



SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION



CODE OF STAFF INSTRUCTIONS

FINANCE & ACCOUNTS DEPARTMENT

PREFACE

The codal instructions governing internal working of various sections of the Social Security Institution were drafted by foreign experts in 1966 i.e. before the inception of Social Security Scheme (1st March, 1967). Ever since then, radical changes have taken place in Social Security legislation (Ordinance, Rules and Regulations) which have rendered the codal instructions obsolete. Further, creation of some new departments and field offices in the Sind Employees' Social Security Institution have also warranted necessary amendments, alterations and additions to the Code.

A departmental committee was, therefore, constituted to go through various portions of the Code and suggest amendments after joint deliberations. The committee scrutinised each and every part of the Code and submitted its recommendations. Later, the amendments were scanned by the respective heads of departments. As a result of these concerted efforts, the Code of Staff Instructions has been revised for the first time during the past two decades.

The present book is the approved version of the revised Code of Staff Instructions. It deals with the working of Finance & Account Departments. It is hoped that with the revision of the Code, the working of the Institution would become smoother as chances of lapses, duplication, confusion, etc. now stand obviated.

BRIG (RTD) S. M. BAQAR NAQVI
Commissioner

5th January, 1985

STAFF INSTRUCTIONS
FINANCE DEPARTMENT.

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STAFF INSTRUCTION OF FINANCE
THE INSTITUTE OF MEDICAL SCIENCES

STAFF INSTRUCTION OF FINANCE

A-INTRODUCTION:

The Finance and of the Institution is mainly responsible for:

- (1) Preparation of budget of the Institution for each financial year
- (2) Investment of Funds of the Institution.
- (3) Regulation of receipts and payments of the Institution

PART - I.

B- PAYMENTS AND RECEIPTS

1) PAYMENTS:

The duties of Finance & Accounts Department are to make payments after the relevant payments have been pre-audited. This Department is further required to record the payments in the relevant accounts.

1. a) The arrangements for authorising and making payments are explained in following paragraphs.

The small payments i.e. payments not more than Rs. 50/- will normally be made from petty cash maintained by the concerned official of Head Office, Local Directorates, Medical Circles Hospitals, etc. All payments other than those mentioned above will be authorised by means of payments vouchers.

2. PAYMENT VOUCHER:

A payment voucher;

- a) contains written authority for the payment to be made.
- b) Serves as an action-sheet to record performance of procedural steps relevant to pre-payment check by internal audit, payment and accounting
- c) acts as a receipt on which the recipient of a payment will acknowledge having received the payment and
- d) Serves as the posting medium for the entries to be made by the Accounts Department.

Two types of payment vouchers will be used as under:-

- a) Form F-1 to authorise payment for goods purchased involving cash transactions. Form F-2 to authorise all payments relating to purchases and services etc. where no cash transaction is involved.

3. Payment vouchers will be completed in duplicate by means of carbon paper and both copies will be passed on to the Audit Officer who will examine the proposed payment and sign the payment voucher if he satisfies that the proposed payment is in order in all respects. He will then pass both the copies to the Cashier for action.

4. The Cashier/Assistant (Accounts) stationed at the Head Office or local Directorate or Medical Circle or Hospital (as the case may be) will act on payment voucher only if the Audit Officer has signed the voucher.

5. Payment in Cash.

If payment is made in cash, the cashier Account Assistant (as the case may be) will require the payee to acknowledge

receipt by signing both copies of the payment vouchers by means of carbon paper in the space provided:

In the case of payments authorised on forms F-1 he will:

- a) enter the payment in the 'Cash' column of his Cash Book.
- b) give a reference in his Cash Book to the payment voucher.
- c) complete the space on the payment voucher which gives a reference to the entry in the Cash Book.
- d) sign in the space for the signature of the cashier.
- e) retain the top copy of the payment voucher as his voucher for the entry in the Cash Book, and
- f) pass the duplicate copy of the payment voucher to the Accounts Officer to serve as the posting medium for the entries to be made.

6. PAYMENT BY CHEQUE:

If payment is made by cheque which will be confined to the payments authorised on payment voucher (F-2) the Cashier/Assistant (as the case may be) will prepare the cheque for signature. Cheques prepared at Head Office will be signed by the Director Finance exclusively upto Rs. 1,000/- whereas cheques exceeding this amount will be signed jointly by the Director Finance and Vice Commissioner at Head Office. In the absence of the Vice Commissioner at Head Office the cheques will be signed by the Commissioner himself. In case, Director Finance is on leave, the cheques will be signed by of an officer who is authorised for the purpose.

In case of field offices, the following procedure will be followed for signing the cheques:-

1. DIRECTORATE:

- i) Cheques upto Rs. 1,000/- will exclusively be signed by local Director.

ii) Cheques exceeding the amount of Rs. 1,000/- will be signed jointly by the Local Director and Accounts Officer concerned.

iii) Cheques exceeding Rs. 5,000/- will be jointly signed by Local Director, Deputy Director and Accounts Officer concerned.

2. MEDICAL CIRCLES AND HOSPITALS:

1) Cheques up to the limit of Rs. 1,000/- will be signed exclusively by S.M.O. in charge of the Circle and Medical Superintendent of the Hospital (as the case may be), and

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II) Cheques exceeding the amount of Rs. 1,000/- will be signed jointly by Senior Medical Officer incharge or Medical Superintendent of the Hospital (as the case may be) and Accounts Officer concerned.

After signature on the cheque by concerned officer(s) if the cheque is handed-over to the payee or representative of the payee the space on the payment voucher for the signature of the payee, acknowledging will be completed the cheque will be sent by post to the payee, the serial number of the the cheque will be entered in the appropriate space on the payment voucher in both the cases.

7. The Cashier will:

- enter the payment in the "bank column" of his Cash Book".
- give a reference in his Cash Book to the payment voucher.
- complete the space on the payment voucher which gives a reference to the entry in the Cash Book.

- sign in the space for his signature,
- retain the top copy of the payment voucher as his voucher for the entry in the Cash Book

- pass the duplicate copy to the Accounts Officer/Accounts Department to serve as the posting media for the entries to be made in the ledgers, and
- carryout daily balancing of Cash Books at the end of working day and put up the same to Director Medical supdt (as the case may be) concerned and Audit Officer for their Signature.

8. All payments of cash benefit including payment of death grant and disablement gratuity will be authorised by Incharge Benefit Section referably Social Security Officer, (Benefit), on Form B-5. These payment are made by Social Security Officer (Benefit) at field pay offices of the Institution and Cashier at the Local Directorates.

When a form B-5 is given to the Social Security Officer (Benefit) or, he will hold it until the payee or any one of the payee named thereon, presents himself to receive payment. The Social Security Officer, (Benefit), and Cashier will then:-

- request the payee to produce the Identity card,
- Satisfy himself, by comparing the identifying details on the card with those on the B-5 that the person presenting himself is the proper payee; (if any doubt arises, the signature or thumb-print of the payee on his identity card will be compared with a signature (or thumb-print),
- obtain the signature (or thumb-print) of the payee in the appropriate space on the B-5 to acknowledge receipt;
- pay the amount due if the authority to pay is still valid.
- enter the amount paid on Form F-7 "Cashier's Daily Record of Payment of Cash Benefits", and
- retain the B-5 until the F-7 is totalled and completed at the end of the day.

10. TIME LIMIT FOR PAYMENT:

Authority for the payment of cash benefit whether it may be death grant/disablement gratuity lapse after period of one year. Any authority which the Cashier/Social Security Officer (Benefit) still holds at the expiration of year from the date of authorisation will be returned by him to the Benefit Section as lapsed for cancellation.

11. PAYMENT TO AN AUTHORISED AGENT:

Provision exists in the staff instructions under "Benefit Code" whereby a Cash Benefit payee who is unable because of his illness or infirmity to call at the Directorate, or any concerned Pay Office of the Directorate to receive the payment may authorise an agent to do so on his behalf. He will do so by completing form B-18 and signing the for or if he is unable to write, expressing his thumbprint.

12. When the agent calls at the Directorate or any Pay Office of the concerned Directorate to receive payment, he will bring with him the form B-18 duly completed by payee and also the identity card of the payee. The Social Security Officer (Benefit)/Cashier will;

- a) satisfy himself, by comparing the identifying details on the identity card with those on the B-5 that the identity card relates to the beneficiary entitled to receive the payment;
- b) examine form B-18 presented by the agent and satisfy himself by comparison of the signatures (or, thumb-prints) on the B-18 and the identity card, that the B-18 has been completed by the beneficiary entitled to receive the payment;
- c) obtain the signature (or thumb-print) of the agent in the appropriate space on the B-5 to acknowledge receipt;

- d) pay the amount due, subject to the time limit referred to here after,
- e) enter the amount paid on Form F-7, "Cashiers Daily Record of Payments of Cash Benefits",
- f) complete the details required by Form F-7 regarding reference to the B-5 etc, and
- g) retain the B-5 and the B-18 until the form F-7 is completed at the end of the day.

13. CODE NUMBER OF BENEFITS:

For convenience of analysis the cash benefits provided in the Ordinance will be given the following Code Numbers:

Code Number	Benefit.
1.	Sickness benefit.
2.	Injury benefit.
3.	Maternity benefit.
4.	Death grant.
5.	Total disablement pension.
6.	Partial Disablement pension.
7.	Disablement gratuity.
8.	Widow's Pension.
9.	Needy Widower's Pension.
10.	Child Pension.
11.	Parent's Pension.

14. USE OF FORM F-7

When the Cashier enters on Form F-7 the amount of a payment of cash benefit, he will take one horizontal line for each payment, entering the amount paid in the "Total" column and also in the appropriate analysis column according to the Code No. of the particular benefit as indicated on the B-5 and completing the other details required by the F-7 relating to the payment.

15. When the office has been closed for the payment of cash benefits, which will be one hour before the time when the staff leave, the cashier will add up the amount of cash benefits paid on the B-5's and B-18's and record the same in the Cash Book.

- a) add up the amount columns of the F-7, carrying forward the totals from one sheet to another if more than one sheet has been used during the day;
- b) check that the cross-total of the analysis columns of the last sheet used agrees with the total of the "Total" column.
- c) enter the total of the "Total" column in the "Cash" column of the "payments" side of his Cash Book, thus recording in one figure the total payments of cash benefits during the day;
- d) complete and sign the certificate at I at the foot of the last sheet used during the day; and
- e) pass to the internal Audit Officer both copies of the F-7 or F-7's used during the day, together with all the B-5s for vouching the payments, and any B-18's authorising payment to an agent of the beneficiary.

15. LATE PAYMENT LISTS:

When the internal Audit Officer has completed his action on the F-7 which was passed to him by the Cashier/Social Security Officer (Benefit) (as the case may be) at the end of the day he will return the same to the Cashier/Social Security Officer (B) all (B-5's) and B-18's (if any) which had been passed to him with the F-7's.

The cashier will file the B-18's and completed B-5's i.e. B-5's where all the payments authorised on them have been made, as shown by the signatures or thumb-prints of the payees. Any B-5's where one or more of the payments authorised on them have not been will be placed with the fresh B-5's received from the Benefit Section for payment action, when the remaining payee or payees call.

16. In case of late payments of cash benefit authorised by Incharge Benefit Section, the cashier will see that payment could conveniently be made to the payee during working hours. In case payment is made to the worker, no separate F-7 is required to be prepared but this payment would be included in the payments summarized on form F-7 on the next day. The same procedure will be followed for getting it audited as mentioned in the foregoing para.

17. PAYMENT FROM PETTY CASH:

No payment on account of cash benefit will be required to be made out of petty cash limit held by the Directorate, even for a small amount less than Rs. 50/- except this procedure described in the preceding paragraphs. However arrangements will be made by the Directorate to allow adequate advances to Cashier/Social Security Officer (B) according to the requirements from which the payments of cash benefit will be arranged in case of emergencies.

18. PETTY CASH ADVANCE (GENERAL).

For day to day expenditure upto the limit of Rs. 50/= the petty cash advance will be authorised to each Directorate, Circle and Hospital etc. This Petty Cash advance will be administered by the Administration Department. The Petty Cash holder will administer Petty Cash on the "Standing Imprest System". The suitable amount of advance which may cover about four weeks will be paid to Petty Cash holder on payment voucher (F-2).

19. The Petty Cash holder will authorise (without formality) and make small payments as necessary out of his standing imprest. He will obtain receipts for the payments in all cases except when this is impracticable (e.g. in connection with the purchase of postage stamps) and will record the payments in a Petty Cash Book, numbering and filling the vouchers and inserting the appropriate voucher number opposite each entry in the Petty Cash Book.

20. At the end of each month or earlier if the balance of the imprest becomes inconveniently low, the Petty Cash holder will take his Petty Cash Book and vouchers to the Incharge concerned for recoupment of advance.

21. RECEIPTS:

If any cheques are received uncrossed they will be immediately crossed, by the Cashier before deposit into the Institution's bank account in to which they are payable, whether at Head office or Local Directorate. This will be done at the post-opening stage if the cheques are received by post, and by the Cashier if the cheques are handed into the Office. (The effect of crossing a cheque is that the bank on which it is drawn will not pay the amount of the cheque in cash, but will only credit the amount to a bank account; if a particular bank account is named in the crossing the credit will be made only to the account named).

22. In respect of every amount received, whether by cheque or in cash, the cashier will sign a form of receipt as detailed below:-

- 1) Form F-4:- Receipt for Social Security Contributions received timeously;
- 2) Form F-5:- Receipt for Social Security Contributions received late; and
- 3) Form F-6:- Receipt for all other types of income.

23. Form F-4 will be used for remittances received timeously i.e. not later than last date of the month in respect of Social Security Contribution for the previous month or within a such expenses not exceeding 45 days as the Institution may allow on good cause being shown for the extension.

These remittances should accompany the employers's contribution schedule (Form C-1) showing how the amount of remittance has been arrived at. The contribution schedule will be passed with the remittance to the Cashier who will;

- a) check the amount of remittance corresponds with the amount shown as due on the contribution schedule (C-1) that a remittance for the amount shown as due has been received
- b) complete the tabular statement on form F-4,
- c) pass the contribution schedule to the contribution section.
- d) enter the amount of the remittance on Form F-8 (in duplicate) "Cashier's Daily Record of Contributions received Timeously",
- e) Complete parts I and II of the F-4,
- f) pass both copies of the F-4 to the Accounts Officer who will countersign both copies and pass these back to the Cashier.
- g) send to the employer, or hand over to the representative the top copy of the F-4 and
- h) retain the duplicate copy of the F-4 until the F-8 is totalled and completed at the end of the day.

24. Form F-5 will be used for Social Security Contribution received late i.e. after the last date of month following that for which the contribution are due or after such time as mentioned in para 34 above. The ordinance (Section-23 (1)) and the schedule to the contribution rule provides that where payment of contribution is received late, the amount payable shall be increased by ½% for each day from the day following the last day on which contribution may be paid without increase to the date of payment. The calculation or check of this increase is the responsibility of the Contribution Section. The Cashier will merely accept and record the amount of the remittance actually received by him.

25. When a remittance is received late the contribution schedule (Form C-1) showing how the amount of the remittance has

been made up will be passed, with the remittance, to the cashier, who will;

- a) check that the amount of the remittance corresponds with the amount shown as due on the contribution schedule, and note on the schedule that a remittance for the amount shown as due has been received noting the date of receipt,
- b) complete the tabular statement of Form F-5,
- c) if it should happen that the amount remitted in respect of the increase under the ordinance and the contributions rules for late payment does not appear to be the correct amount, or if no addition has been made in respect of the late payment, the Cashier will nevertheless note in the tabular statement the actual amount of the remittance received, and also note on the last page of the contribution schedule the actual amount of the remittance received and the date of receipt;
- d) pass the contribution schedule to the Contribution Section,
- e) enter the amount of the remittance on the "Receipts" side of his Cash Book (not on Form F-8, which is to be used only for contributions received timeously),
- f) complete parts I and II of the F-5,
- g) pass all three copies of the F-5 to the Accounts Officers, who will countersign all three copies and pass these back to the cashier,
- h) send to the employer or hand over to his representative the top copy of the F-5,
- i) pass to the Audit Officer the second and third copies of the F-5, and

- j) retain, as his voucher for the entry in the Cash book, the third copy of the F-5 when it is passed back to him by the Audit Officer with the Audit Officer's Certificate in part-III of the F-5 duly completed.

26. Form F-6 will be used for all types of income other than social security contributions. The cashier will;

- a) enter the amount received on the "Receipts" side of the Cash Book, as to this see paragraph 38 below,
- b) complete parts-I and II of the F-6,
- c) pass all three copies of the F-6 to the Accounts Officer, who will countersign all three copies and pass them back to the Cashier,
- d) send or hand to the payer the top copy of the F-6,
- e) pass to the Audit Officer the second and third copies of the F-6, and
- f) retain as his voucher for the entry in the Cash Book the third copy of the F-6 when it is passed back to him by the Audit Officer with the Audit Officer's Certificate in part-III of the F-6 duly signed.

27. In the case of remittances acknowledged on Forms F-5 and F-6 the Cashier will, as stated above, enter the amount of the remittance on the "Receipts" side of his Cash Book. It should be specially noted, however, that he will enter the amount of the remittance in the "Cash" column, whether or not the remittance is received in the form of a cheque. The reason for debiting the "Cash" column and not the "Bank" column when a cheque is received and placed in the Cashier's safe is to ensure that the balance of the "Cash" columns of the cash book will at any time correspond with the amount in the custody of the cashier, whether such amount is made up of cash, or cheques, or both. It follows that if for any reason a remittance for the Institution is paid directly into the Institution's Bank, the debit

in the Cashier's Cash Book would in that case be made in the "Bank" column, and when a cheque or a batch of cheque is paid by the cashier into the Institution's bank, a transfer of the amount involved will be made from the "cash" column to the "Bank" column.

28. USE OF FORM F-8.

When the Cashier enters on Form F-8, in duplicate by means of carbon paper, the amount of a remittance in respect of contributions received timeously, he will take one horizontal line for each remittance, entering the details required by the form.

29. When the office has been closed for the receipt of contributions, which will be one hour before the time when the staff leave, the cashier will;

- a) add up the amount columns of the F-8, carrying forward the totals from one sheet to another if more than one sheet has been used during the day,
- b) if any entries have had to be made in the column for "amount of any increases imposed under Section 26" (which refers to increases payable by an employer who has failed to observe prescribed rules of safety or hygiene) the cashier will check that the cross-total of the two analysis columns of the last sheet agrees with the total of the "Total" column,
- c) enter, in the "cash" column of the "Receipts" side of his Cash Book, the total of the "Total" column of the F-8, thus recording in one figure the total receipts during the day in respect of contributions received timeously, see in this connection paragraph 38 above,
- d) complete and sign the certificate at 1 at the foot of the last sheet of the F-8, or F-8's used during the day;
- e) pass to the Audit Officer both top and duplicate copies of the F-8 or F-8's completed during the day, together with the duplicate copies of the forms F-4 Vouching the entries;

- f) retain as his voucher, for his entries on the F-8 the duplicate copies of the F-4's when they are passed back to him by the Audit Officer.

30. CONTROL OF CASH:

Each office of the Institution will contain at least one safe, the key of which will be held by the cashier. The cashier will all times carry the key on his person. The key will not be left in the office, even in a locked drawer. This instruction regarding keys of office safe will be maintained even though at some time the safe may be empty or the contents unimportant, since at no time should it be possible for unauthorised persons to have access either to the keys or to the locks of safes.

31. Any safe which is small enough to be removed from the office by burglars will be bolted to the floor.

32. The amount of cash or other valuable property retained in safe, particularly overnight, will be the minimum possible. Cash surplus to immediate requirements will be deposited in the bank.

33. Spare keys of safes to which resort can be had in case of need, will be deposited with the Head of the office at sub-ordinate offices and Director Finance at Head Office. The spare key (s) will be released to the Cashier when a written complaint about original key lost is submitted by him to the above concerned Officer.

34. When any large amount of cash is being transported from the bank to the office (for example, for the monthly payment of salaries) the danger of attack and seizure of the cash must be borne in mind. The Cashier will bring the cash by car or taxi, accompanied by at least one other person in addition to the driver. To circumvent the possibility of a planned attack the time of the visit to the bank to collect the cash should be varied, and the car or taxi should not always take the same route between bank and office.

35. DUTIES OF CASHIER:

In order to avoid errors and to facilitate balancing and checking, all entries in the Cash Book should be neat and clear. Corrections should not be made in the Cash Book (nor in any other book of accounts) by erasure. Any wrong entry should be ruled out by means of a single line drawn through the erroneous figure and the correct entry should be made immediately above it so that both the erroneous entry and the correct entry are clearly legible. Such alterations should be initialled by the officers making them.

36. Entries in the Cash Book should show on the receipts side the consecutive number of the entry, the date the receipt, from whom the money has been received, the serial number of the form of receipt issued (F-5 or F-6), the type of remittance (cheque or cash) and the amount.

37. On the payments side there should be shown, in each case the consecutive number of the entry, the date on which the payment was made, the name of the payee, the serial number of the payment voucher (F-1, F-2) the serial number of the cheque, and the amount.

38. CHECK OF CASH BALANCE:

At the close of business each day the cashier, after completing forms F-7 and F-8 for the day, enter the day's totals in his Cash Book, bring down the balance of the "Cash" and "Bank" columns of his cash book, and will check that the amount in the safe, whether represented by cheques or cash, corresponds with the balance of the "Cash" column of the Cash Book, see in this connection paragraph 38.

If satisfied as to this he will lock up the safe for the night. If, however, any discrepancy is found to exist between the amount in the safe and the balance of the "Cash" column of the Cash Book the reason for the discrepancy must be found as a matter of urgency, if necessary the entries in the Cash Book and on the forms F-7 and F-8 will have to be checked in detail by the cashier, including the arithmetical operations.

39. If it should happen that, notwithstanding the most careful check, the cause of the discrepancy cannot be ascertained, the discrepancy will be reported. If it occurs at the Head Office to the Director Finance Department, or if it occurs at a field office to the Incharge concerned of the field office.

40. Any consequent investigation that may be regarded as necessary will be dealt with the Cash Book will, however, be adjusted at once, pending any such investigation, by means of an Accounting Transfer Authority (Form F-9) which will have the effect of transferring the amount of the discrepancy to a "Losses and Overpayments Suspense Account" or as the case may require.

41. When the cashier balances his cash book he will rule a diagonal line from the last entry on the side with the fewer entries down the column to the line which contains the total, so that entry can be made after balancing.

42. HANDING OVER CHARGE OF CASHIER:

When one cashier hands over to another, the incoming and outgoing cashiers will together count and agree the amount of cash, cheques, etc. being handed over, and satisfy themselves that the amount corresponds with the balance shown in the cash book. The cash book will then be ruled off and the balance brought down. A certificate will be inserted in the cash book at that point, and will be signed by both cashiers, detailing the cash, cheques etc. handed over taken over and certifying that they agree with the balance of the cash book.

C - ANNUAL REVIEW OF NEEDS (Estimates):

43. A complete review of the needs of the Institution for supplies of all kinds will be made once a year, so that necessary provisions can be included in the financial estimates. In accordance with Rule-7 of the Financial and Accounting Rules, the financial estimates must be submitted to Government not later than 30th April of each year. It will thus be necessary for the annual review of

needs to be carried out and completed much earlier so as to allow time for Finance & Accounts Department to carry out the work of estimating costs and analysing these costs between the sub-heads of expenditure under which the financial provision must be made, and for consideration and on ward transmission to the Govt. within due date.

