally approved by the Ministry of Finance.

CHAPTER 20.3

MANAGEMENT OF FUNDS

INTRODUCTION

1. Once the Annual Estimates have been approved, Ministries/Departments are authorised to incur expenditure within the limits contained therein, except for items marked RIE in the Estimates (see paragraph 5 below). In order to ensure that these limits are not exceeded, it is essential that rigorous budgetary control procedures are followed. This is done through the maintenance of “Vote Control Records” as described in this Chapter.
2. When an officer controlling a vote authorises another officer to incur expenditure on his behalf, this is done by means of a Departmental Warrant, as set out in paragraphs 14 to 19.
3. In certain circumstances, it may be necessary and desirable to transfer some estimate provision from one vote item to another. The limitations of and the procedures for this transfer, known as Reallocation or Virement are described in paragraphs 20 to 32 of this Chapter.
4. A failure to apply adequate budgetary control procedures, or to reallocate estimate provision, may result in unauthorised excess expenditure. The consequences of this, which are serious, and the procedures to be followed are set out in paragraphs 33 to 42.

REQUISITION TO INCUR EXPENDITURE (RIE)

5. Some items in the Annual Estimates are marked as RIE and require further approval before expenditure may be incurred. Authority for expenditure under these items must be obtained by the Accounting Officer for the vote item submitting a Requisition to Incur Expenditure (on Accts F 288) to the Ministry of Finance for approval.

BUDGETARY CONTROL

6. Budgetary control is one of the most important aspects of financial management. Failure to operate adequate budgetary control may result in excess expenditure which the responsible officer may be required to refund from his own purse.
7. Budgetary control should be maintained through the use of Vote Control Records for both recurrent and capital budgets. The procedures to be applied manually, using Vote Control Books are detailed in Appendix II, and the principles are summarised below. These principles are equally valid for Ministries/Departments with computerised accounting systems, but their detailed application will be determined in accordance with the system introduced. Thus an important consideration in selecting a computerised accounting system must be the ability to incorporate adequate budgetary control. As such systems are introduced, the Ministry of Finance and the Accountant General will issue further guidance on appropriate budgetary control procedures.

8. The ultimate responsibility for budgetary control lies with the Accounting Officer for each Ministry/Department. However, each Operational Manager is responsible for both the operational and financial performance of the unit or activity under his control. Accordingly, operational managers should have delegated responsibility for the authorisation of payments, receipt and collection of revenue, and control and monitoring of expenditure and income against the proportion of the budget allocated to their activities. The procedure for the delegation of authority to incur expenditure, through Departmental Warrants, is described in paragraphs 14 - 19.

VOTE CONTROL RECORDS - RECURRENT BUDGET

9. The purpose of these records, for each vote item, is to maintain an up to date record of the amount of expenditure which has been authorised to incur, the expenditure already incurred or committed and the balance of funds available for further expenditure. It thus follows that they must be completed promptly and accurately.
10. Since the main Accounts and Financial Statements of the Government are maintained and prepared by the Accountant General, it is essential that his records are in accordance with Departmental Vote Control Records. This requires the reconciliation of Vote Control Records with the Treasury Statements on a monthly basis. In the case of non-self accounting Ministries/Departments this involves the checking of each and every entry, but for self-accounting departments only the totals of each vote item are required.
11. The following details should be entered in the Vote Control Records for each vote item, with a new record being prepared each year:
 - (i) Vote and Item Number;
 - (ii) Description of Vote Item;
 - (iii) Amount of Authorised Provision from
 - General Warrant (Annual Estimates) or Departmental Warrant (see paragraphs 14 to 19 below), plus
 - Supplementary provisions, plus or minus
 - Reallocations;
 - (iv) Amount of each payment authorised e.g. from payment vouchers for local purchases, from payroll for personal emoluments, from journal vouchers for stores requisitions, from notifications for overseas indents etc;
 - (v) Estimated value of anticipated expenditure i.e. commitments entered into but not yet paid; and

(vi) Unallocated balance remaining i.e. provision minus payments and outstanding commitments.

See Appendix II for detailed guidance on the maintenance of Manual Vote Control Books.

VOTE CONTROL RECORDS - CAPITAL BUDGET

12. The general principles in paragraphs 8 and 9 above for the recurrent budget also apply to the capital budget, however, the records are maintained for each project instead of vote item. The Capital Vote Control Records fulfil two objectives:
- (i) the control of expenditure on the project against the approved project value; and
 - (ii) the control of expenditure against the voted sum available in any one year.

Thus, unlike the recurrent budget records, the balances from the previous year are brought forward.

13. Similar details should be entered in the Vote Control Book for each project as those in paragraph 10 above. However, the authorised provision or voted sum available in any year will consist of:
- (a) new provision from the current year's budget, plus
 - (b) supplementary provisions during the year, plus or minus
 - (c) sums reallocated to or from the project during the year

See Appendix II for detailed guidance on the maintenance of Manual Vote Control Books.

DEPARTMENTAL WARRANTS

14. When an officer controlling a Vote authorizes another officer to incur expenditure on his behalf, he should do so by means of a Departmental Warrant (Finance Form 14) addressed to the officer concerned with copies to the Accountant-General and the Director of Audit. The Warrants should state the nature of the service, etc., and the amount of the allocation. The full sum allocated should be recorded in the Vote Control Record of the issuing department as a Commitment. The officer to whom a Warrant is issued must maintain a detailed record of expenditure and commitments against it in his Vote Control Record, treating the amount allocated exactly as if it were an item in the estimates under his control.

15. Vouchers drawn against a Departmental Warrant should record the authority for expenditure by quoting the DW reference number. Departments issuing Departmental Warrants are responsible for reconciling the Treasury Monthly Statement of Expenditure with entries in their Vote Control Records at the end of each month. To enable this reconciliation to be made, the spending department should provide to the issuing department at the end of each month details of expenditure incurred during that month against the departmental warrant by means of an Accounts Form 89. Entries in the Treasury Statements which issuing departments are still unable to identify should be extracted and referred to the departments holding the warrant for identification.
16. Under no circumstances should expenditure be incurred in excess of the amount stated in the Departmental Warrant. If it appears that the provision may prove insufficient, the officer to whom the Warrant was issued should apply to the officer controlling the Vote for a further Departmental Warrant for the additional funds required. If satisfied that the expenditure is necessary and that funds are available, the Ministry/Department should issue a Supplementary Departmental Warrant. It must be emphasized that approval of the application must not be anticipated and an officer incurring unauthorized expenditure will be liable to be surcharged with the whole or part of such amount.
17. All Departmental Warrants lapse at the end of each financial year. Where necessary a fresh warrant should be issued at the start of the new financial year.
18. Departmental Warrants may be used either where certain work is to be carried out by another Ministry/Department (after obtaining the agreement of the Ministry or Department concerned and an estimate of the cost), or for the purpose of devolving control of all or part of a particular item to an officer in charge of a unit or branch of the same Ministry or Department. Such devolution within a Ministry or Department in no way limits either the responsibility of the Ministry/Department for ensuring the most economical use of the monies voted, or the ultimate responsibility of the Accounting Officer; however it also devolves to the holder of the warrant responsible for ensuring that the expenditure authorized is not exceeded.
19. The officer controlling any vote has full discretion to allot all or part of a vote, or item, and to keep a reserve if he wishes; similarly a Departmental Warrant can be cancelled at any time, the unspent balance reverting to the main vote. In such cases the cancellation should be copied to the Accountant-General and the Director of Audit.

REALLOCATION OR VIREMENT

20. Within the ambit of single vote it may be that, as a result of circumstances which could not have been foreseen when the annual Estimates were framed, additional provision is required on a particular item while at the same time equivalent savings can be made on another item of the same Vote Funds can accordingly be transferred from one item to another. This procedure is known as reallocation or virement.

LIMITATIONS ON USE OF REALLOCATION

21. There are certain limitations upon the use of this procedure. They are as follows:
 - (a) money may NOT be reallocated between different Votes; except in the case of the Capital Budget;

- (b) money may NOT be reallocated to create a new item except in the case where it is necessary to open a new item of charge to cover any losses to which write-off approval may be given in accordance with financial instructions, and which may involve a charge to an expenditure vote;
 - (c) money may NOT be reallocated to create a new post or to alter any salary scale;
 - (d) money may NOT be reallocated in the Capital Budget if the result would be to make funds available in excess of the project value of the receiving item;
 - (e) money may NOT be reallocated unless the case for the increased expenditure thus involved against the receiving item is proved; and
22. Sub-paragraph (d) may need elaboration. Items of the votes comprising the Capital Budget have project values attached to them, and these, quite as much as the actual provision for the year, limit expenditure on the project. It follows that a proposed reallocation which would result in the project value being exceeded cannot be considered until the revision of the project value has itself been approved by the Legislative Assembly, through the machinery of a Supplementary Estimate or in emergency by the Minister of Finance within its permitted limit. The Minister of Finance may delegate his powers to the Financial Secretary.
23. It is of course fundamental to the successful operation of reallocation that the greatest care be taken by officers authorised to incur expenditure to ensure that, once a reallocation of funds has been approved, expenditure against the item from which the money has been transferred is not allowed to exceed the reduced provision that remains.

REALLOCATION - PROCEDURES

24. The Accounting Officer of a Ministry/Department may authorise reallocations within the vote under his control, or between capital projects within his control, within the following limitations:
- (i) the reallocation complies with the requirements in paragraph 21 above;
 - (ii) the total amount reallocated to any one item in any financial year must not exceed Rs 300,000.
 - (iii) the reallocation must be effected on or before 30 June.
25. All reallocations approved by the Accounting Officer should be immediately notified to the Ministry of Finance (2 copies), the Accountant-General and the Director of Audit. Finance Form 2 should be used for the purpose.
26. Ministry of Finance approval is required for reallocations in excess of the limit in para 24 (ii) above.

27. Proposed reallocations requiring the approval of the Ministry of Finance should be submitted on Finance Form 1; this form is to be used equally for 'advance' provision on account of Contingencies, and supplementary provision. The application which must be expressed to the nearest hundred rupees, should be initiated in the department concerned, and submitted to the appropriate Ministry with a covering memorandum setting out the reasons for the application and a brief explanation of the circumstances in which the savings which it is proposed to reallocate arose. The application is then considered in the Ministry. If it is recommended for approval, the form is completed, and forwarded to the Ministry of Finance. No covering letter is necessary, unless the Ministry wishes to elaborate on the departmental memorandum.
28. The application will be examined in detail in the Ministry of Finance. If it is NOT approved, the appropriate Ministry is informed accordingly by a memorandum, which gives the reasons for rejection. If it is approved, details of the application are entered by the Ministry of Finance in the schedule of a comprehensive Reallocation Warrant (Finance Form 7). The Reallocation Warrant of which that schedule forms part is then signed by the Financial Secretary and passed to the Accountant-General for action with a copy to the Director of Audit.
29. On receipt of the warrant the Accountant-General issues a Reallocation Advice (Finance Form 8). This advice will be sent direct to the Ministry/Department concerned. If it happens that reallocation is authorised between items controlled by different departments although within the same Vote, extra copies are needed for each additional department. The department concerned should make the appropriate Vote Control Book Adjustments, and return one copy of the Advice, duly certified to the Accountant-General.

TIMING OF APPLICATIONS

30. It is the intention that no more than one Reallocation Warrant, incorporating approved applications and notified reallocations under delegated powers, will be signed each month, except in special circumstances during the month of June. It is therefore incumbent upon officers authorized to incur expenditure to monitor expenditure against estimates and to submit applications for reallocation in good time. The monthly schedule will be considered by the Ministry of Finance on or about the last day of each month. It will not therefore be possible to include in the schedule for any month applications which reach the Ministry of Finance later than 25th of that month.
31. In exceptional circumstances at the year end, where excesses over provision have occurred and have been proved not to have been caused as a result of carelessness or inefficiency on the part of the officer responsible for controlling a Vote, (for example, late debits which could not have been accurately earmarked) these may be covered by a retrospective reallocation warrant before the closing of the accounts.
32. The Minister of Finance will lay on the table of the Legislative Assembly, for the information of members, copies of the Reallocation Certificates made by Ministries/Departments as well as Reallocation Warrants approved by his Ministry together with the supporting schedule as early as practicable after they have been signed.

EXCESS EXPENDITURE

33. Excess Expenditure is expenditure which is incurred without authority i.e. without the necessary provisions for the purpose having been made available;
 - (a) by the Legislative Assembly in approving the Annual Estimates and the Supplementary Estimates;
 - (b) by reallocation of provision within an approved estimate; and
 - (c) advances from the Contingencies Fund under the authority of a Contingencies Provision Advance Warrant.
34. It is a serious lapse of financial management rendered worse if it arises as a result of carelessness or inefficiency on the part of the officer responsible for controlling a Vote, through a lack of proper attention to budgetary control, as set out earlier in this Chapter.
35. If excess expenditure is revealed when the Accountant-General's books have been closed and the accounts finalized, it must either be given retrospective sanction or must be refunded personally by the responsible officer. In any case the excess expenditure appearing in the closed books of the Accountant-General must be covered. Excess Expenditure is dealt with by a procedure set out in the paragraphs below which involve detailed reports and examination by the Public Accounts Committee.
36. When the Accountant-General is about to close his books for any financial year, after clearance of all amounts initially charged to advances from the Contingencies Fund to the relevant expenditure items, he will circularise all departments stating that the Treasury books will be closed on a given date. This will afford all officers controlling votes a last opportunity to correct misallocations and misabstractions and to review any case of excess expenditure which may be covered by reallocation. Reallocations should be applied for as described in paragraphs 20 to 32 above. Reallocation after the 30th June and before the closing of the accounts should only be considered in exceptional circumstances e.g. where late debits causing excess expenditure could not have been accurately earmarked. Excess expenditure covered by reallocation warrants signed before the closing of the accounts are not considered to be excess expenditure.
37. It is the responsibility of both the Accountant-General and Accounting Officers to ensure that all misallocations and misabstractions notified have in fact been corrected before the accounts are finally closed. This is to eliminate excess expenditure which may be due to these causes and to ensure that the accounts give a true picture of the transactions for the year. Once the Accountant-Generals books have been closed, no further Internal book adjustments can be made.
38. As soon as he has closed his books, the Accountant-General will inform Accounting Officers of Ministries/Departments of all excess expenditure as revealed in his books, by use of Finance Form 9.
39. On receipt of Finance Form 9, officers concerned should immediately apply, on Finance Form I, for retrospective sanction for supplementary provision or reallocation to cover the excess expenditure. The normal procedure for applications for supplementary provision, as described in Chapter 20.2, apply but the accompanying memorandum must explain how the excess occurred and why it was not covered before the closing of the accounts.

40. Approval of applications for retrospective supplementary provision is by no means automatic. Where the Minister of Finance is satisfied that sound reason exists, he will seek the approval of the Legislative Assembly to the retrospective grant of supplementary provision. In all cases, however, where it appears that the officers concerned have incurred excess expenditure without authority or satisfactory justification, the applications will be referred to the Public Accounts Committee, for advice on the action to be taken in each individual case. The powers and functions of the Public Accounts Committee are described in Chapter 10.3. It is sufficient to say here that the Committee may be empowered to call before it, in accordance with Section 10 of the Legislative Assembly (Privileges, Immunities and Powers) Act, any officer whom it may wish to examine on matters concerning expenditure of public funds.
41. In the light of the advice given by the Public Accounts Committee, the Minister of Finance may seek the approval of the Legislative Assembly to the issue of a retrospective Supplementary Provision Warrant. In addition the officer concerned may be required to justify why he should not meet the excess, or such part of it as the Public Accounts Committee may recommend, from his private purse.
42. There is rarely a valid reason for excess expenditure. Compliance with the approved procedure for Annual Estimates, Supplementary Estimates, Reallocation and Advances from the Contingencies Fund should adequately safeguard officers authorised to incur expenditure, provided they maintain proper budgetary control of their votes. Therefore these financial instructions will be strictly applied and thus the officer concerned will be required to satisfy the Public Accounts Committee that Government, and not he himself, should meet any excess expenditure incurred on the votes for which he is responsible.

CHAPTER 20.4

PAYMENTS

GENERAL PROCEDURES FOR DISBURSEMENTS

1. Any officer making, allowing or directing any disbursement without proper authority will be held personally responsible for the amount. Any officer whose duties require him to render accounts of his disbursements will similarly be held responsible for any inaccuracies in those accounts.
2. Officers in charge of votes or accounts should sign all vouchers involving disbursements in Mauritius of the funds under their control. They may delegate, by written authorisation, to other officers to sign on their behalf, within specified limits. The officers to whom authority has been delegated and the limits of delegation should be included in the Departmental Instructions, and are thus subject to approval by the Accountant-General. The Director of Audit should be informed of such delegation. Except in the case of Self-Accounting Departments, lists of officers authorised to sign payment vouchers with their specimen signatures should be furnished to the Accountant-General.
3. Set out below are some principles to be observed for disbursements from budgeted funds:-
 - (i) Expenditure chargeable against votes should be classified strictly in accordance with the Estimates;
 - (ii) No charge should be made against a vote in the approved Estimates, unless it is strictly in accord with the purpose(s) for which such vote was intended, and expenditure must be charged to the item under which the provision has been made. The exhaustion of an item and the availability of funds under another does not justify the misallocation of a charge;
 - (iii) When the provision for a specific service is made under one item of the Estimates, the cost of that specific service should be charged thereto and not to any general provision;
 - (iv) Credits to expenditure votes are not permissible, except when made in adjustment of overpayments relating to the current year, or of sums incorrectly allocated in the accounts of the same year, as this would result in an unauthorised increase in the voted provision;
 - (v) No payments, with the exception of those in respect of pensions, salaries, wages and services performed for the period 1st to 30th June, or Foreign Postal Accounts, may be made on account of services properly chargeable to the accounts of the previous year without the authority of the Account-General (obtained on Accts. F. 76). This authority may be withheld unless the circumstances are exceptional and clearly due to causes entirely beyond the control of the officer incurring the liability. In order that claims may be met within the year to which they relate, reminders should be sent to private parties to forward their claims without delay, irrespective of the Accountant-General's press, communique calling for submission of outstanding claims before the end of the financial year. Neglect to do this will not prejudice the private party, but the officer who has neglected to press for claims will be held responsible;

- (vi) If, owing to unavoidable circumstances, a salary or pension cannot be paid within the year, it may be paid in the following year, and supplementary provision need not be applied for unless the payment causes an excess on the total amount provided in the Estimates for the “Personal Emoluments” of the Ministry/Department concerned or on the Public Service Pensions Vote for the year in which it is paid; and
 - (vii) No officer, other than officers charged with the duty of controlling expenditure against Votes and items of the approved Estimates, may incur expenditure against a Vote/Item, unless authority is:-
 - (a) delegated to him within his Ministry/Department by the officer controlling the vote;
 - (b) given to him by Departmental Warrant issued by or on behalf of the officer controlling the vote.
4. The authority of the Ministry of Finance is required for expenditure from Renewals and similar funds. The Accountant- General shall not make any payments nor accept any charge in his accounts in respect of such funds unless authorised to do so by the Ministry of Finance. An estimate of the expenditure from each fund during the year should be included as an Appendix to the annual Estimates for the information of the Legislative Assembly.

PAYMENT VOUCHERS

5. All payment entries in the accounts should be vouched for on approved forms. They should be made out in favour of the person(s) to whom the money is actually due. As far as possible, separate vouchers should be used for separate items of the Estimates, and for the payment of different services, especially in cases where each service has been separately authorised.
6. All vouchers should -
- (a) contain full particulars of each service such as dates, numbers, quantities, distances and rates, so as to enable them to be checked without reference to any other document and be supported by relevant documents such as invoices, etc;
 - (b) indicate the appropriate authority for expenditure;
 - (c) indicate the vote and item of the Estimates;
 - (d) indicate the Warrant Number where advance has been obtained from the Contingencies Fund;
 - (e) be fully completed in regard to the various certificates and spaces provided for information incorporated in the form of the voucher;

- (f) bear a departmental serial number:
 - (g) be normally made in duplicate. Triplicate copies are only required where reference to third parties is essential e.g. deposits repaid, petrol supplies. Duplicate and triplicate copies of payment vouchers should be stamped or clearly marked to that effect. Only original vouchers should be signed in full by the certifying officer and the payee; all other copies, should be initialled. Copies must not be accepted as payment vouchers;
 - (h) be made out in ink or be typewritten. All copies must be legible and all corrections initialled by the officers concerned; and
 - (i) carry the names and surnames of payees legibly written in full and in capital letters. Where payments have to be effected by Payable Orders, the full residential addresses should be quoted in block letters. Care must be taken to avoid insufficient or incorrect addresses and wrong spelling of names. Whenever payments have to be effected through a bank, the name of the bank and the account number should be clearly indicated. Failure to comply with this instruction may result in the return of the vouchers to the officer responsible for their preparation and, he will be held responsible for any delay in their settlement.
7. The signature of the Accounting Officer, or an officer authorised to sign on his behalf, certifies to the accuracy of every detail in the voucher. Where an officer has been authorised to sign on behalf of the Accounting Officer, the designation of that officer should follow his signature. All signatures should be dated.
8. The officer authorising payment is responsible for ensuring that the following requirements have been fulfilled either by personal verification or on the basis of appropriate certificates given in the voucher:-
- (a) the services specified have been duly performed;
 - (b) the prices charged are according to the contract or approved departmental quotation;
 - (c) authority has been obtained as quoted;
 - (d) the computations and castings have been verified and are arithmetically correct;
 - (e) the persons named in the vouchers are those entitled to receive payment;
 - (f) the stores purchased have been duly taken on charge or issued for immediate use;
 - (g) all proper deductions from salaries or pensions on account of contributions, repayment of advances, remittances, or other liabilities have been duly made; and
 - (h) amounts payable have been entered In Vote Control Records.

No amount of scrutiny or examination of accounts by the staff of the Accountant-General's Division and the Audit Department's staff can relieve Authorising Officers of their responsibilities.

9. In the event of any unauthorised payment being made in consequence of an incorrect certificate on a voucher, the authorising officer will be held responsible for the same, and the amount may be surcharged against him.
10. When supplies are furnished or work done under agreement or contract, there should be attached to the voucher a certificate that:
 - (i) the payments are in accordance with the terms of the contract or agreement; and
 - (ii) as regards supplies, the articles have been received; or
 - (iii) in the case of work, it has been properly done.

In the case of a payment on account, no more should be paid than the cost of the work certified to have been performed. When a deduction is made from the amount payable on a contract in respect of a penalty or fine, the net sum only should be paid. Tender procedures are set out in Chapter 30.4.

11. The date of receipt or payment governs the date of the record of the transaction in the accounts. Payments should not be made before they are due for the purpose of utilising an anticipated saving on an item, nor should the unexpended portion of any item be drawn from the Treasury for the purpose of keeping it on hand to meet impending payments, or to be carried to a deposit or suspense account to meet payments becoming due at a later date. On the other hand, expenditure properly chargeable to the account of a given year should, as far as possible, be met within the year, and should not be deferred for the purpose of avoiding an excess on the amount provided in the Estimates (but additional funds should be sought through reallocation or supplementary provision).
12. Thus all liabilities should be met as far as possible in the year in which they are incurred and vouchers, in respect of payments falling due towards the end of the financial year, should be delivered to the Accountant General's Division or the appropriate Sub-Accountant not later than a date to be fixed by Circular from the Accountant General.
13. Payments should, where possible, be made only to the persons named in the vouchers. In the case of payments to a third party, the authority under which it is made should be filed with the Accountant General, or with the Accounting Officer in case of Self-Accounting Departments, and reference thereto given on the voucher. Paying officers should satisfy themselves that the person claiming the payment is the person authorised to receive the amount. It is the duty of the Ministry/Department responsible for a payment to furnish proof of identity if necessary. This can be done by a member of that Ministry/Department attesting payment. Payments made to recipients of Outdoor Relief, Family Allowance and other social benefits should be conducted in accordance with rules approved by the Financial Secretary and the Ministry of Social Security, and accepted by the Director of Audit. When a payee is illiterate, his mark must be witnessed by an officer other than the paying officer or by a literate person known to the paying officer.

14. At the time payment is made on a voucher. the officer who makes the payment should stamp or mark the voucher and all copies thereof with the word PAID, and any documents attached in support of a voucher should also be cancelled in the same way. All vouchers other than those paid by Payable Order should be receipted in ink and the receipts for amounts paid should bear the date on which the recipient received the money.
15. When vouchers are made payable to corporate bodies, the paying officer should satisfy himself that:-
 - (a) the recipient is properly authorised to receive payment and give a receipt;
 - (b) an official receipt from the particular body is obtained and attached to the voucher;
 - (c) the receipt is signed on behalf of the body for which he is acting;
 - (d) the capacity In which he signs is indicated; and
 - (e) payments to Corporate Bodies, Municipal Councils, Village Councils, etc. are made by cheque or payable order duly crossed.
16. A cashier should not make payment against a voucher unless it appears to him to be generally in order and that the voucher has been authorised and “Passed for Payment” by the appropriate officers. No vouchers for payment should be accepted from a payee presenting it himself to any cash office. However, District Cashiers may effect payment of fees to witnesses for court attendances on vouchers properly authorized by and received from the District Court Office housed on the same premises.
17. Receipts given on payment vouchers are liable to Stamp Duty in accordance with the Stamps Act.

VOUCHERS FOR ENCASHMENT PRIOR TO DISTRIBUTION

18. Vouchers for encashment at the Accountant-General should be submitted in duplicate (with the duplicate copy clearly marked as such). Application for cash to cover a voucher should be made on an Application for Payment form (Accts F. 227) in duplicate. The Application for Payment form becomes the face sheet of the voucher and it should be endorsed by the Ministry/Department, with the departmental serial number of the vouchers which it covers, in the space provided.
19. The vouchers for encashment are then sub-vouchers and will all be numbered by the Accountant-General. The sub-vouchers should be carefully identified and amounts listed on the Application for Payment form and the relevant vote and item shown in each case. In the case of a composite allocation, sub-vouchers should be attached in Estimates order of Vote and Item Number, so that the first entry on the Application for Payment form will be the first Vote and Item Number as appearing in the Estimates.

20. If, on examination, any errors are detected these should be brought to the attention of the Finance Officer who should take all necessary steps (including adjustment of his Vote Book etc) to amend, or if necessary reprepare the voucher and the Application for Payment form. After examination, vouchers should be passed to the Chief Cashier who should insert the number in the Accountant General's series in the space provided, and make out the cheque.
21. The cheque, duplicate Application for Payment form and sub-vouchers should be handed over to the drawee named, who should sign and return to the Cashier the original Application for Payment form for retention in the Treasury. No alterations must thereafter be made by the paying Department. The procedures set out in Chapter 20.6. paragraphs 30 to 33 should then be followed for the distribution to payees.
22. On completion of payment, the acquitted vouchers, together with the duplicate Application for Payment form and a Return of Acquitted Vouchers to Treasury form in duplicate should be forwarded to the Chief Cashier, where the vouchers should be checked with the original Application for Payment form and the Return of Acquitted Vouchers to Treasury form to ensure that all vouchers have been returned. After verification of the vouchers, the original of the Return of Acquitted Vouchers to the Treasury form should be signed on behalf of Accountant General and returned to the Ministry/Department concerned. Acquitted vouchers under query will be retained by the Treasury and a Treasury Query issued to the Ministry/Department concerned. Acquitted vouchers will not be accepted unless accompanied by the relevant form. The maximum period allowed for acquitting vouchers is 10 days, after which vouchers should be returned to the Treasury.
23. Should there be any unpaid amounts outstanding they should be refunded to chest with the vouchers, and the voucher marked accordingly. Sub-vouchers should not to be detached and returned piecemeal. Whenever a salary or pension is refunded for want of acquittance only the net amount of the salary or pension should be credited back to expenditure and an adjustment voucher, debiting the appropriate Revenue item or deposit or advance account, with the amounts deducted from such salaries and pensions, and crediting the relative Expenditure items, submitted.
24. Officers responsible for the custody of Payment Vouchers should record in a register all such vouchers received in their Ministry/Department and their final despatch fully discharged to the Treasury. Where vouchers are issued to outstations for effecting payments, they should be returned to the responsible officer within a limit of five days from the date of their issue. In any case, paying officers must fully account for each set of vouchers after payment and any undue delay in the return of the vouchers may render them liable to disciplinary action. If vouchers cannot be returned within the prescribed delay, the Finance Officer should ascertain the reasons and arrange for the unreturned vouchers to be verified with the cash unpaid.
25. Officers should ensure that all payment vouchers to be returned to the Treasury have been properly discharged. Completed payment vouchers should be delivered direct to, or, if sent by registered post, addressed to the Chief Cashier, Treasury, and not to any other officer of the Accountant-General's Division. Duplicate vouchers and local purchase orders should be collected from the Treasury by the 13th of every month.

SALARIES

26. No salaries or allowances should be issued in respect of new appointments, changes in office or rates, or in respect of acting appointments, without proper authority.
27. A Personal History Record should be kept in every Ministry/Department showing all details in respect of personal data such as first appointment, other appointments, promotions, allowances, leave, leave without pay, interdiction etc. of each officer for the purpose of control over payroll and computation of pension. A personal Emoluments Record showing the gross salary earned, the various deductions and the net salary for each month should also be maintained. As in the case of personal files, both records should accompany officers on transfer.
28. Officers who wish their salaries and allowances paid direct to their bank accounts should sign a declaration (Accts F 18), taking care to give the complete bank number, and transmit it to the office effecting payment. The Data Processing Division should be notified of direct payments to bank for computerised payrolls. No acquittance is required from these officers for their salary. The names and surnames in full of the officers whose salaries are paid direct into bank should be given on the paysheets, and if appropriate the branch bank at which such payment should be effected.
29. Accounting Officers should submit their payrolls to the Examination Branch by the dates fixed by the Accountant-General. The Chief Cashier Treasury will credit the account of officers who have elected to have their salaries paid direct to their Bank Accounts and credit the salary Banking Accounts of Ministries/Departments in respect of officers who do not have a bank account. The date for payment of salaries will be notified by the Accountant-General.
30. The following accounting procedure should be applied whenever an officer becomes due (by virtue of promotion or otherwise) for an increased salary from a different Personal Emoluments vote with effect from a given date in a previous financial year:
 - (i) amount of new salary **less** old salary from the beginning of the current financial year to be debited to the Personal Emoluments vote of the Ministry/Department to which the officer has been transferred;
 - (ii) amount of old salary from the beginning of the current financial year to be the subject of an adjustment debiting the Personal Emoluments vote of the Ministry/Department to which the officer has been transferred and crediting that vote of the Ministry/Department from which he has been transferred;
 - (iii) amount of new salary **less** old salary from the date of retrospective effect to the end of the previous financial year to be debited to the Personal Emoluments vote of the Ministry/Department to which he has been transferred; and
 - (iv) no adjustment should be made in respect of old salary as charged to the previous year's Personal Emoluments vote of the transferring Ministry/ Department whether the accounts for the year have been closed or not. Old salary so originally charged should not be considered as an "overpayment".

31. It is the duty of all officers and employees to ensure that rent, advances instalments and other sums due, which are at their request to be recovered at source by deduction from their paysheet, have in fact been deducted from their gross pay. If not so retained, the amounts due should forthwith be paid in by the officers/employees concerned. It is also their duty to enquire as soon as possible whenever they are paid any sum over and above that for which they know themselves to be due.
32. In calculating salaries and allowances, computations for broken periods of a month are to be made with reference to the number of days in that month. Payment of salaries should not be made for broken periods of a month, save when an officer permanently ceases to draw salary, for one reason or another, from a given date in the month. He will then be paid up to the date to which salary accrues.
33. An officer proceeding on overseas leave may, if he so desires, be paid his salary for the month in which he departs, not more than four days before the date of his departure, provided that the salary is paid in the month to which it applies. This does not apply to officers proceeding to Rodrigues or the Outer Islands. If an officer on overseas leave wishes to have whole or part of his salary locally, a bond of Indemnity from the local agent of the officer, or a duly authorised life certificate signed on or after the 16th of the month, should be obtained.
34. Any balance of salary or moneys that may be due to an official who has been convicted for misappropriation of Government funds or theft of Government property should not be paid without the authority of the Ministry of Finance.
35. Any amount due (accrued salary, accrued pension, gratuity etc.) to persons who die while in the service of Government, whether they are public officers or not, or to pensioners at their death, should be paid on the advice of the Solicitor-General.
36. Accounting Officers should appoint an officer, not below the rank of Assistant Finance Officer/Executive Officer; with delegated authority to authorise monthly variation orders sent to the Data Processing Division, and should communicate the name and specimen signature of that officer to the Accountant-General and the Manager Data Processing Division. The officer should verify the payrolls produced by the Data Processing Division with his own variation orders to ensure that all necessary changes have been correctly incorporated in the payrolls.
37. The computerised payrolls received from the Data Processing Division should be dealt with as follows before submission to the Accountant-General.
 - (i) **Payroll** - Original copies of Payrolls should be grouped together according to the numerical order of the paysites within the Ministry/Division/Department and attached to the "Summary Sheet". The duplicate copies should be batched likewise and sent along to the Accountant-General to be stamped "Paid" and for the insertion of the payment number.

- (ii) **Deduction Lists** - The original copies of deduction lists in respect of each item should be grouped together according to the listing shown in the "Payroll Control Statement" which is produced along with the payroll and which should form the covering schedule to the deduction lists. The duplicate copies should be annexed to Deposit Repaid Bills, or any other form of notification, and forwarded with the duplicate Deposit Repaid Voucher by the Accountant-General, after examination, to various Ministries/Departments or bodies requiring them. The triplicate copies should be kept in the office for reference.
 - (iii) **Credit Transfer Lists** - The purpose of Credit Transfer is to provide the Chief Cashier with ready made Information concerning the amounts to be lodged with each Bank Head Office for credit to the account of the individual officers. The original copies should be attached to the payroll. Duplicate copies are for the use of the Chief Cashier. The triplicate copies should be returned to, or collected by, Ministries/Departments.
 - (iv) **Payslips** - The original copies of payslips are for distribution to the officers concerned so that they have a personal record of their salaries, allowances and deductions for each month. The duplicate copies should be preserved for reference purposes.
 - (v) **Self-Accounting Ministries/Departments** - Self-Accounting Departments should make their own arrangements along similar lines to those above, subject to the approval of the Accountant-General and the Director of Audit.
38. The gross and net amounts paid as salaries in one month should be reconciled with those paid in the previous month to enable the officer authorising the paysheet to ensure that variation orders issued to the Data Processing Division have been correctly incorporated and that the paysheet contains no unauthorised additions or deletions.
39. Increments should only be granted if the Accounting Officer certifies that the officer concerned has discharged his duties with efficiency, diligence and fidelity. This certificate may be given in the body of the payment voucher.

WAGES

(To be read in conjunction with General Orders Establishment Chapter 6, Manual Workers).

40. Accounting Officers are required to draw up Departmental instructions governing the method of preparation and control of time books, or other attendance records, and paysheets most suitable to their requirements. These should provide for a sound system of recording and inspection on sites of work and the accurate preparation of paysheets. They should be framed in accordance with the general principles set out below and require the approval of the Ministry of Finance and the Director of Audit.

41. The aim of a good wages system is to ensure that the organisation prevents:-
- (a) *the inclusion of spurious names on the paysheets including those of past employees no longer working* - It is therefore important that the attendance records, and the gangman, etc. who keeps them, and the employees should be checked frequently on the site of work, not only by the officer in charge of the works, but also by senior and other officers who should initial and date the attendance record at the time of checking.
 - (b) *the overstatement of sums due to employees* - It is the duty of the officer in charge of the works to ensure that the rates of pay, allowances, overtime, etc. are correct, and that authority exists for any leave with pay. His signature in the time book or attendance record certifies to the accuracy of these details.
 - (c) *The incorrect allocation of expenditure* - Where possible, the Vote and item appropriate to the work to be done and as full a description as possible of this work should be entered in the time book or attendance record by the officer in charge of the work, before it is issued for use. In any case, the signature of the officer in charge of the work in the time book or attendance record certifies to the correctness of Vote and item charged.
42. Wages pay sheets should be prepared on the proper forms provided for the purpose. The paysheet should be filled in from the time book or attendance record. The officer who compares the time book or attendance record with the paysheet should be duly authorised by the responsible officer.
43. It is desirable that, where possible, no manual worker should appear on more than one paysheet for the same period and the allocation of cost, due to a worker being employed on different works during the one pay period, should be secured by compiling a "Classification of Wages" analysis on the reverse of the paysheet. Where more than one paysheet is used and the totals carried forward, the classification should be made in respect of the total pay and not of each sheet.
44. Payment should be effected by an officer other than the foreman. Each employee should be individually identified to the paying officer by the foreman and the pay sheet signed by a witness, preferably the foreman whose rank and status should be shown after his signature.
45. No pay should be handed to a person other than the employee named on the voucher, unless such employee submits a completed authority, in an approved form, naming another person to receive the pay on his behalf. Such person should be known personally to a government officer present at the payment. The officer should certify in writing that the payment has been effected in his presence and that the person is known personally to him.

TRAVELLING EXPENSES

46. The travelling and transport item of a Ministry's/Department's vote should reflect all expenditure on travelling and subsistence within Mauritius or Rodrigues or the Outer Islands except that:-
- (a) the expenses of officers travelling in connection with elections should be charged to the appropriate "Electoral Expenses" item;

- (b) the expenses of officers (other than those of the Attorney-General's Office and Government Medical Officers) travelling as witnesses in connection with criminal proceedings should be charged to "Fees to witnesses" item of the Judicial vote;
 - (c) the expenses of officers travelling in connection with "Committees and Commissions appointed by the Governor General, should be charged to "Expenses of Commissions of Enquiry and Committees" item of the Ministry of Finance Vote;
 - (d) the travelling expenses of employees paid from works items (recurrent and capital) and manual workers on the Permanent and Pensionable Establishment engaged on capital works should be met from the items for the works concerned; and
 - (e) the travelling and other expenses of officers on approved missions are chargeable to the Ministry of Finance Vote. (Expenses and allowances of delegates on mission outside Mauritius).
47. The amount to be paid for travelling referred to in sub-para. (b) above is assessed by the Court Officer, in accordance with the law, on presentation to him of the summons served on the officer, and paid by the Chief Cashier, Treasury, if in Port Louis or by the District Cashier, if elsewhere. In the case of (c) above, the claim must be signed by the Chairman of the Committee or Commission and forwarded to the Accountant-General for payment.
48. Claims for travelling in officers' own cars should be based on accurate distances. No claim for travelling over a distance of less than 1.5 kilometres either way should be allowed. Officers should insert on the claim full particulars concerning the official travelling performed by them. Official travelling should in all cases be recorded in log books (or diaries). Failure to keep such complete records of journeys even in emergencies (e.g. cyclones) may entail rejection of the claim.
49. Travel allowance claims should be submitted monthly at the end of each month. Journeys between an officer's house and his office should not be considered to be official travelling but where officers use their own cars for official travelling, they may be allowed to claim for journeys on official business which include the normal route between house and office, provided that the Accounting Officer or an officer authorised by him under delegated powers, certifies that this is the most economical method of performing the duty.
50. No contract car should be hired unless a satisfactory insurance cover has been obtained. Prior to any hiring, the insurance policy of the contract car should be submitted to the Solicitor-General and legal advice obtained as to whether Government's interests are adequately safeguarded. It is incumbent upon the Accounting Officer concerned to ensure that all conditions of hire, as laid down in the policy, are strictly observed.
51. Officers who use Government Contractors' cars should themselves complete all the data appearing on the relevant slips and insert thereon the reasons for the journeys performed. The following principles apply:
- (a) To enable control, both original and duplicate copies of claims from Contractors and requisitions signed by Government Officers should

be attached to the payment vouchers submitted to the Treasury. The Accountant-General will forward the duplicate claim along with the payable order to the Contractor and retain the original together with the requisitions;

- (b) Taxis should be obtained from other sources only if the Contractor is unable to supply a car; in such a case a certificate to this effect should be given by the Accounting Officer on the voucher submitted for payment of claim; and
- (c) A half-yearly return should be submitted by Ministries/Departments to the Tender Board for any measures against the Contractors who have failed to honour their contracts. The return will show:-
 - (i) Name of Contractor;
 - (ii) Date, time and details of trip;
 - (iii) Amount actually paid;
 - (iv) Amount payable according to Contract; and
 - (v) Any amount overdisbursed (iii-iv).

- 52. Accounting Officers may authorise the payment of travelling allowance to officers using their own car or the hire of Government Contractor's car for travelling from office to residence when retained by office work only after the normal public transport services have ceased.
- 53. The payment of the approved bicycle upkeep allowance to officers of certain Departments, who use their own bicycles in the execution of their duties, should be made quarterly in March, June, September and December. Officers authorised to draw this allowance and transferred to another Ministry/Department should, at the date of transfer, be paid the allowance for the broken period which has elapsed since the previous quarter.

VOUCHERS FOR LOCAL PURCHASES PROCEDURE

- 54. Local purchases of stores should only be made in accordance with the procedures set out in the Supplies Management Volume of this Manual. Assuming that the proposed local purchase is in accordance with such procedures, it should be indented for on the supplier using controlled Store Form 1, the original and duplicate of which serve as the prescribed original and duplicate of the Payment Voucher. Indents are to be made out in ink.
- 55. The books of blank store forms should be taken on charge in a Stock Register and issued to using officers as required. They should be kept under lock and key when not in use. The form is self explanatory and all parts of it should be fully completed.
- 56. No local purchases should be made in June after the date fixed by the Accountant-General, except in special cases or emergencies, and suppliers should be requested to submit their claims without delay to enable payment to be effected to them before the end of the financial year.

WORKS CONTRACTS

Note: See also Chapter 20.2, paragraphs 56 to 61 on Capital Works Contracts Procedures

67. In respect of works exceeding Rs 500,000, the Ministry of Works may, if it is not carrying out the work itself, arrange the letting of contracts for works through the Central Tender Board, after:
- (a) the relevant project has been approved by the National Assembly;
 - (b) plans have been approved, where appropriate, by the Building Plans Committee and the Ministry of Works; and
 - (c) the Ministry of Finance has approved the relevant Capital Expenditure Warrant.
68. The Ministry of Works, should maintain a Register of Contractors in which contractors will be graded according to criteria fixed by the Ministry of Works. The Register should also contain, in respect of each contractor, brief details of his capabilities (e.g. plant and equipment available, technical staff and labour force, capital employed) and a complete record of his work as a contractor for the Government.
69. It is the responsibility of the Ministry of Works to keep the Register accurately and up to date, and of the Architect or Engineers responsible for the work to make an accurate report to the Central Tender Board on the work of the contractor at the time of the preparation of the handing-over certificate (see paragraph 71 below).
70. Government works contracts should be Lump Sum Contracts without Bill of Quantities or, preferably, Bill of Quantities type contracts. Contracts of the “cost plus” type are not permissible except with the express approval of the Ministry of Finance.
71. On completion, contract works should be inspected as follows:-
- (i) by the architect or engineer in charge of construction;
 - (ii) by a representative of the commissioning Ministry/Department; and
 - (iii) by a representative of the branch of the Ministry of Works responsible for ultimate maintenance;
 - (iv) by the contractor or his representative.

A final handing-over certificate should be signed by the first three of these and a copy sent to the Director of Audit.

CHAPTER 20.5

RECEIPTS

Accounting

RECEIPTS

1. An official receipt must be given for every sum received except where:
 - (a) an approved mechanised or computerised system of receipting has been installed;
 - (b) stamps, postal orders etc are sold in exchange for cash; and
 - (c) large numbers of petty collections are taken and the Accountant General has approved their recording in a collection list and the total only being entered on a single covering receipt.

The receipt should be made out at the time the money is collected and must accord with the amount of actual collection even though the latter, by error or otherwise may differ from the amount which should have been collected.

2. The standard form of receipts for use in all cases in which no special form has been authorised is Accts. B.F. 9a. For licences, permits, and other documents of the same nature, numbered documents in the prescribed form should be used.
3. The receipts and licences should be completed in ink or typed. The original should be issued to the payer, the duplicate used for posting revenue registers etc., and the triplicate retained for audit purposes. In no circumstances should duplicates or triplicates of receipts or temporary receipts be given to the payer. It is essential that fresh carbons are regularly inserted to ensure clear reproduction of copies. The accuracy of the amounts collected and their prompt remittance is the responsibility of the collecting Ministry/Department, and the procedures are set out in Chapter 20.6.
4. No alterations should be made on an official receipt. When a form is spoilt, it should not be destroyed, but the word "CANCELLED" should be written across it. Cancelled receipts or licences should be retained until the books to which they relate are destroyed (see paragraph 35 below).

REVENUE COLLECTORS' CASH BOOKS

5. Every Revenue Collector should keep a Cash Book in which all receipts and all remittances to the Accountant-General, a sub-accountant or other officer should be promptly recorded. Where a mechanised or computerised system of receipting is in use, the Cash sheets printed by the machine represent the Cash Book. Failure to bring promptly to account and to remit to the Accountant-General all monies received for public purposes will render the responsible officer liable to sanction by the Ministry of Finance as such

negligence may cause Government to lose interest or to pay interest on overdrafts. The officer responsible for the supervision of the collection of the revenue is in no way relieved of the full responsibility for verifying that all collections are brought to account and remitted promptly.

6. Remittances to the Accountant-General, or other officer should be supported by a Schedule of Collections (Accts Form 77, Accts Form 226, Accts Form 226a or a departmental form) which identifies the Head and Item to which the collections should to be credited. The schedule of collections or other form should be certified by a Responsible Officer of the Collecting Ministry/Department as to the accuracy of the collections and their proper allocation.
7. All receipt entries in the Revenue Collector's cash book should include the dates and numbers of the individual receipts issued. In the case of fixed fee receipts, a single entry recording the aggregate amount collected under each type of receipt and the starting and closing numbers of the series making up the total will be sufficient. The Revenue Collector should obtain receipt for all monies remitted by him and should record its date and number in his cash book.
8. All cash receipt entries by Sub-Accountants etc should be supported by Accts Form 77, F226a or other approved form of voucher, which is necessary for an officer (If not the Cashier himself) to post and allocate the monies received including remittances by Revenue Collectors. No such form is required for licences issued by sub-Accountant (district cashiers etc) or for any other collections which the Receiving Cashier can himself allocate in the accounts. Accounts Form 226a should only be used where a mechanised system of receipting is in operation. The serial numbers of receipts and licences should be recorded in the cash book, and the Cash Book number inserted on the voucher.
9. Sub-Accountants and Receiving Cashiers should ensure that collections are promptly paid on the basis of the usual frequency of remittances by Revenue Collectors. They should verify that the amount(s) allocated to the relevant item(s) on whatever form accompanying the collections agree with the total sum paid in. The form, if correct and signed by the Revenue Collector concerned, should be used in support of the receipt entries in their cash books. They should report to the appropriate Finance Officer all cases where it appears to them that a Revenue Collector is not making regular payments to chest.
10. Where a receipting machine is in use, detailed instructions for the operation and control of the machine should be drawn up by the Ministry/Department for the guidance of all staff concerned. These detailed instructions should cover inter alia the following aspects:-
 - (a) A Senior Officer other than the Cashier should have custody of the key clearing the machine, giving access to the Cash sheets;
 - (b) The Senior Officer clearing the machine should endorse the Cash sheets with the readings under his full signature;
 - (c) The Receiving Cashier should not have the facility to produce the cash sheets;
 - (d) Arrangements for handing-over when officers concerned are absent;

- (e) Alterations on the Cash sheet should be signed by both the senior Officer and the Receiving Cashier;
 - (f) Procedures for the cancellation of receipts in case of errors;
 - (g) Procedures for reporting faults in the operation of the register; and
 - (h) Procedures for the issue of manual receipts in case of breakdown of the machine due to power failure etc.
11. Officers stationed where there is a branch of an official bank may pay in their collections to the appropriate official bank account. The receiving cashier to whom the collections are payable should accept the paying-in-slip, properly receipted by the bank, in lieu of actual cash for the purposes of accounting. Officers stationed where there is no District Cashier or branch of an official bank may remit their collections to the nearest Post Office (see Chapter 20.6, paragraph 37 for further details).
 12. Whenever payment is received for dues of any kind receivable by a Revenue Collector by cheque or by postal order or by money order and the address of the payee is given, the official receipt acknowledging payment thereof should be forwarded by registered post to the payee on the same day the payment is made or as soon as possible. In the case of issue of a receipt for a cheque payment, the receipt should be endorsed to the effect that it is conditional upon the cheque being honoured (see Chapter 20.6, paragraph 30).
 13. In the case of renewal of licences, a licence cannot be deemed to have been renewed until the Revenue Collector is in possession of the cash, money order, postal order or cheque, as the case may be, or until it has been recorded in a Paper Money Register. Thus, if the Revenue Collector comes into possession of, say, the cheque or if the cheque has been recorded in the Paper Money Register, after the last day for renewal without surcharge, the surcharge should be claimed. This applies to any other dues in respect of which a surcharge or fine is claimable after a fixed period as prescribed by law.
 14. If an issued receipt form is lost, and a duplicate is applied for, a true copy certified by the Accounting Officer or the Finance Officer may be furnished **but not on the prescribed form**. Duplicate licences or other documents may be issued on payment of the prescribed fee.
 15. All revenues or other money raised or received for the purposes of the Government should be paid into and form part of the Consolidated Fund unless they are by law payable into a separate fund. In no circumstances should any such cheque or currency be cashed by a public officer or converted to his own use. A breach of this rule constitutes a serious irregularity and may render the defaulting officer liable to disciplinary proceedings.
 16. Amounts recovered in respect of overpayments made in the current year should be brought to account as an Expenditure Credit. Recoveries in respect of expenditure defrayed in a previous year should be credited to Miscellaneous Revenue, "Overpayments in previous year". In the case of the capital budget, recoveries of overpayments should be brought to account as an Expenditure credit if the overpayment occurred and the recovery was received within the same plan period; otherwise capital revenue should be credited. The receipt voucher for the recovery should include a brief explanation of the overpayment, and where the recovery is in respect of an error in a specific payment voucher, a reference to this should be made.

17. An officer who is not a Revenue Collector or Cashier should avoid accepting money tendered to him by members of the public during the course of his duties. Should an officer find himself in possession of Government monies for which he is not specifically responsible, he should lodge them without delay with the appropriate sub-accountant or cashier who should issue an official receipt.
18. Any unexplained surplus of cash should be promptly brought to account as a receipt and credited to revenue "Miscellaneous receipts". Subject to the specific approval of the Accounting Officer such surplus may be refunded from revenue to make good a subsequent deficiency, provided that the deficiency is directly attributable to the correction of the error which caused the apparent surplus.
19. There should be exhibited in a conspicuous place in every office where public money is received and where these procedures provide for the issue of an official receipt, a printed notice as follows:-

NOTICE TO THE PUBLIC

"The public are hereby informed that on each occasion payment is made to a Government Officer of any duties, taxes, fees, rents or other public money, a receipt should be claimed for every sum paid by them".

20. Outstanding items of revenue should not be carried to a revenue item as a charge against an advance or suspense account pending the collection of the amount. Similarly, revenue collected in any one year should not be placed on deposit or held on hand with the object of transferring or crediting it to revenue in the following year.

REVENUE REGISTERS AND ARREARS RETURNS

21. Accounting Officers should ensure that appropriate Revenue Registers are kept to show:
 - (i) that all sums due to Government are duly debited at the correct time against the individuals responsible for the payment thereof;
 - (ii) the actual payments made in settlement; and
 - (iii) the arrears due.

They should also ensure that appropriate records are kept of all assessments, taxes, rates, rents and dues, fees, fines, sale of Government property etc. and of the yield and disposal of all crops and livestock, in order to ensure collection at the correct time of all sums due to the Government.

22. Officers responsible for the collection of revenue should furnish to the Accountant General a statement (on Accts. F. 258A) showing the arrears as at 30th June and 31st December. The statement should reach the Accountant General as soon as possible after these dates, but not later than the 31st July and 31st January respectively. Returns should be channelled through the Ministry/Department Head Quarters. Returns should be authorised by the Accounting Officer or by an other senior officer under delegated powers.

23. Only amounts which were due and could or should have been paid before the last day of the period to which they relate, but which in fact have not been so paid, should be considered as arrears of revenue. For example, any dues relating to a financial year but claimed after the 30th June of that year is not an arrears of revenue as at the 30th June of that year.
24. The reference of an outstanding item of revenue to the Courts or the Principal Crown Attorney or the Police Department for collection or for any other reason does not affect the responsibility of the department originally concerned to show the outstanding item in its return. In all cases referred to the Courts or the Principal Crown Attorney, Accounting Officers should submit the names of debtors in full and their correct addresses together with the exact amounts due. They should, in no circumstances, accept payment of any debt already referred to the Courts or the Principal Crown Attorney for recovery. In all such cases, debtors should be referred to the Courts or the Principal Crown Attorney, as the case may be. as in addition to the original debt, they may have rendered themselves liable to certain court charges dependent on the stage reached in the legal process at the time a settlement is proposed. It is the responsibility of Accounting Officers collecting revenue to follow up cases referred to the Courts or to the Principal Crown Attorney and review such cases at very frequent intervals and satisfy themselves that other action is proceeding with reasonable despatch.
25. Amounts erroneously included in Revenue Registers as due are not arrears of revenue. A suitable endorsement in the Revenue Register of the full reason for the cancellation of the entry, certified by a responsible officer, is all that is required. Fines, licence fees etc. remitted under proper authority are not arrears of revenue. A reference in the Revenue Register to the letter in which the remission was authorized is all that is required.

CONTROL OF RECEIPT AND LICENCE BOOKS

26. The Accountant General is generally responsible for the registration and control of all receipt and licence books used in accounting for the receipt of public money, and he alone is authorised to indent on the Government Printer for supplies of new books. On receipt at the Accountant-General's Department the books should be counted to ascertain whether the number received agrees with the requisition sent to the Government Printer and with the details on the advices of issues forwarded by the Government Printer. As soon as possible thereafter entries should be made in the Stock Register kept in the Accountant-General's department where the first and the last number of each book should be verified.
27. It is the responsibility of Accounting Officers to draw up, for approval by the Accountant-General and the Director of Audit, a Scheme for the control of all receipts and licences used in his Ministry/Department.
28. Under these schemes receipts and licences should be controlled, usually by the Finance Officer, or an officer designated in his place, by up-to-date and on-the-spot checks of Cash Books against receipts and licences or by checks of Cash accounts (Cash Book, settlement etc) submitted or rendered, supplemented by periodical visits to check stocks of unused books. The responsibilities of the officer carrying out the check include:

- (a) to ensure that all official receipts and licence books issued to a Revenue Collector are duly taken on charge by him in a Stock Book;
 - (b) to verify that there is no break in the sequence of receipts issued and accounted for either within a book or between books and that all copies of spoilt or cancelled receipts are produced;
 - (c) to check the entries in the Cash Book with supporting duplicates of receipts issued;
 - (d) to verify that all collections have been remitted to chest at the first opportunity; and
 - (e) to carry out frequent surprise surveys of stocks of unused receipts and licences.
29. It is the duty of the controlling officer to ensure that all revenue collectors are covered by approved checks (including any new revenue collectors). A control progress chart or register should be maintained listing all the revenue collectors and showing the period examined. Any losses arising from failure to secure the necessary coverage may be considered to be in part the responsibility of the controlling officer, and thus he may be liable to cover part of the loss.
30. The Finance Officer (or any officer designated in his place) should not himself hold stocks of receipts or licences, or issue them or receive money. This independence is essential to enable him to confine his duties to controlling the work of his revenue collectors.
31. The Accounting Officer should ensure that instructions are given to cover the control of any new revenue collector. The Finance Officer should retain a copy of the Scheme as a permanent record, and ensure that all revenue collectors in his Department are covered at all times by the Schemes (or agreed amendments thereto) and that all checks are carried out as laid down.
32. Requisitions by Ministries/Departments for receipt and licence books should be submitted (on Accts. F.259) to the Accountant-General at least three months before the books are required. Immediately on receipt from the Accountant-General, the books should be checked against the issue voucher or other document accompanying the forms and any discrepancy in numbering or in quantity supplied reported forthwith to the supplying officer. The receiving officer is responsible for any errors discovered after receipting the issue voucher. Arrangements should be made for revenue collectors to obtain their requirements from their Ministry/Department and they should not indent direct on the Accountant-General. A stock book should be kept by the Revenue Collector at each collecting point.
33. Stock books, as laid down in each Scheme, should be kept in the prescribed form in the Finance Division of every Ministry/Department, as a Controlling register recording main stocks of receipt and licence books received from the Accountant-General's Department and issues made therefrom to revenue collectors. All receipt and licence books should be kept under lock and key when not in use and the key kept in the possession of the officer responsible for their custody. They should also be subjected to periodic examinations as a precaution against damage or loss.

