



**Government of Kerala**

## **Audit Manual Part-2 / Volume-3**

### **Welfare Funds**

**Kerala State Audit Department**

**Thiruvananthapuram**



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### **Message**

I express my appreciation to KSAD for formulating an audit manual on the basis of the recommendation of 4<sup>th</sup> Finance commission. The Commission suggested that such a Manual shall enhance the efficiency of the audit and thereby upgrade the transparency and efficacy of local governance. The manual was prepared with the support KLSGDP.

The manual is prepared within the frame work of KLFA Act and Rules, audit policies and GO's formulated by the Government from time to time and also considering the audit methodology in practical sense. So it is certain that the manual shall promote the professionalism in audit and bring standard in audit reports.

The International Auditing Standards being practiced worldwide have been vividly incorporated in the Manual. A whole lot of institutions with diverse characteristics such as Panchayat Raj Institutions, Universities, Devaswom Boards, and Cultural Institutions etc are being audited by Kerala State Audit Department. The Manual shall help the auditors to approach the audit of the above said institutions with global standards.

It is expected that the Manual shall bring qualitative change in the view of the auditors and shall enhance the transparency and competency of audit.

I extend my whole hearted thanks to all who dedicated their precious time for preparing the Manual in time bound manner.

**Dr. T M Thomas Isaac**  
Minister for Finance and Coir



ഡി. സാജി

ഡയറക്ടർ

കേരള സംസ്ഥാന ഓഡിറ്റ് വകുപ്പ് &

ഭരണ

ചാരിറ്റബിൾ ഏൻഡോവ്മെന്റ്സ്  
കേരളം

കേരള സംസ്ഥാന ഓഡിറ്റ് വകുപ്പ്  
വികാസഭവൻ  
തിരുവനന്തപുരം

തീയതി...10.04.2018

## Preface

A long pending necessity of our Department, for an Audit Manual, has now attained its reality. Ever since the origin of the Department in 1942, there were discussions about preparation of an audit manual. Certain earnest efforts were also made within the Department during the past. But, the need to have an Audit Manual was debated within KSAD as well as with Government of Kerala at many forums. However, the recommendation of the fourth Finance Commission has led to a firm direction to this, which endorsed preparing an Audit manual for this Department, to improve the quality of Audit and for systematically conducting the audit.

In order to implement the Finance Commission's recommendations, it was decided to seek financial assistance from KLGSDP for preparation of an Audit Manual. Historically, Kerala State Audit Department was doing certifications for LSGI's enabling these LSGI's to get performance grants from the World Bank funded programme managed by KLGSDP. The Finance Department had consented this proposal subject to the approval of Terms of Reference by Government. With these processes and approvals in place, KLGSDP had identified a professional agency, as per the world bank procurement norms, whose services were utilized in preparing this Audit Manual.

In this process, Kerala State Audit Department had conducted various stakeholder consultations within themselves, with senior officials from auditee institutions as well as with subject matter experts. There were more than 30 large sized focus group discussions conducted throughout the State and around 250 plus individuals were met one-on-one to take their valuable inputs,



A review committee comprising about forty members was constituted within the Department, which had worked along with the Directorate to provide necessary inputs to the professional agency and this committee had been monitoring the progress of the work. The different stages of draft of Audit Manual prepared by the professional agency have been transmitted to the entire department for their remarks and to ensure utmost consensus. The opinions & suggestions of each of the staff/office have been meticulously evaluated by Directorate and the review committee. Earnest efforts have been taken to incorporate them on its merits in the draft audit manual.

The third draft of the English version of the manual was discussed by the review committee members on a three day long workshop and the same was finalized and approved by Kerala State Audit Department. Similarly, the third draft of the Malayalam version of manual was also discussed by the review committee members on a two day long workshop and the same was finalized and approved by Kerala State Audit Department. These manuals were in turn approved by the Government vide GO (RT)9674/17/Fin dated 29.12.17 and GO (RT)2563/18/ Fin. dated 25.03.18

On the occasion of this remarkable accomplishment, on behalf of the Department, I would like to place on records my profound gratitude and sincere thanks to the following, without whose valuable inputs, this manual would not have realized:

- Hon'ble Minister, Finance, Government of Kerala.
- Dr. K.M.Abraham, IAS (Retd.), former Chief Secretary, Government of Kerala.
- Principal Secretary, Finance, Government of Kerala.
- Secretary (Expenditure), Government of Kerala.
- Project Director, KLGSDP and all their staff.
- Senior officials representing various auditee institutions.

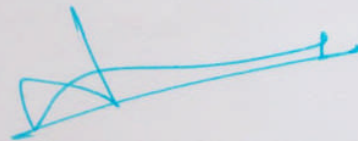
- Entire staff of Kerala State Audit Department, including the liaison team and the review committee members.
- Numerous subject matter experts.
- Each individuals who had provided their valuable inputs.

The main objective of this manual is to improve the quality of audit standards of Kerala State Audit Department and to further improve the efficiency of each and every auditor, apart from improving department's efficiency in the overall audit documentation.

I sincerely urge everyone from Kerala State Audit Department's audit team to go through this manual consistently in practical environment. Apart from referring and using this manual as a guide, every auditor is requested to use his/her skills and utmost ability while conducting audit so that, as a team, Kerala State Audit Department can take its audit standards to greater heights.