ANNUAL BUDGET ESTIMATES.

44. The Finance Department shall, before such date and such manner as may be prescribed, draw up estimates for the ensuing year in respect of

- a) Administrative Expenditure,
- b) Medical Care Expenditure, and
- c) Income from S.S. Contribution and other sources.

57. The following time-table shall be observed for the budget estimates:—

	Last date of completion.
— Receipt of budget estimates from sub-ordinate offices to Head Office.	March 30
— Consolidation of budget after discussion with Heads of Field Offices.	April 30
— Finalisation of the budget of Head Office after discussion with Departmental Heads.	May 07
— Submission of budget estimates to Finance sub-Committee.	May 22
— Submission of budget estimates to the Governing Body along with recommendation of Finance sub-Committee.	June 07
— Approval of budget by the Governing Body.	June 29

45. After constitution of the Medical Circle, the requirements in respect of medicines and medical supplies are assessed by Medical Wing of the Institution whereas the requirements relating to stationary, liveries and other items are to be assessed by Administration Department for Head Office, as well field offices.

46. As stated in previous paragraph the requirements in respect of stationary, liveries and other consumable and non-consumable items is worked out by Administration Department, Head Office and the same in form of price are forwarded to the Finance Department Head Office alongwith justification for consideration and inclusion in the proposed budget of the Institution for the ensuing financial year.

47. Similarly, the Medical (Purchase) Department, H.O. will take action for finalization of the required medicines and medical supplies purchase. For this they have to call for the requirement from the field circles and consolidated the same at Head Office (for placing the orders on quarterly basis to the various circles after approval by Purchase Committee as to the rates and firms). The total budgetary allocation required for the purchase of medicines and medical supply will be forwarded to the Finance & Accounts Department for inclusion in the budget estimates for the ensuing financial year.

D— INVESTMENT OF FUNDS OF THE INSTITUTION

48. According to Rule 6 of Finance and Accounting Rules, 1966, any surplus income of the Institution alongwith the amount of mandatory 'Reserve' (as defined under Rule 5 of Finance & Accounting Rules) shall be invested in such type of investment as the Governing Body may determine.

PURCHASING COMMITTEE & TENDERS:

49. As provided in the Procurement of Supplies and Property Regulations, which will hereinafter be referred to as the "Supplies Regulations", supplies will be acquired by the method of inviting tenders, except that purchases costing not more than Rs. 50/-

may be made out of Petty Cash. If the supplies, in the opinion of the Commissioner, are likely to cost Rs. 5,000/- or more, public tender will be invited, but for supplies likely to cost less than Rs. 5,000/- but more than Rs. 50/- invitation to tender may be restricted to not fewer than three suppliers.

While inviting the tenders, it will be kept in view that a seven days period will be prescribed for purchases less than Rs. 25,000/- and exceeding this limit, the period will be 21 days as per Procurement & Purchases Regulations.

50. The issue, receipt and opening of tenders will be carried out, under the above mentioned Regulations by a Purchasing Committee consisting of the Vice Commissioner as Chairman, the Head of the Finance & Account Department and one other member to be nominated by the Commissioner in relation to the type of supplies to be purchased. For example, when pharmaceutical products or other medical supplies to be purchased, the Senior Medical Officer concerned would probably be nominated/associated. In case of medical supplies the Medical Adviser will be the Chairman of the Purchases committee.

51. The Medical Department in the case of medical supplies and the Administration Department in the case of all other supplies will prepare for the Purchasing Committee a schedule of the items to be supplied, with specifications.

52. The Administration Department will also prepare, for the Purchasing Committee, the conditions of tender which, in addition to the matters to be included as laid down in Regulation-5(b) of the Supplies Regulations, will require the tenders received to remain valid for a period not exceeding one month.

53. Tenders received will have the marking required Regulation 7(b) of the Supplies Regulations displayed prominently on the outside of the envelope. The post-openers will leave all such letters unopened and will pass them (unopened) to the Chairman of the Purchasing Committee, who will retain them under lock and key until the time of the meeting of the Purchasing Committee at which the tenders are to be opened.

EXAMINATION OF TENDERS:

54. When the meeting at which the tenders are to be opened takes place, the Chairman will note, for the minutes of the meeting, the total number of envelopes containing tenders received. After verifying that sealing of the envelopes is intact the Chairman will open the envelopes. One by one, and will number them in numerical order.

55. The tenders will be checked by the Purchase Committee arithmetically in detail i.e. the additions and multiplications, and will be signed as evidence of such check.

56. The Committee will examine and compare the price of tenders and will recommend to the Commissioner the acceptance of the most advantageous offer. This will usually be the cheapest, but if for any reason the Committee decide to recommend acceptance of a tender other than the cheapest e.g. on considerations of quality or because there might be some doubt about the ability of the cheapest tender to deliver the goods in time, the minutes of the meeting will state the reason or reasons why the cheapest tender or tenders was, or were, rejected.

PLACING OF ORDERS:

57. When the Commissioner has approved the acceptance of a tender a contract will be drawn up in accordance with the terms accepted. Where appropriate, the contract will be for a specified period, thus allowing the Institution to issue partial supply orders throughout the duration of the contract, as provided for in regulation 6 of the Supplies Regulations. A copy of the contract order after signature by or on behalf of the Commissioner and the supplier, will be passed to the Head of F & A. Department for information and retention.

UNFORESEEN REQUIREMENTS:

58. Any requirements not foreseen when the annual review of supplies of the ensuing year took place will be referred to the purchasing Committee, who will consider, in the first place, whether there is sufficient financial provision in the estimates as approved or deemed to have been approved by Government/Governing Body. If the purchasing Committee is satisfied that necessary financial provision is available, they will deal with the requirements in accordance with the principles and procedures described above relating to the annual review and the placing of orders resulting therefore. In the event of financial provision not being available, the Purchasing Committee will consider whether the need for the particular requirements is sufficiently great to justify an application to the Governing Body for approval.

59. For the purpose of convenience in regular working, all forms used in the Institution will have a prefix and a serial No. for example e.g. C-4 is the form on which Contribution Section of the Directorate will notify to the Accounts Officer, arrears of Contribution due from an employer and the form F-2 is the voucher for payment of all types of purchases.

staff Instructions

A). Appendix — I	(Control Accounts)	Reference to paras.
B) Introduction.		
Accounting (Financial).		
1) Duties of Accounts Officer.		(01 to 26)
2) Book Keeping (Day to day payments & receipts)		(27 to 42,
3) Use of particular Accounts between Head Office and field Offices.		(43 to 57)
4) Losses and Overpayments.		(58 to 84)
5) Social Security Contributions.		(85 to 101)
6) End of the month Accounting Operations at local field offices.		(102 to 112)
7) End of the months Accounting operations at Head Office.		(113 to 130)
8) Preparation of Annual Accounts.		(131 to 144)
9) External Audit		(150 to 160)
(Accounting Stores)		
1) Duties of store keeper		(161 to 167)
2) Receipt of stores		(168 to 178)
3) Issue of Stores		(179 to 182)
4) Receipt and issue of Medicines and consumable Medical supplies at the Dispensaries.		(183 to 190)
(F) Stock Takings:		(191 to 202)
(G) Accounting of payments relating to civil works.		(203 to 207)
(H) Special features of maintenance of Account at the hospitals.		(208 to 223)
(I) Specimen of various forms.		

INTRODUCTION

The Accounts Department of the Institution is mainly concerned as under:-

- 1— Maintenance of Accounts.
- 2— Preparation of final accounts at the end of each financial year.
- 3— To get the Institution's Accounts audited by External Auditors as per mandatory provision.
- 4— To submit the final accounts alongwith External Audit Reports before the Governing Body.
- 5— Over all Technical Supervision of all accounts personnels.

APPENDIX — 1.

Control Accounts to be maintained.

Indicates that subsidiary Accounts (see paragraph_____) are also required to be maintained for the control Accounts maintained below:-

S. No:		Name of Accounts.
1.	.X.	Cash Account.
2.	.X.	Local Office Current Accounts.
3.	.X.	Administrative Expenditure.
4.	.X.	Medical Care Expenditure.
5.	.X.	Social Security Contributions.
6.	.X.	Income from Investments.
7.	.X.	Any Other Income.
8.	.X.	Sickness, Maternity & Deak Cont Exper- perit Company A/c
9.	.X.	Employers in Arrears Control Account.
10.	.X.	Sundry Debtors Account.
11.	.X.	Petty Cash Standing Imprest Account.
12.	.X.	Losses and Overpayments Suspense Ac- count.
13.	—	Bank Deposits Account.
14.	.X.	Other Investments Account.
15.	—	Medicines and Medical Supplies Purchase A/C.
16.	.X.	Capital Expenditure (Medical care) Ac- count)
17.	.X.	Consumption of medicines and medical supplies Account.
18.	.X.	Capital Expenditure (admn) Account.
19.	—	Sickness Maternity and Death grant Branch Reserve Account.
20.	—	Employment Injury Branch Reserve Ac- count.

21.	—	Medical Care Branch Reserve Account.
22.	.X.	Sundry Creditors Account.
23.	.X.	Other Losses Virrecaunble Over payments A/c.
24.	—	Remittance in Transit Account.
25.	—	Claims for unpaid contributions extinguished Account.
26.	.X.	Imperest Account.
27.	—	Provident Fund Account of the employees.
28.	.X.	Motor car/Cycle Advance Account.
29.	.X.	Staff Loanees Account.
30.	.X.	Staff Benaden A/c.
32.	.X.	House Building Advance Account of the employees.
33.	.X.	House Rent Advance Account.
34.	.X.	C.P. Advance Account.
35.	.X.	Other Losses & Irrecoveable Overpayments Accounts.
36.	.X.	Accounts Receivable Account.
37.	.X.	Cash Surplus Suspense Account.
38.	—	Rehabilitation Expenditure Account.
39.	—	Income and Expenditure Account.
40.	—	Investment Account.
41.	—	Social Security Fund Account.
42.	—	Pension/Gratuity reserve Account for the employees of the Institutions.
43.	—	Benevolent Fund Account of the employees.

2. POSTING MEDIA

C ACCOUNTS DEPARTMENT.

DUTIES OF ACCOUNTS OFFICER:

1 Accounts offices with the assistance of Accounts Asstt. will keep the financial accounts of the Institution other than the cash books, which will be kept by the respective Cashiers the main duties are detailed here under:—

A. Duties of Accounts Officer:

- 1) The Accounts Officer is supposed to supervise the entire accounts work of the accounts.
- 2) He will ensure that all books of accounts are maintained properly as per standing instructions and Accounts Statement (F 16) is prepared.
- 3) He will ensure submission of Accounts Statement (F-16) to Head Office on monthly basis.
- 4) He will assist concerned officer incharge in the preparation of annual/revised budget.
- 5) He shall act as a member of Local Purchase Committee.

- 6) He will keep the cheque book under his custody at Circle Office (where cashier is not posted) and prepare/issue cheques.

- 7) Any other Accounts work specifically assigned to him by the officer incharge or Head Office.

**B. Duties of
Accounts Assistant:**

2. Accounts Assistant is to perform the following duties:-

- 1) He is required to prepare payment vouchers/transfer vouchers (F-9 & F-2) & debit/credits notes.
- 2) He is required to maintain all books of Accounts (including cash book at Circle Officer) under the supervision of Accounts Officer.
- 3) He will assist the Accounts Officer for preparation of F-16 and Annual/ Revised Budget.

2. POSTING MEDIA:

Accounts Officer whether at the Head Office or at field office will work independently of the cashier. They will make their entries from various types of "posting media" which will be passed to them.

3. The posting media will be as under:-

- 1) in respect of payments in cash or by cheque -
 - a) the original copy of each payment voucher (Form F-1, or F-2) or
 - b) form F-7 (Cashier's daily record of payments of cash benefits),
- 2) in respect of the receipt of cash or cheques -
 - c) the second copy of each form of Receipt (Form F-5 or F-6) or:
 - d) Form F-8 (Cashier's daily record of contribution received timeously);
- 3) in respect of entries where no cash or cheque, is either paid or received -
 - e) From F-9 (Authority for Accounting Transfers) see paragraphs 4.7

4. ACCOUNTING TRANSFERS:

In addition to recording payments and receipts, it will frequently be necessary to make entries in the accounts which do not relate to either payments or receipts. Example of entries of this type in connection with which no money passes, are:—

- a) entries necessary to transfer an amount from one account to another (hence the term "accounting transfers" by which such operations are usually referred to);
- b) debits made in an employer's account to record amounts due but not paid in respect of contributions (the corresponding credit will be to a Contribution Account);
- c) entries giving effect to the depreciations of fixed assets (debit Depreciation Account, credit the asset Account);
- d) entries establishing, increasing or decreasing the Reserves which, in accordance with the Ordinance and the Financial and Accounting Rules, the Institution is required to establish and maintain; etc.

5. The entries of this type that will require to be authorised are dealt with in the later sections of part-II of these Staff Instructions relating to F & A Department, where the book keeping operations to be carried out by the Accounts Officer to give effect to them are explained fully. (The facility of making entries of this type some of them of great importance with in the double-entry system of book keeping, represents one of the advantages of that system as compared with systems of book keeping by single entry).

6. FORM F-9

Entries of the type referred to in paragraph 4 and 5 which do not relate to either payments or receipts, will be authorised on a Form F-9, "Authority for Accounting Transfer." The amounts to be

debited and credited and the accounts in which the debits and credits are to be made by the Accounts Officer will be stated in the tabular section of the form and the authority for them will be given by the signature, of the Head of the F & A Department at the Head Office. The principal use of this form at a field Directorate will be in connection with debits against employers in respect of contributions due but unpaid example (b) of paragraph 4. and authorisation by the local Director rather than an Officer of the F & A Department will therefore be appropriate.

7. After the completion of Part-I, the form will be passed to the internal Audit Officer, who will examine the proposed transfer and, if he approves, will sign the certificate in part-II of the form and pass it to the Accounts Officer for action.

8. Instructions regarding the use of the forms mentioned in paragraph 3 upto the point when they are referred to the Accounts Officer are contained in the following paragraphs:—

- a) Payment vouchers (Forms F-1 and F-2) - paragraphs 2-14 of Finance Code of Finance Code
- b) Form F-7 (Cashiers Daily Record of Payments of Cash Benefits) - paragraphs 15-23 of Finance Code
- c) Forms of Receipt (Forms F-5 and F-6) paragraphs 31-38 of finance.
- d) Form F-8 (Cashier's Daily Record of Contributions received timeously) - paragraphs 39 to 40. of Finance.
- e) Form F-9 (Authority for Accounting Transfers) - paragraphs 4 to 7. of Accounts Code

9. When an Accounts Officer receives any of the posting media referred to in the previous paragraph, he will check that the form has been signed, in the appropriate space on the form, by an Officer of the Internal Audit Department. If it has not been so signed the Accounts

Officer will refer it to the appropriate officer for examination and will make no accounting entries there from, until it has been returned to him duly signed as required.

10. DOUBLE ENTRY BOOK KEEPING:

It is the responsibility of each Accounts Officer to keep the accounts of the Institution on the double-entry system and to apply that system consistently and accurately. This is not the place in which to include an explanation of the double-entry system but the essential features of the system. As far as Accounts are concerned, these can be summarised as follows:—

- a) for every debit there must be a corresponding credit and vice versa but these corresponding debits or credits can often be made in one total figure;
- b) it follows from (a) that at any time the aggregate debits in the books must equal the aggregate credits, and the failure of the books to "balance" in this way indicates automatically that one or more mistakes in either the entries or the arithmetical operations of balancing must have been made;
- c) in view of (b) each Accounts Officer must satisfy himself, at the end of each day that his book do in fact balance, and if they do not, he must as a matter of urgency, discover and correct the mistake or mistakes, if necessary by checking all of his entries and arithmetical operations since the previous balance was checked;
- d) it should, however, be noted, in connection with (C), that because of the possibility of compensating errors, a correct amount posted to the wrong account, omissions of entries altogether, and other kinds of mistakes, the fact that the books balance does not necessarily prove that they are correct in every respect;

- e) balances of individual accounts : an account is said to have a "debit balance" when the entries on the debit side add up to more than the entries on the credit side, and vice versa - differ in their nature;
debit balances represent either expenses or assets;
credit balances represent either income or liabilities;
- f) in grouping the balances of the various accounts for presentation of periodical statements, balances which represent expenses or income will be included in Income and Expenditure accounts, while balances which represent assets or liabilities will be included in Balance Sheet.

11. GENERAL LEDGER AND SUBSIDIARY LEDGERS:

The Accounts Officer's posting from the media listed in paragraph 3 will make the double entry of the transaction in the General Ledger. In all cases except accounting transfers one side of the double entry will be in the Cash Account and he will therefore, open a Cash Account in the General Ledger, with "Cash" and "Bank" columns.

12. This will duplicate the cash book kept by the Cashier but the duplication will be justified for the following reasons:—

- 1) It will enable the Accounts Officer at any time to test that the accounts as a whole are in balance without any need to trouble the cashier to extract the balance of the cash book.
- 2) The Cash Account kept by the Accounts Officer will serve as a check, on the correctness of the cash book by the cashier, and will be a deterrent against any fraud by the cashier through manipulation of the cash book.

13. It will be convenient to arrange that many of the accounts kept in the General Ledger are "total" accounts, e.g. Administrative Expenses Account, Medical Care Account or Employers in arrears control account, and where and when the Accounts Officer makes the appropriate entry in a "total" account it will be necessary, for future analysis or other purposes, also to record how the total is made up.

The Accounts Officer will, therefore, in addition, make entries in a "Subsidiary Ledger" which may be ruled with analysis columns, as in the case of the cash benefits (Subsidiary) Ledger, or consist of accounts of individual employers as in the case of the Employers in Areas (Subsidiary) Ledger.

14. NEED FOR AGREEMENT BETWEEN ACCOUNTS OFFICER'S RECORDS AND CASHIER'S CASH BOOK:

It will be obvious that the Accounts Officer's cash account will act as a check on the correctness of bank and cash columns of the Cashier's cash book, and vice versa. It will be the duty of the Audit Officer to see that balances of the cash and bank columns of the cash account as recorded by the Accounts Officer agree exactly with the corresponding balances of the cash and bank columns of the cash book as kept by the cashier. If any difference is found to exist the cause of the difference must be ascertained as a matter of urgency and the mistake or mistakes must be corrected before any further transactions are recorded;

15. DAILY BALANCING BY ACCOUNTS OFFICER:

At the end of each day the Accounts Officer may take out a Trial Balance of the General Ledger, which is a list of the balances of every account in the General Ledger - debit balances in one column and credit balances in another column, and must satisfy himself that it balance. If it does not balance, he must, as a matter of urgency, discover the mistake or mistakes he has made and make necessary correction or corrections before he makes any fresh entries.

16. MONTHLY ACCOUNTS STATEMENTS:

Up to this point the accounting action described in paragraphs 1 to 15 will be applicable both in the local offices and in the Head quarter's Office. At the end of the month, however, action in the local/field office and in the Head office will differ. Each field office will prepare a monthly Accounts statement (Form F-16) which will be submitted to

the Head Office by 15th of the following month. This will be a statement, account by account, of the figures for the month which have been posted in the General Ledger. When received by the Head Office. The F-16 will be the means by which the transactions of the local/field offices are incorporated in the accounts of the Institution as whole.

16A. when this has been done, the Head Office Accounts Officer will then be in a position to group the balances of the different accounts and thus prepare an Income and expenditure Account for the Institution as a whole, relating to the month, year or other period, and a Balance Sheet (that is a statement of Assets and Liabilities) as at the end of the period.

17. ACCOUNTING INSTRUCTIONS:

Paragraphs 11 to 16A give a very brief general outline of the accounting operations which Accounts Officer will be required to perform. Detailed instructions regarding the entries to be made for every sort of transaction, preparation at local field offices of the monthly accounts statement (Form F-16), the incorporation of the local field offices statements in the Head Office books of accounts and, finally, the preparation of Income and Expenditure Account and Balances Sheets, are contained in the later sections of Accounting code of staff instructions.

18. MANNER IN WHICH ENTRIES ARE TO BE MADE:

In order to avoid errors and to facilitate balancing and checking, all entries in the books of account should be neat and clean. Correction should not be made by erasure. Any wrong entry should be ruled out by means of a single line drawn through the erroneous figure and the correct entry should be made immediately above it so that both the erroneous entry and the correct entry are clearly legible. Such alterations should be initialled by the Officers making them.

19. The Accounts Officer will number consecutively in the column headed "No. of entry" the entries which he makes on the debit or credit side of each account in the General Ledger or in a Subsidiary ledger. He will then insert the date, which will be date of receipt, the date of payment

or the date of authorisation in the case of an accounting transfer. A few words to identify the item will then be inserted in the "Description" column, and in the "Reference" column a reference will be given to the serial number of the posting media from which the entry was made. The amount will be entered in the "Amount" column and, in order to effect the double entry, also in the cash account or in the case of a transfer the other account or accounts involved. Finally, a reference will be inserted, in the space provided for the purpose on the posting media, to the Code No. of the Account (s) see paragraph 24 and the folio and No. of entry where the item has been posted, and the Accounts Officer will sign the posting media in the space provided.

20. SEQUENCE OF POSTING MEDIA:

In all cases where the Accounts Officer should receive every posting medium in a series consecutively numbered (for example, forms of receipt) he will satisfy himself that there are no gaps in the sequence of posting media received. He will thus be assured that none of the forms has been withheld from him by accident or design, or has gone astray in transit, a circumstance that would, in the case of cash transactions, cause a discrepancy between the Accounts Officers records and the Cashiers cash book see paragraph 14.

21. When the Accounts Officer has completed the posting and has signed the posting media he will file the copy of the posting media which he has to retain in serial number order, for future reference or for production to the Auditors internal or external, if required.

22. SEGREGATION OF CASHIER AND ACCOUNTS OFFICER:

As far as practicable the cashier and the Accounts Officer will work in complete independence of each other. The Accounts Officer will not be allowed any access to the cash book nor will the cashier be allowed any access to the books of Accounts for which accounts officer is responsible. Any difference that may arise between the cash book and the Accounts Officer records will be dealt with by the Incharge of Local field Office or the Head of the Finance or Account Department at the head Office.

23. When a cash book is not in actual use for entries it will be kept in cashier's locked safe. Similarly, the books and records kept by the Accounts Officer will be kept in a locked safe or locked cupboard when not in actual use, and particularly when the room occupied by the Accounts Officer is left unattended either during business hours or when business ceases at the end of the day.

24. NUMBERING OF ACCOUNTS:

For convenience of reference accounts may be numbered. The same number will be given to an account, e.g. Administrative Expenses (No. 5) whether it is kept at a Local field office or at Head Office.

25. ACCOUNTS TO BE KEPT:

Appendix-I of these staff instructions contains a list of the accounts. The Accounts which are started are "total" accounts the entries of which are required to be repeated in subsidiary ledger, as explained in paragraph 13.

26. Most or all of the accounts listed in Appendix-I will be required at an early stage in the development of the Institution, although some of them may not be required at the beginning. Conversely, it may be desirable as the Institution develops, to open other accounts not listed in Appendix-I and that will be done with the prior approval of the Head of the Finance & Accounts Department at Head Office. (It is always easier to combine accounts at the end of a period than to go back over the period and divide an account by making an analysis of the individual entries. Consequently new accounts should be opened without hesitation if at any time this becomes necessary or desirable).