34. In the event of the loss of a book, or a form from a book, the officer responsible for its custody should take immediate steps to ascertain the occasion and cause of the loss. The result of the investigation should be reported to the Accountant-General and the Director of Audit. District Cashiers, the Island Commissioner, Rodrigues and Accounting Officers of Overseas Missions should furnish monthly returns of receipts and licences in their custody.
35. Ministries/Departments should advise the Accountant-General's Department of all exhausted receipt and licence books in their possession which:-
- (a) have been completely used with the last receipt or licence form dating back two years from the date of issue; and
 - (b) have been completely audited (i.e. when the last form has been initialled by the Audit Department).
- Partially used or new books which have outlived their current period, e.g out of date licence books, should also be notified.
36. The Accountant-General will arrange for their destruction. This should be carried out in the presence of both a representative of the Accountant-General and a Senior Officer of the Ministry/Department concerned, and a destruction certificate signed and retained by both officers and copied to the Director of Audit.

CHAPTER 20.6

CASH MANAGEMENT

Throughout this chapter “cash” includes currency, postage stamps, postal orders, money orders, cheques, payable orders, revenue stamped papers and any other negotiable assets.

CUSTODY OF CASH

1. It is the responsibility of Accounting Officers and heads of branches or units with delegated powers to ensure that:
 - (a) daily paid or temporary employees are not engaged on duties involving the handling of cash; and
 - (b) staff responsible for the custody of cash are provided with proper accommodation for that purpose.
2. All cash in the custody of officers must be kept in either:-
 - (a) strong rooms;
 - (b) safes;
 - (c) approved cash boxes with padlocks;
 - (d) lockable drawers approved by the Finance Officer;
 - (e) lockable tills; or
 - (f) cash registers.
3. Except for cash held in strong rooms, each cash holding should at any time be in the charge of only one officer who should be directly responsible for it, have sole access to it, and have a separate receptacle for its safe custody.
4. Notes split so that the obverse and reverse parts are separated and the separated parts pasted on blank surface to make up for the thickness are not legal tender. Should revenue collectors, cashiers or payclerks come across such notes, they are requested to contact immediately the Bank of Mauritius.
5. Strong rooms or safes should be provided for the custody of cash in all offices where it is necessary to keep money overnight. However, in offices where cash balances are at no time likely to exceed Rs 5,000, no safe need be provided. Such balances, if they cannot be banked or lodged securely in a nearby safe, should be kept in cash boxes which can be locked in a secure cabinet or cupboard, to which the officer responsible has the only key. Strong rooms should be fitted with at least two different locks, the keys of which should be held by different officers.
6. Officers authorized to operate Government bank accounts or use strong rooms should keep in their immediate charge only such sums of money as may be necessary to meet immediate cash requirements. Officers operating cash boxes, approved lockable drawers, lockable tills or cash registers,

should keep the balances held to a minimum consistent with immediate cash requirements. Arrangements should be made so that excess holdings may be lodged in a bank, safe or strong room whenever possible, or paid into the nearest Post Office. The officer concerned will be held personally responsible for any loss arising from negligence in this respect.

7. No public officer should keep or allow to be kept in any Government safe or strong room under his charge any money except public money or such as by virtue of his office he is bound to receive and account for. If private money is found in a Government safe or strong room, it is liable to be credited to revenue. This also applies if private money is found mixed with Government money in tills, cash registers, approved lockable drawers, or steel cash boxes.
8. In no circumstances may any officer:-
 - (a) use the official cash in a Government office for any private purpose even temporarily;
 - (b) cash personal cheques with official cash; and
 - (c) draw official cash against an I.O.U. or temporary receipt.
9. All safes and cash boxes must be obtained on requisition from the Accountant-General who will keep a register thereof. The Accountant-General must be notified of any transfer of safes or cash boxes within or between departments. Accounting Officers should also keep a register of the Government safes and cash boxes in the charge of their officers, which includes a full description of each safe. Safes used for securing cash should be cemented in, or secured to the building by other means where this is not possible.
10. Any till or cash register used must be lockable. If it is easily movable, it should be secured to a desk or counter from the inside. The officer in charge of the cash register should:
 - (a) draw a fixed float each morning from the cashier;
 - (b) not leave it unlocked and unattended during business hours, even temporarily;
 - (c) hand over all cash to the cashier at the close of business each evening.
11. Cash boxes should be used whenever cash is moved outside an office. They may also be used for the same purposes as Tills. They should be kept locked except when actually paying out or receiving or checking money, and where possible be kept out of sight of the public. Cash boxes should not be left unattended at any time when containing cash: they should be locked in a strong steel or wooden cupboard to which the officer responsible for the cash holds the only key, or placed in a Government safe.
12. Each cash holder should keep the original key to his cash box, safe, strong room, till or cash register and carry it about on his person: in order to prevent it being stolen, and also to safeguard it from being copied or duplicated.

LOST KEYS

13. The loss of any Government safe key should be reported immediately to the Accountant-General and the Director of Audit with full explanations of the occurrence. The other key holders must be informed immediately and a watch maintained over the safe or strong room until it has been opened and the contents removed. The safe should not be used until the lock has been replaced and new keys provided. If it is found that the loss was the result of negligence or carelessness, the officer in charge of the key will be held personally responsible for any theft of public money arising out of such loss, and for the cost of any measures which may have to be taken for the security of the safe or strong room, etc., and for their contents.
14. If a key holder suspects that the keys or locks of a safe or strong room in his charge have been interfered with, he should remove the contents to another safe, report the circumstances to the Accountant-General and Director of Audit, notify other key holders and ask that immediate steps be taken to have the locks altered. Duplicate keys must not be kept on the premises, but should be lodged with the Accountant-General.

CASH IN TRANSIT

15. In all cases where Government monies are in transit between two points whether it be the payroll, revenue collections, remittances, etc., Accounting Officers should make appropriate arrangements for the safety of such monies, and should issue instructions according to the following general principles:
 - (i) precautionary measures should be taken over the route and mode of transport e.g. varying of route, times and vehicle used, avoid breaking en route the journey;
 - (ii) except where the amount in transit is less than Rs 1,000, officers responsible for all sums in transit should be escorted by appropriate personnel, at all times, as follows:-
 - (a) between Rs 1,000 - Rs 10,000 in currency notes or coin - Office Attendant or Clerical Officer;
 - (b) between Rs 10,000 - Rs 20,000 in currency notes or coin - Clerical Officer, Overseer, Forest Ranger, etc;
 - (c) over Rs 20,000 in currency notes or coin - Police Escort or Prison Officer.
 - (iii) in no circumstances should office attendants be entrusted with the carrying of cash alone; and
 - (iv) in no circumstances should cash in transit be left unattended.
16. A statement of the largest amount of currency notes and coin in transit on any one day of the month should be furnished to the Accountant-General not later than the 3rd of the following month, so that the premium payable to the Underwriters may be determined. Money for insurance purposes means cash, bank notes, currency notes, cheques, payable orders, postal orders and unused postage stamps. Crossed cheques should not be included. Any single carrying, in a single vehicle and the total amount of money at one spot during transit should not exceed Rs 200,000. Accumulation of money, carried by two or more officers should not be allowed to exceed the Rs 200,000 limit.

17. Immediately upon having knowledge of any event giving rise or likely to give rise to a claim on the insurers, Accounting Officers should give notice to the Police and render all possible assistance in causing the discovery and punishment of any guilty person and in tracing and recovering the money lost. They should also notify the Accountant-General in writing within three days. A formal claim will be issued by the Accountant-General to the Insurer. The Accounting Officer should also report the loss in the normal way as set out in Chapter 20.7, paragraphs 53 to 71.

RECEIPT OF CASH

18. A register should be kept in every office of all inward and outward registered letters, recording the contents of the letters; unregistered letters containing articles of value should also be entered.
19. The Departmental officer opening mail containing paper money should record at the time of opening in a register of "Paper Money received by post" the following data:-
 - (a) date received;
 - (b) from whom received;
 - (c) description of remittance - e.g., Postal Order or Money Order No., Cheque No., etc...;
 - (d) on what account; and
 - (e) amount.

After having initialled the entries made, the officer should personally hand over the register, together with the paper money recorded therein, to the receiving cashier who should record the receipts issued in the register.

20. Except in the case of Self-Accounting Departments, all cheques and money orders accepted from members of the public should be made payable to the "Government of Mauritius". As an additional safeguard, such cheques should be crossed "& Co."; all cheques received by officers should be similarly crossed immediately on receipt. Except in the case of Self-Accounting Departments, all money orders received should be endorsed payable to the Accountant-General by the receiving officer and remitted either to the Accountant-General or to the bank.
21. All cheques received and not made payable to a Self-Accounting Department, should be endorsed with a rubber stamp "Pay to Accountant-General's Account". In all case, whether Self-Accounting Departments or not, the cheques should, in addition to the appropriate endorsement, include details of Ministry/Division/Department receipt number and date for control purposes and to help in tracing the drawer/payer should the cheques be returned by the Bank for any reason. A rubber stamp should be used for that purpose.
22. Whenever payment of sums due to a Self-Accounting Department is made direct to that accounting department or its outstations, cheques and money orders should be made payable to the order of the Accounting Officer concerned and crossed "& Co.". The Cashier should, after suitable endorsement, remit all such cheques and money orders to Headquarters directly or through a Bank. However, when payment is tendered at the Treasury, or District Cash Offices it is desirable that the cheques and money orders should be drawn as in paragraph 20 above.

23. The exchange of cheques for cash is not permitted, except where there are no banking facilities, for the exchange of official cheques in payment of salaries, allowances or wages on bona fide evidence that the cheques were actually drawn for the purpose (where bank facilities are available, such cheques should be cashed at the bank).District Cashiers should record, as contra in their cash books, any such cheques exchanged for cash, quoting the bank and the number of the cheque.
24. Officers with accounting responsibilities should not accept cheques
- (i) which are stale or post dated;
 - (ii) where signature/signatures are missing;
 - (iii) where amounts in words and figures differ;
 - (iv) where alterations do not bear the full signatures of the drawers; and
 - (v) where the status of the signatories is not clearly indicated as may be judged by the receiving cashier from the labelling of the cheques or any other information in the case of Companies, Associations, Statutory Bodies etc.

If any officer has any doubt as to the identity of the person presenting the cheque or as to the cheque's value, he should request that person to have the cheque endorsed "Good for payment" by the bank.

25. Cheques may be accepted in payment of amounts due subject to the following provision:-
- (a) cheques drawn on persons or institutions outside Mauritius may only be accepted with the prior authority of the Accountant General.
26. Where a Branch Bank is available, cheques received should be paid in to the Bank daily or if received after the closing hours of the Bank, the next morning. Where there is no Branch Bank, all cheques received should be paid in to the District Cashier or the Post Office or the Self-Accounting Department Headquarters on the day of receipt or as soon as possible thereafter.
27. In the event of any cheque being returned dishonoured by the Bank. the necessary entries should be made in the cash book immediately, Cheques returned from the bank fall into two categories, namely those which have been incorrectly made out, (e.g. wrong date, alteration, etc) but which will be cashed by the bank when amended by the drawer; and those dishonoured for lack of funds and which will be marked by the bank "Refer to Drawer" or "Not arranged for".

28. The former case should not arise as the cheques should not have been accepted in the first place. However, if such cheques are received from the bank, the Chief Cashier, Treasury or the Self-Accounting Department should contact the officer who received it or the drawer himself to have it corrected. Once corrected it should be returned immediately to the Bank. If any difficulty is experienced in having the cheque corrected or replaced, the Accountant-General or the Accounting Officer of the Self-Accounting Department should be informed in writing, and if necessary Police cooperation requested.
29. In the case of dishonoured cheques returned by the Bank, the Chief Cashier or the Self-Accounting Department should immediately take steps to recover the cash by contacting the drawer himself or the officer who received the cheque. The Accountant-General or the Self-Accounting Department should, on receipt of the dishonoured cheque, open an advance account for the sum involved. If the cash has not been recovered within seven days, the Accountant-General or the Accounting Officer of the Self-Accounting Department should be notified In writing, and if necessary Police cooperation requested. On becoming aware of a dishonoured cheque the Ministry/Department should notify all its officers receiving money from the public so that no further cheques from the defaulting individual will henceforth be accepted unless endorsed by the bank "good for payment", and inform the individual accordingly. Should a cheque without the bank's endorsement be accepted from any individual whose name has already been notified as being a defaulter, the receiving officer will be held personally responsible for making good any loss, and will further be liable to disciplinary action.
30. The fact that a receipt has been issued does not preclude collection of the amount for which a cheque, subsequently dishonoured, has been accepted. Receipts for sums paid by cheques, which do not bear the Banks visa "good for payment", should be endorsed: "The issue of this receipt is conditional on the cheque received being honoured on presentation for payment".
31. A register recording the analysis of cheques, money orders, postal orders, notes and coins received by Cashiers should be kept and verified to the Cash Book as follows:
 - (a) Departmental Cashiers - daily by a responsible officer deputed by the Accounting Officer;
 - (b) District Cashiers - by a Treasury Official at least once a month.
32. In no circumstances should cash be issued direct from the Treasury, or District Cashier's Office, or Self-Accounting Departments to officers for distribution to third parties in respect of vouchers passed for payment. Issues for such purposes should in all cases be made by cheques drawn on the local banks.
33. Such cheques should not be drawn payable to Paymasters or Financial Clerks, but to an officer designated by the Accounting Officer who is in a position to verify that the amount of the cheque corresponds with the amount(s) payable on the authorised vouchers to which it refers. This endorsing officer should not make his endorsement on the cheque until the latest moment possible before the drawing of the cash from bank, and he must ensure that the actual encashment is effected by a responsible officer duly appointed by him to whom he will personally hand the endorsed cheque. Officers should endorse cheques payable to the order
 of
Name.....
 ..Official Designation. This responsible officer should be provided with an identity card with his photograph affixed thereto signed by both the Accounting Officer and the responsible officer as proof of identity. He should be accompanied to and from the bank in accordance with paragraph 15 above.

34. Officers cashing the cheques at the Bank should verify the correctness of the amount collected at the Bank counter, and on return from the Bank should report satisfactory collection to the endorsing officer, or his next senior officer. On completion of payment, the endorsing officer or an officer delegated by him (other than the officers who have prepared the paysheets or effected payment), should call for the completed paysheet, and satisfy himself that the monies have been correctly disposed of, and then forward the completed paysheets to the Accountant General, Sub-Accountant, or Self-Accounting Department. Where the endorsing officer is also the paying officer, an independent officer should review the completed paysheet. Endorsing officers, etc should ensure that they are satisfied as to the reasons for any delays in effecting payments, and may be held responsible if loss should occur and if they did not call for proof of disbursement at an early date.
35. Where a voucher for a small sum, for distribution as wages etc., is presented to the Chief Cashier, Treasury or to a Sub-Accountant, or the Finance Officer of a Self-Accounting Department and these officers personally know the officer present identifying the recipients of the wages etc., then they may effect payment on the spot to the employees concerned.
36. Applications for remittances for working balances to sub-accountants (including Rodrigues) and self-accounting departments should reach the Accountant-General at least two clear days before the remittance is required.
37. Officers stationed where there is no district cashier or branch of a bank may remit their collections to the nearest Post Office. Collections from whatever source should be paid into the Postmaster General's bank account. Only paper money (cheques etc) made payable to the Government of Mauritius or the Postmaster General will be accepted at the Post Office. Officers stationed where there is a branch of a bank may pay in their collections to the credit of either the Accountant-General or the Self-Accounting Department concerned.
38. Officers should not retain a cash balance greater than the amount authorised by the Financial Secretary or by the Accounting Officer under delegated powers. When remitting money to the Accountant-Generals account with the Bank of Mauritius, Sub-Accountants or Self-Accounting Departments should prepare paying-in-slips in triplicate (Accts. B.F. 8) the original to be retained by the Bank, the duplicate, duly stamped and signed by a bank official to be submitted to the Accountant General and the triplicate to be retained by the Sub-Accountant or Self-Accounting Department in support of the entry in the cash book. The serial numbers and place of issue of cheques, money orders and postal orders should be recorded on all copies of paying-in-slips. When an officer pays money into a bank account under his own control (e.g Self-Accounting Departments), the paying-in-slip need only be prepared in duplicate.

39. In the case of remittances of cheques, money orders, etc., to the Accountant-General, separate Accts. B.F. 48 for each bank and for money orders should be used. Two copies of each form (original and duplicate) which include the Cash Book Number, should be sent to the Treasury covered by Accts. F.226A and quoting in the case of:-
- (i) Cheques - the bank and the serial numbers;
 - (ii) Money Orders - the office of issue and the serial numbers;
 - (iii) Postal Orders - the serial numbers.
40. Letters containing remittances of cheques, money orders and postal orders should be sent by registered post to the address of the Accounting Officer of the Ministry/Department concerned, and in no circumstances should be addressed direct to any receiving Cashier. The Post Office mail must not be utilised for the purpose of remitting notes.
41. A remittance must always be brought to account promptly for the full amount shown on the remittance voucher. Remittances to Government Agents and Missions overseas may only be made by the Accountant-General. Officers responsible for cash must ascertain each day the correctness of the daily transactions by comparing the cash book balance (receipts less payments) with cash in hand.

HANDING AND TAKING OVER CASH

42. On the date on which one officer transfers responsibility for a cash holding to another, the cash book involved should be ruled off. Both officers should count the cash and certify that the cash (amount quoted) has been counted, found correct and transferred to the custody of the second officer. A certificate of the handing over of the cash and other balances must be signed by both officers and submitted as follows:
- (a) District Cashiers on Accts. F. 57 to the Accountant-General.
 - (b) Postmasters and Postal Officers on P.T. 314 to the Postmaster-General.
 - (c) Other Officers on Accts. F. 262 to the Accounting Officer.
43. Where the prescribed form for use in handing over cash does not provide for lists of unused controlled forms, unused cheques, etc.. on hand, a list should be made out for these.
44. Should an outgoing officer have to leave before the arrival of the incoming officer, the latter should be accompanied by a superior departmental officer who should also sign the handing over certificates and report any surplus or deficiency.
45. If for any reason a keyholder cannot attend duty and it becomes essential that any keys in his possession be handed over to another officer for the continuance of public business, the following procedure should be adopted:
- (a) the Accounting Officer should depute a senior departmental officer, accompanied by the relieving officer, to take over from the keyholder himself the keys of the safe and armoires.

- (b) the senior departmental officer and the relieving officer should then conduct a survey of the contents of the safe and armoires.
- 46. It is incumbent on a keyholder to send notification of absence to his Headquarters as soon as possible on the day of absence, and his superior officer should take appropriate action regarding the continuation of business as necessary, including that outlined in paragraph 45.
- 47. When an officer in charge of cash or stamps leaves the headquarters temporarily, he remains wholly responsible for the cash and stamps in his charge, unless he hands them over formally to another officer in accordance with paragraphs 42 and 43 above.
- 48. An officer receiving valuables from a member of the public should give the latter a signed and dated receipt. An officer transferring valuables to another officer or returning them to the owner should obtain a signed and dated receipt for a full discharge of his responsibility. Apart from the receipts which may be given to or obtained from the officer/person, it is important that the receipt and disposal of valuables be recorded for control purposes.

SURVEYS - CASH AND STAMPS

- 49. It is an important aspect of control to ensure that Cash and Stamps as reflected in the records of Ministries/Departments are actually on hand with the respective officers concerned. This is achieved through:
 - (a) Annual Boards of Survey;
 - (b) Surprise Boards of Survey; and
 - (c) Departmental Survey.
- 50. **Annual Boards of Survey** are appointed to examine the cash, bank balances, stamps, etc., held on charge by Government Officers, at the close of each financial year. They are appointed by the Ministry of Finance who lays down not only the tasks allotted to each, but also the individual composition. Surveys are held annually at 9.00 a.m. on the first working day of July on all cash and bank balances held by the Accountant-General, his sub-accountants, and in Self-Accounting Departments in order to verify, the existence of these assets as at the close of the financial year, and on all main stocks of Postal Orders, Stamps, etc., in the hands of the Postmaster General.
- 51. No transactions should take place between the close of business at the end of the financial year and the meeting of the annual Board. On other occasions, transactions should cease until the Board has completed its survey. When it is essential, however, for transactions with the public to take place for the purpose of receiving or paying cash, the Board of Survey should, before checking the cash, make arrangements to ensure that the current day's transactions are completely separated from the previous balances e.g. by the use of a separate cashier, and the issue of a working cash balance.
- 52. An annual Board of Survey is required to check the cash book and stamp register at the end of the year by casting the entries for the month and verifying the balance shown in hand with the actual cash and stamps; the balance brought forward at the commencement of the month must also be checked by reference to the cash book of the previous month.

The cash book and stamp register should be certified accordingly. If a bank account is kept, a certificate and statement of the balance should be obtained from the bank and reconciled with the bank balance shown in the cash book on the last day of the financial year.

53. It is the responsibility of every Accounting Officer under survey to take the necessary steps to ensure:
- (a) that the cash book is balanced, closed and ruled off at the close of business on the last day of the financial year and that the closing cash or bank balances are brought down prior to the arrival of the Board;
 - (b) that the bank reconciliations have been prepared on Accts. F. 255 and the bank certificates obtained; and
 - (c) that the registers, recording the receipts and issues of stamps, stamped papers and postal orders etc., are balanced, closed and ruled off at the close of business on the last day of the financial year and that such balances are brought down prior to the arrival of the Board of Survey.
54. **Surprise Boards of Survey** are constituted ad hoc whenever it is deemed necessary by the Ministry of Finance either on its own initiative or of that of the Department or Ministry concerned. The Board should call on the Accounting Officer to inform him that a survey of Cash/Stamps etc. will be carried out. It is the responsibility of the officer whose cash is to be surveyed to balance, close and rule off his cash book or stamp register and to bring down the balance as at the time the Surprise Survey is to be held.
55. It is the responsibility of the Board:-
- (a) to verify any cash balance shown by a cash book with the cash actually found;
 - (b) to acquire a Bank Certificate together with a reconciliation statement signed by the cashier showing in detail the number, date and amount of each cheque outstanding and the total of such cheques, in support of any balance or balances shown by the cash book to be in bank;
 - (c) to verify any balance or balances shown by the stamps, revenue matter and postal order registers with the stock or stocks actually found;
 - (d) to verify that the balance brought forward at the commencement of the month agrees with the closing balance of the previous month; and
 - (e) to certify the cash book and stamps register accordingly.
56. Every Chairman of a Board of Survey should, in the case of his unavoidable absence, notify the Ministry of Finance and the next senior member of the Board who will then act as Chairman of the Board. Any member of a Board of Survey who may be absent should inform the Chairman, in writing, of the cause of such absence. When forwarding the Survey Report to the Ministry of Finance, the Chairman should annex the member's letter to the report. In the absence of any one member, the survey should be proceeded with, but in the absence of two members, the Accounting Officer of the Ministry/Department where the survey is to be held should, if possible, arrange for replacements through the Accounting Officers of Ministries/Departments to whom the missing members belonged. If this is without success, he should seek help from the Ministry of Finance.

57. Reports from Boards of Survey on cash and bank balances should be submitted together with Accts. F. 254, in triplicate, to the Ministry of Finance, and actioned as set out in 30.8. Any surplus disclosed as a result of a Board of Survey should be brought to account as such. Any deficit must be immediately made good or charged as an advance against the responsible officer. Details of any deficit should be included in the Board's report to which should be attached a copy of the report on the deficiency from the Accounting Officer as required in the case of any loss, fraud, theft or irregularity.
58. Should the verification of cash, stamps, etc., last more than one day, the unverified portion must remain under the joint control of the Board and officer in charge of the cash, stamps etc. until completed.
59. **Departmental Surveys.** Apart from Annual and Surprise Boards of Survey appointed by the Ministry of Finance, Accounting Officers are required to arrange a programme of periodical and independent surprise checks on cash and/or stamps etc. in the custody of cashiers and other officers concerned. These checks should be carried out at least once a year without prior notice, and the officer in charge of the checks should ensure that the cash, stamps etc. are properly secured in safes, tills or cabinets. The survey should be proved by verifying the correctness of the book balances, and a report of the survey made to the Accounting Officer.
60. The surveys should be recorded in a Survey Register kept at the Headquarters of the Ministry/Department, preferably with one folio for each separate office. The survey register together with the Report Forms should be made available, if required to the Ministry of Finance and the Audit Department. Any surplus or deficit disclosed as a result of a departmental survey should be dealt with as in paragraph 56 above.

OPERATION OF BANK ACCOUNTS

61. No official bank account may be opened unless authorized by the Financial Secretary. Applications to open such Bank Accounts should be made to the Accountant-General who will obtain the necessary covering approval from the Financial Secretary. Each approved account should be in the official designation of the officer authorized to keep it, and, in the case of Imprest Accounts, with the addition of the officer's name.
62. Except in the case of most Imprest Accounts, and in special cases where the authority of the Ministry of Finance has been obtained, dual signatories will be required for each cheque drawn on official bank accounts. The Accounting Officer should furnish to the Accountant-General on Accts. F. 391 (in duplicate) two specimens of the signatures of each of the officers whom he proposes to authorize to sign cheques on the account in question. He should also inform the Accountant-General of any impending changes in either of the signatories to the cheques on Accts. F. 391 enclosing two specimens of the new signatures. The Accountant General will forward one copy to the Bank concerned after endorsement. The Accounting Officer should similarly furnish to the Accountant-General on Accts. F. 391 two specimens of the signatures of officers authorized to endorse cheques for cash.

63. Payable Orders may, where so authorized by the Government Payable Orders Act, also be used by the Government for effecting payments through the Bank, and the approved rules for their use are at paragraphs 81 to 106 below.
64. The duties of the officer first signing a cheque (or a single signatory) are as follows:
- (a) to check that the payment voucher has been properly prepared and all financial instructions complied with and that the cheque number and Bank have been recorded on the voucher;
 - (b) to see that:
 - the cheque is properly drawn;
 - the name of the payee is correctly stated;
 - the date is correct;
 - the amount in words agrees with the figures;
 - the writing starts as close to the left hand margin as possible;
 - any blank space after the writing has been ruled through;
 - any space between the Rupee sign and the first figure is ruled out;
 - the cheque has been crossed where appropriate; and
 - the counterfoil has been correctly filled in;
 - (c) to check that the payment vouchers have been clearly marked as paid and dated to agree with the date of the cheque; and
 - (d) to initial the payment voucher and the cheque counterfoil.

The responsibilities of the more senior officer signing second are to:-

- (a) examine the payment vouchers to see they are in order;
 - (b) satisfy himself that the first signature on the cheque is authentic; and
 - (c) initial the cheque counterfoil.
65. Officers authorised to keep a bank account should compare at frequent intervals, and at the close of each month, the entries in the bank statement with those in their cash book. Each month a certificate showing the balance standing to the credit of their account in the bank, as at the end of the previous month, should be obtained from the bank manager (on Accts F 255), and a reconciliation statement drawn up detailing all cheques issued but not yet presented for payment and any amount paid in but not yet credited by the bank. One officer should prepare the reconciliation statement and another officer, whose duties are independent of the drawing on the bank account or of keeping the cash book, should review and authorise it.
66. Private money should in no circumstances be paid into an official bank account, nor should any public money be paid into a private bank account. No official bank account should be overdrawn without the prior permission of the Ministry of Finance.

However, should a Bank Account become overdrawn, the circumstances should be reported to the Ministry of Finance, copied to the Accountant-General and the Director of Audit, and any bank charges resulting should be debited in the first instance to an advance account in the name of the officer concerned. After consideration of the circumstances, the Accountant-General will proceed along with the normal procedures for Losses, Shortages, and Write Off. (See Chapter 20.7).

67. Officers who are permitted to keep official bank accounts should pay by cheque all amounts of Rs 500 or over. This requirement does not apply to the payment of salaries, wages and pensions, nor in the case of payments made by the Post Office Savings Bank.
68. Officers must ensure that all sums paid into their official bank accounts are brought to account in their cash books immediately.
69. The total maximum amount of public money that may be at any one time in the custody of a bank or banks either on current account or on fixed deposit will be fixed by the Ministry of Finance on the recommendation of the Accountant-General. Any excess on the prescribed limit will be subject to the approval of the Ministry of Finance on the recommendation of the Accountant-General. Officers authorised to keep bank accounts should at all times keep their balances at a minimum, and should remit excess holdings to the Accountant-General.
70. The Director of Audit may at any time independently seek from a bank a statement of any public account and a certificate of balance.
71. Only 'Order' cheque books should be used by officers authorised to keep bank accounts. When making payment to persons known to have bank accounts, such cheques should be crossed "a/c Payee only". If a payment is to be made by cheque to a person who has no bank account, the 'Order' cheque should not be crossed. If a payment is to be made by cheque to an illiterate person, the cheque should be amended to a 'Bearer' one and not be crossed.
72. Authority to keep a bank account for the payment of salaries, wages, allowances etc does not in any way constitute authority to keep in the account the salary, wages, allowances etc undrawn by any employee, which should be refunded for want of acquittance within the prescribed period.
73. Cheque books should be ordered through the Accountant-General and not direct from the banks, and the requisition (Accts. B.F. 259) must be signed by the officer authorized to keep the bank account. Immediately cheque books are received, the Receiving Officer should examine them and satisfy himself that the numbering of each book is correct and complete. He should acknowledge receipt to the Accountant-General on the Issue Voucher which will be forwarded to him with the books.
74. The officer receiving cheque books should take the cheques on charge in a Stock Book. When issued to an officer for use, the signature of that officer should be obtained in the Stock Book. Save where written authority has been obtained from the Financial Secretary, only this one officer should be allowed to draw cheques from the cheque book, until he finally hands over to another officer; he should also record details of the cheque books he receives in a Stock Book.

75. Cheques books should be subjected to periodic examination as a precaution against damage or loss. All cheque books should be kept under lock and key when not actually in use and the key should be kept by the officer responsible for the books. If at any time it is discovered that a cheque book or a cheque is missing, this must be immediately communicated to the bank concerned, to the Ministry of Finance with copy to the Accountant-General and the Director of Audit, and the outcome of the subsequent enquiries likewise reported.
76. When a cheque is spoilt or cancelled, it should be affixed to the counterfoil and retained in the cheque book. The ultimate destruction of cheque counterfoils is governed by the rules set out in Chapter 20.7, paragraph 87.
77. In no circumstances whatsoever should an officer sign blank or uncompleted cheques.
78. Where cheques on continuous stationery are used, the Accounting Officer should arrange for an insurance by the printers, to compensate Government for any financial loss suffered by Government arising from the payment of cheques drawn by persons, when such cheques have been feloniously acquired from stocks of unstamped or unreferenced cheques in the custody or control of the printers, before such stocks have been handed over to Government. He should also ensure that there is an immediate examination of blank cheques received from the printers to confirm the completeness and correctness of the serial numbering.
79. When cheques are sent for printing, arrangements should be made for the delivery of blank cheques to the printing point and the collection of printed cheques. It must be ensured that the number of cheques returned is the same as that issued. Cancelled cheques should be promptly marked "Cancelled", recorded in a register of cancelled cheques and filed.
80. In Ministries/Departments where cheque signing machines are used, the drawers should keep the plates bearing the signatures under lock and key when not in use. Senior officers should be designated to take the cheques and the plates to the machines. The signing process should take place in their presence, and they will be responsible for the safety of the signed cheques and plates until these are handed back.

PAYABLE ORDERS

81. The duties and procedures set out in paragraphs 64 to 80 above apply, **mutatis mutandis**, both for bank Accounts operated by Cheques and Payable Orders. The use of Payable Orders is governed by the provisions of the Government Payable Orders Act.
82. Ministries/Departments should have accounts for Payable Orders with one Bank only. The State Commercial Bank as far as possible. No Payable Orders should be issued by any Ministry/Department unless the words "For final clearance (name of Bank)" should have been written, typed, stamped or printed on the reverse of Payable Orders so as to give the Paying Agents an indication of the Bank with which the Ministries/Departments have an account and at which final clearance is to be effected.

83. Payable Orders can be encashed at any Bank, at District Cashiers' Offices, at Post Offices, (but not at Postal Agencies) and the Treasury. They thus offer considerably wider encashment facilities than do cheques. Although Payable Orders require only a single signatory, the procedures required regarding the furnishing of specimen signatures apply equally to signatures for Payable Orders.
84. Payable Orders may only be drawn to the order of a specified person. The recipient's signature on the Payable Order is the only receipt required to support the disbursement authorized on the relevant payment voucher(s) and the number of the Payable Order should be recorded on the relevant Payment Voucher(s). Thus the receipting of the payment voucher by the recipient is unnecessary, and the voucher need not leave the office (nor the recipient call at the Office) as is the case with payments by cheque.
85. The use of Payable Orders by a Ministry/Department requires that the Pay Office be divided into two sections independent of one another under the control of the Finance Officer, namely the Examination Section and the Accounts Section in which there is a Payable Order sub-section.
86. The Examination Section should be responsible for the examination of payment vouchers, passing them for payment and sending them to the Payable Order sub-section.
87. On receipt from the Examination Section, the Accounts Section (in which there is a Payable Order sub-section) should verify that each voucher has been passed for payment, collate them into batches, and total each batch. The batches should then be passed on for the typing/printing of the payable orders and the cash sheets. The cash sheets should then be totalled and the total compared with the batch total in order to ensure that no unauthorised orders have been drawn up. If the total of the batch of vouchers does not agree with the cash sheet total, the difference must be investigated and corrected before the Payable Orders and the cash sheet are submitted to the officer-in-charge of the Payable Order Sub-Section.
88. Accounting Officers of Ministries/Departments using Payable Orders should arrange for an insurance by the printers to compensate Government for any financial loss suffered by Government arising from the payment of Payable Orders drawn by persons when such Payable Orders have been feloniously acquired from stocks of unstamped or unreferenced Payable Orders in the Custody or Control of the printers before such stocks have been handed over to Government. They should also arrange for an immediate examination of blank Payable Orders received from the printers to ensure their completeness and the correctness of the serial numbering.
89. On receipt in the Ministry/Department, the Payable Orders should be entered in a stock book by an officer of at least Higher Executive status who will not have any part whatsoever in the preparation of and signing of Payable Orders. He should keep the stock of Payable Orders in a safe or steel cabinet.
90. Payable Orders should wherever possible be issued weekly by the officer in charge of the Main Stocks to the Officer in charge of the Payable Orders Sub-Section. The latter should sign the main stock book and take the Payable Orders on charge in a stock book of his own. No other officer should be allowed to draw upon the main stocks. The Payable Orders should be kept by the Officer in charge of Payable Order Sub Section in a safe or steel cabinet, the key of which shall be kept by him.

91. If the Officer in Charge of the Main Stocks or Sub-Stocks is away from duty for a short period, he should arrange to send or remit the key of the safe or steel cabinet to the Accounting Officer who should authorise issues of payable orders for use to be made by two senior responsible officers. If the officer concerned is on prolonged sick leave or on vacation leave, a formal handing over should be made.
92. The officer in charge of the main stock of Payable Orders should issue further supplies to the Officer in charge of the Payable Order Sub-Section only on production of the latter's stock book, to ascertain whether a further issue is necessary. Accounting Officers are responsible for ensuring periodic checks of Payable Orders in the hands of both officers authorised to hold them.
93. The officer In charge of the Payable Order Sub-Section should ensure that proper care is taken of the Payable Orders issued during the day. His stock book should be entered daily at the close of business with the number of Payable Orders and the corresponding serial numbers used up during the day.
94. The responsibilities of the officer in charge of the Payable Order Sub-Section are to:
- (i) check the accuracy of the entries in the Cash Sheet and each Payable Order against the relative vouchers;
 - (ii) check the numerical sequence of the orders In the Cash Sheet and determine whether the number of orders used agrees with the Stock Book figure;
 - (iii) check the batch total of vouchers against the Cash sheet total and ensure that both agree;
 - (iv) initial the two totals, each payable order and each entry in the Cash Sheet;
 - (v) sign each Cash Sheet; and
 - (vi) ensure that the payment vouchers are stamped "PAID", and that the words and figures are typed without spaces that could allow unauthorised additions.
95. The officer signing the Payable Orders should:
- (i) check the Payable Orders against vouchers;
 - (ii) initial the voucher which should have previously been stamped "PAID";
 - (iii) verify that the total of the batch of vouchers agrees with the Cash Sheet total;
 - (iv) initial the stock book of the officer in charge of the Payable Order Sub-Section; and
 - (v) ensure that the Cash Sheet has been signed by the officer in charge and sign each cash sheet. No payable order should be released to payees and no cash sheet figure incorporated in the accounts before the cash sheet has been fully signed.

96. The following certificates should be printed at the bottom of the cash sheet in order to cover the particulars required to be checked:
- (a) By the officer in charge of the Payable Order Sub Section:-
- “I certify that I have verified:
- (i) the Payable Orders against the vouchers and the cash sheet;
 - (ii) the numerical sequence of the Payable Orders in the cash sheet;
 - (iii) the batch total of vouchers and the cash sheet total, and that both totals agree;
 - (iv) that the stock book has been entered with the number of Payable Orders used and their serial numbers.”
- (b) By the officer signing Payable Orders:-
- “I certify that I have checked the particulars in Payable Orders against the vouchers and that the batch total of vouchers and the cash sheet total agree.”
97. Before the despatch of Payable Orders, the officer-in-charge must ensure that they have in fact been signed. Payable Orders should be sent by registered mail as far as possible to the private addresses of the payees.
98. A despatch book should be kept recording all Payable Orders collected personally with the authority of the Accounting Officer, or of a senior officer delegated by him in writing, showing the signatures of the recipients and of the authorised officer. A record of the Registered letter numbers by which other Payable Orders have been despatched should also be kept. In regard to Payable Orders sent by post, it is desirable that they be taken to the Post Office in a padlocked mail bag, one key to be kept by the officer in charge Payable Orders and the other key at the Post Office.
99. Paid Payable Orders should be received at the agreed intervals from the bank, and after reconciliation should be filed in order of the serial numbers. The officer-in-charge should ensure that they have been signed by the payees. If the payee is illiterate, the Payable Order may be altered to ‘bearer’ and the thumbprint of the payee should be affixed in the presence of an authorised officer.
100. Where payable orders are printed by computer, the officer in charge of the Payable Orders should do the following:
- (a) sort the vouchers into batches, insert the number of vouchers and the total amount on each batch header;
 - (b) secure acquittance from the officer in charge of the computer for the vouchers handed over;
 - (c) verify the check list given by the computer against vouchers and the check list total against the total in the batch header;
 - (d) investigate discrepancies/rejections, and ensure that all amendments are correctly made;

- (e) issue the required number of blank orders to an officer of his section for the printing of orders in his presence;
 - (f) collect the printed orders, cash sheets, postal lists, bank lists and list of payable orders; and
 - (g) ensure that the number of orders returned is the same as that issued.
101. Where a cheque signing machine is used for printing the signature of the drawer, the plate bearing the signature will be kept under lock and key when not in use. Senior Officers should be designated to take the orders and the plate to the machine. The signing process should take place in their presence and they will be responsible for the orders and the plate till these are handed back.
102. For the reconciliation of Payable Order Bank Account, the officer in charge of the Payable Order Sub Section should:
- (i) forward the paid payable orders to the computer in batches with a batch header indicating the number of orders and the total amount;
 - (ii) verify the check list given by the computer against the paid orders and the check list total against the total in the batch header;
 - (iii) investigate discrepancies, and ensure that all the amendments are correctly made; and
 - (iv) use the check list to draw up a list of outstanding orders.
103. Payable Orders spoilt in the course of preparation or which must be cancelled, should be marked “cancelled” across the full width of the form, recorded in a register of cancelled payable orders and filed.
104. Immediately a Payable Order is reported lost, etc., Banks, District Cashiers and the Postmaster General should be notified to stop payment and the notification should always include the request that if payment has been effected before receipt of the notification the Accounting Officer should be informed immediately.
105. Before signing a Payable Order for issue in replacement of one reported lost or destroyed, etc.. it is the responsibility of the officer signing the Payable Order to:
- (a) ensure that **seven days** have elapsed since the date of the notification to the Banks, District Cashiers and Postmaster General, to stop payment of the Payable Order which is being replaced;
 - (b) see that a certificate from the officer in charge of the Payable Order Sub-Section to the effect that the Payable Order being replaced has not, in fact, been paid;
 - (c) see that a Security Bond is duly signed by the payee;
 - (d) verify that the details regarding the payee and amount of the Payable Order reported lost, as shown on the Security Bond, on the Cash Sheet and the Register of Payable Orders reported lost, agree with the details of the Replacement Payable Order and to initial these documents as evidence of this verification; and
 - (e) verify that the Cash Sheet recording the Payable Order being replaced and the cash sheet recording the Replacement Payable Order are cross-referenced.
106. Payable orders returned undelivered should be entered promptly with full relevant details in a Register of Undelivered Payable Orders which should also show how they have been subsequently disposed of.

CHAPTER 20.7

ACCOUNTING

IMPRESTS

1. An imprest is a sum of money advanced to an officer personally to meet expenditure directly connected with the Public Service for which vouchers cannot be presented in the normal way. An imprest, being a personal account, is not normally transferable to another officer. If an imprest holder is replaced, he should account for his imprest to the Accountant-General or the appropriate Self-Accounting Department; his successor, if authorised, should receive a new imprest. Sub-imprest may however be issued from the main imprest to other officers provided this is specified on the imprest warrant.
2. The Accountant-General is responsible to ensure that no imprest is made without the sanction of the Minister of Finance (conveyed by Imprest Warrant) and he is also responsible to ensure that all imprests are duly accounted for in accordance with the terms of the relative warrant. The warrant may be either a general Imprest Warrant, authorizing the Accountant-General to make imprests as necessary for any duly authorized service, or it may be a warrant for a specific imprest.
3. Applications for imprests should be made by Accounting Officers to the Accountant-General explaining the necessity for the imprest. The amount applied for should be the lowest figure compatible with the requirements of the service, and the period to be covered by an imprest should be as short as is reasonably convenient. The Accountant-General's sanction will be conveyed to the Accounting Officer by an Accountant-General's Imprest Warrant copied to the Director of Audit.
4. Imprests are granted for a particular purpose as specified on the warrant and they should be replenished at least monthly during the financial year concerned by submitting paid vouchers for reimbursement. If an imprest has not been used within two months and is no longer required, it should be immediately refunded.
5. The Accountant-General or the Accounting Officer of a self-Accounting Department should record the issue and the retirement of imprest monies in a separate account for each imprest in an imprests ledger. Issues should be allocated on the relative vouchers to Imprests, name and designation of officer. When cash and vouchers are produced on retiring an imprest, the cash should be credited direct to the imprest account and a journal adjustment made debiting the expenditure items or accounts concerned and crediting the personal imprest account.
6. Imprests should be repaid on or before the last day of the financial year in which they are issued, or when the reasons for which they were granted cease to exist, or on the replacement of the imprest holder by another officer, by the production of vouchers and/or cash for the full amount of the imprest. Accounting Officers, or their Finance Officers, are responsible for ensuring that these requirements are met.

7. Officers retiring imprests at the end of the financial year should apply in ample time but not later than the 15th June to permit the issue of any new imprest required for the ensuing year.
8. In the event of an imprest not being retired within the financial year, the holder should send, as soon as possible, all vouchers in connection with the imprest to the Accountant-General or the Accounting Officer of a Self-Accounting Department together with a remittance of the unexpended balance and an explanation of the delay; in the case of a Self-Accounting Department, the explanation should be copied to the Accountant-General. Any balance of an imprest which is not accounted for at the end of the financial year should be charged to the personal advance account of the Imprest Holder, or the Sub-Imprest holder if it is shown that it is his responsibility.
9. All payments out of an Imprest must be supported by fully completed and properly classified vouchers (see also Chapter 20.4 - Payments) reflecting the authority under which they are made. Every Imprest holder should keep a cash book, in which all receipts and disbursements are recorded. The account of an imprest holder is subject to examination by authorized officers of his Ministry/Department and by those of the Audit Department and the Accountant-General's Division.
10. Imprest holders must duly observe all instructions regarding the control of expenditure and the disbursement of public money. Imprests should be used only for the specific purpose for which they are issued, and holders are not relieved from responsibility until vouchers submitted have been examined and found correct. Imprest holders should not use for imprest purposes other public monies which may come into their possession. Such monies must be kept separate and be accounted for in full. Imprest holders are prohibited from making personal advances from their imprests, exchanging cheques, or issuing money against I.O.U.'s - but, of course, may issue sub-imprest in accordance with paragraph 1 above.
11. Where banking facilities are available, imprest holders may open bank accounts in their official designations, in accordance with Chapter 20.6, paragraphs 61 to 80. This should be done when the imprest is in excess of Rs 5,000 unless there are special reasons to the contrary approved by the Accountant General.
12. The holder of an imprest should recoup the amount expended monthly, or at shorter intervals if necessary, by presenting vouchers to the Accountant-General or to the Accounting Officer of a Self-Accounting Department summarised on Accts. F. 73, together with a summary of transactions appearing in the imprest cash book, on Acct. F. 72. In cases where an official bank account is kept, a bank certificate plus a bank reconciliation statement, where necessary, should also be submitted. The vouchers should be allocated direct to the expenditure votes and items or accounts concerned and not to the below the line account "Imprests".

ADVANCES

13. The authority normally required to enable a payment to be charged to "Advances" is an Advance Warrant. All applications for the issue of Advance Warrants should be made to the Ministry of Finance, or to the Accountant-General acting on its behalf in cases where the latter has been delegated the

power. Advance Warrants are, however, not necessary for payments or debits made for the following purposes:-

- (a) losses which may be dealt with under paragraphs 53 to 71 of this chapter;
- (b) claims for goods received from overseas short landed or found damaged;
- (c) pensions paid or other payments effected on behalf of a Commonwealth Government under specific arrangements made with such Government which will ensure the recovery of any sums so advanced;
- (d) the application of paragraph 24 below;
- (e) charges requiring investigation before the correct classification is known. Any such charges remaining after a period of 3 months require the authority of an Advance Warrant;
- (f) a self-balancing below-the-line account opened under the specific authority of the Ministry of Finance; and
- (g) the reversal, by means of a journal adjustment, of any charge appearing in the accounts which is not acceptable, notification of such reversals being sent without delay to the Accountant-General and the Director of Audit.

14. Advance Warrants emanating from the Ministry of Finance are all issued to the Accountant-General who makes the payments as specified in the Warrant. The Accounting Officer of the Ministry/Department concerned is responsible for ensuring that all the conditions of repayments of the sums advanced are adhered to. In the case of a Self-Accounting Department, the Accountant-General will issue an advice enabling the Self-Accounting Department to effect payment.
15. In exceptional circumstances, in which repayments of advances cannot be made at a due date, applications should be made to the Ministry of Finance for the period of the advance to be extended. It is the responsibility each and severally of the officer and of his Accounting Officer to ensure that due deduction of instalments from salary is made. All advances of a personal nature will be charged interest at a rate determined at the time the advance is made by the Ministry of Finance which may in special circumstances, waive this requirement.
16. The outstanding balance of any advance is recoverable in full from the last payments of salary of any officer who leaves the service on transfer, retirement, resignation, termination of appointment or dismissal, unless the officer previously obtains the approval of the Ministry of Finance. Accounting Officers are responsible for ensuring that this regulation is observed. On the death of an officer, the Accounting Officer should notify the Accountant-General of any outstanding advances in the officer's name. The responsibility for effecting recoveries will then rest with the Accountant-General.
17. In the event of an officer being transferred to another department, the Accounting Officer of the transferring Ministry/Department should ensure that any outstanding advance account balances in that officer's name are transferred to the receiving Ministry/Department, both by submission of a Journal adjustment voucher, duly accepted and agreed by all parties, and by communicating the full details of any such outstanding advance to the Accounting Officer of the receiving Ministry/Department at the time of transfer.

18. When a personal advance in anticipation of salary is allowed, it should be debited as an advance to the recipient and not to the vote for his salary. The detailed rules governing procedures for obtaining and repaying all types of advances to Government employees including Motor Car and Bicycle advances are to be found in General Orders Establishment, or in Circulars issued from time to time.
19. A General Advances ledger will be kept in the Accountant-General's Division and Subsidiary advance ledgers should be maintained by all Accounting Officers responsible for the recovery of advances applied for by them or granted to officers of their Ministries/Departments. All transactions should be punctually posted and the subsidiary ledgers balanced and examined monthly to ensure that recoveries are being effected at the proper time. All manual entries should be initialled by the officer authorising the transaction.
20. Each Account in the Subsidiary Advances Ledger should be balanced and reconciled monthly with the Treasury abstract, and the Reconciliation Certificate forwarded to the Accountant-General. A list of the detailed abstracts of balances shown in the ledger and the reconciliation of these balances with the Treasury figures should be prepared half-yearly and forwarded to the Accountant-General and the Director of Audit one month after the closing of the accounts for June and December.
21. When reconciling the accounts with the Treasury abstracts, care must be taken to distinguish between misabstraction, which arises when in the Treasury abstract a debit/credit appears under a different item from that appearing on the voucher, and a misallocation which arises when a wrong item appears on the voucher and the same item appears in the Treasury abstract. Only cases of misabstraction should be reported with full information (amount, receipt voucher number and date of receipt, payment voucher number and date of payment) to the Accountant-General who will prepare the necessary adjustment vouchers. In cases of misallocation, it is the responsibility of Ministries/Departments to submit adjustment vouchers.
22. Any credit balances, appearing in the subsidiary ledgers must be investigated immediately, and if adjustment cannot be promptly effected, the circumstances should be reported to the Accountant-General and the Director of Audit.
23. Vouchers relating to advances should indicate where applicable:-
 - (a) the person or the account to which the advance is chargeable;
 - (b) the nature of the advance;
 - (c) the terms of recovery;
 - (d) the authority for the advance, or Advance Warrant Number; and
 - (e) number of the instalments repaid.

24. Where separate provision has not been made by law for its financial control and operation, and where the approval of the Legislative Assembly is obtained for the arrangement, receipts and payments in respect of an industrial enterprise operated on behalf of Government may be dealt with wholly through Suspense accounts, or partly through Suspense accounts and partly through revenue and expenditure, as may be approved in each particular case.

DEPOSITS

25. In cases where circumstances preclude a direct credit to revenue, receipts may be placed on deposit, but officers should take care that no amounts are accepted as deposits unless fully justified. In cases of doubt reference should be made to the Accountant-General. A deposit should not be retained for a longer period than is necessary and should either be transferred to revenue or repaid at the first opportunity.
26. Receipt vouchers relating to deposits should clearly indicate:-
- (a) the person or persons on whose behalf the deposit is made;
 - (b) the nature of the transaction; and
 - (c) the necessity for placing the sum on deposit.
27. Deductions of any subscription fees, housing loan repayments, insurance premiums etc. from the salaries of Government employees should be credited to the Deposit A/c of the Ministries/Departments concerned followed by the name of the organisation. A commission should be paid on all amounts remitted to profit making concerns, and credited to revenue.
28. Authorising officers, before signing withdrawal vouchers, should satisfy themselves that the money is actually on deposit. The vouchers must be receipted by the payee. Withdrawals from deposit should be supported, whenever possible, by the receipt issued when the money was placed on deposit. When the withdrawal is for the whole amount of the deposit, the receipt should be marked "REPAID" and attached to the withdrawal-voucher. In the case of partial withdrawals the receipt, if available, should be endorsed with the amount withdrawn, the payment voucher number and the date of the withdrawal voucher. In all cases, the receipt voucher number, the date and the place of issue should be shown on withdrawal vouchers. The deposits repaid form of voucher should be used and fully completed. In the case of a deposit made in the name of a person who subsequently dies, the amount on deposit may be paid to the heirs, on the advice of the Solicitor-General.
29. A General Deposit Ledger will be kept in the Accountant-General's Division and a subsidiary Deposit ledger containing a separate account in respect of each person, institution, undertaking or service from whom or for which a deposit is received should be maintained by the Ministry/Department. All transactions should be punctually posted and the subsidiary ledgers balanced and examined monthly for long standing amounts. All manual entries should be initialled by the officer authorising the transaction.
30. The procedure for the submission of a detailed list of outstanding balances for June and December and reconciliation with the Treasury as described in paragraphs 20 and 21 above for Advance Accounts also apply to Deposit Accounts.

31. On the 31st May in each year all officers in charge of Deposit Ledgers or Subsidiary Deposit Ledgers should apply to the Accountant General (on Accts. F. 245) for the transfer to revenue, in the absence of any special reasons to the contrary, of all deposits which have remained unclaimed for five years. This does not apply to Curatelle and Bankruptcy deposits, suitors' moneys and prisoners' deposits. The detailed lists which are submitted on 30th June annually in accordance with paragraph 30 above should not, therefore, contain any items outstanding for more than five years and one month unless there are special reasons for retaining the deposit, in which case an explanatory note should be made on the list.

SELF - ACCOUNTING

32. A self-accounting Ministry/Department is one in which the responsibility for making payments, collecting revenue and maintaining the accounts of the Ministry/Department has been transferred from the Accountant-General to the Accounting Officer of the Ministry/Department. Under this arrangement the Ministry/Department renders to the Treasury consolidated monthly summaries of its accounts without vouchers and the Treasury relies on the internal controls of the Ministry/Department.
33. When a Ministry/Department is made self-accounting, it will be given banking facilities, and will be supplied with money by the Accountant-General only to the extent of its actual requirements to enable the Accounting Officer to make payments from the Votes which he controls. Revenue collected (and refunds of revenue) should be separately accounted for and the net proceeds paid to the Accountant-General. Other Ministries/Departments may also continue to make certain payments and collect certain revenue on behalf of a self-accounting Ministry/Department but do so as agents of the Accounting Officer concerned. Self-accounting Ministries/Departments should prepare their own monthly accounts for incorporation, by the Accountant-General, in the Government's accounts.
34. On a Ministry/Department becoming self-accounting, the Accounting Officer is charged, in relation of his Ministry/Department, with the responsibilities of the Accountant-General. The duties and responsibilities of the Accounting Officer of a self-accounting Ministry/ Department are defined in Chapter 10.4.
35. The direct responsibility for keeping departmental accounts will pass from the Accountant-General to the self-accounting Ministry/Department which will have, however, to render accounts (unaccompanied by vouchers) monthly to the Accountant-General for ultimate incorporation in the Government's accounts. Payment vouchers should not be sent to the Accountant-General for examination prior to payment. Thus each self-accounting Ministry/Department should employ sufficient staff to ensure the adequate pre-payment examination of all payment vouchers.
36. Self-Accounting Ministries/Departments should have separate bank accounts for Receipts and Payments called "Account No. 1" and "Account No. 2" respectively.

- (a) Into "Account No 1" should be paid: -
 - (i) revenue;
 - (ii) recoveries of overpayments relating to Account No. 1;
 - (iii) below-the-line receipts (deposits, refund of advances, etc.); and
 - (iv) remittances from the Accountant-General to meet any special refunds, advances in salary etc. too large to be met from the current balance at bank.
- (b) To "Account No 1" will be debited:-
 - (i) repayments of revenue;
 - (ii) refund of deposits;
 - (iii) payments from special funds;
 - (iv) remittances to the Accountant-General; and
 - (v) payments of salary advances (other advances will be paid by the Treasury).
- (c) Into "Account No 2" will be paid:-
 - (i) remittances from the Accountant-General to meet payments under paragraph (d) below;
 - (ii) recoveries of overpayments relating to Account No. 2; and
 - (iii) unexpected portion of imprests on retirement;
- (d) To Account No. 2 will be debited:-
 - (i) all voted net expenditure payments;
 - (ii) authorised imprests and replenishment of imprests;
 - (iii) payments from deposits referring to deductions from payment vouchers e.g. Mutual Aid.

Cheques/Payable Orders drawn on the two accounts should be prominently stamped "Account No. 1" or "Account No. 2".