Thanking you,

Yours sincerely



D. Sanky

Director, Kerala State Audit Department



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## കേരള സർക്കാർ

### സംഗ്രഹം

ധനകാര്യ വകുപ്പ് - കേരള സംസ്ഥാന ഓഡിറ്റ് വകുപ്പ് - ലോകബാങ്ക് സഹായത്തോടെ തയ്യാറാക്കിയ ഓഡിറ്റ് മാനുവലിന് അംഗീകാരം നൽകി ഉത്തരവ് പുറപ്പെടുവിക്കുന്നു

### ധനകാര്യ (എസ്റ്റാബ്ലിഷ്മെന്റ് -ഡി) വകുപ്പ്

സ.ഉ (സാധാ.)നം.9674/2017/ധന തിരുവനന്തപുരം, തീയതി : 29.12.2017

- പരാമർശം:-
1. 16.07.2014 ലെ 86307/എസ്റ്റാ.ഡി1/2013/ധന നമ്പർ കത്ത്.
  2. 01.12.2015- ന് ധനകാര്യ അഡീഷണൽ ചീഫ് സെക്രട്ടറി വിളിച്ചുകൂട്ടിയ യോഗത്തിന്റെ മിനിറ്റ്സ്.
  3. 05.12.2015 ലെ സ.ഉ (സാധാ) നം.10579 /15/ധന നമ്പർ സർക്കാർ ഉത്തരവ്.
  4. 18.12.2015 ലെ സ.ഉ (സാധാ) നം. 10993/15/ധന നമ്പർ സർക്കാർ ഉത്തരവ്
  5. ഓഡിറ്റ് വകുപ്പ് ഡയറക്ടറുടെ 16.12.2017 -ലെ കെ.എസ്.എ 317/ എസ്. എസ്.2/2017 നമ്പർ കത്ത്.

### ഉത്തരവ്

തദ്ദേശ സ്വയംഭരണ സ്ഥാപനങ്ങളുടെ പ്രവർത്തനം മെച്ചപ്പെടുത്തുന്നതിന് ഓഡിറ്റിന്റെ കാര്യക്ഷമത ഉയർത്തുക വഴി സാധ്യമാകുമെന്ന നാലാം സംസ്ഥാന ധനകാര്യ കമ്മീഷൻ ശുപാർശ പ്രകാരം കേരള സംസ്ഥാന ഓഡിറ്റ് വകുപ്പ് ഓഡിറ്റ് നടത്തുന്ന എല്ലാ മേഖലകളെയും ഉൾപ്പെടുത്തിക്കൊണ്ട് ലോക ബാങ്കിന്റെ സഹായത്തോടെ ഓഡിറ്റ് മാനുവൽ തയ്യാറാക്കുന്നതിന് പരാമർശം(1) പ്രകാരം സർക്കാർ അനുമതി നൽകിയിരുന്നു. സംസ്ഥാനത്തെ തദ്ദേശ സ്വയംഭരണ സ്ഥാപനങ്ങളുടെ സുസ്ഥിര വികസനം ഉറപ്പാക്കുന്നതിന് സർക്കാർ രൂപീകരിച്ച KLGSDP മുഖേന ലോകബാങ്ക് സഹായത്തോടെ മാനുവൽ തയ്യാറാക്കുന്നതിനാണ് അനുമതി നൽകിയിരുന്നത്. ഓഡിറ്റ് മാനുവൽ തയ്യാറാക്കുന്നതിനുള്ള വിഷയ നിർദ്ദേശങ്ങളുടെ ('Terms of Reference') കരടിന് സർക്കാർ പരാമർശം (3) പ്രകാരം ഭരണാനുമതി നൽകുകയുണ്ടായി. കെ.എൽ.ജി.എസ്.ഡി.പി. ( Kerala Local Government Service Delivery Project ) യുടെ നിർദ്ദേശ പ്രകാരം കുറഞ്ഞ തുക കോട്ട് ചെയ്ത M/S പ്രൈവറ്റ് വാട്ടർ ഹൗസ് കൂപ്പേഴ്സ് എന്ന സ്ഥാപനത്തിന് കരാർ നൽകിയാണ് മാനുവൽ തയ്യാറാക്കിയത്.



ഓഡിറ്റ് വകുപ്പ് ഓഡിറ്റ് ചെയ്യുന്ന സ്ഥാപനങ്ങളുടെ പ്രതിനിധികൾ ഉൾപ്പെടുന്ന ഫോക്കസ് ഗ്രൂപ്പ് ചർച്ചയിലൂടെയാണ് ഓഡിറ്റ് മാനുവലിന്റെ കരട് രൂപീകരിച്ചത് എന്നും കരാറുകാരൻ സമർപ്പിച്ച ഒന്നും രണ്ടും മൂന്നും ഡ്രാഫ്റ്റിന്റെ വെറ്റിംഗ് വകുപ്പ് തല വിദഗ്ധരുടെ സഹായത്തോടെ ക്രോഡീകരിച്ച് കരാറുകാരന് നൽകുകയും, ഓഡിറ്റ് മാനുവലിന്റെ അന്തിമ കരട് തയ്യാറാക്കുന്നതിന് വേണ്ടി വകുപ്പുതല വിദഗ്ധരും കരാറുകാരൻ നിയോഗിച്ച പ്രതിനിധികളും ഉൾപ്പെടുന്ന ഒരു ശിൽപശാല നടത്തി ആയതിലെ നിർദ്ദേശങ്ങൾ പരിഗണിക്കുകയും ഓഡിറ്റ് മാനുവലിനു അന്തിമ രൂപം നൽകുകയും ചെയ്തു എന്നും ആയത് അംഗീകരിക്കണമെന്നും സൂചന (5) പ്രകാരം ആഡിറ്റ് വകുപ്പ് ഡയറക്ടർ ആവശ്യപ്പെട്ടിരിക്കുന്നു.