2) BOOK-KEEPING ENTRIES IN RESPECT OF DAY TO DAY PAYMENTS AND RECEIPTS:

27. This section of these staff instructions will deal with the ordinary, recurring, day to day transactions which have to be recorded. Other types of transaction of a special nature and the use of accounts in which entries will be made only occasionally are dealt with in the following section.

PAYMENTS:

28. As stated in paragraph 3 the Accounts Officer will post payments from the duplicate copy of payment Voucher F-1 and F-2 or, in respect of payments of cash benefit from form F-7 (Cashiers Daily Record of Payment of Cash Benefits) where he will post the total for the day, paying no attention to individual items.

29. He will make debit and credit entries in General Ledger see paragraphs 11 to 13.

30. The credit entry in the General Ledger, in all cases of payment will be made on the credit side of the Cash Account in the cash column if the payment was made in cash, and in the bank column if the payment was made by cheque. The payment voucher will show in which form the payment was made. Payments of benefit, as shown on the F-7, will be treated as having been made in cash unless the F-7 is noted specially that a particular payment has been made by cheque.

31. The debit entry in the General ledger will be made as follows:-

- i) as regards payments made in forms F-1 or F-2 in the debit column of the account stated in the first column of part-I of the form;
- ii) as regard the total for the day shown on form F-7, in the debit column of the cash benefits account.

32. If the account to be debited is one of the accounts starred in Appendix-I to these staff instructions the Accounts Officer will, in addition to making the debit in the General Ledger described in paragraph 31 above, make the required entry or entries in the subsidiary ledger relating to the account which has been debited. In this way an analysis will be obtained of the items debited in the General Ledger to "Total" accounts see paragraph 38 to 41 below.

RECEIPTS:

33. As stated in paragraph 3 (2), the Accounts Officer will post receipts from the second copy of the forms of receipt F-5 or F-6, from form F-8 (Cashier's Daily Record of Social Security Contributions received timeously). In posting from form F-8 he will post only the total for the day, paying no attention to the individual item shown on the form F-8.

34. As in the case of posting payments, he will make debit and credit entries in his General Ledger, as explained in paragraph 11 to 13.

35. The debit entry in the General Ledger will be made in the Cash Account, in the "Cash" Column. This will be the case even if the amount is received in the form of a cheque. The only exception to this rule will be where, for any reason, the cheque is paid directly into the Institution's bank account. The reason for debiting the cash column and not the Bank column when the cashier receives income in the form of a cheque is given in paragraph 38 of Finance Code

36. The credit entry in the General Ledger will be made as follows:-

- i) in the case of receipt posted from form F-5 to the Employers in Arrears Account.
- ii) in the case of receipts posted from form F-6, to the account stated in part-II of the form;
- iii) in the cases of receipts posted from form F-8, the total for the day will be credited, in one figure, to the Social Security Contributions Account.

37. Where the credit is to the social security contributions Account and where; in posting from a form F-6, the credit is to one of the accounts starred in Appendix-I to these staff instructions, the Accounts Officer will, in addition to making the credit in the Journal described in paragraph 36 above, make the appropriate entry or entries in the subsidiary ledger relating to the account which has been credited. The purpose of this is to obtain an analysis of the amount credited to "total" accounts in the General Ledger - see paragraph 38 to 41 below.

SUBSIDIARY LEDGERS:

38. It will be realised that only the "total" accounts form part of the double-entry system of book-keeping. The purpose of the subsidiary ledgers is only to repeat, in analysed form, the amounts debited or credited to the "total" accounts, in order to show, in as much detail as is required, how the total figures are made up. Subsidiary Ledgers would not be required if it were practicable to use a General Ledger containing hundred of accounts. In that case there would be no "total" accounts. It is only because it is convenient in practice to use General Ledger containing more than thirty or forty accounts that the device of using "total" accounts is adopted with the consequent necessity of providing a means of analysing the figures which are thus debited as credited in total.

39. At the same time, the use of subsidiary ledgers enables the Accounts Officer to reduce the number of accounts in the General Ledger and so. Moreover, many of the total accounts are required, as such (without analysis), for month to month management purposes and for the final settlement of accounts for the year.

40. A consequence of the use of subsidiary ledgers is, however, that it is essential to ensure that every subsidiary ledger is kept in exact agreement with the "total" account which it purpose to analyse. For example, it is essential, in the accounts of a Local Field Office, that the total of the individual debit balances in the Employers in Arrears Subsidiary Ledger should at any time agree exactly with the debit balance of the Employers in Arrears Control Account.

41. It will, therefore, be the responsibility of the Accounts Officer to ensure, as frequently as possible, but in any case at least at the end of each month, that this agreement exists. Where the subsidiary ledger consists, as in the case of the Employers in Arrears Subsidiary Ledger referred to in the previous paragraph, of individual accounts with debit and credit sides, the Accounts Officer will list the individual balances, debit balances in one column and credit balance in another column, and verify that the difference between the total of the debit balances

at the total of the credit balance in another column, and verify that the difference between the total of the debit balances at the total of the credit balances agrees with the balance of the Employers in Arrears Control Account. Where, in the subsidiary ledger, the analysis is achieved by means of vertical analysis columns, as in the case, for example, of the cash benefits subsidiary ledger, the Accounts Officer will satisfy himself that the horizontal cross-total of the totals of the separate analysis columns agrees with the balance of the corresponding "total" Account.

ACCOUNTING TRANSFERS:

42. It should be noted that what has been stated above about making entries in subsidiary ledgers when posting from posting media relating to either payments of receipts applies equally where debits and credits have to be posted from Authorities for Accounting Transfers (Form F-9). Where debits or credits have to be made from a Form F-9 to any of the "Total accounts - that is, the accounts starred in Appendix-I to these staff instructions entries must also be made in the corresponding subsidiary ledger, as explained above in connection with payments and receipts.

3) USE OF PARTICULAR ACCOUNTS BETWEEN HEAD OFFICE AND FIELD OFFICE:

43. Transactions between the Head Office and Local Field Office, e.g., the transfer of money from a Local Field Office to Head Office or vice versa, will be carried out through Head Office current account. Head Office will open a Current Account for each Local Field Office and each Local Field Office will open a "Head Office Current Account". These pairs of current accounts will contain the same transactions, but as viewed from the different offices e.g., a sum transferred from Local Field Office "B" to Head Office will be a debit in the "Head Office Current Account" kept in the Local Field Office and a credit in the "Local Field Office 'B' Currents Account" kept at the Head Office. Consequently each pair of current accounts should be kept in exact conformity with each other except that a debit balance on one account will appear as a credit balance on its pair as kept at the other office.

44. The transaction between Local Field Office will be carried out through "Inter Office Account" (not involving Head Office). In the similar way as explained in paragraph 43 above. The transactions made by the field offices with each other will be reconciled by official of concerned field offices on monthly basis on the basis of Debit/Credit notes already issued so that no difficulty is faced at the time of preparation of the final accounts at the year end by Head Office.

MEDICINES AND MEDICAL SUPPLIES:

45. It has been the experience of other countries which have introduced schemes of social security similar to that expenditure on medicines and other medical supplies has been high and difficult to control. Accurate accounting is therefore essential as an indispensable basis for control.

46. Supplies of medicines etc, will usually be purchased in bulk and deliveries will be taken at irregular intervals. For this reason, it would be misleading to treat expenditure on such supplies as ordinary recurring expenditure (like e.g., salaries or rent) chargeable against the period in which the expenditure took place. For accurate information regarding the cost of medicines, etc., in one period as compared with another and the trend of such cost over a longer period the important figure is the cost of the medicines, etc., consumed in the respective periods, irrespective entirely of the date of payment for any particular consignment. As cost of consumption is the indispensable figure for control purposes, it is worth while to take some trouble to provide this figure.

47. The details of the accounting required are explained in following paragraphs. It will be sufficient at this stage to say that payments for medicines, etc., will be debited in the first place to the "Medicines and Medical Supplies Purchase Account" and that cost of consumption will be obtained from returns based partly on the stock records of receipts and issues of the more expenditure individual items which will be maintained (in quantities only) on stock record cards in the dispensaries, and partly on monthly stock takings.

48. The transactions as to the accounting of medicines will be made at the local circle office where monthly consumption reports in respect of medicines will be received from all the dispensaries falling under the jurisdiction of the circle. These statements will be casted properly and then will be put up to the Audit Officer concerned for verification. After verification by the Audit Officer concerned the posting of the expenditure in respect of medicines in the general ledger/subsidiary ledger will be carried out in the following manner:—

- | | | |
|-----|---|---------|
| i) | Medical care expenditure
Consumption of medicines. | Debit. |
| ii) | Medicines and Medical
supplies purchase account. | Credit. |

ACCOUNTING AT THE DISPENSARIES:

49. As indicated in the previous paragraph, stock records of the receipt and issue of the items of medicines and medical supplies will be made item by item in quantities only in the dispensaries. Thus, it will be maintained record on stock registers with its daily balancing.

50. Financial accounting at the dispensaries will be reduced to the minimum possible. All that will be necessary will be the provision, of a standing imprest for Petty cash payments. The title of account will be "Petty Cash standing imprest account". It is essential to allow separate imprest advance accounting to requirement to each dispensary falling administratively under the jurisdiction of the circle so as to meet out the routine and emergent expenditure including purchase of medicines.

51. All payments relating to a dispensary other than those that can be made at the petty cash will be authorised and made by the Incharge local field circle concerned after usual pre-audit. This will include the payment of Salaries for which dispensary staff will either receive cheques from the some local circle office or if they wish to have payment in cash will attend the circle office to receive payment from the official concerned.

RESERVES:

52. It is provided in the Ordinance (Section 29) and in the Financial and Accounting Rules (Rule 5) that the Institution shall establish and maintain reserves in connection with each of the branches of social security, that is to say;

- i) the Sickness, Maternity and Death Grant Branch;
- ii) the Employment Injury Branch; and
- iii) the Medical Care, etc. Branch;

by setting aside the amounts laid down in the Financial and Accounting Rules for each of the reserves respectively.

53. It is provided in Rule-5(2) of the Rules that until the expiration of the first three complete financial years after the establishment of the Institution the amounts to be set aside in each year and the times at which this will be done will be such as the Governing Body, with the approval of the Government, will determine. This provision gives the necessary flexibility in the early years.

54. Thereafter, the amounts upto which the three respective Reserves are to be maintained are set forth in (a) (b) and (c) of Rule-5(3), as follows:-

- (a) Sickness, Maternity and Death Grant Branch.
25% of the average annual expenditure incurred by the Branch in the last three financial years;
- (b) Employment Injury Branch.
25% of the average annual expenditure incurred by the Branch in respect of injury benefit and disablement gratuity in the last three financial years, plus the present capital value, at the time, of all pensions arising out of employment injury which have been awarded either to secured persons or their survivors before the end of the previous financial year; and

- (c) Medical Care etc, Branch.

25% of the average annual expenditure, excluding capital expenditure, incurred by the Branch in the last three financial years.

55. The amount to be determined, under (b) of paragraph 54, after the first three years in respect of the present capital value of pensions, will be found by reference to the Regulations made under Section-53, which give the formula to be applied for determination of the present value of pensions in order to fix the liability of an employer through whose wrongful act or omission the pension has become payable.

ACCOUNTING IN RESPECT OF RESERVES:

56. The amounts required to establish or maintain these reserves can be "set aside" only out of surplus for depreciation of the fixed assets and for any loan repayment that may be due under the terms on which the loan was granted, any remaining surplus income will be allocated to the establishment, at the end of the first year of operation of the social security scheme of the three reserves, and, in subsequent years to their maintenance, in so far as it may be necessary to increase the amounts previously set aside. The accounting arrangements are dealt with in paragraph 144 - 145

As per Rules, the reserves upto the maximum limit provided under Section-116 (a) (b) and (c) have to be maintained by the Institution. In any case, the reserves of the Institution should not exceed the maximum limits provided above. The adjustment in every year has therefore, to be made to bring the level of reserve upto the percentage in respect of each Branch of account. However, the Institution may suggest to the Governing Body/Government for suitable increase in the limits as provided in the Financial Accounting Rules.

57. "Setting aside" the amounts required to establish or maintain these reserve does not, of course, by itself invest the amounts set aside. Investment will be separate operation, to be authorised by means of a payment voucher (Form F-2).

(4) LOSSES AND OVER PAYMENTS:

58. A loss means loss or shortage of cash, cheques or other property belonging to the Institution, whether ascertained as a result of checking the contents of a safe, stock taking, or otherwise.

59. An over payment means any payment in excess of the amount properly due whether by way of administrative expenses, payment of cash benefit or otherwise.

ACCOUNTING ACTION:

60. Whenever a loss or overpayment comes to light it will have to be reported to the Incharge, Local Field Office and Accounts Officer concerned of the field office. In case of Head Office, the same has to be reported to the Commissioner, Administration Department and Head of the Accounts Department. The Accounts Officer concerned or Head of the Accounts Department as the case may be, will there upon complete an Accounting Transfer Voucher (Form F-9) in order to record the amount of the loss and overpayments in the books of Accounts.

61. The Account to be debited will be Losses and Overpayments Suspense Account and the account to be credited will depend upon the nature of the loss or overpayment.

62. In the case of a loss of cash, cheques or property the account to be credited will be, as appropriate;

1. Cash.
2. Medicines and Medical Supplies Purchased.
3. Other Medical Care Capital expenditure.
4. Capital Expenditure in respect of Administration.

106. In the case of an overpayment the account to be credited will be the account which otherwise would have been overcharged,

e.g., Medical Care, Administrative Expenses and Cash Benefits etc.

63. The object of making the entries as directed in paragraph 60 to 63 is to ensure that the loss or overpayment will not be lost sight of or suppressed, by accident or design, but, on the other hand, will be kept in view until it has been investigated and dealt with either by recovering the amount lost or overpaid, or deciding that it is irrecoverable and writing it off under proper authority.

64. It is therefore, particularly important that every loss or overpayment should be reported, as directed in paragraph 60, as soon as it comes to light. This should be done even though the exact amount of the loss or overpayment is not known at the time. In that case an approximate amount should be given, which can be adjusted later when the exact amount is ascertained. The charge thus raised by debiting the losses and overpayments suspense account will necessarily remain outstanding until properly cleared, and in this way attention will be drawn to any loss or overpayment the investigation and clearance of which is being delayed.

RECOVERY:

65. Immediate steps will be taken to recover the amount of the loss or overpayment in so far as this is possible. In the case of an overpayment of cash benefit, Section-52 (1) of the ordinance empowers the Institution to recover the amount overpaid, although under the provision to Section-52 (1) recovery may be waived, if there was no misrepresentation on the part of the beneficiary and if recovery would cause under hardship.

66. Where recovery is not waived the normal method of obtaining repayment, in a case of recurring payments of benefit, will be to recover from subsequent payments of benefit, either by reducing these payments or discontinuing them entirely until the amount due has been recovered. In such cases the amount not paid or the amount by which the benefit has been short-paid will be dealt with by an Accounting Transfer Authority (F-9), which will:-

- Debit cash benefits.
- Credit Losses and Overpayments Suspense.

67. Where repayment of the loss or overpayment is obtained in cash the accounting will be, from the form of receipt (F-6) as the posting medium:-

- Debit Cash Benefits.
- Credit Losses and Overpayments Suspense.

68. LOSSES AND OVERPAYMENTS COMMITTEE:

69. To consider the circumstances in which each loss or overpayments occurred and the action to be taken thereon, a "Losses and Overpayments Committee" will be established. If the loss or overpayments occurs at Head Office, Directorate, Circle and Hospital, the Committee will consist of the:-

HEAD OFFICE:

- | | |
|---|-----------|
| 1. Vice Commissioner. | Chairman. |
| 2. Director Administration. | Member. |
| 3. Director Audit. | Member. |
| 4. The Head of the Department concerned to be co-opted as a member. | |

DIRECTORATE:

- | | |
|---------------------|-----------|
| 1. Director. | Chairman. |
| 2. Deputy Director. | Member. |
| 3. Audit Officer. | Member. |

CIRCLE:

- | | |
|--------------------------------------|-----------|
| 1. Senior Medical Officer. Incharge. | Chairman. |
| 2. Medical Officer (Senior most) | Member. |
| 3. Audit Officer. | Member. |

HOSPITAL:

- | | |
|---|-----------|
| 1. Medical Superintendent/
Incharge of the Unit. | Chairman. |
| 2. Specialist concerned
in whose Department loss
and over payment occurred. | Member. |
| 3. Audit Officer. | Member. |

70. The appropriate committee will consider each loss or overpayment, irrespective of whether recovery of the amount loss or overpaid is likely to be effected, under the following terms of reference:-

- (1) To consider the circumstances in which the loss or overpayment occurred, and whether it was the result of dishonesty or was caused or facilitated by negligence or carelessness on the part of any member or members of the staff.
- (2) If so, to consider whether such member of members of the staff should be required to make good the amount of the loss or any part of it.
- (3) In the case of an overpayment to consider whether there was misrepresentation on the part of the recipient and, if not, whether repayment of the amount overpaid would cause hardship.
- (4) To consider whether the occurrence disclose any defect in the existing system of control and, if so, whether any changes in such system should be made, whether in the section in which the loss or overpayment occurred or in any sections elsewhere in which similar conditions or procedure exist.
- (5) To report on these matters to the Commissioner.

71. For the convenience of the field local offices, the powers to deal with the cases of losses & overpayments upto some limits will be delegate by the Commissioner to the Incharge Local Field Office. Such cases will therefore be dealt with the local field offices and recommendation of local Losses and overpayment committee in each matter (if not within the competency of field office concerned) will be sent to Head Office for consideration and write off.

72. On receiving the report of the committee, the Commissioner will take all necessary action thereon. This will include disciplinary action against any officer or officers found by the committee to have been guilty of dishonesty, or of negligence or carelessness which caused or facilitated the loss or overpayment.

73. Action by the Commissioner will also include giving effect to any recommendations made by the Committee under paragraph (4) of its terms of reference — see paragraph (70). Thus, where the investigation under taken by the committee discloses any defect in the existing system of control or suggested any action which would be likely to prevent or reduce the likelihood of similar losses or overpayments in the future, the Commissioner will give such directions as will remedy the defect or otherwise put the Committee's recommendations into operation, and these directions will be applied not only to the local office or section of Head Office in which the loss or overpayment occurred, but also, if required, to any other local office or section (or to all local offices or sections) in which similar conditions or procedure exist.

RECOVERY OF LOSS OR OVERPAYMENT IF RECOMMENDED BY COMMITTEE:

74. If any officer is to be required to repay the amount lost or overpaid, or any part thereof, the amount thus to be recovered will be transferred from Losses and Overpayments Suspense Account and charged against him in a personal account to be opened in the Sundry Debtors Ledger. The Accounting Transfer Authority (F-9) will give directions to the Accounts Officer concerned.

Debit Sundry Debtors. Account
Credit Losses and Overpayments Suspense. Account

The amount due will then be recovered either in cash or by deduction from salary.

75. If the amount is paid in cash, the accounting will be, from the copy of the form of receipt (F-6) as the posting medium.

Debit cash.
Credit Sundry Debtors. Account

76. If the amount due is recovered from salary otherwise payable to the officer, the accounting will be by means of an Accounting Transfer Authority (F-9).

Debit Administrative or Medical Care Expenses (Recurring).
Credit Sundry Debtors Account.

77. In the case of overpayments, any amount to be recovered from the person who received the overpayment will, similarly, be debited against him by means of an Accounting Transfer Authority (F-9) in the Sundry Debtors Ledger (crediting Losses and Overpayments Suspense). Repayment in cash will be dealt with as in paragraph 75 above. Recovery by deduction from, for example, cash benefit, would give rise to an accounting transfer as in paragraph 76. above, except that the account to be debited would be cash benefit account instead of Administrative or Medical Care Expenses.

WRITE-OFF OF IRRECOVERABLE LOSSES AND OVERPAYMENTS:

78. If:

(i) the Losses and Overpayments Committee recommend that no part of the loss or overpayment should be recovered, or,

(ii) it becomes clear, in any case where recovery of the

amount lost or overpaid is being pursued, that any further action to obtain recovery will be a waste of time and effort.

The case will be submitted to the Commissioner or the authority to whom such powers have been delegated for authorisation to write-off the amount lost or overpaid.

79. Before he authorises write-off in cases covered by (i) of the previous paragraph the Commissioner will satisfy himself that all necessary action has been taken on the Committee's report— see paragraphs 72 and 73. If so satisfied, and, in cases under (ii) of the previous paragraph, if he agrees that further action to obtain recovery would be a waste of time and effort, the Commissioner will authorise the write-off of the amount outstanding in respect of the case, on the Losses and Overpayments Suspense.

80. The Accounts Officer concerned, at the Local Field Office or Head Office, as the case may be, will then, by means of an Accounting Transfer Authority (F-9):—

Debit. Claims for unpaid contributions extinguished Account or Other Losses and Irrecoverable Overpayments Account.

Credit. Losses and Overpayments Suspense A/C.

LOSSES OR SHORTAGES OF STORES, INCLUDING MEDICINES AND MEDICAL SUPPLIES ETC:

81. The procedure described above will be applied to losses or shortages of stores, including medicines and medical supplies. Any losses or shortages will usually, but not necessarily, be brought to light as a result of periodical stock taking — see paragraph— 60. The amount to be taken as the amount of the loss or shortage will be the cost price of the goods concerned.

82. Where, however, a loss or shortage not exceeding 5% of existing stock is disclosed as a result of stock taking, the report on the stock taking will state whether, in the opinion of the report-

ing officer, the loss or shortage can be regarded as due to natural causes such as, for example, evaporation — or, as being within reasonable to Finance for loss as a result of issuing from bulk in small quantities or any other convincing cause.

83. In a case where the reporting officer expresses the opinion that the loss or shortage, not exceeding 5% of the existing stock, can be so regarded, and if the officer in charge of the office or section responsible for the custody of the stores agrees, the latter officer may, with the concurrence of the Audit Officer authorise any necessary adjustment of the stores records without reporting the loss or shortage as required under paragraph — 60.

STATEMENT OF LOSSES AND OVERPAYMENTS IN FINAL ACCOUNTS:

84. In view of the special importance that should be attached to losses and overpayments, as representing wastage of funds entrusted to the Institution by secured persons and employers, and as irrecoverable losses and overpayments may indicate defects of administration or control, any such irrecoverable losses and overpayments which have been accepted as such by the Commissioner or the authority concerned see paragraph — 79 will be shown as a separate item in the relevant expenditure A/Cs. Any amounts not yet accepted by the Commissioner as irrecoverable losses or overpayments will remain charged to the Losses and Overpayments Suspense Account and will appear on the 'Assets' side of the Balance Sheet.

5) SOCIAL SECURITY CONTRIBUTIONS IN ARREARS.

TIME LIMIT FOR PAYMENT OF CONTRIBUTIONS:

85. In accordance with Rule-5 of the Social Security Contributions Rules, 1965, contributions must be paid by employers by the end of the next month in respect of which the contributions are due, or such extended period, not exceeding forty five days, as the Institution may allow on good cause being shown for the extension.

Whether in any particular case good cause has been shown and, if so, the extended period to be allowed by the Institution will be determined by the Commissioner.

86. As explained in paragraphs 33 and 29-40 of Finance Code Cashier will enter on form F-8 (Cashier's Daily Record of Contributions received timeously) all remittances in respect of contributions which he receive within the time-limits referred to in the previous paragraph, and the Form F-8 totalled for each day, will form the posting media from which the Accounts Officer will post the daily totals of contributions received timeously.