- 37. Bank reconciliations should be prepared and independently authorised at the end of each month and the reconciliation statements, together with the banker's certificate of balance, filed and retained in the Finance Division of the Ministry/Department. A certificate of reconciliation in respect of each bank account should be forwarded to the Accountant-General with the Ministry/Department's monthly accounts. As outlined in Chapter 20.6 - paragraph 65, comparison of entries in the bank statement and the Cash book should be made at frequent intervals in order to expedite the preparation of the bank reconciliation.
- 38. A maximum cash balance will be fixed by the Ministry of Finance in respect of the "Account No 1". Ministries/Departments are reminded that money in their bank account does not earn interest, whilst the

Accountant-General will have to pay interest on the event of his account being overdrawn. Every endeavour should therefore be made to effect remittances daily or as often as possible even though a maximum cash balance may have been fixed. No maximum cash balance will be fixed for "Account No 2" as funds in that account should be just sufficient for normal requirements until the next remittance is due.

39. The Accountant-General will arrange for remittances to be paid to the bank account of the self-accounting Ministry/Department. Such requests should reach the Accountant-General at least two working days before the remittances are required. No more money than that which the self-accounting Ministry/Department requires and is authorized to spend should be asked for. Normally remittances will be made on the 1st and 20th of each month. Intermediate remittances will also be made when urgently required but repeated requests for intermediate remittances will be reported to the Ministry of Finance as such repeated requests imply that the Accounting Officer is not in a position to forecast his liabilities for the period between two normal remittances.
40. Remittances to the Accountant-General should be made daily, unless permission to make remittances at longer intervals has been obtained from the Ministry of Finance. Care should be taken that when making remittances to the Accountant-General sufficient money is left in "Account No 1" to cover cheques issued but not yet presented.
41. In addition to the records (vote control record, paper money registers. etc) kept by all Ministries/Departments, the following records should be kept by self-accounting Ministries/Departments:
 - (a) a main Cash Book for "Account No 1". Subsidiary Cash Books may be kept if required;
 - (b) a main Cash Book for "Account No 2". Subsidiary Cash Books may be kept if required;
 - (c) a Journal for "Account No 1";
 - (d) a Journal for "Account No 2";
 - (e) ledger accounts for below-the-line transactions (control accounts);
 - (f) individual accounts for advances and deposits;
 - (g) such abstracts as may be necessary to analyse receipts and payments recorded in Cash Books and transactions in the Journals;
 - (h) salary records for all staff;
 - (i) Stock Book - Accounts B.F. 121 to be kept at headquarters for receipt books at headquarters and at outstations. This does not relieve outstations from keeping their own Stock Book;
 - (j) a register showing lists of revenue collectors and stores of the Ministry/Department with the dates when last checked by the Accounting Officer, the Finance Officer or by the Internal Controller; and

- (k) records in respect of payable orders to be kept in accordance with the instructions in Chapter 20.6.
42. The gross amounts of vouchers should be posted in the Cash Books, with contra entries where necessary.
43. The Accountant-General and other Ministries/Departments (including Rodrigues) acting as agents of a self-accounting Ministry/Department should not debit or credit any transactions direct to Votes of Expenditure and/or Heads of Revenue or other accounts under the control of that self-accounting Ministry/Department. The transactions should be debited or credited to a special account styled I.D.C. (Inter Departmental Clearance) for each self-accounting Ministry/Department. Advices of debits and credits on Accounts Form 89 supported by copies of vouchers (or original documents when the latter are not required by the Ministry/Department) should be immediately sent to the self-accounting Ministry/Department. On receipt of such advices, the transactions should be journalised.
44. Thus, a self-accounting Ministry/Department will be made aware of transactions made on its behalf in two processes:-
- (i) Accounts Form 89; and
 - (ii) duplicate abstract sheets from the Accountant-General. The names of the Ministries/Departments effecting transactions on behalf of the self-accounting Ministry/Department are recorded on the sheet against each transaction.
45. Collections made by a self-accounting Ministry/Department on behalf of Ministries/Departments which are not self-accounting should be credited to the appropriate Revenue Heads and Items and notified direct to the Ministry/Department concerned (on Accts. Form 89).
46. Cash transactions between Ministries/Departments, including the office of the Widows' and Children's Pension Fund, are prohibited. Adjustment Vouchers should be utilised. The Civil Service Mutual Aid Association, for example, is not a Government Department and therefore payments to that institution may be made direct by the self-accounting Ministries/Departments concerned.
47. Self-accounting Ministries/Departments will be solely responsible for the regular recovery of advances and for the clearance thereof at due dates. A control record for checking advance accounts should be kept. This record should be posted with the block amounts of deductions made on individual advance accounts. This figure can be obtained from the monthly control of expenditure statement. The previous month's total balance on advance account plus new advances less the month's total deductions should equal the total of individual balances for the month.
48. Receipt and Payment of Revenue. Expenditure and Below-the-line Accounts should be analysed by means of:-
- (a) postings to an abstract sheet (Accts F. 147); or
 - (b) machines or other cards; or
 - (c) postings in an analysed cash book (in a form to be approved by the Accountant-General).

The analyses which are termed “Abstracts” should be totalled and proved with the main Cash Book balances. Journal entries should also be posted to these abstracts and the resulting totals should give the figures required for the monthly consolidated statements to be submitted to the Accountant-General.

49. A Personal History record and a Personal Emoluments record in respect of each member of the staff should be kept on the lines indicated in Chapter 20.4.
50. At the end of each month, and in any case not later than the 10th of the following month, self-accounting Ministries/Departments should forward to the Accountant-General their monthly accounts (without vouchers) for incorporation in the accounts of the Government. These accounts should show the gross receipts and gross payments under each item of the Estimates followed by the gross amounts debited or credited to the below-the-line accounts, including the Inter Departmental Clearance. In addition to the normal statement for June, a supplementary one called “Annual Account” should be submitted to cover all transactions (e.g. late overseas debits) not brought to account in the normal June return. The “Annual Account” should remain open until such time as advice is received from the Accountant-General that the accounts for the year are about to be closed. It follows that the “Annual Account” is solely made up of journal entries.
51. Self-accounting Ministries/Departments should continue to apply to the Accountant-General for authority to issue Imprests to officers of their Department; such authority will be conveyed in the form of an “Imprest Warrant”. On receipt of the warrant from the Accountant-General, the Accounting Officer should provide the imprest holders with funds which they require by cheque or payable order up to the amount in the imprest warrant. Such imprest holders should be directly responsible to the Accounting Officer for keeping the required accounts, but on retirement of an imprest the Accounting Officer should forward to the Accountant-General a certificate of retirement. Imprest ledgers should be kept to show that imprests are retired in due course.
52. The Accountant-General will remain responsible for:-
 - (a) granting authority for advances, signature of agreements, if any;
 - (b) payment of end-of-service benefits (Pensions, gratuities etc); and
 - (c) confirmation and payment of overseas passages.

LOSSES, SHORTAGES AND WRITE OFF

(NOTE: Losses of Stores, Plant and Machinery, Equipment, Stationery, etc., are dealt with separately in the Supplies Management Volume of this Manual - Chapter 30.9)

53. Every Public Officer is duty bound to bring to the notice of his superior officer without delay for transmission to the Accounting Officer any loss, irregularity, fraud, or theft affecting the funds or property of Government or for which Government is responsible. The hiding of an irregularity or loss of any kind will result in severe disciplinary action against the officers responsible. All cases of theft, burglary, or fraud should be immediately referred to Police by the Accounting Officer.

54. Where a Responsible Officer considers at any stage before a final report can be submitted, that the facts reported to him clearly indicate that a public officer may be guilty of a criminal offence or of an offence which would involve proceedings against him with a view to dismissal, he should take action in accordance with the Public Service Commission Regulations 1967.
55. Where a Responsible Officer considers that in the light of the facts reported to him, the public interest requires that a public officer should instantly cease to exercise the powers and functions of his office, he may interdict the officer in accordance with the Public Service Commission Regulations 1967.
56. Where a Responsible Officer considers that an officer may be held responsible for the amount of the loss, he may after seeking the advice of the Financial Secretary as regards the quantum, recommend such action as is prescribed in the Public Service Commission Regulations 1967.
57. For more detailed guidance about disciplinary procedures, refer to Public Service Commission Regulations 1967 and General Orders Establishment. Notwithstanding any action which may have been taken in accordance with the above, the following procedures should be carried out in all cases.
58. On discovering any loss, fraud, theft or irregularity, the Accounting Officer, should:
- (a) arrange for the amount of any deficiency to be debited to Advances (P) in the name of the loser. The word "Losses" must appear in the title of the Advance account before the loser's name;
 - (b) report the facts by memorandum to the Financial Secretary with copies to the Permanent Secretary of the Ministry for Civil Service Affairs, Director of Audit, Accountant-General and the Secretary, Public Service Commission, confirming that the Advances (P) account has been opened and giving its title;
 - (c) send interim reports, including police reports, as at (b);
 - (d) pay in any lost cash recovered to the credit of the Advance (P) account; and
 - (e) submit his final report, again as at (b) including any action taken or recommended to be taken against the officer in accordance with the Public Service Commission Regulations, 1967, within the shortest possible delay and in the case of retiring officers at least one month before the effective date of retirement. It is not permissible to retain, from the retiring benefits of any defaulting officer, an amount equivalent to the total or part value of the loss sustained, if a final decision in his case has not been reached before the effective date of his retirement.
59. Where criminal proceedings are instituted leading to a conviction, Accounting Officers should immediately investigate the prospects of recovery by means of a civil action from the assets of the convicted person or persons and the result of such investigation should be communicated to the Financial Secretary and copied to the Accountant-General and the Director of Audit.

60. Information contained in certain anonymous letters can be helpful in detecting latent irregularities. Accounting Officers are advised to investigate allegations which may be of substance and communicate to the Ministry of Finance under confidential cover the result of such Investigation.
61. The occurrence of loss, fraud and irregularities in a Ministry/Department may be the result of weaknesses in the Accounting system and control procedures in that Ministry/Department. The Accounting Officer, through his Finance and Internal Control Divisions should review procedures in order to identify weaknesses and apply the necessary corrective action, and inform the Ministry of Finance accordingly.

LIMITS OF AUTHORITY FOR WRITE-OFF

62. Write-off of any loss of public money or stamps may be authorised within the following limits:-

Limit Rs	Authority
1 – 25,000 (All such cases of write-off, including the justification for write-off should be copied to the Ministry of Finance and the Director of Audit).	Personal Authority of the Accountant-General or the Accounting Officer of a Self-Accounting Ministry/ Department.
25,001 – 50,000	Personal Authority of the Financial Secretary.
Above 50,000	Authority of the Minister of Finance

63. The foregoing is deemed to cover losses of public money, stamps (so long as items lost do not fall within the description “destroyed main stock”), postal orders, assets in a previous account and losses of revenue (apart from arrears).
64. Write-off of arrears of revenue due by particular individuals may be authorised as follows:-

Limit	Authority
Total of the irrecoverable items does not exceed Rs 25,000 and where no individual irrecoverable item exceeds Rs 5,000 (Such cases should be reported to the Ministry of Finance and the Director of Audit).	Personal Authority of the Accountant-General, or the Accounting Officer of a Self-Accounting Ministry/Department.
Total amounts of between Rs 25,001 and Rs 50,000 (inclusive)	Personal Authority of the Financial Secretary.
Above Rs 50,000	Authority of the Minister of Finance.

65. Application for authority from the Financial Secretary and the Minister of Finance, to write off arrears should be submitted by the Accounting Officer (on Accts. F. 258) to the Accountant-General, for transmission through the Director of Audit to the Financial Secretary, and should accompany the half yearly arrears of revenue return. When the write-off of the arrears has been approved, copies of the Accts. F. 258 will be transmitted by the Financial Secretary to the Accounting Officer and the Director of Audit, through the Accountant-General.
66. Such applications should contain a certificate by the Accounting Officer or his designated Finance Officer in the following form:-

“I certify that:-

- (a) the cases of irrecoverable revenue have been fully investigated;
- (b) I am satisfied that every avenue to obtain payment of the revenue has been explored without success;
- (c) there has been no negligence or carelessness on the part of any officer of this Ministry/Department, so far as I have been able to ascertain by all possible enquiries, as a result of which the revenue has become irrecoverable”.

67. Abandoned claims and irrecoverable, non fraudulent overpayments may be written off within the following limits:-

Limit	Authority
Individual cases of less than Rs 5,000	Personal Authority of the Accountant-General, or the Accounting Officer of a Self-Accounting Ministry/Department.
Individual cases between Rs 5,001 and Rs 50,000	Personal Authority of the Financial Secretary.
Above 50,000	Authority of the Minister of Finance

The above covers the abandonment of claim in respect of long term loans, defaults by contractors and cases of a similar nature, and of non-fraudulent overpayments which prove to be irrecoverable.

68. Losses of fixed fee and non fixed fee receipt forms should be reported to the Ministry of Finance, and copied to the Director of Audit. The Financial Secretary has authority to write off, provided he is satisfied that there has been no irregularity. Similarly, where, for legal or other considerations, revenue due to the Government cannot be collected, the matter should be reported to the Financial Secretary for his decision regarding write-off or other action he may consider appropriate.

69. An Accounting Officer or his Finance Officer should report to the Ministry of Finance (with copies to the Director of Audit) the circumstances attending all cases which come to his attention in his own Ministry/Department of nugatory expenditure, and fruitless payments, as a result of which monies are expended which represent a dead loss to Government. Cases should likewise be reported where partial losses are sustained in similar circumstances. The attention of Finance Officers is especially drawn to these requirements and they should ensure that such reports are made.
70. When advice is required on any matter involving a question as to whether a claim for any item of revenue or for any sum due to Government should either be abandoned or recovered by legal process, the Solicitor-General will advise, inter alia, specifically in the following forms:-
- either:-**
- (a) that on strictly legal grounds a civil claim would probably not succeed; **or**
 - (b) that on strictly legal grounds a civil claim would probably succeed; **or**
 - (c) that on strictly legal grounds a civil claim would probably succeed but that, on other grounds stated, legal action is not advisable.
71. In the event of advice tendered as at (a) above the sum should be treated as a write off of arrears (see paragraphs 65 and 66 above). In the event of advice tendered as at (b) above, the Accounting Officer should decide whether prosecution should ensue and if the amount involved is in excess of Rs 25,000, refer his decision to the Financial Secretary for approval. If it is decided not to prosecute the sum or sums should be written off in accordance with the procedures outlined above.

ADJUSTMENTS

72. In the course of Government accounting practice many transactions are effected by a transfer from one account to another by means of a journal entry e.g. payments for inter-departmental services, transfer of revenue or expenditure from one item of revenue or item of expenditure to another, transfer of deposits, to revenue, correction of accounting errors and the ultimate allocation of Unallocated Stores.
73. Cash transactions between Ministries/Departments are prohibited. Accounting transactions between Ministries/Departments should be effected by means of a Treasury adjustment voucher (Accts. F.245).
74. Adjustment between Ministries/Departments should be initiated by the creditor Ministry/Department and the vouchers must be signed by the responsible officers of that Ministry/Department and of the debtor Ministry/Department. The former Ministry/Department is responsible for seeing that the vouchers are sent to the Treasury. Adjustment vouchers must be signed by the same officers as that authorised to sign payment vouchers. Where one or both Ministries/Departments concerned is self-accounting, the procedure in paragraphs 43 to 46 above should be followed.
75. In the case of requisitions for unallocated stores, it is the responsibility of the Ministry of Works to debit the Ministries/Departments vote by the value of stores supplied by means of an adjustment voucher.

76. Adjustment vouchers concerning contributions to the Widows' and Children's Pension Fund should be sent to the Accountant-General, through the Manager, Widows' and Children's Pension Fund.
77. In order to avoid double adjustment, all vouchers concerning misabstraction by the Treasury should be prepared by the responsible *Treasury Officer* and not by the Ministry/Department concerned. Such adjustments should not be recorded in the Ministries/Departments as the original allocation on the voucher was correct. The adjustment number should be quoted in the Treasury Abstract against the item misabstracted.
78. Adjusting credits to Capital Expenditure should go to the corresponding item if it still appears in the Capital Budget, or else to capital revenue.
79. Any Accounting Officer having to effect an adjustment should submit the completed voucher in duplicate (in the case of sell accounting departments or adjustments affecting Rodrigues in triplicate) to the Accountant-General for authority. *In no circumstances should such voucher be passed through a cash book.* Such entries as officers with accounting responsibilities are required to make in their departmental records, (deposits and advance ledgers, etc.) should be made direct from the adjustment voucher.
80. Adjustment vouchers should clearly indicate the necessity for the transfer and include full reference to the original debit or credit being adjusted, quoting the relevant authority and all other details necessary to render these adjustment vouchers complete in themselves. Where adjustments affect expenditure items, vouchers should be entered in the Vote Control Records and authorised as for a payment voucher. This applies to both debtor and creditor departments.
81. A departmental number should be given to each adjustment voucher, and the vouchers posted in the Treasury accounts in the month in which the transaction occurs or after. To avoid an adjustment voucher being posted in an earlier period for which the accounts have not yet been closed, Ministries/Departments should enter on the voucher the month in which it should be posted. Adjustment vouchers should be submitted and posted as soon as they are due. In particular, Ministries/Departments should ensure that advances from the Contingencies Fund are cleared promptly on receipt of a Supplementary Provision Advice.

BOOKS OF ACCOUNT

82. The general rules for maintaining books of account are as follows:
 - (i) All books of account should be written in ink or typed.
 - (ii) The pages of all account books should be numbered consecutively; if the numbers are not printed, they should be inserted in ink before the books are brought into use.
 - (iii) Books of account, vouchers and accounting documents should be transmitted from one station to another under sealed cover.
 - (iv) Any notes, lists, memoranda etc taken by an officer in relation to the duties performed by him are public records and should not be regarded as personal papers.

83. Cashiers, Sub-Accountants, Imprest Holders, Revenue Collectors and all officers with accounting responsibilities should keep Cash Books in which are recorded all sums of money received or paid by them as public officers for whatever service, whether they form a part of the revenue or not. The following principles should be adopted:
- (i) Such officers should confirm each day the correctness of the daily transactions by comparing the Cash Book balance (total of receipts less payments) with cash in hand.
 - (ii) Vouchers for both receipts and payments should be numbered consecutively (new series for each month) in the order in which the amounts are received or paid, and should be entered in the Cash Book accordingly.
 - (iii) Other details given in the Cash Book should indicate the nature of the transaction independently of the more detailed information given in the vouchers.
 - (iv) Cash books should be balanced, ruled off and the balance brought down daily. In some circumstances this may be done weekly, but if so it is essential that the cash be checked daily with the balance worked out from the entries in the Cash Book.
 - (v) Cash Books should also be signed and dated at the end of each month by the officer keeping the cash book, as his certificate of the correctness of the entries and of the existence of the cash balance in his till or safe.
 - (vi) Cash Books, and cash balance should be regularly reviewed and authorised by an independent officer.
84. If an alteration is necessary in a book of account or on a voucher, the incorrect figures should be struck out by a single horizontal line and the correct figures inserted above the original figures so that both can be clearly seen. The officer making the correction should initial and date it. Erasures are absolutely prohibited. In addition, the following procedures apply:
- (i) Alterations on Payment Vouchers must also be initialled by the officer certifying the voucher or by the payee according to the part of the voucher in which the alteration is made. Whenever possible, voucher should not be altered, and if alteration is likely to cause any doubt as to the authenticity of the voucher or its amount, the voucher should be cancelled and a replacement prepared.
 - (ii) A figure must not be altered in any records which have been audited unless the consent of the Director of Audit and the Accountant-General is first obtained.
 - (iii) Alterations on Receipts are prohibited. (See Chapter 20.5)
85. Where it is necessary to employ cards or loose leaf ledgers to serve as revenue and payment registers, or as ledgers for advances, deposits, etc., internal control procedures should be adequate and set out in writing to ensure against irregularity arising from the mislaying, loss, or deliberate removal of folios. Apart from systems of control over printed sheets, there should exist systems whereby control accounts for appropriate

batches are frequently reconciled with the individual folios making up the batches, and the totals of these batch control accounts are frequently reconciled with the main account. These control procedures should be included in Departmental Instructions, and are thus subject to approval by the Ministry of Finance and Director of Audit.

86. When not required for use, and at night, all accounting records or documents should be placed If possible in strong rooms, safes or lockable cabinets. It may be desirable where important records are kept, and where it will be difficult to re-construct the account, to consider the provision of specific fireproof equipment.

DESTRUCTION OF ACCOUNTING RECORDS

87. The destruction of Public records (including accounting records) is governed by Part II of the Archives Regulations 1953 (Government Notice No. 15 of 1953). Before any list of accounting records to be destroyed is forwarded to the Chief Archivist as required under Regulation 16, the responsible officer should ensure that the periods specified below for their preservation have been exhausted.

Class of Record	To be retained for at least
(a) Principal Treasury ledgers and cash books	7 years, after the year of completion of Audit by Director of Audit
(b) Special ledgers and records e.g. public debt, loan registers, bond register, advances and deposit ledgers	7 years after the final completion of all transactions and the closing of the last account therein
(c) Vote Control Records	7 years
(d) Abstracts, sub-journals and similar records, payment vouchers (but see (h) below), Cash books, Stores Ledgers and Vouchers, Payable Orders	7 years
(e) Cheque counterfoils, bank paying slips and statements, copies of contracts, paid foreign Money Orders and Trade Charge Money Order Cards and Registers	3 years after completion of audit of the year to which they relate
(f) Official receipts, and similar records	As above
(g) Paid Inland Money Orders, Telegrams and Telegraph Returns, Daily Cash Statements of the Post and Telegraph Department and any financial records not specially referred to	Until the audit of the year in question has been completed and accounts certified
(h) Establishment (History Records) and Salary records which may be required for pension purposes	5 years after the officer concerned reaches retirement

CHAPTER 20.8

MANAGEMENT ACCOUNTING

INTRODUCTION

1. Management Accounting is the preparation and presentation of financial and other information for the formulation of policies, planning, control and effective management of an organisation's operations, and the achievement of its objectives.
2. The purpose of management accounting is to provide decision makers at all levels with the information needed to:
 - (i) formulate and define Government policies and programmes;
 - (ii) manage and monitor their implementation; and
 - (iii) assess the results and the success in achieving the desired objectives.

Thus management accounting and information is an essential complement to the financial information contained in the Annual Estimates, Financial Statements and Vote Control Records.

3. The purpose of this Chapter is to outline the general procedures for management accounting and uses of management information. The processes involved, of establishing cost centres, setting performance targets, monitoring performance, identifying variances and taking corrective action are also described together with illustrative examples.
4. The development of management accounting and management information should be a continuing process and can initially be applied to a limited number of programmes or areas. Thus it does not have to be introduced all at once for an entire Ministry or Department, but can be built up over a period of time. In any event, it should be subject to at least annual review at the time that the Annual Estimates are prepared.
5. Thus individual Ministries and Departments should begin by identifying one or two self-contained areas for the development of management accounting and management information and gradually extend the process until all activities are covered. The Ministry of Finance will provide advice and assistance as required with the translation of these general procedures into specific detailed procedures appropriate for individual activities.

NATURE AND USES OF MANAGEMENT INFORMATION

6. The key characteristic that differentiates management accounting and information from purely financial accounting, as recorded in Vote Control Records and the Financial Statements, is that Management Accounting and Information relates receipts and payments to the objectives and intended purposes of that income and expenditure and to the actual results achieved.

7. Thus management information should record inputs, in terms of receipts and costs, against specific objectives and activities, and the resultant outputs in terms of the quantity, quality, accuracy etc of what has been achieved.
8. The information collected can be used to do the following:
 - (i) identify and explain why costs are being generated;
 - (ii) highlight for investigation, particular elements of costs to ensure that they are justifiable and reasonable, and if not to reduce them;
 - (iii) compare the costs of similar activities between departments or sections to ensure that the resources used in each are in relation to the outputs and to highlight opportunities for improvements by the transfer of best practice;
 - (iv) assess the costs of savings from extending, reducing or abolishing a function, service or unit;
 - (v) estimate with greater accuracy the likely cost of new policy initiatives;
 - (vi) budget for and subsequently control costs more effectively; and
 - (vii) consider whether any existing policies or objectives are disproportionately expensive to undertake and administer.
9. To be effective, management information must meet the following criteria:
 - (i) significance - Dealing with the vital aspects of the Ministry, Department or programme concerned.
 - (ii) reliability - Obtained from effective and accurate sources using sound principles (see 26 – 29 below on systems)
 - (iii) clarity - Readily understood, concise and readable, drawing particular attention to points requiring management action
 - (iv) promptness - Even at the expense of a little accuracy – information which is 95% correct today is more useful to management than 100% accuracy next month
 - (v) comparability - Reported against appropriate comparative data in order to identify variations e.g. against budgets, standards, past performance, performance elsewhere, etc.
 - (vi) consistency - Information should be prepared and presented on the same basis over time or across similar projects or departments. Any changes should be noted and their effect evaluated.
 - (vii) Cost effectiveness - the cost of preparing and presenting the information should not exceed the benefits derived from it.

10. Management accounting involves five main elements as follows:
- (i) establishing cost centres/activity centres against which to identify and record estimates, income and expenditure;
 - (ii) translating policy and programme objectives into quantifiable and measurable targets for each cost centre/activity centre;
 - (iii) monitoring financial and operational performance against estimates and targets for each cost centre/activity centre;
 - (iv) identifying any variances in actual performance from budgets and targets and seeking to explain why they have occurred: and
 - (v) taking corrective action as necessary in response to variances.

Each of these five elements is expanded in the following sections.

Elements of Management Accounting

COST/ACTIVITY CENTRES

11. A cost/activity centre is any identifiable part of an organisation or its activities for which costs can be systematically collected and presented on a regular though not necessarily permanent basis. Therefore, a cost centre may be a unit (e.g. a school or hospital ward), a function (e.g. registries or training), projects (e.g. the development of an industrial estate or a water purification scheme) or activities and processes (e.g. pollution control).
12. The selection of a cost centre must be based on identifying potential centres which are relatively self contained and can be governed by clear objectives. These objectives must identify the aims of policy initiatives or management practice. For each cost centre responsibility for meeting these objectives, and accountability for income and expenditure and achieving targets must rest with an identified officer with control over these matters. The choice of a cost centre will also depend on the ability to assemble appropriate cost and performance data.
13. Once a cost centre is established, its costs must be identified from the income and expenditure items appearing in the Annual Estimates and Vote Control Records. These should show under separable headings those costs under the control of the individual in charge of the centre and those costs outside his control. Examples of “controllable” costs could be costs of staff members employed or the use of consumable materials such as dressings in a hospital. Examples of “non-controllable” costs could be salary increases agreed outside the centre or price rises in materials purchased by a Government purchasing agency. The above examples refer to costs incurred wholly inside the centre or “direct” costs. Another category of costs are those such as heating, air conditioning and lighting, shared between several Departments or Ministries, where the centre’s actual consumption is not measured but the cost is estimated and allocated, often based on floorspace or headcount. The recording of actual income and expenditure should be against these categories for each cost centre.

DEFINING OBJECTIVES AND TARGETS

14. Management or policy objectives should be formulated for each cost centre and translated into quantifiable and measurable targets. These should be a mixture of both financial and operational targets. The objectives for a hospital, for example, may include the reduction of waiting lists and the improvement of efficiency. These could translate into targets measuring total expenditure divided by the number of patients and the total number of patients treated and discharged each month for each specialism. The hospital would also be required to operate within its overall financial budget.
15. The choice and level of targets should be agreed between the officer in charge of the cost centre and the responsible senior officials. Although the objectives may cover a long timescale, the targets should generally be set on an annual basis and allow for monthly or quarterly measurement. The target measures should be few in number while endeavouring to encompass all important parameters of performance. Hence, ratios can often be of value. Targets set should take account of past performance but also anticipate what appear to be achievable improvements. Targets should be realistic and achievable but should not be capable of being too easily met, as they should be a stimulus to improvement. Targets should also take account of changes outside the control of a cost centre - for example an increase in the school age population will require schools to cope with greater numbers of pupils, which with unchanged resources will affect performance.
16. The basic data required to measure performance against targets should be readily available - ideally it will already have been collected for another purpose. The cost of collection and processing should not be excessive. The data used should not be subject to distortion or dispute, and should be comparable over time and across similar cost centres (e.g. all hospitals).

MONITORING PERFORMANCE

17. It is important to determine the frequency with which measurement should be made for each cost activity centre and each performance target. The choice of frequency will largely depend on how often the performance of the cost centre may be expected to change, versus the cost of too frequent monitoring and the limitations of time for review. The reporting patterns of comparable establishments should also be taken into account. Typically, reporting should be on a monthly or quarterly basis.
18. While most measures will relate to actual performance, forecasts of future performance also have great value. A cost centre may, for example, be required to forecast how it will achieve a long term policy target showing the costs to be incurred. Forecasts may be required with less frequency than actual measurement of past performance and this will partly depend on the costs of preparing a forecast.
19. Management information is of value in different ways at many levels in an organisation. Not all recipients require the same degree of detail. Within a cost centre, management information will typically be used to monitor, manage and control performance. At higher levels it will be used to oversee the achievement of policy initiatives, and assess when policy changes may be required. Lower levels require more detailed information, often more frequently to enable variances to be identified and interpreted for decisions at a higher level. Higher levels require only the key summary level information.

VARIANCES

20. Regular monitoring of performance allows actual and forecast data to be compared against previous actual and forecast data as well as against targets and against comparable establishments. The purpose of the comparisons is to reveal variances in either financial or operational performance indicators. Some comparisons must be done on a regular basis, while others could be investigated only periodically as required.
21. When a variance occurs it is important to first determine whether it is significant. If significant it is important to determine why it has occurred. Such variances could have implications for the day to day operations of a cost centre, indicating for example, a lack of control over costs in one area. Alternatively, it may indicate the failure of policy to achieve the desired results, or a change in external circumstances.
22. Generally variances in controllable costs will require a response from within the cost centre, whereas variances in non-controllable costs will require a response from higher officials. Prompt investigation of variances can provide early warning of long term trends which might have major implications for the nature of a unit or the role of policy. Sometimes variances will be favourable indicating better than expected performance. In such cases it is equally important to understand why, in order that lessons can be learnt to apply elsewhere, or in order that resources can be redeployed.

CORRECTIVE ACTION

23. Once a variance has been explained and thereby has highlighted a problem or an opportunity, it becomes necessary to take corrective action. This response can sometimes take many months or even years to have an effect, and therefore variances must be detected and remedied as soon as possible.
24. Corrective action taken within a cost centre will generally aim at bringing performance back to target. The cost centre must define what action should be taken, when it will be taken and how long it will take to have the desired effect. Action can often be taken which has no effect on the other operations of the cost centre. In other cases, taking action to improve operational performance will lead to other problems, such as over-expenditure, the consequences of which must be taken into account. The significance of such consequential impacts will depend on the short or long term nature of the problem and solution.
25. Variances which reveal failures of policy, changes in external circumstances or major problems within cost centres will usually require corrective action outside the cost centre. These can range from amending the targets to major redirections of policy.

MANAGEMENT ACCOUNTING SYSTEMS

26. Management Accounting Systems provide the vital tools for collecting basic data, then aggregating, consolidating and presenting it on a consistent basis and in a usable form. These systems are an essential support to the management accounting processes discussed above.

27. The system must be comprehensive and self-balancing. It must account for all the resource costs of each department to ensure automatically that the costs allocated or apportioned to the constituent parts are exactly equal to the total costs for the whole. This will best be achieved by reanalysing the income and expenditure items appearing in the vote control records using an appropriate coding structure (see paragraphs 32 - 34 below).
28. The system should be tailored to each department in order to provide a basis for:
 - (i) ascertaining the costs of organisational units (e.g. individual schools), activities (e.g. out-patients services) and outputs (e.g. number of trees planted), in order to encourage cost consciousness and make value for money judgements possible;
 - (ii) cost control, to assist in measuring performance;
 - (iii) policy and management decisions;
 - (iv) management and staff motivation; and
 - (v) pricing.
29. The system should be capable of meeting any reasonable demand for information without special research. The information collected should exhibit the characteristics of significance, reliability, clarity, promptness, comparability, consistency and cost-effectiveness as described in paragraph 9 above.

LINK WITH FINANCIAL INFORMATION

30. The accounting and information systems currently in use are predominantly financial by subjective analysts, that is the Annual Estimates, Vote Control Records and Financial Statements record budgeted and actual income and expenditure by type (e.g. personal emoluments, other charges) against votes items. In some cases, main votes are subdivided into broad areas. In neither case are the Estimates, Vote Control Records or Financial Statements related to the objectives of the income or expenditure.
31. Thus these documents need to be supplemented by statements which reclassify the subjective analysis into objective headings and which include operational targets. For example, the Ministry of Agriculture Vote is built up from a number of programmes such as Livestock Feeding, which in turn comprises a number of production centres, for which there are overall objectives and targets and individual targets for each centre. Similarly, there could be operational objectives and targets for Primary Schools as a whole, but also for each school individually, and the costs and achievements of each should be identified as well as those for the country in general.
32. In order to achieve this, each receipt or payment item needs to be coded so as to reflect not only the vote item but also the appropriate cost centre. For example, if each primary school was classified as a cost centre, each one should be allocated a unique reference number, and then every receipt or payment item coded with both the vote item and the unique reference item. All income and expenditure recorded against each school should then be collated so as to reflect to total costs of that school.

33. Similar principles can be applied to all aspects of Government income and expenditure, although the level of detail will vary from department to department and from programme to programme. For example, within the Ministry of Agriculture, a high level cost centre may be the Livestock Feeding Programme, but within this there will be cost centres for individual production centres, and there may be base level cost centres within each production centre for different categories of Livestock and/or fodder, with specific objectives and targets against which performance and costs should be identified and monitored.
34. Although it is possible to record and analyse detailed management information using manual systems, this will be cumbersome and time-consuming. Therefore, in order to achieve the required flexibility and promptness of information, only a limited number of programmes and, cost centres should be analysed until computerised accounting systems are introduced. However, it is essential that the level and type of detail required be identified prior to computerisation in order to ensure that the systems can provide the extent of analysis required.

THE IMPLEMENTATION OF MANAGEMENT ACCOUNTING

35. The implementation of management accounting should be seen as a gradual process. It should be undertaken on a programme by programme basis, and should continually be refined and developed. An annual review will be needed to translate annual estimates by vote item into the necessary budgets and targets by cost centre.
36. Much of the data required for management accounting already exist. It must, however, be collected and processed into information which can be used by line managers and policy makers. All departments have some form of personnel, pay, purchasing, stock and asset records or registers. However, very few currently have work records, valued stock or asset registers, or output records. Valued stock accounts and asset registers can be provided simply by linking purchasing records, which contain prices, with physical stock and asset records. New systems will be needed for recording time against activities and for recording output in most departments.
37. The effective implementation of management accounting will provide a vehicle to improve efficiency and effectiveness. However it requires:
 - (i) top management commitment to use the information produced effectively;
 - (ii) reliable systems for providing timely and consistent information;
 - (iii) an effective internal audit operation;
 - (iv) staff trained to operate the system; and
 - (v) policy makers and managers trained to interpret, analyse and use the information, and to understand the basis on which it has been produced.

CHAPTER 20.9

COMPUTERISED ACCOUNTING SYSTEMS

INTRODUCTION

1. The objective of this chapter is to provide guidance on good practice, which should be observed by all who are involved in the development and operation of well-designed, efficient and effective computer systems. Guidance on standards, norms, methodology and development arrangements will be provided by the Central Informatics Bureau (CIB) of the Ministry of Finance, which will also assist Ministries/Departments with the introduction of their computerised systems and the preparation of their specific departmental instructions.

COST BENEFIT ANALYSIS

2. A cost benefit analysis should be undertaken before implementing Information Technology (IT) projects and Accounting Officers should follow the methodology that has been approved by the Central Informatics Bureau.

Costs elements involved are:-

- (i) Hardware and software;
- (ii) Maintenance;
- (iii) Supplies;
- (iv) Additional Staff (in some circumstances);
- (v) Implementation;
- (vi) Training;
- (vii) Consultancy; and
- (viii) Supplier Support Services.

Expected benefits include:-

- (i) Better productivity and efficiency;
- (ii) Expense reduction and more value for money;
- (iii) Better Management Information; and
- (iv) Other tangible and intangible benefits

DEVELOPMENT PROCEDURES

3. The following paragraphs set out the steps which have to be followed for the implementation of well designed and controlled systems.
4. The development process can be broken down into a number of stages:-
 - (i) **Feasibility Study.** A feasibility study should be carried out to define the Ministry/Department's needs and to consider the options available to meet them. At the end of the feasibility study process, management should be in a position to make a clear decision as to the technical and financial viability of such a project.

Non-critical or very small scale projects need not require a detailed feasibility study.

It is important to establish at an early stage as possible whether a package should be used, either as it stands or after modification or integration with other systems. Sometimes a mixture of packages and tailor-made software (systems development depending on users' requirements) may be most effective. As a general rule, it will be appropriate to acquire a package if it can be implemented more quickly and more cheaply than a tailor-made software.

- (ii) **Overall Project Planning.** Effective overall control should be exercised by Accounting Officers. In larger projects it is recommended that a Steering Committee be established, during or immediately after the completion of the feasibility study, with a clear responsibility for the project. In order to be effective, the Committee should be chaired by a user of sufficient seniority to provide the necessary authority. In all developments, it is important for a user contact to coordinate user activity with those responsible for the technical development or acquisition. Internal Controllers may be represented on the Steering Committee. If the proposed system is significant, the Director of Audit should also be kept informed as the project proceeds, so that he can review the system of control and security established in respect of the system.

In case of projects involving several Ministries/Departments, the Steering Committee should include representatives from each of these Ministries/Departments.

The responsibilities of the Steering Committee should include signing off the various stages of development. Development plans and actual costs should be monitored against actual progress and budgets respectively.

Beneath the level of overall project control, the project should be managed in detail using a detailed implementation plan.

- (iii) **Ministry/Department Analysis.** After a final decision has been taken to proceed with a system, Ministries/Departments should consider their functional requirements in greater detail. The following matters are among, those which are likely to need consideration:-

- The nature, source, volume and medium of the input data.
- The input character volume and frequency.
- What processing will be required.
- What response time will be required at terminals.
- What volume of data will be required to be processed.

- How quickly reports and files will be required.
- What output will be required, specifying form format and frequency.
- What level of security will be required .to prevent unauthorised reading or changing of data.

If a packaged system is to be acquired, these matters will largely be determined by the facilities of the package. However, Ministries/Departments should still ensure that they make the best possible use of the various options which may be provided within the package for input, output and processing flexibility.

- (iv) **Functional Specification.** At this stage, the requirements for a tailor-made system need to be formally defined in a functional specification. The document, which is an authoritative source of reference, should be written in such a way that the Ministries'/Departments' (user) representative can monitor subsequent development of the system.

A requirements document should be prepared from the functional specifications. This document should enable potential suppliers to identify Ministries'/Departments' needs and it should normally be included in Invitation to Tenders.

At this stage, Ministries/Departments should also consider how their clerical procedures need to be modified, particularly if a package is installed.

- (v) **Systems Design.** The objective of the design stage is to convert the Ministries/Departments requirements into a working system.

The system specification will normally be at two levels.

- (a) At overall system level to show the full interaction between individual programs and data, and the interaction with users, in a form which enables both technical personnel and users to gain a good total understanding of the complete system and its component parts.
- (b) At individual program level to provide sufficient detail to the programmers to enable them to write the necessary programming code, and to enable the database or individual data files to be properly defined and constructed.

- (vi) **Programming and Systems Testing.** The programming stage is intended to produce a working system. It should be noted that if a package solution is being adopted, some additional programming may be necessary.
- (vii) **User Testing, Documentation and Training.** The objective of user testing (i.e. acceptance testing by Ministry/Department) is to ensure that the system performs to its specification and to the acceptance criteria of users and management. Such testing is equally necessary even if the system is an externally acquired package. Test data and the test results may be retained for reference purposes and for use in future testing when changes are made to the system.

The involvement and commitment of the user Ministry/Department in the preparation of the testing plan and in its execution is imperative. Users must take responsibility for ensuring that data used is as comprehensive as possible. The testing should be carried out as closely to the actual operating environment as possible.

- (viii) **Conversion and Implementation.** In any system implementation, plans for data conversion (converting data from previous systems) or initial data load (creating and loading new data) should be prepared well in advance of implementation.

All data converted or loaded should be thoroughly checked both in total and at individual item level to ensure completeness, accuracy and validity of the conversion process. Audit Officers may be involved in the checking process although final responsibility for the overall integrity of the data will rest with the users.

Users should formally sign off that adequate testing has been completed and that the initial data is satisfactory before approval may be given for full implementation of the system.

Implementation of the system should be carried out either through:-

- **Parallel Running** of the new system with the system that is to be replaced, in such a way that there is direct cross-checking of the results produced by each system; or
- **A Phased Implementation** of the new system, whereby different parts of the system are introduced at different times, gradually replacing the function of the previous system.

- (ix) **Post-Implementation Review.** Its objectives are to ensure that the system is meeting the objectives set for it and that user needs are being satisfied. Such a review should normally be carried out 3-6 months after the implementation of the system. Reviewers should ensure total objectivity in the final report.

- (x) **Maintenance.** There will be a continuing need for maintenance, either through the correction of errors, or through positive changes to meet changing needs or to provide enhanced operational efficiency. (Finance Officers or above depending on the degree of importance of the changes).

Where a change is for anything other than the correction of a minor program error, the impact of the change must be fully analysed before it is authorised. It is essential that all changes should be authorised by a senior officer.

SYSTEMS CONTROLS

5. It is essential that computerised accounting systems incorporate appropriate control features so as to ensure the secure, effective and efficient use and operation of the system, afford adequate separation of duties, and provide the means and information required to monitor and control all system activity. The types of controls which can be identified are as follows:

- (i) completeness and accuracy of data;
- (ii) file storage and back up;

- (iii) documentation of procedures;
- (iv) security of computers and data;
- (v) operational controls in accordance with general control standards for computing;
- (vi) systems update and the use of the last version of documentation and programs; and
- (vii) audit trails, for use by managers, users, operators, internal controllers and Audit Officers to trace transactions and the sequence of operations and processing.

The form and manner of execution of these control features will depend upon both the mode of operation of the system (e.g. batch or on-line processing) and the distribution and organisation of functions and responsibilities (e.g. central or decentralised operations of systems).

COMPLETENESS AND ACCURACY OF DATA

6. Controls over completeness and accuracy of data enable users to verify the results of processing and to use the output information with confidence.

Controls should be designed to ensure the completeness accuracy and validity of input, processing, output and computer files. Controls may be exercised by manual procedures and prcedures carried out by the computer programs.

The detailed procedures for controls over completeness and accuracy of data generally include:-

- Use of reports produced by the system designed to facilitate manual control procedures (if appropriate).
- Check of standing data from time to time on a cyclical basis.
- Checks on the completeness and accuracy of transactions processed, including edit checks which may assist in ensuring accuracy of data input.
- Verification of appropriate control totals established whenever new data is generated by the system.
- Review of report of unusual items (exceptional reports) produced by the system.
- Review by users of reasonableness of results in order to confirm overall accuracy.

FILE STORAGE AND BACK UP

7. Back up procedurcs must provide effective ways of recovering from loss of data and programs.

In designing such procedures the following factors should be considered:

- (i) How the files are normally stored and what is the most secure form of back-up for them (e.g. hard disk, floppy disk)?

- (ii) How many files need to be backed-up and how much data they contain?
- (iii) Who is responsible for back-up?
- (iv) Procedures are needed to ensure that back-up is carried out at the required times, that no files are missed out, and that the resulting copies are properly stored and accessible.
- (v) Listing all back-ups, showing what was copied, when and by whom, and where the copy is kept.
- (vi) Labelling the contents and processing dates of all disks and tapes used for back-up, or alternatively numbering them and recording the contents and dates in a back-up log book.
- (vii) Applying a good system of file naming.
- (viii) Noting all files, showing what data is kept and where.
- (ix) Periodic testing of back-up procedures.
- (x) Appropriate retention periods specified for all back-up copies.
- (xi) Use of locked fire-proof safe.
- (xii) Off-site storage of written procedures for using back-ups for recovery after a loss of data or programs, including checking the integrity of the back-ups and making additional copies of back-ups before using them.
- (xiii) Systematic procedures for deleting redundant, obsolete or inaccurate data at regular intervals, under appropriate authority.

DOCUMENTATION OF PROCEDURES

8. Reliable and accurate processing is dependent on the use of the correct operational procedures. Documentation of procedures will assist when
- Systems are first implemented.
 - New staff members are to be trained.
 - Occasional users need to be reminded of the functions of the system.
 - Infrequently used procedures have to be carried out. Such documentation should include clear statements on:-
 - What the system does and how it does it;
 - Start-up and close-down procedures;
 - How to run the system on the computer.

SECURITY OF COMPUTERS, DATA AND FILES

9. Physical security may prevent accidental or deliberate damage to the computer equipment, programs and data. Procedures for maintaining physical security include:-
- (i) Keeping the computers in a separate room which can be locked when they are not in use;
 - (ii) Using machine locks where fitted;
 - (iii) Observing manufacturer's detailed instructions when moving small computers. Machines fitted with hard disks may be particularly vulnerable; and
 - (iv) Using passwords to have access to computers. These passwords should however be changed frequently.

MAINTENANCE

10. Users should undertake regular maintenance of all hardware and software. This should be provided in a timely manner.

CONTROLS OVER INPUT

11. The objectives of these controls are to ensure that all data to be input to the system is genuine, complete, accurate, properly authorised and timely. In addition to providing for an effective and proper distribution and segregation of duties and responsibilities, procedures should:
- (i) ensure that control totals are established as early as possible in the manual cycle, before entry of data, and that these totals are reconciled after data entry but before processing, and again after processing, taking proper account of both valid and invalid data;
 - (ii) ensure that rejected items are corrected and re-submitted for processing through the same degree of control as the original data;
 - (iii) provide for the authorisation of data entry and processing to be separate from the actual function of data capture, and for the exercise of that authority to be evidenced;
 - (iv) co-ordinate the timing of input, processing and production of output to obtain maximum efficiency and ensure that operational deadlines are met; and
 - (v) specify the form and content of control records to be kept, by whom and how they should be used.
12. The controls that should be considered for data capture are:
- (i) the use of controlled stationery for source documents to prevent the risk of fraudulent, improper or irregular data;
 - (ii) the use of standard forms to ensure the completeness of data:

- (iii) the checking and authorisation of all source and input documents to ensure their validity and accuracy; and
 - (iv) the batching and registration of source documents at the point of collection to prevent the loss of valid documents and the addition of invalid documents.
13. The controls over data entry for batch processing are:
- (i) the batching of input documents, with each batch being separately identified, sequentially numbered and registered in order to be able to account for all input and to verify and prove the completeness of output;
 - (ii) the use of two or more forms of totals of the contents of batches to control and account for the number and value of transactions entered and processed, e.g. document counts, hash totals of reference numbers, value totals of data fields;
 - (iii) the input acknowledgement of input documents to prevent duplicate processing; and
 - (iv) the return of input documents to the user section.

CONTROLS OVER PROCESSING

14. The objectives of these controls are to ensure that the correct data files and programs are used, that all data is processed in a secure manner, that all data is accounted for, and that processing is accurate and complete.
15. Organisational and operational procedures should provide for a proper and effective separation and distribution of responsibilities and duties. These procedures should also cover:
- (i) the timetabling and scheduling of priorities and the frequency of runs;
 - (ii) the timing of input and the distribution of output to ensure their coordination with processing;
 - (iii) the arrangements for file maintenance and backup, including security dumps and off-site storage of security copies of data files and programs;
 - (iv) the instructions for the processing cycle including error, recovery of data and restart procedures;
 - (v) the form and content of all control records to be maintained, and
 - (vi) the agreement and reconciliation of output data at various stages of processing.
16. The Operating System may be used to control the processing cycle, including what data files and programs are used, and the sequence of use. Operating software should also be used to control who has access to different parts of the system; for example, through the use of passwords or other personal identification devices (PIDS) access can be restricted to enquiries only, input of payment voucher details only, production of cash book, production of cheques.

17. The system log may also be used for administrative and operational control. This log may contain:
- (i) date and time of entry to the system;
 - (ii) the name and location of the person entering the system;
 - (iii) the names and versions of files used;
 - (iv) the programs used;
 - (v) the command statements entered;
 - (vi) the sequence of processing followed;
 - (vii) any unusual features occurring during processing such as machine or program error, interruptions or breaks and restarts, undue length of processing time;
 - (viii) time of completion of processing; and
 - (ix) date and time of exit from the system.
18. In addition, a number of programmed controls should be incorporated into all application programs. The most common forms of these are:
- (i) **Control Totals** of numeric value data fields within the transaction records or data files processed, such as amounts of Rupees and quantities or volumes of items. They may also be the total of number of things processed such as persons, documents or the number of transactions themselves. Control totals should be established, manually, before processing and should also be produced by the application programs. They are subsequently used to agree and reconcile output with input, for reconciliation of separate accounts, or for agreement with separately and independently maintained totals, such as number of persons or bank balances.
 - (ii) **Run to Run Controls** are totals produced by each program and used for balancing input and output at Intermediate points In the processing cycle, to prove the accuracy and completeness of each stage of processing and to control the correction of errors and the resubmission of rejected items.
 - (iii) **Control Records** are records generated by the programs and added to data files or data bases, containing information such as cumulative totals, balances brought forward or carried forward, or totals of additions and deletions, or any other control data which may be used to control subsequent or consequent processing cycles.
 - (iv) **Control Reports** should be output by the application programs in addition to the production output of the system. These reports should contain sufficient information for the user and computing sections to be able to check the accuracy and completeness of all processing (see paragraph 23 below).

- (v) **Validation Routines** should be incorporated in application programs to perform tests and checks on both input and output data, at field, record and file level. They can be used, by sequential numbering of input batches, to ensure that no batches are lost and to prevent duplicate processing. They can also be used to ensure that key fields are input and are reasonable, for example payment voucher details input must include a value, say between Rs 100 and Rs 1,000,000.

CONTROLS OVER OUTPUT

- 19. All output should be produced as expected and it should be complete and reasonable, serve a useful purpose and be distributed on time and treated with due regard for its confidentiality. Procedures and control features should take account of the fact that computer output is produced for various purposes and may be in a variety of forms:
 - (i) the **purposes** may be classified under three broad headings: production output for the user; intermediate output for input to another program or system; and control output for checking the production output;
 - (ii) the **forms** may be: printed computer reports; printed special forms; temporary visual images on VDU screens; standard magnetic tapes or discs; special form of output such as microfiche; or special format, encrypted or encoded tapes and discs.
- 20. The procedures for handling and dealing with output from each application system should provide for:
 - (i) the division of duties and responsibilities between the computing and user sections for checking and distributing output, the way in which output should be checked and the form and content of control records to be kept;
 - (ii) the authentication of output to ensure that procedures have been followed correctly, and distribution schedules to ensure that output has been distributed correctly and in a timely way;
 - (iii) safe and secure storage and movement of output, both in printed and magnetic form;
 - (iv) adequate retention periods to be specified and observed for all forms of output; and rights of access specified to ensure confidentiality, security, and efficient and effective use of output; and
 - (v) the ultimate disposal of output including waste material from aborted processing.
- 21. Control features may be incorporated in application programs and the operating system to provide the following:
 - (i) identification as to user, date, time, system and purpose;
 - (ii) evidence of completeness of report by using indicators such as page numbering and end of report messages in the output;
 - (iii) control totals and other data which can be used to verify, agree and reconcile output with input, produced either as separate reports or included in the production reports;

- (iv) the use of sequential numbering to facilitate control of financial stationery (e.g. cheques) and other accountable documents; and
 - (v) operating system reports for each occasion the system is run giving details of dates and times, files and programs used, and processing cycle followed.
22. Control procedures should also be adopted for output at terminals as follows:
- (i) adequate training in the use of terminals and VDUs:
 - (ii) the system to provide intelligible messages that are clear and concise with adequate instructions on the interpretation and use of the messages and other information; and
 - (iii) output to be protected by the controlled use of terminals, through signing on procedures, passwords and timeout techniques, to prevent unauthorised access to output data.
23. The various control reports produced should include validation listings, error reports, exception reports and control totals. The accuracy and completeness of processing can and should be checked by computer and user sections alike, using the control output. Control reports should:
- (i) ensure that all reports are clearly identified and may be readily associated with source documents and production output;
 - (ii) clearly state what processing action has been taken to date in the case of validations, exceptions and errors;
 - (iii) identify clearly the items in question and indicate the reasons for reports and rejection;
 - (iv) give not only the details of errors or exceptions but also the total number and value of them; and
 - (v) give the total number of records processed, rejected and accepted, for reconciliation purposes.

GENERAL CONTROLS

24. In addition to the application controls over input, processing and output, there must also be a wide range of general controls over the operation of the computer installation as a whole.
25. **Access Control.** Access to the computer area in an office and access to the system itself (via a terminal) should be limited to authorised personnel. An officer should be nominated to be responsible for the computer on a day to day basis, including all activities and issues relating to the use of the computer. Therefore this officer should:
- (i) be familiar with the operational side of the system;
 - (ii) keep a list of persons who are allowed into the computer area; and
 - (iii) keep any keys in his custody.

26. **Organisational Control.** The responsible officer should determine which functions are carried out by which staff, subject to the agreement of the Internal Control Section. Staff with access to the system should be issued with individual identifying passwords, which should not be disclosed and should be changed on a regular basis. Their duties should be clearly defined and as far as possible segregated. For example:
- (i) only officers designated to operate the computer should have access to the computer during processing, and to computer files/discs;
 - (ii) only data preparation officers should have access to any documents which contain original data;
 - (iii) input data should only be amended by the originating section;
 - (iv) computer operators should not have access to clerically maintained records; and
 - (v) computer operators should not initiate any transaction or be able to make changes to master files.
27. **Tape/Disc/File Control.** Care must be taken to ensure that computerised information is not lost or distorted. This involves the following procedures:
- (i) only officers designated to operate computers should have access to the computer during processing and to computer files/discs;
 - (ii) all issues and returns of discs etc should be recorded and controlled;
 - (iii) discs and other storage media should be serially numbered so that they can be easily identified, and an index maintained;
 - (iv) discs and other storage media should be stored in fire proof safes in the same controlled atmosphere as the computer;
 - (v) care must be taken to ensure that files are not over-written or erased;
 - (vi) adequate file back-up should be maintained;
 - (vii) file recovery arrangements should be fully documented and tested at least annually.
28. **Environmental Control.** All computer equipment requires controlled conditions of temperature, power, humidity and the level of dust in the environmental atmosphere. Equipment should thus be protected against damage from these and against fire, and UPS (Uninterruptible Power Supply) is essential. Standby procedures should be established and fully documented so that, in case of prolonged breakdown of equipment, essential processes can still be carried out.

CHAPTER 20.10

MISCELLANEOUS

USE OF GOVERNMENT PROPERTY, ETC FOR PRIVATE PURPOSES

1. No Government officer or employee, unless specifically authorised to do so by the Ministry of Finance, may make use of any Government property, premises, labour or services for private purposes.

For example:-

- (a) Government officers are not allowed to service or have their cars serviced in Government workshops.
 - (b) Private running in Government vehicles is prohibited.
 - (c) The undertaking of private work on Government premises or sites of work or workshops is prohibited (unless a fully established and approved accounting procedure is in force).
 - (d) The use of Government equipment for private purposes is prohibited.
 - (e) The use of Government employed labour which qualifies for compassionate allowances or gratuities, even though privately paid for at any period, is prohibited.
2. Notices should be placed in all appropriate offices and workshops, informing all regular Government employees that they must not accept any private employment which is supervised or paid for by any Government officer.

CONTROL OF GRANTS

3. Annual Memoranda in the approved forms should be prepared by Ministries/Departments to cover the purposes and terms of every grant to outside bodies, and the methods to be enforced for their control and review. Such memoranda are of three main types:-
 - (a) For grants (i) in aid of Administration or (ii) in aid of administration combined with disbursement for charitable purposes;
 - (b) For grants for Capital expenditure projects; and
 - (c) For grants for Specific Recurrent expenditure projects.

Copies of the pro-forma can be obtained from the Ministry of Finance.

4. Memoranda should be submitted to the Accounting Officers of Ministries for approval and signature. When a beneficiary has signified acceptance of the conditions in the Memorandum, the Department should return the original and forward copies for retention in the Ministry of Finance, the Audit Department and the Ministry concerned.