ലോകബാങ്ക് ധനസഹായത്തോടെ നടത്തുന്ന പദ്ധതികൾ 2017 ഡിസംബർ അവസാനത്തോടെ അവസാനിക്കുന്ന സാഹചര്യത്തിൽ സർക്കാർ അംഗീകാരം ലഭ്യമാക്കണമെന്ന് പരാമർശം (5) പ്രകാരം സ്റ്റേറ്റ് ഓഡിറ്റ് വകുപ്പ് ഡയറക്ടർ അഭ്യർത്ഥിക്കുകയുണ്ടായി. ഓഡിറ്റ് മാനുവലിന്റെ അന്തിമ കരട് സർക്കാരിലേക്ക് സമർപ്പിച്ച് സമയബന്ധിതമായി അംഗീകാരം ലഭിച്ചാലെ ലോകബാങ്ക് വായ്പ ലഭിക്കുകയുള്ളൂ എന്നും ടി പദ്ധതി സമയബന്ധിതമായി തീർപ്പാക്കേണ്ടതിന്റെ പ്രാധാന്യത്തെക്കുറിച്ചും ഓഡിറ്റ് വകുപ്പ് ഡയറക്ടർ ധനകാര്യ വകുപ്പുതല ചർച്ച നടത്തി വ്യക്തമാക്കിയിട്ടുണ്ട്. ഓഡിറ്റ് മാനുവലിന്റെ ഇംഗ്ലീഷ് പതിപ്പ് 5 വാല്യങ്ങളായി (part I -General, Part II(Volume I -Institutions other than Devaswom Boards, Welfare Funds and LSGI, Volume II -Devaswom Boards, Volume III -Welfare Funds, Volume IV -LSGIs) അംഗീകാരത്തിന് സമർപ്പിച്ചിരിക്കുകയാണ്.

സർക്കാർ ആയത് വിശദമായി പരിശോധിച്ചതിന്റെ അടിസ്ഥാനത്തിൽ ഓഡിറ്റ് നിയമവും ചട്ടവും അനുശാസിക്കുന്ന രീതിയിൽ വേണ്ടി വന്നാൽ ഉചിതമായ കാലാനുസൃത മാറ്റം വരുത്താം എന്ന നിബന്ധനയോടെ ഓഡിറ്റ് മാനുവലിന്റെ 5 വാല്യങ്ങളായുള്ള ഇംഗ്ലീഷ് പതിപ്പിന് അംഗീകാരം നൽകി ഉത്തരവാകുന്നു.

**ഗവർണ്ണറുടെ ഉത്തരവിൻ പ്രകാരം  
ഡോ. ഷർമിള മേരി ജോസഫ് ഐ.എ.എസ്  
സെക്രട്ടറി (ഫിനാൻസ് എക്സ്പെൻഡിച്ചർ)**

പ്രിൻസിപ്പൽ അക്കൗണ്ടന്റ് ജനറൽ (എ&ഇ /ജി&എസ്എസ്എ) കേരള, തിരുവനന്തപുരം  
അക്കൗണ്ടന്റ് ജനറൽ (ഇ&ആർഎസ്എ) കേരള, തിരുവനന്തപുരം  
ഡയറക്ടർ, കേരള സംസ്ഥാന ഓഡിറ്റ് വകുപ്പ്, തിരുവനന്തപുരം



പ്രോജക്ട് ഡയറക്ടർ, തദ്ദേശ മിത്രം (കെ.എൽ.ജി.എസ്.ഡി.പി) തിരുവനന്തപുരം 695 014.  
വെബ് & ന്യൂ മീഡിയ, പബ്ലിക് റിലേഷൻസ് വകുപ്പ്  
നോഡൽ ഓഫീസർ, ധനകാര്യ വകുപ്പ് ([www.finance.kerala.gov.in](http://www.finance.kerala.gov.in))  
സ്റ്റോക്ക് ഫയൽ / ഓഫീസ് കോപ്പി

ഉത്തരവിൻ പ്രകാരം



അക്കൗണ്ട്സ് ഓഫീസർ



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## ***55. Audit of Welfare Funds***

### ***55.1. Background***

The Kerala Local Fund Act, 1994 provides for audit of Welfare Funds established by respective Acts. There are 21 Welfare Funds and Kerala State Nirmithi Kendra, which are currently audited by KSAD. The list of funds are detailed below:

### ***55.2. List of Welfare Funds***

1. The Kerala Head Load Workers Welfare Fund
2. Kerala Abkari Workers Welfare Fund
3. Kerala Khadi Workers Welfare Fund
4. Kerala Motor Transport Workers Welfare Fund
5. Kerala Coir Workers Welfare Fund
6. Kerala Building and Other Construction Workers Welfare Fund
7. Kerala Labour Welfare Fund
8. Kerala Handloom Workers Welfare Fund
9. Kerala Agricultural Workers Welfare Fund
10. Kerala Tailoring Workers Welfare Fund
11. Kerala Cashew Workers Relief and Workers Welfare Fund
12. Kerala Traders Welfare Board
13. Kerala Beedi and Cigar Workers Welfare Fund
14. Kerala Etta, Kattuvalli and Pandanus Leaf Workers Welfare Fund
15. Kerala Dairy Farmers Workers Welfare Fund
16. Kerala Lottery Agents and Salesmen Welfare Fund
17. Kerala Ration Dealers Welfare Fund
18. Kerala Barbers and Beauticians Welfare Fund
19. Kerala Laundry Workers Welfare Fund
20. Kerala Goldsmith Welfare Fund
21. Kerala Toddy Workers Welfare Fund

The Welfare Funds are established to grant relief to, ensure the welfare of, and to pay pension to, the different classes of workers in the State. The Acts provide for framing schemes to benefit the workers. The Schemes formulated by the different Boards, **generally** have the following objectives:

1. Payment of pensions including Family pensions
2. Loans to workers for house constructions
3. Maternity benefits to women workers
4. Financial assistance for education of children of workers
5. Payment of relief wages to workers when there is no work
6. Medical benefits
7. Marriage benefits, etc.

### ***55.3. Types of Income & Expenditure***

The income of the different Welfare Funds comprises of the following, generally:

1. Subscriptions from members of the scheme
2. Matching contribution from employer (there may be a few exceptions)
3. Contribution from Government (there could be certain exceptions)
4. Grants or loans from State Government or Central Governments
5. Interest receipts, etc.