CONTRIBUTIONS NOT RECEIVED TIMEOUSLY:

87. It will be the responsibility of the Contribution Section of the Local Directorate Office to check that contributions are received timeously, and to notify the Accounts Officer concerned on form C-4, as soon as the time limit for the receipt of any month's contributions from an employer has expired without the contribution having been paid. The form C-4 should be sent to Accounts Sec. upto 7th of the ensuin of month.

88. The purpose of the action described in the previous paragraph is to enable the outstanding debt to be debited against the employer in the books of account. The accounting record thus made will remain outstanding until the amount due has been either paid or written off under proper authority, and this record, in addition to providing the figure of contributions in arrears for monthly and annual statements of account, will act as a check on the Contributions Section by ensuring that the debt due from each individual employer is kept in view and not forgotten, by accident or design.

89. It should be noted that action under paragraph 87 above to notify that an employer is in arrears will not be delayed until the exact amount due can be ascertained. A form C-4 will be sent to the Contributions Section as soon as the time limit for payment of contributions has elapsed, and, as provided in Part-I of the Form C-4, the amount to be stated as due for the month will be:-

"the approximate amount due, based on the amount payable in respect of the previous month, adjusted in the light of any relevant information in the possession of the Institution."

The amount thus notified is the amount which will be debited against the employer in the books of account as explained in the previous paragraph.

PENALTY FOR LATE PAYMENT:

90. A penalty is imposed by the Ordinance (Section-23 (1) and Rule-6 of the Contributions Rules) on an employer who does not pay contributions timeously. This amounts to ½% per day, calculated on the amount in arrears, for each day after the expiry of the time limit stated in paragraph — 85 until payment is received, subject to a maximum penalty of 50% of the amount due. The amount notified on the C-4 will exclude any increase in respect of this penalty, which will be assessed and debited against the employer later.

USE OF FORM C-4.

91. Form C-4 will be used by the Contributions Section not only to notify to the Accounts Officer cases where payment of contributions has not been made within the time limit referred to in paragraph — 85, but also to notify any case in which for any reason Contribution Section find that any amount is due in addition to the amount received when the employer submitted his monthly payroll or contribution schedule (form C-1) Part-I of the Form will be used for contributions in arrears and part-II for additional amounts found to be due.

ADDITIONAL CONTRIBUTIONS FOUND TO BE DUE:

92. This will usually arise either out of the examination by the Contributions Section of the payroll of contribution schedule submitted by the employer with his remittance for the month's

contributions, or as a result of a periodical visit of inspection to the employer's premises made by one of the social security officers attached to Contributions Section. In the latter case the officer will submit a report to Contributions Section on the result of his inspection, and, in the former case also, a visit by an officer to confirm the additional amount due will usually be required before Contributions Section arrive at a determination of the additional amount due. Part-II of Form C-4 provides for a statement of the amounts found to be due in either case in addition to the amounts already remitted by the employer for the month or months in question. Part-II will also be used to notify to the Accounts Officer the amount of the penalty for late payment up to the date of the C-4 — see paragraph — 90.

93. As explained in paragraphs — 33 to 40, the accounting in respect of contributions received timeously and entered by the cashier on his Daily Record of Contributions received timeously (Form F-8) will be to post the total for the day as follows:—

Debit Cash.

Credit Social Security Contributions.

The subsidiary ledger relating to the Social Security Contributions Account analysis the amounts credited as between:—

- (i) ordinary contributions;
- (ii) increases imposed under Section-23(1) of the Ordinance and Rule-6 of the Contributions Rules for late payment;

and where contributions are received, timeously no entry will be made in any account relating to the individual employer.

EMPLOYERS IN ARREARS CONTROL ACCOUNT:

94. Debits will, however, be made to the Employers in Arrears Control Account and to an individual account for the employer in the related Employers in Arrears Subsidiary Ledger in respect of all cases notified by Contributions Section on Form C-4, whether

under Part-I or Part-II of the form. The reasons for this are explained in paragraph— 88.

95. The posting medium for these debits will be an Accounting Transfer Authority (Form F-9) which will be prepared by the Local Directorate Office's Accounts Officer from the information notified on either Part-I or Part-II of the C-4, and signed by the Director. The F-9 will give the following accounting instructions:—

Debit Employers in Arrears Control Account.
Credit Social Security Contributions Account.

When the F-9 has been signed, the Accounts Officer will complete Part-III of the C-4, attached the F-9 to it and pass to the Audit Officer the C-4 and the F-9 attached together.

96. On receiving the F-9 and the C-4 back from the Audit Officer with the F-9 duly signed by him in part-II of the form, the Accounts Officer will make the required entries in the General Ledger and in the related subsidiary ledgers, viz, the employers in arrears ledger as regards the debit, and the social security contributions ledger as regards the credit, and will duly complete the reference columns in Part-I and also in part-III of the F-9. He will file the F-9 with the C-4 attached, as his voucher for the entries in the Journal and the subsidiary ledgers.

97. In cases notified to the Accounts Officer in Part-I of the C-4, Contributions Section will remind the employer regarding the penalty for late payment, and in case notified in part-II of the C-4, Contributions Section will notify the employer regarding the additional amounts determined to be due from him and in each case will request immediate payment.

98. When payment is received by the cashier in either of the two types of case referred to in the previous paragraph he will use Form F-5 (Receipt for Social Security Contributions received late) as the form of receipt to be issued to the Employer. This will ensure — (see Part-IV of the F-5) that from the duplicate of the F-5

which will be passed to the Accounts Officer the latter will credit the individual account of the employer in the Employers in Arrears Ledger as well as the Employers in Arrears Control Account. Form F-4 must not be used as the form of receipt since in that case the amount received would be entered on Form F-8 (Cashier's Daily Record of Contributions received timeously) and not credited either in the "total" or the individual employers account, but to the Social Security Contributions Account.

99. It will be the responsibility of the Local Office Director to exercise pressure on the employer to pay the amount due from him as notified on the C-4. If, however, not with standing such pressure, payment is not received, the Local Office Director will decide at what point to take further action to obtain payment, including, in the last resort for recovery of the amount due as arrears of land revenues, under Section-23(2) of the Ordinance.

100. As a means towards discharging the responsibility laid on him by paragraph 99, the Director will call for the Employers in Arrears Ledger periodically, but no less frequently than once a month, and will review the progress towards obtaining payment of the amounts shown as due. It will be his responsibility to ensure that action under paragraph — 99 continues to be taken and that no case is allowed to become dormant while responsibility for recovery of the amount outstanding remains with the Institution.

WRITE-OFF IRRECOVERABLE ARREARS:

101. Where the arrears on account of contributions have been found irrecoverable because of the absence of the assets or other reason recovery of the amount due or any part thereof is impossible the amount found to be irrecoverable will be finally written-off in the book by means of F-9 after such write-off has been approved by the competent authority the entry in this regard will be:—

Debit claims for unpaid contributions
Credit employers in arrears control account.

and the amount credited to the control account *will* course, (see paragraph — 42) also be credited to the account *of* individual employers account in arrears ledgers.

6) END OF THE MONTH ACCOUNTING OPERATION AT LOCAL FIELD OFFICE:

102. The following instructions deal with the action to be at the end of each month at a Local Field Office, leading-up to submission to Head Office of the Monthly Accounts—statement the Local Field Office on Form F-16.

TRIAL BALANCE:

103. The first step is to test the posting to the General Ledger by taking out a Trial Balance of the General Ledger. The balance of each account in the General Ledger will be ascertained and written down — debit balances in one column and credit balances in the other. (It is debit balance if the debit side of the account exceeds the credit side, and vice versa). If the total of the debit balances is not equal to the total of the credit balances, a mistake or more than one mistake must have been made in the posting of the account balances. The mistake or mistakes must be found by checking the ascertainment of the balances, and, if necessary the posting of the entries in the General Ledger. Until this has been done and the mistake or mistakes have been corrected no further step can be taken.

MONTHLY ACCOUNT STATEMENT (FORM F-16)

104. The next step is to complete Form F-16 entering the total amount debited and the total amount credited to the account during the month — that is, excluding the balance of the account at the beginning of the month, if any, to the F-16 there are attached schedules relating to certain of the "total" accounts giving such details regarding the composition of the total debits and credits as Head Office may require.

105. In general it will be necessary to analyse total figures in all cases where the amount of a "total" estimate for the budget has been arrived at by adding separate estimates for individual items, or where, for any other reason. Head Office desire to have an analysis. For example, although the item "Administrative Expenses" appears as a single figure in the budget, Head Office will require the total figure of expenditure to be analysed as between the various items e.g. salaries, rent and printing etc. taken into account when the "total" budget figure for Administrative Expenses was arrived at.

106. No analysis will be required in connection with the following accounts unless Head Office ask for schedule, which they may do if the balance of the "total" amount is quite unexpectedly large, or for some other special reason:—

S.NO. Name of Account.

1. Cash.
2. Petty cash/standing imprest A/C.
3. Imprests Account.
4. Group Insurance premium deductions A/C.
5. Benevolent Fund. Account

However, subsidiary details of the analysis in respect of following accounts shall be required by Head Office:

S.NO.	Name of Account.	Remarks.
1.	All Bank accounts.	Relevant monthly Bank reconciliation statement in respect of each account maintained by field office to be attached).
2.	Head Office Current Account.	Breakup and details of the amount
3.	Employers in arrears Account.	Individual break-up of the arrears against each employers to be submitted in the form of schedule.

4.	Sundry Debtors Account.	Individual break-up to be shown in the schedule.
5.	Sundry Creditors Account.	—do—
6.	All advances A/C.	—do—
7.	Suspense Account.	—do—
8.	C.P. Fund Account of the employees.	Individual monthly deduction to be shown in the schedule.
9.	Other Accounts (etc.)	—
10.	Administrative Expenses A/C.	Individual break up of the expenses
11.	Medical Care Expense A/C.	—do—

107. When the Accounts Statement and the accompanying schedules have been completed the Accounts Officer will sign certificate in Part-I on the back of the F-16 and pass the same to the Audit Officer. *

BANK RECONCILIATION STATEMENT.

108. The difference between the totals of the "Bank" column on the debit and credit sides of the Cash Account will at any time indicate the balance which the Institution might expect to be standing to the credit of the Institution at the Bank: This balance will however, not necessarily correspond with the balance as shown in books of the bank. The Cash Account balance will be depleted every time a cheque is drawn in favour of a payee, but the account kept by the bank will remain unaffected until the cheque is presented to the bank for payment. Again, the bank may not give the Institution credit at once for cheques paid in, but the cashier will have taken credit for such transactions when he transferred the cheques to the bank.

109. Because of these and other circumstances there will usually be some divergence between the balance of the Cash account and balance as shown by the books of the bank, and at the end of any accounting period it is of great importance that any such divergence should be thoroughly investigated and the two balance, thus "reconciled". This duty will be performed by the Audit Officer concerned.

110. Because of these and other circumstances there will usually be some divergence between the balance of the Cash account and balance as shown by the books of the bank, and at the end of any accounting period it is of great importance that any such divergence should be thoroughly investigated and the two balance, thus "reconciled". This duty will be performed by the Audit Officer concerned.

111. Arrangements will, therefore, be made that the statement of account rendered to the Institution by the Bank at the end of each month should be sent direct to the Local Field Office Audit Officer who will there upon prepare a bank reconciliation statements in respect of all bank accounts and satisfy himself that it fully explain any difference between the balance of the Institution's account as given by the bank statement and the balance of the "Bank" columns of the Cash Account.

PROMPT PREPARATION AND DESPATCH OF MONTHLY ACCOUNTS STATEMENT (F-16).

112. In order to enable Head Office to prepare the consolidated monthly accounts statement relating to the month, the work of preparing examining and submitting the monthly accounts statement (F-16) should be so remained at each Local Field Office that the statement in question is received at the Head Office within 15 days at the most from the end of the month to which it relates.

7) END OF THE MONTH ACCOUNTING OPERATIONS AT HEAD OFFICE:

113. The Accounts Officer concerned at the Head Office has to deal not only with the transactions of the Head Office itself, but

also with the transactions of the Institution as a whole, and therefore, incorporate in the Head Office books of account transactions of the Local Field Office, as reported on the F as well as these of the Head Office itself.

114. During the month he (Accounts Officer concerned) post to the General Ledger the current transactions of the Office. At the beginning of the new month he will start on a page for each account, leaving space for the "brought forward balance from the previous month.

115. When each F-16 is received from a Local Field Office (Accounts Officer concerned) will also post the total debits and credits shown thereon direct to the accounts in the General Ledger relating to the old month, not forgetting to post to the relevant subsidiary ledgers the details in the various schedules submitted.

116. After completing the posting for all the local field of he (Accounts Officer concerned) will rule off each account ascertain the balance, inserting the figure in pencil at this stage will then check the correctness of his posting by taking out a Trial Balance. If it agrees, his next step will be to insert the balance of each account in ink, and carry it forward to the space he has for it at the beginning of the transaction for the new month. He then rule off the accounts as at the end of the month.

DISCREPANCY IN THE CURRENT ACCOUNTS:

117. When the Head Office Accounts Officer receives an F-16 from a Local Field Office, he will first ascertain that the balance of the Head Office Current Account as shown on the F-16 agree amount with the balance of the Current Account with the particular Local Field Office as shown in his own books (the one being, of course, a debit balance and the other a credit balance — see paragraph — 43. If there is a discrepancy, the cause will have to be ascertained and any mistake corrected.

118. If the discrepancy is due to a remittance having been sent from one of the two offices and not having been received by the other

office, and therefore, not having been recorded by the office, the matter will be adjusted by Head Office making an accounting transfer of the amount of the discrepancy (by means of Form F-9), debiting 'Remittances in Transit' Account and crediting the Local Office Current Account. This will remove the discrepancy whether the remittance has been made by the Local Field Office of Head Office or Vice Versa.

COST OF CONSUMPTION OF MEDICINES AND MEDICAL SUPPLIES:

119. In the beginning of the social security scheme, the cost of consumption of medicines and medical supplies used to be booked by the Head Office directly in the books of Head Office. On constitution of the various medical circles in the Institution from October, 1974, the cost of consumption of medicines and medical supplies are prepared, casted and accounted for by each circle including hospital at their level. No accounting involvement in respect of Head Office therefore, presently exists except that figure in respect of cost of consumption of medicines and medical supplies are reported by the field medical circles and hospitals in their monthly accounts statement (F-16) submitted to the Head Office for consolidation.

PROCEDURE FOR BOOKING OF COST OF CONSUMPTION AND MEDICAL SUPPLIES OF THE DISPENSARIES:

120. On constitution of the medical circles, the medicines including medical supplies are distributed to each dispensary on the basis of its requirement (i.e. strength of the workers attached with the dispensary). The record in respect of daily consumption of medicines and medical supplies is maintained by each dispensary in the "daily consumption register." At the end of the month, the store-keeper concerned used to draw-up a statement showing item-wise consumption of medicines and medical supplies during the relevant month. The consumed items of medicines will be casted (on the basis of its rates of purchase as shown in relevant invoice of the firm) and total cost of consumption is arrived at, by the dispensary concerned. This statement is forwarded to the medical circle con-

cerned where it is scrutinised by the S.M.O.'s Office and finally checked by the Audit Officer of the Circle. After it has been verified and checked by the S.M.O. Office and Audit Officer concerned, the cost of consumption of medicines will be booked in the books of accounts of the circle through accounting transfer voucher (F-9) as under:—

Debit Medical care Expenses A/C consumption of medicines

Credit Medicines and medical supplies purchase account.

PREPARATION OF TRIAL BALANCE AT THE END OF EACH MONTH.

121. When all the posting of old months' transaction to the General Ledger is complete, the correctness of the posting will be tested by the Accounts Officer concerned by taking out a trial balance. The trial balance which represent the transactions of the Head Office or Field Office (as the case may be), from the beginning of the financial year to the end of the month will then be summarised for the information of the Senior Officers concerned for the management of the affairs of the Institution. The similar information will be prepared by the Account Department, Head Office, in case, it is so desired by the Governing Body.

BRANCHES OF SOCIAL SECURITY:

122. The branches of Social Security referred to, in the Section 28(4) of the Ordinance are detailed in Rule-4(1) of the Social Security (Financial and Accounting) Rules. They are:—

- i) The Sickness, Maternity and Death Grant Branch;
- ii) Employment Injury Branch; and
- iii) The Medical Care Branch.

MONTHLY ACCOUNTS:

123. Rule—10 of the Financial and Accounting Rule prescribes form of annual accounts to be submitted. The accounts to be prepared and submitted at the end of each month during the financial year. Thus, the following accounts will be prepared for the purpose of giving in convenient form, a summary of the transaction of the Institution for the period in question:—

Analysed Expenditure Account for each of three Branches; an analysed administrative expenses account; an Income and Expenditure Account.

Capital Expenditure and Investment Account; and a Balance Sheet showing the assets and liabilities of the Institution at the end of the period.

The material for the preparation of these accounts will be obtained from the General Ledger and the relevant subsidiary ledgers.

SICKNESS, MATERNITY AND DEATH GRANT BRANCH EXPENDITURE ACCOUNT:

124. Sickness, Maternity and Death Grant Branch Expenditure Account — from the Cash Benefits Subsidiary Ledger.

EMPLOYMENT INJURY BRANCH EXPENDITURE A/C.

125. Employment Injury Branch Expenditure Account — from Cash Benefits Subsidiary Ledger.

MEDICAL CARE BRANCH EXPENDITURE ACCOUNT:

126. The subsidiary balances relating to this account will be taken, which will constitute the total expenditure relating to this account.

ADMINISTRATIVE EXPENSES ACCOUNT:

127. The subsidiary balance relating to this account will be taken, which will constitute the total expenditure relating to this account.

128. Income and Expenditure Account — The Expenditure side will show:—

- i) the expenditure in total for each of the three Branches; (as given in detail in the Branch Accounts);
- ii) the total of Administrative Expenses (as given in detail in the Administrative Expenses Account);
- (iii) Claims for unpaid contributions extinguished;
- iv) the balance of the account, representing surplus income.

The Income Side will show:—

- i) Ordinary Social Security Contribution (Article—20(1));
- ii) Increases in contributions for late payment, (Article—23(1) Items (i), (ii) and (iii) will be obtained from the Contributions (Subsidiary) Ledger;
- iii) Income from Investments and
- iv) Any other income.

129. CAPITAL EXPENDITURE AND INVESTMENT ACCOUNT:

These accounts will be shown on the debit side:—

- i) Investment Expenditure;
- ii) Medicines and Medical Supplies purchased;
- iii) Other Medical Care Capital Expenditure;
- iv) Capital expenditure other than in respect of Medical Care.

130. BALANCE SHEET:

The Assets side will show the debit balances not taken into Income and Expenditure Account. These will be grouped, fully in descending order of liquidity, as follows:—

- i) Cash
- ii) Bank Current Account Balances.
- iii) Bank Deposit Account Balances.
- iv) Contributions due from employers' in arrears.
- v) Imprests — Suspense Account balances and Remittances;
- vi) Any other Debtors.
- vii) Investments other than bank deposits;
- viii) Medicines and Medical Supplies etc; in hand (balance);
- ix) Office Furniture and Equipment;
- x) Medical Care Equipment and Appliances;
- xi) Any real estate acquired (Accounts).

The liabilities side will show the credit balances not taken into the Income and Expenditure Account. These will be grouped, fully in descending order of payability, as follows:

- i) Any Creditors or Suspense Account credit balances;
- ii) Amount of each of the three Social Security; Branch,
- iii) Reserves;
- iv) Amount of Bank Loan outstanding;
- v) Government Loan — amount outstanding;
- vi) Balance of the Social Security Fund Account, incorporating the balance of the Income and Expenditure Account.

(8) PREPARATION OF ANNUAL ACCOUNTS:

131. The operations to be carried out at the end of the last month of the financial year — which will result in the preparation of the annual accounts — will be identical with those explained in previous paragraphs 102–130 relating to the preparation of monthly accounts except that in addition certain “end of year” adjustments will require to be made. These are explained in the following paragraphs:—

STANDING IMPRESTS:

132. At the close of business on the last day of the financial year all holders of standing imprests will be requested to repay to the appropriate cashier, in cash, the unexpended balance of their standing imprest. The cashier will give a receipt and debit amount repaid in his cash book in the ordinary way. A fresh standing imprest will be issued at the beginning of the new financial year.

133. The payment made during the month out of the standing imprest will be debited, as is done at the end of any other month, to the appropriate expenditure accounts, but on this occasion the posting medium will be an accounting transfer authority (form F—9) by means of which the total of the payments made will be credited to the Petty Cash Standing Imprests Account instead of to cash. The unexpended balance of the standing imprest which has been repaid will also be posted to the credit of the same account, the debit being, of course, to cash Account, and the result will be that the balance of the Petty Cash Standing Imprests no Account at the field office will be extinguished. Thus, the credits notified to Head Office on the F—16's for the month will, when posted, have the effect of extinguishing the balance of the Petty Cash Standing Imprests Account at Head Office. Thus, no amount representing Petty Cash Imprests will appear on the Assets side of the Balance Sheet at the end of the year.

134. The purpose of this repayment of the balance of all standing imprests at the end of the year is to verify that the un-

ded balance remains in the possession of the imprest holder to provide an opportunity of reviewing the suitability of the use of the standing imprest before it is renewed at the beginning of the year.

DEPRECIATION:

135. The rates of the depreciation to be charged on the fixed assets are laid down in Rule-9 of the Financial and Accounting Regulations, as under:—

Building.	5% per annum
Office furniture and equipment.	6% per annum
Medical equipment	10% per annum
Motor Vehicles	20% per annum

or other rates as the Government may from time to time vary. Charges for depreciation will be made only at the end of the financial year and the rates shown above will be applied by the "straight line" method; that is, the given proportion of the cost price will be written off each year.

136. Where an asset is acquired in the course of a year a proportionate amount of the annual depreciation will be applied at the end of the year according to the number of complete quarter-years during which the asset has been in use.

137. The charge will be made by means of an accounting transfer authority (F-9) which will;

— Debit. Administrative expenses or Medical care expenditure as the case may require.

A N D

— Credit. Capital expenditure in respect of Administration or Medical Care as the case may require.

138. It should be noted that expenditure on maintenance, spare parts, repairs etc., must not be treated as addition to the value of the asset and must not therefore be charged to a capital account. The charge will be to Administrative Expenses on Medical Care Expenditure as appropriate.

139. In the interest of simplicity, minor items of Capital expenditure — i.e. individual items costing less than Rs. 100/200 having utility for a shorter period will be treated as revenue (that is non-capital) expenditure and debited to either Administrative Expenses or Medical Care Expenditure as appropriate. This will avoid the need for depreciation on the items in question as the whole of the expenditure will in effect, be written off in the first year.

ADJUSTMENT IN RESPECT OF MEDICINES AND MEDICAL SUPPLIES PURCHASE ACCOUNT:

140. At the end of 12 months (i.e. last month of the financial year) the adjustment in respect of Medicines and medical supplies purchase account will be verified through the stock taking reports received duly casted from the field unit and hospitals. It is the duty of the Accounts Department of Head Office to confirm the balance (s) of this account with relevant inventory received from the respective Medical Unit of the Institution. The minor differences appeared between ledger balances and inventory shall be adjusted considering the difference in the calculation of casting of consumption of medicines. However, the major difference if any, shall have to be investigated and an appropriate action taken in this regard.