5. Accounting Officers are personally accountable for funds provided in their respective Estimates for parastatal bodies falling under their responsibility. To ensure proper management of these funds, they should satisfy themselves that clearly defined instructions for efficient financial control exist within their own Ministry and within the spending agency concerned, and they should not approve any release of funds unless it is absolutely necessary.
6. It is essential that:
 - (a) detailed Estimates of Expenditure are prepared and submitted to respective Ministries for approval before the expenditure is incurred;
 - (b) all relevant documents are attached to application for funds;
 - (c) a close watch is kept on the expenditure trend so as to ensure that no excess expenditure on the budgeted amount is incurred without prior approval;
 - (d) sound purchasing procedures and adequate security measures are in force for the control of stores; and
 - (e) statements of accounts and annual reports are produced within the delay prescribed in the respective legislation.

RODRIGUES

7. Store forms and other indents emanating from Rodrigues should be stamped in Rodrigues with the words "Earmarked in Vote Book for Rs.....Do not exceed without reference". Reference should be made to Rodrigues by cable or telephone, if necessary, where the item or items cannot be supplied for the amount earmarked. Where a bulk order or a series of minor items are involved, the indent should be reduced and as much shipped as is possible within the sum specified, unless written authority is received from Rodrigues. The sum specified is the total of the amounts earmarked against an item of a vote in cases where more than one indent is received at a time. The documents accompanying the stores to Rodrigues should indicate clearly the variations from the original indent.
8. The availability of a regular airmail service between Mauritius and Rodrigues should render possible the timely receipt from Rodrigues of a written authority (departmental warrant or in some other form) releasing the additional funds required if the whole indent is to be executed.
9. It is essential that Ministries/Departments should notify Rodrigues of all details of any debits raised on items under Rodrigues control in order to enable the responsible officers in Rodrigues to reconcile the expenditure with the charges shown on the Treasury abstract and the adjustment of the amounts earmarked in the Vote Control Record in the light of actual expenditure. Similarly credits should be notified for incorporation in the accounts. Each notification should be supported by copies of vouchers, stores forms, adjustment vouchers etc.
10. Stores vouchers in respect of stores shipped to Rodrigues should be sent by registered airmail on the same day on which the stores are despatched. The item "Freight Charges - Rodrigues and the Outer Islands",

which is under the control of the Accountant-General, bears all charges at the Mauritius end in respect of goods consigned to Rodrigues and the Outer Islands i.e. lighterage at Port Louis, local transport and handling in Mauritius, insurance, freight. These items should therefore be vouched separately.

11. Fares for officers travelling to and from Rodrigues should be charged to the appropriate vote item as follows:

(a)	Officers from Mauritius visiting Rodrigues on inspection	Return fares-Travelling and transport item of the Mauritius Ministry/Department to which the officers belong.
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Note: Payment of return fares to be effected in Mauritius.

(b)	All other travelling to Rodrigues	Fare Mauritius/Rodrigues-Travelling and transport item of the Mauritius Ministry/ Department to which the officers belong.
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Note: Payment of outward fare to be effected in Mauritius

(c)	All travelling from Rodrigues	Fare Rodrigues/Mauritius-Travelling and transport item of the relative Division to which the officer belong under the Rodrigues Vote.
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Note: Payment of inward fare to be effected in Rodrigues

12. Any Ministry/Department making arrangements for the return from Rodrigues of officers belonging to that Ministry/Department-otherwise than in (a) above should request the Airline or Shipping Agents to book the required passages and to claim payment from the Island Commissioner. Rodrigues who should be notified of such arrangements by letter or telegram, in order that payment may be effected in Rodrigues.

13. The incidence of charge of expenses related to (a) *Freight and (b) Landing Expenses (Home to ship/airport or ship/airport to home)* in connection with the clearance of personal effects of officers on transfer to and from Rodrigues should be charged as follows:

(a)	<i>Freight -</i>	<i>Incidence of Charge</i>
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(i)	Officers on transfer from Mauritius to Rodrigues	Travelling and Transport item of the Mauritius Ministry/Department to which the officers belong.
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Note: Payment to be effected in Mauritius

(ii)	Officers on transfer from Rodrigues to Mauritius	Travelling and transport item of the Division to which the Officers belong under the Rodrigues Vote.
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Note: Payment to be effected in Rodrigues

<i>(b) Landing Charges</i>	<i>Incidence of Charge</i>
<p><i>(i) Officers on transfer to Rodrigues: Home to ship/airport (in Mauritius)</i></p> <p><i>(ii) Officers on transfer to Mauritius:ship/airport to home (in Mauritius)</i></p>	<p>Travelling and Transport item of the Mauritius Ministry/Department to which the officers belong.</p> <p><i>Note:Payment to be effected in Mauritius</i></p>
<p><i>(iii) Officers on transfer to Rodrigues:Ship/airport to home (in Rodrigues)</i></p> <p><i>(iv) Officers on transfer to Mauritius: Home to ship/airport (in Rodrigues)</i></p>	<p>Travelling and Transport item of the Division to which the Officers belong under the Rodrigues Vote.</p> <p><i>Note:Payment to be effected in Rodrigues</i></p>

14. It is essential that the Last Pay Certificates of officers transferred to or from Rodrigues should be sent to Rodrigues, or the Accounting Officer concerned, at the time the transfer takes place, so that the documents travel on the same boat/plane.

PETROL SUPPLIED BY FILLING STATIONS

15. The Accountant-General will, from time to time, issue instructions to Ministries/Departments concerning the Oil Companies with which they may deal and the price to be paid. Indenting vouchers, numbered serially (Accts. B.F. 4. 4a & 4b) will be issued by the Accountant-General to authorised officers in the same manner adopted for receipt books (see Chapter 20.5. paragraphs 26-36).
16. When a vehicle requires petrol the officer in charge of the transport and who is authorised to hold the indent books should prepare the indent and enter the amount of petrol to be drawn in the vehicle log book quoting the number of the indent. The original and duplicate should be handed to the driver for presentation to the pump attendant who should sign them in the space provided for use by the Oil Company. The original indent should be retained by the pump attendant and the driver should return the duplicate to the authorised indenting officer. The driver should sign and date both copies in the space provided. Where possible another officer should accompany the driver and also sign the indents.
17. The duplicate indents should be listed by the authorised indenting officer in the prescribed form. The list supported by the duplicates should be sent by the authorised indenting officer to his Head Office at the end of every month.
18. The following procedure should be adopted in effecting payment for the supply of fuel to Government Ministries/Departments:-
- (a) At the end of each month the Oil Companies will forward their claims (supported by the relevant Accts. B.F, 4, 4a and 4b) direct to the Accounting Officer of the Ministry/Department concerned*

together with a statement. On receipt of these from the Company, the Finance Officer should compare the original with the duplicate copy in his custody and fill in the part of the statement relating to the actual amount paid. In order to expedite the payment of claims Finance Officers, should ensure that the duplicate copies of Accts. B.F. 4, 4a and 4b are not unduly delayed at outstations.

- (b) The Company's claim together with the three copies of the statement referred to above should accompany the original and duplicate copies of Accts. B.F. 4, 4a and 4b which should be attached to Payment Vouchers submitted to the Treasury for payment. The **original** copy of the statement should be forwarded to the Company for reference purposes, along with the Payable Order; the **duplicate** will be retained by the Treasury and the **triplicate** returned to the Department concerned together with the duplicate Payment Voucher and the duplicate copies of the Accts. Forms. Self Accounting Ministries/Departments need only prepare two copies of the statement and should process the payment in the normal way.

19. It is the duty of Indenting Officers to:-

- (a) write boldly the name of the indenting Ministry/Department on the form in order to facilitate the sorting out of the indents by the Company for submission to the various Ministries/Departments;
- (b) make every effort to effect payment on the actual number of litres borne on the Company's claims;
- (c) indent fuel in round figures of litres;
- (d) see to it that the driver calls at the filling station as far as possible on the day the indent is drawn. In view of the fact that the oil companies are supplying fuel on a rotatory system, this measure will ensure that payment is made in the name of the company which has **actually** supplied the petrol;
- (e) ascertain that the quantity of fuel indented is not over and above the tank capacity of the vehicle in respect of which the fuel is required; and
- (f) in order to facilitate the sorting out of vouchers, arrange the bills and annexes relating to payment for supply of petrol in the following order before submission to the Treasury:
 - (i) Original Payment Voucher, Company's claim, Duplicate copy of Statement from the Company and original copies of Accts. B.F.4, 4a and 4b. (This batch will be retained by the Treasury).
 - (ii) Duplicate Payment Voucher, Triplicate copy of statement and duplicate copies of Accts. B.F. 4, 4a and 4b. (This batch will be returned to the Department concerned).

20. The office effecting payment should stamp the original and duplicate indents "Paid" and return the duplicate to the office of origin, for transmission to the authorised indenting officer, who should retain them in the indent book.

21. The Issuing Officer is responsible for keeping check on the paid indents, and he should report to his Head Office any indents for which he has not received a duplicate stamped "Paid" after 2 months have elapsed. The Finance Officer, or other officer appointed by him to do so, should at least quarterly:
- (a) check the lists which have been filed in the Head Office with the log books of the vehicles quoted;
 - (b) verify that there is no break in the sequence of indents accounted for either within a book or within a series of books;
 - (c) survey the unused indents at the time of inspection;
 - (d) follow through the distribution of indent books by the Accountant-General, ensuring that all indents issued by an authorised officer have been accounted for.

ACCIDENTS

22. The driver of a Government vehicle or any other officer should in no circumstances accept liability or come into agreement with a third party in case of an accident involving a Government vehicle. Non compliance with this order may render the Officer liable to disciplinary action.
23. When a Government vehicle is involved in an accident, the officer exercising control over the vehicle should:-
- (a) complete a Motor Vehicle Accident Report Form, not later than one month from the date of the accident and submit it to his Accounting Officer with copy to the Accountant-General and the Director of Audit;
 - (b) obtain copies of the Police Report on the accident, and distribute them to the recipients of the Accident Report;
 - (c) advise whether disciplinary action should be imposed; and
 - (d) arrange for the assessment (without admitting liability) of the damage to any private vehicle through the Mechanical Engineer of the Ministry of Works or of the damage to other property involved through the Senior Officer of Works of the locality.

Any officer responsible for loss of public money due to delays in finalising vehicle accident reports may be liable to disciplinary action.

24. When all action regarding an accident has been finalized, the Accounting Officer should submit a Final Accident Report Form to the Accountant General with a copy to the Director of Audit.
25. The procedure for the repair of Government vehicles involved in accidents is as follows:-
- (a) if the estimated cost of repair is less than Rs 10,000 the Accounting Officer may authorize it;

- (b) if it is more than Rs 10,000 the authorization of the Ministry of Works is necessary;
 - (c) in each case the cost of repairs should be debited to the Ministry's/Department's travelling and transport vote; and
 - (d) if the Ministry of Works advises write-off, the Accounting Officer should apply for the necessary Board of Survey to be appointed for the purpose.
26. If the private party is found guilty, the Accounting Officer should submit a detailed statement of the amount to be claimed in respect of:-
- (i) repairs to the Government vehicle;
 - (ii) amount for loss of use;
 - (iii) travelling of assessor; and
 - (iv) any other contingent liability;

to the Accountant-General who will issue a claim to the owner of the private vehicle. Any cash recoveries, from the driver or from a third party, after an accident, should be credited to revenue.

27. Non-Government vehicles damaged as a result of accidents where Government is liable should be examined forthwith and the Mechanical Engineer's report on damages sustained by the third party obtained as soon as possible. Any compensation awarded to a third party by Government on the advice of the Solicitor-General as a result of an accident, should be paid by the Accountant-General from the appropriate vote under his control.
28. The driver of a Government vehicle prosecuted and fined for inconsiderate driving may, apart from any punishment that may be inflicted by a court of Justice, render himself liable to severe disciplinary action. Any disciplinary action taken by the Public Service Commission shall be advised by the Accounting Officer to the Accountant-General and the Director of Audit.
29. A Central Vehicle Accidents Register should be kept in the Accountant-General's Division to follow up all accident cases from the date of their reporting until complete finalisation.
30. All salvaged parts of Government vehicles involved in accidents where the opposing parties are at fault should, upon payment of the amount claimed by Government, be surrendered to them. Whenever damaged parts of non-government vehicles are replaced at Government's costs, owners of such vehicles should be requested to surrender the damaged parts to the Mechanical Workshop of the Ministry of Works.

INCOME TAX DEDUCTIONS

31. The Commissioner of Income Tax will forward to the Data Processing Division of the Ministry of Finance lists showing particulars of tax deductions to be made from the emoluments of officers and the pensions of retired officers. The Data Processing Division will send monthly to Ministries/Departments a list of deductions in respect of:-
- (a) deductions effected from payrolls; and
 - (b) deductions which for some reason or another have not been made from the payrolls and require to be effected through manual paysheets.

No amendment should be made to these lists.

For manual paysheets, the Data Processing Division should be notified of the deductions made and the remaining instalments due.

32. One copy of the Income Tax Deduction list should accompany payrolls or manual paysheets when these are to be passed for payment by the Treasury or the self-accounting Ministries/Departments.
33. In order that the Commissioner of Income Tax may be kept readily informed of the monthly yield from income tax paid by monthly instalments, the following procedure should be followed by Ministries/Departments:-
 - (a) Not later than the 10th of the month, an adjustment voucher, together with a copy of the deduction list, for the preceding month, debiting the Ministry/Department Deposit Account Income Tax with the total deductions for the month, should be sent to the Commissioner of Income Tax.
 - (b) The Income Tax Department will process the deduction list and complete the credit side of the Adjustment Voucher which will be incorporated in its monthly consolidated statement to the Treasury. The duplicate copy of the Adjustment Voucher should be returned to the Ministry/Department concerned. The Ministry/Department initiating the Adjustment Voucher is responsible for reconciling its Deposit Account Income Tax with the Treasury abstracts.
34. To ensure that adjustment vouchers for clearance of Ministries'/Departments' Deposit Account Income Tax to Revenue are regularly submitted, the adjustment vouchers should at the time of submission bear a certificate to the effect that the amount for the previous month has been cleared. Payrolls and Paysheets should not be passed for payment if they do not bear this certificate as mentioned above.
35. A list of cash collections by the Accountant-General's Division including the District Cashiers, Rodrigues Administration, the Ministry of External Affairs and Emigration and any other Ministry/Department should also be sent to the Commissioner of Income Tax under cover of an adjustment voucher for the clearance of the deposit account to revenue.
36. Apart from the standing deduction lists at the beginning of the financial year, the Income Tax Department should notify the Data Processing Division and the Ministry/Department concerned of any changes in the original lists, e.g. for recovery by instalments of any arrears due.
37. When an officer resigns from the service or is granted leave without pay, the remaining instalments should be recovered in one lump sum unless other arrangements have been made with the Income Tax Department. If the remaining instalments cannot be fully recovered, the Income Tax Department must be immediately notified.
38. Information relating to the tax liability of an officer who is retiring from the service should be forwarded to the Accountant-General for the recovery of the remaining instalments. The Accountant-General is responsible for the recovery of any tax liability on the death of an officer or pensioner.

WIDOWS' AND CHILDREN'S PENSION SCHEME

39. The Widows' and Children's Pension Scheme Office is required to keep up-to-date records in respect of contributions payable and paid by Government officers in order to be in a position to compute the pension payable to the widows and children of deceased associates. Contributions are effected by deductions from salaries or are paid cash, and they should be correctly calculated and collected.
40. It is the responsibility of the Establishment Division of a Ministry/Department to submit to the Finance Officer of the Ministry/Department and to the Manager of the Widows' and Children's Pension Scheme the following documents and information in respect of all staff of his Ministry/Department.
- (a) copy to PSC Form 3 finalising appointments/promotions;
 - (b) copy of approval of leave without pay;
 - (c) date of commencement of leave without pay;
 - (d) resumption of duty from leave without pay;
 - (e) details in case of:
 - (i) resignation;
 - (ii) dismissal;
 - (iii) retirement;
 - (iv) posts declared vacant;
 - (v) appointment of casual, temporary employees to permanent and pensionable establishment;
 - (vi) transfer from or to other Ministries/Departments;
 - (vii) transfer to "approved service"; and
 - (viii) death.
41. The Finance Officer should send to the Manager, not later than the 10th day of each month on the prescribed Form (Accts. F. 148), a schedule of the collections reconciled with the total collections for the previous month on the basis of changes occurring in the case of each officer since the previous month. When there are changes, all the columns in the form in respect of that officer should be completed. Contributions received in the course of a month other than through monthly payrolls or manual paysheets should also be notified in detail to the Manager. If there are no changes, a nil return should be forwarded. Deduction lists produced or prepared monthly along with payrolls or manual paysheets should also be sent to the Manager.
42. Adjustment vouchers connected in any way with the Widows' and Children's Pension Scheme should be referred to the Widows' and Children's Pension Scheme Office, before incorporation in the accounts.

OFFICIAL MISSIONS

43. Financial and establishment clearances should first be obtained before seeking the Prime Minister's approval for the nomination of official delegates (excluding Ministers and other Members of the Legislative Assembly) to attend conferences, meetings etc. abroad. Applications for financial clearance should contain precise information regarding the purpose of the mission, the itinerary and dates of departure and return.
44. Accounting Officers should report to the Ministry of Finance the exact dates of departure and return of the delegates for the purpose of making any adjustments that might be necessary to the allowances initially approved. Accounting Officers who fail to submit this information soon after the return of the delegates will be held pecuniarily responsible for any overpayment of allowances.

45. Delegates returning from mission, and having to refund to Government any excess allowance or advance, should make such refunds in foreign currency or should produce to the Accountant-General a bank certificate showing that excess foreign currency has been converted into Mauritian Currency at a local bank.
46. Transport facilities are normally arranged by the Mauritius Missions abroad on behalf of Ministers, Members of the Legislative Assembly and officials on mission. The cost of hiring cars for this purpose should not be met from the travelling item of the Mission concerned but should be charged to either of the two following items under the control of the Accountant-General:

Expenses and allowances of Ministers attending conferences
Expenses and allowances of delegates on mission outside Mauritius

47. In this connection, all requests made by Ministries and Departments for financial clearance in respect of proposed missions abroad should state:-
- (a) whether local transport facilities should be arranged and where;
 - (b) the type of transport required (e.g. taxi or chauffeur-driven car); and
 - (c) the maximum period during which transport is required at each place.

If the request for transport is approved, the Missions involved will be informed through the Ministry of External Affairs.

48. Where no specific request is made for transport it should be assumed that transport facilities are not required. Accordingly, any transport that may be arranged by the Mission will not be accepted as a charge to public funds.
49. Proposals to send to Rodrigues official visitors, whose board, and accommodation are to be paid out of funds under the Ministry of Rodrigues Vote, should be cleared with that Ministry first. To ensure that transport and other facilities will be available to official visitors when they arrive in Rodrigues, Accounting Officers should notify the Principal Assistant Secretary, preferably fifteen days before the proposed date of departure of the visitors, the following information:
- (i) Number of visitors;
 - (ii) Names;
 - (iii) Purpose of visit;
 - (iv) Duration of mission;
 - (v) Whether or not transport is necessary during the mission; and
 - (vi) Other facilities needed.

RUNNING AND MAINTENANCE OF GOVERNMENT VEHICLES

50. In no circumstances should a Government vehicle be used on other than official business, except where the specific authority of the Accounting Officer of the Ministry/Department has been obtained. No unauthorised persons are allowed to travel in Government vehicles. Trips should be pre-planned so that effective use can be made of the transport available.

51. Two log books, should be issued to each vehicle for use on alternate months. These log books should at all times be kept up to date and are subject to control and examination by Finance Officers, Audit Officers and Internal Controllers. The log book in use should be carried by the driver of the vehicle and **not** retained in the office. When a driver is directed to perform a trip, the officer issuing the directions should complete the columns

- (1) date
- (2) name of officer using vehicle and name of the driver
- (3) reasons for journey
- (4) itinerary
- (5) odometer reading (departure only)
- (6) time of departure

giving special care to the details required In columns (3) and (4);

Columns

- (5) Odometer reading (Arrival)
- (6) distance covered
- (9) time of arrival
- (10) signature of officer effecting the travelling
- (11) signature of the controlling officer

should be filled in, as soon as possible, after the trip. Each trip should be recorded separately and any deviation from the itinerary fully explained in the log book. The remaining columns

- (7) petrol and oil supplied
- (8) signature of issuing officer

should be filled in as and when required.

52. At night vehicles should be kept in secure places i.e. in well guarded compounds, or at Police Stations if it is more convenient for the morning trips. No vehicles should be kept in the yards of officers or drivers without the prior approval of the Accounting Officer.

53. In each Ministry/Department where there are vehicles, an officer should be entrusted with the responsibility of exercising control over the use of these vehicles. It is the duty of the Controlling Officer to:-

- (a) ensure that drivers maintain their vehicles in good working condition;
- (b) see that preventive and corrective servicing are carried out;
- (c) make arrangement with the Mechanical Workshop of the Ministry of Works, or of his own Ministry, when a vehicle needs major maintenance and servicing or repairs;
- (d) arrange for the vehicle to be towed at the earliest opportunity to the workshop in case of a breakdown on the road;
- (e) inspect regularly tyres, especially those having run 15,000 kilometers and ensure that they are retreaded at the appropriate time and are not run beyond retreading point and report to the Accounting Officer any unusual wear or deterioration;
- (f) record full details (including serial number, odometer reading and store form number) in the vehicle log book, in the Vehicle Register and in Tyre Registers whenever tyres are changed, renewed or retreaded;

- (g) record details of all battery changes in the log book and the Vehicle Register;
 - (h) impress upon all drivers the need for spare wheels to be securely and tightly screwed and locked to the vehicle before setting out on and after returning from a trip. In case of loss of a spare wheel, submit a full report to the Accounting Officer together with the explanations of the driver;
 - (i) ensure that odometer readings and distance run are correct and journey performed warranted for each trip before signing in the log book;
 - (j) lock fuel tank and hold the key in his custody;
 - (k) make arrangements for adjustments or repairs to the engine of the vehicle in case of abnormal consumption;
 - (l) complete and submit for scrutiny, to the Finance Officer or to an officer designated by the Accounting Officer, at the end of each month a return showing odometer reading, fuel, oil and grease drawn, maintenance and repairs done etc;
 - (m) carry out periodical checks over all tools attached to the vehicle.
54. Drivers of Government vehicles are in no way relieved of the necessity to abide strictly by the provisions of the laws relating to Road Traffic. Should a driver be prosecuted for a traffic offence, convicted and fined, he will be personally responsible for the payment of the fine. In addition, he would render himself liable to disciplinary action.
55. Drivers are responsible for normal servicing such as cleaning, greasing, topping up of oil in the sump, topping up water in the radiator, topping up batteries etc. They should:
- (a) thoroughly check the general condition of a vehicle on taking charge in the morning and on ceasing work in the afternoon;
 - (b) report to the controlling officer any breakdown of their vehicle and any fault they would have observed in their vehicle;
 - (c) see that correct tyre pressure is maintained at all times;
 - (d) check battery weekly and top up as necessary with distilled water, keep the battery clean and the terminal greased so as to prevent corrosion;
 - (e) ensure that spare wheels are securely and tightly screwed or locked to the vehicle before setting out on and after returning from a trip; (failure to take precautionary measures will render them liable to disciplinary action in case of loss);
 - (f) insert the quantity of fuel supplied by the Ministry of Works or private petrol stations in the vehicle log book;
 - (g) report at once to the Controlling Officer any abnormal consumption of petrol;

- (h) record in the log book all supplies of oil; and
- (i) report immediately to the Police and the Controlling Officer when the vehicle is involved in an accident. In no circumstances should they accept liability or come into agreement with the party concerned in the accident.

56. Any contravention of the above instructions may lead all those involved in the running and maintenance of Government vehicles to disciplinary action. The above instructions in no way relieve Accounting Officers of their responsibility to issue any other instructions they consider necessary for the proper running and upkeep of Government vehicles under their control.

FISCAL AND OTHER PRIVILEGES TO OVERSEAS CONSULTANTS/CONTRACTORS

57. Accounting Officers should seek clearance from the Ministry of Finance before entering into or extending any contract/agreement with overseas Consultants/Contractors providing for exemption from taxes and duties or payment for their services in a foreign currency. Accounting Officers should ensure that parastatal bodies or local authorities under their control also comply with the above requirements.

STAMP DUTY

58. Each Ministry/Department should after consultation with the Accountant-General, prepare a list of documents processed in the Ministry/Department which:

- (a) attract stamp duty and to what value; and
- (b) do not attract stamp duty

for the guidance of all officers concerned in order to ensure maximum collection of stamp duty.

59. The list of documents should exclude those which are stamped by the Accountant-General's Stamping Office which is provided with a complete scale of proper stamp duty leviable.

END - OF - SERVICE BENEFITS

60. To enable the timely payment of the end-of-service benefit, to an officer on his retirement from the service, or to his estate in the event of his death in service, Accounting Officers should:

- (a) submit to the Accountant-General in triplicate, the Pension Schedule of the officer on Accts F/237 or 239 as appropriate, giving full particulars of his service, emoluments, periods of leave without pay or other break in service duly certified by a Senior Officer, together with a copy of his last pay slip at least two months before the officer is due to retire or soon after but not later than one month after his death;
- (b) confirm in writing to the Accountant-General the due date of retirement of the officer, as originally shown in the Pension Schedule one week before he is due to retire;

- (c) submit one copy of the Pension Schedule to the Manager, Widows and Children's Pension Scheme Fund so that he can advise the Accountant-General of any arrears/adjustment of contribution due by the officer at the date of his retirement or death for recovery from benefit payable. The Pension Schedule will also serve as guide ultimately for the computation of the widows/children's pension;
 - (d) notify the Commissioner of Income Tax and the Secretary, Mauritius Civil Service Mutual Aid Association, with copy to the Accountant-General, of the due date of retirement or date of death of the officer, requesting them to advise the Accountant-General of the amounts owed by the officer at the date of his retirement or death for recovery from benefit payable.
61. The Ministry/Department in which the officer last served is responsible for the submission of the complete pension schedule of the officer even if he has previously served in another Ministry/Department. The officer's personal history card should be a reliable and complete basis for the preparation and certification of the complete service of the officer.
62. Pending the final award of the end-of-service benefit to an officer, an advance on gratuity may be granted to him, but not before his retirement from the service has become effective.

GRANTS/DONATIONS FROM OTHER ORGANISATIONS

63. No donations should be accepted officially without the prior approval of the Prime Minister's Office and of the Ministry of Finance as they may have undesirable financial and political implications. They should be accepted in the name of the Government. No public officer should accept a donation in his personal name or on account of his official capacity or status.
64. Any cash gift received should be credited immediately to Government's account with the Accountant-General until a decision is taken regarding the procedure to be adopted for its use. In case of non-cash gifts, these should be formally taken on charge by the Ministry/Department on the same lines as for stores.
65. The prior approval of the Ministry of Finance should be sought regarding the procedure to be followed before disposing of any public gift. Any officer making any disbursement without authority from a cash gift or disposing of any non-cash gift will be held personally responsible.
66. Where gifts are allocated to specified organisations, there should be no change in the purpose of the donor and of the beneficiary organisation designated by the donor. The approval of the Ministry of Finance should be obtained when such a change is contemplated.

AUDIT

67. The Director of Audit or any officer deputed by him is at all times entitled to have access to all books, records, reports, returns and other documents relating to accounts, and all officers with accounting responsibilities shall give him every facility for the exercise of his duties. He shall also have authority to carry out surveys of cash, stamps and stores.

68. It is the duty of all officers with accounting responsibilities to reply promptly to any enquiries addressed to them by the Director of Audit, giving fully the particulars or information desired.
69. Ministries/Departments should send to the Ministry of Finance copies of their replies to Audit Reference Sheets in connection with Audit Annual Reports.
70. The use of green pencil or green ink in all papers and records is restricted to the Audit Department.

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APPENDIX I

FINANCE FORMS

FINANCE FORM

No.	Title
1	Application for Additional Provision/Reallocation/Advance Provision from the Contingencies Fund
2	Reallocation Certificate
3	Supplementary Estimates Warrant
4	Supplementary Provision Advice
5	Contingencies Fund Advance Warrant - SCHEDULE
6	Contingencies Fund Advice
7	Reallocation Warrant - SCHEDULE
8	Reallocation Advice
9	Excess Expenditure
10	Estimates of Revenue.....Department
11	Capital Budget...../.....
12	Revised Estimates of Revenue 19.../...
13	Revised Estimates of Expenditure 19.../...
14	Departmental Warrant No..... 19.../...

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APPENDIX II

Manual Vote Control Books

1. Recurrent Budget
2. Capital Budget
3. Specimen Memorandum of Application for Reallocation

NOTES ON KEEPING MANUAL VOTE CONTROL BOOK

RECURRENT BUDGET

1. All entries should be in ink. Red should not be used except for credit adjustments or credit entries. No liquid paper/correcting fluid should be used.
2. The information at the top of the Vote Control Book pages should be brought forward from folio to folio.
3. Cash Vouchers (including Local Purchase Orders at authorisation for payment stage), Journal Vouchers (including stores and transport requisitions at or notification of charges stage) should be entered in the Vote Control Book and the entries initialled by the authorising officer when he approves the vouchers. The initials in the Vote Control Book indicate verification of correct recording and that the "Unallocated Balance" has been noted.
4.
 - (1) The amounts of any administrative restrictions, Supplementary Provision Advices or Reallocation Advices should be promptly entered in the Provision Block and corresponding amendments to the "Unallocated Balance" in column 9 should be effected;
 - (2) Similarly, the amounts of any allocation of funds received by Departmental Warrant should be promptly entered in the Provision Block of a separate folio kept for each item of expenditure for which Departmental Warrants have been received.
5. Reconciliation of items in the Treasury Monthly Statements with the relevant entries in the Vote Control Book:-
 - (1) As soon as the Treasury Monthly Statements are received they should be compared with the Vote Control Book and Column 5 of the Vote Control Book completed for all items recorded in columns 4 or 5.
 - (2) **Any debits or credits appearing in the Treasury Monthly Statements which are not in the Vote Control Book columns 4 and 6 should be promptly investigated**
 - (3) Any entries appearing in columns 4 and 6 of the Vote Control Book which have not been reflected in the Treasury Monthly Statements within two months should also be investigated.

GENERAL BREAK - DOWN OF VOTE

6. The break-down of the Item as budgeted for should be recorded either in the Break-down Block provided or by the Finance Officer on a separate file.
7. The object of this information is to provide a ready reference when questions of changes in the general direction of expenditure on an item are necessary.

WHEN TO EARMARK

8. All expenditure that can be foreseen (either actual or the best estimate), should be entered at the first possible opportunity in the "Amounts Earmarked" column 3 thus committing the item of the Vote, with a corresponding increase in the "Total Commitments Outstanding" column 7 and a corresponding reduction in the "Unallocated Balance" column 9.
9. Departmental Warrants - Any sums allocated by Departmental Warrant should be entered individually in the "Amounts Earmarked" column 3 and the Departmental Warrant certified accordingly before issue.
10. Overseas Purchases - The estimated value of all indents for purchases (including Insurance, Import Levy, Customs Duty and Sales Tax plus a discretionary allowance for any increase in cost) should be entered individually both in the "Amounts Earmarked" column 3 and in the Indent Control Book as soon as they are prepared.
11. Local Purchases - Unless the expenditure had been previously foreseen and recorded in column 3, the entry in column 3 should be made on preparation of the Local Purchase Order.
12. Stores Requisitions involving charges to a Vote - The estimated amount should be earmarked in column 3 at the time of requisitioning.
13. Local Transport Charges - The best approximation for local transport should be earmarked in column 3 at the time of requisitioning. In the case of officers travelling by their own cars a monthly or quarterly sum should be set for each officer and these amounts earmarked, and adjusted when claims are received.
14. Personal Emoluments - At the opening of the financial year, the amount of Personal Emoluments of all officers actually filling posts on the 1st of July should be entered in the "Amounts earmarked" column 3 and in the "Total Commitments Outstanding" column 7. The "Unallocated Balance" column 9 will therefore represent the value of those Personal Emoluments posts for which vacancies exist and should be supported by a detailed list of the salaries and posts involved. Columns 3, 7 and 9 should be modified as and when changes occur in the establishment, for example:-
 - (1) one clerical officer at Rs 2,400 per month replaced by one clerical officer at Rs 4,000 per month will mean a reduction in column 9 and an increase in columns 3 and 7 of Rs 19,200 (Rs 1,600 x 12) i.e. total increase for one year;
 - (2) If a vacancy existing on 1.7.89 at Rs 3,600 per month is filled on 1st January of the following year at the same rate, column 9 should be reduced and columns 3 and 7 increased by the sum of Rs 21,600 (Rs 3,600 x 6).
15. For all commitments - The amount earmarked should be prefixed with a number in brackets - say (1), (2), (3), etc., - the corresponding payments in column 4 should be similarly prefixed when they are entered.

SETTING OFF OF AMOUNTS PAID AGAINST AMOUNTS EARMARKED

16. On submission of any Payment Voucher, Journal Voucher, Local Purchase Order, Acts Form 89, etc.. for the authorised officer's signature, at payment or acceptance stage, it should be ascertained whether or not it refers to an amount earmarked.
17. If it does refer to an amount earmarked, the amount earmarked exceeds the amount to be paid and the commitment remains not completely fulfilled, the sum payable should be entered in column 4 "Payments against amounts earmarked" with a corresponding reduction in the total in column 7 "Total commitments outstanding".
18. If it does refer to an amount earmarked, the amount earmarked exceeds the amount to be paid and the commitment is then completely fulfilled, the sum payable should be entered in column 4 "Payments against amounts earmarked" with a corresponding reduction in column 7 "Total commitments outstanding". The difference between the amount earmarked and the sum payable should be entered in red (prefixed by N.P, for not paid) on the next line of column 4 with a corresponding reduction in the "Total commitments outstanding" in column 7.
19. If it does refer to an amount earmarked and exceeds the amount earmarked (or the balance earmarked remaining) the amount earmarked (or the balance remaining earmarked) should be entered in column 4 (with a corresponding reduction in the "Total commitments outstanding" in column 7) and the difference between the sum payable and the amount earmarked (or the balance remaining earmarked) entered in column 6 "Payments of amounts not earmarked".
20. If it does not refer to an amount earmarked the sum payable should be entered in column 6. In all cases, the "Running total of actual debits" in column 8 and a corresponding reduction in the "Unallocated Balance" in column 9 should be increased or reduced as necessary.

SETTING OFF OVERSEAS PURCHASES AGAINST AMOUNTS EARMARKED

21. A separate file should be kept for each indent in respect of overseas purchases, containing a copy of the indent and all correspondence relating to it.
22. An "Indent Control Book" should also be kept on the lines of the specimen at Annexure II, with a separate folio for each indent.
23. The following details should be entered in the "Indent Control Book" before the indent is submitted for authorisation:
 - (1) Departmental Indent No.....;
 - (2) Earmarked side Prefix No.....of page.....of Vote Control Book;
 - (3) Amount Earmarked (Main Breakdown);
 - (4) The squares of the Item Control Blocks for Cost and Freight which are surplus to the number of items on the indent should be ruled through with a horizontal line:

- (5) The amounts appearing in the main breakdown of Amount Earmarked for Cost and Freight should be entered in the Unexpended Balance columns of the relevant Charges blocks.
24. (1) As and when the actual debits are notified by the Treasury and or Bank and payments are made in respect of freight charges, the details should be entered in columns 4 and 5 of the Vote Control Book;
- (2) normally the amount debited should agree with the net actual costs already shown in the Charges Blocks of the Indent Control Book in accordance with the Invoice and the Bill of Lading;
 - (3) if on some rare occasion, they do not agree the necessary adjustment in the Unexpended Balances of the Charges Blocks of the Indent Control Book should be made.
25. The object of this process is to show at a glance the financial state of the indent at any one time.
26. Finance Officers should scrutinise the Indent Control Book at regular intervals to review and to assess the position of each indent since –
- (1) additional earmarkings may be required in the Vote Control Book in respect of freight and other exceptional charges;
 - (2) savings on an indent may be foreseen allowing an appropriate adjustment of the amount originally earmarked thus releasing funds for use on the item or for reallocation.

GENERAL

27. At any one time, the total of columns 7, 8 and 9 of the Vote Control Book should equal the “Total provision to date”.
28. The procedure outlined in these notes applies equally to self-accounting departments except that “Departmental Abstract” will replace the “Treasury Monthly Statement” in the most cases.

NOTES ON KEEPING MANUAL VOTE CONTROL BOOK CAPITAL BUDGET

The general principles set out for the Recurrent Vote Control Book should be observed. However, where an amount is earmarked for payment during a subsequent year Column 11(b) should be increased by the amount earmarked, with the balance in Column 13 “Unallocated Balance” remaining unchanged.

2. Capital Vote Control has two objectives -
 - (i) control of expenditure against approved project values;
 - (ii) control of voted sums made available for projects.

Thus it is essential that officers responsible are informed of changes in project values so as to ensure that necessary adjustments are made in the Vote Control books, especially when a project value or provision for the year is reduced.

3. How to complete the top boxes of the Capital Vote Control Book -
 - (a) Box headed “Previous Years’ actual and estimated expenditure” - on the first day of the new financial year enter the latest estimate of expenditure for the previous year as per the Vote Control Book, and the cumulative actual expenditure for earlier years and strike a total.
 - (b) Box headed “Last Year’s Actual” - When the previous year’s actual has been reconciled with the Treasury figures insert the actual expenditure for that year in the box.
 - (c) Box headed “Previous Years’ Actual (after adjustment)” - After carrying the exercise as at (b), the actual expenditure on the capital item up to the end of the last financial year should be entered in this box.
 - (d) Box headed “Balance of Project Value” - Enter the balance of project value available i.e. project value (including modifications) less expenditure up to the-end of last financial year. After closing of last year’s accounts this figure should be adjusted to arrive at the exact balance of project value.
 - (e) Box headed “Voted Sums Available” - Enter in this box all sums made available during the current year (General Warrant, Reallocation, and E.S.E.); similarly any sum reallocated from the item should be deducted.

SPECIMEN MEMORANDUM OF APPLICATION FOR REALLOCATION

VOTE 4-1. MINISTRY OF FINANCE

Application for the reallocation of a sum of Rs 200,000 from item 4-1-2 (Travelling and Transport) to item 4-1-3 (Incidentals and Office expenses).

- (a) Why funds are exhausted under item 4-1-3: Funds provided were in respect of normal requirements which have all been met to-date;
- (b) Why additional provision is required: For the purchase of office requisites which are urgently required for a seminar to be held next month;
- (c) Why the need could not have been foreseen when the estimates were framed: The decision to hold a seminar was taken only recently;
- (d) Why funds can be made available from item 4-1-2: Provision had been made under this item for the payment of travel grants to senior officers in accordance with the recent Salaries Commissioner's Report. However, a number of officers were not eligible for the first five months of the present financial year and accordingly payment of the travel grant was not made for these months. Savings are therefore available under this item.

VOLUME 30

SUPPLIES MANAGEMENT

VOLUME 30

SUPPLIES MANAGEMENT

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CHAPTER 30.1

INTRODUCTION

SUMMARY OF VOLUME 30

1. This is the third volume of the Financial Management Manual which highlights the general policies and procedures of supplies management so that the supplies and stores functions of Ministries and Departments are carried out in a controlled, consistent and economical manner and are properly accounted for. These general procedures are binding on all Stores Officers as they represent the safeguards that are necessary when dealing with public funds. Nonetheless, there is scope for flexibility in their detailed application through the development of Departmental Instructions. However, to ensure that such instructions are compatible with the established framework, they must be subject to approval by the Ministry of Finance. This volume is set out in a number of chapters as outlined below.
2. **Basic Principles** - Chapter 30.2 highlights the basic technical and management requirements of today in the field of Supplies and Stores Management.
3. **General Instructions** - Chapter 30.3 deals with the meaning, supervision and control of stores, including the respective roles and responsibilities of Accounting Officers and Stores Officers.
4. **Procurement** - Chapter 30.4 deals with the general procedures to be followed by Ministries/Departments in respect of local and overseas purchases of goods and services.
5. **Clearance, Claims and Insurance** - Chapter 30.5 describes the procedures to be followed for the clearance of overseas supplies and the action to be taken if goods from overseas suppliers are short-received or damaged.
6. **Stores Operations** - Chapter 30.6 deals with store keeping operations i.e. the procedures which should be followed for the receipt and issue of stores as well as with the disposal of condemned stores.
7. **Stores Accounting** - Stores Officers have the responsibility for the receipt, custody and distribution of stocks which must be accounted for and properly recorded in the Governments ledgers. The general procedures to be adopted are contained in Chapter 30.7.
8. **Boards of Survey** - Chapter 30.8 outlines the purpose and duties of the Boards of Survey in the verification of stores balances and the disposal of unserviceable /obsolete stores.
9. **Losses, Shortages and Write-off** - stores losses may occur on account of deterioration , damage, theft or burglary of goods, etc., and shortages on account of discrepancy between ledger balances and the actual stock. Chapter 30.9 deals with the general procedures to be followed for the write-off of such losses in order to keep the ledger balances up-to-date and accurate.
10. **Miscellaneous** - there are a number of procedures required for specific types of items and services such as plant, tools, equipment, containers, printing, stationery and office requisites. Chapter 30.10 describes the procedures to be followed for the management of all such items and services.

BASIC PRINCIPLES

INTRODUCTION

1. The supply and stores function is a vital and essential part of all organisations within the public service. Its purpose is to ensure a balanced flow of goods and materials to the operational functions of all Government Ministries, Departments and Divisions it serves.
2. In rendering that service, stores personnel have to operate within the boundaries of certain policies and procedures required by the fact that each Ministry/Department is accountable for its activities, since it is dealing with public funds. Systems and controls must be adequate to satisfactorily fulfill this accountability.
3. This part of the manual documents the major policies and operating procedures so that all concerned understand their duties, responsibilities and limits of authority.

GUIDING PRINCIPLES

4. The operating procedures must be simple enough to help achieve maximum speed and economy in the operations, with no more than the minimum required essential administration.
5. While adequate systems and controls are essential, unnecessary controls should be avoided in order to ensure that the efficiency and effectiveness of supply operations are not hampered.
6. Although service is the principal objective of the supply and stores functions, it is of paramount importance that all officers concerned with any aspect thereof are keenly aware that it is public money which is involved. Such officers, therefore, must ensure the following:-
 - (a) **Economy** - all operations within the stores system should be performed in such a way as to achieve the best value for money.
 - (b) **Efficient Procurement** - procuring goods and services of the right quality in the right quantity, at the right time, from the right supplier, and at the right price. In placing orders, preference should be given to those suppliers who have demonstrated their ability to comply with delivery requirements.
 - (c) **Effective Stock Control** - to maintain an optimum balance between over-buying and under-buying, proper stock control levels such as maximum, minimum and re-order levels should be maintained for each stock item.
 - (d) **Assured Continuity of Supply** - to ensure continuity of supply by maintaining effective relationships with existing sources and by developing other sources of supply either as alternatives or to meet emergency or planned needs.

- (e) **Harmonious Inter-departmental Relationships** - to maintain sound cooperative relationships with other departments, providing information and advice as necessary to ensure the effective operation of the Government as a whole.
- (f) **Up-to-date Stock Records** - to ensure that adequate, accurate and up-to-date stock records are maintained for every item held in store, on site or in a depot or warehouse.
- (g) **Good Storage** - to ensure that items held in store are maintained in good condition, are fit for use and do not suffer damage or deterioration because of inefficient storage.
- (h) **Clear Identification and Location of Stock** - to formulate and update a system of stores coding, so as to allow efficient identification and location of all goods and services held within the stores operation.
- (i) **Correct Issue and Despatch** - the goods and services required should be released from stores only on proper authority.
- (j) **Proper Inspection** - to inspect and check all the deliveries made to the store, for such factors as quantity, type, quality, damage and shortage.
- (k) **Adequate Security** - to ensure that security is maintained at all times within the stores building and stock yards. This involves protection against theft, damage, fire and spillage as well as ensuring that doors, windows and stockyard fencing are secure.

CHAPTER 30.3

GENERAL INSTRUCTIONS

CLASSES AND CATEGORIES OF STORES

1. Stores are of the following classes and categories .
 - (i) Allocated Stores;
 - (ii) Unallocated Stores;
 - (iii) Returned Stores - Useable;
 - (iv) Returned Stores – Unserviceable; and
 - (v) Condemned Stores.
2. For accounting purposes stores are of two classes, namely Allocated Stores and Unallocated Stores.
3. **Allocated Stores** are stores the cost of which is chargeable direct to, and remains a charge to, the item of expenditure in which the funds for their purchase are provided in the Estimates. These stores are taken on numerical charge and issued as and when required.
4. **Unallocated Stores** are stores the cost of which is charged in the first place to an Unallocated Stores item in the Expenditure Estimates. Such stores consist mainly of:-
 - (a) standard stocks of materials which are required to be maintained for the carrying out of recurrent and capital works; and
 - (b) stores in general use by Ministries/Departments.

They are held on financial as well as numerical charge and, when issued for use, the cost is charged to the appropriate item of expenditure in the Estimates of the Ministries/ Departments concerned and the Unallocated Stores item is correspondingly credited. (See para 23 chapter 30.7).
5. Returned stores are of two categories, i.e.
 - (i) Returned stores, Useable, and
 - (ii) Returned Stores, Unserviceable.

- (a) **Returned Stores** - Useable, are items in new conditions which have been indented for in excess of requirements or second-hand articles which are no longer required for the purpose for which they were drawn from store but which are considered to have a further useful life.
- (b) **Returned Stores** - Unserviceable, are those articles which are of no apparent value to the Department concerned but which are retained in safe custody until disposed of by authority after examination by a Board of Survey or other authority.

For treatment of and accounting for Returned Stores, see paras 33 to 42 below.

- 6. **Condemned Stores** are items which have been examined by a Board of Survey and have been recommended to be struck off charge of the Ministry/Department concerned. (See paras 27 to 30 Chapter 30.6)

MINOR STORES

- 7. **Minor Stores** are allocated stores the original cost of which is Rs 1,000 or less per unit and include small quantities of foodstuffs, glass and crockery, small tools and equipment. Special authority may be given to Accounting Officers to include as Minor Stores items which need constant replacement and which exceed the limit of Rs 1,000 each. Applications for such authority should be made to the Ministry of Finance.

SUPERVISION AND CONTROL OF STORES

Accounting Officers Responsibilities

- 8. Accounting Officers are primarily and pecuniarily responsible for the general supervision and control of the stores and stores accounts in their charge and for the assignment of the duties to, and their proper performance by, the subordinate staff appointed for the purpose, and will be answerable therefor to the Public Accounts Committee of the Legislative Assembly.

To assume these responsibilities, Accounting Officers should be aware of the location of each store and know what each officer in the store divisions is required to perform on their behalf. To achieve this, Accounting Officers should:-

- (a) be in possession of a general stores organisation chart, with Divisional Charts as may be necessary, of every single store showing the division of duties amongst members of the staff by designation;
 - (b) ensure that each officer be provided with a duty file outlining his duties with clear instructions and guidance as to the manner in which these duties should be performed.
- 9. Accounting Officers will normally exercise the required control under the above instruction through their Stores Officers, or, in the absence of a Stores Officer, through any responsible officer appointed for the purpose.

10. Accounting Officers should maintain a Register showing the location of every Store for which they are responsible and should inform the Ministry of Finance, the Accountant-General and the Director of Audit when any Store is closed down or a new one opened.
11. Accounting Officers should report to the Ministry of Finance, with copies to the Accountant-General and the Director of Audit, immediately their attention is drawn to any stores of appreciable value found in stock which were not on charge and for which no satisfactory explanation can be given.
12. If any excessive stocks are disclosed on Departmental Allocated Stores charge, or unnecessary expenditure incurred, the Officer responsible may be called upon, in the absence of a satisfactory explanation, to make good any loss to Government which has resulted thereby.
13. Accounting Officers or the Officers nominated in para 9 above should arrange for the verification of all stores items on at least a yearly basis. These verifications should be carried out in addition to any checks by Boards of Survey, Internal Controllers, or Audit Officers. Stores Officers should not be warned in advance of such verifications. Any discrepancies or anomalies found during verification should be reported in writing to the Accounting Officer for corrective action, inter alia:-
 - (a) Non compliance with any of the duties in paras 16-17 below;
 - (b) Inadequate storage capacity, or stock allowed to exceed the storage capacity available;
 - (c) Security of the accommodation and fire precautions;
 - (d) Delay in posting records;
 - (e) Incorrect completion of vouchers;
 - (f) Lack of recent check by Boards of Survey or Internal Controllers;
 - (g) Lack of subsidiary records, e.g. Inventories, Plant and Machinery Registers, Tools and Equipment Registers, Distribution Registers, Office Equipment Records, etc.;
 - (h) Deterioration in condition of goods in stock;
 - (i) Excess or redundant stocks;
 - (j) Absence of stores staff from duty;
 - (k) Inappropriate manner of storage of any item; and
 - (l) Failure to implement recommendations from previous verifications.

Inspecting Officers should also carry out test checks of entries against receipt and issue vouchers, comparisons of Ledger balances with actual stock, and test verifications of calculations in the Store Ledger. Accounting Officers should send copies of these reports, with their comments, to the Ministry of Finance and the Director of Audit.

Stores Officers Responsibilities

14. At main and sub-stores the Officers appointed from the Stores Cadre or Departmental Officers delegated by Accounting Officers to take charge of the stores will be directly responsible for the supervision and control of the Stores in their charge and the safe custody of keys (except where special arrangements have been provided) and records. Such records, when not in use, should be placed under lock and key.
15. Officers to whom store-keeping or procurement duties are assigned should not delegate any part of their duties or responsibilities without the written approval of the Accounting Officer or the Officer appointed by him under para 9 above.

Store Keeping Duties

16. The Officer in charge of a Store or section of a Store is personally responsible for:-
 - (a) Checking, handling and storage of stores received;
 - (b) Checking and packing of stores issued;
 - (c) Preventing waste of stores;
 - (d) Preventing irregular issues and ensuring that all issues are acquitted on the properly authorised Store Forms;
 - (e) Ensuring that all stores are brought on charge as soon as received;
 - (f) Ensuring that no unauthorised person has access to his storeroom and no article is removed from his Store without his knowledge;
 - (g) Informing immediately the Officer responsible for procurement:-
 - (i) when Stocks reach the re-order level; and
 - (ii) when items are out of stock;
 - (h) Inspecting his Store rooms at least once every working day;
 - (i) Frequent examination of locks, doors and windows;
 - (j) Reporting immediately to his superior officer any case of loss or shortage, damage, deterioration or surplus;
 - (k) Frequent examination and turning over of stores subject to evaporation, the ravages of insects or vermin, or deterioration by damp or any other cause, for this reason:-
 - (i) clothing and cement should not be placed on the floor of the store rooms; and
 - (ii) fluids contained in tins, drums, casks or barrels should, whenever possible be stored off the ground to enable leakage to be readily detected;

- (l) Ensuring that Store rooms and areas are kept clean and tidy, that Store Rooms are properly ventilated and weather proof and that the various articles are neatly arranged, classified and easy of access;
- (m) Removing packing materials from the Store, keeping grass cut in the area and taking all necessary fire precautions;
- (n) Stocking fast moving items near the exit of the store-rooms and slow moving items deep inside;
- (o) Issuing stocks in the order in which they are received. (For this reason, new consignments should be placed behind or beneath old stock);
- (p) The safe custody of keys entrusted to him and the locking up of Store rooms and buildings in his charge;
- (q) Test checking stocks on a rotational basis against Ledger or Bin Card balances and initialling and dating the Ledger record or Bin Card. Any variations are to be reported to the Accounting Officers at once;
- (r) Ensuring that Returned Stores, Useable, and Returned Stores, Unserviceable are kept separate from each other and apart from new unissued items, (See para 41 below);
- (s) Ensuring that stores condemned by a Board of Survey are clearly labelled and segregated until finally disposed of;
- (t) Drawing the attention of the Accounting Officer to items in his stores for which there is no demand;
- (u) Giving all possible assistance to the Director of Audit, Boards of Survey, and Internal Controllers or other Officers appointed to check his stores or records;
- (v) Obtaining the proper authority in writing before striking off charge any stores lost, deficient or condemned; and
- (w) Notifying the Accounting Officer of all stock items that are nearing the end of their shelf-life.

Procurement Duties

17. The responsibility for control over stock items, including the replenishment of the items kept in store, rests on the officers dealing with procurement. Such officers must act prudently with respect to the following:-
- (a) Control levels such as “**Maximum**”, “**Minimum**” and “**Re-order**” should be employed for each stock item in order to maintain a cost-effective level of stock to meet anticipated requirements (See paras 58- 59 below);
 - (b) unnecessary sizes of items should be reduced, by elimination, substitution, or combination to achieve standardisation;

- (c) Stock items should be classified on a functional basis so that one item is kept under one code;
- (d) Non-standard items should be eliminated whenever feasible;
- (e) Obsolete stock should be eliminated as early as possible;
- (f) Accumulation of slow moving items should be prevented;
- (g) Records of transactions and balances should be up-to-date in order to ensure proper control over supplies; and
- (h) Efforts should also be made to bring about reduction of capital investment in materials.

General

18. Officers in charge of Stores should send, at the end of each financial year, to the Accounting Officer:-
- (a) A list of unserviceable stores, excluding those items transferred to the sub-account "Deficient, Unserviceable Stores Awaiting Write-Off" (See para 9(d) chapter 30.9); and
 - (b) A list of all stores held in excess of requirements.

A "Nil" return should be submitted where (a) & (b) are not applicable.

Copies of these returns should be retained in the Store for the information of Presidents of Boards of Survey, Internal Controllers, Audit Officers and other Inspecting Officers, and Accounting Officers should take appropriate action to have the unserviceable and surplus stocks segregated from the other stores.

19. Adequate fire-fighting appliances must be provided and maintained in a serviceable condition readily available for immediate use in all Government Stores. Where a piped water supply exists, arrangements should be made for a fire hydrant to be conveniently placed if the nature and value of the stores justifies such a provision. Stores staff should be instructed in the use of the appliances provided.

All fire extinguishers should be taken on inventory charge and any loss discovered must be immediately reported to the Ministry of Finance through the Accounting Officer with a copy to the Controller, Fire Services, who should be requested to effect a replacement without delay. Whenever a fire extinguisher is removed for any reason (e.g. repairs or replacement) by any Fire Services Unit, a receipt should be obtained and the removal recorded on the inventory sheet.

20. All stores of a highly inflammable or explosive nature must be stored in separate buildings as far as possible from main stores.
21. Scales, weights and measures must be supplied, where necessary, to Store Officers who should satisfy themselves, from time to time, as to their correctness and the Accounting Officers should arrange for them to be tested at least once a year.

1. If an Officer in charge of a Store is unable to carry out his duty owing to sickness or any other reason and it is considered unnecessary to arrange for a formal handing-over to another Officer, arrangements should be made for the keys of the Store to be taken over by a senior Departmental Officer. On no account should the Officer in charge of a store hand over his keys to his assistants. Until the Officer in charge of the Store resumes duty the following procedure should be adopted:-
 - (a) receipts should be checked jointly by the Officer holding the key and another officer;
 - (b) issues should be made jointly by the two officers; and
 - (c) receipt and issue vouchers should be signed by both officers.

CENTRALISATION OF STORES IN COMMON USE

23. Stores in general use (i.e items required regularly by two or more Ministries or Departments) should be held in the Unallocated Stores maintained by the Ministry of Works.
24. Lists of these items affected should be circulated from time to time by the Ministry of Works.
25. Ministries/Departments requiring such stores should requisition them from the Chief Stores Officer of the Ministry of Works to whom requests for additions to or deletions from the list should be addressed.
26. It is essential that Accounting Officers should notify the Chief Stores Officer of any anticipated demands for quantities appreciably larger than their normal requirements as soon as possible. It is equally important that the Chief Stores Officer should be immediately informed of items which will no longer be required.
27. A priced catalogue of all goods held in the Unallocated Stores of the Ministry of Works should be issued annually to all Ministries/Departments.
28. Ministry of Works should, after consultation with user Ministries/Departments where necessary, establish a standard list of items to be held in stock. Once a standard is adopted this will be binding on all Ministries/Departments.