The fund is required to be utilized, generally, to meet the following expenditures

1. Establishment expenditure
2. Pension including family pension
3. Contribution to CPF
4. Financial assistance to the members as per different schemes
5. Maternity benefits to women employees
6. Housing loans to members, etc.

## 55.4. Audit Procedures

As far as Welfare Boards are concerned, the audit checks relating to the receipts, their remittances, withdrawal from the Banks are common and these are included in paragraph number 55.5. However, the method of contributions, rates of contributions, accounting process and the eligibility criteria of welfare measures are different for different welfare boards. Fourteen welfare boards which have larger scope and varied activities are included as distinct chapters in this volume. Three of the welfare boards, which are comparatively small in nature, the essential features like organizational structure, income, expenditure, etc., are included in a tabular form. Also, the remaining welfare boards included in the schedule, but presently not functioning or welfare boards which are merged with other welfare boards are summarised at the end of this volume.

Name of the organization	Mode of coverage
<ol style="list-style-type: none"> <li>1. Kerala Labour Welfare Fund</li> <li>2. Kerala Toddy Workers welfare Fund</li> <li>3. Kerala Abkari Workers Welfare Fund</li> <li>4. Kerala Tailoring Workers Welfare Fund</li> <li>5. Kerala Cashew Workers Welfare Fund</li> <li>6. Kerala Motor Transport Workers' Welfare Fund</li> <li>7. Kerala Khadi Workers' Welfare Fund</li> <li>8. Kerala Dairy Farmer's Welfare Fund</li> <li>9. The Kerala Head Load Workers Welfare Fund</li> <li>10. Kerala Coir Workers Welfare Fund</li> <li>11. Kerala Handloom Workers Welfare Fund</li> <li>12. Kerala Agricultural Workers Welfare Fund</li> <li>13. Kerala Lottery Agents and Salesmen Welfare Fund</li> <li>14. Kerala Ration Dealers Welfare Fund</li> </ol>	Covered in detail
15. Kerala State Nirmithi Kendra	
16. Kerala Beedi and Cigar Workers Welfare Fund	
17. Kerala Etta, Kattuvalli and Pandanus Leaf Workers Welfare Fund	
18. Kerala Goldsmith Welfare Fund	
19. Kerala Building and Other Construction Workers Welfare Fund	
20. Kerala Traders Welfare Fund	
21. Kerala Laundry Workers Welfare Fund	
22. Kerala Barbers and Beauticians Welfare Fund	
	Tabular representation
	Summary write-up



### ***55.5. Common audit Checks regarding remittances and withdrawals***

1. Check whether every receipt books issued as per stock register has been produced for audit
2. Verify whether “certificate of count” is made in every receipt book
3. Check whether all the receipts are accounts for in the cash book / collection register
4. Check whether every amount of collection as per cash book / collection register is remitted in bank account in time
5. Check whether Cheque / Draft / Other valuables Register is maintained
6. Check whether / Drafts received is credited to bank account in time
7. Check the accuracy of every withdrawals is accordance with cheque issue register /cash book
8. Check whether periodical reconciliation have been made
9. Check whether all the figures in books of accounts is in agreement with the Annual Financial Statement produced for audit
10. Check whether all the records / registers are authenticated

## ***56. Audit of Labour Welfare Fund***

### ***56.1. Introduction***

Kerala Labour Act 1975 (Act II of 1977) was established to provide for the constitution of a fund for promoting the welfare of labour and for certain other matters connected therewith in the State. Section 3 of this act empowers government to constitute a fund called the Labour Welfare Fund to which the following sums shall be credited.

1. Unpaid accumulations under the subsection (2) of section 13 of the Act
2. All fines including the amount realized under Standing Order 17 of Model of Standing Orders issued under the Kerala Industrial Employment (Standing Orders) Rule 1958 from the employees, by the employers
3. Deductions made under the provision to subsection (2) of section 9 of the Payment of Wages Act (Central Act of 1936)
4. Contribution of employers and employees
5. Any interest by way of penalty paid under section 14 of the Act
6. Any voluntary donations
7. Any amount raised by the board from other sources to augment the resources of the board
8. Any Fund transferred under sub-section(6) of section17;
9. Any sum borrowed under section 18
10. Any unclaimed amount credited to the Government in accordance with the rules made under the Payment of Wages Act of 1936 and the Minimum Wages Act 1948
11. Grants or Advances made by Central or State Governments (Sub-section 3(2)of the Act)

Money in the Fund may be utilized to defray expenditure on the following activities, namely:

1. Community and Social Education Centre including reading rooms and libraries
2. Games and sports
3. Vocational training
4. Community necessities
5. Entertainment and other forms of recreation
6. Convalescent homes for tuberculosis patients
7. Holiday homes in health resorts
8. Part time employment for house wives of employees
9. Pre- schools
10. Higher Education
11. Nutritional food to children of employees
12. Employment opportunities for the disabled employees
13. Cost of administering the Act including salaries and allowances of staff appointed for the purpose of the Act
14. Such other objects as would, in the opinion of the Government, improve the standard of living and ameliorate the social conditions of the labour (Sub-section 17(3) of the Act)

### ***56.2. Administration of the Fund***

The administration of the fund is carried out by a Board constituted for this purpose. The Board consists of 21 members including a chairman appointed by the government. It is the responsibility of the board to approve the budget on or before 1<sup>st</sup> December of the previous financial year and after its approval forward the budget to Government for approval on or before 15<sup>th</sup> December and Government is to approve the budget before 15<sup>th</sup> January. The Board's Head Office is at Thiruvananthapuram and is headed by Labour Welfare Commissioner and has 10 District Offices each under the control of a Welfare Fund Inspector.