141. Where there have been price changes affecting items purchased during the year and debited to the Medicines, medical supplies purchase account at the new prices there will almost certainly be a difference between the value of stocks in hand found as a result of stock taking and the balances carried down under Medicine and medical supplies purchase account after crediting the value of the amounts consumed during the year.

142. Any such difference will be adjusted, by means of an accounting transfer authority (F-9) crediting (or debiting) "Medicines and Medical Supplies Purchase Account" and debiting (or crediting) the Medical Care Branch Expenditure Account.

143. It should be noted that this adjustment will at the same time serve two essential purposes. First, it will have the effect of correcting the value at which the stocks in hand are shown at the end-of-year in the Balance Sheet, and at which, in consequence they are carried forward to the new year. Secondly, it will correct any overcharge or under-charge in the Medical Care Branch Expenditure Account for the cost of Medicines and Medical Supplies consumed during the year which may have resulted from valuing consumption during the year at the value fixed at the end of the preceding year.

RESERVES

144. The establishment and maintenance of the three Social Security Branch Reserves is dealt with in previous paragraphs 56 – 57. This is the next of the accounting operations to be performed at the end of each financial year before the annual accounts are prepared. Since these reserves can be set aside only out of surplus income after meeting the costs of benefits, including medical care and administration, including depreciation, interest and the repayment of loans, the necessary provision will be charged to the Income and Expenditure Accounts provided that the balance of that account is sufficient to cover the charge.

145. The amounts required for each of the three statutory reserves (whether to establish them in the first place or to maintain them by adding additional amounts as may be necessary to bring them up to the amounts required according to Rule-5 (3) of the Financial and Accounting Rules) will be transferred by means of Form F-9, as follows:—

- Debit. Income and Expenditure Account.
- Credit. Sickness, Maternity and Death Grant Branch Reserves.

Employment Injury Branch Reserve and Medical Care Branch Reserve.

146. The provision of reserves in respect of gratuity payable to the employees of the Institution at the time of leaving the services

will also be made by the Accounts Department (in consultation with Administration Department) at the end of financial year in every final account of the year.

INVESTMENTS

147. It is necessary to invest the amounts transferred to the reserves in order that they will earn interest, and thus increase the income of the Institution. Directions for investment will be given by means of a payment voucher (Form F-2) and the debit will be to Investments Account or Bank Deposits A/c. etc. as appropriate.

148. Any accounting adjustment necessitated by the results of the various stock takings that will be carried out at the end of the financial year, will then be made. Any shortages discovered for example, will be dealt with by an accounting transfer which will;

- Debit. Losses and Overpayments Suspense.
- Credit. The particular asset account e.g. Medical Supplies purchased etc.

ANNUAL ACCOUNTS:

149. When all the adjustments dealt with in paragraphs 131 to 148 have been posted to the General Ledger the way will then be clear for the preparation of the annual accounts, in the form prescribed in Rule-10 of the Financial and Accounting Rule which, required the preparation and submission of the following:

analysed Expenditure Accounts for each of the three of the Social Security Branches;

an analysed Administration Expenses Account; an Income and Expenditure Account;

a Capital Expenditure and Investment Account; and a Balance Sheet showing the assets and liabilities of the Institution at the end of the year.

9. EXTERNAL AUDIT

In accordance with the provision of Rule (11) of the Accounting Rules of the Institution, the accounts of the Institution have to be got audited by the External Auditors. The Auditors are appointed by the Governing Body for each year.

The final account along with the External Audit Reports is submitted for the approval of the Governing Body. In order to get the final accounts of the Institution, the Governing Body instructs the members to sign the Accounts for each financial year.

152 – 160 Vacant.

D ACCOUNTING (STORES).

DUTIES OF STORE-KEEPERS:

Non-medical goods will normally be delivered to and the stores of the Head Office or the field offices (as the case may be); while the medical supplies both consumable and non-consumable will normally be delivered to and sorted out at the Medical Stores of the field Circle Hospitals concerned.

From these Central Stores of the Circles, the medical supplies will be distributed to the dispensaries functioning under the supervision of the Medical Officer of the circle concerned. Delivery at each point/station will be by the store keeper (under the supervision of Medical Officer/ Medical Officer concerned will hold the key of the Store and will be responsible.

On taking delivery the (Store-keeper) will number the goods consecutively and write the number boldly on the invoice. He will check the goods for correctness of quantity and quality, and never, in order to avoid double handling of bulky goods, for other sufficient reason, the goods are delivered direct to the service requiring them, they will likewise be checked for correctness of quantity and quality and will report to the Incharge of the Circle Hospitals (as the case may be) the result of his check.

163. The Store-Keeper of the Dispensary concerned and Store-Keeper of the Circle (as the case may be) will be held personally responsible for:—

- (a) Checking all stores received against the relevant documents and reporting promptly, to the Incharge of the Dispensary or Circle Hospitals (as the case may be)
- (b) Maintaining a stock register is written up-to-date.
- (c) Ensuring that adequate precautions are taken to safeguard the stores against theft or fire;
- (d) Maintaining the Stores in good condition and avoiding lossess by waste or preventible deterioration.
- (e) Ensuring that no articles are moved from the store except with his knowledge and after the appropriate authority in writing has been given; (the loan of articles for private purposes is strictly prohibited);
- (f) Ensuring that issues are made only against Delivery Notes (Form F-13), prescriptions (Form M-4) or issue Notes (Form M-18) signed by officials authorised to sign them, and that the issues are acknowledged by the signatures of the persons to whom the issues are made;
- (g) Ensuring that every transaction appearing on any voucher or form relating to a movement of stores is entered in the Stock Register that all vouchers or forms are properly completed and that only the proper forms are used;
- (h) Obtaining the proper authority for a write-off before striking off charge any store lost, deficient or condemned; and
- (i) ensuring that stocks are kept within the limits of the normal requirements of the Institution and that stocks in excess of these requirements are not allowed to accumulate.

MAXIMUM AND MINIMUM LIMITS:

4. The Senior Medical Officers Incharge of the Circle or Male Medical Officer Incharge of the Dispensary, as the case may be, will notify to each storekeeper the maximum quantity of stock that should be held in the store and the minimum quantity which the stock held should not be allowed to fall. These maximum and minimum limits will be noted prominently on the stock register, and the storekeeper will be responsible for keeping the level of stocks and, it appears likely that any item will fall below the minimum permitted level, notifying to the concerned official in plenty of time to enable the stock to be replenished.

5. The Store-keepers concerned will periodically verify stock balances with stock register balances which should be at least once a month. They must at once report to the Incharge concerned excess or shortages or any damages, to the store.

HANDING OVER CERTIFICATES:

6. When it is necessary for a storekeeper to hand over his post he will agree with his successor the quantities of all items of stock of which is being transferred. Thereafter a Handing Over Certificate will be prepared in quadruplicate and all copies will be signed by both officials. Each official will retain one copy and one copy will be sent to the Incharge Dispensary concerned and Medical Officer Circle concerned for record. If necessary, a list of excesses and deficiencies will be prepared, signed by both officials and attached to the Handing Over Certificate, together with explanation by the officials who has handed over. In the case of a deficit, a coring will be sent to Medical Superintendent concerned for record.

LOSSES AND DEFICIENCIES:

7. Any Losses or deficiencies of stock, whether reported by storekeeper or ascertained when a Handing Over Certificate is prepared, or found as a result of periodical stock taking, or discovered in any other way, will be dealt with in accordance with the rules laid down in paragraph — 58 to 84 above. (see particularly paragraph — 81 to 83)

—(2) RECEIPT OF STORES:

ENTRY NOTE (FORM F-10)

168. On receipt of stores the, storekeeper of circle or Dispensary (as the case may be), will check the goods for correctness of quantity and quality. He will then there upon complete entry Note (Form F-10), for counter signature of Incharge concerned.

169. Entry Notes are supplied in triplicate, the second and third copies being completed by means of carbon paper. The last four columns on the right-hand side of the form, which are headed "FOR OFFICE USE ONLY" does not concern the suppliers and as the top copy is to serve as an acknowledgement of receipt, and will be sent to the supplier, the columns headed "FOR OFFICE USE ONLY" will be completed only on the second and third copies of the form.

170. Because the top copy is to serve as an acknowledgement of receipt, the storekeeper will insert on the form only the quantity received in good condition. When he has completed the top copy of the form — that is, without making any entries in the part marked "FOR OFFICE USE ONLY" — that storekeeper will sign the form, detach the top copy, draw a diagonal line on the top copy through the headings of the part marked "FOR OFFICE USE ONLY" and send the top copy to the supplier.

STORE CHARGE OR INVENTORY CHARGE:

171. The Store-keeper concerned will then enter the receipt of the goods on the appropriate page of relevant stock register. The consumable goods (i.e. goods to be issued for consumption like stationery or medicines) the receipt of the same will also be recorded on the relevant stock register. As regards, non-consumable stores i.e. goods to be held for use by the Institution and not issued for consumption like typewriter, the receipt will be entered in a dead stock register.

172. It is of the greatest importance that all goods acquired of whatever kind should be taken on store charge as soon as they are

ived. As a means of ensuring that this is done, the payment should not be authorised unless it has been ensured that the entry in the relevant stock register has been completed by the store-keeper/official concerned (as the case may be).

173. The stock register showing receipt, issued and balances for each item of medicines and so forth will be maintained by each dispensary circle & other individual offices of the Institution including the Head Office. After each entry, whether of a receipt or issue, a figure representing balance remaining will be calculated and entered at, in the register. The number of relevant entry notes/entry notes prescriptions, or Issue Note will be entered in the appropriate column of "Issues" for reference purposes. Similarly, the entry in respect of receipt of stores will be made in the stock register on the relevant page by giving reference of form F-10 or F-13 (as the case may be) by store-keeper/official concerned at individual offices.

REGISTERS TO BE MAINTAINED FOR NON-CONSUMABLE ITEMS:— INVENTORY BOOK/DEAD STOCK REGISTER.

174. The same procedure as laid down in para — 173 above, will be followed by the Store-keeper/official concerned of the field office (whether it may be case of dispensary or any local office). The register in the same proforma will also be maintained by the Store-keeper/Official concerned at each field unit including the Head Office for non-consumable items. If the Article or Articles are held for the time being, the Store-keeper/Official concerned will enter the number of goods on the receipt side of the register when issue of the same is required, the entry will be made on "Issues" side of the Dead Stock Register.

175. To avoid double receipt/accounting of the goods, for any reason, the Store Keeper/Official concerned will give appropriate reference in the register in question. This will minimize the chances of double accounting of the goods in the register.

176. Discard of a item, for any reason, will be authorised on a Delivery Note, and an appropriate entry will be made in the stock register indicating as "item discarded" written-off (as the case may be).

COMPLETION AND DISPOSAL OF COPIES OF ENTRY NOTE (FORM F-10)

177. Having taken the goods on store charge the storekeeper will then complete the second and third copies of the entry note, using carbon paper to obtain the third copy. He will enter the serial number of the invoice in the relevant page of the stock book on which the goods were taken on store charge. He will then file the third copy of the F-10 as his voucher for the entry, attach the invoice to the second copy, and the action for processing the payment.

PAYMENT FOR GOODS PURCHASED:

178. Receipt of the goods having been acknowledged and the goods having been taken on store charge — the store-keeper/official concerned will initiate the action for sanction and authorisation of payment.

(3) ISSUE OF STORES:

DELIVERY NOTE (FORM F-13)

179. All issues of consumable or non-consumable stores will be made by the store-keeper/official concerned on the authority of delivery note (F-13). Delivery Notes will be completed (in triplicate) by means of carbon paper and when the appropriate authorising officer has signed part-I of the form authorising the issue, all copies will be sent to the store-keeper for action. The store-keeper/official concerned will then issue the goods and record the issues in the relevant stock register. In order to have effective control in the issue of consumable and non-consumable items through delivery notes (F-13), following measures should be taken into consideration, by all concerned in the chain:—

The columns—3 and 4 of F—13 (Delivery Note) should be used for describing quantity of items "in words".

After completing all the entries in respect of goods a horizontal line should be drawn by the store-keeper at the place where entries in respect of supplies end, the total number of items be recorded in figures and words in all the three copies of the Delivery Note. The Incharge of the dispensary/circle of the office should also sign on F—13 at the end of the entries in respect of goods entered in the relevant Delivery Notes.

On receipt of original copy of F—13 duly acknowledged by the consignee, the store-keeper should attach original copy of delivery note (F—13) along with triplicate copy of F—13 already maintained by him so that complete record of issues be available at one place for checking purposes by Audit Officer concerned and others, when required.

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It will also be the duty of the Internal Auditor to ensure that checking of all items issued to, other unit through Form F—13 be carried out periodically with reference to the original and triplicate copy of this form already maintained by the store-keeper official concerned. This is necessary to ensure that goods issued have been correctly accounted for at both the places (i.e. in the books of consignor and consignee).

PROCEDURE RELATING TO DELIVERY NOTE (FORM — F—13).

The procedure relating to delivery note (F—13) has been in detail at para — 179 above. However, it is further that when the store-keeper has recorded the issue in stock register, he will complete and sign part—II of the note (F—13) and will deal with the three copies in the top copy and the second copy of the form will be

sent to the consignee concerned with the goods and third copy will be filed by him (storekeeper) as authority for entry of the issue recorded in the relevant stock register.

181. When the goods are received, the consignee will sign part—III of the top copy of the delivery note and return it to the storekeeper in token of having acknowledged the goods. The consignee will retain and file the second copy of the delivery notice as his authority for the entry which he will make when he takes the goods on charge.

ISSUES OF MEDICINES AND MEDICAL SUPPLIES FROM CENTRAL MEDICAL STORES:

182. The procedure for issue of goods from the consignor to the consignee has been explained in paras= 180 and 181 above. Similar procedure will be followed for issue of medicines and medical supplies from the Central Medical Store of the Circle concerned to the dispensaries/wards of the hospital (as the case may be). The issue of medicines will be authorised by a delivery note (F-13) and entries of all the issued items will be reported on relevant page of the stock register. The action relation to delivery note (F-13) will be the same as explained in paragraphs- 180 — 181

4. RECEIPTS AND ISSUE OF MEDICINES AND CONSUMABLE MEDICAL SUPPLIES AT DISPENSARIES:

R E C E I P T S:

183. After acknowledgement of the medicines on Form F-10 by Store-Keeper/official concerned at the circle/dispensary or wards (as the case may be), the official concerned has to record the items of medicines so received in the relevant stock register for which each page will be allocated to a particular item of medicine. Normally, the medicines are received by dispensaries from the Central Medical Store of the circle concerned through F-13. In case of hospitals, the medicines are issued from the main store of the hospital to the different wards through delivery note. (F-13).

184. The Store-keeper/official concerned after checking the consignment for correctness of quantity and quality will acknowledge the receipt (as explained in paragraph-181 above), by signing

returning to the consignor the top copy of F-13. He will insert the "Receipts" section of the stock register giving the serial number and reference of Delivery Note (F-13) accompanying the goods. I will file the second copy of F-13 in respect of entries entered in stock register.

ISSUES:

185. Issues to the secured persons or their dependents will be made by the dispenser concerned on the authority of prescription form M-4) individual's medical history books (as the case may be) issued by the Medical Officer/Lady Medical Officer of the dispensary concerned. Issues to staff members of the Institution for medical treatment purposes will be made on the authority of a issue note form M-18) signed by the authorised Medical Officer/Lady Medical Officer of the dispensary concerned. Each form will be receipted/acknowledged by the person to whom the issue was made.

186 The procedure for accounting/consumption of medicines issued to the workers/dependents is being accounted or in daily consumption register of medicines and medical supplies at each dispensary irrespective of its cost so as to have actual cost of consumption of medicines during the particular month.

187. The purpose and method of ascertaining the cost for a month or other period, of medicines and medical supplies consumed have been explained in the previous paragraphs. It will, however, be the duty of the dispenser/store-keeper concerned to compile a list of quantity of each item of medicines and medical consumed during the month or any required period for the purpose of its costing.

ACCOUNTING OF CONSUMPTION OF MEDICINES AND MEDICAL SUPPLIES:

188. As explained in previous paragraphs, the consumption statement of medicines and medical supplies for each month or period as required will be prepared by the dispenser/store-keeper concerned. This statement duly costed will be sent to the Incharge Circle concerned i.e. S.M.O. where it will be checked by him technically and its costing verified. The costing of the statement in question will also be verified by Internal Auditor posted at the circle. After his verification, the same will be passed on, to the Accounts

Department of the circle concerned for accounting purposes through accounting transfer (Form F-9) to be authorised by the Incharge concerned.

189. The procedure for the preparation of consumption statement of medicines by the dispenser/store-keeper concerned has been explained in previous paragraph. This procedure will equally apply in category "A" and "B" medicines.

190. Detailed procedure in respect of accounting of consumption of medicines has been laid down in the previous paragraph. Prior to the introduction of daily consumption register at the dispensaries, Form F-14 was prescribed in the instructions which has been discontinued on introduction of register regarding daily consumption of medicines at the dispensaries.

E STOCK TAKINGS:

191. The arrangements for the control of stores described in the preceding chapters of Part-IV of these staff instructions will be completed by physical checks, made at least once a year, independently of the store-keeper, M.O./L.M.O concerned of the existence of the stores, as indicated in the stock register for each items.

192. It is essential to ensure that all stocks or stores, whether held at the central medical store of the circle or dispensary, or other subsidiary office of the Institution, are verified by an annual stock taking. The stocktakings will take place as far as possible at the end of the financial year, and will be performed by staff other than the storekeeper/M.O./L.M.O. concerned so that verification of the existence of the stores for which they are responsible may be obtained independently. The staff of the Internal Audit Department may participate in the stocktaking. Whether or not this is arranged, the internal auditor will be responsible for satisfying himself that an independent verification is properly carried out.

193. Since the physical existence of each item of stocks or stores will be checked against the balance shown on the stock register relating to the item, it is necessary first of all to check the correctness of these balances. Irrespective of who performs the physical check of the stocks or stores themselves the accounting check of the stock register will be the responsibility of the internal audit.

After the balances shown on the stock register have thus checked, the amount of each item in the store will be counted/ or otherwise measured to see that it corresponds with the stated on the stock register for all the items.

STOCK TAKING BY THE END OF YEAR.

As the final accounts for the year cannot be prepared until the results of all the stocktakings are known, arrangements should be made to ensure that the work is completed by the end of the year.

In the case of the Central Medical Store and other large stores, it will almost certainly be impracticable, if the completion of all accounts is not to be delayed, to wait until the end of the year before commencing the stocktaking. In these cases, the work should be spread over as many of the last days or weeks of the year as is required in order to complete the task by the end of the year.

When this is necessary, the stocks of particular items, as at some date other than the end of the year, will be taken and when adjusted by adding receipts and deducting issues between that date and the end of the year, to be the verified balance as at that day of the year. In this way, the process of stocktaking can be spread over as long a period as is necessary for its efficient performance.

MONTHLY STOCK TAKING:

It will be necessary that medicines and medical supplies be taken at random at the dispensaries at the end of each month by a financial audit for the purpose of its correctness so that no difficulties are found while carrying out stock taking at the year end.

3. This special monthly stocktaking may, notwithstanding what is said in paragraph 192 above, be performed by the Internal Auditor with the assistance of Storekeeper/official concerned while the annual stock taking at the end of financial year be performed independently of the Storekeeper/Incharge of the stores as laid down in paragraph 192.

STOCK TAKING REPORTS AND SUBSEQUENT ACTION:

200. The officer concerned responsible for the annual stock taking will submit a report thereon in quadruplicate, sending copies to the Commissioner, Director Accounts, Director Audit and officer concerned to which the matter pertains. For example, the report in respect of annual stock taking of medicines will be submitted to the Commissioner, Director Accounts, Director Audit and the Medical Department Head Office or Senior Medical Officer (Purchases) at Head Office, as the case may be. Similarly, the annual stock taking report relating to the Administration Side will be submitted to the Commissioner, Director Accounts, Director Audit and Head of the Administration Department i.e. (Vice Commissioner or Director of Administration as the case may be), by Directorates and Head Office itself. Subsequent action in connection any shortages & excesses found at the respective unit or Head Office as the case may be; as a result of stock taking is dealt with at paragraphs 81 to 83. Further guidelines in this regard are given in the following paragraph.

201. The purpose behind annual (and bi-annual) stock taking will not be to only achieve by simple stereo type listing of stock items and comparing with stock registers and showing excesses, shortages or describing the items as "unserviceable". What is actually required is far more important than such stereo type listing of items? Briefly purposes of stock taking can be described as under:-

- (i) All the items of different type of stock should be physically checked and actual counting should be recorded by the stock taking committee which is more authentic than the final entry made by the keepers of stock ledgers.
- (ii) If any item is found unserviceable, this should immediately come to the notice of Administration of the concerned office and immediate steps should be taken by the concerned department to make the item re-useable before it gets further deteriorated and becomes useless. Such unserviceable items which cannot be repaired or their repair is uneconomical should be disposed off and the premises should be cleared of such junks.

iii) The items of medicines which have been expired should be got replaced by the suppliers of such items. If replacement of some item is not possible such medicine items should be destroyed ensuring prevention of the risk that expired medicine if used can harm the health instead of improving.

(iv) Actual causes of shortages should come to the light and any person who may be responsible for such losses should be put to task so that such shortages do not occur in future. (see paragraphs 69-83)

v) If all such purposes are served and proper actions are taken the foremost purpose of stock taking shall be to ensure correct financial position of the stock items and, therefore, whenever any discrepancy comes to the knowledge, the accounting action should be taken immediately so that the position of any type of stocks shown in the books of accounts should be real and not misleading to the extent that physical items have lost their value, but their cost in the accounts books remains at the same high value.

To achieve the above mentioned purposes, it will be duty of all concerned to take following actions immediately after Annual (Bi-annual) stock taking report:-

G. ITEMS REPORTED SHORT:

Actual causes of shortage should be investigated by the Over payments Investigation Committee of the respective immediately and they should also fix responsibility on member through whose negligence, the shortage has occurred. On the responsibility, steps for recovery of the cost of such items should be taken-up and in case recovery is not possible or the responsibility cannot be fixed on specific person or persons, the item should be recommended for write-off. On such recommendations, the item should be written-off from the respective stock ledger and relevant head and sub-head of accounts through Accounts Officer.

ii) EXPIRED MEDICINES:

Immediate efforts should be made to get the replacement of expired medicines from the concerned suppliers. This action should be taken in consultation with Medical Department, Head Office. In cases where replacement is not possible, a committee of 3 Members should be established at the concerned office for this special purpose who should destroy the expired items of medicines and such destruction should be certified. Such items should also be written-off from the relevant stock ledgers and cost of such items should also be written-off from the "Medicines and Medical Supplies Purchase Accounts" through accounts transfer entry.

iii) UNSERVICABLE ITEM.

Immediately after completion of the stock taking, the Losses & Overpayments Investigation Committee should be furnished with list of unserviceable items who should assess each and every item if it can be repaired conveniently and economically. For the items which are recommended "irreparable" the matter may be assigned to the Local Purchase Committee who should arrange disposal of these items and these should be auctioned according to "SESSI Acquisition of Supplies and Property Regulations". Then these items should be written-off from the relevant stock ledgers and the amount realised from the auction should be accounted for as "Miscellaneous Income" through accounts transfer entry.