ALLOCATED STORES ADJUSTMENT

29. Losses or deficiencies of Allocated Stores written off necessitate an entry in the Stores Ledger and Bin Card only, supported by an Issue Voucher which should quote the authority for write-off. (See paras 10 to 13 chapter 30.9)
30. Surplus Allocated Stores taken on charge necessitate an entry in the Stores Ledger and Bin Card only, supported by a Surplus and/or Returned Stores Voucher (Store Form No. 10) (See para 42 below).
31. Any sums received in respect of losses or deficiencies, other than those for which Advance Accounts have been opened, will:-
 - (a) on **RECURRENT ACCOUNT**, if received within the year of charge, be credited to the Expenditure item; otherwise credit should go to Revenue (Miscellaneous Receipt-Over-payments in Previous Years); or
 - (b) on **CAPITAL ACCOUNT**, be credited to the relevant Expenditure item.
32. Sums received in respect of sales of unserviceable or serviceable Allocated Stores should normally be credited to Revenue (Miscellaneous Receipts - Sale of Stores). Where, however, it is known that the stores were paid for from Capital Account, the credit should be made to the appropriate Capital item or, if the project has been closed, to Capital Revenue.

SURPLUS AND RETURNED STORES

33. Stores which have been issued but not used should be returned to Store and taken on charge in the Store Ledger, the entries being supported by a Surplus and/or Returned Stores Voucher (Store Form No. 10).
34. Stores originally drawn from Unallocated Stores and not used may be returned to the Unallocated Stores. They should be taken on charge at their original issue price. If the stores are returned in the financial year in which they were issued, the vote for the work will be credited and the Unallocated Stores vote correspondingly debited. The value of stores returned to Unallocated Stores subsequent to the financial year in which they were issued will be credited to Revenue. The number and date of the original Combined Indent, Issue Note and Receipt Voucher on which the stores were issued should be noted on the Store Form No. 10.
35. Other stores which have been issued and not used should be returned to the Allocated Store and taken on numerical charge.
36. Part worn stores which have served the purpose for which they were drawn should also be returned to the Allocated Stores. Officers having charge of works are required to ensure that, immediately after completion of the work, all part-worn stores are returned to the Allocated Stores.
37. Items such as plant, tools and equipment held on Inventory or other charge and which have become unserviceable should be returned to the Allocated Stores until disposed of.
38. Part-worn or unserviceable stores should not be returned to Unallocated Stores.

39. Salvaged materials, which are not disposed of on the site of work, should be treated as Returned Stores.
40. The Officer returning stores to an Allocated Store should complete and sign part I of Store Form No. 10 in triplicate. He should send the original and duplicate, with the stores, to the Stores Officer concerned. The Stores Officer should note the Ledger and folio numbers on both copies, retain the original to support his records, and return the duplicate to be attached to the triplicate copy held by the Officer returning the stores. When stores are returned to the Unallocated Stores an extra copy is required by the Chief Stores Officer to support the financial adjustment.
41. Receiving Stores Officers should account for Returned Stores as follows:
- (a) Returned Stores, Useable
 - (i) if in new condition should be taken on charge in the Store Ledger as an addition to unissued stock;
 - (ii) if part-worn they should be taken on charge in a Returned Stores Ledger;
 - (b) Returned Stores, Unserviceable should, be taken on charge in an Unserviceable Stores Ledger.
42. Stores found surplus to Ledger balances by Departmental Officers, Audit Officers, Internal Controllers or Boards of Survey are to be taken on charge by means of Store Form No. 10. The Stores Officer should prepare and sign the form which should be countersigned by the Departmental Officer concerned, the Internal Controller, or the President of the Board of Survey after they have checked that the items have been entered in the records indicated on the form. Audit Officers should initial the form to show that they have carried out the same check. Surplus stores found at a handing-over should also be taken on charge; in these cases the Store Form No. 10 should be prepared and signed by the Officer taking over and the Officer handing over should sign at Part II of the form after making the receipt entries in the Ledger.

CONVERTED STORES

43. No materials for the manufacture of articles or the articles when made are to be received or issued direct from the workshops. In every case such receipts and issues should be passed through the Stores Ledgers of the Ministry/Department to which the workshops belong. All conversions are therefore solely Departmental and should be carried out on Conversion Vouchers. (Store Form No. 8).
44. (a) Conversion Vouchers should be prepared, and submitted to the Stores Officer concerned, in triplicate.
- (b) The Stores Officer should retain the original, countersigned by the Officer taking delivery of the raw materials, to support the issue entry in stores ledger.

- (c) On delivery of the finished articles, the officer in charge of the workshop should return the costed duplicate and triplicate copies to the stores officer.
 - (d) The Stores Officer should countersign the duplicate and triplicate copies to certify that he has received the articles, retain the duplicate to support the receipt entry in the books and return the triplicate to the Officer in charge of the workshops.
45. The actual Indents for such manufactured articles should be made in the usual manner on Combined Indent, Issue Note and Receipt Vouchers and the Stores Officer should account for them in exactly the same way as any other stores item.

HANDING-OVER OF STORES

46. When an Officer takes over charge of a Store or an Office involving custody of Government property, he must, in conjunction with the Officer whom he is relieving, satisfy himself that the balances shown in the Stores Ledgers, Bin Cards and Inventories or other subsidiary records agree with the articles actually on hand.
47. A 'Handing-Over Certificate' (Store Form No. 13) should be signed by both Officers certifying that the stores have been handed over and taken over. Excess and shortages are to be shown in the appropriate columns and the former immediately taken on charge (See para 42 above). The officer handing over, should explain deficiencies in a separate report attached to the certificate.
48. When there are no discrepancies, the Certificate should be made out in duplicate and sent to the Accounting Officer who should sign and retain one copy and return the other to the Officer taking over.
49. If differences are found between the book balances and the actual stocks, the Certificate should be made out in duplicate and forwarded in the same manner. The Accounting Officer should then take action in accordance with para 10 chapter 30.9 or make recommendations in accordance with para 11 chapter 30.9 sending the Certificate (original only) to the Ministry of Finance. The Certificate should be returned through the Director of Audit and the Accounting Officer (who is to retain the duplicate) to the Officer taking over notifying them of the formal decision.
50. If the circumstances are such as to preclude the attendance of the outgoing Officer, the Accounting Officer should apply to the Ministry of Finance for the appointment of a Board of Survey to supervise the handing-over.

The incoming Officer should be present throughout the proceedings. On completion of the survey, the Board should hand over custody of the stores and sign the Certificate on behalf of the outgoing Officer. The Certificate should then to be dealt with as in para 48 and 49 above.

51. When the responsibility for plant, tools, equipment and other stores in use is handed over by one Officer to another, the items must be checked against the inventories by the Officer assuming responsibility and a Handing-Over Certificate (Store Form No. 13) submitted to the Accounting Officer as in para 47 above.

52. The outgoing Officer is responsible for all deficiencies reported, while the incoming Officer will be held liable for deficiencies not reported but subsequently discovered.
53. When handing over stores the outgoing Officer should, at the same time, hand over the copy of this manual and his duty file to the incoming officer (See para 8 above).
54. Accounting Officers should ensure that they receive Handing Over Certificates after every change of Officer in charge of Stores, and that any necessary action is taken without delay.
55. The incoming Officer should obtain from the outgoing Officer details of outstanding matters requiring action.
56. Accounting Officers should ensure, as far as possible, that adequate time is allowed for the formal handing-over.
57. When any Officer, responsible for stores or other Government property, submits his resignation it is essential that arrangements should be made to ensure that a proper handing-over is made before the resignation is accepted.

NOTE ON STOCK CONTROL LEVEL

58. In order to balance the need for ensuring that items are available as required for effective service delivery with the need for economy and efficiency of supplies management, minimum, maximum and reorder levels should be established for all stock items.
 - (a) The **minimum level** is that below which stock should not be allowed to fall: emergency action should be taken if this level is reached;
 - (b) The **maximum level** is that above which stock should never be allowed to rise; and
 - (c) The **re-order level** is that at which new orders in the appropriate quantity should be placed to replenish the stock.
59. These levels should be set by Stores Officers responsible for procurement and monitored on a regular basis to ensure that they remain appropriate. The factors to be evaluated when determining the minimum, maximum and re-order levels of each stock item include the following:
 - (a) past usage and estimated future requirements;
 - (b) seasonal fluctuations in usage;
 - (c) annual usage value;
 - (d) ease of procurement;
 - (e) lead time for delivery;
 - (f) shelf-life of the item;
 - (g) storage capacity and costs;
 - (h) discounts obtainable for bulk purchases;
 - (i) opportunities for bulk ordering but staggered delivery; and
 - (j) availability of funds.

CHAPTER 30.4

PROCUREMENT

LOCAL PURCHASES

General

1. The books of Local Purchase Forms (Store Forms No.1) should be held at defined locations. Officers at out-stations should submit their requirements to these locations. Use of the form for the purchase of individual small items should be minimised by the co-ordination of requirements.
2. The books of Local Purchase Forms should be taken on charge in a stock register and issued to authorized Officers only on completion of a book. Store Forms No. 1 should be kept secure when not in use.
3. No local purchases should be made, except in special cases or emergencies, after the 15th of June in any year, and suppliers must be requested to submit claims for payment on or before the 20th of that month.
4. Stores may be purchased locally by Accounting Officers in accordance with the provisions of General Contracts without reference to any other authority. In these cases Store Forms No.1 should be endorsed “**Under Contract**”.
5. In cases where the same article is supplied daily in regular quantities and at a fixed rate (e.g. rice, meat), it is not necessary to prepare a Store Form No. 1 each day. Receipt of such stores should be recorded daily and summarized at the end of the month on one or more Store Forms No. 1.
6. Before making a local purchase, the indenting Officer should ensure that the item required is not available in the Unallocated Store by reference to their catalogue.
7. Local purchase should **NOT** be resorted to if:-
 - (a) the article required, or an acceptable substitute, is available in the Allocated Store under the control of the Accounting Officer concerned;
 - (b) the article required is available through the Unallocated Store; or
 - (c) the article is available from any Government source or Statutory Body.
8. Where an invoice is submitted by a local supplier, on no account should payment be made against it unless a Local Purchase Form (Store Form No. 1) is also completed.

9. Local Purchase Forms (Store Form No. 1) are to be made out in ink. Part I of the Local Purchase Form should be signed by officers specifically authorized by the Accounting Officer. A copy of this authority should be sent to the Accountant-General and the Director of Audit. Part V of the Form should be signed by the Accounting Officer or other authorized officers.
10. Officers preparing Local Purchase Forms should:-
 - (a) enter the total of all "Quantities Indented" in figures;
 - (b) record in words the total arrived at; and
 - (c) cancel the remaining space below the last line of entry on Part II of the Form.
11.
 - (a) Local Purchase Form should be completed in quadruplicate.
 - (b) Three copies should be sent to the supplier and the quadruplicate retained in the book.
 - (c) The Officer receiving the stores should countersign all three copies presented by the supplier, keep the original and duplicate and return the triplicate copy to the supplier.
 - (d) Part IV of the original and duplicate copies, and column (i) of Part II should be completed by the Stores Officer as soon as the stores are taken on charge. If any amendment to quantity or value is made by the supplier the alteration should be entered on the quadruplicate copy before the original and duplicate are submitted for payment.
 - (e) The original and duplicate should be submitted immediately to the Finance Section. The original will serve as a Payment Voucher and the duplicate should be returned stamped "PAID" to the Department for matching with the quadruplicate.
12. If, after a Store Form No. 1 has been issued, the Contractor fails to supply the goods ordered, every effort should be made to retrieve the three copies sent to the Contractor. If recovered, they should be pasted back into the book and clearly marked "Cancelled".

If the Contractor cannot return the Store Form No. 1, the order should be formally cancelled in writing, quoting the serial number of the Store Form No. 1, and a copy of the letter pasted onto the fourth copy in the book. In these circumstances a certificate, should be prepared and signed by the Accounting Officer to the effect that:-

- (i) the value of the articles ordered on the missing Store Form No. 1 does not appear as a charge to an expenditure item of the Department in the Vote Control Record:
- (ii) the expenditure under(the appropriate item of expenditure) as shown in the Vote Control Record agrees with the latest available figure in the Treasury Abstract or has been satisfactorily reconciled therewith; and
- (iii) adequate steps have been taken to ensure that no payment will be effected on the missing Store Forms No. 1.

Purchases Not Under Contract

PROCUREMENT OF GOODS AND SERVICES AND EXECUTION OF WORKS

21. Subject to para 21B, an Accounting officer may, without inviting a tender, authorise:
- (i) a contract for the purchase of goods for a total value of not more than Rs 200,000, subject to the expenditure on any single item not exceeding Rs 20,000; and
 - (ii) a contract for:
 - (a) the supply of services; or
 - (b) the carrying out of minor repairs; or
 - (c) the carrying out of maintenance works; or
 - (d) the carrying out of installation works;

for a total value of not more than Rs 20,000.

Note: See Chapter 20.2 paras 56, 60 and 61 on Maintenance, Repair and Installation Works.

- 21A The Tender Committee shall call for selective tenders:
- (i) for a contract the value of which is more than Rs 200,000 but not more than Rs 500,000; or
 - (ii) where the value for any single item is more than Rs 20,000; or
 - (iii) for a contract referred to in paragraphs 21 (ii) (a) to 21 (ii) (d) where the value is more than Rs 20,000.
- 21B In relation to a contract referred to in paragraphs 21 (i) and 21 (ii), an Accounting Officer may, if he thinks fit, request the Tender Committee to call for public tenders.
- 21C The Tender Committee may, in relation to a contract referred to in paragraphs 21A (i) to 21A (iii), call for public tenders, if it thinks fit.
- 21D Notwithstanding para 21A, in relation to a contract referred to in paragraphs 21A (i) to 21A (iii), an Accounting Officer may, subject to paragraph 21E, enter into such a contract without inviting a tender if he is satisfied that:
- (i) a tender exercise is not practical;
 - (ii) the contract is in the best interest of the Government.

- 21E An Accounting Officer shall not enter into a contract under paragraph 21D unless the prior approval of the Ministry of Finance has been obtained.
- 21F The procedure set out in para 58 of Chapter 20.2 applies to a contract for the execution of works for a value of more than Rs 20,000 but not more than Rs 500,000.
- 21G Where the estimated value of a contract for the supply of goods or services, or execution of works exceeds Rs 500,000, the matter shall be referred to the Central Tender Board.
- 21H Where the Tender Committee has invited tenders under paragraph 21A, and a tender submitted in response to the invitation is more than Rs 500,000, the Tender Committee shall refer the matter to the Central Tender Board for approval.
- 21I Where the Tender Committee decides to refer a matter to the Central Tender Board under the preceding paragraph, the reference shall be made on a prescribed form.
- 21J Where a variation in a contract price subsequent to the conclusion of the contract causes the total contract value to exceed Rs 500,000 by more than 20 percent, the matter shall be referred to the Central Tender Board.
24. Officers designated by the Accounting Officer should study all Local Purchase Orders to ensure that these procedures are not evaded by duplicated or repeated local purchases of a commodity below the financial limits.

PROCUREMENT OF BUILDING MATERIALS FROM CONTRACTORS

25. When an estimate for a job has received the necessary approval and instructions have been given to proceed with the work, the estimated cost of locally produced materials should be earmarked in the Vote Control Record. When building materials are to be obtained from a Contractor the following procedure should be observed:-
- (a) The order should be made out on Store Form No. 6 in quadruplicate. Three copies of the form should be sent to the Contractor and the quadruplicate retained in the book. Separate books of Store Form No. 6 should be kept for this purpose. Store Form No. 6 and the job estimate record should be cross checked and any differences investigated;
- (b) Every load delivered to a site of work should be accompanied by a Delivery Note. At least two copies of this document should be countersigned by the Works Overseer or Gangman at the site of work after he is satisfied that:-
- (i) the load matches the quantity and description shown on the delivery note;
 - (ii) the full load has been delivered;
 - (iii) the Delivery Note bears a reference to the relevant Store Form No. 6; and
 - (iv) the date and time are correct.

The number of the Contractor's lorry should also be recorded on the copy of the Delivery Note to be retained. The other copy should be returned to the Contractor. If the Delivery Note is incorrect in any particular, both copies should be amended before countersigning.

- (c) The particulars of each load delivered (date, type, quantity and relevant Store Form No. 6 number) should be recorded at once in the Site Record Book.
- (d) The Contractor should be requested to return two copies of the Store Form No. 6 to the Department when all the material ordered on the form has been delivered. The officer in charge of the work should visit the site and satisfy, himself that all the loads referred to on that Store Form No. 6 have been delivered and taken on charge in the Site Record Book, check the details with the retained copies of the Delivery Notes, and certify both copies of the Store Form No. 6. He should attach the retained copies of the Delivery Notes to the original copy of the Store Form No. 6 and submit it for payment along with an "other charges bill". The duplicate copy of the Store Form No. 6 should be retained to support the entries in the Site Record Book after the removal of the Delivery Notes.

OVERSEAS PURCHASES

General

- 26. For overseas purchases, the same procedure as outlined in paras 21-21J above shall apply. Such supplies should, as far as possible, be standard and uniform. This is particularly necessary when any question of subsequent maintenance is concerned. The suppliers should also be requested to state clearly their terms and conditions.
- 27. Tenders received should be scrutinized thoroughly by the requisitioning Ministry/Department as to the quality/type of goods, delivery dates, F.C.A./F.O.B./C.I.F. price and other particulars.
- 28. Indents on selected overseas suppliers should be prepared on Store Form No. 3 in four copies and Store Form No. 4 in six copies by the Ministry/Department.
- 29. Indents should be checked, registered and signed by the Accounting Officer. or an authorized officer before distribution as follows:-

Store Form No. 3

Original	To Insurers through Accountant-General
First & Second copy	(First and second copy should be retained at Treasury for record)
Third copy	Retained at the Ministry/Department for record

Store Form No. 4

Original	...	To Supplier
First	...	To Insurers through Accountant-General
Second & Third copy		(Second and Third copy should be retained at Treasury for record)

- Fourth copy ... Retained at the Ministry/Department for record
- Fifth copy ... To Bankers (if payment is through Letter of Credit)

After placing the order on the selected overseas suppliers the Ministries/Departments should follow-up progress of deliveries.

- Note:** (a) Self-Accounting Ministries/Departments should place theft orders on the selected overseas suppliers directly (see (b) below).
- (b) The indents for all purchases from the Crown Agents, including those by self-Accounting Ministries/Departments should be submitted to the Accountant-General's Division for registration, checking and despatch.
- (c) All Ministries/Departments may place orders directly with LG. Adam (London) Ltd. For non self-Accounting Ministries/Departments, a request for payment should be submitted to the Accountant-General once goods have been received.
30. Officers signing Indents on the overseas supplier are responsible for seeing that the expenditure has been duly sanctioned and that sufficient provision exists to cover not only the cost of the articles but all charges connected therewith which should be a charge on the Departmental votes. Officers signing Indents should also ensure that the commitment is entered in the appropriate Departmental Vote Record as a liability and in the Indent Register.
31. Indents for stores, the cost of which are to form a charge against the votes of the financial year in which the Indents are raised, must be submitted as early as possible after the Estimates have been approved by the Legislative Assembly. In any case Indents for Allocated Stores are to be submitted not later than the 31st December.
32. A 'Register of Overseas Purchases' should be kept In the Head Office of every Ministry/Department, maintained according to the Instructions printed on the inside front cover of the book, to record all purchases which are not paid for, in the first instance, from the Unallocated Stores item of expenditure. Control of purchases of Unallocated Stores should be effected by means of a Tabular Summary.
33. The overseas supplier should be instructed, whenever possible, to arrange for delivery of large orders by instalments. These should be so planned that the goods arrive shortly before they are required for use.

PAYMENT OF OVERSEAS PURCHASES

34. The payment of overseas purchases may be made by:-
- (a) Letter of Credit,
- (b) Cash Against document, or
- (c) Bank Draft.

Letter of Credit

35. Accounting Officers should submit an application for opening a Letter of Credit to the State Bank, enclosing a Transfer Form for import and a copy of the order. When the Bank notifies the Accounting Officer of the negotiation of the Letter of Credit, the Accounting Officer should immediately arrange for payment to the Bank and obtain from them the shipping documents.

Cash against Document

36. The supplier should be informed of the appropriate Bank details. The Bank will notify the Accounting Officer when the documents are received. The Accounting Officer should then provide the Bank with a Transfer Form and arrange for the transfer of funds in return for the shipping documents.

Bank Draft

37. On receipt of the goods and documents, the Accounting Officer should submit to the Bank a transfer form, a copy of the invoice, a copy of the airway bill or bill of lading, and the 5th copy of the bill of entry. The Bank will then issue to the Accounting Officer a draft for the relevant amount in the name of the supplier.
38. If, in exceptional circumstances, it is necessary to obtain a Bank Draft in advance of receiving the goods, a proforma invoice should be submitted to the Bank, with an application for an advance payment by Draft. Great care should be taken to ensure that the order is then satisfactorily met and all goods received.

Documents for Clearance

39. On receipt of the original documents, the Accounting Officer should forward these to the Shipping Officer; Accountant-General's Division, for the preparation of a Bill of Entry. The Shipping Officer should prepare the Bills of Entry on the basis of details of customs duty, import levy and sales tax payable and require from the Ministry/Department an undertaking that these will be paid prior to clearing the goods.
40. At the end of each month an adjustment voucher should be prepared from the Bill of Entry to credit IDC customs (for import levy and customs duty) and sales tax revenue (for sales tax) and debit the appropriate item of the Ministries'/Departments' Vote. The 5th copy of the Bill of Entry should then be forwarded to the Bank for exchange control purposes.

TendersProcedural Guidelines

41. There shall be a Tender Committee for each Ministry/Department.
42. The Tender Committee shall consist of:
- (i) the Accounting Officer of the Ministry/Department or his Deputy, as Chairman;
 - (ii) the senior-most officer of the Finance Cadre, as member; and
 - (iii) the senior-most officer of the Stores Cadre, as member.

43. The Tender Committee may enlist the assistance of an officer capable of assisting it with expert advice. The officer shall withdraw from the Committee at the time of deliberation on the award of a contract.
44. An officer not below the rank of Executive Officer shall be appointed as Secretary to the Tender Committee.
45. The Chairman and the 2 members shall constitute a quorum.
46. The Tender Committee shall meet on such day and at such time as may be determined by the Chairman.
47. The Secretary shall, when required by the Chairman, cause a notice inviting tenders to be published in the Government Gazette and in at least 2 daily newspapers.
48. Secretary shall, on demand, supply prospective tenderers with tender forms.
49. Tender forms shall:
 - (i) be approved by the Tender Committee; and
 - (ii) contain a description of the goods or services that are required; and
 - (iii) set out the general and special conditions of a tender; and
 - (iv) be consecutively numbered.
50. The Tender Committee may:
 - (i) apply to the Central Tender Board for a list of registered suppliers in respect of items commonly used; or
 - (ii) in the absence of a list referred to in subparagraph (i), compile an up-to-date list of suppliers.
51. Where, in case of an emergency, tender forms have to be delivered by hand, the tender forms shall not be so delivered unless the Chairman has given his approval.
52. Where tender forms are delivered by hand, the officer delivering the tender forms shall not there and then take the form after it has been completed by the supplier.
53. A tender shall:
 - (i) be submitted in a sealed envelope (on which the number of the tender and the matters for which the tender has been submitted shall be legibly marked); and
 - (ii) be addressed to the Chairman.
54. A tender may be sent by post or may be placed in the Tender box.
55. Where a tender is received by post or by airfreight, the tender shall not be lodged in the Tender box unless the Chairman and a member has:

- (i) endorsed the tender; and
 - (ii) inserted the date on which and the time at which the tender was received.
56. The Tender Committee shall not consider a tender which:
- (i) does not comply with the terms of the tender notice; or
 - (ii) is brought before the Tender Committee contrary to the above provisions.
57. The Tender Committee shall keep a box (Tender Box) in which shall be inserted tenders received by the Tender Committee.
58. The Tender Box shall be secured with 3 locks of which one key shall be kept by the Chairman and the other two by one of the members and the Secretary.
59. The aperture of the Tender Box shall be closed at the time set out in the tender notice as the closure time.
60. Tenders shall be opened by or under the supervision of the Chairman.
61. After a tender has been opened, it shall be:
- (i) numbered; and
 - (ii) initialed by the Chairman and the members.
62. Where, at the opening of a tender, it is found that the tender contains corrections, deletions, or additions, the Chairman and the members shall initial those corrections, deletions and additions.
63. The original tenders shall be kept confidential and in safe custody until a final decision has been reached in respect of the allocation of the contract.
64. Where, following an invitation for tenders, less than three tenders are submitted, the Tender Committee may call for fresh tenders.
65. If the Tender Committee does not call for fresh tenders, the Tender Committee shall give its reasons for not doing so.
66. The Tender Committee may require a tenderer, on submitting his tender, to deposit with the Accounting Officer such amount as Tender Bond as may be fixed by the Tender Committee.
67. The deposit is to be refunded in accordance with the terms and conditions of the tender.
68. The Tender Committee may require the successful tenderer to furnish a security in the form of a cash deposit or a bank guarantee, for the due fulfillment of the contract.
69. If the tenderer fails to abide by the contract or any part thereof, the security may be forfeited.

70. The Tender Committee shall not refer a tender back to a tenderer for amendment.
71. The Tender Committee may seek the advice of the Solicitor General in respect of any legal issue that may arise in relation to a tender.
72. The Secretary shall notify each tenderer of the acceptance/non acceptance of his tender.
73. The Tender Committee may, by notice in writing, require the successful tenderer to:
- (i) sign a formal contract; and
 - (ii) complete all other formalities in relation to the contract;
- within 10 days of such notification or within such other period as the Tender Committee may allow.
74. A contract shall be signed in duplicate by the Chairman, on behalf of the Government, and the tenderer.
75. The Secretary shall:
- (i) keep the original contract and the successful tender in safe custody; and
 - (ii) deliver the duplicate of the contract to the contractor.
76. Once a contract has been signed, the contract shall not be
- (i) amended; or
 - (ii) altered; or
 - (iii) assigned;
- unless the authority of the Government, through the Chairman, has been obtained.
77. In the execution of its duties, the Tender Committee shall strive to achieve the highest standards of equity, taking into account -
- (i) equality of opportunity to all prospective tenderers;
 - (ii) fairness of treatment to all parties; and
 - (iii) the need to obtain the best value for money in terms of price, quality and delivery, having regard to set specifications.

78. The Tender Committee shall keep a register known as “Register of Tenders”.
79. The Secretary shall enter particulars in respect of all tenders dealt with by the Tender Committee in the Register of Tenders.
80. Where a tender in respect of more than one item has been submitted, and the Tender Committee has given its approval for some, but not all of the Items, the Chairman and the members shall affix their signature:
 - (i) on the tender form; or
 - (ii) where a list of the items is annexed to the tender form, next to the item(s) approved by the Tender Committee.
81. The original Tenders, after consideration by the Tender Committee, must be kept confidential and in safe custody for record and audit purposes.
82. When calling for Tenders, the Tender Committee may require tenderers to submit a sample(s) of the goods for which tenders are being called for.
83. The Tender Committee may seek the assistance of an expert capable of assisting it in connection with the quality of the samples submitted.
84. Where expert advice is required in relation to the quality of samples submitted, the samples must be labeled and numbered to correspond with the number of the tender. The name of the Tenderer shall not:
 - (i) appear on the label; and
 - (ii) be disclosed to the expert whose advice is sought.
85. The Secretary may, in appropriate cases, furnish the Departmental officers with a sample of the article accepted by the Tender Committee in order that the officers may verify whether the goods supplied under the contract correspond with the sample.
86. Where the samples are retained by the Tender Committee, they shall:
 - (i) be kept in safe custody by the Secretary; and
 - (ii) be made available to Departmental Officers for inspection, on demand.
87. Where a sample is submitted together with a tender, the Departmental Officers shall satisfy themselves that the articles supplied under the contract correspond with the sample.
88. Where the goods supplied under the contract do not correspond with the sample:
 - (i) the matter shall immediately be referred to the Chairman; and
 - (ii) the goods may be returned to the contractor.

89. Where a dispute arises between a Contractor and a Departmental Officer in relation to a contract, the matter shall be referred to the Chairman.
90. The Secretary shall keep a register (Register of Suppliers/Contractors) in which shall be entered the name and other particulars of all Suppliers/Contractors who have:
- (i) been in breach of contract; or
 - (ii) in any other way failed to give satisfaction in respect of a contract.
91. Where a Supplier/Contractor who has:
- (i) been in breach of contract; or
 - (ii) in any other way failed to give satisfaction in respect of a contract;

submits a tender in response to an invitation for tenders, the breach or failure shall be taken into account by the Tender Committee.

CHAPTER 30.5

CLEARANCE, CLAIMS AND INSURANCE

CLEARANCE OF IMPORTED STORES

1. The Accountant-General through the Shipping Officer acts as Clearing Agent for all Government imported stores.
2. Accounting Officers should ensure that copies of Bills of Lading and Invoices are transmitted to the Shipping Officer as soon as these are received.
3. Perishable and urgently required supplies, which have been airfreighted, may be collected at the Airport by a Departmental representative provided that prior arrangements have been made with the Comptroller of Customs, the Shipping Officer and the local Airline agents. All airfreighted packages, not so collected, are taken to warehouses under Customs Control. The Shipping Officer should liaise with the Airline agents about the arrival of each aircraft and, after obtaining their authority, should clear all goods consigned to Government through Customs, pay any charges and deliver the packages to consignee Ministries/Departments on the same day. Damaged packages should be treated as laid down in para 19(h) below.
4. The Accountant-General, through the Shipping Officer, is responsible for the following: -
 - (a) verifying Ships' Manifests and ensuring that amendments are made by the Ships' Agents, if necessary;
 - (b) preparing Bills of Entry from Bills of Lading, Invoices and packing lists;
 - (c) ascertaining where goods consigned to Government are landed and arranging for their proper clearance;
 - (d) removing Government goods from the Mauritius Marine Authority premises and various container service depots in the most expeditious and economical manner;
 - (e) entering all Government goods received in damaged condition in the various warehouses and ensuring that survey is effected with the least possible delay by the Surveyor in the presence of Customs Officers and representatives of the Shipping Office;
 - (f) obtaining proper Certificates from the Ships' Agents for all damaged and short-landed goods and for sending them to the Ministries/Departments concerned;
 - (g) ascertaining that all documents necessary for formulation of claims on either Ships' Agents or Insurance are obtained as early as possible and sent to the Ministries/Departments concerned without delay;

- (h) checking, immediately after completion of discharge of a ship or destuffing of containers, that all goods have been removed and delivered to the respective Ministries/ Departments;
 - (i) checking all goods cleared from receipts obtained from the 'consignee' Ministries/Departments, and reporting immediately any discrepancies to the Ships' Agents; and
 - (j) maintaining the following books and registers:-
 - (i) record of goods transported for Ministries/ Departments to support the preparation of transport claims;
 - (ii) register of goods landed in bad order, showing the action taken in such cases;
 - (iii) record of goods short-landed reported to Ships' Agents;
 - (iv) Despatch Book for the registration and proper acknowledgment by Lloyd's or other Agents approved by the insurers of all requests for survey; and
 - (v) record of goods cleared by the Shipping Office.
5. (a) The Accountant-General should defray all charges connected with the clearance of imported stores and should also arrange and pay for local haulage into Ministries'/ Departments' Stores in cases where Ministries/Departments cannot supply their own transport.
- (b) When goods are delivered to a Ministry/Department the receiving Stores Officer should sign the transport receipt and the delivery note after ensuring that:-
- (i) the name of the ship and the date of its arrival or the date of arrival of the aircraft concerned; and
 - (ii) the indent number and other identification marks and numbers as shown on the packages; have been indicated on these documents.
- (c) The duplicate copies of the transport receipt and delivery note should be retained by the receiving Stores Officer.
6. Accounting Officers must keep themselves informed, by contacting the Shipping Officer, of the expected dates of arrival of ships and aircrafts carrying their goods and should query the Shipping Officer if stores are not received within 15 days of unloading.
7. Invoices for goods bought overseas, other than purchases paid for from an Unallocated Stores item, should be treated as follows:-
- (a) A departmental serial number should be given to each invoice as it is received in Finance Divisions and columns 2 to 9 of the Register of Overseas Purchases should be completed at once. (See para 32 chapter 30.4).

- (b) Two copies of the invoice should be sent to the receiving Stores Officer before the goods arrive. The Stores Officer should note the Store Receipt Voucher (S.R.V) number on each set of invoices when the goods are received. These S.R.Vs are to be numbered consecutively from No.1 upwards followed by the financial year, e.g. No. 105/89-90, a new series being started at the beginning of each financial year.
- (c) The records of the Stores Ledgers to which the articles are posted must be noted in ink on the invoice against each item.
- (d) The Stores Officer should certify the invoices, as follows:-
 "I certify that the articles shown on this invoice have been received and taken on ledger charge as shown."

Date.....

.....

Stores Officer

- (e) The Stores Officer should retain one copy of the invoice to support the entry in his books, and return the other to the Finance Division where columns 1 and 10 of the Register of Overseas Purchase should be completed.

CLAIMS AND INSURANCE

8. The following deficiencies and/or defects may be found in imported supplies:-

- (a) Articles arrive damaged;
- (b) Packages do not contain the number of articles as indicated in the invoice;
- (c) A consignment is short-landed. i.e. all the packages or unpacked articles noted on the Bill of Lading are not discharged from the ship or aircraft; or
- (d) Articles supplied are defective or of inferior quality.

The responsibility for the loss may rest with the suppliers, the carriers or Insurers. It is essential that prompt action be initiated by all concerned in submitting claims so that Government does not suffer avoidable loss.

9. Printed tags bearing the inscription - **URGENT**

CLAIMS UNDER TIMEBAR

should be attached to the front of any file, or to individual papers on a file, dealing with unsettled claims.

10. Any failure to submit claims within the prescribed periods should render the Officer responsible liable to financial sanctions.

11. Where imported supplies are received short or damaged, a report should be made to the Accountant-General on Store Form No. 11, except for the self-accounting Ministries/Departments which should deal directly with the suppliers, the carriers and the insurers.
12. (a) Store Forms No. 11, serially numbered in quadruplicate and bound, are obtainable from the Accountant-General. The forms should be completed by the Stores Officer responsible as soon as a discrepancy in imported supplies is discovered or notified to him by the Shipping Officer. The four copies should be treated as follows:-
 - (i) The quadruplicate copy should be retained in the book.
 - (ii) Three copies should be sent to the Accounting Officer who should send two of these to the Accountant-General.
 - (iii) The copy held by the Accounting Officer should be endorsed with a reference to the entry in the Claims Register (para 18 below) and returned to the Stores Officer who should paste it to the copy retained in the book.
 - (iv) The Accountant-General should send one copy to the Insurers and retain one copy for his records.
- (b) If no claim is to be made on the suppliers, the shipping or airline, or the Insurers, the reason should be entered at part 9 on the Form. In cases where the Accounting Officer is making a claim on the local Agents of a Shipping Company or Airline, a reference to the correspondence should be given.
13. In all cases with the exception of losses of Rs 500 or less (see para 17 below), the items short received or received damaged (which have been taken on charge in accordance with para 3 chapter 30.6) should be taken off charge in the Store Ledger by means of an Issue Voucher, which should be endorsed with the number of the relevant Store Form No. 11. Two copies of the Issue Voucher should be sent to the Accountant-General with the Store Forms No. 11. At the same time the Accountant-General should be requested to open an Advance Account and an Adjustment Voucher should be submitted to him debiting the Advance Account and crediting the Expenditure item to which the cost of the goods has been charged. If the Stores were not bought from an Unallocated Stores Item, and were paid for in a previous financial year, the Revenue item "Overpayments made in previous years" should be credited.
14. In all cases except those noted in para 17 below, Advance Accounts should be opened. On receipt of such a claim the Accountant-General should convey his formal covering approval for the action taken in the Store Ledger by endorsing, signing and returning one copy of the Issue Voucher and should notify the Treasury number of the Adjustment Voucher debiting the Advance Account - (see para 13 above). The Accountant-General should also take appropriate action without delay if the claim is to go forward to the Supplier/Insurer.
15. The amount transferred to an Advance Account should be the cost charged to the Expenditure Item only. The claim for goods short delivered or damaged should be calculated as follows:-

- (a) Where recovery is due from Insurance, the insured value of the goods;
- (b) Where recovery is due from a shipping or airline, the landed value of the goods; and
- (c) Where recovery is due from the supplier:-
 - (i) if due to inadequate packing, the landed value; and
 - (ii) if short supplied, the invoice price.

In addition, if the claim is for Rs 5,000 or more, the cost of the Survey should be added to the claim. The cost of treating damaged goods so as to reduce a loss to a minimum should also be added.

Note:- The amount credited to the Expenditure item may not be the same as the amount claimed.

16. All recoveries resulting from claims, and the proceeds from sales of defective items should be credited to the appropriate Advance Account. If the recovery is in respect of a claim for Rs 500 or less (see para 17 below) the item which originally bore the charge or Revenue (Overpayments made in previous years) should be credited as appropriate.

Minor Claims

17. In order to avoid expense in pursuing minor claims, Advance Accounts should NOT be opened for losses and deficiencies of Rs 500 or less. Such losses should be dealt with as follows:-
- (a) If the contents of a package are found to be short when compared with the invoice, the Accounting Officer should inform the supplier for making good the deficient item or items.
 - (b) If the loss or damage is considered to be the basis of a claim on the Shipping or Air Line, the Accounting Officer should take up the matter with the Local Agents and negotiate for a direct settlement.
 - (c) If the loss is caused by damage to or pilferage from a postal packet, or if goods despatched by parcel post do not arrive within one month of the estimated date of receipt, the Accounting Officer should follow the procedure laid down in para 19(e) and (f) below. Letters in duplicate should be addressed to the Supplier, through the Accountant-General.
 - (d) Until recovery is effected or approval is given to write-off the loss, the items short received or received damaged (which have been taken on charge in accordance with para 3 chapter 30.6) should remain on Departmental charge, but they should be transferred from the Store Ledger record to the account "Deficient and Unserviceable Stores Awaiting Write-off" (See para 8(c) chapter 30.9) and the authority of the Store Form No. 11 (see para 11 above).
 - (e) If, as a result of action taken under para 17(a) above, goods short supplied are later received, the entry in the account "Deficient and Unserviceable Stores Awaiting Write-Off" should be reversed and the items should be taken on charge. Any other recoveries should be dealt with as in para 16 above.

- (f) Any losses incurred as a result of failure to recover all or part of any minor claim dealt with under these procedures may be written off by the Accounting Officer concerned provided that he is satisfied that all possible action has been taken to effect a settlement.
- (g) Authorities to write-off under para 17(f) above must be signed by the Accounting Officer personally. The authority must quote the number of the relevant Store Form No. 11 and copies must be sent to the Director of Audit and the Accountant-General. The original copy of the authority should be sent to the Stores Officer concerned who should process the write-off as laid down in para 13(a) and (b) chapter 30.9.

Claims Register

18. A Claims Register should be kept at the Head Office of each Ministry/Department. This record should be posted from the Store Form No. 11 (see para 11 above). It should be the duty of the Officer who keeps the Claims Register to see that all action is taken to have claims settled promptly and to take appropriate action in cases of delay. All claims outstanding for three months or more must be brought to the notice of the Finance Officer.

Other Claims

19. The action to be taken in the case of shortage or damage, of over Rs 500 in value, in the differing circumstances mentioned in para 8 above is:-

(a) Consignment short landed at the docks-

- (i) The Shipping officer should give a qualified receipt to the local Ship's Agents with a copy to the requisitioning Ministry/Department.
- (ii) The Accounting Officer should immediately submit a claim on the Ship's Agents and take all possible action to effect a settlement.
- (iii) If a claim is rejected locally, or if satisfactory settlement is not arrived at within six months of the arrival of the ship, a full report, supported by copies of all documents (see reverse of Store Form No 11) and correspondence, should be made to the Accountant-General, who should seek settlement from the Insurers.

(b) Package landed damaged at the docks -

- (i) When a package, or an unpacked item, is landed damaged at the docks, the Shipping Officer should proceed on the lines indicated in para 4(e), (f) and (g) above and notify the Shipping Agents by letter at the same time informing the Accounting Officer of the requisitioning Ministry/Department by means of an endorsed copy of the letter.

- (ii) If the damage is accepted by the Insurance Surveyor, the shipping officer should endorse and send the Survey Report to the Accounting Officer concerned. The Accounting Officer should then take up the claim with the local Ship's Agents. If satisfactory settlement is not achieved within six months of the arrival of the ship, action should be taken as in para 19(a) (iii) above.
- (iii) If the Marine Surveyor on behalf of the Shipping Company disclaims responsibility, the claim should rest against the Insurers. It is the responsibility of the Accounting Officer concerned to notify the claim to the Accountant-General. Where the estimated value of the damage is Rs 5,000 or more the Surveyor must be called in to make an assessment and report. The shipping documents should be forwarded to the Survey Agents as soon as possible.
- (iv) If a Ministry/Department does not receive a Survey Report, or such other documents as may refer to discrepancies, within one month of the date of arrival of the ship, the Accounting Officer should report to the Accountant-General.

(c) Items found short in packages when opened in Stores

When the contents of an undamaged container are found to be less than invoiced the claim should fall against the supplier and the Accounting Officer should notify the claim to the supplier through the Accountant-General.

All packages should be opened by two Officers (see para 2 chapter 30.6) and, where practicable, they should be weighed on receipt and the weights compared with those noted on the package and/or on the Invoice.

The contents of each package must be tallied with the relevant Invoice. In the event of a discrepancy, a certificate should be prepared and signed by both Officers. The Stores Officer should endorse, sign and date two copies of the Invoice indicating the quantities short received. Store Form No. 11 should then be completed and sent to the Accountant-General, through the Accounting Officer, together with the certificate and an endorsed copy of the Invoice.

(d) Items found damaged In packages when opened in Stores -

The Accounting Officer should claim the loss from the Insurers. A certificate listing the damaged items should be prepared, signed by the two receiving officers and forwarded with the claim.

If the estimated value of the damage is Rs 5,000 or more, the Shipping Officer should secure the attendance of the Surveyor. The container and its contents should be held in safe custody until the survey is held. On receipt of the Surveyor's Report, the Shipping Officer should forward it to the Accounting Officer. Store Form No. 11 should be prepared and sent, together with a copy of the Survey

Report, an endorsed copy of the Invoice and the Stores Officer's certificate, to the Accountant-General.

(e) Receipt of goods by parcel post -

Accounting Officers must notify the Suppliers, through the Accountant-General, if a parcel does not arrive within one month of the estimated date of receipt. Full details of the Indent number and supplier's Invoice must be given.

(f) Postal packet in damaged condition -

The Postal authorities do not accept claims for damage to contents of postal packets unless exception is taken to the condition of the package on receipt. If therefore, any parcel shows sign of damage or pilferage it must be opened by the Departmental representative in the presence of the Postmaster and a Customs Officer. They should prepare a certificate indicating the possible reasons for shortage or damage. Claims should be forwarded to the Suppliers through the Accountant-General, together with a copy of the certificate and an endorsed copy of the Invoice.

(g) Air-freighted goods short landed -

Accounting Officers should ask the shipping officer to enquire if air-freighted cargo is not delivered within seven days of the estimated date of arrival. If the consignment cannot be traced, the Accounting Officer concerned should lodge a claim with the local Agents.

If satisfactory settlement is not achieved within three months of the arrival of the aircraft, action should be taken as in para 19(a) (iii) above.

(h) Air-freighted goods received damaged -

When an air freighted package shows signs of damage, the Shipping Officer should not accept delivery until a survey is held in the presence of a representative of the local Agents of the Airline, a representative of the requisitioning Ministry/Department and a Customs Officer. Where a Departmental representative takes delivery of a packet at the Airport, the survey should be held there. If the result of the survey shows that the contents of the packages are damaged or deficient, a qualified receipt should be given to the Airline Agent. The Survey Report should indicate whether -

- (i) the claim should be made against the airline, in which case the Accounting Officer should take up the matter with the local Agents and proceed as in para 19(b) (ii) above; or
- (ii) the damage is covered by Insurance, in which case the procedure as in para 19(b) (iii) and (iv) above should be followed.

(i) Articles not in accordance with contract -

Accounting Officers should immediately notify the suppliers, through the Accountant-General.

20. As soon as a claim is lodged with the Insurers/Suppliers, the Accountant-General should notify the Accounting Officer concerned on Accounts Form No. 15, quoting the serial number of the relative Store Form No. 11.
21. When a claim has been settled, the Accounting Officer concerned should notify the Accountant-General; and
- (a) If there is a credit balance in the Advance Account, submit an Adjustment Voucher to transfer the balance to Revenue; or
 - (b) request authority to have any debit balance in the Advance Account written off.
22. If, for any reason, a claim for which an Advance Account has been opened is partially or wholly rejected and no further action is being contemplated,
- (a) Authority to write-off should be sought from the Ministry of Finance, if the uncleared balance of the Advance Account is above Rs 5,000.
 - (b) The Accountant-General may approve write-off and make the appropriate financial adjustment by crediting the Advance Account and debiting the Expenditure item "Loss of stores short received or received damaged from overseas", if the uncleared balance is Rs 5,000 or less.
23. Accounting Officers should submit half-yearly statements as at 30th June and 31st December of the items making up the balance of each uncleared Advance Account to the Accountant-General and the Director of Audit. These statements should include the following details:-
- (i) Claims Register No;
 - (ii) Date of claim;
 - (iii) Indent No;
 - (iv) Quantity and Description of articles;
 - (v) Adjustment Voucher No;
 - (vi) Amount debited;
 - (vii) On whom claim preferred;
 - (viii) Amount credited and Voucher Nos; and
 - (ix) Remarks.
- Nil return should be submitted.
24. The Shipping Officer should compile, after every shipment, a statement of goods shipped from Mauritius to Rodrigues. The Island Commissioner, Rodrigues, should likewise compile a statement of goods shipped from Rodrigues to Mauritius. The statement should show:-
- (i) Name of Vessel or flight No;

- (ii) Date of Shipment;
- (iii) Description of goods:
- (iv) Consignee:
- (v) Department; and
- (vi) Value.

The statements should be sent to the Accountant-General for Insurance purposes (for Claims procedures see above).

- 25. The Shipping Officer should submit to the Accountant-General a schedule similar to that in para 24 above for goods sent overseas which are to be insured.
- 26. Unless authority is given to the contrary all Government goods sent from Mauritius should be insured. Goods sent by parcel post by Ministries/Departments should be insured through the postal authorities.

CHAPTER 30.6

STORES OPERATIONS

RECEIPT OF STORES

1. Goods are received from the following sources:-

- (i) overseas purchases;
- (ii) local purchases;
- (iii) from other Stores;
- (iv) by conversion or manufacture; and
- (v) returned stores - serviceable and unserviceable;

and, entries in the Stores Ledgers should be supported by vouchers as follows:-

- (i) by a copy of the Invoice;
- (ii) by a copy of the Local Purchase Order (Store Form No. 1);
- (iii) by the Combined Indent, Issue Note and Receipt Voucher (Store Forms Nos. 5, 6 or 7);
- (iv) by a copy of the Conversion Voucher (Store Form No. 8);

(v),(vi)
&
(vii) } by a Surplus and/or Returned Stores Voucher (Store Form No. 10)

Receipt entries on Bin Cards, Plant Registers, Tools and Equipment Registers, Inventories etc, should also quote the reference to the appropriate Receipt Voucher.

- 2. On receipt into Store, all items should be checked by the Stores Officer against the appropriate Receipt Voucher and taken on charge on the day on which they are received into Store. Packages should be opened and the contents checked by at least two Officers.
- 3. The full quantity shown on the Receipt Voucher must be taken on charge. Should any of the articles be missing or broken a Deficient Stores Voucher (Store Form No. 9) should be prepared, and the affected items transferred to the sub-account "Deficient and Unserviceable Stores Awaiting Write-Off". At the same time a report should be made to the Accounting Officer so that write-off action may be initiated (See para 1 chapter 30.9). This procedure does not apply in cases where Advances are debited (See para 14 chapter 30.5).

4. On receipt, Government stores should, whenever possible, be stamped with a clearly visible Government mark. When stores are ordered to be sold, the Government mark should be effaced.
5. When it is desired to transfer items from one Store to another, the Ministry/Department or Branch which requires the stores should apply for them on a Combined Indent, Issue Note and Receipt Voucher.
6. Small quantities of stores, drawn for immediate use, need not be taken on charge in Ledgers and the words "For immediate use" should be written in the column headed "Receipt Ledger Record" on Store Form No. 1 or 5 as appropriate. In all other cases reference to the Ledger Record should be made on the Receipt Voucher.

ISSUE OF STORES

General

7. Stores may be issued for the following purposes:
 - (a) use as and when needed;
 - (b) transfer between stores;
 - (c) conversion into manufactured articles; and
 - (d) destruction or sale.
8. Issues should be made only on the authority of a Combined Indent, Issue Note and Receipt Voucher (Store Forms Nos. 5, 6 or 7) signed at part I by an authorised Officer and completed by the responsible Stores Officer.
9. Whenever second-hand or part-worn stores are available and suitable for use they should be issued first.
10. Issues should not be made from a fresh consignment of stores while any balance of a previous consignment remains in stock.
11. If any irregularity is found in a requisition for stores, the stores indented should not be issued but the voucher should be returned to the requisitioning Officer for correction and re-submission.
12. If an article requisitioned is out of stock, the item should be marked "NIL" and the requisition closed with the articles which can be supplied. The Stores Officer should suggest any suitable alternative in stock to the requisitioning Officer; if this is acceptable, a fresh requisition should be prepared and submitted. If an article or a suitable substitute cannot be supplied the Stores Officer should inform the requisitioning Officer of the approximate date when stock will be replenished.

13. When stores are taken from the Store by someone other than the requisitioning Officer, the issuing Stores Officer should obtain a receipt for the consignment, showing the number and kind of containers and the reference of the Issue Voucher. When the stores are issued loose they should be checked with the collecting Officer. One copy of the Issue Voucher should be sent with the goods and the second copy sent independently to the requisitioning Officer.
14. When stores are issued for conversion into manufactured articles the issue should be supported by a Conversion Voucher (Store Form No. 8). (See paras 43 to 45 chapter 30.3).
15. Stores, except as otherwise provided, may be sold to the public when the Accounting Officer is satisfied that they can be spared. This power has to be exercised personally by the Accounting Officer and should not be delegated. Sales above Rs 20,000 should be approved by the Ministry of Finance. Copies of the authorities for the sale of stores above Rs 20,000 should be furnished to the Director of Audit and other controlling Officers. Sales are subject to the following charges:
 - (a) the gross cost, including freight, insurance, packing, transport and other charges;
 - (b) all duties, levies and taxes by whatever name called; and
 - (c) a departmental charge as may be laid down by the Ministry of Finance.

The purchase price should be paid before the stores are issued and particulars of the Receipt noted on the Stores Issue Voucher.
16.
 - (a) Government produce, crops, unserviceable stores or stores which though serviceable are not required by Government should, where the value exceeds Rs 20,000, be disposed of by public auction or by competitive tenders, unless the approval of the Ministry of Finance is obtained for being sold otherwise.
 - (b) When condemned stores are sold the authority and particulars of the Receipt must be noted on the Issue Voucher.
 - (c) Stores which are unserviceable to one Department should not be sold unless it is known that there is no reasonable prospect of their being of use to another Department.
17. When condemned stores are destroyed the Issue Voucher must be supported by a copy of the Destruction Certificate. (See para 30 below).
18. When lost or deficient stores are written off the authority must be quoted on the Issue Voucher.
19.
 - (a) The Shipping Officer through the Accountant-General is responsible for the dispatch of goods from Mauritius at the request of any Ministry/Department. When requesting this service, the Accounting Officer should supply a list, in ten copies, of packages to be shipped giving full description of the contents of each package with the weight, marks and value, together with the name and address of the Consignee. In the case of airfreighted goods, only 3 copies of the list should be submitted.
 - (b) A list of packages or articles to be despatched should be prepared by the Shipping Officer, confirmed by the Cargo Handling Corporation if appropriate and sent immediately to the Accountant-General for insurance arrangements.

Unallocated

21. Issues of Unallocated Stores should be made only on the authority of a Combined Indent, Issue Note and Receipt Voucher (Store Form No. 6 or 7) signed at Part I by the Accounting Officer or other authorised Officer and completed and signed by the issuing Stores Officer.
22. Separate requisitions should be prepared for the various groups of items as required by the Chief Stores Officer, Ministry of Works.
23. Items ordered from overseas on specific indents or bought locally at the request of any Ministry/Department should be issued and cleared from Unallocated Stores charge as soon as received.

Allocated

24. Allocated stores should be issued on production of Combined Indent, Issue Note and Receipt Vouchers (Store Form No. 5) with Part I duly completed and signed by an authorised Officer.
25. If allocated Stores are issued to other Ministries/Departments, financial adjustment should be made through Adjustment Vouchers cross referenced with the Issue Voucher.

Issue on Loan

26.
 - (a) On no account may any article be issued on loan from Unallocated Store;
 - (b) Articles from Allocated Stores may be issued on loan only to Ministries/Departments strictly for official use with the written authority of the Accounting Officer controlling the Allocated Store;
 - (c) A Register must be kept to record the issue of Allocated Stores on loan and their return, and should include the following details:-
 - (i) Description and quantity of item issued;
 - (ii) Reference of Accounting Officer's authority;
 - (iii) To whom lent;
 - (iv) Voucher (Store Form No. 5) number;
 - (v) Date issued;
 - (vi) Store Ledger Record;
 - (vii) Date returned;
 - (viii) Store Form No. 10 number; and
 - (ix) Taken on charge in Ledger/Record.

- (d) When any item is issued on loan, the Stores Officer should support the issue in his Store Ledger with a Store Form No, 5 in the normal manner. The voucher should be endorsed “Issued on loan, Authority ...(Accounting Officer’s reference)... To be returned before ... (date)...” and show the record of entry in the Loans Register. The entry in the Store Ledger should also show that the issue has been on loan. On return, the item should be treated as “returned stores” in accordance with para 41 chapter 30.3.

DISPOSAL OF CONDEMNED STORES

27. After authority to write-off has been obtained, condemned stores may be disposed of by:-
- (a) Transfer to other Departments;
 - (b) Sale; or
 - (c) Destruction.
28. Financial adjustments in respect of condemned stores transferred between Ministries/Departments should not be made unless the Ministry of Finance rules to the contrary. Transfers should be vouched on the Combined Indent, Issue Note and Receipt Vouchers (Store form No. 5) and taken on charge by the receiving Ministry/ Department in the appropriate Store Ledger (para 41 chapter 30.3).
29. Sale of Condemned stores should be by public auction or by competitive tender. The sale must be advertised in the press and held in the presence of the representative of the Ministry/Department concerned, who should prepare and sign the following certificate -

CERTIFICATE

Sale of Stores of the.....Ministry/Department

Authority

Place of Sale.....Date of Sale.....

Auctioneer.....

I hereby certify that the proceeds of this sale amounting to Rs....., the details being shown on the reverse, have been accounted for on Receipt No.....of the.....19... of the District of.....

Signature.....

Date.....

Rank.....

The original Sale Account of the Auctioneer, together with the Receipt and the original of the above Certificate should be sent to the Accounting Officer and copied to the Director of Audit. In the case of sale by tender the word 'Auctioneer' should be replaced by the word 'Purchaser' in the above certificate.

30. When condemned stores, which are of no use to another Ministry/Department and cannot be sold, destruction may be authorised. The method of destruction adopted should be such that the stores cannot be recovered and should normally be by -

- (a) Burning,
- (b) Burying or
- (c) Dumping in deep water.

When authority to destroy stores is given, the Officer nominated under para 10(c) (ii) or para 13 (c) chapter 30.9 should prepare and sign the following Certificate. The stores officer concerned should countersign this certificate and send the original to the Accounting Officer with copies to the Financial Secretary and the Director of Audit.

CERTIFICATE

We hereby certify that the undernoted articles condemned by Board of Survey (Ministry of Finance reference No) have been destroyed

by.....

(Manner of destruction)

Signed.....

Rank.....

Signed.....

Date.....

Rank.....