### ***56.3. Accounts and Audit***

As per Rule 7 of the Labour Welfare Fund Rules 1977, the accounts are to be prepared in such manner and form as may be prescribed by the Board and audited by the Auditor appointed by Government. The institution of Kerala Labour Welfare Board is included in the Schedule to Section 3 of the Kerala Local Fund Audit Act, 1994 to be audited by the Director, KSAD.

### ***56.4. Receipts***

#### ***56.4.1. The following constitute the revenues of the Board:***

1. Employees contribution at Rs 4 per half year
2. Employers contribution at Rs 8 per half year in respect of each such employee
3. Interest on Fixed Deposits
4. Rent
5. Other receipts

### ***56.5. Expenditure***

1. Salary and allowances
2. Travelling allowances
3. Office Expenses
4. Rent
5. Repairs and Maintenance
6. CPF Contributions
7. Scholarship benefits
8. Marriage benefits
9. Death benefits
10. Medical assistance
11. Grants to libraries

### ***56.6. Registers Maintained***

1. Cashbook
2. Pay bill register
3. Contingent bill register
4. Cheque Issue Register
5. CPF ledger
6. Receipt books
7. Stock registers
8. Asset registers
9. Membership register
10. Minutes Book
11. Bank statement / Pass Book

### ***56.7. Accounting Procedure***

1. The employees' and employers' contributions are received in District Office which is under the control of Welfare Fund Inspector. The District Office maintains a cash book and cheque register for recording all receipts.
2. All sums received are remitted to the general fund maintained by the Head Office which is kept in the bank
3. The District Offices are given a permanent advance to meet expenditure on petty items like office stationary etc.

4. All bills for expenditure presented by the District officers are passed by the Head Office and the fund is placed at the disposal of the District Offices for eventual payment to the beneficiaries of the schemes
5. The accounts are prepared under double entry system with receipt and payment accounts, income and expenditure accounts and balance sheet. Consolidated accounts of receipts and payments are prepared by the Head Office annually and these are furnished to KSAD for audit.

### **56.7.1. Audit Checks - Receipts**

#### **A. Contributions by Employees and Employers**

The contributions due from the employee are collected by way of deductions from wages and are remitted by the employer along with his own contributions. Employer is to pay to the fund both employers' contribution and employees' contribution before 15<sup>th</sup> day of July and 15<sup>th</sup> day of January every year. Following audit checks shall be exercised on receipts:

1. Check whether the district offices are maintaining proper records of employers who are to remit the contributions to the fund
2. Check whether the half yearly contributions received from the employers are correctly entered in the prescribed register to be maintained employer wise
3. Check whether the contributions are collected at the prescribed rates
4. Check whether these contributions are remitted to the fund account promptly
5. Check whether the contributions are accounted for in the cashbook correctly
6. Check whether a proper Demand Collection and Balance (DCB) account is kept
7. Check whether a record of arrears in contribution is maintained and adequate action is taken to recover the defaulted contributions
8. Check whether the receipts are issued for all cases of contributions from the employer
9. Check whether a stock register of receipt books is kept showing the number of books printed, the number of books issued to the cashier and the balance.

#### **B. Other receipts such as rent, interest on FDs, etc.**

The board has its own office building a part of which is rented out and is having a holiday home at Kumily which is also rented out. Following audit checks are to be carried out:

1. Check whether the rent of the holiday home and other rents are promptly collected and accounted.
2. Check whether the periodic repairs and maintenance of the holiday home and other building are done after observing the relevant rules of Government in this regard (The Board has not made any separate rules for this purpose)
3. Check whether the interest receipts from FDs are promptly and correctly accounted
4. Check whether the surplus funds are profitably invested

### **56.7.2. Audit Checks - Expenditure**

**The Board is following Government rules contained in Kerala Service Rules Part I and Part II to regulate the payment of pay and allowances, etc., to the employees.**

1. Apply the audit checks as detailed in the general audit procedure in respect of employee related transactions such as salary and allowances, travelling allowances, advances etc.
2. Check the expenditure on office expenses and see that they are incurred in accordance with the Government Rules contained in Kerala Financial Code, Stores Purchase Manual, etc.
3. Apply the general audit checks in regard to maintenance of logbooks of vehicles
4. Apply the general audit checks relating to stores and stock and stock registers
5. Funds required for district officers are allotted from the Head Office. Check whether an allotment register is maintained for the purpose and the expenditure against the allotment is recorded promptly and correctly



### **56.7.3. Other Audit Checks**

1. Check whether the annual budget is prepared and approved by the board as well as Government as per the prescribed time schedule
2. Check whether the Board meetings are held as stipulated in the Act
3. Check whether only the eligible employees are admitted to the fund
4. Check whether different welfare schemes such as marriage benefits, death benefits, medical assistance, etc., are implemented in accordance with the board decisions / general orders or guideline issued by the Government
5. Verify the minutes of the meetings of the Board to see that all decisions taken by the Board are in accordance with the powers vested on it by the Act and decisions are not taken which fall within the powers of Government.

## **56.8. Assets and Liabilities**

### **56.8.1. Assets**

**Assets include the following:**

1. Land
2. Buildings
3. Furniture and fittings
4. Motor vehicles
5. Loans and Advances
6. Interest receivable
7. Cash in Hand
8. Cash at Bank
9. Sub-Offices account
10. Head Office account

### **56.8.2. Liabilities**

**Liabilities include the following:**

1. Capital Account
2. Expenses Payable
3. Welfare fund

The general audit checks detailed elsewhere in this manual shall be applied in respect of the assets and liabilities mentioned above

#### **56.8.2.1. Contributory Provident Fund (CPF)**

The employees of the Board are not eligible for Pension. They contribute to the Labour Welfare Fund Board Employees Contributory Provident Fund.