F. ACCOUNTING OF PAYMENTS RELATING TO CIVIL WORKS:

203. All the civil works (construction works) involved at the Institution's Head Office, Directorates, Circles and Hospitals etc. will be carried out at Head Office level and payment of the bills will be processed by the Engineering Department Head Office. The same procedure as to the inviting of quotations/tenders and its consideration by the Central Purchase Committee Head Office (see paragraphs 62 to 71 Finance Code) will be followed in this regard.

204. Prior to award of any Contractor as to the civil work, the Engineering Department Head Office may consider the prequalification of Consultants and Contractors (as deemed necessary) keeping in view the interest of the Institution.

G. SPECIAL FEATURES OF MAINTENANCE OF ACCOUNTS AT THE HOSPITALS

205. The running bills/final bill of the Contractors will be first considered by the Consultants (if engaged for this job) and then by the Engineering Department Head Office from technical point of view. After its scrutiny by the Consultants and Engineering Department, the bills shall be routed through Audit Department Head Office for appropriate sanction etc. At the first instance, the running bills of the Contractors will be charged to "work in progress account" with relevant subsidiary account (i.e. name of the Project). After completion of job, the expenditure already charged to the "work in progress account" will be capitalized in the books of Head Office. For this recommendations of Engineering Department as to the completion of job will be required by the Accounts Department Head Office for effecting necessary accounting entry which will be as follows:-

— Debit	...	Fixed capital expenditure (Medical Care/Admn. as the case may be).
— Credit	...	Work in progress account. Relevant Job. Building

Note: The cost of land will separately be maintained project wise.

206. To be on safe side, it is advisable to adjust at least 10% security deposit from each running/final bill of the Contractors till the completion of the Project so that defects if any found during the maintenance period of the Project could be removed out of security deposit of the Contractors lying with the Institution. On the recommendations of the Engineering Department Head Office, the 10% of the total security deposit could however, be refunded to the Contractors (separately or with the final bill) whereas the remaining 90% security deposit to be released to the Contractors concerned after completion of the maintenance period as per Contract.

207. A register showing the complete records of immovable property (i.e. all Projects) indicating cost of lands, constructions, electric fittings, sanitary fittings and fixtures etc. will be maintained in the Engineering Department Head Office. Subsequent depreciation and Improvements if any, should also be recorded therein by the Engineering Department Head Office for the purpose of up-to-date formation of the Assets (Immovable Property).

208. General Instructions on the subject of Finance and Accounts for maintaining accounts at SESSI Hospitals shall be the same as contioned in the Staff Institutions. However, since the hospitals did not exist in the beginning of Social Security Scheme and there are some special aspects of the accounts of hospitals; following Instructions are added:

209. At OPD a general Registration record shall be maintained in which name and full particulars of the patients shall be recorded and serial number of this register will be allotted to every patient visiting the hospital for the first time.

210. After entry in the Registration record the number shall be permanently allotted to the patient and his OPD card shall be prepared specially quoting the Registration No. Simultaneously, a Registration card will be issued to the patient which will also mention his Registration number.

211. OPD Registers shall be maintained at each OPD of the hospital and the name of the patient, Registration No. and treatment advised shall be recorded.

212. In case where a patient is admitted, two Registers: Admission Register and Discharge Register will be maintained at each ward by the Sister Incharge of the Ward.

213. At Present then an form types of patients visiting SESSI hospitals and these form, OPD Cards of each type of patients should be in Heant colour be as Heant colour.

1. Secured persons and their dependents.
2. Staff members and their dependents employees of Social Security Institution.
3. Patients referred by organizations who have a contract with Social Security Institution for providing medical facilities and hospitalization on credit/billing basis.
4. Private patients coming to SESSI hospitals for treatment* hospitalization on each terms.

214. Expenditure statement sheet form F-15 should be attached with OPD cards of all categories of patients except category-1 (red persons and their dependents).

215. This expenditure statement should continue with the card wherever it goes and all the departments should fill in prescribed charges in this account statement form.

216. At the end of the month all OPD cards with which F-15 attached shall be submitted to the accounts department of the hospital where total expenditure incurred shall be calculated.

217. These accounts statement are not required to contain medicines prescribed for the patient.

218. Account of medicines prescribed for category-2 patients (members and their dependents) shall be maintained at OPD of the hospital separate from account of medicines issued to category-1 patients and accordingly cost of medicines issued to category-2 patients shall be incorporated separately in the Monthly Expenditure Report. The cost of medicines and medical supplies issued out will be debited to the respective field offices and Head Office on monthly basis for the medicines supplied to the employees Institution.

219. No medicine shall be issued from OPD store to category-3 and category-4 patients.

220. Cost of medicine issued to category-2, 3 and 4 patients when they are admitted in the hospital shall be incorporated on expenditure statements.

221. At discharge of a patient belonging to category 2, 3 and 4 expenditure statement and total expenditure incurred for category-2 patients shall be booked through F-9 under head 'Cost on Hospital Treatment to Staff'.

222. Accounts statement attached to category-3 patients shall be prepared and a bill on prescribed proforma shall be prepared and submitted to the organization concerned after booking the expenditure under "Accounts Receivable" account with Subsidiary Account of the organization concerned.

223. Accounts statement of category-4 patients shall be prepared and detailed bill on prescribed proforma shall be prepared showing amount of advance received and balance payable. This balance amount shall be received by the Cashier before patient leaving the hospital.

224. At the end of month a statement of fees admissible to Specialist Doctors and other staff of the hospitals shall be prepared showing therein patient-wise fees realized by category-4 patients.

225. Laboratory Test and X-Ray Test/Consultation charges not possible within the SESSI Hospitals should be referred to outside agencies. The patients of category 2 and 3 shall be asked to arrange such tests/consultations by paying to the outside agencies and such consultations and tests shall not be arranged by SESSI Hospitals on payment terms.

226. STAFF WELFARE FUND

A fund called "Hospital Staff Welfare Fund" is required to be maintained at K.V. Social Security SITE and S.S. Landhi Hospitals for welfare of the staff in the Hospitals.

2. This fund will be utilized for the welfare of the staff in the following proportion :-

- a) Staff of grade-16 and above. 25%
- b) Staff of grade-16 and below. 75%

3. The accounts will be operated as usual by the Medical Superintendent with the assistance of Accounts Officer and expenditure will be incurred by the Medical Superintendent after observing the Purchase Regulations of SESSI.

4. The item which will be generally covered for expenditure under the welfare fund are:-

- | | |
|---|---|
| a. Maintenance of Mess/Canteen/ and Recreation Room. | b. Purchase of cutlery, crockery linen, furniture and Common Room items etc. etc. |
| c. Immediate financial assistance to sub-ordinate staff in cases of genuine financial hardship either as out-right grant or loan. | d. Maintenance of Mosques. |
| | e. Any other item with the permission of the Commissioner. |

Voucher No. _____
Dated _____

PARTICULARS	Code No.	FOLIO			AMOUNT	
		C. B.	G. L.	S. L.	Rs.	P.s.
T _____						

1

Account Officer

BANK PAYMENT VOUCHER

Voucher No. _____

Dated _____

[illegible]

Paid in settlement of Bill/Inv. No. _____ Date _____ for the Month of _____

To M/s. _____

By Cheque No. _____ Date _____ P.T.C. _____

Accounts Officer

I certify that the amount payable, as stated in the voucher is according contract of or otherwise is fair and reasonable; that it is covered by provision in the budget for the current year, that the account to be debited is as stated overleaf and I authorise payment of the said amount of Rupees _____

(amount to be stated in words)

Date _____

Signature _____

Director/Deputy Director/Officer Incharge

I have checked the details and am satisfied as to the correctness and admissibility in all respects of the amount payable and the account to be debited

date _____

Signature_____

Audit Officer

(Printed Serial No)

RECEIPT FOR DEATH GRANT*/DISABLE-
MENTY*.

Name of Secured Person	Name of Payee (if not secured Person)	Amount Rs.

The payment of Death Grant*/Disablement amounting to (in words) Rs. mentioned payee.

..... (Signature)

I have received the payment authorised above and am satisfied with its correctness and admissibility in all respects.

..... (Signature)

Official Department

Payment has been made by cheque*/in cash* No.....

Amount payable has been entered on Form F-7 for this

Rs.

..... (Signature) Cashier

Deleted except where cheque is not sent by post)

On (date) by cheque in cash*

Rs. in the amount due as stated in

of Payee

*Delete whichever is inapplicable.

(Printed Serial No.)

RECEIPT FOR SOCIAL SECURITY CONTRIBUTIONS
RECEIVED TIMEOUSLY.

Month for which contributions paid.	Regd. No. of Employee	Name of Employer	Contributions payable under Section 20(1)	Amount of any increase imposed Under Section 25

I. Received from the employer named above the sum of made up as shown above

(Date) (Signature)

Cashier)

II. (Top copy of Form ends here)

Amount received, as above, has been entered on Form F-8, as Under :

Sheet No Entry (Signature) Cashier

III. Entry on F-8 approved and checked

Date) (Date) (Signature)

Internal Audit Department

Form F-4

	Employer	Contributions received.		Amount payable under Section 20(1)	Any increase under Section 26	Increase under Section 23(1)*	
(1)	(2)	(3)	(4)	(5)	(6) Rs.	(7) Rs.	(8) Rs.
95							

- I. Received from the employer named above the sum of
made up as shown above (Date) Signature
Cashier (Top copy of form ends here)

- II. Amount received, as stated in col. (9) above, has been entered in the Cash Book, as under :
Folio No. of Entry (Date)
Signature Cashier.

- III. Entry in Cash Book approved and checked, and credit of the same amount to the Employers in Arrears Control Account and to the account of the individual employer in the Employers in Arrears Ledger, approved (Dated) Signature Internal Audit Department

- IV. Amount received has been posted to the Ledger, as under :
Code No. of Account credited Folio No. of Entry
and in the Employers in Arrears Ledger, as under :—
Folio No. of Entry
(Dated) Signature Accountant.

Form F-5. *1/2% for each day late (see col. (5) of total of cols. (6) and (7))

SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION

(Printed Serial No.)

RECEIPT FORM

Received from Insurance Contributions)

Sum of Rs.

equivalent in cash / by money order in respect of

.....
Delete where inapplicable.
A copy ends here. Carbon duplicates show, in addition,
Accounting details

Received in Cash Book—Folio No. of entry
No. of account to be credited

..... (Date) Cashier
in Cash Book approved and checked, and credit of
it to account mentioned in II above approved.

(Dated) Internal Audit Department

Amount received has been posted to the General Ledger,
Entry :-

No. of A/c credited Folio No. of Entry
in Subsidiary Ledger No. Folio No. of Entry

..... Date Signature Accountant
(Carbon Copies) Delete if not required

CASHIER'S DAILY RECORD OF PAYMENTS OF CASH BENEFITS DATE SHEET NO.

No. of entry.	Name of Beneficiary	Reference to B-5 No. Line	Payment Voucher No.	Sickness Benefit (Injury)	Total Dis. Pension	Displacement Gratuity (Widow's Pension)	Needy Widower's Pension	Child's Pension	Parent's Pension	Total
Totals brought forward from previous sheets										

Form F-7. (Front)

- I. Benefits as above and on the previous sheets have been paid this day and the total amount has been credited in the Cash Book credit in the Cash Book as under :-

Folio No. of entry Date Signature Cashier

- II. The statement above and on the previous sheets and the above mentioned credit in the Cash Book have been checked against the beneficiaries receipts on the form B-5 or payment Vouchers. The total is approved for debit to the Benefits Account (Code No. 11) and the totals of the analysis columns for entry in the Benefits Ledger. Date Signature O Internal Audit Department

- III. The total amount has been posted to the General Ledger as under: and the totals of the analysis columns have been entered in the Benefits Ledger as under :-

Code No. of Account debited _____ No. of entry _____ Folio _____ No. of entry _____ Folio _____ No. of entry _____
Form F-7. (Back) Date _____ Signature _____ Accountant _____

Entry	Employer.	(1)	(2)	(3)	(4)	(5)	Rs.	able under Section 20(1).	of any increases imposed under Section 26	Rs.	(7)	Rs.	(8)

SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION

TRANSFER VOUCHER

Voucher No. _____

Dated _____

Reference of C-4 or other authority	PARTICULARS	Code No.	FOLIO		AMOUNT	
			G. L.	S. L.	Rs.	P.
	DEBIT					
	Total					
	CREDIT					
	Total					

Form F-9

Accounts Officer

Audit Officer

P. T.O.

(1) Where the amount of debit show on this voucher represent expenditure, I certify that it is covered by a provision in the current year's budget; that account to be debited is as stated, that amount Payable is according to contract or, is otherwise fair and reasonable and I have authorised the Payment.

(2) I authorise the accounting transfer.

Date

Signature

Dy /Director/Director

for pure accounting transfer at Headquarter :-

I authorise the accounting transfer.

Dy. Director Accounts

Auditors certificates in both cases :

I have checked the details and am satisfied as to correctness and admissibility in all respects of the amounts paid where it represent expenditure and I am satisfied about the correctness of these transfers.

Date

Audit Officer

Received from
the under mentioned goods.

Quantity. Weight, Volume, etc. (as appropri- ate)	Description of Goods.	FOR OFFICE USE ONLY			
		Serial No. of Invoice.	Code No. of Goods	No. of Stock Record Card	Folio Inventory Book

Date _____ Signature _____ Storekeeper

Form F-10

SIND EMPLO ES' SOCIAL SECURITY INSTITUTION

STOCK RECORD CARD

Description _____ Code No. _____

Maximum stock authorised _____

Minimum stock to be kept _____

Date	RECEIPTS		ISSUES		Balance
	No. of No. of Entry Note or Delivery	Quantity, Weight, Volume etc. as appropriate	No. of Delivery Note Pres- cription or Issue Note	Quantity, Weight, Volume, etc. as appropriate	Remaining

(Printed Serial No.)

RECEIPTS				ISSUE FROM STORE				Items Discarded				
No. of Entry.	Code No.	Quantity.	Description	Date of Receipt	Headquarters Store, or Office, etc. to which good consigned on receipt	Date	Quantity	No. of Delivery Note	To Whom Issued	Date	No. of Delivery Note authorising rising discard	How disposed of
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
103												

Form F-12

DELIVERY NOTE _____ Office _____

Quantity Weight, Volume, etc., (as appropriate)	Description	Code No. of goods	To whom to be issued

- I. I authorise the issues detailed above.
Date _____ Signature _____ Appropriate Authorising Officer
- II. Issue made and noted as under :—
No. of Entry _____ On Stock REcord _____
Card(s) Code No (s) Date Signature Storekeeper,
- III. Received the goods issued as detailed above, which have been taken on Store charge in Inventory Book, or on the Stock Record Card or MedicalStore Stock Sheet, as appropriate, relating to the respective Code Nos. of the goods.
Date _____ Signature _____

Note.—As soon as Part III has been signed, the top copy of the form containing the signature is to be returned to the sender.

Form F-13.

S. No:	Name of medicines or medical supplies item.	Page. of stock Register.	Opening Balance	Receipt during the month.	Total columns 4 + 5	Consumption.	Balance Column 6 - 7	Rate.	Cost.	Remarks:
1.	2.	3.	4.	5.	6.	7.				

TOTAL: _____

Signature of the Dispenser: _____

Signature of the Doctor I/c. _____

The statement has been checked by me through entries of stock ledgers and I have ascertained the rates and cost of medicines consumed. The total expenditure may please be booked by preparing F-9.

FORM F-14

AUDIT OFFICER

DISPENSARY/WARD _____ SHIFT _____ CIRCLE/HOSPITAL _____

STATEMENT OF CONSUMPTION AND END OF MONTH STOCK TAKING OF B CATEGORY ITEMS OF MEDICINES AND MEDICAL SUPPLIES FOR THE MONTH OF _____ 198 _____

S. No:	Name of medicines or Medical Supplied item	Page: of stocks Register.	Opening balance	Receipt during the month.	Total: * Balance on last date.	Consumption during the month.	Remarks.

SIGNATURE OF THE DISPENSER

The stock taking of all items available on _____ which are B-Category medicines and Medical supplies has been carried out under my supervision and I certify that the quantities arrived at in consumption during the month column are correct. These quantities have been incorporated in form F-14.

SIGNATURE OF THE DOCTOR INCHARGE

This form should be prepared in duplicate and one copy should be attached with Form F-14

Form F--14A

Statement of Mr./Mrs. _____ Staff Member
 or/Dependent/Employees of _____ Contract Co.
 _____ Cash Patient

ent _____
 n fee of _____ Date _____ Amount. _____

ies _____ @ from _____ to _____

Total Rs.

Charges Amount. initials.
 Test. _____

ssued from Ward.
 dicine. Quantity. Rate. Cost.

(R.M.O. Ward)

and Maternity.
 fee of Doctor. Fee of Aneasthatist. Total.

EXPENDITURE Rs. _____ to be debited to

Cost of Medical Treatment Staff
 Accounts Receiveable M/s
 Cash. _____

(Accounts Officer)

ase of debiting items 2 and 3 credit head of account will
 her income" I.P.D. or O.P.D.

cases of debiting item 1 the expenditure shall be under
 cines only and therefore credit head of account will be
 and Medical Supplies Purchase Account".

III. I certify :

- (1) that I have checked the accounts of the Local
 Office for the month of 196 with the vouchers
 and other documents relating thereto and, (subject to the
 observations contained in my report dated 196.,
 attached hereto* that the accounts are correct :-
- (2) that the statements of debits and credits given overleaf and
 on the schedules attached are correct; and
- (3) that I have prepared the Bank Reconciliation Statement
 shown in Part II, which I am satisfied gives a true re-
 conciliation of the Bank Statement dated 196
 as received from the Bank, with the balance of the Bank
 Current Account as shown overleaf.

DAte _____ Signature _____ Internal Audit Department _____

IV. Incorporation in the accounts of the Headquarters Office of
 the balances shown overleaf and on the schedules attached
 has been authorised on the attached Form F-9, No
 dated 196
 Head of Finance and Accounts Department.

Form F-16. *Delecte if inapplicable.

Serial No.	Name of secured person.	Social Security Number	Name of Agent	Benefit Code	Amount Rs. Ps.	Acknowledgement of receipt of amount shown in Colq (6) Signature or thumb-print	Date of payment	Reference to later unclaimed schedule.

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- I. I certify that the benefits stated on this schedule Serial No. and on the previous schedules remained unpaid at the end of the month of 196 and had been authorised within the last year. I attach the relevant B-5's, F-3's, and F-17's.
- (dated) (Signature) (Cashier)
- II. I have examined this schedule and the previous schedules with the relevant B-5's F-3's and F-17's, and am satisfied that the benefits stated thereon remain due for payment.
- (Dated) (Signature) (Internal Audity Department)

Form F-17.

SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION
TOTAL COST OF CONSUMPTION BY THE INSTITUTION
OF MEDICINES AND MEDICAL SUPPLIES DURING
THE MONTH OF _____ 196

I. Name of Dispensary, Clinic or other Unit.	Amounts brought forward from Part V of last sheet of Form F-14 submitted by each unit for the month.		
	Part I Rs.	Part II Rs.	Total Rs.
Total			

- II. The statement at I above for the Institution as a whole has been compiled from the statement in respect of each unit as shown in Part V of the last sheet of Form F-14 submitted by

the respective units for the month.

Date (Signature)
(F. and A. Department)

- III. The carry-forward, from Part V of the last sheet of Form F-14 submitted by each unit, of the amounts shown in I above, and the totals at the foot of I above, have been checked and are correct.
- (Date) (Signature) (Internal Audit Department)

- IV. The total at the foot of the "Total" column of I above has been entered on form F-9 No. with a view to transferring the amount from Medicines Supplies purchawd (A/c. No. 18) to Consumption of Medicines and Medical Supplies (A/c. No. 20).
- Date (Signature) (Accountant)

Form F.18.

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Name of Account	Total Debit	Total Credit	No. of Schedule containing details	No. of Account	Name of Account	No. of Schedule containing details
					totals (brought forward)	
Current A/c.						
Partners Current A/c.						
Salary Expenses						
Administrative Expenses						
Care Expenditure			Schedule 4			
Welfare and Recreation Expenditure			" 5			
Security Contribution			" 6			
			" 7			
Interest Income			" 8			
Benefits			" 10			
Dividends in Arrears			" 11			
			" 12			
			" 13			
			" 14			
Gratuity and Disallowance			" 15			
Cash Standing A/c.			" 27			
Overpayment A/c.			" 28			
			" 31			
			" 32			
			" 33			
A/c. (other than and Overpayment)			" 34			
			" 35			
			" 36			
Provisional Fund			" 37			
			" 40			
			" 46			
Trust Fund A/c.						
Advance A/c.						
Income Tax A/c.						
Interest A/c.						
General Suspense A/c.						
Outstanding Advance						
(brought forward)						

SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION

(ORIGINAL)
CREDIT NOTE

Financial Year _____

Dated _____

From : _____

TO : _____

PARTICULARS	AMOUNT		AMOUNT
	Rs.	Ps.	Rs. P.
We have credited your account on account of _____			

(Amount in words) _____			

Form F. 15 Account Officer Audit Officer Code

(Name of Office)

DESCRIPTION OR CODE NO OF DOCUMENT

Note.— A separate Receipts and Issues Account should be opened for each type of document to be controlled e.g., blank cheques, receipt forms (F-4, 5 or 6), entry notes (F-10), delivery notes (F-13) etc.

[illegible]

EDITED BY:

MR. S.M. MOIN QURESHI
Director public Relations,
Training and Research

PUBLISHED BY:

SIND EMPLOYEES' SOCIAL SECURITY INSTITUTION

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**SIND EMPLOYEES' SOCIAL
SECURITY INSTITUTION**

CODE OF STAFF INSTRUCTIONS

AUDIT DEPARTMENTION

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PREFACE

The codal instructions governing internal working of various sections of the Social Security Institution were drafted by foreign experts in 1966 i.e. before the inception of Social Security Scheme (1st March, 1967). Ever since then, radical changes have taken place in Social Security legislation (Ordinance, Rules and Regulations) which have rendered the codal instructions obsolete. Further, creation of some new departments and field offices in the Sind Employees' Social Security Institution have also warranted necessary amendments, alterations and additions to the Code.

A departmental committee was, therefore, constituted to go through various portions of the Code and suggest amendments after joint deliberations. The committee scrutinised each and every part of the Code and submitted its recommendations. Later, the amendments were scanned by the respective heads of departments. As a result of these concerted efforts, the Code of Staff Instructions has been revised for the first time during the past two decades.

The present book is the approved version of the revised Code of Staff Instructions. It deals with the working of Audit Department. It is hoped that with the revision of the Code, the working of the Institution would become smoother as chances of lapses, duplication, confusion, etc. now stand obviated.

BRIG (RTD) S. M. BAQAR NAQVI
Commissioner

5th January, 1985

STAFF INSTRUCTIONS

INTERNAL AUDIT

PART-I INSTRUCTION.

APPOINTMENT OF AN INTERNAL AUDITOR/ DIRECTOR AUDIT.

1. The appointment of an Internal Auditor/Director Audit is provided for in Section 32 (2) of the Ordinance, which also lays down that he shall "perform such duties and exercise such powers as may be provided by regulations".

DUTIES AND POWERS.

2. The regulations which lay down the duties and powers of the Internal Auditor/Director Audit are the Provincial Employees' Social Security (Internal Audit) Regulations, 1967.

INTERNAL AUDIT DEPARTMENT AND STAFF:

3. The Internal Auditor/Director Audit appointed under Section 32 (2) of the Ordinance shall act as the head of the Internal Audit Department (hereinafter referred to as the "I.A. Department"). He will be assisted by Audit Officers, some of whom will be stationed, as he himself will, at the Head Office and some at the Field Offices.