CHAPTER 30.7

STORES ACCOUNTING

BOOKS AND FORMS OF ACCOUNT

1. Every Officer responsible for any stores or other public property, with the exception of those items defined in para 6 chapter 30.6, should maintain a Store Ledger, Inventory and other form of account to record all movements.
2. Separate Ledgers should be maintained for each Store or Sub-Store. So far as possible Ledger Records of articles of the same nature should be grouped together in sections of the Ledger. Ledger Records need not be in alphabetical order but it is essential for manual records that a complete alphabetical index is maintained for cross reference to the Ledger.
3. For manual Ledgers a new book should not be opened until the old one is completely exhausted.
4. All Store Ledgers should be self-balancing, with the new balance being recorded after the entry of each receipt or issue.
5. Pages of bound manual ledgers should be consecutively numbered, with a separate page allocated to each article in stock. The description must agree with that of the Bin Card (See para 9 below) maintained in the Store. Only one item should be recorded on each Bin Card or in each Ledger Account. The unit of issue should be shown and both receipts and issues recorded in this unit. Maximum and minimum stocks should be laid down and recorded for each item.
6. Where loose-leaf manual Ledgers are in use the following procedure should be adopted:-
 - (a) The sheets should be pre-printed and consecutively numbered for control purposes. The numbering of sheets for indexing purposes should be done as the sheets are brought into use. The same index number should be given to both sides of each Ledger sheet.
 - (b) When new sheets are inserted to continue the record of any item, they should be given the same index number as the first sheet of that item followed by a number in brackets, e.g 5(1), 5(2), etc.
 - (c) Loose-leaf binders should be of a type which can be locked. The key and unused sheets should be held by a Senior Officer and in no case by the Officer responsible for posting the Ledger. Ledgers should only be unlocked by the key holder.

- (d) There should be no blank sheets in a loose-leaf Ledger. New sheets should be headed and index numbered as they are put in.
- (e) A register should be kept by the Officer in charge of the loose sheets showing the control number of each sheet and the Ledger folios to which each sheet issued has been assigned. The register should be kept up-to-date and produced on demand for inspection by Audit and other Controlling Officers.
- (f) Used Ledger sheets should be removed from the live' Ledgers and filed in transfer binders in index numerical order.

Where loose ledger cards are in use, the control measures described above should equally be observed.

7. A complete record of the receipt and issue of Government stores should be kept in the Stores Ledgers. They should be posted daily and each entry supported by a Voucher, the nature and number of which should be recorded against the entry. In the case of Unallocated Stores, the Ledgers and Vouchers should record both quantities and values.
8. In all possible cases Stores Ledgers should be maintained and posted by an Officer other than the Officer in direct control of receipt and issue of the stores.
9. A separate Bin Card should be kept for each item in the Store, and the relevant Ledger record and the approved minimum and maximum stock levels noted thereon. Bin Cards must be kept in the bin or near the articles to which they refer, and should be posted from the Vouchers immediately stores are received or issued. All entries should be made and initialled by the Stores Officer. The balance remaining in stock should be entered after every transaction. Bin Cards must not be ruled off, nor should new Bin Cards be opened, at the beginning of a financial year. A new card should be opened when the old one is completely exhausted. Old Cards should be kept in the Store for Inspection by Audit and other Controlling Officers.
10. Erasures through any means must not be made on Vouchers or in books of account. Correction of erroneous figures or words should be made by crossing out the incorrect figures or words with a single line and writing the correct one above it. Alterations in Store Issue Vouchers should be initialled by both the Stores Officer signing the Voucher and the Receiving Officer. Receipt Vouchers should not be altered by the Receiving Officer; in the event of any discrepancy reference should be made to the issuing Officer. Correction in a Ledger should be initialled by the Ledger Keeper.
11. All Stores Records, unused Combined Indent, Issue Note and Receipt Vouchers, Surplus and/or Returned Stores Vouchers, and Local Purchase Orders are security documents and must be safeguarded and taken on charge.

12. A Claim Register for all shortlanded, missing and damaged articles should be kept by each Ministry/Department in respect of purchases from overseas.
13. Accounting Officers should maintain records of disposition of all items which must be formally written-off when their useful life is over.
14. (a) The following Combined Indent, Issue Note and Receipt Vouchers should be used:-
 - (i) Store Form No. 5 for all Allocated Stores.
 - (ii) Store Form No.6 for procurement of aggregates (See para 5 chapter 30.4) and for stores operated through Suspense Accounts or obtained from other Allocated Stores and which have to be paid for by adjustment.
 - (iii) Store Form No. 7 for Unallocated Stores.

All the above should be consecutively numbered and bound.
- (b) (i) Where Stores Officers maintain the Stores Ledgers, Store Form No.5 should be prepared in quadruplicate by requisitioning Officers. Where Ledgers are posted in a separate Ledger Section an extra copy is required.
- (ii) Store Forms Nos. 6 and 7 should be prepared in quintuplicate. The treatment of Store Form No. 7 is described below in para 15.
- (iii) In every case the last copy should be retained in the book and the other copies passed to the Issuing Stores Officer.
- (c) In the preparation of Store Requisitions (Store Forms Nos. 5,6 and 7), the Store Forms:
 - (i) must be completed in ink or typed;
 - (ii) Each type of article required should be shown on a separate line and no entries should be made between the lines;
 - (iii) A diagonal line should be drawn immediately below the last line of entry so as to cancel the remaining lines on the form; and
 - (iv) All copies of cancelled forms should be retained in the book.
- (d) The “quantity issued” should be entered in figures by the issuing stores officer. “Nil” should be inserted when no issue is made. (See also para 12 chapter 30.6). The Stores Officer should draw a line under the last item issued, and record the total in figures and in words. The same action should apply for containers issued and recorded on the issue voucher.

- (e) Where articles are issued and consumed in the same place(e.g. a Doctor issuing drugs at a Dispensary), issue Vouchers may be made out in original only, and should be amended by adding (A), (B) or (C) after the serial numbers on the duplicate, triplicate and quadruplicate copies. All copies should be retained in the book.
- (f) In all other cases the issuing Stores Officer should retain the original copy from which he should post the records. Two copies should be sent to the requisitioning Officer who should use one copy to vouch receipt of the Stores and containers, and return the other to the issuing Stores Officer, after signing, to certify that the items have been received and taken on charge.
- (g) The requisitioning Officer should paste the Receipt Voucher copy to the copy retained in the book. The issuing Stores Officer should attach the signed copy to the original to support the issue entries.
- (h) The Issuing Stores Officer should ensure that the signed copies of Issue Vouchers are returned to him. In cases of difficulty, the Accounting Officer should be informed.
- (i) Where the quintuplicate system is used the issuing Stores Officer should pass one copy of each Issue Voucher to the Receiving Stores Officer in order to update the Stores Ledger.

Treatment of Store Form No. 7

15. Store Form No. 7 requisitioning supplies from Unallocated Stores should be prepared in quintuplicate - four copies sent to the Chief Stores Officer of the Unallocated Stores and the quintuplicate copy retained in the book.
- (a) The Original should be retained by the Issuing Stores Officer to support his records. This copy should be acquitted in accordance with Departmental Instructions.
 - (b) The Quadruplicate copy should accompany the stores issued. This copy should not be priced, but should be used to take on charge the stores in the receiving Store. It should be signed and returned to the Chief Stores Officer in accordance with paragraph (d) below.
 - (c) The Duplicate copy should be sent by the Chief Stores Officer to the Requisitioning Officer, immediately after it has been priced, so that the requisite entries may be made in the Vote Control Book. This copy should be pasted to the quintuplicate copy in the book of Store Form No.7.
 - (d) As soon as the Duplicate copy is received by the Requisitioning Officer he should return the signed Quadruplicate copy to the Chief Stores Officer. **It is most important that this be done without delay.**
 - (e) The priced Triplicate copies should be sent by the Chief Stores Officer to the Finance Section of his Ministry together with the

Statements of Accounts, for the preparation of the Materials Expense Statement.

- (f) After the Materials Expense Statement has been prepared and checked, the Triplicate copies should be returned to the Chief Stores Officer, who should attach the acquitted (Quadruplicate) copies to them as they are received. These two copies should be retained to support his ledger entries.

Site Record Book

16. (a) When stores are taken on to a site of works they must be taken on charge in a Site Record Book.
- (b) Issues must be recorded in the Site Record Book as and when stores are issued to the works.
- (c) It is the duty of the Officer-in-charge of the work to check:-
- (i) by measurement or other means that stores recorded as issued have been used on the work for which they have been requisitioned;
 - (ii) that the balances shown are in fact held on the site; and
 - (iii) surplus stocks are returned to stores.
- (d) The Officer-in-Charge of the work should initial each folio in the Site Record Book to show that he has carried out the check mentioned in (c) above.
- (e) Site Record Books should be serially numbered, registered and returned to Head Office when works are completed.

Furniture

17. (a) Details of furniture issued to every Government office and institution should be noted on Inventory Sheets. One copy of the Inventory Sheet should be kept on the wall of each room, and a master record of receipts and withdrawals held by the Senior Officer in charge. Inventory Sheets should be checked against furniture on charge and against master records annually.
- (b) Records of furniture supplied to Government quarters should also be maintained on Inventory Sheets held by the occupant. A master record should be kept by the Officer in charge of the quarters, who should check the furniture in the quarters against the Inventory Sheets and the master record at each change of occupant.
- (c) A complete inventory of all furniture and effects provided for the Government House and other fully furnished Government Quarters should be made and kept by the Permanent Secretary, Ministry of Works, or other officer designated for that purpose, who should at least once in every two years inspect the furniture and effects and prepare a list of all deficiencies. Any article lost or damaged otherwise than by fair wear and tear during the occupation by any officer should be made good at the latter's expense. Fair wear and tear may be held to include breakages or deficiencies of crockery or similar small and fragile articles. A similar exercise should be carried out whenever those quarters are vacated.

- (d) The incoming occupier should decide whether or not to order a further inspection as prescribed above; but if such an inspection is not made he should not be entitled to disclaim liability for any losses, other than those caused by fair wear and tear, which may be brought to light at a later date.

Tools and Equipment

18. Tools and Equipment Records should be maintained as laid down in paras 6 to 15 chapter 30.10.
19. Entries in Store Ledgers of stores issued for immediate use or consumption (except those noted in para 6 chapter 30.6) should be supported by appropriate subsidiary records.

UNALLOCATED STORES ACCOUNTING

20. The Ministry of Works maintains standard stocks of Unallocated Stores including mechanical spares, of such value as the Financial Secretary, with the approval of the Minister of Finance, may determine. The value of these standard stocks is based on the estimated requirements for stores in general use.
21. Departmental instructions issued by the Permanent Secretary, Ministry of Works, cover Unallocated Stores accounting in detail. The following outlines the general principles.
22. Provision for expenditure on stocks of Unallocated Stores is included in the Estimates of the Ministry of Works.
23. All purchases and returns to Stores should be debited to the Unallocated Stores item. The value of issues should be debited to the appropriate Expenditure item of the Ministry/Department concerned and the Unallocated Stores item credited.
24. Cash receipts for sales of Unallocated Stores should be credited to Revenue.
25. The costing and the assessment of the issue price of every item of Unallocated Stores should be done as soon as they are received. As regards items ordered from overseas, the cost should include the price paid, the freight, insurance premium, stamp duty, customs duty, sales tax and all charges for landing, handling and transport.
26. The cost of items bought locally should be taken as the net invoice price.
27. The issue price of each item of stores should be determined by the "Average Cost". This should be calculated by adding the total cost of the new supply to the value of the existing stock, and computing the average cost per unit of issue.

28. The revised issue price should be recalculated and recorded in the Store Ledgers whenever new supplies are received.
29. When Invoices are not immediately available, the bringing to account of receipts in the Unallocated Stores Ledgers should not be delayed. The goods should be brought on charge at an estimated price and, if necessary, the valuation adjusted when the true cost is known. This should be done by utilising a Store Form No. 10 giving the quantity, description and estimated cost of each item, and which must be clearly marked "Invoice not received when taken on charge". To this should be attached the receipt voucher when it arrives, and the issue price should be recalculated to allow for any adjustments as a result of issues at the estimated price.
30. Issue prices should be calculated to the nearest cent. The small differences between actual costs (assessed according to para 25 above) and the value at issue prices to the nearest cent should be carried to a Price Fluctuation Account, a sub-account of the Unallocated Stores Account. (See para 34(e) below).
31. As an aid to vote control by indenting Officers of all Ministries/Departments, the Chief Stores Officer, Ministry of Works, will publish each year a priced Catalogue of the standard stores items which are held in stock. The catalogue will not list motor vehicle spares, but will include general use items such as tyres and tubes in standard sizes. Issues are made at the Catalogue price. Any alterations in Catalogue prices will be notified to all holders of the Catalogue by means of amendments not later than the end of the month following the alteration in price.
32. A complete record of receipts and issues of stores should be kept by the Chief Stores Officer in the Unallocated Stores Ledgers, which should show:-
 - (a) quantity and cost of every item of stores received;
 - (b) quantity, issue price and total value of every issue;
 - (c) the numerical and financial balances remaining in stock after each receipt and issue has been posted;
 - (d) the Maximum, Minimum and Re-order level for each stock item; and
 - (e) the quantities "on order" and not yet received.

These Ledgers should be posted daily with every entry for receipt or issue supported by a voucher.

33. A Control Account should be maintained by the Chief Stores Officer, to which the value of all receipts, issues and other transactions should be posted. The balance of the Control Account should thus show the total value of the stores on charge and must agree with the sum of the Store Ledger balances.
34. Certain transactions are not recorded in the accounts maintained by the Accountant-General and it is necessary that the Ministry of Works maintains subsidiary accounts in which to record each issue or receipt

concerned. The totals of each of these subsidiary accounts are cleared at the end of each financial year on the Tabular Summary (para 40 below). The subsidiary accounts to be maintained are:-

- (a) **Sales of Stores** - When Unallocated Stores are sold on the authority of para 15 chapter 30.6 the Store Ledger account for the articles concerned should be adjusted by reducing the balances of quantity and value in stock and transferring the value to a "Sale of Stores" account. This should be vouched on a Store Form No. 7, endorsed "For Internal Action Only" signed by the Chief Stores Officer. A reference to the Receipt issued to the buyer should be noted on the Store Form No. 7.

- (b) **Transfers between Stores** - Transfers, for which no adjustments have been made in the Accountant-General's Books should be recorded in this Account. The entries for receipt or issue should be made in the Store Ledger Record concerned and the balancing entries In the subsidiary account "Transfers Between Stores". Entries should be supported by Store Form No. 7 or 10 as appropriate.

- (d) **Losses and Deficiencies Written-off –**
 - (i) When approval is received to write-off losses and deficiencies, the write-off should be recorded on the appropriate Store Ledger Record (this should usually be "Deficient and Unserviceable Stores Awaiting Write-off") and, when no financial adjustment is made (para 36 below), a contra entry must be made In this subsidiary account. These entries, to be vouched on Store Form No. 7 endorsed "For Internal Action Only", should give full details of the write-off authority and be signed by the Chief Stores Officer.

 - (ii) Any losses or deficiencies for which credit has been given to the Unallocated Stores item in the Accountant-General's books by the opening of Advance Accounts should be treated as issues (See para 13 chapter 30.5 and para 14' chapter 30.9).No entry should be made in the sub-account "Losses and Deficiencies Written-off" and no deduction should be made on the Tabular Summary.

- (d) **Surplus stores taken on charge** - As no financial adjustment is made for surplus stores taken on charge (para 37 below), entries in the Ledger accounts for the items concerned should be balanced by entries in this sub-account, which must also be vouched by Store Form No. 7 endorsed and signed as at (c) above.

- (e) **Price Fluctuation Account** - The small differences between the cost of Unallocated Stores, arrived at according to para 25 above, and issue prices to the nearest cent (para 30 above) should be carried to a Price Fluctuation Account. Each Store Receipt Voucher should show:-
 - (i) total cost of each item,
 - (ii) total taken on charge at issue prices, and
 - (iii) balance, if any, carried to the Price Fluctuation Account.

The balance in this account must be kept under constant review, and the Accounting Officer informed if it exceeds the prescribed limit.

35. If, as a result of loss or breakage of Unallocated Stores, an Officer is surcharged with the whole or part of the value thereof, the amount of the surcharge should be debited to an Advance Account in the name of the Officer and the Unallocated Stores item should be credited with any outstanding balance remaining in the sub-account "Deficient and Unserviceable Stores Awaiting Write-off" until approval to write-off is given.
36. When approval is given to write-off condemned or deficient Unallocated Stores, other than breakages and deficiencies:
 - (i) noted on receipt of stores for which Advance Accounts (Claims) have been opened; or
 - (ii) credited to the Unallocated Stores item after an equivalent debit to an advance Account (Personal) (see para 35 above), the write-off should be recorded in the Store Ledger records concerned (the sub-account "Deficient and Unserviceable Stores Awaiting Write-off" mentioned in para 8(c) chapter 30.9). No financial adjustment should be made in the Treasury accounts. The accounting procedure is detailed in para 34(c) above.
37. Unallocated surplus stores found in the circumstances described in para 42 chapter 30.3 should be brought on charge in the Store Ledger at the latest issue rate. No financial adjustment should be made in the Treasury accounts, i.e. Revenue will **NOT** be credited. (See also para 34(d) above).
38.
 - (a) At the end of each month, the Ministry of Works should submit to the Accountant-General Materials Expense Statements of all issue transactions during the period, showing:-
 - (i) expenditure Vote and item;
 - (ii) department requisitioning;
 - (iii) issue Voucher number;
 - (iv) value of each Issue Voucher; and
 - (v) total chargeable to each item.
 - (b) The grand totals of the issues to all vote items should be reconciled with the total value of credits to the Unallocated Stores Control Account.
 - (c) From the Material Expense Statements the Accountant-General should credit the total value of the issues to the Unallocated Stores Item and should debit the Expenditure items in respect of which the stores were issued.
 - (d) Extracts from the Material Expense Statements should also be sent to the Ministries/Departments controlling the vote items affected, for information and posting of Vote Control Records.

39. A Stores Statement should be prepared by the Chief Stores Officer of the Ministry of Works at the end of each month showing:-
- (a) value of Stores on hand at the beginning of the month:
 - (b) the receipts and issues (including returns to Store, conversions, claims, sales and special credits and debits);and
 - (c) the value of the stores on hand at the end of the month.
- 40 (a) As soon as possible after the close of each year's accounts a Tabular Summary for the Unallocated Store should be prepared as follows:-
- (i) Value of Stock in hand at the beginning of the financial year;
 - (ii) **ADD:** Purchases, returns and charges to unallocated stores vote items;
 - (iii) **DEDUCT:** Issues to votes and services credited to unallocated stores vote items;
 - (iv) **DEDUCT:** Proceeds of stores sold as credited to Revenue (less percentage for stores on-cost);
 - (v) Transfers between Stores (+or-);
 - (vi) Adjustment for stores not paid for in year in which received; (+or -);
 - (vii) **DEDUCT:** Losses and deficiencies written off;
ADD: Surplus stores taken on charge;
 - (viii) Difference between value of stores at issue prices and actual costs (+ or -);
 - (ix) Value of stock in hand at the close of the financial year.
- (b) The figures in (a) (i) to (viii) above are obtained as follows:-
- (i) Stock as shown in the Tabular Summary at the end of the previous year.
 - (ii) } Amounts appearing in the Treasury accounts.
 - & }
 - (iii) }
 - (iv) Net amount appearing in the Departmental accounts.
 - (v) Net amount (+ or -) appearing in Departmental accounts.
 - (vi) (a) Stores received in the previous year and paid for during the year of account (minus),
 - (b) Stores received during the year and paid for in the previous year (plus),
 - (c) Stores paid form the year of account but not received until the following year (minus),

- (d) Stores received during the year but not paid until the following year (plus).
 - (vii) Amounts appearing in the departmental accounts. (This does not include losses which have been debited to Advance Accounts).
 - (viii) Closing balance of Price Fluctuation Account.
 - (c) The Tabular Summary, signed by the Accounting Officer and his Chief Stores Officer, should be supported by a similarly signed Closing Stock Valuation Certificate. Any differences between the stores ledgers as shown on the Stock Valuation Certificate and the closing balance of the Tabular Summary, together with proposed adjustment, should be explained.
41. Where the balance of the Unallocated Stores Account at the close of a financial year exceeds the financial limit laid down by the Minister of Finance, the Permanent Secretary of the Ministry of Works should provide an explanation to the Ministry of Finance. If at any time it appears that the financial provision is not sufficient the circumstances should be immediately reported to the Ministry of Finance.
42. The Chief Finance Officer of the Ministry of Works should maintain a separate financial account for the Unallocated Stores. This account should be debited with:-
- (i) the actual cost of stores bought;
 - (ii) amounts paid for freight; and
 - (iii) any other expenses charged to the Unallocated Stores item in the annual Estimates and credited with:-
 - (i) the value of stores issued according to the monthly Material Expense Statement;
 - (ii) transfers to Advance Accounts; and
 - (iii) any other transactions credited to the Unallocated Stores item.

The entries in the financial ledger account should be reconciled monthly with the debits and credits in the Accountant-General's books for the corresponding period. Steps should also be taken to ensure that corresponding entries appear in the Store Ledger accounts, maintained by the **Chief** Stores Officer, for every debit to the financial account.

CHAPTER 30.8

BOARDS OF SURVEY

APPOINTMENT OF BOARDS OF SURVEY

1. Boards of Survey may be appointed by the Ministry of Finance for the following reasons:-
 - (a) Surprise checks;
 - (b) Special requests by Accounting Officers;
 - (c) Handing-over stores; and
 - (d) Annual stocktakings;
2.
 - (a) A Board of Survey should consist of a President and two members. The survey should be carried out on the day and at the hour ordered in the 'letter of Appointment' to the Officers forming the Board.
 - (b) The personnel must be changed, in part at least, for consecutive surveys of the same store. An Audit Officer should not be a Member of a Board of Survey, unless so requested.
 - (c) When an Officer of a Ministry/Department appointed to serve on a Board of Survey is unable to attend the survey, the Accounting Officer of his Ministry/Department may nominate another member of the Ministry/Department to serve instead.
 - (d) If the President of a Board of Survey is unable to attend his duty, and if no other arrangement has been made for his replacement, he should notify his absence to the next senior Member of the Board who would act as Chairman of the Board.
 - (e) In the absence of any one member of the Board, the survey should be proceeded with, but in the absence of two members, the survey should be adjourned. If two members are again absent on the day fixed for the second meeting of the Board, the survey should be further adjourned and the matter reported to the Ministry of Finance.
3. When the letter of appointment is issued, a 'Notification' should be sent, at the same time, to the Accounting Officer concerned, naming the President and Members of the Board, the stores to be surveyed, the day and the time, and requesting that the services of the Stores Officer or the Officer-in-Charge should be placed at the disposal of the Board for the duration of the survey.

4. Stores Officers and other officers engaged in stores duties should not be members of Boards of Survey held on Stores to which they are attached, but they should be present to give assistance if required. An Officer of the Ministry/Department concerned should not be President of a Board of Survey on the stores of his own Ministry/Department, nor should a Board of Survey be constituted solely of members of the Ministry/Department concerned. Where technical knowledge is required, one of the Officers appointed to the Board should, whenever possible, have the necessary qualifications. In the case of vehicles and other equipment at least one member of the Board should be an Officer suitably qualified to report on the condition of the equipment. If this is not possible a certificate on the serviceability of each item should be obtained from such an Officer.
5. Surprise Boards of Survey may be convened at any time. It is the duty of the Accounting Officer concerned and his Stores staff to comply with the requests of the President of the Board and to render all assistance.
6. Applications from Accounting Officers for Boards of Survey for special purposes must contain detailed particulars of the service required. The appointment of Boards should not be requested until the urgency of circumstances so warrants.
7. Accounting Officers should ensure that all unserviceable stores are assembled in a condition to be surveyed. If there are stores at any branch or sub-office which should be condemned or reported on by a Board of Survey, they should be sent to the Store where the survey is to be held at least one week before the survey and taken on charge and listed on Store Form No. 15.
8. Stores should, whenever possible, be closed while a Board of Survey is being held and no issues should be made without the sanction of the President who should countersign all vouchers. Stores should not be taken into physical or Ledger charge during the survey without the knowledge of the President.

DUTIES OF BOARDS OF SURVEY

9. The duties of a Board of Survey are:-
 - (a) to make a hundred per cent check, unless specified otherwise, of the quantities in stock of every item in the Stores against the Ledger balances;
 - (b) to note on Store Form No. 14 any excesses and deficiencies. All articles found in a Store which are not on Ledger charge should be regarded as excesses;
 - (c) to obtain, in writing from the officer in charge, explanations for any excesses and deficiencies and to submit these explanations as an addendum to the Report;
 - (d) to ensure that the balances shown on Bin Cards and in Ledgers show the true position of stocks available for issue in compliance with para 42 chapter 30.3 and para 8 chapter 30.9;

- (e) to survey all unserviceable stores brought to their notice on the Store Form No. 15 and make recommendations as to their disposal;
 - (f) to report any difficulties experienced by the Board;
 - (g) to report on the general condition of the Stores and the Records; and
 - (h) to complete the Survey in the shortest possible time.
10. The President of the Board will enter, on the next vacant line of every Store Ledger Record checked: the date, the words "Board of Survey" and his initials. If the recorded balance is to be adjusted for excesses, deficiencies (para 42 chapter 30.3) or transfers to "Deficient and Unserviceable Stores Awaiting Write-off" (paras 8 and 9 chapter 30.9) the entry should be made after the adjustment is completed.
11. If, for any reason, a Board of Survey cannot complete the task for which it is, convened within one month, the President should submit an interim report to the Ministry of Finance, with copy to the Director of Audit, giving the following information: -
- (a) the date and hour when the Board first met;
 - (b) the hours in each day between which the Board sat;
 - (c) any special circumstances which preclude the swift and efficient checking of the stores; and
 - (d) a forecast of the probable date on which the survey will be completed.

Subsequent reports should be submitted at monthly intervals, giving the same information, until the final report is made.

12. (a) The President of the Board will prepare his Survey Report in quadruplicate, on Store Form No. 16. to which will be attached copies of the relevant Store Forms Nos 14 and/or 15, the explanations of the officer in charge required under para 9(c) above and such other documents as may be necessary.
- (b) The President of the Board will submit the report in quadruplicate to the Accounting Officer concerned and inform the Ministry of Finance at the same time, by memorandum.
- (c) The Accounting Officer will send all four copies to the Ministry of Finance with his comments/recommendations.

- (d) When final action on the report has been decided upon, the Ministry of Finance will return the four copies to the Accounting Officer who will:-
- (i) send the triplicate copy to the Stores Officer concerned for retention in support of his write-off entry in the Deficient and Unserviceable Stores Awaiting Write-off Ledger (para 15 chapter 30.9);
 - (ii) endorse the original, duplicate and quadruplicate copies with the action taken; and
 - (iii) retain the quadruplicate and send the original and duplicate copies to the Accountant-General.
- (e) The Accountant-General will retain the duplicate and forward the original to the Ministry of Finance through the Director of Audit.

CHAPTER 30.9

LOSSES SHORTAGES AND WRITE-OFF

LOSSES AND SHORTAGES OF STORES

1. Any case of loss, deterioration or damage (other than damaged or shortlanded goods in consignments from overseas) or any discrepancy between Ledger balances and the actual stock, should be reported at once to the Accounting Officer.
2. The hiding or delay in reporting of an irregularity or loss of any kind will be the object of severe disciplinary action against the officers responsible. Where theft, burglary or fraud is committed by persons outside the Government Service, the facts should be referred to the Police forthwith.
3. Where the Responsible Officer considers that, in the light of the facts reported to him, the public interest requires that a public officer should instantly cease to exercise the powers and functions of his office, he may interdict the Officer in accordance with the Public Service Commission Regulations 1967. Where necessary action under para 4 below, should also be taken.
4. Where the Responsible Officer considers, at any stage before a final report can be submitted, that the facts reported to him clearly indicate that a member of the Government Service may be guilty of a criminal offence or an offence which would involve proceedings against him with a view to dismissal, the Responsible Officer concerned should take action in accordance with the Public Service Commission Regulations 1967.
5. Where the Responsible Officer considers that the loss is the result of direct or indirect negligence on the part of an Officer, he may recommend such action as is prescribed by the Public Service Commission Regulations 1967.
6. Notwithstanding any action which may have been taken under paras 2 to 5 above, Accounting Officers should report to the Ministry of Finance, with copies to the Ministry for Civil Service Affairs and Employment, Audit, Accountant-General's Division and Public Service Commission, if a loss of stores by fraud, theft or negligence is established. The report should include the following information:-
 - (i) exact place where the loss occurred;
 - (ii) full details of the stores lost, with the quantity and the original cost;
 - (iii) a description of the circumstances in which the loss occurred;
 - (iv) the date on which the loss was discovered and by whom;
 - (v) the date on which the items lost were last checked and the result of that check;

- (vi) the action taken to prevent a recurrence of a loss of the same nature;
- (vii) whether the loss is the result of direct or indirect negligence on the part of any officer and whether any action has been taken or recommended to be taken against the officer in accordance with the Public Service Commission Regulations 1967; and
- (viii) details of any action taken to recover the lost stores.

If all the information cannot be supplied at once, a preliminary report giving the known facts should be submitted and the other particulars reported as soon as possible thereafter.

7. Unserviceable stores or deficiencies in stocks, discovered by an Officer in charge of a Store, should be reported in writing to his Accounting Officer, who should either:-

- (a) request the appointment of a Board of Survey to investigate the matter, (para 6 chapter 30.8), or
- (b) nominate a Departmental Officer to make a preliminary inquiry on his behalf.

8. (a) Deficiencies discovered or confirmed by:-

- (i) a Departmental Officer other than the Officer in charge of the Store;
- (ii) an Officer taking over charge of the store;
- (iii) a Board of Survey; and
- (iv) an Internal Controller;

should be detailed on Store Form No. 13 or Store Form No. 14 as an Appendix to a Report to the Accounting Officer.

- (b) At the same time a Deficient Stores Voucher (Store Form No. 9), listing the items found to be deficient, should be completed and signed by the Officer conducting the survey or taking over;
- (c) On the authority of the Deficient Stores Voucher, the Officer in charge of the Store (if at a handing-over, the officer handing over) should reduce the balances shown on the appropriate Bin Cards and transfer the quantities shown from the Ledger Records concerned to "Deficient and Unserviceable Stores Awaiting Write-Off" sub-account. **THIS DOES NOT CONSTITUTE A WRITE-OFF** The items are still on Ledger charge, but the individual Ledger balances have been brought into line with the physical stocks available for issue at the date of the survey;
- (d) A Register of Store Losses should be maintained in each Ministry/Department in which particulars of losses should be recorded as follows :-

Date of occurrence, file reference, details of losses (one line for each item), value of each loss, date reported to Police; date reported to Ministry of Finance, decision of Ministry of Finance, remarks.

Progress should be followed in the Remarks Column.

WRITE - OFF OF STORES

9. A recommendation to write-off unserviceable stores may be made to an Accounting Officer by the Board of Survey or any of the officers mentioned in para 8 above. Action should be taken as follows:-
- (a) In the case of Minor Stores (para 7 chapter 30.3) the local Senior Officer of the Ministry/Department (not the Officer in charge of the Stores) should complete a list of the items on Store Form No. 12 and send it to the Accounting Officer.
 - (b) In other cases, the Officer in charge of the Store, or other Departmental Officer concerned, should provide the following details to his Accounting Officer:-
 - (i) location;
 - (ii) ledger record reference;
 - (iii) description of articles and quantity;
 - (iv) date of receipt;
 - (v) original value;
 - (vi) condition;together with his recommendations for disposal.
 - (c) If the Accounting Officer is not empowered to write-off (see para 10(a) below) the unserviceable stores he should request the appointment of a Board of Survey in accordance with para 1(b) chapter 30.8.
 - (d) Until the authority to write off is received, the Officer in charge of the Store should reduce the Bin Card balances and transfer the items affected from the appropriate, Ledger Records to the Sub-account "Deficient and Unserviceable Stores Awaiting Write-Off". For Minor Stores a copy of the Store Form No. 12 submitted to the Accounting Officer should be used as a posting authority. In other cases a Deficient Stores Voucher (Store Form No. 9) should be prepared and signed by the President of the Board of Survey.
10. (a) Where Accounting Officers are satisfied that no question of negligence, irregularity or dishonesty arises, they are authorised to write off:-
- (i) deficiencies in stores not exceeding Rs 10,000 at any one time provided the original cost of any one item does not exceed Rs 1,000;

- (ii) condemned Minor Stores as defined in para 7 chapter 30.3.
 - (b) Any write-off under these procedures must be authorised in writing by the Accounting Officer and copied to the Ministry of Finance and the Director of Audit.
 - (c) The write-off authority should:-
 - (i) specify the manner in which the condemned stores should be treated (see para 27 chapter 30.6), and
 - (ii) nominate an officer, other than the Officer in charge of the Stores, who should carry out, with the latter, the disposal instructions.
11. All recommendations to write off, outside the powers of the Accounting Officer should be referred to the Ministry of Finance. The explanations of the Officer in charge of the Stores should be attached together with the recommendations of the Accounting Officer. The following forms should be used:-
- (a) **Store Form No. 13:-**
For shortages found by Officers or Boards of Survey handing-over Stores in accordance with para 50 chapter 30.3.
 - (b) **Store Form No. 14:-**
For shortages found or verified by Controlling Officers.
 - (c) **Store Form No. 15:-**
For Unserviceable Stores found or verified by Boards of Survey.
 - (d) **Store Form No. 16:-**
Supported by Store Form No. 14. For shortages found by Boards of Survey.
- In all other cases requests for approval to write-off should be by memorandum addressed to the Ministry of Finance.
12. (a) The authority of the Minister of Finance is required for the writing-off of losses and deficiencies of stores where the amount in each individual case exceeds Rs 50,000.
- (b) In other cases, write-off may be approved on the personal authority of the following officers:-
- (i) The Financial Secretary in each individual case where the original value of the stores concerned does not exceed Rs 50,000.
 - (ii) Accounting Officers, as detailed in para 17(f) chapter 30.5 and para 10(a) above.
 - (iii) The Accountant-General, as detailed in para 22 chapter 30.5.

13. When the authority to write off losses or shortages of stores or condemned stores is received, the Officer in charge of the Store should:-
- (a) prepare an Issue Voucher listing the items approved to be written-off and giving a full reference to the authority;
 - (b) write-off the items concerned by making an issue entry in the sub-account "Deficient and Unserviceable Stores Awaiting Write-off"; and
 - (c) in the company of an officer nominated by the Accounting Officer carry out the disposal instructions. Both Officers should sign and date a Disposal Certificate which should be submitted through the Accounting Officer to the Financial Secretary and the Director of Audit (see paras 29 and 30 chapter 30.6).
14. If an Officer is surcharged with the value of all or part of a loss of stores, the Accounting Officer concerned should, after the amount of the surcharge has been notified to him by the Ministry of Finance, request the Accountant-General to open an Advance Account in the name of the Officer and ensure that the steps necessary to clear the Advance Account are taken. If the stores affected are on Unallocated Stores charge the amount of the surcharge debited to the Advance Account will be credited to the Unallocated Stores vote item by means of an Adjustment Voucher submitted by the Accounting Officer concerned; a corresponding entry should be made by the Chief Stores Officer in the sub-account "Deficient and Unserviceable Stores Awaiting Write-off". The balance of any amount in excess of the surcharge should be written off in due course as in para 12 above (See also paras 34(c) and 35 chapter 30.7).
15. The Officer in charge of the Store should prepare half yearly statement of items awaiting write-off approval. These statements should be sent to the Accounting Officer, the Financial Secretary and the Director of Audit as on 31st December and 30th June.

CHAPTER 30.10

MISCELLANEOUS

PLANT

1. The term “plant” includes both fixed and movable items such as machines, engines, boilers, motor vehicles, road rollers and any assembly constituting a recognisable unit excluding spares. Where any doubt exists about what constitutes “plant” the advice of the Ministry of Finance should be sought.
2. All plant should be brought on charge in the Plant Register. A central Register should be kept at the Head Office of each Ministry/ Department and separate Registers should be maintained in stations or divisions as appropriate.
3. Items of Plant should remain on charge until they are written off or transferred.
4. Plant shall, as far as possible, be standardized throughout Government. When submitting recommendations to the Central Tender Board, reasons should be given for the type and make preferred.
5. Accounting Officers should arrange for the survey of all Plant once yearly. The officers carrying out the survey should certify on the inventory of Plant Register that all the items have been seen and identified.

TOOLS AND EQUIPMENT

6. Tools and equipment include all machine and hand tools, implements, spares, instruments and the like which are not classified as “plant” or “furniture” and are of such a nature that they have to be formally written-off after their useful life is over.
7. Tools and equipment should be accounted for in the same manner as all other stores items until they are issued from the main Store or sub-Store. After they have been issued for use the issuing Stores Officer should keep records of their disposition until they are returned to the Stores for safe keeping or write-off. This should be done by means of:
 - (a) Tools and Equipment Registers; and
 - (b) Distribution Registers.

Tools and Equipment should in no case be used for private purposes.

8. The total number of each item on issue should be recorded in the Tools and Equipment Register. One record should be kept for each item, and every issue/return, except on exchange (see para 10 below), should be recorded and entries cross referenced with stores vouchers numbers.
9. Where the Stores Officer issues tools and equipment to more than one requisitioning officer the location of every item shown in the Tools and Equipment Register should be shown in a Distribution Register.
10. When new items are issued in exchange for worn out ones there is no need to alter the totals shown in the Tools and Equipment Register and the Distribution Register. In such cases the Store Forms Nos. 5 and 10 should be clearly endorsed "Issued in Exchange" and "Returned for Exchange" respectively and cross-referenced to each other. The issues and receipts should be recorded only in the Main and Returned Stores Ledgers.
11. When tools and equipment have been issued from a Store or Sub-Store to a user, they should remain on charge to the Officer until they have been returned to Store (see para 33 chapter 30.3). Officers responsible should maintain such records as may be necessary to show and account for the items in their charge and their location at any time. These Officers should be held personally responsible for the accuracy of their records and the safe custody of the items issued to them. Such records should be signed and dated by the Officer responsible at least twice a year or at such shorter intervals as the Accounting Officer may instruct. The signature should indicate that the Officer is satisfied that all the items of tools and equipment shown to be on his charge are actually held by him or in the hands of users for whom he is responsible.
12. Tools and equipment which become unserviceable or are no longer required by the responsible Officer should be returned to the Store from which they were drawn.
13. Accounting Officers should arrange for the checking of holdings of tools and equipment as recorded in Tools and Equipment Registers at least twice in each year. Any shortages should be dealt with as laid down in CHAPTER 30.9.
14. Office Equipment (typewriter, calculating machine, duplicating machine, photocopying machine, computer, etc.) should be taken on charge in the Office Equipment Register kept in the Registry of the Ministry or Department. All such machinery must also appear on the appropriate office Inventories.
15. In January and July of each year the Officer in charge of the Registry should survey all office equipment and certify, in the Register, that all the items have been seen and identified. Where this survey is impracticable, certificates from the Officers in charge of the sections or divisions should be called for and retained.

CONTAINERS

16. Containers must be accounted for and safeguarded to ensure that no avoidable loss occurs.
17. Separate Containers Accounts should not be kept in Unallocated Stores unless otherwise instructed.

18. Separate accounts for each type of container should be kept in each Allocated Store and Sub-Store.
19. All Issue Vouchers should indicate the nature and number of the containers in which the stores were packed and issued.
20. When receipt of goods is vouched by means other than a Store Issue Voucher, the nature and number of the containers should be noted on the Invoice or Voucher.
21. Empty containers should not be allowed to accumulate in Stores or Sub-Stores or on sites of work and should be sold to the public unless otherwise instructed.

If the location of the Store and/or the quantity of containers renders frequent sales of containers impossible, arrangements should be made to collect them in a central dump by vehicles delivering stores.

OFFICE REQUISITES

Printing and Binding

22. Requisitions for printed forms, printing and/or binding should be sent to the Government Printer on Store Forms Nos. 17 and 18, except as provided for in para 23 below. Such requisitions should be submitted three months before the forms are likely to be required and should normally cover sufficient supplies for at least six months.

Requisition should also include the requirements of its Branches and sub-Offices. The Government Printer should not entertain requisitions submitted to him by Branches or sub-Offices.
23. Requisitions for receipt forms, local purchase order forms, travelling allowance/claims and licence books should be sent to the Accountant-General.
24. Specimens must accompany all requisitions on the Government Printer. The responsibility for the correctness of a printed document rests on the Accounting Officer concerned.
25. No requisitions for new forms, special printing and/or special binding should be accepted by the Government Printer without the authority of the Prime Minister's Office. Separate requisitions for each new form, should be submitted with a covering letter explaining the necessity. Suggestions regarding the introduction of new accounting books and forms should be made, in duplicate, to the Accountant-General. "New forms" means forms not previously sanctioned and includes special printing and book-binding.
26. Only books of value or books in constant use should be bound as and when their condition demands it and binding of Gazettes should be restricted to essential collections. The approval of the Prime Minister's Office should be obtained in each case.
27. Documents for binding should be arranged in the order required by the Ministry/Department concerned. Where forms are to be bound into books, separate printing and binding requisitions with a cross reference should be submitted.

Stationery

28. Finance officers will be responsible for the effective control of stationery in the Ministries/Departments. In the Police Department, the Quartermaster will be responsible.
29. It should be the duty of the controlling officer to ensure, inter alia, that:-
 - (a) these procedures, so far as they refer to his Ministry/ Department, are strictly observed;
 - (b) the distribution of stationery and office requisites is correctly made and without waste;
 - (c) the stationery clerk has proper accommodation for his stores which should be kept under lock and key; and
 - (d) ledgers and store books are kept up-to-date at Headquarters, Branches and sub-Offices and that stocks in hand tally with ledger balances.
30. The Government Printer, is responsible for the ordering, storing, control and issue of stationery and office requisites to Ministries/Departments.
31. Indents on the Government Printer for stationery are to be made in duplicate on Store Form No. 19 twice yearly in June and December. Requisitions should be signed by the controlling officer defined in para 28 above. Each Ministry/Department should submit one requisition and make its own arrangements for re-issue to Branches and sub-Offices. The Government Printer should not accept indents submitted to him by Branches or sub-Offices. If no stores are needed, one blank form only, cancelled and signed. should be submitted. The quantity to be ordered of each article should be determined by the total quantity delivered to the staff during the last half-year with such reductions as may be possible and after taking stocks in hand into account.
32. Ministries/Departments should keep a Store Ledger showing receipts and vouched issues to their Branches and Sub-Offices. Such issues should be made on Store Form No. 5 to which should be added a column headed "Stocks on hand". Each Store Form No. 5 should be supported by a copy of the distribution lists (see para 33 below), prepared by the Officer making issues at Branches and Sub-Offices, and should be submitted, at least one month before distribution becomes due, to the controlling officer for his approval.
33. Issues of Stationery to staff should be made on lists prepared by the stationery clerk and duly approved by the controlling Officer in advance. Each list should show the name of the Officer, title, type of stationery and quantity issued. The signature of the receiving Officer should also be obtained on the lists at the time of delivery and such distribution lists should be kept in support of the entries in the Stock Book.
34. Branches and Sub-Offices should keep subsidiary store books only. These should be designed to suit each particular Office and should show quantities received and issued as a guide for future indenting and a check on consumption.

Volume 30

SUPPLIES MANAGEMENT

APPENDIX I

Specimen Store Forms

Store Form No.	Title
1	Local Purchases (combined Indent, invoice and Payment Voucher)
2	Authority from Tender Board (Local Purchases)
3	Application for Overseas Purchases
4	Overseas Purchase Order and Annexed Sheet
5	Combined Indent, Issue Note and Receipt Voucher (Allocated Stores)
6	Combined Indent, Issue Note and Receipt Voucher (Building Materials)
7	Combined Indent, Issue Note and Receipt Voucher (Unallocated Stores)
8	Conversion Voucher
9	Deficient Stores Voucher
10	Surplus and/or Returned Stores Voucher
11	Claim and Insurance Form
12	Minor Stores (List of Losses, Breakages, etc.)
13	Handing-Over Certificate (Stores)
14	List of Shortages/Excesses
15	List of Unserviceable Items
16	Report of a Board of Survey on the Cash/Stamps/Stores
17	Printing Requisition
18	Book Binding Requisition
19	Requisition for Stationery

STORE FORM NO. 4 (Reverse)

TERMS AND CONDITIONS

1. **ACCEPTANCE:** We reserve the right to cancel this order if acceptance of it is not communicated immediately on receipt of the Order.
2. **MATERIAL:** All goods are to be supplied strictly in accordance with specifications or samples given. No departure from specification/ samples is permissible without our prior agreement in writing. Goods not conforming to specifications or samples are liable to be rejected and no claim or liability will lie against us in respect of the same.
3. **INSPECTION:** We reserve the right to inspect the goods during manufacture. All the goods will be checked on receipt in our Stores. Any goods rejected by us for not meeting the specifications contained in this order or for not being In accordance with sample shall be removed by supplier at his own expense. This inspection does not relieve the supplier of his responsibilities for any defects in material and/or workmanship.
4. **PRICES:** Prices as set out in this Order are firm and no plea for any increase will be entertained without a written request showing adequate reasons for the increase.
5. **PACKING:** Prices are inclusive of all packing, boxing and transportation charges, if any. It will be assumed that packing cases are non-chargeable and non-returnable unless it is otherwise agreed in writing.
6. **DELIVERY:** Delivery terms quoted are of the essence of the order. The Order stands cancelled if delivery is not effected by the specified or agreed date. In case we agree to take delivery even where there is a delay, we shall have the right to invoke penalty clause, if and, incorporated in this Order and accept delivery of the material.
7. **DESTINATION:** The Supplier will note the destination of the material. Demurrage or other expenses incurred, owing to any negligence, delay or default on the part of the supplier will be for the Supplier's account.
8. **DOCUMENTS:** All documents mentioned in the purchase Order will require to be sent to us well in advance.
9. **WARRANTY:** The Supplier shall warrant that the use by us of materials specified herein will not subject us to charge of infringement of any patent and further agree to hold us harmless and indemnified against any and all costs, charges and expenses resulting therefrom.

10. We reserve the right to ask you to suspend despatches of the material covered by this Order for such period as we think fit in the event of accidents or other causes beyond our control or if shipment is not effected within the licence validity period.
11. **JURISDICTION:** Any dispute or action or proceeding arising out of this Order in respect of any claim by either party against the other shall be instituted or adjudicated upon only in the appropriate court in Mauritius.
12. In any correspondence in connection with this Order, please refer to the number and date of this Purchase Order.

STORE FORM NO. 11
(Quadruplicate)

GOVERNMENT OF MAURITIUS

CLAIM AND INSURANCE FORM

Claim No.....

1. Indent No. Orders Reference	
2. Insurance Certificate No.	
3. (a) Name of vessel and Date of Arrival. (b) Port at which Goods Discharged.	
4. Numbers and description of Pieces/Packages involved.	
5. (a) Nature of Exterior or Interior Packing. (b) New or Second hand or Customary.	
6. Date and Place of Discovery of loss or Damage. Were Surveys performed at the same place? If not, give details.	
7. Outward Condition of Packages on Discharge.	
8. Nature of Receipt Given to Ship.	
9. Has Claim been made on Ships Agents and/or Suppliers? If so, state result and attach relevant correspondence.	
10. If no Loss or Damage was Notified to Ship at Time of Discharge State: (a) When and where stored at Port, or (b) Delay, if any, in taking delivery, and (c) When and how transported to final destination.	
11. Nature of Loss/Damage.	
12. Particulars of Loss and / or Damage and Amount Claimed (For claims exceeding Rs 5,000 an independent Surveyor's report is required, but below that figure a departmental survey report will suffice).	

Date..... Signature.....

STORE FORM NO. 11 (Reverse)

This form should be supported by the following documents, in duplicate, if the claim is to be processed through the Accountant-General.

- (1) Copy of Bill of Lading
- (2) Copy of full set of invoices
- (3) Packing List
- (4) Evidence of Loss (**certificate of survey 3 copies**)
- (5) Copy of claim against Shipping or Airline Company and their reply
- (6) Stores charges voucher (**with insurance details printed at the back**)
- (7) Original of Ships Agent/Insurer's Report
- (8) Departmental Survey (**2 copies from Customs**)
- (9) Store Form No. 9 (**4 copies**)
- (10) Store Form No. 3 (**4 copies**)

GOVERNMENT OF MAURITIUS

MINOR STORES

(LIST OF LOSSES, BREAKAGES ETC.)

Department..... Section.....

Month..... Year.....

Ledger or Inventory (1)	Articles (2)	Lost or Broken (3)	Original value (approx.) (4)	Recommendations of Officer in Charge		
				Recover of write-off (5)	Remarks (6)	Initials (7)

To..... Forwarded for your decision

Date..... *Officer in charge*..... Rank.....

To.....

Date..... *Accounting Officer*.....

To..... *Accounting Officer*

Action has been completed on your instruction above. Entries for the sanctioned write-offs have been made in the relative Ledgers and Inventories.

*Amounts refundable have been collected and entered in Cash Book Record.....month
...../sent to Head Office on Voucher No.....of the.....
.....Certificate of Destruction required under para 30 chapter 30.6 is attached in triplicate.

Date..... *Signature*..... Rank.....

***Delete as necessary.**

GOVERNMENT OF MAURITIUS

HANDING-OVER CERTIFICATE (STORES)

To.....Accounting Officer

1. I certify that I have handed over to-day to Mr.....
all Government Stores of the.....hitherto
in my charge. I agree with the discrepancies shown in the list on reverse. My explanations regarding deficiencies
are attached.

Date.....Outgoing Officer.....Rank.....

2. We hereby certify that Mr.....is unable personally to hand over the
Stores of the.....owing to

As directed we have held a Board of Survey on the Stores and found all to be (a) correct and in order (b)
correct and in order except for the items noted on reverse. Our recommendations are attached.

President.....Rank.....

Member.....Rank.....

Member.....Rank.....

Date.....

3. I certify that I have taken over to-day all Government Stores of the

(i) from Mr.....and that I have compared the Stores on hand and found all to be (a) correct
and in order (b) correct and in order except for the items noted on reverse.

(ii) from the Board and that I was present during the Survey. Items found in excess have been taken on
charge.

Date.....Incoming Officer.....Rank.....

N.B. - Strike out inapplicable words in (a) (b) and (i) (ii)

STORE FORM NO. 13 (PAGE 2)

Ledger Record	Articles	Ledger Balance	Actual Balance	Excess	Shortage	Unit Price	Value	
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To the Ministry of Finance:
My recommendations are as follows:

Date.....(Accounting Officer)

Decision

Date.....
.....
(Ministry of Finance)

STORE FORM NO. 14

GOVERNMENT OF MAURITIUS

LIST OF SHORTAGES/EXCESSES

Department.....Store.....

Result of Department Check held on the.....

or Result of Internal Controllers Check held on the.....

or Result of Board of Survey held on the.....

Articles	Unit of Issue	Ledger Balance	Actual Balance	Excess	Value		Shortage	Value	
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Signature.....

Rank.....

STORE FORM NO. 15

GOVERNMENT OF MAURITIUS

LIST OF UNSERVICEABLE ITEMS

1. *To the President of the Board of Survey:*

The stores mentioned overleaf and lying at are ready for boarding.

Date..... Signed by..... Rank.....

Department.....

2. *To the Ministry of Finance:*

through the.....(Accounting Officer)

We hereby certify that we have inspected the Stores which we consider should be dealt with as stated in our recommendations.

President.....Rank.....

Member.....Rank.....

Member.....Rank.....

Date.....

3. **Ministry of Finance:**
Submitted.

Date.....(Accounting Officer)

4. **Decision:**

Date.....(Ministry of Finance)

ACCOUNTING OFFICER'S CERTIFICATE

Date.....(Accounting Officer)

STORE FORM NO. 16

GOVERNMENT OF MAURITIUS

**REPORT OF A BOARD OF SURVEY
ON THE CASH/STAMPS/STORES**

of the.....Office

of the.....

held on the.....

Ministry of Finance

Reference No.....

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Date	From	To	Remarks
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MINISTRY OF FINANCE

Through.....(Accounting Officer)
In accordance with Instructions received In your communication No.....of
The.....a Board of Survey constituted as follows:-

- President.....Rank.....
Member.....Rank.....
Member.....Rank.....

assembled at.....of the.....Ministry / Depart
ment on the following dates and at the times mentioned--

Date.....19.....Time.....
Date.....19.....Time.....
Date.....19.....Time.....

In order to make a detailed/.....% survey of the

- (a) Cash
(b) Stamps, etc
(c) Stores

2. The results of our examination are shown on the Forms Nos.....which have
been signed by us and enclosed herein for Information and decision.

3. We have to report as follows (delete as applicable):

(a) The Ledger balances on hand at the last annual Survey/Handing Over were not
signed as correct.

(b) The stocks were checked In detail with the balances In the Ledger and on the Bin Cards.
The checks covered.....% of the Ledger balances.

(c) Excesses and shortages found are noted on the 'Shortages! Excesses Items List' which is enclosed. The
Store Officer's explanations are also attached.

(d) The excesses have been brought on charge.

(e) All unserviceable stores brought to our notice on "Unserviceable Items List" have been dealt with according
to supplies procedures. The form with our recommendations thereon Is attached.

(f) Difficulties experienced by the Board were as follows:

(g) The general condition of the Stores and Ledgers was as follows:

(h) Special Observations.

Signed by the President.....Members.....
on the.....19.....

STORE FORM NO. 17

GOVERNMENT OF MAURITIUS

PRINTING REQUISITION

To: The Government Printer

From.....

Indenting Officer.....

Date.....19..... Rank.....

Please Supply:

For Printing Office use only	Full Description of Articles Required	Form or Book Ref. No.	Number Required (*)	Estimated Duration Months	Number Now In Hand	Last Supply Received	
						Date	Number
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(*) Increase in quantities must be fully explained in a covering letter. (See Circular Note No. 41/52)

BOOKBINDING REQUISITION

To: The Government Printer

From: Department

Indenting Officer.....

Date.....19.....Rank.....

Please Supply:

For Printing Office use only	Full Description of Work Required	No. of Vols. Or Books to be bound	Details of specimens sent No. of Volumes, Date, Title of Book, etc.
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REQUISITION FOR STATIONERY

To be forwarded not later than 15th June and 15th December in each year.

Issue Note No.....
(To be filled in by the Government Printer)

1. To the Government Printer.

Please supply the articles enumerated on reverse

Department.....

Period - For the six months beginning.....

Certificate and signature: I certify that I have examined carefully the Departmental Stock Book and that the articles indicated are required for the services of this Department for the period stated.

Date..... Accounting Officer

2. To.....

The Stores as shown/amended on this Requisition are delivered herewith.

Date..... Government Printer

3. To the Government Printer:

Articles as shown herein received.

Date..... Clerk in charge of Stationery

4 (For Departmental use only)

Stores as shown herein received in good condition and entered in Stock Book.

Date..... Accounting Officer.

STORE FORM NO. 19 (REVERSE)

PLEASE WRITE OR TYPE DIRECTLY OPPOSITE THE ITEM

Full Description of Article	Unit of Order	Received during previous 6 months	Stock in Hand	Number Required	Number Supplied
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Note-Any increase in quantities required must be fully explained in a covering letter (*Cir. Note No. 41/51*)

**Ream = 500 sheets
Quire = 24 sheets**

SUPPLIES MANAGEMENT

APPENDIX II

Examples of Layouts for Stores Registers, Ledgers, etc.

Layout No.	Description
1	Stores Ledger
2	Bin Card
3	Re-Order/Out of Stock Notification
4	Overseas Purchases Register
5	Claims Register
6	Tools and Equipment Register
7	Plant Register
8	Office Equipment Register
9	Site Record Book
10	Inventory Sheet
11	Letter of Appointment - Board of Survey
12	Notification - Board of Survey

GOVERNMENT OF MAURITIUS

STORES LEDGER

Article.....

Unit of Issue..... Minimum Stock.....

Bin No..... Maximum Stock.....

Catalogue No..... Recorder Level/Quantity.....

Date	Voucher No.	Received from or Issued to	Receipts	Issues	Balance

Layout 2
GOVERNMENT OF MAURITIUS

BIN CARD

Code No.....Unit.....

Item Description.....

.....

Ministry/Department.....

Card No.....
Location.....

Stock Level	Minimum:
	Maximum:
	Re-Order:

Date	Voucher No.	Received from or Issued to	Quantity			Initials
			Receipts	Issues	Balance	

Layout 3
GOVERNMENT OF MAURITIUS

Re-order/Out of Stock Notification

Date.....

To:..... Rank:.....
From:..... Rank:.....

Please note that the following items-

*(a) held in stock-have reached re-order level

*(b) have gone out of stock

Item	Description	Code No.