#### **56.8.2.2. Subscription to the CPF (monthly)**

1. Employee - 8 1/3 percent of basic pay and dearness allowance
2. Board - 8 1/3 percent of basic pay and dearness allowance

## **56.9. Accounting procedure**

1. Separate accounts are maintained in respect of each employee for accounting his subscription and Board's contribution
2. Interest at the rate fixed by the Board of Trustees formed for the management of the fund
3. The Trustees may from time to time deposit the money of the Fund not immediately required in Nationalized Bank

### ***56.10. Advances from the fund***

Temporary and non-refundable advances may be granted to the employees from the fund.

### ***56.11. Final Payment***

When a subscriber leaves the service of the Board on superannuation, invalidation or death, the amount outstanding to his credit including interest up to the date of his ceasing to be an employee of the Board, is payable to him or his nominee for that matter.

### ***56.12. Audit Checks***

1. Check whether all the eligible employees are brought under the CPF scheme.
2. Verify the subscription/contribution of all the employees to see that the subscription is not below the prescribed minimum.
3. Verify that the individual ledger accounts are kept in the prescribed form and the monthly subscriptions and contributions are posted correctly.
4. Check whether the temporary and non- refundable advances are sanctioned in accordance with the provisions in the rules regarding the purposes for which these advances can be sanctioned, the period of repayment, the interval of two advances, etc.
5. Check whether interest due on the accumulation in the individual accounts are correctly accounted.
6. Check the final payment to see that closure of the accounts are made in accordance with the events necessitating the closure.
7. In the case of the death of the subscriber where the closure amount is payable to the nominee check whether the amount is paid to the nominee if there is a valid nomination and in the absence of a valid nomination to the legal heirs as established by revenue authorities or Court of Law
8. Check the calculation of interest in final payment cases and see that interest has not been allowed beyond the stipulated date for giving interest
9. Check whether the surplus funds are invested as provided in the rules.

## ***57. Audit of Kerala Toddy Workers' Welfare Fund***

### ***57.1. Introduction***

Kerala Toddy Workers' Welfare Fund Act, 1969 was enacted to provide for the constitution of a fund to promote the welfare of, and payment of pension to toddy workers in the State. In compliance to the provisions in the Act, the Kerala Toddy Workers' Welfare Fund scheme, 1969 was framed.

The administration of the Fund is carried out by the Toddy Workers' Welfare Fund Board consisting of the following persons namely:

1. Six Officials nominated by the Government, of whom one shall be from the Finance Department and the Chief Welfare Fund Inspector.
2. seven persons representing the employers nominated by the Government
3. Seven persons representing the employees nominated by the Government

Government may nominate one of the members as Chairman

A Standing Committee constituted by the Board is to consider the following items:-

1. Annual Budget
2. Annual Administration Report
3. Recruitment of staff, and
4. Such other matters as may be referred to the Standing Committee by the Board

The Chief Welfare Fund Inspector is the Chief Executive officer of the Board. The Board's Head office is at Thiruvananthapuram. It has District Offices at every District except Wayanad. The District Offices are under the control of a Welfare Fund Inspector.

### ***57.2. Objectives of the Scheme***

1. To enroll in the Fund persons who are engaged in toddy tapping and allied activities.
2. To implement various schemes intended to benefit the members enrolled in the Fund.
3. To pay pension, gratuity and Provident Fund to the members who discontinue their membership due to retirement on superannuation or permanently disabled or totally incapacitated due to prolonged serious illness before attaining the age of superannuation.

*Note: As per Sub section 2(g) of the Act, member means a member of the fund and includes any person eligible to become a member of the Fund.*

### ***57.3. Income of the Fund***

1. Contribution from members (employees as defined in Sub-section 2 (d) of the Act) at ten percent of the wages for the time being payable
2. Contribution from employers (employers as defined in Sub-section 2[c] of the Act) ten percent of the wages for the time being payable to each of the employees
3. Contribution from Employer of an amount equal to five percent of the wages for the time being payable as gratuity
4. Government contribution to the fund every year of an amount not less than 10 percent of the employees' contribution as grant

Employer's contribution at ten rupees each for every half year in the case of every coconut tree and twenty rupees each for every year in the case of every palm tree tapped under his control to be utilized for the payment of compensation payable in lump sum to a member for his treatment for injuries sustained during the course of his employment or to his legal heirs in the event of his death as a result of the injuries sustained.



Pending determination of the amount due from, him every employer is to pay every month by way of advance contribution an amount equivalent to one - twelfth of the amount of contribution payable by him in respect of his employees according to his best judgment. The advance contribution is to be paid on or before 5<sup>th</sup> day of succeeding month. This is adjusted when the amount due is finally decided.

#### **57.4. Expenditure**

1. Payment of gratuity
2. Payment of pension
3. Administrative expenses
4. Provident Fund Payments
5. Payments in respect of other welfare schemes

#### **57.5. Accounting procedure**

The Board is following cash based single entry system of accounting. Chapter ten of the Scheme details the accounting procedures, the relevant portions of which are extracted below:

1. The amount received as contribution to the Fund from employer and employee shall be credited to an account called 'Provident Fund Account'
2. The amount received from employer as gratuity contribution shall be credited to an account called the 'Gratuity Fund Account'
3. All interest, rent and other income realized, and all profits or losses if, any from the sale of investments not including therein, the transactions of the administration of accounts, shall be credited to an account called the 'Interest suspense account'
4. Brokerage and commission on the purchase and sale of securities and other investments shall be included in the purchase and sale price and not separately charged to the 'Interest Suspense Account'.
5. All expenses incurred in respect of, and loss, if any, arising from, any investment shall be charged to the Fund
6. All moneys belonging to the Fund shall be deposited in the State Bank of India and in such other Scheduled Banks and the District Cooperative Banks as may be approved by Government

#### **57.6. Utilization of the Fund**

The fund shall be expended for payment of gratuity or Provident Fund to individual members of the fund or to their nominees or heirs or legal representatives in accordance with provisions of the scheme

A portion of the Fund not exceeding 15 percent of the total of the contributions realized or expected to be realized each year shall be set apart as Administration Account of the Fund. The following expenses shall be met out of this fund:

1. Fees and allowances to the Directors of the Board and salaries, leave and joining time allowances, travelling and compensatory allowances, pensions, gratuities, compassionate allowance, pensions, contributions to Provident Fund and other benefit fund instituted for the officers and employees of the Board
2. Cost of audit
3. Legal expenses
4. Cost of stationery and forms
5. Expenditure on construction of office buildings, staff quarters,
6. All expenses relating to administration of the fund

## **57.7. Audit of the Fund**

As per section 15[E] of the Act, audit of the welfare fund is entrusted with Director, Kerala State Audit Department.