4. The staff of the I.A. Department stationed at the field offices will be responsible to the head of the field office concerned for discipline (attendance, leave, office conduct etc.) but to the Director of the I.A. Department for all matters relating to the technical side of the work and the manner in which they will carry out their Internal Audit duties. On these matters they will act only in accordance with instructions received from the Director of the I.A. Department or a deputy acting on his behalf.

AUDIT OFFICER'S DUTY TO EXAMINE AND REPORT.

5. The duty of an Audit Officer in general term, is to examine and report. Thus an Audit Officer will not be empowered to correct any mistakes which he may find, but only to point them out. Corrective action is the responsibility of the concerned Officer-in-Charge.

100% CHECKS:

6. Ideally the I.A. Department should check all transactions fully. This will be done over a large part of the field. All payments authorised on payment vouchers (Form F-1, F-2) will, for example, be fully checked for admissibility and correctness of amount by the I.A. Department before payment is made and all Cash Books will be subjected to a 100% check against vouchers for receipts and payments.

TEST CHECKS:

7. The volume of social security contributions collected and of cash benefits authorised being quite heavy to make a 100% check of correctness work be quite cumbersome. Hence it will be necessary to resort to audit by the method of "test checks" i.e. of a proportionate checking of the entire transactions.

8. An essential factor in carrying out audit by test checks, is, however, that the Audit Officer must have the opportunity of selecting from the whole field the individual items to be checked. Moreover, the proportion to be checked will not be a fixed one, but will be variable according to circumstances, including the time and staff available, and may, on occasion, actually be a 100% check, (see also, in this connection paragraph 28.)

9. Another factor is that the proportion being checked at any time, and any variation of the proportion from time to time, will be kept strictly secret within the I.A. Department so that the person whose work is being checked does not know what proportion is being checked at any time, or whether, indeed, all of the transactions are being checked.

STAFF INSTRUCTIONS EXCLUDE SECRET AND CONFIDENTIAL MATTERS:

10. In view of the factor mentioned in the previous paragraph and similar consideration affecting the aspects of the work of the

I.A. Department this Code of Staff Instructions for the I.A. Department will include all instructions which are to be kept secret or confidential within the Department. All such secret or confidential instructions will be issued separately by the Director of the I.A. Department to the staff concerned.

POWERS:

11. It is laid down in regulation 4 of the Internal Audit Regulation that:

"The Internal Auditor and any member of this staff shall have authority to inspect any accounts, records registers, statements, files, documents or other papers of the Institutions, irrespective of the department or official of the Institution in whose possession they may be, and without being required to state any reason why inspection of the said papers is desired.

Provided that no payment due to be made by the Institution shall be unreasonably delayed thereby".

12. These powers will be exercised with the utmost tact and discretion. They are laid down in the Regulations only to provide an ultimate sanction which can, if necessary, be invoked in the last resort if someone persists in an attempt to withhold any documents, etc. which a member of the I.A. Department desired to inspect. Members of the I.A. Department should not, however, refer to these powers unless all other methods of obtaining access to the documents, etc. have failed. In this connection the convenience of the officer who holds the documents, etc. which it is desired to inspect should always be respected and the Internal Audit staff should be prepared to wait for the documents if they are in action or are likely to be required for action in the immediate future.

Payment not to be delayed:

13. A further important consideration is mentioned in the proviso of the regulation quoted in paragraph 11 above, where it is laid down that no payment due to be made by the Institution shall be unreasonably delayed through documents, etc. having been referred to the Internal Audit. This requirement speaks for itself. Indeed, the duty of the Institution to make payments promptly must always be given priority over any requirement of the I.A. Department in the matter of inspecting papers or carrying out any other part of the work of the Internal Audit.

Actions and Queries:

14. If, in the course of his work, a member of the staff of the I.A. Department finds:

- any mistake; or
- any action or transaction which he thinks it desirable to question; or
- any transaction or action on which he requires more information than is contained in the relevant papers; or
- any matter on which he thinks it desirable to make an observation or comment; or
- any other matter which he desires to bring to notice,

he will, in writing, point out the mistake, raise the question, request further information or otherwise make his observation or comment.

15. Directions will be issued by the Director of the I.A. Department, and these may be varied from time to time, explaining whether, or in what circumstances, the queries, comments etc. referred to in the preceding paragraph will be sent in the first place to the Director or sent directly to the Head of the Department concerned (at Head Office or the field office) as the case may be.

Register of Queries etc.:

16. Each member of the I.A. Department staff will keep a register of queries, comments, etc. raised by him, and will be responsible for seeing that each one is duly cleared. When clearance takes place he will note against the item in the register:

- the decision which clears the item;
- the date of the decision; and
- by whom the decision was given.

17. In any event, the register will be reviewed on 31st March of each year and reminders will be sent in respect of any item which at that date, has been outstanding for at least one month. A similar review will be made on 30th April and 31st May of each year in order to ensure, as far as possible, that all items are cleared before the end of the financial year.

External Auditor:

18. The Ordinance provides also that the accounts of the Institution shall be audited by an External Auditor appointed by Government. The staff of the I.A. Department will at all times accord friendly cooperation to the External Auditor and his staff and make available, on request, to any member of the External Audit staff, the Registers of Queries etc. referred to in paragraph 16. Both External Audit and Internal Audit have the same purpose i.e. to ensure the correctness in all respects of the Institution's accounts and each will help the other whenever possible.

PART II – DUTIES

(1) FOREWORD

19. The principal duties to be performed by the Internal Auditor and his staff are laid down in paragraphs (a) to (e) of regulation 3 of the Internal Audit Regulations. In addition, paragraph (f) of regulation 3 adds:-

“such other duties as the Governing Body or the Commissioner may from time to time require”.

20. This part of the Internal Audit Staff Instructions will deal with the specific duties stated in paragraphs (a) to (e) of regulation 3, and also a number of other duties covered by the comprehensive wording of paragraph (f).

21. As these staff Instructions are issued by the Commissioner, inclusion of these other duties in the staff Instructions is the means by which the Commissioner “requires” the duties in question to be performed.

(2) PAYMENTS.

Pre-payment check of payments authorised on Payment Vouchers:

22. There are three types of Payment Voucher, each to be completed in duplicate, on which payments will be authorised:-

Form F-1 for goods purchased;

Form F-2 for payments other than for benefits or goods purchased

Form B-5 for payments of Death Grant or Disablement Gratuity

23. In each case the Payment Voucher will be passed, in duplicate (except B-5) to the Internal Auditor, at Head Office or a full office, as the case may be, after the payment has been authorised, and the Internal Auditor will examine the proposed payment from the point of view of:-

Proper completion of the parts of the form preceding that for the Internal Auditor's certificate: admissibility of the payment; provision in the budget; correctness of the amount; and correctness of the account to be debited.

The Internal Auditor will then sign the internal audit certificate on the payment voucher and pass both copies of the payment voucher to the cashier for payment to be made.

Payments not authorised on Payment Vouchers:

24. Payments under Rs. 50/- which are made out of Petty Cash do not require to be authorised on payment vouchers, and therefore will not be subjected to pre-payment audit. When however, usually at the end of a month, the petty cash holder submits vouchers for his disbursements and reimbursement will be authorised on a Payment Voucher (Form F-2) which will be subjected to pre-payment audit as explained in the proceeding paragraph.

25. The only other class of payment not authorised on payment vouchers is the very numerous and important class represented by payments of cash benefits.

Payment of Cash Benefits

26. The procedure under which payments of this class will be made is explained in paragraphs 21-25 of the Finance & Accounts Staff Instructions. The first time the Internal Auditor will see the payments is when the "Cashier's Daily Record of payments of cash Benefits" Form F-7, in duplicate, is passed to him together with the forms B-5 authorising the payments, and any B-18's authorising payment to an agent of the beneficiary.

27. The Internal Auditor will:-

satisfy himself that he has received one or more F-7's for every day on which payments of cash benefit have been made; satisfy himself that all the F-7's used on any particular day have been passed to him (these two requirements are important in view of paragraph 8 above); check the entries on the F-7's form the vouchers submitted therewith; check the addition of the F-7's check the credit in the Cash Book of the total of the payment made during the day; select from the F-7's for subsequent check of admissibility and correctness, an appropriate number of the payment; sign the certificate in Part II of the last sheet of the F-7's for the day; pass the top copies of the F-7 to the Accounts officer together with the B-5's and B-18's which he received to support the entries on the F-7's; and pass the duplicate copies of the F-7 to the cashier.

28. The proportion to be test-checked will be determined by the Director of the I.A. Department from time to time and this proportion may be varied at any time. In order to conceal from the S.S.O. (Benefit) knowledge of the awards which he has selected for detailed check, the Internal Auditor will call for the claim wallets (Form B-1) relating to all the claims paid as shown on the F-7 (or to subject to detailed check, including, of course, those to be checked). With regard to those selected for check he will examine the claim and the evidence contained in the Claim Wallet, and any other supporting documents, and will satisfy himself that the benefit is admissible under the Ordinance, the Rules and Regulations made thereunder, and any relevant provisions of Staff Instructions, and that the amount of the benefit is correct.

Selection of cases for subsequent detailed check:

29. Instruction on the important matter of selecting cases for test-check whether in connection with payments, receipts or any other field of audit are contained in Section (4) of this part of the Internal Audit Staff Instructions.

(3) INCOME

General:

30. This part of the duties of the Internal Auditor calls for special alertness of mind and the exercise of imagination, since with regard to income the auditor should always bear in mind that the

important factor is not the income which is received but the income which is not received but should be. This it is particularly important that a routine attitude to this part of the audit should be avoided.

31. The possibility of fraud is usually greater in connection with receipts than in connection with expenditure and the Auditor should endeavour to view the situation from the point of view of the person fraudulently inclined. He will thus best be able to assess the value of the safeguards provided by the existing arrangements and practice.

32. One of the more obvious methods of obtaining money due to the Institution but not bringing it to account is to obtain possession of official receipt forms otherwise than forms paid currently in use and to use them as the receipts for the income to be stolen. Thus control of receipt forms should be watertight and the Auditor should give high priority to tests of the Register of controlled Documents-see paragraphs 92-93

Receipts Forms:

33. As regards the income which has in fact been received, the voucher for the entry in the cash book and the other books of account will be the form of acknowledgement of receipt (subsequently referred to as the "receipt form").

34 There are three types of receipt forms:-

F-4 – Receipt for Social Security Contribution received in time

F-5 – Receipt for Social Security Contribution received late;

F-6 – Receipt for any other kind of income:

All of these will be completed in triplicate, and the Accounts officer will countersign all the three copies before the duplicate and triplicate copies are seen by the Internal Auditor.

The cashier will give or send to the payer top copy of each of these forms. The other copies of the forms will be dealt with as under.

Form F-4:

35. The cashier will enter the amounts received, as shown on the F-4's on Form F-8, "Cashier's Daily Record of Contributions received in time" which he will fill up in duplicate by means of carbon paper. At the end of the day the cashier will complete the F-8 as laid down in paragraph 33-34 the Finance and Accounts Staff Instructions and pass both the copies of the F-8, together with the second and third copies of the F-4's to the Internal Auditor.

36. The Internal Auditor will:

satisfy himself that he has received one or more F-8's for every day on which any contributions were received in. Satisfy himself that all the F-8's completed on any particular day have been passed to him; check that the sequence of the serial number of the F-4's is unbroken; check from the F-4's the entries on the F-8's; check that all the contributions entered on the F-8's have been received in time; check the additions on the F-8's; check the debit of the total for the day in the Cash Book; select from the F-8's for subsequent check of correctness of amount, an appropriate number of receipts from employers; sign the certificate in part II of the last sheet of the F-8's for the day; pass to the Accounts officer the top copies of the F-8's and the duplicate of the F-4's. pass back to the cashier the duplicate copy of the F-8's and the triplicate of the F-4's.

Form F-5:

37. When the second and third copies of the F-5 are passed to the Internal Auditor he will:-

check that the sequence of the serial numbers of the F-5's is unbroken; check the debit in the Cash book; check the entries in the tabular statement at the top of the form; select from the F-5's, for subsequent check of correctness of amount, and appropriate number of amounts received; sign the certificate in Part III of the form; pass the second copy of the F-5 to the Accounts officer; and return the third copy of the F-5 to the Cashier.

Form F-6:

38. When the second and third copies of the F-6 are passed to the Auditor Office he will:-

check that the sequence of the serial numbers of the F-6's is unbroken; check the debit in the Cash Book; check the correctness of the amount received; check that the correct amount to

be credited has been stated in Part III of the F-6; sign the certificate in Part-III of the form; pass the second copy of the F-6 to the Accounts officer; and return the third copy to the cashier.

Contribution received late:

39. The credit referred to in part III of the F-5 — to the Employers-in-Arrears Control Account (and to the account of the individual employers in the Employers-in-Arrears Ledger) — will clear, in whole or part, the debit that will have been made when the contribution due from the employer for any month had not been received in time

40. As laid down in paragraph 94— 96 of the Finance and Accounts Staff Instructions, the arrears will be notified to the Accounts officer by the Contribution Section of the local Directorate on Form C-4, and the resulting Accounting Transfer Authority form F- (9) which the Accounts Officer will prepare, for signature by the Local Director — see paragraph 349-351 of the Finance and Accounts Staff Instructions — will be passed, with the C-4 attached, to the Audit.

41. The Audit Officer will examine the proposed accounting transfer and, if satisfied will sign the certificate in part II of the F-9 and pass the F-9, with the C-4 attached, back to the Accounts Officer for action.

Other uses of Form C-4:

42. Form C-4, in addition to being used by the Contribution Section of a local Officer to notify to the Accounts Officer, in part I of the form, cases where contributions have not been received in time will also be used to notify to the Accounts Officer in part II of the form, all other cases where for any reason additional amounts are found to be due from an employer.

43. As in cases where the Accounts Officer receives a notification in part I of the C-4, he will, on receiving a notification in part II of the form, prepare F-9 for the necessary accounting transfer.

44. The F-9 will be passed, with the C-4 attached, to the Audit Officer who will examine the proposed transfer and, if satisfied, will sign the certificate in part II of the F-9 and pass the F-9 with the C-4 attached back to the Accounts Officer for action.

45. It will be an important part of the duties of the Audit Officer to see that Contribution Section notifies to the Accounts Officer on a C-4, all arrears (approximate amount if the exact amount cannot be determined) and all the other cases where for any reason it is discovered that additional sums in respect of contributions are due from an employer.

Selection of cases for subsequent detailed check:

46. Instructions on the important matter of selecting cases for test-check whether of correctness of the amount of contributions received, or of other receipts, or payments, or any other field of audit, are contained in section (4) of this part of the Internal Audit.

(4) Selection of cases for Text-Check.

47. The selection of cases for detailed check of a proportion of the whole field is one of the most important parts of the Audit Officer work, and affords scope for the exercise of imagination, and demonstration of that flair for detecting, by a kind of sixth sense, mistakes of principles or practice which all Auditors should try to develop.

Method of Selection:-

48. The simplest method of selection, but one which does not bring into play the qualities referred to in the preceding paragraph, is to make a completely random selection of the items by taking every fifth, or tenth etc. item according to the proportion to be checked.

49. A second method is to concentrate on certain types of transactions and choose more of these types than of other types. As regards awards of benefit, attention would be concentrated on these types of award which previous experience had indicated as most likely to show errors or to be of doubtful admissibility.

50. As regard the check of contributions, selection under this method would be concentrated on those employers whose payrolls or contribution schedules have given rise to queries in the past, or whose attitude to the social security scheme suggests that they would be likely to take advantage of every opportunity, legitimate or otherwise of limiting their liability for contribution.

51. If this so-called second method is adopted, a higher proportion of some types of benefit award than of other would be selected, and in checking contributions, selection would be applied to a higher proportion of same kinds of employers than others. These proportions could be varied as circumstances indicated to be desirable increased where mistakes are found to be frequent and decreased where mistakes are found to be few — and special attention then diverted to other types of benefit or of employer.

52. A third method is to plan the work in advance so as to ensure that by selecting different types of transaction for examination in successive weeks or months the whole field will be covered in the course of a definite period, say, six months or a year.

53. This is perhaps the method which produces the most reliable audit. The whole field is covered by test-check at some time during the year or other period, and subject to this being done, there will be plenty of scope for examining some parts of the field more intensively than other parts.

Dangers:

54. There are dangers which must be guarded against in both the 100 per cent check and the method of audit by selective tests. In the case of the former the danger is that the performance day by day of a check of every item may tend to become a matter of unimaginative routine, and that as a consequence important general aspects indicating weaknesses may be missed. The Audit Officer may see only the trees and miss the forest.

55. The main danger in the method of selective tests is, of course, that errors or frauds may slip through among the items not examined. This danger can to some extent be lessened by keeping secret the percentage being examined — it will be remembered that in any event the Audit Officer must receive all the documents to be tested (see paragraphs 8 and 28) by varying this percentage from time to time, and by placing greatest reliance on this so-called third method of selection mentioned in paragraph 52.

56. Given that the limited Internal Audit staff available renders impossible a 100% check of all transactions, the application of selective test will make the best use of the audit staff available. If wisdom and shrewdness are shown in the selection of items for examination and if the examinations are carried out with alertness and imagination, the effectiveness of the audit should be at the maximum.

(5) STORE RECORDS.

One of the duties laid for the Audit Officer under the Internal Audit Regulations is to satisfy himself, by test-checks or otherwise, that the records of the receipt and issue of stores are correct and that annual stocktaking has been properly performed.

STORES ACCOUNTING SYSTEM.

The system of accounting for the receipt and issue of stores in quantities only is laid down in paragraphs 168-187 of the Finance and Accounts Staff Instructions.

STOCK REGISTERS.

Two separate Stock Registers Form F-12 are maintained to record receipts and issues of consumable and non consumable items.

Receipts of stores from outside the Institution are vouched by an Entry Note (Form F-10). Issues of stores are vouched by either a Delivery Note (Form F-13) or, for issues of medicines or medical supplies under the arrangement for the provision of medical care, a prescription (Form M-4) in the case of issues to secured persons, and Issue Note (Form M-18) in the case of issues to doctors, nurses, midwives, etc.

In the case of internal transfers of stores from the Central Medical Store to a dispensary, for example a Delivery Note (Form F-13) vouches both the issue from the one stores and the receipt by the other: the top copy, when returned to the sender receipted by the receiver, acts as the voucher for the issue, and the second copy, to be retained by the receiver, acts as the voucher for the receipt.

To avoid pilferage of Medicines necessarily and Medical supplies (which are generally generally issued in bulk) it is to received quantity of items of Medicines or Medical supplies in words also in form F-B (Delivery rate) the store keeper issuing such document.

RECEIPT OF STORES

The principal duty of the Audit Officer in connection with the receipt of stores is to see that all stores received, of every kind, are properly taken on store charge that is, entered in an Inventory Book.

As receipt will usually be in bulk and will take place at infrequent intervals, this part of the work all consist of a 100% check. It will be noted, moreover, that as the main purpose of the check to see that all stores receipts have been properly taken on charge, the check will be from Entry Note (or Delivery Notes in the case of Internal transfers of stores) to Inventory Book and not from the Inventory Book to the voucher.

(5) STORE RECORDS

57. One of the duties laid fro the Auditor Officer by the Internal Audit Regulations is to satisfy himself, by test-checks or otherwise, that therecords of the receipt and issue of stores are correct and that annual stocktaking has been properly performed.

Stores Accounting System:

58. The system of accounting for the receipt and issue of stores in quantities only-is laid down in paragraphs 246-338 of the Finance and Accounts Staff Instructions.

Stock Record Card and Inventory Book:

59. Two separate Stock Registers form F-12 are maintained to record receipts and issues of consumable and non consumable items.

60. Receipts of stores from outside the Institution are vouched by an Entry Note (Form F-10). Issues of stores are vouchd by either a Delivery Note (Form F-13) or, for issues of medicines or medical supplies under the arrangement for the provision of medical care, a prescription (Form M-4) in the case of issues to secured persons, and an Issue Note (Form M-18) in the case of issues to doctors, nurses, midwives, etc.

61. In the case of internal transfers of stores-from the Central Medical Store to a dispensary, for example a Delivery-Note (Form F-13) vouches both the issue from the one store and the receipt by the other; the top copy, when returned to the sender receipted by the receiver, acts as the voucher for the issue, and the second copy, to be retained by the receiver, acts as the voucher for the receipt.

Receipt of Stores:

62. The principal duty of the Audit Officer in connection with the receipt of stores is to see that all stores received, of every kind, are properly taken on store charge that is, entered in an Inventory Book.

63. As receipt will usually be in bulk and will take place at infrequent intervals, this part of the work will consist of a 100% check. It will be noted, moreover, that as the main purpose of the check to see that all stores received have been properly taken on charge, the check will be from Entry Note (or Delivery Notes in the case of internal transfers of stores) to the Inventory Book and not from the Inventory Book to the voucher.

64. It will further be noted that the Auditor Officer will not complete the the pre-payment audit of payments for goods purchased until he has checked that the goods for which payment to be made have been duly taken on store charge, since the certificate in party IV of the payment voucher, form F-2, F-10 which the Audit Officer required to sign, includes a statement that he has checked the record of store charge.

Issues of Stores:

65. The Auditor Officer will apply a 100% check to the record of all issues of stores which are authorised by means of a Delivery Note (Form F-13).

Medicines and Consumable Medical Supplies:

66. As explained in the Finance and Accounts Staff Instructions, medicines and consumable medical supplies will be divided into two categories:

Category A: expensive and dangerous items; and
Category B: all other items.

The distinction affects the stores accounting at dispensaries. As regards category A items, receipts and issues will be recorded on Stock Register. As regards category B items, receipts will be recorded on Stock Register but no record of individual issues will be made.

67. Issues of category A items at dispensaries will be authorised by either Prescriptions or Issue Notes, the former for issues to secured persons or other dependents, and the latter to doctors, nurses etc. As category A items, by definition, are the items which require specially strict control, the Auditor Officer will perform a 100% check of the record of issues Receipts of both category A and Category B items will, in any case, be subjected to a 100% check under paragraph 63 above.

68. As stated in para 66 above, no record will be made of individual issues of Category B items. Consumption of category B items will be ascertained by taking stock of all such items, at the end of each month and subtracting the closing stock, as so ascertained from the closing stock at the end of the previous month, plus any receipts during the month.

Note: The provision as contained in Arts 66 to 68 above of these strictness regarding accounting of category 'A' and 'B' medicines are not presently in operation but all the medicines have issued in the registers of these hospitals are accounted for in the consignment registers maintained as the dispensaries of the Institution including hospitals.

Stocktaking:

69. Apart from the monthly stocktaking of category B items of medicines and medical supplies referred to in the preceding paragraph, which may be performed by the dispenser-see paragraph- 70

70. Of the Finance and Accounts staff Instructions-annual stocktakings of all stores at the end of each financial year will be required. The essential factor is that whoever performs these annual stocktakings, the storekeeper at hospitals or dispenser at dispensaries should not be allowed to take part.

Responsibility of the Internal Auditor:

71. In the case of all items except Category B medicines and medical supplies the balance to be verified by a physical count will be shown in an Inventory Book. Unless the arithmetical correctness of the last balance shown has been checked in conjunction with the check of the last entry of a receipt or an issue, the Audit Officer will satisfy himself, before the stocktaking commences, that the balance shown is arithmetically correct.