*Delete where necessary.

Signature.....

Rank.....

GOVERNMENT OF MAURITIUS

REGISTER OF OVERSEAS PURCHASES

S.V.R. No.	Invoice		Depart- mental number	Indent		Cost			Date taken on charge	Month charged in Treasury in Accounts
	No.	Date		Treasury number	Supplier	Goods	Freight, Stamp duty, Sales tax, Insurance, Customs Duty, etc.	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
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INSTRUCTIONS FOR POSTING “REGISTER OF OVERSEAS PURCHASES”

1. This Register should ensure that for each and every payment for goods from overseas (except those charged to an Unallocated Stores item of expenditure) the corresponding stores are received and taken on charge in the Allocated Stores Ledgers. In addition., it should clearly show at the close of a financial year all those goods which have been paid for and not received. The Register should be maintained by the Finance Sections of Government Ministries/Departments (not by Stores Sections).
2. Columns 2 to 9 should be completed as and when invoices are received in Finance Sections and a serial departmental number given to each invoice at that stage. Two copies of the invoices should be forwarded to the Stores Officer by the Finance Section. After compliance with para 7 chapter 30.5 one copy bearing the Store Receipt Voucher (SVR) number and date should be sent back to the Finance Section and columns 1 and 10 of the Overseas Purchases Register completed there. The other numbered .copy should be retained by the Stores Officer to support his records.
3. Column 11 should be entered up as soon as monthly debits are notified to Finance Sections by duplicate Treasury Abstract cards, or for Self Accounting Ministries/ Departments once a payment run has been completed. There must therefore be an entry made in column 11 for every debit appearing in Treasury accounts and the Vote Record for purchases made overseas, and any case where a debit is notified. for which there is no corresponding entry in the Register, must be fully investigated. In such case an entry should be made immediately on the next available free line in the Register in columns 6, 7 and 11. In due course receipt of the articles at the Store should be verified and appropriate entries made in column 10, or a reference given to the claim which is made.
4. The register should be examined monthly by a Senior Officer who should:
 - (a) check the Register against the Store Receipt Vouchers (see 2 above) for the month;
 - (b) verify that all payments for overseas stores recorded in the Departmental Vote Record for the month have been duly entered in the Register;
 - (c) ensure that entry has been made in the Claims Register (see para 18 chapter 30.5) and that claims have been preferred on the Agents in respect of all stores paid for but not received within 3 months.

NOTE: A copy of this Instruction should be pasted to the inside front cover of the Register of Overseas Purchases.

TOOLS AND EQUIPMENT REGISTER

Article.....

Date	Voucher No.	Store Ledger Record	Quantity Received	Unit Price	Issued to or Returned by	Quantity Issued	Quantity Returned	Balance
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GOVERNMENT OF MAURITIUS

PLANT REGISTER

Description.....

Number, Mark or Registration No.....

From whom received.....

Date received.....

Store Issue Voucher Number.....

Value when New.....

MOVEMENTS OF PLANT

Date	Received from	Voucher No. or Authority	Date	Issued to or for	Voucher No. or Authority	Now lying or being used at
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GOVERNMENT OF MAURITIUS

OFFICE EQUIPMENT REGISTER

Type and make Machine.....

Serial No.	Date Received	Voucher No.	Size/Description	Serial No. of Machine	Value	To which Office Issued	Date Returned	Date sent to workshop for repairs	Signature of Recipient	Remarks
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GOVERNMENT OF MAURITIUS

SITE RECORD BOOK

Article..... Date of Issue.....

Date	Voucher No.	From whom received or whom issued and where employed	Signature	Receipts	Issues	Balance	Initials of Officer i/c and date (see para 16(d) chapter 30.7)
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(To be printed on outside of cover)

SITE RECORD BOOK

Department.....(To be reprinted)

Serial No.....(To be reprinted)

Name of project.....
.....

Item of Expenditure.....

Departmental Warrant No.....

GOVERNMENT OF MAURITIUS

INVENTORY SHEET

Date	Received from	Issue Voucher No.	Article and Description	No.	Value	Dates and Initials of Officer checking	Authority and Date of write-off or transfer
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Signature of Responsible Officer

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Signature of Issuing Officer

GOVERNMENT OF MAURITIUS

**LETTER OF APPOINTMENT
(BOARD OF SURVEY)**

To.....through.....(Accounting Officer)

You are hereby appointed.....

of a Board of Survey to be held on the Cash/Stamps/Stores of the.....

.....Department(s).

The Board is to assemble at the offices of the Department(s) named at.....

on.....the.....day of.....

The Board is constituted as follows:-

President.....	Rank.....
Member.....	Rank.....
Member.....	Rank.....

is to proceed as directed in the Government Financial Management Manual.

The necessary Forms have been forwarded to the President.

The Accounting Officer has/has not* been advised.

Date.....
.....
Ministry of Finance

*When no advice has been given this notification must be treated as Strictly Confidential

GOVERNMENT OF MAURITIUS

**NOTIFICATION
(BOARD OF SURVEY)**

To.....(Accounting Officer)

You are hereby informed that a Board of Survey constituted as follows:-

President.....	Rank.....
Member.....	Rank.....
Member.....	Rank.....

has been appointed to assemble at.....
.....
at.....on.....the.....day
of.....to check the Cash/Stamps/Stores*.

I should be obliged if you would request the Officer-in-Charge to prepare the necessary Forms and to afford the Board every assistance possible.

Date.....
.....
Ministry of Finance

VOLUME 40
INTERNAL CONTROL AND INTERNAL AUDIT
PRINCIPLES AND PRACTICE

INTERNAL CONTROL AND INTERNAL AUDIT PRINCIPLES AND PRACTICE

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CHAPTER 40.1

INTRODUCTION

PURPOSE OF VOLUME 40

1. Internal control and internal audit are vital elements of good financial management. They ensure that appropriate procedures, practices and controls are operating to achieve departmental objectives by preventing errors, waste and extravagance.
2. Internal audit is a management function which assists Accounting Officers in the proper discharge of their responsibilities by evaluating controls and reporting on the degree of reliance which may be placed on them for the achievement of departmental objectives. In Government, internal audit is carried out by members of the Internal Control Cadre.
3. In contrast to the above, the Director of Audit acts as external auditor in the public service. He is independent of departments and has no reporting responsibilities to Accounting Officers. In spite of the difference in roles, there is a lot of scope for mutual co-operation between Internal Controllers and members of the Office of the Director of Audit. Such mutual co-operation should be promoted to assist both, Internal Controllers and external auditors, in the efficient and effective performance of their duties.
4. The aim of the **Internal Control and Internal Audit Principles and Practice Volume** is to provide the framework for proper internal control mechanism and for the operation of a modern and effective internal audit which will contribute to improved financial management in the public service.

SUMMARY OF VOLUME 40

5. **Basic Principles** – Chapter 40.2 sets guidelines which should be followed in the implementation of Internal Control Systems in Ministries/Departments. This Chapter is mostly meant for Accounting Officers and heads of sections.
6. **Organisation and Staffing Structure** – Chapter 40.3 – Contains guidance as to the organisation of the Internal Control Units within Ministries/Departments and their reporting relationships.
7. **Internal Audit Standards** – Chapter 40.4 describes the professional, operational and reporting standards which should be followed by Internal Controllers in the conduct of their work.
8. **Planning Phase** – Chapter 40.5 deals with the importance of planning the work of the Internal Control Unit and the planning considerations which apply to the work to be performed on systems and sub-systems.

9. **Execution phase** – Chapter 40.6 details the main stages of the execution of a systems-based audit and describes some typical audit documentation generated.
10. **Reporting and Follow Up Action** – Chapter 40.7 describes the nature and contents of reports prepared by the Internal Control Unit and provides guidelines for effective reporting. It also sets out the need for follow-up action by the Internal Control Unit to ensure implementation of its recommendations.
11. **Miscellaneous** – The last chapter 40.8, deals with various other and more specialised matters which are relevant to the work of Internal Controllers, including the criteria for assessing the performance of the Internal Control Unit. In particular it includes the following:
 - Objective criteria for assessing the value of internal audit work;
 - The involvement of Internal Controllers in value for money assignments, and the need to avoid conflicts of interest when they are subsequently involved in the audit of systems they have been involved in developing; and
 - The additional consideration which apply to internal audit in a computerised environment especially as regards the specialised nature of controls.

CHAPTER 40.2

BASIC PRINCIPLES

DEFINITIONS

1. As described in Chapter 10.5 of this Financial Management Manual, a sound internal control system should be established within each Ministry/Department. This consists of the “whole system of controls, financial and otherwise, established by government departments in order to carry out their functions in an orderly and efficient manner, ensure adherence to policies, safeguard assets and secure the completeness and accuracy of records”.
2. **Internal Audit** is defined as “an independent appraisal function that measures, evaluates and reports on the effectiveness of the **system of internal control**, as a contribution to the efficient use and management of resources within Ministries/Departments”.

SCOPE OF INTERNAL AUDIT

3. To obtain assurances as to the proper functioning of the internal control system, an **Internal Control Unit** should be established within each Ministry/Department. The responsibility of this Unit is to give assurance and report to the Accounting Officer and heads of sections, on the extent to which reliance can be placed on the internal control system.
4. To achieve its objectives, the Internal Control Unit should –
 - (a) Identify, analyse and evaluate the Ministries’/Departments’ internal control system and establish a review cycle;
 - (b) **Establish a quarterly review cycle for the examination and evaluation of Public Sector Debt System;and**
 - (c) Report findings and conclusions, and, where appropriate, make recommendations for improvement.
5. Audit reports should be sent to the Accounting Officer and to the Head of the Internal Control Cadre. The Accounting Officer is responsible for ensuring that appropriate, prompt, and effective action is taken on those reports.
6. The Internal Control Unit should not have responsibility for executive functions or for the development and implementation of systems, although it may be regarded as a source of advice on these areas.

KEY FEATURES OF INTERNAL CONTROL

7. The key features of control in Ministries/Departments include:-
- (i) the definition and establishment of objectives, standards and procedures;
 - (ii) clear definition of responsibilities for the management and operation of activities;
 - (iii) measurement of input, output and performance, in relation to objectives; and
 - (iv) critical review of objectives, operations and output.
8. The nature, extent and strength of controls will vary between departments and from one part of a department to another. The controls used should depend on factors such as:-
- (i) the nature of operation;
 - (ii) the importance of the system;
 - (iii) the degree of risk; and
 - (iv) the geographical distribution of sub offices and out-stations.
9. Management should consider the cost of controls. Accounting Officers should compare the cost of control with expected benefits and/or reduction of risk. Control costs money, and the wrong balance of controls may make an organisation inefficient and lethargic. The need for and the costs of individual controls should be balanced against the wider needs for control over economy, efficiency and effectiveness, and the achievement of the objectives of Government policies and programmes.

TYPES OF INTERNAL CONTROL

Planning

10. Accounting officers should establish the aims, objectives and targets of the Ministries/Departments under their control. This includes the process of appraisal before deciding policies and committing resources.
11. The requirements for effective planning include the following:
- (a) Clear definition of objectives and targets;
 - (b) Forecasts of activity, operational requirements and external factors which may affect the achievement of objectives;
 - (c) Specification of desired levels of control;
 - (d) Setting standards of performance;

- (e) Definition, wherever possible, of the outputs of a system and the criteria for measuring them;
- (f) Evaluation of different options for achieving objectives;
- (g) Anticipation of contingencies, and the consideration of suitable action to be taken in order to respond to such contingencies; and
- (h) Determination of the relative priorities of objectives, targets and their related activities.

Written Guidance

12. Accounting Officers should ensure that all policies and operational procedures are documented, that all officers are aware of them and that their work is coordinated to achieve objectives. Written guidance and procedures should be clear, unambiguous, easy to refer to, and accessible to all relevant staff. Accounting Officers should check that they are read and understood. Guidance should be reviewed regularly, and any changes brought to the attention of all staff concerned, and implemented promptly.

Organising

13. Organising involves the allocation of responsibility to individuals or groups so that they work together to achieve objectives in the most efficient and effective manner. Accountability and authority should be allocated to match responsibility.
14. The major principles of effective organising are:
- (a) clear and documented definition of the responsibilities of individuals and groups for resources, activities, objectives and targets;
 - (b) establishing clear reporting lines;
 - (c) determining the most efficient balance of duties between different organisational groups: for example, headquarters and out-stations; management and staff; specialists and generalists;
 - (d) establishing the most effective spans of command;
 - (e) establishing effective means of communication throughout the department;
 - (f) separating duties to avoid conflicts of interest or opportunities for abuse; and
 - (g) avoiding undue reliance on any individual, particularly for internal control.

Monitoring of Performance

15. Accounting Officers and heads of sections need to monitor performance continually to ensure that operations are conducted so as to achieve the desired objectives with the optimum economy, efficiency and effectiveness.
16. Management should therefore establish its needs for, and use of, information about activities. Relevant information may be in the form of statistics, accounts, analyses or reports. It may be produced –
 - (i) on a regular schedule;
 - (ii) at management's discretion; or
 - (iii) only when pre-determined exceptional conditions are met.
17. Management information should be reviewed regularly to ensure that it is relevant to needs, and, is being effectively used. Information should include measures and indicators of performance in respect of economy, efficiency, and effectiveness. This involves identification of inputs, (including costs), and outputs and relating them to objectives.
18. The results of monitoring provide the basis for future action and should be linked to procedures for correcting or adjusting activities accordingly.

Evaluation

19. Policies and activities should be evaluated periodically, either in accordance with a programme, or performed as a special exercise. Evaluations may be performed by the management of the operation, but they are usually more effective when performed by an independent team.
20. Evaluations should:
 - (a) be planned from the beginning of the operation;
 - (b) have well-defined objectives and scope;
 - (c) establish yardsticks or standards with which to make comparisons;
 - (d) consider measures and indicators of performance; and
 - (e) identify outcomes.

Staffing

21. Accounting Officers should ensure that there is adequate staffing of management functions and operations for a system of function effectively and efficiently. The major aspects of staffing with control implications are:
- (a) identification and review of the staffing needs: numbers, grades, experience and expertise levels;
 - (b) recruiting and selecting staff to meet the needs;
 - (c) monitoring performance of individuals and groups; and
 - (d) arranging training and other staff development measures to achieve the full potential of staff capability.
22. Weaknesses in staffing can lead to mismanagement, error and abuse which can negate the effect of other controls.

Supervision

23. Heads of sections should scrutinise the work and performance of their subordinates. This provides a check that staff are performing in accordance with standards and instructions. Supervision should include checks over the operation of controls by staff at lower levels.

Budgetary Control

24. Accounting Officers should develop a decentralised budgetary system, whereby resources and costs are matched to outputs, to enable management to become fully accountable for the achievement of their objectives and targets. This may be readily applied to most administrative functions but may prove difficult in areas where costs or outputs cannot easily be identified or responsibilities distinguished. However, it should be applied wherever possible and incorporated within an overall departmental budgetary control system.

Systems Developments

25. Controls over the development of new systems, and modifications to existing systems or procedures, are essential to ensure that:
- (a) new or revised systems meet their objectives;
 - (b) the effect of changes on systems and controls is properly assessed at an early stage before implementation;
 - (c) systems modifications are approved and authorised;

- (d) adequate plans are made for a change from one system to another; and
 - (e) the implementation and application of new or revised systems and procedures are in accordance with plans.
26. Systems development controls include authorisation, project management, stage reporting, quality assurance, testing, and post implementation review. They are of particular importance in computer systems, but are not unique to them. (See chapters 10.9 and 20.9 for further details).

Authorisation

27. Authorisation is the approval or sanctioning of specified activities or transactions by an Accounting Officer or other responsible officer before they are undertaken. Its purpose is to ensure that proper responsibility is taken for the controlled activities. Key features are:
- (a) definition of the authorisation requirements for activities and transactions;
 - (b) allocation of authority to appropriate individuals or groups;
 - (c) separation of responsibility for authorisation from activities which could lead to a conflict of interest; and
 - (d) checks that relevant activities and transactions have been properly authorised.

Documentation

28. The work of a Ministry/Department should be sufficiently well documented to enable management, Internal Controllers, officers of the audit Department and/or other reviewers to follow the course of operations and transactions and to identify errors, abuse or poor performance. Decisions, authorisations, transactions, checks and other informations should be clearly recorded and the records safeguarded.
29. A good system of documentation should be established to assist and support activities, and to help ensure the continuity of operation, in the event of disruption. Standard documentation and forms can help to enforce conformity with procedures and legal requirements, and is often used to control transactions or the movement of valuables. Such documentation should be carefully designed to ensure that it meets its objectives with the minimum administrative burden.

Completeness and Accuracy

30. Transactions should be checked to ensure that they are complete, correctly recorded and accurately processed. The main principles are:
- (a) transactions should be recorded as close to occurrence as possible;
 - (b) transactions should be checked at appropriate times in the processing cycle; and

- (c) checks should be carried out by staff independent of those performing the activities checked.
31. Relevant controls include sequence checking, comparison with related documents, control totals, arithmetic checks, and re-performance.

Physical Controls

32. Accounting Officers should establish a system of control over the custody and safety of assets and information, covering the whole physical environment in which systems operate. The major categories are:
- (a) Access controls such as secure custody, identity cards, passwords, computer logging;
 - (b) Physical checks on assets and records such as stocktakes, security inspections;
 - (c) Environmental controls such as thermostats, health and safety inspections; and
 - (d) The location, geographical, or within a building, of activities, assets and records.

Segregation of Duties

33. Accounting Officers should ensure separation of those responsibilities or duties which would, if combined, enable one officer to initiate, and process complete transactions. Functions, which should be separated, include those of authority, execution, custody, recording and in the case of a computer based accounting system, systems development and daily operation.

CHAPTER 40.3

ORGANISATION AND STAFFING

STRUCTURE

INTRODUCTION

1. Internal Control Units are responsible for, carrying out internal audit and should be appropriately organised and staffed having regard to their objectives and standards, and the size and complexity of departments.

ORGANISATION

2. In normal circumstances, the head of the Departmental Internal Control Unit should be the Principal Internal Controller who is assisted by Senior Internal Controllers and Internal Controllers.
3. The organisation and staffing of a particular unit will, however, be influenced by the work to be performed, as determined in the planning process, and the staff available. In smaller units, Internal Controllers below the grade of Principal Internal Controller may act as heads of internal audit, provided they have the necessary training and experience.

REPORTING RELATIONSHIPS

4. The Head of the Internal Control Unit should report directly to the Accounting Officer.
5. He should submit to the Accounting Officer annually, or more frequently if desired, a report of audit plans, activity and results. The report should compare actual audit activity with that planned. It should also demonstrate the extent to which the total audit needs of the department have been met.
6. The report should give an assurance to the Accounting Officer on the extent to which the department's internal control system can be relied upon, and should draw attention to any minor audit findings where action appears to be desirable but has not been taken.
7. The Head of each Internal Control Unit should have a close working relationship with the Head of the Finance Section in his Ministry/Department.
8. The Finance Section is responsible for supporting the Accounting Officer in the economic, efficient and effective management and use of public funds and other resources. The Internal Control Unit should therefore consider with them the best means of ensuring the co-ordination and effectiveness of internal control and the best use of internal audit resources.

9. A copy of all audit reports should also be addressed to the Head of the Internal Control Cadre. The Head of the Internal Control Cadre is an officer of the Ministry of Finance who has overall responsibility for the planning organisation and co-ordination of internal audit in all departments.

MANAGEMENT OF THE UNIT

10. The responsibilities of the Head of an Internal Control Unit cannot be delegated. These responsibilities include all the audit assignments, reports and opinions. In practice, however, the Head of an Internal Control Unit should allocate audit tasks or assignments to audit teams. A Principal Internal Controller may also (depending on the size of the unit) allocate other management functions and responsibilities, to a Senior Internal Controller or an Internal Controller.
11. The Head of an Internal Control Unit is responsible for all the activities of the Unit, including:
- (a) planning;
 - (b) organising;
 - (c) definition of policies and procedures;
 - (d) ensuring good communications, liaison with heads of section;
 - (e) audit assignment management;
 - (f) drafting work plans;
 - (g) audit briefing;
 - (h) supervision and progress monitoring; and
 - (i) review and appraisal.

INTERNAL AUDIT STANDARDS

INTRODUCTION

1. When an internal controller undertakes an internal audit he should maintain certain quality standards. **The Standards set out below** represent good practice and indicate criteria by which the operation of Internal Controllers should be measured and evaluated and should apply to all internal control units.
 - (i) **Professional standards** which set out norms on
 - independence and objectivity;
 - due care; and
 - confidentiality of information.
 - (ii) **Operational standards** which set out standards on
 - planning;
 - supervision;
 - internal control evaluation;
 - evidence and documentation; and
 - evaluation of compliance with laws.
 - (iii) **Reporting standards** which cover
 - internal audit report;
 - contents of audit reports; and
 - presentation of the audit report;
 - (iv) **Quality maintenance standards** which set out standards on
 - planning by Internal Control Units;
 - management of audits;
 - quality control; and
 - relationship with officers of the Audit Department.

PROFESSIONAL STANDARDS

Independence & Objectivity

2. Internal audit must be sufficiently independent to enable Controllers to perform their duties in a manner which will allow professional judgements and recommendations to be effective and impartial.

3. The terms of reference of the Internal Control Unit should be defined especially to:
 - (a) establish the responsibilities and objectives of internal audit;
 - (b) establish the position of the Internal Control Unit in the department;
 - (c) define the scope of internal audit activity; and
 - (d) establish the Internal Control Unit's rights of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
4. Internal Controllers should maintain an independent attitude of mind in performing audits. They should not allow their judgement on audit matters to be compromised by external factors. Where an Internal Controller has been involved in the design of a system, subsequent audits should be staffed by other officers not involved at the design stage. Internal Controllers should inform the Head of the Unit of any situations in which a conflict of interest or bias is present or may reasonably be inferred. If necessary they should be reassigned. Work assignments of Internal Controllers should be rotated from time to time where possible.

Due Care

5. In carrying out their duties Internal Controllers should exercise due care, that is with competence based on appropriate experience, training, ability, integrity, and objectivity.
6. Due care governs the manner in which Internal Controllers should perform their duties and which should be consistently applied. An Internal Controller should consider the effect of significant systems weaknesses and the possibility of material irregularity or non-compliance when undertaking an audit. The Internal Controller must use audit skills and judgement based on appropriate experience, training, ability, integrity and objectivity.
7. To this end, the Internal Controller should consider:
 - (a) audit objectives and the work needed to achieve them;
 - (b) the relative materiality or significance of matters to which audit procedures are applied;
 - (c) the adequacy and effectiveness of internal controls; and
 - (d) the cost of control in relation to potential benefits.
8. The Internal Controllers should identify inadequate controls and recommend improvements to promote conformity with acceptable procedures and practices. In addition, they should be alert to the possibility of intentional wrongdoing, errors and omissions, inefficiency, waste, lack of

economy, ineffectiveness, and conflicts of interest. They should also be alert to those conditions and activities where irregularities are most likely to occur.

Confidentiality of Information

9. Internal Controllers should treat with utmost confidentiality any information acquired during the course of their work and must use it only for the purpose of carrying out the work. Internal Controllers must perform their work with integrity and should refrain from using information acquired during the course of their work for their personal benefit.

OPERATIONAL STANDARDS

Planning

10. Internal audit work should be planned at all levels of operation in order to establish priorities, achieve objectives and ensure the efficient and effective use of audit resources.
11. To be adequate, plans should:
 - (a) establish a schedule of systems and ascribe a period within which it is desirable that each system should be examined;
 - (b) define the tasks to be performed; and
 - (c) assist in the direction and control of work by identifying critical areas, setting target dates and allocating resources.

In order to plan adequately the Head of an Internal Control Unit should:

- (a) define audit needs taking into account the Unit's terms of reference;
- (b) identify the staff and other resources needed and reconcile these with available resources;
- (c) agree the time period of the audit plans;
- (d) record all plans in writing; and
- (e) monitor work against plan and revise plans accordingly.

Plans must be sufficiently flexible to allow prompt response to unscheduled work.

Supervision

12. Internal audit work should be supervised at all levels of operation.
13. Internal audit management should continually monitor Internal Controllers' performance. Significant variations from work plans should be investigated and dealt with an appropriate level. The outcome of each audit or group of audits should be reviewed against plans so that efficiency is assessed and any necessary revisions to plans are made.
14. Supervision should include:
 - (a) ensuring conformity with these standards and departmental procedures;
 - (b) providing suitable instructions to subordinates at the outset of an audit and approving work programmes;
 - (c) making sure that work programmes are carried out, unless deviations are both justified and authorised.
 - (d) ensuring that appropriate audit techniques are used;
 - (e) determining that working papers adequately support audit findings, conclusions and reports;
 - (f) making sure that audit reports are accurate, objective, clear, concise, constructive and timely; and
 - (g) determining that audit objectives are being met within allocated time budgets as far as practicable.

Evidence of supervision should be documented and retained with working papers.

15. Internal Controllers in charge of audits should report regularly to their Senior Internal Controllers. Where audit findings indicate a significant need for priorities to be re-assessed or for more extensive work, the Internal Controller in charge should discuss this with the Senior Internal Controller. Audit management should be informed of any significant effect on, or variation from, operational plans.

Internal Control Evaluations

16. Internal Controllers should ensure that audit objectives and methods enable them to discharge their responsibility to evaluate the internal control system. Internal Controllers should obtain and record relevant, reliable, and sufficient audit evidence, to support audit findings and recommendations.

17. Internal Controllers should arrive at a judgement on the extent to which the controls enable the control objectives of the system to be met. To achieve this Internal Controllers should:
- (a) identify and record objectives, activities and controls;
 - (b) evaluate the controls;
 - (c) test the controls; and
 - (d) arrive at conclusions and report
18. Internal Controllers should start their examination and evaluation of control at the highest levels (managerial controls) and work progressively down (through operational controls over transactions and processes). Internal Controllers should use their judgement in determining the extent of audit work needed, taking into account the cost of the work, and its relevance, to the audit objectives.
19. Specific control requirements will relate to the particular nature of the activities in a system and to the achievements of its specified objectives. General control requirements may not always be specified by management but will normally include those covering:
- (a) efficiency and economy;
 - (b) prevention and detection of fraud and abuse;
 - (c) reliability and adequacy of management information;
 - (d) compliance with legislation, management policy and direction;
 - (e) security of assets and data; and
 - (f) completeness and accuracy of departmental records and accounts.

Evidence and Documentation

20. Evidence is information which Internal Controllers should obtain to give a reasonable and supportable basis for their findings and recommendations. Since different types of evidence can be collected and since the quality of evidence differs with the method of collection, the Internal Controller has to use his judgement in selecting the most appropriate evidence. The highest quality evidence has some or all of the following characteristics:
- (a) Relevance i.e. it must be relevant to the objective the audit is testing;
 - (b) Independence of provider;
 - (c) Evidence obtained when the internal control functions effectively;

- (d) Evidence obtained by the Internal Controller directly through physical examination, observation, computation or inspection;
 - (e) Evidence provided by well qualified persons; and
 - (f) Evidence that has a high degree of objectivity.
21. Adequate cross-referencing and indexing of working papers is necessary if documentation is to be accessible and thus be an efficient tool for the Internal Controllers.

Audit documentation should be used:

- record the objectives and scope of the internal audit and other activities related to the audit;
- encourage a methodical approach to work and help the Controllers to organise their work;
- support conclusions reached by the Internal Controllers;
- enable Senior Internal Controllers to review the adequacy and standard of work; and
- provide information for further audits.

Evaluation of Compliance with Laws

22. Internal Controllers must review the laws and regulations pertaining to the objectives of the Ministry/Department's programmes or activities to gain an understanding of the results expected from the programmes or activities.

REPORTING STANDARDS

Internal Audit Reports

23. Findings and results obtained through the internal audit process should be promptly reported either during the internal audit or at the end of the work.

Contents of the Report

24. The report should include:
- (a) A description of the scope and objectives of the internal audit;
 - (b) A description of material weaknesses found in the internal control system (administrative control);

- (c) A statement of significant instances of non-compliances and instances or indications of fraud, abuses or illegal acts found during or in connection with the internal control examination. However fraud, abuses or illegal acts, should, normally, be covered in a separate report;
- (d) Recommendations for actions to improve problem areas noted and to improve operations. The underlying causes of problems reported should be included to assist in implementing corrective actions;
- (e) Pertinent views of responsible officials of the Ministry/Department, programme activity or function audited concerning the Internal Controllers findings, conclusions and recommendations. When possible, their views should be obtained in writing;
- (f) A description of noteworthy accomplishments, particularly when management improvements in one area may be applicable elsewhere;
- (g) A list of any issues and questions needing further study and consideration; and
- (h) A statement whether any pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information should be described, and the law or other basis under which it is withheld should be stated. If a separate report was issued containing this information it should be indicated in the report.

Presentation of the Report

25. All reports should:

- (a) Present factual data completely, accurately and fairly, and include only information, findings and conclusions that are adequately supported by sufficient evidence in the Internal Controller's working papers;
- (b) Present findings and conclusions in a convincing manner;
- (c) Be objective;
- (d) Be written in language as clear and simple as the subject matter permits;
- (e) Be concise but, at the same time, clear enough to be understood by the users; and
- (f) Place primary emphasis on improvement rather than on criticism of the past; critical comments should be presented in a balanced perspective considering any unusual difficulties and circumstances faced by the operating officials concerned.

QUALITY MAINTENANCE STANDARDS

Planning by Internal Control Units

26. The Internal Control Unit is responsible for the development of policies and procedures for the conduct of internal audit work. The annual plan should be detailed but flexible enough to allow for changes. It should also contain the following basic information:
- all entities or units to be examined;
 - the manpower required;
 - nature and scope of the examination;
 - period to be covered; and
 - estimated dates of beginning and end of each examination.
27. Moreover the plan should establish priorities for work. These priorities can be based on
- financial exposure;
 - potential loss and risk;
 - sensitive programmes;
 - management interests;
 - history of problems; and
 - new operation.

Management of Audits

28. Each internal audit exercise should be managed and controlled so as to ensure high quality, as well as economy and efficiency. This requires the determination of a detailed plan and of work programmes prior to the start of each examination against which progress can be monitored.

Quality Control

29. The Internal Control Unit should implement a programme to ensure that audits and audit efforts conform to the established standards and to the policies and procedures of the Unit.
30. Thus the Head of the Internal Control Unit should establish review arrangements to evaluate the operations of the Unit. Internal reviews should be undertaken regularly, by experienced members of the Unit, to appraise the quality of audit work and its supervision. External reviews should also be performed periodically to measure and evaluate the Internal Control Unit against these standards.

Relationship with Officers of the Audit Department

31. The Head of the Internal Control Unit should promote mutual co-operation between Internal Controllers and Audit Department officers. This may involve:
- (a) Periodic meetings to discuss matters of mutual interest;
 - (b) Mutual consultation on audit plans and visits; and
 - (c) Common understanding of audit techniques, methods and terminology.

Access to the work files of the Internal Control Unit should be allowed to the officers of the Audit Department.

32. The staff of the Director of Audit may review the effectiveness of an Internal Control Unit as part of their evaluation of departmental management control arrangements, and to determine the extent to which they may rely on the work carried out. Internal Controllers should not normally undertake tasks on behalf of other officers. However, work performed for normal internal audit purposes may be of assistance to, and relied on by, the Director of Audit and his staff.

CHAPTER 40.5

PLANNING PHASE

INTRODUCTION

1. The planning process involves judgements on:
 - (a) the definition of systems;
 - (b) the priority given to, and frequency of, each audit review of internal controls; and
 - (c) the allocation of resources to perform tasks within time constraints.
2. The planning process provides:
 - (a) a base for the assessment of the adequacy of the resources of the Internal Control Unit and the future deployment of these resources
 - (b) a permanent record of the factors considered and the judgements made;
 - (c) authority to act once approved by senior management;
 - (d) a yardstick against which actual performance can be measured; and
 - (e) a vehicle with which to communicate the final plan to senior management.

ASSESSMENT OF AUDIT NEEDS

3. The objective of internal audit is to assess, on behalf of the Accounting Officer, the internal control system which covers the whole range of the department's activities. The audit need should be assessed by determining the relative risk and materiality, and hence frequency, with which each of the systems in a department should be examined and the resources required to do so. An understanding of the department's activities is required to undertake the exercise effectively.
4. When assessing audit need the Head of the Internal Control Unit should have a clear view of audit objectives, and how he intends to achieve them. From the assessment of audit needs, the Accounting Officer should be able to make decisions about the scope and resources of the Internal Control Unit. The audit resource requirement identified in the initial assessment should not be limited by constraints such as time or currently available resources.

5. The Head of the Internal Control Unit's judgement on relative importance and frequency will rely heavily on assessments of risk and materiality of individual systems. In addition, judgements can be based on the Unit's knowledge of systems following previous assignments.
6. The following is a guide to the stages to follow in determining the audits to be undertaken and resource implications:
 - (a) identify all areas of work by system and sub-system;
 - (b) identify interfaces between systems (see paragraphs 9-10 below);
 - (c) identify inter-departmental systems;
 - (d) seek opinions of senior management as to which areas or particular factors are considered high risk;
 - (e) rank systems based on risk and materiality;
 - (f) determine the length of the review cycle over which an overall assurance should be given to the Accounting Officer;
 - (g) determine the frequency of each audit examination within this cycle;
 - (h) estimate the man days required, by grade of controller, to examine each system, throughout the review cycle;
 - (i) include an estimate of man days required for the review of developing systems;
 - (j) convert (h) and (i) into a resource requirement over the full period of the cycle; and
 - (k) include a factor for contingencies such as special reviews and research and development; the contingency should be separately identified for control purposes.
7. There should be an ongoing review to take account of changes in the work priorities or organisation of the department, and implications of audit findings. There should be a complete re-assessment at least as frequently as the review cycle.

CONSIDERATION OF SYSTEMS

8. Areas of work by system or sub-system may be identified through consultation with different levels of management. Internal Controllers should start with high level systems. Top management should be consulted as they will be in the best position to offer an opinion on these systems. Also the Internal Control Unit's knowledge and experience of the department's activities may be used to identify systems. Other possible sources for the identification of systems are:
 - (a) management information giving a breakdown of aims, objectives and targets;
 - (b) departmental instructions;
 - (c) laws;
 - (d) reports; and
 - (e) other consultancy, inspection and review bodies.
9. The Head of the Internal Control Unit needs to examine interfaces between systems to identify the extent to which assurance about one system or sub-system can be obtained from the audit of another system. As a result of this examination the Head of the Internal Control Unit can decide on the most efficient and effective mix of audit examinations to obtain the degree of assurance required by the Accounting Officer. (See examples 1 and 2 of Appendix).
10. To examine these interfaces, the Head of the Internal Control Unit should identify common types of systems and sort them into groupings. Examples of these are:
 - (a) **monitoring** – information systems are likely to cover all parts of a department. They provide tools to a hierarchy of management. Potentially, assurance provided by the Internal Control Unit on these systems will reduce the effort required to examine the systems at lower levels. If the department is relying on such systems as primary tools they should be priority systems in the plan for examination by the Internal Control Unit.
 - (b) **Operational** – systems for carrying out the business of the department, including policy matters. The priority afforded to these systems will depend on their level and nature. Assurance from the audit of high level systems may have the effect of reducing the work required on inter-related but lower level systems.

- (c) **Service** – administrative systems such as personnel cover many parts of a department. If assurance can be provided by the Internal Control Unit on these systems, then work on other related systems can be reduced.

TIME FACTORS

- 11. Estimates of staff time, by controller grade, for each assignment, over the review cycle should be made. These estimates should be based on anticipated performance and competence of Internal Controllers. Untrained or inexperienced staff will take longer to perform tasks. In addition work done in previous audits should be taken into account. The staff time should include basic direct time and the direct time need from team leaders, Senior and Principal Internal Controllers.
- 12. Basic direct time is the time spent on an audit examination excluding supervision and management. It should include all stages of an audit such as collecting background data, preparing the detailed work plan, fact finding, documenting, testing, preparing reports, discussing findings, follow up and monitoring of systems changes. It should be analysed to reflect the need for specialist skills (such as computer auditors, accountants etc) and to show where the examination requires the expertise of a higher grade controller.
- 13. The resource implications of the audit need must be compared with available resources. An apparently serious mismatch should be reported to the Accounting Officer for resolution.

OPERATIONAL PLANS

- 14. In the light of the audit needs assessment (and priorities within it) the Head of the Internal Control Unit should produce operational plans which should include:
 - (a) **a long-term plan** – a strategy for 2 to 5 years depending upon the length of the review cycle. It should set out areas to be covered and frequency of cover reconciled with expected resources.
 - (b) **short-term plan** – a programme of examinations to be carried out in the coming year or shorter period. It should define the scope of individual audits and allocate staff.
 - (c) **audit work plans** – plans prepared for each audit examination as it is arranged.

Long-term Plan

- 15. The long-term plan is derived from the audit needs assessment. It should be reviewed and rolled forward at least annually and should be approved by the Accounting Officer and the Audit Committee.
- 16. The task is to allocate the audit examinations, as identified in the needs assessment, to specific years in the review cycle. The following factors influence the process:

- Resource – the resources expected to be available each year.
- Annual tasks – annual tasks identified in the needs assessment will be the first charge against each year’s available resources.
- Contingency – there should be a contingency element in each year of the plan consistent with the overall contingency in the needs assessment.
- Priority – as a general rule systems with the highest priority should be scheduled as early as possible in the timetable within the available annual resources.
- Frequency – has already been considered in the needs assessment and determines how often a system should be examined.
- Locations – the Head of the Internal Control Unit needs to identify locations, the systems used at each, and the appropriate element of the audit needs assessment. For reasons of economy and efficiency, it may be beneficial for work relating to a number of systems to be undertaken concurrently during a visit to a particular location.
- Centralised systems – the Head of the Internal Control Unit’s approach should reflect the extent to which systems are centrally prescribed or within delegated authority. This applies particularly in the case of a network of offices operating a common system. Audit visits may be necessary only to test management’s hierarchy of control.
- Logistics – there may be good reasons why certain examinations should be done (or should not be done) within a short time of each other. There may also be certain work which requires specialist staff and the allocation of these to any year should be consistent with the specialist staff available. This factor becomes more critical in short-term plans.

Short-term Plan

17. In translating the long-term plan for the year ahead into the more detailed plan of assignments care needs to be taken to make sure that any new developments are taken into account. For example:
- (a) have there been any changes in the department’s activities which have not been reflected in the needs/long-term plan?
 - (b) is the original assessment of risk and priority still appropriate?
 - (c) are the staff available now and are they more or less experienced than anticipated?
 - (d) has there been any slippage in previous short-term plans which must now be rescheduled, either into this short-term plan or the long-term plan?

This re-appraisal should be reflected in the annual re-appraisal of the long-term plan.

18. The following stages are involved in drawing up the short-term plan:
- (a) allocate staff and other resources available over the planning period. This involves identifying known absences, expected changes in staff and other commitments;
 - (b) based on the re-appraisal in paragraph 17, select the appropriate audits from the long-term plan, consistent with the balance of available resource;

- (c) identify the man days, in direct time, needed for each examination;
 - (d) schedule the work to weeks in the plan ensuring that there are no inconsistencies. It is important to consider whether any examinations must or must not be done at specific times; and
 - (e) keep performance against the plan under constant review and revise the plan when slippages cannot be avoided.
19. The Head of the Internal Control Unit should consider the strengths and weaknesses of the staff available and contain the amount of work to allow for the need to develop and train his staff.
20. In a large Internal Control Unit, Senior Internal Controllers and team leaders may be responsible for specific blocks of audit examinations – either by function, location or programme. In such circumstances the preparation of the short-term plan may be delegated to them but the Head of the Internal Control Unit remains responsible for the adequacy and consistency of the plans.

Audit Work Plan

21. This is the detailed plan for the direction and control of an audit. Its purpose is to set out, for agreement between the Head of the Internal Control Unit and the internal controllers, the objectives, scope and techniques for the audit examination.
22. The timing and resources should be taken from the short-term plan. There should be a preliminary review to understand fully the area to be examined. It will include references to heads of sections, previous reports by the Internal Control Unit, the Director of Audit reports and other relevant data. It should provide a base for preparing the work plan which should show:
- (a) The objectives of the audit examination;
 - (b) The extent of coverage, and areas to be given emphasis, with reasons e.g. poor internal control, high risk, significant materiality;
 - (c) Target dates for completion of each stage of the work;
 - (d) The individuals to be deployed and responsible for the conduct of the work. Any variation from resources included in the short-term plan should be noted at this stage; and
 - (e) Subsequent changes to the points in (a) to (d) above.

REVIEW OF PLANS

23. Planning is a dynamic process. New systems, more up-to-date information and other developments will cause the Head of the Internal Control Unit to reconsider the assessments of need, priority and resources. These changes have to be catered for by changes to short-term plans. They must also be considered for their impact on the long-term strategy, the audit need and resources.

INTERIM REVIEWS AND FULL AUDITS

24. The Head of the Internal Control Unit will have defined a strategy for examining all systems within a given cycle as part of the planning process. This strategy may involve further examinations of systems with which a high degree of risk is associated. Further examinations can take one of two forms:
- (a) interim reviews where resources are concentrated on the testing phase of the audit; and
 - (b) full audits where the steps described in chapter 40.6 are followed in full.
25. In deciding which of these two forms is appropriate, the Head of the Internal Control Unit will need to consider:
- (a) the stability of the system: systems which are subject to frequent change are less likely to be suitable for interim reviews;
 - (b) the results of the last examination, including any conclusions reached about the desirability of conducting interim reviews;
 - (c) the length of time since the last full audit;
 - (d) the level at which the system operates: lower level systems and those involving a large volume of transactions are more likely to be suited to interim reviews;
 - (e) any indication from his reviews of information regarding developing systems that significant changes may have taken place;
 - (f) any known changes in departmental objectives or priorities;
 - (g) the risk and materiality associated with the system;
 - (h) the extent of the changes previously recommended by the Internal Control Unit, and other reviewers; and
 - (i) the results of external audit work carried out by the Director of Audit's staff.

Interim Reviews

26. The first stage in an interim review is to confirm that the departmental, management and control objectives upon which the last full audit was based remain valid. Seeking confirmation from heads of sections that this is the case should normally suffice, but internal controllers should also consider whether their general knowledge of the department and the environment in which the system operates suggest that changes might have occurred.

27. The second stage of an interim review will be to confirm that the controls in the system remain unchanged. Internal controllers should confirm their system record with a selection of relevant officers and, where appropriate, examine departmental instructions, and any notifications of new or revised systems being developed, for indications that the system may have changed. It may be appropriate at this stage to conduct “walk through” tests to confirm findings.
28. The resources devoted to the two stages outlined above should be sufficient only to assure the internal controller that no significant changes have taken place.
29. Where changes are known to have occurred to either the objectives or the operation of a system, internal controllers will have to consider the effect those changes might have on their evaluation of controls. If the effect appears to be major, controllers should consult Internal Control Unit management who will determine whether the interim review should go ahead or whether, in the light of the changes, a full audit should be undertaken.
30. Where no changes have occurred, or where the effect of changes is deemed to be minor, compliance testing of the controls should be undertaken. The considerations for determining the techniques and level of testing are outlined in Chapter 10.6. Test results should be considered and reports issued as for any other examination by the Internal Control Unit; the report should clearly indicate the nature of the review.
31. Depending on the time available and the materiality and risk associated with the system, Internal Control Unit management may decide to test only those controls which are necessary to ensure the achievement of some of the higher priority control objectives.

Full Audits

32. A full audit will involve reperforming all the steps described in Chapter 40.6. However, the knowledge and experience gained previously should contribute to this and to subsequent audit examinations.

CHAPTER 40.6

EXECUTION PHASE

INTRODUCTION

1. The aim of a systems audit is to relate controls to the objectives of individual systems in order to build up evidence to support the Internal Controller's opinion on the adequacy of internal control in that system.
2. A systems audit may be divided into the following stages:
 - (a) ascertain and record – the Internal Controller's record of the system should:
 - identify the objectives of the system;
 - identify control objectives;
 - identify all activities involved, covering inputs, processes and outputs; and
 - identify controls.
 - (b) evaluate controls against control objectives;
 - (c) test the operation of the controls to establish whether they can be relied upon; and
 - (d) arrive at conclusions – assess what has been discovered during evaluation and testing to form an opinion on the reliability and adequacy of internal control.
3. These stages are not necessarily self-contained. In practice they may overlap and the Internal Controller may need to return to previous stages in the light of new information.
4. A detailed work plan, derived from the Internal Control Unit's short term plans, should be prepared for each audit examination before it commences.
5. At each stage the Internal Controller needs to record his appraisal or examination and its results.
6. Each audit should be supervised to ensure achievement of plans and conformity with standards and procedures.

ASCERTAIN AND RECORD

Preliminary Review

7. The boundaries of the systems under review and interfaces with other work of the Internal Control Unit should be identified. The audit needs assessment may be useful in defining the scope of the examination. Initial discussion with heads of sections and other appropriate senior officers provides much of this preliminary information. The audit examination should be discussed with the responsible head of section and agreed by the Internal Control Unit Management.
8. Much of the information needed on the system objectives and processes may be available from documentation obtained from other review bodies and similar sources, but it will sometimes be necessary to hold discussions with management at the appropriate level in order to obtain sufficient background to ensure that control objectives are based on accurate and up-to-date information.
9. Management information, performance indicators and other information illustrating the quality of performance in the systems to be examined should be taken into account in further refining the direction of Internal Controller activities.

Identify Management Objectives

10. Before attempting to define control objectives for a system, the Internal Controller needs to know the relevant departmental and management aims and objectives served by the system, starting at the top level and working down through the hierarchy of objectives.
11. A common danger is the overlooking of important management objectives through over-familiarity with the system. The list of system objectives identified should be complete and not limited to one or two of the most important of them. Objectives should cover the economy, efficiency and effectiveness of the system.

Define and Record Control Objectives

12. Control objectives break down the agreed objectives of a system. They identify specific objectives against which controls in the system may be evaluated. The definition of control objectives is critical. Any errors or misinterpretations in this area could lead to false conclusions and undermine the subsequent work of Internal Controllers.

13. Internal Controllers may find that management have defined control objectives. However in every case they should satisfy themselves, from their experience of evaluation internal control, and knowledge of similar systems elsewhere, that the control objectives are adequate and appropriate. Otherwise Internal Controllers should define their own control objectives against which controls in the system can be measured and evaluated. These should be discussed with management before being used for evaluating controls. If there are any differences which cannot be resolved these should be referred to higher levels of management.
14. Control objectives should be specific enough to provide a basis for subsequent evaluation of controls.
15. Control objectives should show the purpose of control not the controls themselves. They should indicate the aims of activities, not the means by which control is achieved.
16. Internal Controllers sometimes use the term “control objectives” incorrectly to refer to audit objectives. Control objectives should relate to the departmental system under review. Audit objectives define what Internal Controllers intend to achieve in their work plans.
17. Control objectives should be recorded as soon as possible as they form the basis of subsequent work by Internal Controllers.

Identify Activities

18. Recording activities involves the analysis of inputs, processes and outputs in relation to the control objectives identified.
19. There are a number of ways of finding out how systems work;
 - (a) examination of documents, such as statutes, organisation charts, manuals and instructions;
 - (b) interviewing of staff involved in the system; and
 - (c) observation of the physical environment and working methods.
20. Activities should be clearly recorded in narratives, flowcharts or other diagrammatical means. Records should indicate the flow from inputs to outputs through all stages of processing.

Ascertain and Record Controls

21. Internal Controllers should identify the controls in existence and record them. Processes form part of the basic system, converting resources into outputs. Controls are actions and procedures established by management to ensure that the objectives of the system are met. Objectives may be met without controls but reliance cannot be placed on systems without adequate controls.
22. The narratives and flowcharts used to record activities should highlight the controls which form part of the process.
23. Before the record of the system is completed, walk-through tests should be conducted to confirm the Internal Controller's understanding of how the system operates.

EVALUATE CONTROLS

24. The next stage, in the systems audit process, is the evaluation of the adequacy of the existing internal control arrangements to satisfy the control objectives previously established.

Levels of Control

25. In considering the adequacy of control, Internal Controllers should start with higher level controls, for example strategic planning, which affect the whole system, and work down to the lower level controls such as those over individual transactions.

Risk and Materiality

26. In evaluating the adequacy of controls, Internal Controllers need to consider the likelihood of undesirable events occurring (risk) and their significance to the organisation (materiality).
27. Internal Controllers must use their judgement in determining what level of control is appropriate in the light of their evaluation of the risk and materiality involved.
28. In considering materiality Internal Controllers should take into account:
 - (a) The possible direct and indirect financial consequences; and
 - (b) The importance of particular management objectives in the context of the department's overall objectives.
29. In considering the materiality of what is at risk, Internal Controllers should take into account the cost of reacting to a failure as well as the effects of the failure itself. Such costs may include, for example, the resources to be applied to investigation and taking corrective action.

Control Weaknesses

30. If the Internal Controller is not satisfied that the existing controls are adequate to ensure that the objectives previously defined are achieved, or if no controls exist at all, a control weakness will have been identified. The Internal Controller should consider how errors or omissions could remain undetected, how management objectives could fail to be achieved or how safeguards against fraud might be circumvented. In forming an opinion the Internal Controller should consider whether preventive or detective controls are more appropriate.
31. Where controls appear to be missing or inadequate, the Internal Controller should search for other controls which compensate for the apparent weakness and enable the control objective to be met.
32. Internal Controllers may, from their knowledge of the system and their experience of internal controls, be able to recommend more economical controls which would meet the control objectives satisfactorily. Internal Controllers may also be able to identify controls which are not necessary to ensure achievement of the objectives. These should always be brought promptly to the attention of departmental management as unnecessary controls are costly and hamper the efficient achievement of the Department's objectives.

Recording

33. Internal Control Questionnaires may be used to analyse the existence and adequacy of internal controls in relation to control objectives. The Internal Controller's judgement on the adequacy of control should be presented on a control evaluation record. This indicates whether a control, if operating as intended, meets the control objectives.

TEST CONTROLS

Types of Tests

34. **Walk Through** – limited “walk through” or “cradle to grave” tests are designed to confirm the Internal Controller's understanding of how a system operates. This understanding is likely to be derived from a combination of observation, interviews and examination of management's documentation of the system.
35. In conducting “walk through” tests, the Internal Controller will be looking primarily for evidence of the existence of controls. The aim of this type of testing is to follow the system from the input stage through the processing of the resources used to the outputs from the processing, confirming at each stage the controls in place.

36. **Compliance Testing** – The aim of compliance testing is to obtain assurance that controls established by management are operating as intended and are effective. It is not intended primarily as a means of identifying errors or failures to achieve objectives.
37. Errors found in compliance testing may indicate control weaknesses. They do not demonstrate positively that the system is failing to achieve its objectives.
38. Conversely, records of controls, e.g. signatures confirming that checks have been undertaken, are not necessarily proof that the controls have been properly applied. The Internal Controller may need to reperform the process to discover any instances where the control has not been performed correctly.
39. **Substantive Testing** – The purpose of substantive testing is to enable a conclusion and records. It is concerned with outputs rather than the adequacy of controls and therefore has a limited role to play in systems auditing. It is, nevertheless, sometimes used as a means of demonstrating the existence or seriousness of weaknesses when the Internal Controller is unable to convince management by any other means. Internal Controllers should bear in mind, however, that substantive testing is usually uneconomic and may weaken their arguments in the eyes of departmental management if it fails to produce evidence of actual errors.

Testing Strategy

40. **Planning** – The Internal Controller should decide what to test, what each test is for and how to test. Each test should be expected to lead to or corroborate an audit opinion. The level and direction of testing should take account of the analysis of risk and materiality undertaken as part of the evaluation of control.
41. Where the Internal Controller is satisfied that there are weaknesses there is no point in testing unless there is no other way of convincing management of the existence or seriousness of the weaknesses without the evidence provided by tests.
42. **Standards** – It is essential to establish measurable criteria against which the results of tests of controls can be compared.
43. **Period of Examination** – Tests should normally be biased towards the current period. If changes in operating conditions are likely to affect how controls operate, for example the performance of particular staff or pressure at particular time, the Internal Controller should ensure that this is taken into account in selecting the transactions to be examined so that the audit findings are representative.

44. **Level** – There can be no hard and fast rules about the amount of testing necessary except that the Internal Controller should take into account the materiality of possible failures to meet objectives. Statistical sampling techniques and judgemental sampling may be adequate to meet testing objectives. The Internal Controller should take into account all relevant factors, including:
- (a) **the testing objective** – whether the aim is to confirm the Internal Controller’s understanding of the system (walk through), to test the application and effectiveness of controls (compliance), or to attempt to quantify the impact of a weakness (substantive).
 - (b) **risk and materiality** – the extent of testing should take into account the relative risk and materiality of failures to achieve objectives.
 - (c) **the results of the evaluation of control by the Internal Controller** – this will influence the need for testing. The outcomes of previous examinations and changes in personnel or systems could also affect the nature and extent of tests.
 - (d) **the time available** – this tends in practice to be the principal limiting factor. It is important to make best use of the testing effort. However, the team leader should refer to higher levels of Internal Control Unit management if there is good reason to devote more time than planned.
 - (e) **the variability and volatility** of the population to be tested.
 - (f) **the acceptance criteria and confidence levels desired** by the Internal Controller
45. **Sequence** – The order in which tests are performed depends on the audit objectives and on how far controls inter-relate. Output from one test often provides input to another. For example, in examining a payroll system it might be considered important to test that all new entrants are authorised and that correct placement on the pay scale is checked. The authorisation test should provide successful items from which the Internal Controller might select a sample on which to perform the pay scale test.
46. Where controls inter-relate it is important to co-ordinate testing especially where the work is shared between Internal Controllers. Unco-ordinated tests can be wasteful and may not achieve the testing objective.
47. **Inter-related Controls** – Where a system comprises a set of inter-related sub-systems, the Internal Controller may need to separately analyse and test the controls in each sub-system before forming a judgement on internal control in the system as a whole

48. Appraising the results – During testing, there needs to be a continuing appraisal of the results so that the Internal Controller can decide whether to change the testing strategy. For example, when Internal Controllers perform compliance tests on a control and find some non-compliance, they must decide whether to continue to rely on that control, and if not how their earlier evaluation is affected. The following are some of the questions which should be considered:
- (a) how important is the control?
 - (b) are there compensating or complementary controls which reduce its intrinsic importance?
 - (c) how serious are the deviations and why did they occur?
 - (d) is any control failure likely to be isolated or recurring?
 - (e) is further testing (to confirm the Internal Controller's opinion) necessary and feasible?
 - (f) is any weakness so serious that management needs to be informed immediately?
49. The conclusive appraisal takes place when all tests have been completed and the results summarised and analysed. The Internal Controller must decide:
- (a) whether the testing objective has been achieved;
 - (b) what conclusions can be drawn;
 - (c) whether the findings show serious or minor weaknesses; and
 - (d) the cause of weakness and what corrective options are available.
50. What is required is an intelligent appraisal of testing results. The Internal Controller is not simply keeping a score of errors found. The purpose of the tests is to help the Internal Controller to form an opinion about the reliability of the controls. He should bear in mind, however, that an absence of errors when testing does not necessarily prove that the control was applied in all cases.

Techniques of Examination

51. **Observation** – Observation is particularly important where there is no permanent record of activities. For example, discrete observation by the Internal Controller can reveal whether there is improper access to a restricted computer area despite stringent formal controls.
52. **Interviewing** – Interviewing is useful when clear evidence is absent or unclear. Care should be taken because the behaviour of the Internal Controller could affect the attitude of the officer concerned and an insensitive approach could lead to an unco-operative and defensive reaction.