## **57.8. Budget**

The Chief Welfare Fund Inspector is to place before the Board each year before the first day of February a budget showing the probable receipts from the contribution and the expenditure it proposes to incur during the following financial year. The Budget as approved by the Board is to be submitted to Government within one month of its being placed before the Board.

The records maintained are:

1. Register of members
2. Service Register of members
3. Contribution Register
4. Cheque /Demand Draft Register
5. Cash Book
6. Other records and forms
  - a) Declaration and nomination form
  - b) Return in respect of employees qualified to be registered in the Fund
  - c) Pension Application Register
  - d) Monthly Statements received from the employer Showing the following particulars
    - i. The name of the employee
    - ii. Register No.
    - iii. Wages drawn (Basic Wages, D.A, Other allowances)
    - iv. Deduction from employee's wages towards P.F
    - v. Employer's contribution towards P.F
    - vi. Total Contribution towards P.F
    - vii. Employees contribution towards Gratuity Fund

## **57.9. Contribution and its assessment**

At the time of admission to the fund itself, the employer has to remit his contribution alongwith the amount due from the designated member. The contribution from the employee can be recovered from the pay of the employee. The member can reckon his contribution on daily, weekly, fortnightly basis and thus reach the amount he is entitled to remit for the month.

Every employer has to file a return showing the details of contributions paid into the fund as stipulated before the 10<sup>th</sup> of every month. The Chief Executive Officer shall determine amount due from any employer under the provisions of the Act or of the Scheme for which he is entitled to conduct enquiry as may deem necessary. The orders on the amount due from the employer has to be taken after giving him an opportunity to be heard whereupon he can move the government with an appeal and orders of the Government thereon are final. This is termed as the final determination order.

Provisional assessment has to be resorted to when the returns are not filed in time as per section 9 of the Act, Chief Executive Officer may provisionally determine the amount due from the employer to the fund after hearing him. This is termed as provisional determination order. Any amount due from the employer in pursuance of the provisions of this Act or scheme may if the amount is in arrears, be recovered in the same manner as an arrear of land revenue.

### **57.9.1. Audit Checks**

Contributions by members:

1. Check whether the employers have sent consolidated return in form 2 in respect employees qualified to be registered under the Fund
2. Check whether the names of all the employees entitled to be a member and registered as such have been entered in the Register maintained by the Chief Welfare Fund Inspector for the purpose.
3. Check whether the Contribution Register is maintained and is in the prescribed form (4c) which contains the names of all employees, the amount contributed in respect of each employee and the withdrawals made there from.
4. Check whether the Chief Welfare Fund Inspector is forwarding intimation slip to the employees twice a year showing the amounts standing to their credit and the withdrawals made by them as stipulated in Sub-paragraph 4 of paragraph 38 of the Scheme
5. Check whether a pass book in Form 4B is given to the employees
6. Verify whether bank drafts received from the employers are deposited in the Saving Account of the Fund
7. Verify that the accumulation in any fund standing in the name of the employee before the commencement of the Act had been transferred to the Fund
8. The employees' contribution and equivalent contribution from the employer which is a total of 20 percent of the wages is to be apportioned as (1) Provident Fund-16 percent and (2) Pension- 4 percent. Verify whether this apportionment is correctly credited to the respective accounts
9. Verify whether the five percent contributions by employers towards gratuity are correctly transferred to the gratuity fund
10. Check whether all the receipts towards contributions are properly accounted and shown in the accounts
11. Check whether printed receipts are given to the employers in token of the receipt of the contributions
12. Check whether advance contributions as stipulated in the scheme are promptly paid and by the prescribed due date
13. Verify whether the employer is furnishing every month to the Chief Welfare Fund Inspector a statement in form 4 A containing the following particulars:
  - a) During the month in which the statement relates there is no change in the establishment
  - b) The number of employees who left the shop and the number of employees took up employment in the shop
  - c) Out of those new employees the number of employees who have registered and the number of employees who have not registered and in respect of those not registered, the number of employees who are eligible for registration and can be registered and a registration number can be allotted and the remaining employees not eligible for registration.
  - d) Full particulars of wages received by each employee ,deduction from the wages towards contribution due, the employer's contribution and total contribution, contribution of the employer towards Gratuity Fund , total contribution due , amount remitted to the welfare fund along with challan number/Bank draft number and date.
14. Check whether the revised arrear, annual arrears, the authority / correctness for DCB statement with contribution register
15. Check whether revenue recovery proceedings under section 9 of the scheme has been initiated against defaulting employers
16. Check whether reconciliation at Taluks are being conducted to know the status of revenue recovery
17. Check whether the final determination of contributions is done
18. check the files relating to the contributions to see that the orders regarding contributions issued in a financial year to see that the demand and procedures of contributions are correctly done.