72. The Audit Officer may or may not be required to assist in the operation of physical counting, weighing etc. the stores, according to whether other staff are available. Whether the Audit Officer himself takes part or not, his responsibility is to satisfy himself that a proper stocking is carried out independently of the storekeeper or dispenser.

Audit at Dispensaries and Hospitals:

73. Internal Audit work which has to be carried out at Hospitals/Dispensaries will be performed by the Internal Audit staff.

(6) ACCOUNTING CONTROLS AND SAFEGUARDS AGAINST ERRORS OR FRAUD

Code of Staff Instructions:

74. One of the duties to be performed by the Audit Officer as laid down in regulation 3 (e) of the Internal Audit Regulation is:

“(a) to check that the directions contained in the code of staff instructions, particularly those designed to facilitate accounting controls or provide safeguards against error, fraud or other malpractice, are continuously observed and intelligently carried out”.

75. This is a far-reaching provision and covers the whole field of Staff Instructions, those dealing with Administration, Registration, Contribution, Benefits, Dispensaries and Hospitals as well as Finance and Accounts.

76. Every detail of all of these instruction is included for a purpose and it will be the duty of all members of the Internal Audit staff to see that every such detail is "continuously observed and intelligently carried out", and to report any cases where an instruction is ignored or wrongly applied.

77. The Codes of Staff Instructions are not necessarily fixed for all time. On the contrary, it is expected that they will be continually improved by amendment. The Audit Officer will play an important part in this process by reporting as directed in the preceding paragraph. It may be that the particular provision which is being ignored or wrongly applied requires deletion or amendment and the action of the Audit Officer will facilitate this process.

Internal Audit staff to function as Critics:

78. Apart from reporting infringement of staff instructions every member of the Internal Audit staff is expected to look with a critical eye at the procedures and controls laid down and to report any weakness of organization or control, any unnecessary or ineffective provision, or any wasteful administration that he may find.

79. In addition to reporting as laid down in the preceding paragraph, members of the Internal Audit staff are encouraged to propose any amendments of procedure by which the defect reported upon might be remedied and the efficiency of administration increased.

Accounting Controls:

80. The remainder of this section will deal with the accounting controls provided for in the Finance and Accounts Staff Instructions and the duties of the Audit Officer connection therewith

Cash:

81. Not the least important of the accounting controls provided is control of the cashier by means of the Cash Account kept by the Accounts Officer independently of the cashier, and posted from carbon copies of forms of receipt and payment vouchers. It will be the duty of the Audit Officer to see that no divergence arises between this account and the Cash book kept by the cashier.

82. As regards the Bank columns of the cash account, an additional safeguard is provided by the arrangements whereby the statement of account prepared by the bank at the end of the month is sent direct to the Audit Officer, who himself prepares the Bank Reconciliation Statement, see paragraph 108-111 below.

Supervisory check:

83. As regards cash, the sum held by the cashier in his safe, together with any cheques or other instruments received by him but not yet paid into the bank or otherwise disposed of (see paragraph 65 of the Finance and Accounts Staff Instructions) should at any time correspond with the balance as shown by the cash columns of the Cash Book. It will be one of the duties of the Audit Officer, to make occasional surprise inspections of the contents of the safe to verify that this is so.

84. In connection with these surprise counts of the contents of the safe it is not sufficient merely to check that contents of the correspond with the balance as shown by the cash column of the cash book. It is of equal importance to check that the balance of the cash book is what it ought to be that is, that all income has been accounted for in the cash book (there must be no gap, for example, in the printed serial numbers of the forms of receipts) that every payment is adequately vouched, and that the addition of the cash columns is correct. A fraudulent cashier would be likely to make certain by one device or another that on the face of it the cash book was correct and that the balance of cash cheques, etc. in the safe corresponded exactly with the balance as shown by the cash book.

Social Security Contributions in Arrears:

85. This subject is dealt with in paragraphs 87-100 of the Finance and Accounts staff Instructions. The principal duty of the Audit Officer is to see that all cases of arrears are reported to the Accounts Officer on Form C-4 as soon as the fact emerges that the employer is in arrears, and that an appropriate debit is made in the Employers-in-Arrears Control A/c (No. 12) and against the particular employer in the Employers-in-Arrears Ledger.

86. In carrying out the duty referred to in the preceding paragraph the Audit officer will periodically:

check compliance by Contribution Section with paragraph 30 of the Contributions Staff Instructions that is, that in every case of non-payment within the prescribed period Part I of a form C-4 has been completed and sent to the Accounts Officer;

check that in all cases dealt with under paragraph 29 or paragraph 86 of the Contributions Staff Instructions, part II of a form C-4 has been completed and sent to the Accounts Officer; and at least once a month call for a recent batch of contribution Inspector's reports and satisfy himself that in all cases where arrears are established a C-4 has been sent to the Accounts Officer.

87. The Audit Officer will also Scrutinise the Employers-in-Arrears Ledger at least once a month and bring to notice any cases of outstanding arrears where he is doubtful whether all possible action is being taken to obtain payment of the arrears.

Sundry Debtors

88. Action similar to that laid down in the preceding paragraph will also be taken in connection with the Sundry Drs. ledger.

Losses and Overpayments:

89. This subject is dealt with in paragraphs 58-65 of the Finance and Accounts Staff Instructions. As in connection with contributions in arrears, the principal duty of the Audit Officer is to verify that as soon as a loss or overpayment comes to light, in whatever way this may happen, the amount of the loss or overpayment, or an approximate amount if the exact amount cannot at the time be determined, is reported to Accounts Officer and debited to the Losses and Overpayments Suspense A/c (No. 15) and to an individual suspense a/c in the Losses and Overpayment Suspense Ledger. This is the essential requirement for the establishment of accounting control over losses and overpayments.

90. Thereafter the Audit Officer will satisfy himself that the procedure described in paragraphs 66-80 of the Finance and Accounts Staff Instruction is duly carried out. He will examine the balances of the Losses and Overpayments Suspense Accounts in the subsidiary ledger from time to time and bring to notice cases where there seems to be unreasonable delay in clearing the suspense account balance either by recovery of the amount of the loss or overpayment or by write-off under proper authority to "Claims for unpaid contributions extinguished A/c" (No. 30).

Other Suspense A/c's and Imprest A/c's:

91. The Audit Officer will scrutinise the Suspense Ledger and the Imprest Ledger at least once a month and will bring to notice any cases where clearance of a suspense item, or accounting for an imprest, is being unreasonably delayed. Control of Potentially valuable Documents,

92. At least once a month the Audit Officer will check the Register of Controller Documents to verify that:

- all receipts of controlled documents have been properly taken on charge in the Register both the quantity and serial numbers; and that

- all issues have been recorded, both by quantity and serial numbers, and have been signed for by the recipient.

93. The Audit Officer will follow up the check laid down in the preceding paragraph by checking or at least testing, the disposal by the recipient of the documents for which he has signed. The Audit Officer will, for example, check from continuity of serial numbers that all used receipt forms (F.4, F-5 and 6) are represented by debits in the Cash book (or form F-8 Daily Record of Contributions received in time) and if any of the forms are stated to have been inadvertently spoiled, the Audit Officer will verify the existence of the spoiled form, which should be handed back to the custodian of controlled documents and retained by him for later inspection, if required.

94. Spoiled cheques will, however, be fastened to the cheque counterfoil and retained thus in the cheque book, both until and after all the cheques in the cheque book have been used.

Budgetary Control:

95. Although the monthly accounts which will be presented to the Governing Body or a committee of the Governing Body will classify income and expenditure under the heads used for the budget, thus enabling the Governing Body or committee to follow, month by month, the progress of income and expenditure in relation to the relevant budget provision, such control is not sufficiently up to date, since at the best it can only be exercised two or three weeks after the last of the transaction recorded in the accounts have been carried out. Continuous supervision on behalf of the Governing Body is required in advance of realised excesses or short-falls and the Directors of the I.A. Department will be charged with this duty.

96. The probability that the budget provision for expenditure under any head will be exceeded, or that there will be a shortfall of income under any head as compared with the budget provision, is unlikely to arise before the later months of the financial year. The Director of the I.A. Department will, however, keep his eye on the progress of income and expenditure throughout the year, as recorded accounts of the Institution as a whole at Head office, and will thus obtain advance warning of the possibility of excess or short-falls.

97. He will thus be in a position to convey this advance warning to the Governing Body, or appropriate committee thereof, and will do so in a special report if and as soon as it appears likely that expenditure under a particular head will require to be exceeded before the end of the financial year, or that income under a particular head will fall significantly short of the budget estimate.

98. The Governing Body will thus be enabled to take such action as is possible. As regards expenditure, they will be able under Section 31 (5) of the Ordinance to transfer to any expenditure head likely to be exceeded expected savings from other expenditure heads, but not, in virtue of the provision of Section 31 (4) to the budget heads for either administration expenses or the provision of medical care.

(7) CHECK OF MONTHLY AND ANNUAL ACCOUNTS AT LOCAL DIRECTORS.

Introduction:

99. One of the duties imposed on the Audit Officer under regulation 3(f) of the Internal Audit Regulations— and one to the carrying out of which all the other duties mentioned in regulation 3 contribute — is to check the correctness of the annual accounts of the Institution.

100. The Finance, Accounts Staff Instructions (paragraph 102-107) provide that in the course of the year monthly accounts also will be prepared and submitted to the Governing Body. Each monthly account will cover the period from the beginning of the financial year to the end of the month in question, and the correctness of these accounts will be checked by the Internal Audit.

101. This duty, while valuable in itself, will facilitate the check of the annual accounts. At the end of the penultimate month of year the figures in the General Ledger will be checked up to that point in connection with the check of the monthly accounts, and therefore, only the entries for the last month of the year will require to be checked before the correctness of the annual accounts can be established.

103. This Section of the Internal Audit Staff Instructions cover the duties of the Internal Audit at field offices, while the following Section will cover the duties of the Internal Audit at the Head office.

Field Office Monthly Accounts Statement (Form F-16:)

103. It will not be possible to prepare monthly accounts for the Institution as a whole until the Head office has received from each field office a statement of its transactions during the month. This statement will be submitted on Form F-16. It is a statement of the totals of the debits and credits which have been posted during the month to the accounts in the field office, with analytical details from some of the subsidiary ledgers attached in separate schedules.

104. It is the duty of the Accounts Officer to complete the first three pages of the F-16, prepare the supporting schedules, sign the certificate in part I of the form (on page 4) and pass the form to the Audit Officer.

105. During the month the Audit Officer will check the day to day entries, tires in the cash book, General Ledger and subsidiary ledgers from the relevant vouchers. Thus, when the Audit Officer receives the F-16 from the Accounts Officer he will be in a position to check from the General Ledger and the subsidiary ledger the correctness of the statement on the front of the F-16.

106. However, before the Audit Officer sends to Head Office the F-16, with the his audit certificate in Part III of the form duly completed, he must prepare a Bank Reconciliation Statement. of the relevant month and attach the same with the Account Statement (F-16)

Bank Reconciliation Statement:

107. As laid down in the Finance and Accounts Staff Instructions, the statement of the Institution's Current Account rendered by the book at the end of each month will be sent by the bank direct to the Audit Officer, whose duty it will be to prepare a Bank Reconciliation Statement and to satisfy himself that it accounts completely for any differences between the balance of the Bank Current A/c. as shown in the Cash book (and also, of course, the General Ledger) and the balance as shown in the statement received from the bank.

Audit Officer Certificate on F-16:

108. When the Audit Officer has performed the duty of reconciling the Cash Book with the Bank Statement he will complete Part II of the F-16 and will then be in a position to complete his audit certificate in Part III of the F-16 and send the F-16 to the audit Director of Accounts Department at Head Office.

109. If for any reason he is not able to give a clear certificate he will state why, in a separate report which he will date and sign and attach to the F-16. He will insert the date of such a report in paragraph(1) of his certificate on the F-16. If he is able to give a clear certificate to "observations contained in my report..... attached hereto"

110. The Audit Officer will be encouraged to avail himself of the opportunity of qualifying his certificate by bringing to notice any matter about which he is not completely satisfied, whether such matter relates to accounts, administration, non-compliance with instructions, or anything else.

**F-16 to be sent within the Stipulated time
i.e.g., 15 of the following month**

111. In order to avoid delay in the preparation at Head office of the monthly accounts of the Institution and to enable these accounts to be presented while the information which they contain is still fresh, the work at each field office will be so organized that the Audit Officer will be enabled to send the F-16, with his Audit certificate duly completed, within ten days of the end of the month to which it relates. The Audit Officer will so arrange his work as to ensure the F-16 is despatched to Head office within the time limit.

112. There is another important end-of-month duty on which the timely preparation and submission of monthly accounts depend that is, the preparation of form F-14- Monthly Consumption Report. This will be prepared at each dispensary by the Dispensary and shall be signed by the Doctor Incharge submitted to the Audit officer for checking through Stock Register. The rates given in the statement and cost calculated shall be checked by the Audit officer. For this purpose the Audit officer concerned shall visit the Dispensary/ward of the hospital to which it related. After certification of the Audit officer, this will be passed to the Accounts officer of the Circle/hospital concerned and shall be booked through F-9.

Note:— Form F-14 is not presently in use monthly consumption statement prepared according to requirement.

113. During the month the Audit officer will check the recording of receipts, at dispensaries and hospitals, of both category A and category B items (these terms are explained in paragraph 66 above) and the recording of issues of category A items, as laid down in paragraph 62-67. At the end of the month, the Audit Officer will check the entries of columns 4 to 7 from the Stock Register. Rates are noted on the top of Stock Ledgers and shall be checked from there. Calculations will be checked by the Audit officer thoroughly.

114. The Audit Officer will check the entries of form F-14 per cent unless it is quite unpracticable to do so. In case the items at the dispensaries are more than 100; he will check 25% of the total items by random selection.

115. For category B items consumption shall be ascertained by preparing form F-14-A and quantities consumed disclosed through this form shall be filled in form F-14. Form F-14-A shall be checked by the Doctor Incharge and it will be signed by him. The Audit Officer shall check quantities of category B items shown in form F-14 by tallying these quantities in form F-14-A.

Note: Form 4-A 5 not presently in use then action however remain the same.

116. All Dispensers and Doctors incharge shall ascertain completion of form F-14 in respect of their Dispensaires by 4th day of the next month and the Audit officer shall complete his verification by 10th of then month so that incorporation of the cost of the consumption into form F-16 does not cause any delay in its finalization.

(8) CHECK OF MONTHLY AND ANNUAL ACCOUNTS AT HEAD OFFICE.

INTRODUCTION

117. The contents of paragraphs 98-101 apply to this section of the Instructions as to the previous section. Whereas, however, the end of the month duties of the Audit Officer at a local office are completed when he has dispatched to Head office the Monthly Accounts Statement of the local office (Form F-16), the Head office Audit officer must check the following accounts, which the Accounts officer will prepare at the end of the month for the period from the beginning of the year to the end of month in question:-

Analysed expenditure A/c's for each of the three branches of Social Security;
Analysed Administrative Expenses A/c;
Income and Expenditure A/c,
Capital Expenditure and Investment A/c; and
Balance Sheet as at the end of the month (or year).

MONTHLY ACCOUNTS:

118. The Audit officer at Head Office will, during the month like his colleagues, at field offices, check the day-to-day entries in the cash book general ledger and subsidiary ledgers. He will also receive, direct from the bank, the bank's statement of the Institution's current account as at the end of the month, and will prepare a Bank Reconciliation Statement and satisfy himself that it accounts completely for any difference between the balance of Institution's account as stated in the bank statement and the balance of the Bank A/c as shown in the cash book and the General Ledger.

119. The Audit officer, Head Office, will have then duties to perform before he is in a position to check the Institution's Monthly Account; that is to check the posting of the General Ledger by which the transactions of the local offices for the month are incorporated in the Head Office books.

WORK SHEET.

120. The Audit officer task will be to check the entries on the work sheet (see paragraph 131-151 of the Finance and Accounts Staff Instructions) from the General Ledger and to satisfy himself that the Trial Balance and the Balance sheet do in fact balance.

121. Thereafter the check of the monthly accounts to be presented to the Governing Body will be principally one of seeing that the separation capital item from revenue item has been properly made and that the presentation of the several account is clear and as simple as possible as understand.

Note: presently the annual accut are srhim Hed to the Governing body after its external audit.

ANNUAL ACCOUNTS:

122. At the end of the last month of the financial year the duties of the Audit officer will be exactly as laid down for the end of any other month, but with the additions explaiend in the following paragraphs. These paragraphs among other matters, deal with the duty of the Audit officers in connection with the end of year" adjustment mentioned in the Finance and Accounts Staff Instructions.

DEPRECIATION.

124. Depreciation of the fixed assets, wherever they are situated will be dealt with only the Head office and only at the end of the financial year. The Audit officer will verify that depreciation has been correctly calculated, as laid down in the Finance and Accounts Staff Instructions, and see that the proper entries have been made.

VALUATION OF MEDICINES AND MEDICAL SUPPLIES:

125. Annual Inventory statements shall be prepared by each Dispensary and Hospital, wherever stock of medicines and medical supplies are kept. These statements will show the quantities of each and every item of medicines and medical supplies available at the last date of the financial year. Rates and cost of the available items shall be incorporated in the Annual Inventory and these statements shall be forwarded to the Head office along with F-16 for the month of June. At Head office these statements of Annual Inventories shall be checked to ensure that balance of Medicines and Medical supplies purchase account shown in F-16 tally with the valuation of Annual Inventory Statement.

126. Since the Stocks in hand of medicines and medical supplies at the end of the financial year will have to be shown in the Balance sheet at the values after all adjustment and since the total valuation thus arrived at each Dispensary/Hospital/Circle will almost certainly differ from the balance of the medicines and medical supplies purchases account. Audit officer at each Hospital/Circle will verify that adjustments have been made and the balance of medicines and medical supplies purchases account tally with the total value of Annual Inventory Statements.

STANDING IMPRESTS:

123. The Audit officer check the debit in the Head office Cash book representing the refund of the unexpended balance of the Head office petty cash standing imprest. He will also check that none of the F-16's received from field offices shows as out-standing balance in respect of Petty Cash Imprest.

LOAN REPAYMENT:

127. In this connection, the Internal Auditor will verify that at the end of the year accounting requirement explained in the Finance and Accounts Staff Instructions have been properly carried out.

WRITE-OFF OF PRELIMINARY EXPENSES:

128. Where any repayments have been made during the year of the principal of any loan from which the intangible asset "Preliminary expenses" has been created, the main duty of the Internal Auditor will be to verify that the parallel write-off of a corresponding amount of the intangible asset has not been forgotten.

RESERVE AND INVESTMENT:

129. Transfer to Reserve and Investment of the amounts thus set aside will take place only at the end of the financial year. The Audit officer will verify that the provision of rules 5 and 6 of the Financial and Accounting Rules have been properly observed and that the consequent transactions have been properly recorded before the books are closed at the end of the financial year and the annual accounts are prepared.

STOCKTAKINGS:

130. Stocktakings constitute one of the indispensable means by which control of stores is exercised. For this purpose stocktakings could be performed at any time during the year, but in order that the statement of assets in the Balance sheet issued with the annual accounts at the end of the financial year will include only assets whose physical existence has been verified at the date of the Balance sheet, it is almost invariable practice to perform the stock takings at or as near as practically possible to the end of the financial year.

131. The duties of the Audit Officer in connection with stocktakings have been dealt with in paragraphs 71-72 above. It is sufficient in this section of the instructions to draw the attention of the Audit Officer to these duties as one of the additional duties to be performed at the end of the financial year and before the account of the year are closed.

LOSSES AND OVERPAYMENTS:

132. Throughout the year the Audit officer should be continually on the alert to verify that all losses and overpayments are at once debited to Losses and Overpayment Suspense A/c, and that these suspense debits are cleared as soon as practicable. The duties are laid down in paragraphs 88-89 above, and are referred to in this section of the instructions since at the end of the year a special effort should be made to reduce the number of suspense i.e., is, uncleared items which require to be shown in the annual accounts.

133. One of the end-of-year duties of the Audit officer will therefore be to make a final review of the Losses and Overpayment Suspense Ledger in order to verify that none of the items can be cleared before the accounts for the year are closed and the annual accounts are prepared.

OTHER SUSPENSE ITEMS:

134. For the reason mentioned in the latter part of paragraph 132 above the Audit officer will also, as one of his end-of-year duties, make a final review of the items in the suspense ledger in order to verify that none of the items can be cleared before the accounts for the year are closed and the annual accounts are prepared.

SPECIAL INSTRUCTION FOR INTERNAL AUDIT OF SESSI HOSPITALS:

135. Audit of SESSI Hospitals and all departments shall be carried out according to staff instructions already existing on the subject. However, special features in regard to audit of hospitals are described below:-

136. It will be ensured by Test-check that medicines are issued by OPD store to the secured persons and their dependants, staff members of SESSI and their dependants. No medicines shall be issued from OPD store of Hospitals to private patients whether of contract companies or cash payment.

137. All medicines issued to entitled categories of patients shall be prescribed on prescription slips duly signed by the Specialist or the Medical officer only. Medicines prescribed shall also be recorded on OPD card/case sheet of the patients.

138. Separate record of issuance of medicines to staff members and their dependents shall be maintained at OPD store of hospitals.

139. Cost of medicines issued to staff members and their dependents shall be accounted separately at OPD store and wards of the hospitals.

140. The Audit officer will check thoroughly that all dues of the SESSI hospitals have been realized by Cash patients and booked against the organizations whose patients are treated at SESSI Hospitals on credit terms.

141. It will be ensured that charges for laboratory test, X-Rays have been incorporated in the accounts statements of private patients. Such tests should be made by reconciling accounts statements and records of private patients maintained at laboratories/X-Rays departments and wards of the hospital.

142. Since a good number of residences for Doctors and para-medical staff are provided by SESSI Hospitals, it should be ensured that due charges for water, electricity and gas are realized by the allottees of hospital residences. Simultaneously, it should be ensured that officials who have been allotted residences at hospitals are not being paid House Rent and Conveyance Allowance.

(9) CONCLUSION.

Courtesy and Consideration:

143. Members of the Internal Audit staff should at all times be courteous and considerate and as far as possible should study the convenience of the officials whose books and records they wish to examine. An Audit Officer should, however, be on his guard lest by pleading inconvenience an interested party may effectively side-track a particular enquiry or investigation which the Audit wishes to make. A certain amount of firmness, courteously applied, may be called for.

Alertness of Mind.

144. Perusal of the foregoing internal audit staff Instructions will, it is hoped suggest that the most important attribute of all to be cultivated by the members of the Internal Audit staff is an alert mind. An attitude to Internal Audit which treats it mainly as a routine matter of mechanically checking one figure against another must at all cost be avoided. On the contrary, the Audit Officer must be at all times on the look-out for mistakes of principles rather than isolated errors of detail.

145. In a new organization like the Institution, and particularly in the early days of its operation, there will inevitably be a great deal of useful and constructive work for the Internal Audit to perform and ample scope for an ambitious and alert Auditor to make a valuable contribution to the maintenance and improvement of the efficiency of the organization.

AIM OF INTERNAL AUDIT DEPARTMENT:

146. The aim of the Director of the Internal Audit Department and his staff should be to provide a service which the Governing Body, the Commissioner and the senior officers of the Institution will value. From this point of view, among the most important of the duties of the Internal Audit to service will be to raise points of principle and to draw attention to general weaknesses of organizations and points where it is thought that procedure or practice could be improved and the efficiency of the administration increased.

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