53. **Analysis** – Where a transaction or process comprises a set of inter-related parts, the Internal Controller may need to analyse and verify each part before he can form a judgement about the whole. This is illustrated in contract auditing, where the soundness of the contract itself depends on the nature and inter-relationship of its individual terms and conditions. The Internal Controller may wish not only to ensure that appropriate controls exist over the process of developing the contract but also to conduct compliance tests to confirm that the relevant documentation is free from ambiguity or contradiction, comprehensive, and in accordance with higher level policy objectives.
54. **Verification** – Verification involves the Internal Controller independently confirming something being tested. It embraces methods of establishing the truth, accuracy or validity of transactions. The role of Internal Controllers is to evaluate and test the controls, not to confirm the validity of data as an end in itself. In using verification tests, therefore, the Controller should ensure that they are related to the operation of controls. Methods used are:
- (a) **comparison** – with some ascertainable fact or standard, for example that instruction manuals are up to date or staff have attended appropriate training courses at prescribed intervals.
 - (b) **Confirmation** – checking statements of performance, for example checks with Ministry/Department that supply delivery response times are as stated by the supplier.
 - (c) **Vouching** – checking a transaction against supporting documentation, for example a payment to a supplier against the corresponding order and goods received note.
55. **Reperformance** – Reperformance is particularly relevant where calculations or measurements have been supposedly checked as a control and the Internal Controller wishes to check that the control actually operated.
56. **Test Data** – Test data is commonly used for testing computer systems, but may also be used in manual systems, for example to test controls over types of transaction which occur infrequently. When using test data, Internal Controllers prepare their own inputs to the system and compare the results of processing with those expected. Extreme care must be taken to ensure that senior management agree to the use of dummy data for input to the system and that arrangements are made to reverse out the effects of the test inputs so that integrity of live data is not corrupted and unwanted outputs are removed. If possible, the use of test data should not be disclosed to the operators of the system.

Recording Test Results

57. Adequate documentation of the testing undertaken is important to support the conclusions reached by the Internal Controller. For each test this should include:
- (a) test objectives;
 - (b) detail of the nature and extent of tests including any methods used to determine the size and selection of samples;
 - (c) test results and the Internal Controller's evaluation; and
 - (d) conclusions.
58. Testing should be documented to the level necessary to enable a reviewer to reperform any of the tests.

ARRIVING AT CONCLUSIONS

59. This is the stage of a systems audit where the Internal Controller considers the results of previous work, and arrives at conclusions, before reporting within the Internal Control Unit, and to the head of section of the area audited. The Controller will have arrived at conclusions during evaluation and testing. These conclusions, when combined, will enable the Controller to form an opinion about the adequacy and effectiveness of internal controls in the system.
60. In arriving at their opinion, Internal Controllers should be satisfied that they are able to judge whether:
- (a) The controls evaluated are adequate; and
 - (b) Testing has shown them to be operating in practice.
61. There should be sufficient, relevant and reliable evidence to support the Internal Controller's opinion on internal control. In assessing the adequacy of control, consideration should be given for each control objective:
- (a) any control weaknesses identified during evaluation or testing;
 - (b) any duplicated, excessive or inappropriate controls;
 - (c) controls which are not being operated;
 - (d) the effect of the weaknesses;
 - (e) the materiality of the process;

- (f) the effect of compensating controls;
 - (g) the consequences of over-control; and
 - (h) the overall effect of (a) – (g).
62. The Internal Controller's good judgement is of paramount importance in interpreting and presenting audit results, and in making appropriate recommendations. He should not only arrive at conclusions, but should also be able to convince management of the need to act upon them. The risks to which management is exposed by weaknesses in controls or their operation should be identified as should the consequences of over-control on the economy, efficiency and effectiveness of the activity.
63. After discussion of the conclusions with the officers involved, the Internal Controller should determine the recommendations to be made to Departmental Management. These should indicate:
- (a) new or alternative controls to correct or mitigate weaknesses;
 - (b) where controls are not being effectively applied, the action required to ensure compliance;
 - (c) unnecessary controls; and
 - (d) any action which should be taken by management to check that weaknesses in control have not been exploited.
64. Whenever possible, recommendations should be discussed with the relevant officers, but it is not the Internal Controller's responsibility to propose corrective action in detail or to be involved in its implementation or operation. However, where a weakness is detected, the Internal Controller should be prepared to offer advice on ways of improving control.

AUDIT DOCUMENTATION

Introduction

65. This section outlines the principles and practice of documentation from the start of a systems audit to post audit discussion.
66. Documentation is a means of communication, within an Internal Control Unit, and between the Unit and others. It also provides evidence of work performed and of the findings which support Internal Controllers' conclusions and recommendations. Adequate cross-referencing and indexing is vital if documentation is to be accessible and thus be an efficient tool for the Internal Control Unit.
67. Audit documentation should be used to:

- (a) record the objectives and scope of the examination and audit activity;
- (b) encourage a methodical approach to work and help the Internal Controllers organise their work;
- (c) support the conclusions reached by Internal Controllers;
- (d) enable team leaders and Internal Control Unit Management to review the adequacy and standard of work; and
- (e) provide information for further work by the Internal Control Unit.

Principles

68. The size of the Internal Control Unit and nature of the Department influence the type and volume of audit documentation. However, the following general principles should be applied in all cases.
69. **Consistency and Standardisation** – Within any Internal Control Unit there should be consistent use of audit documentation. Departmental manuals, or other written means, should set out instructions on the format, practice and procedures relating to Internal Control Unit documentation. Standardisation aids clear understanding and continuity, improves the efficiency of preparation and review, and aids delegation of work. However, use of standard working papers should not restrict the Internal Controller’s approach. The Controller should be free to employ imagination and initiative in the use of working papers where appropriate.
70. **Accuracy and Timing** – Failure to keep accurate records would seriously impair the value of the work of the Internal Control Unit and the objectives set out in paragraph 67 above would not be met. The records should show precisely what was done, what conclusions were reached and why, and how this achieved the audit objectives. Working papers should be prepared as each audit examination proceeds.
71. **Clarity and conciseness** – Working and format should be such that the reader will be in no doubt about meaning and will easily assimilate information.
72. **Completeness** – Papers should be sufficiently detailed to show the course of action from start to finish so that each step in the audit examination can be identified and the reasoning understood, but not so detailed that the message is obscured.
73. **Authorship and supervision** – The originator and date of origin of each audit document should be stated on it; space should also be provided on it for recording supervisory review.
74. **Structure** – The arrangement of audit papers should enable the logical process of thought or action to be followed. Indexes and cross-references should be used to ease access to the papers and establish the relationships between them.

75. **Review** – As part of the general review arrangements documentation should be reviewed by the supervising Internal Controller and the review clearly recorded. The reviewer should ensure that:
- (a) there are no loose ends;
 - (b) documentation conforms with the Internal Control instructions;
 - (c) documentation meets the Unit’s standards;
 - (d) documentation is sufficient to meet the audit objectives; and
 - (e) opinions and conclusions are supported by the record of audit evidence.
76. A test of the adequacy of documentation is whether an experienced Internal Controller, on the basis of only a review of the file, would understand how the conclusions were reached.
77. **Confidentiality and Security** – Controllers need to take special care about the confidentiality and security of documentation and ensure that they are maintained. Departmental procedures for privacy and security marking, custody and despatch apply to Internal Controllers.

Practice

78. The paragraphs below outline the basic documents an Internal Controller may need to prepare during the audit of an internal control system. The following section describes the files they may be kept in.
79. **Notes of Meetings and Interviews** – Notes of meetings or interviews should be taken at the meeting or soon after. Notes should include the purpose of the meeting, the names of those attending, date, time and venue and record all relevant points of discussion. If the note is agreed with or circulated to those attending a record of agreement or a circulation list should be kept.
80. **System Record** – The record of a system should provide a good basis for the evaluation of the strengths and weaknesses in internal control. Internal Controllers should not include matters with no audit significance since recording is a time-consuming activity.
81. Internal Controllers may be able to make use of existing documentation found in department manuals and instructions. They should however exercise care in doing so because:
- (a) they should record the system as it actually operates, as well as, instructions on how it should operate;
 - (b) controls may not be clearly indicated;
 - (c) they should record only the elements of the system essential to the audit evaluation of internal controls;

- (d) indiscriminate copying of documentation can be wasteful; and
 - (e) the description of the system found in such documentation may, be incomplete.
82. A system should be recorded only after adequate fact finding by observation, interview, and consideration of documents and records used in the system. When considering a given system, Internal Controllers may find that procedures have not been recorded, or, are out of date; this in itself represents a control weakness.
83. The controls should be highlighted. It may also be convenient to provide space on the system record for cross-referencing controls to evaluation documentation or records of system weaknesses. System records should include the sources of information e.g. manuals, interviews.
84. **Narrative Descriptions** – Narrative descriptions are necessary to give a complete picture of the system. Taken together with other forms of system records they should cover:
- (a) system objectives and targets;
 - (b) links and interfaces with other systems;
 - (c) the environment in which the system operates;
 - (d) the allocation of authority and responsibility;
 - (e) controls;
 - (f) exceptional situations or cases that may need to be dealt with by the system; and
 - (g) ad hoc controls such as management reviews.
85. Narratives may cover detailed descriptions of transaction flows but in some cases these can be better recorded through flowcharts (see para 87). If flowcharts are used, they, and the narrative descriptions should be cross-referenced to each other.
86. Narrative descriptions may be usefully divided into a summary overview of the system and detailed descriptions of its constituent parts. Full use should be made of headings and logical organisation to give a clear picture and make reference and updating easier.

87. **Flowcharts** – Flowcharting is a diagrammatic method of recording and describing a system which shows the flow of documents or information and the related internal controls within a system. Flowcharting is likely to be most effective if a logical, top down approach is taken by starting with an overview or summary flowchart, followed by successively related lower levels of detail as required.
88. **Organisation Charts** – The organisational structure relating to the system under review should be recorded. A copy of an existing organisation chart may suffice but the Internal Controller may need to draw one.
89. The chart needs to be up-to-date since it provides details of the information chain, relationships and responsibilities. It is also useful in identifying staff and in testing. The date of the organisation chart should be noted.
90. The chart may include:
- (a) Main sections/branches with a description of their functions;
 - (b) Job titles, grades and names of staff together with lines of responsibility; and
 - (c) Any other reporting lines.
91. **Internal Control Questionnaires** – Internal Control Questionnaires (ICQs) help the Internal Controller to identify control strengths and weaknesses. They are lists of questions related to specific control objectives that might be expected to be achieved in a particular system. However on their own, they do not provide a clear or complete picture of systems in operation or a sufficient basis for evaluating internal control.
92. ICQs should be signed and dated when the questions are drawn up and again when the answers are completed, if this is done later.
93. The list of questions should be grouped under the related control objectives. Questions should normally be worded to obtain a “Yes” or “No” answer, where “No” indicates the control weakness. A comment column may be required to show the Internal Controller’s assessment, e.g. where an apparent weakness in control is compensated by controls elsewhere in the system. Space should be provided for cross-reference to compliance tests.
94. Internal Controllers may prepare ICQs before field work starts but they will need to adapt them as work progresses. ICQs should be based on the control objectives the Controllers have determined. The questions should be designed to reveal, whether, and, to what extent, the control objective is met. The questions are addressed to the Internal Controller not to offices operating the system. Internal Controllers should answer each question from their own appreciation or assessment of a system.
95. Questions should be clear and unambiguous. For example, if in a purchasing system, a question was phrased “Are invoices checked?”, the answer may be “Yes” if the Internal Controller finds

that they are checked arithmetically. The Controller might not enquire whether they are checked to orders, or that goods have been received, etc. It is essential to question each one of these aspects to obtain the full picture.

96. Internal Controllers should take care in using ICQs as:
- (a) the yes/no approach is often an over-simplification of a complex control system;
 - (b) special factors and particular circumstances are difficult to foresee and may be neglected;
 - (c) they can promote a mechanical and unimaginative style; and
 - (d) they may be time-consuming
97. Standard ICQs can be designed for use on similar systems. These often become long and include irrelevancies, but, used with care, they can save time. Internal Controllers should ensure that each ICQ is appropriate to the system for which it is being used.
98. ICQs should concentrate on questions related to controls and whether they are adequate to ensure that objectives are achieved. Whilst it may be useful to use a similar technique as an aide-memoire in obtaining background information, e.g. by asking questions on, say, the throughput of transactions or number of staff, these tasks should be covered by designated checklists.
99. **Control Evaluation Record** – The control evaluation record should set out the control objectives, the controls and the Internal Controller’s evaluation of whether the controls enable the objectives to be achieved. Superfluous controls should also be identified. The record should be cross-referenced to system records and to the related compliance tests performed later.
100. The record should clearly state the controls and the internal controller’s evaluation. It should avoid describing processing procedures which will not require evaluating or testing. Internal Controllers should avoid inconclusive discussion of strengths and weaknesses, but should show why they believe the controls would, or would not, enable the objectives to be achieved, bearing in mind that compliance testing has not yet been carried out. A summary conclusion on the adequacy of control for each control objective should also be given.
101. **Record of System Weaknesses** – Weaknesses identified on evaluation should be recorded clearly for future reference and to help determine audit tests. One method is to keep a separate record of them which should indicate the nature of the weakness, comments of the responsible officer and action thereon.
102. The record should clearly describe the nature, cause and possible effects of the weaknesses identified. It is not sufficient just to state what does, or does not, happen and to leave it to the reader to judge what is at fault.
103. The note of action taken should be specific. For example, it would not be sufficient to state that the weakness was discussed with, say, a senior officer. The Internal Controller should clearly

record what action was promised or taken by the officer, whether any letters or minutes were exchanged, what action was actually taken, or when it was proposed next to review the situation.

104. **Audit Test Programme** –Audit tests arising from the evaluation of strengths and weaknesses in internal control should be recorded on an audit test programme. The programme should state the audit objectives for the tests, the level of testing needed to achieve the objectives, and give details of target dates and Internal Controllers assigned to tasks.
105. Space should be provided for cross-references to the audit test record on which the results of the work are shown. The signature or initial of the Internal Controller who has completed each test and the reviewer should appear. Details of tests to be carried out must make clear what is to be done and which control is being tested. Statements which simply instruct the Internal Controller to find out whether a control exists, or operates, should be avoided.
106. The following should be specified for each test:
 - (a) who is to be interviewed or observed;
 - (b) what is to be examined;
 - (c) how many items are to be selected for examination and on what basis; and
 - (d) what criteria are to be used for determining error or exception.
107. **Audit Test Record** –Audit test records should be used to record the results of the tests set out in the audit test programme. They should include the source and number of items tested, audit findings, results of subsequent enquiry, evaluation of results and action taken. Where sampling techniques are applied, method of sampling, sample size etc should also be shown
108. The record should link to the audit test programme, unless the test has arisen for some other reason (which should be stated). Cross-referencing results to the audit summary or report, helps ensure they are properly reflected in conclusions and recommendations.

109. In areas where much detailed work has been done it may be appropriate to provide a separate summary test results. This can ease the task of compiling the audit summary and report. If prepared as the audit progresses it also provides a note of the work done so far. This is useful if, for example, it is necessary to hand over to another Internal Controller. Test records should be sufficiently detailed to enable another Internal Controller to reperform the tests exactly.
110. **Audit Summary** – At the end of (or sometimes during) an audit a summary of the main points which may appear in the draft report should be prepared as an aide-memoire for post audit discussion and for review purposes. This should be clearly referenced to systems records, records of strength or traced to the evidence supporting them. Columns for the comments of Internal Controllers and officers responsible for the system examined are useful for future reference and for report writing. The summary should be referenced to the audit report as the latter is written. It is also useful to copy it as a carry forward record, for any follow-up action, at the start of the next audit examination.
111. **Review Record** – Reviews of audit work should be carried out by the team leader and by the Senior Internal Computer during the audit and near its completion. A summary record of reviews can help quality control and quality assurance. The record should identify:
- (a) the audit stages and major documents reviewed;
 - (b) the dates of reviews;
 - (c) the results of the review; and
 - (d) the dates of the reviewer's approval.
112. Separate columns should be provided for each reviewer. Space may be allocated to record examinations made during internal or external peer reviews.

Audit Files

113. Two types of work files should be maintained for each audit area; a **permanent file** which contains continuing information, and a **current file** containing the papers immediately relevant to the audit examination. These files may be sub-divided for convenience. Indexing will improve Internal Controller's efficiency and control. Where audit subjects are related, files should be cross referenced. Management of the Internal Control Unit should determine when and how the work files should be closed and stored. They should not be included in the department filing system. This is usually after follow-up action has been completed. Senior Internal Controllers should ensure that privacy and security markings are appropriate and reviewed as necessary and that appropriate security and custody arrangements are made.
114. **Permanent File** – The permanent file contains papers of continuing relevance and its contents should be reviewed and updated as necessary at the start and end of each audit examination. Contents may include:

- (a) organisation charts;
- (b) terms of reference and stated objectives of the system;
- (c) relevant job descriptions and authority limits;
- (d) list of locations and of main books of record or account;
- (e) system records;
- (f) records of system weaknesses;
- (g) specimen documents, extracts of records and reports;
- (h) ICQs;
- (i) Descriptions and analyses of functions and volume of transactions etc;
- (j) Internal Control Unit reports, distribution lists and notes of work referred to next audit;
- (k) Other reports e.g. Director of Audit or other reviewers; and
- (l) Record of management responses and correspondence.

115. **Current file** – The current file contains the papers relevant to a specific audit examination. Some may be copied or borrowed from the permanent file. Contents may include:

- (a) scope and objective of the audit examination;
- (b) audit work plan and briefing notes;
- (c) previous Internal Control Unit report, reply, points arising and notes of work referred from previous audit examination;
- (d) system records and ICQs;
- (e) control evaluation record;
- (f) records of system weaknesses and strengths;
- (g) audit test programme;
- (h) detailed records of tests, schedules, analyses etc;
- (i) exceptions arising from audit tests;
- (j) review records;
- (k) draft audit report;
- (l) audit summary and details of post audit discussions;
- (m) audit report to Departmental and Internal Control Unit Management; and

(n) follow-up records and correspondence.

116. The need to keep rough notes and drafts should be considered. These are normally kept only in unusual circumstances, if kept a back-up file is often the best place for interim storage. Keeping documents longer than is needed is inefficient and expensive.

CHAPTER 40.7

REPORTING AND FOLLOW-UP

INTRODUCTION

1. This chapter deals with reports on individual assignments and with reports to the Accounting Officer. It should be read in conjunction with the Reporting standards in 40.4.
2. The Internal Control Unit's contribution to the department is demonstrated in its reporting. Likewise, its quality and status will be judged by its reports. Report on individual assignments should provide an assurance on the system under review; they form the basis of the overall assurance on the internal control system to be provided in reports to the Accounting Officer.

ASSIGNMENT REPORTING

3. Reports on individual assignments by the Internal Control Unit may serve several purposes. They may:
 - (a) **provide assurance** – by reporting on the adequacy, effectiveness and reliability of internal controls.
 - (b) **measure performance** – by providing analyses and appraisals and by identifying areas of inefficiency and waste.
 - (c) **prompt action** – by drawing attention to possible remedies for reported weaknesses.
 - (d) **Permit follow-up** – by enabling the Internal Control Unit to establish whether recommendations have been given adequate consideration.
4. A good audit report communicates the Internal Controller's conclusions effectively and makes recommendations persuasively so that management understands the issues, accepts the conclusions and acts appropriately. An inadequate report may negate the best audit work and finest conclusions. It may also damage the reputation and status of the Internal Control Unit. Reports should make clear the risks to which the department will be exposed if no action is taken.
5. Arrangements for reporting, including the respective responsibilities of both Internal Controllers and Senior Internal Controllers, should be clearly defined. They should be set out in departmental instructions. Internal Controllers should ensure that they are understood by departmental officers at the commencement of each audit examination.

Types of Reporting

6. The reporting process may include reports made either orally or in writing. Reports may be made on an exception basis (covering only matters of particular concern) or may contain a comprehensive appraisal of the area covered. Interim reports may be issued before fieldwork has been complete: formal reports will encompass the findings of the complete assignment. The following paragraphs illustrate some of the considerations in determining when to use the various types or combinations of reports.
7. A **written report**, or other record, should be issued after each audit examination. The written report is a formal record of the results of the audit. It is used by management of the Internal Control Unit to monitor and control audit activities. It also serves to permit efficient follow-up. The writing and presentation of written reports is described later.
8. An **oral report** is a formal verbal presentation of Internal Controllers' findings. It is often an effective vehicle for making an initial presentation of audit's findings and gauging the likely reaction of heads of sections. It is also useful when it is necessary to report immediately due to the seriousness of weaknesses exposed. However, oral reports are not usually subject to the same degree of quality control as other forms of reporting. They can result in misunderstandings either as to fact, or, as to emphasis. An oral report should always be confirmed by means of a written report.
9. An **exception report** which concentrates on specific matters requiring attention may be appropriate in certain limited circumstances, but should be used with caution. It may lead managers to presume that all else related to the system being examined, is satisfactory when such a presumption is not warranted. It may also lead to antagonistic over-reaction on the part of departmental officers since the report will not present a balanced picture of the state of internal control.
10. An **interim report** (or reports) may be appropriate either when a particularly serious point arises which requires immediate action or where the assignment is unusually lengthy, perhaps because it is being conducted in diverse locations. Interim reports may be oral or in writing but should always be confirmed in due course by a formal written report.

Consultation

11. Internal Controllers should normally agree facts, and may discuss conclusions and recommendations, with heads of sections before issuing a final report. Discussion is often the most effective way of clearing up queries and points arising during an audit examination. The consultation may be conducted through oral reports or by requesting responses to a draft report, or both, and has four main purposes:
 - (a) to ensure agreement on facts;
 - (b) to give the departmental officers an opportunity to make any relevant observations which might be appropriate for inclusion in the report;

- (c) to allow the departmental officers the opportunity to consider the findings and conclusions before they are reported to higher management; and
- (d) to reassure departmental officers that their views and experience will be taken into account in the final report.

Drafting and Review

- 12. Responsibility for the audit report rests with the Head of the Internal Control Unit who should specify arrangements and responsibilities for drafting, format, presentation, review and issue. Reports should present findings in the most effective way.
- 13. The findings supporting the report will have been built up during the audit. Internal Controllers should have the report in view throughout and should have noted their findings (or “audit points”) as the audit examination progresses. These should also have been raised, as far as practicable, with appropriate levels of management.
- 14. Draft reports are prepared for use within the Internal Control Unit and normally for further discussion with management before issuing a final report. The draft is normally prepared on completion of an audit, often following discussion with the appropriate head of section. It may be prepared by an Internal Controller, team leader or Senior Internal Controller.
- 15. The draft report should always be reviewed and edited by Internal Control Unit management. They should ensure that findings, conclusions, opinions and recommendations are supported by relevant, reliable and sufficient evidence. The draft should be discussed within the Internal Control Unit and consultation with different levels of management may be required before a final report is issued.
- 16. Reports are for the reader, not the writer. Therefore, in drafting and editing Internal Controllers should constantly bear in mind the likely impact of the words used on the recipient.

Format and Presentation

- 17. The format of reports will vary from department to department (and in some cases from audit to audit) and should be set out in departmental instructions. Whatever format is used, it is important that the report is structured in a logical way so that the pertinent points are easily accessible to the varying levels of management to whom it is sent. One such structure might be:
 - (a) contents;
 - (b) introduction/background;
 - (c) audit objectives;
 - (d) scope;

- (e) summary and conclusions; and
 - (f) detailed findings and recommendations.
18. The summary should give an overview of the audit examination. It should be brief and to the point and referenced to the detailed sections of the report. It should contain the Internal Controller's assurance, or otherwise, on the adequacy of internal controls and an assessment of risk or of opportunity for improved performance. It may also contain a synopsis of the main recommendations.
19. The detailed findings should set out for each part of the system:
- (a) the Internal Controller's expectations of that part of the system – the objectives which should be met and the standards and practices which should be applied;
 - (b) what was actually found;
 - (c) the reasons for any differences;
 - (d) if appropriate, the control weaknesses revealed and the risks to which the system is thus exposed; and
 - (e) any recommendations for improvement in control.
20. Internal Controllers may need to describe what procedures and standards were used in arriving at the findings. If possible, published or departmental standards should be used for comparison. Adverse findings which arise from previously reported deficiencies in control should be highlighted.
21. Detailed findings should be presented in a way that enables the reader to form his or her own conclusion about their importance. Internal Controllers should consider what management needs to know; which in turn will be dependent on the significance of the finding.
22. The findings should give the minimum necessary detail to achieve the objective of the report.
23. Recommendations for improved control should be made where appropriate. Where no recommendation is made because of a seemingly intractable difficulty, attention should nevertheless be drawn to the problem so that it may be considered.
24. The inclusion of the reaction of Departmental officers to recommendations by Internal Controllers, especially when action was taken or agreed, helps the follow-up process. The report should acknowledge the contribution of Departmental Officers towards identifying problems and solutions.

25. A well presented report is more likely to receive proper consideration. Clean copies, covers, front sheets, and neat, accurate typing give a professional look and encourage the reader's attention. One and a half spacing is easier on the eye than single spacing. Good artwork, diagrams and graphs may explain more effectively than narrative. Reference material should be included as appendices where appropriate.
26. Front sheets and covers may include:
- (a) period of audit examination;
 - (b) date of report;
 - (c) references to interim reports;
 - (d) subject and/or location(s) of audit;
 - (e) list of contents;
 - (f) name(s) of the Controller(s);
 - (g) reference number; and
 - (h) distribution

Co-ordination

27. When an audit examination involves several teams, in different locations or in different specialist areas, one report may be compiled from several. Similarly a procedure may be established to enable the results of related audits to be brought together for co-ordinated presentation to higher levels of management.
28. These procedures may also be used to keep individual Internal Controllers informed about important developments and findings in other assignments carried out by the Unit. Co-ordination of audit findings enables the easier consideration of the results of each assignment when preparing the Internal Control Unit's annual report to the Accounting Officer.

Timeliness

29. Reports need to be issued as soon as possible. A pre-set limit on the interval between the end of audit examination and the delivery of the report imposes discipline. Delay progressively increases the chance that the report will have been overtaken by events and so lose impact; it may also postpone remedial action.

Distribution

30. Departmental instructions should specify to whom reports should be sent, and in what circumstances, although it must be within the discretion of the Head of the Internal Control Unit (or Senior Internal Controller, if delegated) to vary this if thought fit. The precise arrangements will reflect the organisation of the department but the Head of the Finance Section should always be included in the distribution.
31. A report should be sent to the appropriate level of management necessary to achieve its purposes. The objective is to reach the officers expected to take action and those who are in a position to ensure that a report is adequately considered and action taken where necessary. Reporting to the head of the activity examined and to one management level above should be regarded as normal practice.
32. Where it is thought that the findings of a report may be relevance to other heads of sections they may be included in the distribution. Higher level or exceptional distribution may be needed if audit findings have special implications. Limited distribution may be appropriate when irregularity is suspected. Where the findings indicate the need for consideration by heads of sections in diverse operational units, it may be appropriate to request one particular recipient to co-ordinate the responses of copy recipients.

Liaison with Other Reviewers

33. Findings by the Internal Control Unit may indicate the need for study by other specialists, or, other reviewers may be studying an area which has been subject to investigation by Internal Controllers. In either case it may be appropriate to discuss findings, on an “in confidence” basis, with the other reviewer either before or after reporting to heads of sections. Such exchanges enhance co-operation. Internal Control Unit reports may be made available to other reviewers on the authority of the Head of the Internal Control Unit (or Senior Internal Controller, if delegated). The responsible Departmental Officer should be informed.

FOLLOW-UP

34. It is the responsibility of Departmental management to determine what action to take in the light of the findings of the Internal Control Unit. It is the responsibility of Internal Controllers to ascertain that either:
 - (a) suitable corrective action has been taken; or
 - (b) the matter has received satisfactory consideration at the appropriate level of management who have accepted the risks associated with not acting.

Although field work is finished the assignment should not be regarded as complete until the Internal Control Unit is satisfied that these responsibilities have been fulfilled. Responses to the report will be one of the inputs to subsequent audit planning and may provide a measure of the effectiveness of both the audit examination and the report.

35. Follow-up arrangements should be formal and clearly understood. They may conveniently be set out in the letter which accompanies the report. They should also be contained in departmental instructions.
36. Follow-up activity will depend on the nature of the Internal Controller's work and the recommendations. It may involve reviewing consequent changes in systems and controls and other management action. The timing of follow-up will depend on the urgency of recommendations and what action, if any, management has taken. Where only minor changes are proposed follow-up at the next audit may be appropriate.

REPORTS OF THE ACCOUNTING OFFICER

37. The Head of the Internal Control Unit should report formally to the Accounting Officer at least annually. The report should contain, as a minimum:
 - (a) a statement of the extent to which the Accounting Officer can rely on the internal control system;
 - (b) an analysis of common or significant weaknesses arising;
 - (c) a comparison of activity during the year with that planned, placed in the context of the overall audit need;
 - (d) details of any major findings where action appears to be desirable but has not been taken and which thus need to be brought to the Accounting Officer's attention; and
 - (e) the extent of achievement of any objectives (including targetted performance indicators) which may have been agreed for the Internal Control Unit.
38. Such a report may also be used as the opportunity to record;
 - (a) the results of any external review of the Internal Control Unit;
 - (b) any significant changes to the long-term plan;
 - (c) the Head of the Internal Control Unit's views on the status and prospects of the Unit;
 - (d) the extent to which the Unit is adequately staffed and trained; and
 - (e) a summary of the Unit's activity for the year.

39. The report's content, presentation and design should be carefully considered in the light of the Accounting Officer's requirements. Detailed tables etc should be placed in appendices. Overall the report should enable the Accounting Officer to judge the calibre of the Internal Control Unit and to give direction to it or heads of sections.
40. In assessing the level of assurance to be given, the Head of the Internal Control Unit should take into account:
- (a) all audits undertaken during the current period, including where appropriate, follow-up action;
 - (b) any follow-up action taken in respect of audits from previous periods;
 - (c) significant recommendations not accepted by management and the consequent risks;
 - (d) the effects of any significant changes in the department's objectives or systems;
 - (e) matters arising from previous reports to the Accounting Officer;
 - (f) any limitations which may have been placed on the scope of the Internal Control Unit;
 - (g) the extent to which resource constraints may impinge on the Unit's ability to meet the full audit need of the department;
 - (h) what proportion of the department's audit need has been covered to date; and
 - (i) the quality of audit performance.

Any limitations on the assurance, however arising, should be clearly explained.

CHAPTER 40.8

MISCELLANEOUS

PERFORMANCE MEASURES AND INDICATORS

Introduction

1. The Accounting Officer, the Head of the Internal Control Unit, the Director of Audit and other reviewers need to be able to form an opinion of the effectiveness, efficiency and economy of internal audit operations. As part of this process the Head of the Internal Control Unit should establish and maintain a relevant and reliable package of measures and indicators as an aid to appraising the performance and value of the work of the Unit.
2. Measures and indicators may be applied to particular activities within the Internal Control Unit or to the Unit as a whole. Although individual or groups of measures and indicators may be used to appraise specific aspects of output and performance, evaluation of the Internal Control Unit's overall performance and the value of internal audit work is best achieved by analysis of the results arising from all the measures and indicators that have been selected. Extreme care needs to be taken in the interpretation

Definitions

3. Within the context of this guidance:
 - (a) an **output** in anything achieved by or produced from the activities of the Internal Control Unit;
 - (b) an **input** is a resource consumed to produce the Internal Control Unit's output;
 - (c) **performance** is assessed by the comparative evaluations of outputs and inputs. Effectiveness, efficiency and economy are all aspects of performance;
 - (d) **performance measures** are directly quantifiable means of assessing the extent to which the Unit has functioned effectively, efficiently and economically;
 - (e) **output measures** are a directly quantifiable means of assessing what is produced or achieved; and
 - (f) **performance indicators** are indirect measures of an activity or function which are normally used where direct measures are not available.

Users

4. Measures and indicators should provide information to satisfy the differing needs and perspectives of users. Principal users and their main interests are:
- (a) the **Accounting Officer and senior departmental managers**: concerned with appraising the quality of assurance provided by the Head of the Internal Control Unit and the contribution made by internal audit;
- Measures and indicators to be used for senior management's monitoring and evaluation of the Internal Control Unit should be considered and agreed by the Accounting Officer;
- (b) **heads of sections**: concerned with the quality and impact of appraisals, advice, analyses and recommendations made by the Internal Control Unit; and with the relationships between heads of sections and the Unit;
 - (c) **Internal Control Unit management**: concerned with achievement of the Unit's objectives and to ensure professional standards are met; that the Unit's policies and procedures have been followed; with the appraisal of specific activities e.g the scope of audit work, planning, supervision and communication of audit results; and with the comparative performance of different parts of the Unit or with other Units;
 - (d) **the Director of Audit**: concerned with the degree of reliance that can be placed on the work of Internal Control Units; and with the effectiveness, efficiency and economy of internal audit as part of the system of internal control.

Developing Measures and Indicators

- 5. The package of measures and indicators should be based on the Internal Control Unit's objectives. Within the package, individual measures and indicators should be developed to cover specific aspects of performance.
- 6. Where possible, measures and indicators should be structured on a hierarchical basis to provide the right amount of information for the needs of different users.
- 7. Costs and time expended on establishing and maintaining measures and indicators should not be disproportionate to the benefits accruing. In most cases automation will assist efficiency and aid collection and analysis of data.

8. Economy and, to some extent, efficiency can be appraised by the analysis of comparatively easily produced quantitative indicators such as those relating to time and cost. Many of the benefits of internal audit are however difficult to quantify. This presents difficulties in evaluating effectiveness, particularly in relation to the quality of assurance provided to the Accounting Officer and assessing the contribution made by the Internal Control Unit towards better control and increased economy, efficiency and effectiveness in departments. As a result indicators relating to the effectiveness of internal audit tend to be subjective. The degree of subjectivity can be reduced by appraisal of the reaction to audit work from the different perspectives of the Accounting Officer, senior management and heads of sections to audit; of the evidence provided by quality assurance programmes; and of the results of reviews by the Director of Audit.

Measures and Indicators in Practice

9. The package of measures and indicators selected by the Head of an Internal Control Unit may be influenced by a number of factors associated with the size of the Unit, its working practices and the departmental environment. It is expected, however, that all Internal Control Units would see the need to maintain measures and indicators aimed at providing information on:
 - (a) results achieved in relation to objectives;
 - (b) use of audit time;
 - (c) cost of audit work; and
 - (d) actual performance against planned activity.
10. Results produced by measures and indicators can be compared with standards, past practice, average or best practice, and between sections. Although not applicable to all measures and indicators, the setting of targets can contribute to the meaningful appraisal of results. Where set, targets should be exacting, but fair and attainable. Primary targets should be agreed with the Accounting Officer and results communicated in annual or more frequent reports to him.
11. An important benefit from maintaining measures and indicators is their use in pinpointing problems, or aspects of poor performance and output where improvements can be made.

The results from measures and indicators should therefore be examined critically for any indication of areas where corrective action is required. In evaluating out-turn, care should be taken to distinguish between shortfall against targets caused by poor performance and that caused by inappropriate targets. There is also a need to consider factors outside the Internal Control Unit's influence.

12. Measures and indicators should be regularly reviewed to ensure they remain relevant to needs and are being used effectively.

Limitations

13. There are limitations associated with each measure or indicator which can distort appraisal and have counter-productive results. For evaluation to be meaningful it must be based on intelligent interpretation of the results produced and proper investigation of significant variances in performance.
14. Undue emphasis on the results of particular measures and indicators may adversely condition the behaviour of staff and the Internal Control Unit. For instance, if a Unit were to be judged on savings identified, Internal Control Unit staff might concentrate on searching for them to the detriment of other activities. Care should be taken to ensure that appraisal covers all the selected measures and indicators and especially that individual ones are not considered out of context.

INTERNAL AUDIT AND VALUE FOR MONEY

Introduction

15. The term “value for money” is commonly used to describe the combination of economy, efficiency and effectiveness within an organisation. Improving value for money is a major objective of all Departments.
16. The primary responsibility for achieving good value for money lies with the Accounting Officer through his heads of sections. They should institute appropriate arrangements for securing value for money and for monitoring its achievement in the operations they manage
17. Senior management in departments may appraise the achievement of value for money by instituting special reviews of particular policies, programmes, activities or units. Such reviews may be carried out by heads of sections, the department’s consultancy, inspection and review services (including internal audit), specialists, external auditors or consultants, or by joint teams made up of staff selected from these groups.
18. The role of Internal Control Units in government departments in relation to value for money is twofold:
 - (a) as an integral part of its responsibility to evaluate the department’s internal control system, Internal Control Units examine and evaluate the controls established by management to secure good value for money; and
 - (b) Internal Controllers may conduct, participate in, special value for money reviews.

Value for Money is Systems Auditing

19. An Internal Control Unit's responsibility is to provide an opinion on the adequacy, reliability and effectiveness of the internal control system and to advise management on those elements of it for which they are individually responsible. The evaluation of controls over economy, efficiency and effectiveness is essential to meet this responsibility.
20. Internal Controllers should identify and evaluate controls over value for money in all audits. Such controls cannot be rigidly defined or separated from others as all controls, such as those over security or compliance, can be seen as addressing different aspects of economy, efficiency and effectiveness. Some examples of controls most directly concerned with value for money are:
 - (a) planning, including clear definition of objectives and targets;
 - (b) management information;
 - (c) performance measures and indicators;
 - (d) policy and programme evaluation; and
 - (e) identification of costs and the allocation of responsibility for them.
21. In some cases such controls may form a separate, higher level system of their own (for example, some management information, or performance measurement systems) which will be the subject of separate audit examinations. In such cases Internal Controllers should be careful to note the interfaces and relationships to establish a complete picture of control.
22. Evaluation of control normally involves testing to see if the controls have been applied effectively. Testing may require direct consideration or analysis of whether good value for money has been achieved. Internal Controllers may pass to management the results of such analyses, including instances of waste or other apparently poor value for money, and suggestions for improvement, but should be careful to keep the focus of the audit, and the testing, on the evaluation of control.
23. In their evaluations Internal Controllers should consider the economy, efficiency and effectiveness of controls themselves. This involves making an informed comparison of the cost of the control with the relevant risks.
24. Internal Controllers should consider any need for, and any possible benefits to be gained from, a value for money review, or a specialist examination, of the activities they audit, and may recommend accordingly.

Internal Controllers' Involvement in Value for Money Reviews

25. In this section the term “value for money review” is used to refer to any examination which includes direct consideration and evaluation of the results achieved from activities. In practice a variety of designations may be used, including value for money audits, efficiency or effectiveness studies, and special reviews. Their scope and nature will vary but they may have some or all of the following objectives:
 - (a) to consider controls as well as results;
 - (b) to judge whether good value for money has been achieved;
 - (c) to identify instances of waste or other examples of poor value for money; and
 - (d) to identify ways of improving value for money.
26. These objectives overlap with the normal functions of Internal Control Units and the other consultancy, inspection and review services, and of heads of sections. The following paragraphs refer only to individual reviews set up for specific purposes.
27. Reviews may be conducted by staff drawn from a number of sources. Reviews are usually most effective when performed by an independent team, who are likely to be more objective than staff directly involved in the activity under review, and who can make informed comparisons with best practice elsewhere in the department, other government departments or external organisations. Reviews are likely to have a high profile within the department, and management will seek to ensure that they are conducted by suitable able staff.
28. The objectives of such reviews go beyond the Internal Control Unit's objective of evaluating the internal control system. The Internal Control Unit's terms of reference should therefore identify separately any responsibility the Unit may have for initiating, conducting, or participating in such reviews.
29. Value for money reviews are part of the department's internal control system and should themselves be subject to internal audit by the Internal Control Unit.
30. An Internal Control Unit may conduct a review on its own, or Internal Controllers may form part of a joint team with other consultancy, inspection and review staff, and other specialists or external consultants as the task may require.
31. In deciding the extent of Internal Controllers' responsibility, either generally in the terms of reference or specifically for an individual project, Heads of Internal Control Units should consider the potential effects on their prime responsibility of evaluating the internal control system. The major considerations will include:
 - (a) Internal Controllers should avoid taking an executive role in determining future actions and controls;
 - (b) Internal Controllers' objectivity may be compromised by direct evaluation of performance and participation in the decision-making process; and

- (c) Involvement may take resources away from the Internal Control Unit's normal work and the achievement of its primary objectives. The systematic evaluation of control is normally the most effective way for an Internal Control Unit to contribute to its department's efforts to improve value for money.
32. The following paragraphs draw attention to the benefits of Internal Controllers' involvement in value for money reviews and offer guidance on minimising the possible unwanted effects. The overall objective of the Head of an Internal Control Unit should be to provide the service required by the Accounting Officer while ensuring that the Unit's prime responsibility of providing assurance on the internal control system is not in any way undermined.
33. The Head of an Internal Control Unit should consider the potential benefits of involvement by Internal Controllers. Internal Controllers may be regarded as particularly suitable for conducting value for money reviews because of their independence and professional expertise in review and analysis. Possible benefits for the Internal Control Unit include:
- (a) Internal Controllers' knowledge and expertise may be improved through experience of types of work outside those normally encountered in their internal audit work;
 - (b) Reviews may present an opportunity for Internal Controllers to enhance their knowledge of the activity reviewed, and to look closer at the effects of Internal Control in operation;
 - (c) Involvement in high profile reviews, recognised by management to require a high level of expertise and professionalism, can enhance the prestige and status of Internal Controllers;
 - (d) Closer involvement by Internal Controllers with operations may encourage management to see Internal Controllers as helpful and so help the Unit to be more effective in taking a participative approach to audit work; and
 - (e) Involvement in team working requires close working with other consultancy, inspection and review services and should lead to better understanding and relationships.

34. An Internal Control Unit can contribute to value for money reviews without serious consequences for its independence. This may be achieved by:
- (a) Limiting Internal Controllers' participation to the evaluation of control in the area specified: this may enable the results of the work to be integrated with the normal activities of the Internal Control Unit; or
 - (b) Seconding Internal Controllers from the Unit to work for, or conduct, the review: this would clearly indicate the Unit's independence from any work performed in the review.
35. Where Internal Controllers do form part of a multidisciplinary review team, they should reserve the right to report independently if there is any disagreement over findings.
36. Internal Control Unit management can minimise the effects of possible compromise to internal audit objectivity by ensuring (where practicable) that staff do not audit activities they have reviewed. Unit management should be especially careful in selecting staff to audit value for money reviews, or review arrangements, in which other Internal Controllers have been involved.
37. The scope, terms of reference and approach to be employed in value for money reviews will usually be unique to each review.

Internal Controllers can expect to use their skills in systems appraisal, fact-finding and control evaluation, but should appreciate that their role and responsibilities will be defined in the terms of reference.

Implications for Internal Audit Work

38. Where value for money reviews originate from management initiatives, the Head of the Internal Control Unit should arrange to be notified at the earliest possible stage of planning so that he can:
- (a) consider the merits of participation by Internal Controllers and make appropriate arrangements;
 - (b) arrange for co-ordination of the timing of the review with any planned audit activity in the area under scrutiny; and
 - (c) make available to the review team any audit reports or opinions relevant to the activity to be reviewed.
39. Internal Controllers should closely examine the results of value for money reviews for:
- (a) Indications of the adequacy of control in the activity reviewed; and
 - (b) Recommendations made by the review team which change or affect controls.

Internal Control Unit management should consider the need for any change to audit plans arising

from these scrutinies.

AUDIT OF COMPUTER SYSTEMS

Introduction

40. The objectives and standards of the Internal Control Unit and the practice of internal audit apply irrespective of the method of processing and recording of information used by a department.
41. However, computer systems do record and process information in a manner which is significantly different from manual systems giving rise to such possibilities as a lack of visible evidence and systematic errors.

Implications for Internal Audit Work

42. Consequently, Internal Controllers will need to take into account additional considerations when deciding on the internal audit approach e.g.
 - the audit techniques available to them (including Computer-Assisted Audit Techniques);
 - the timing of their work;
 - the form in which information is maintained;
 - the availability of information; and
 - the length of time it is retained in readily useable form.
43. When internal audit operates in a computer environment, Internal Controllers need to have a basic understanding of the fundamentals of data processing and a level of technical computer knowledge which, depending on the circumstances, may need to be extensive. This is because Internal Controllers' knowledge and skills need to be appropriate to the environment in which they are auditing. Otherwise, they will not be able to exercise due professional care in the discharge of their responsibilities.
44. When there is a computer based accounting system, many of the Internal Controllers' procedures may still be carried out manually. For instance, the ascertainment of a department's systems will normally be performed manually and the Controller may also decide to select manual audit techniques in appropriate circumstances.

Computer Assisted Audit Techniques (“CAATs”)

45. The nature of computer-based systems may be such that the Internal Controller is afforded opportunities to use either the department’s or another computer to assist him in the performance of his work.
46. Techniques performed with computers in this way are known as Computer-Assisted Audit Techniques (‘CAATs’) of which the following are the major categories:
 - Use in ‘audit software’ i.e. computer programs used for audit purposes to examine the contents of the department’s computer files; and
 - Use of test data i.e. data used by the Internal Controller for computer processing to test the operation of computer programs.
47. At the planning stage, Internal Controllers should consider the appropriate combination of CAATs and manual procedures, taking account, inter alia, of the following:
 - it will frequently not be practicable to perform manual tests’ in circumstances where computer programs perform functions of which no visible evidence is available;
 - the respective efficiency of the alternatives having regard to the extent of testing required, cost and the ability to incorporate a number of different audit tests within CAATs;
 - the time-scale for reporting;
 - the availability of the required computer facilities, files and programs to ensure that CAATs can be used; and
 - the use of some CAATs may require frequent attendance or access by Internal Controllers.

Internal Controls

48. The principles relating to internal control are the same in a computer environment as in any other environment. However, there are additional considerations which need to be taken into account by the Internal Controller operating in a computer environment.
49. The Internal Controller needs to be aware of internal controls over computer-based systems which can be divided into applications controls and general controls.

50. Application controls relate to the transactions and standing data appertaining to each computer-based application and are therefore specific to each application. The objectives of application controls are to ensure the completeness and accuracy of information and its validity. The specific requirements to achieve this are:

- controls over completeness, accuracy and authorisation of input and output;
- controls over the completeness and accuracy of processing; and
- controls over the maintenance of master files and standing data.

51. General controls relate to the environment within which computer-based systems are developed, maintained and operated, and which are therefore applicable to all the applications.

The purpose of general controls is to ensure the proper development and implementation of applications, and the integrity of program and data files, and of computer operations.

52. General controls cover four main areas:

- **Installation** – the selection and installation of hardware and software and subsequent enhancements;
- **System development** – controls over programs and systems;
- **Administrative** – separation of duties, access control, stand by, back up, control over files and personnel; and
- **Documentation** – existence of standards, manuals, operating instructions, disaster plans.

53. Application and general controls are inter-related. Strong general controls contribute to the assurance which may be obtained by an Internal Controller in relation to application controls. Weak general controls may well negate the effects of strong application controls.

54. As with controls in other circumstances, the Internal Controller can evaluate application controls and general controls by using documentation designed to help identify and evaluate controls.

The documentation may consist of questions asking whether there are controls in a system which meet specified overall control objectives or which prevent or detect the occurrence of specified errors or omissions.

55. Further details of controls in a computerised environment are contained in Chapter 10.9 and 20.9 of this manual.

APPENDIX

Examples of Systems, Control Objectives and Documentation

1. Main Systems, Specialist Systems and Sub Systems.
2. Control Objectives
3. Internal Control Questionnaire and Evaluation Record
4. Word Programme for Compliance Testing

Example 1

Main Systems, Specialist Systems and Sub Systems

1. The main systems in the departments are likely to consist of the following:
 - Payroll
 - Other payments
 - Receipts
 - Bank and cash
 - Stocks
2. Main systems are likely to have various sub-systems. For example, the main system for 'other payments' will consist of sub-systems for payments in respect of travel grants, local and overseas purchases etc.
3. Some departments may also comprise systems of a specialist nature, e.g licences.

Example 2

Control Objectives of Main Systems

1. Examples of possible main control objectives for each of the main systems are set out below.

Possible Control Objectives

System

- | | |
|-----------------|---|
| *payroll | (i) Wages and related benefits are paid to bona-fide employees for services rendered according to rates which are appropriately authorised. |
| | (ii) Wages and related benefits are correctly calculated in accordance with the nature and terms of employment. |
| | (iii) Wages and related benefits are appropriately and completely recorded in the proper period. |
| *Other Payments | (i) Payments are made to bona-fide suppliers of goods and services and are appropriately authorised. |
| | (ii) Payments are correctly calculated. |
| | (iii) All “other payments” are appropriately and completely recorded in the proper period. |
| *Receipts | (i) Receipts are properly identified and promptly deposited intact. |
| | (ii) All sums due are received for the correct amounts on a timely basis. |
| | (iii) Receipts are appropriately and completely recorded in the proper period. |
| *Bank and Cash | (i) Bank and cash balances represent amounts held with bankers and actual physical cash in hand. |
| | (ii) Surplus funds are invested on interest-earning deposits. |
| *Stocks | (i) Stocks physically exist; the department has appropriate title to the stocks. |
| | (ii) Stocks are only issued for authorized use. |
| | (iii) Stocks are appropriately and completely recorded in the proper period. |

Example 3

INTERNAL CONTROL QUESTIONNAIRE AND EVALUATION RECORD

DEPARTMENT Sch Ref

Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref	
1	Are adequate history records maintained by the personnel department for all employees?						
2	Are employee statistics: (1) produced regularly by the personnel department? (2) periodically reconciled with the number of employees on the payroll?						
3	Are duly authorised forms produced for all starters and leavers with copies sent to appropriate officials and departments?						
4	Are all rates of pay and amendments thereto: (1) Recorded? (2) Authorised?						
						Initials	Date
						Prepared by	
						Reviewed by	

DEPARTMENT Sch Ref
 Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref		
5	Are unused clock cards, time sheets and piece-rate sheets adequately controlled				Weaknesses in control over basic documentation allows the possibility of remuneration being paid over and above entitlement			
6	Are all completed clock cards, time sheets and piece-rate sheets: (1) Signed by the relevant employee? (2) Adequately authorised?							
7	Is all overtime authorised by an appropriate official?							
						<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 50px; text-align: center;">Initials</td> <td style="width: 50px; text-align: center;">Date</td> </tr> </table>	Initials	Date
Initials	Date							

Prepared by		
Reviewed by		

DEPARTMENT Sch Ref

Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref
8	<p>Are proper controls maintained to ensure the accuracy of amounts included in wages/salaries for travelling, bonuses etc.?</p> <p>To answer these questions: (1) Enquire of officials in personnel department. (2) Examine a few clock cards and working records.</p>					
9	<p>Does each cheque signatory see the authorised payroll summary at the time he signs the cheque?</p>					
10	<p>Do employees have to give evidence of identity when collecting pay?</p>					
					Initials	Date
					Prepared by	

Reviewed by		
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DEPARTMENT Sch Ref
 Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref
11	Are there proper procedures for dealing with unclaimed wages?					

CONTROL EVALUATION RECORD

Conclusions:

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Comments:

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Initials	Date
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Prepared by		
Reviewed by		

DEPARTMENT Sch Ref
 Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref
12	Are adequate procedures (including rotation of duties) in force for preparation of wages/salaries sheets?					
13	Is a reconciliation prepared between each payroll and the previous one: (1) In numbers of employees (2) In money and reviewed and approved by cheque signatory?				If not, internal controller should prepare such a reconciliation	
14	Is each payroll signed for reasonableness by an appropriate senior official?				Vouch all entries on payroll	
15	Is the payroll summary for posting to the vote book authorised by an independent official?				Agree general ledger entries with payrolls.	
					Initials	Date

Prepared by		
Reviewed by		

DEPARTMENT Sch Ref
 Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref
16	Is there formal evidence of the agreement of the payroll summary in (14) with the Account-General's records?					
17	Are separate accounts maintained by each type of deduction?					
18	Are the deduction accounts formal reconciled at sufficiently regular intervals? To answer these questions: (1) Enquire of appropriate officials. (2) Observe making up of payroll					
19	Is a cheque drawn for net amount of the payroll?					
					Initials	Date
					Prepared by	
					Reviewed by	

DEPARTMENT Sch Ref
 Period

CONTROL OBJECTIVE ENTITLEMENT

	Internal control questions	System Record Ref	Yes	No	Comments	Test Ref
20	Does the principle in (19) extend to cases where wages/salaries are paid by individual cheques or by direct transfers?					
21	Is adequate security maintained during preparation of pay?					
22	Is adequate security maintained during distribution of pay?					

CONTROL EVALUATION RECORD

Conclusions:

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Comments:

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	Initials	Date
Prepared by		
Reviewed by		

Example 4

WORK PROGRAMME FOR COMPLIANCE TESTING

DEPARTMENT Sch Ref

Period

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WORK PROGRAMME

PAYROLLS AND RELATED BENEFITS

TEST OBJECTIVE 1 Calculation and recording	Schedule Reference	Reference to matters arising from work done	Work done by (initials and date)		
<p>Select employees (basis of selection per scope decisions) from the payrolls to date, ensuring that the sample covers hourly, weekly and monthly paid employees, and:</p> <p>(1) (a) Check that authorised rates have been used.</p> <p> (b) Check the calculation of the gross pay from supporting records, e.g. time cards: overtime records etc.</p> <p> (c) Ensure that basic supporting records used in (b) have been properly authorised.</p> <p> (d) Check tax deductions with the relevant authority.</p> <p> (e) Ensure that voluntary deductions are supported by signed authorisations.</p> <p> (f) Obtain appropriate support for other deductions.</p> <p> (g) Calculate net pay.</p>					
			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Initials</td> <td style="width: 50%; text-align: center;">Date</td> </tr> </table>	Initials	Date
Initials	Date				

Prepared by		
Reviewed by		

WORK PROGRAMME FOR COMPLIANCE TESTING

DEPARTMENT Sch Ref

Period

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WORK PROGRAMME

PAYROLLS AND RELATED BENEFITS

TEST OBJECTIVE 1 Calculation and recording	Schedule Reference	Reference to matters arising from work done	Work done by (initials and date)
<p>(2) Check the additions of one of each type of payroll.</p> <p>(3) Examine the reconciliation (in numbers and/or gross amount(s) between each payroll used in (2) and the previous week's/months</p> <p>(4) Scrutinise the payrolls for weeks/months and ensure that all have been approved in writing.</p> <p>(5) Check the wages/salaries posting summary for weeks/payrolls from the payrolls to the cash book and the vote book.</p> <p>(6) Scrutinise the vote book covered by the postings in (5) and enquire into any postings not checked.</p> <p>(7) Agree the payrolls used in (2) to the cash summaries or bank transfer lists.</p> <p>(8) Check the addition of the cash summaries used in (7) above.</p> <p>(9) Perform analytical review procedures e.g. check overall reasonableness of payroll by multiplying average wage by number of employees.</p>			
		Initials	Date

Prepared by		
Reviewed by		

WORK PROGRAMME FOR COMPLIANCE TESTING

DEPARTMENT Sch Ref

Period

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WORK PROGRAMME

PAYROLLS AND RELATED BENEFITS

TEST OBJECTIVE 2. Entitlement	Schedule Reference	Reference to matters arising from work done	Work done by (initials and date)
<p>(1) Take the documentation relating to the starters listed in the reconciliation used in 1(3) and;</p> <p style="margin-left: 20px;">(a) check the authorisation of the rate of pay;</p> <p style="margin-left: 20px;">(b) trace the details on the forms of the personnel records;</p> <p style="margin-left: 20px;">(c) check that the first entry on the payroll is in the correct week/month..</p> <p>(2) Take the documentation relating to the leavers listed in the reconciliation used in 1(3) and;</p> <p style="margin-left: 20px;">(a) ensure that the personnel records have been suitably amended;</p> <p style="margin-left: 20px;">(b) check that the last entry on the payroll is in the correct week/month</p> <p>(3) Using the sample in 1 (1) check from the personnel records that these employees were in employment with the department at the relevant date.</p>			

	Initials	Date
Prepared by		

Reviewed by		
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WORK PROGRAMME FOR COMPLIANCE TESTING

DEPARTMENT Sch Ref

Period

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WORK PROGRAMME

PAYROLLS AND RELATED BENEFITS

TEST OBJECTIVE 2. Entitlement	Schedule Reference	Reference to matters arising from work done	Work done by (initials and date)	
<p>(4) Ensure that personnel records are up to date.</p> <p>(5) Attend a wages payout and note the procedures.</p> <p>(6) Trace the unclaimed pay packets relating to the wages payout attended to the unclaimed pay records.</p> <p>(7) Examine the unclaimed pay records and;</p> <p style="padding-left: 20px;">(a) compare the records with the packets held;</p> <p style="padding-left: 20px;">(b) note the date when the records were last examined by an independent official</p> <p style="padding-left: 20px;">(c) note the dates of the packets held;</p> <p style="padding-left: 20px;">(d) request a number of packets to be opened, count the contents and ensure that the amounts counted agree with the wages records.</p>				
			Initials	Date
		Prepared by		
		Reviewed by		

*Strike out superfluous words.