## **57.10. Withdrawals from the fund**

Non- refundable advances and other withdrawals are permissible in the following cases

1. Loans for Housing
2. Advances from the fund towards allotment of tenements
3. Advance for the construction of houses under the Low Income Group Housing Scheme
4. Advance during unemployment
5. Advance for purchase of shares in consumer cooperative societies
6. Advance for taking shares in Toddy Shop Workers and Toddy Tappers Co-operative Societies
7. Loan for treatment of illness
8. Advance for education of children
9. Advance for the marriage of the daughter of the member
10. For financing Life Insurance Policies

### **57.10.1. Audit Checks**

1. Check whether out of the total contribution of 20 rupees by the employee and the employer taken together, rupees 16 has been credited to the individual P.F account of the employees
2. Whether proper records such as individual ledger, Broad Sheet, nomination register, etc., are maintained
3. Check whether the loans for housing are sanctioned in accordance with the conditions stipulated in Chapter VIII of the Scheme
4. Verify whether other non-refundable advances are sanctioned in accordance with the provisions contained in Chapter IX of the Scheme
5. Check whether the PF payments in death cases are made to the nominees if there is a valid nomination and in cases where there is no valid nomination the amount is paid in equal shares to the members of the family
6. Whether interest allowed on P.F accumulation in individual accounts has been correctly worked out and posted in the respective accounts
7. Check whether the statement of contribution is being prepared showing the details such as opening balance at the beginning of the period, the amount contributed during the period, the total amount of interest accrued, the loans and advances debited during the period and closing balance at the end of the period.
8. Whether the utilization certificates wherever stipulated have been promptly obtained from the beneficiaries.

## **57.11. Expenditure**

### **57.11.1. Payment of Pensions**

One of the important welfare measures under the scheme is payment of pension to the eligible members:

#### **A-Eligibility:**

1. Members who have got the continuous membership of not less than 10 years
2. Either before or after the commencement of the scheme retired on superannuation
3. Members who are permanently disabled
4. Members who are unable to work due to prolonged illness

*Members categorized under 3 and 4 above who retired on superannuation before completing 10 years of membership are also eligible. Those members who had made contribution (PF and Gratuity) continuously for 10 years or more and who had retired before the date of commencement of the pension scheme are also eligible for pension even if they had not registered as members of the fund.*

5. Palmtree workers who can have work only for a maximum period of six months in a year is also eligible for pension on reckoning the remaining six months as eligible service for pension.

**B-Pension:**

The rate of monthly pension payable is computed as below:

Category	Rate of pension
1. Those members who had superannuated before completing 10 years of service before the commencement of the scheme	Rs.100 per month with effect from the date of commencement of the pension scheme
2. Members who have completed not less than 10 years of membership and who superannuated after the commencement of the scheme	Rs.100 per month with effect from the date of superannuation
3. Members who rendered service for more than 10 years and who superannuated after the commencement of the scheme	Rs.100 per month plus Rs.10 for every completed year of membership payable from the date of superannuation
4. Members who become permanently disabled or unable to work due to prolonged illness and retire before the date of superannuation before completing 10 years of service	Rs.100 per month from the date of retirement before superannuation

Audit shall apply the following checks in respect of the Pension payments:

1. Check the qualifying service for pension from the service register
2. Different rates of pension are sanctioned depending on the years of membership. Verify whether the rates of pension are correctly worked out
3. Check whether the Welfare Fund Inspector has made necessary enquiries to find out whether the applicant is eligible for pension
4. The Pension, after it is sanctioned by the Chief Welfare Fund Inspector, is arranged for payment through the District Office. The Welfare Fund Inspector is to keep a Pension Distribution Register in the prescribed form (Form 13) to enter all the details regarding the pension payment made by him. Check whether the prescribed register is maintained and all the required particulars are correctly entered in the register by the Welfare Fund Inspector
5. Check that the pension application form (Form No.8) received from the employee contains all the particulars required for sanctioning the pension and is properly filed in the office of the Welfare Fund Inspector.

**57.11.2. Payment of gratuity**

Gratuity is payable to an employ on the termination of his employment after he has rendered continuous service of not less than one year in the following situations:

1. On his retirement on superannuation, or
2. On his retirement, resignation, retrenchment, discharge or dismissal from service, or on his death or total disablement due accident or disease provided that the completion of one year continuous service is not necessary in the case of death or total disablement.
3. Gratuity is to be paid to the employee at the rate of fifty percent of monthly average of wages for each completed year of service or part thereof in excess of six months subject to a maximum of twenty months wages.
4. In the case of death of an employee gratuity is payable to his nominee or in the absence of a nominee to the members of his family as specified in paragraph 61 of the scheme.

While verifying the gratuity payments, Audit is to see that:

- a) The payment of gratuity is made to the eligible employee who had put in the required service
- b) In the case of gratuity payable to an employee on his total disablement due to accident, or disease, check that he has provided a certificate from a Medical Officer not below the rank of an Assistant Surgeon to the effect that the employee has been completely incapacitated for service.

- c) Check that the amount of gratuity payable is worked out with reference to the following:
  - i. The qualifying service has been worked out on the basis of the period during which the employee was a member of the fund and addition to the qualifying as provided in the proviso to paragraph 45c is correctly reckoned wherever applicable.
  - ii. Whether proper records of nomination filed by the employees are kept
- d) In death cases check whether the payment has been made to the nominee as per the nomination filed by the employee
- e) The gratuity payments are correctly debited to the gratuity fund

### ***57.11.3. Provident Fund payments***

A total of 16 percent of the contributions made by employee and employer is credited to the PF account of the employee. A member may withdraw the full amount standing to his credit in the provident fund account under the following circumstances:

1. at the time of superannuation
2. on account of permanent and total incapacity for work due to bodily or mental infirmity duly certified by a registered medical practitioner designated by the Board
3. immediately before migration from State for permanent settlement outside
4. on the termination of service in the case of mass or individual retrenchment
5. Other circumstances mentioned in sub- paragraphs 2 and 4 of paragraph 60 of the scheme.

### ***57.12. Withdrawal from contributions for Insurance Policy***

Member is eligible to withdraw an amount that is available in his PF account alongwith interest once in a year for the life insurance policy. The same can be paid only after it is sanctioned by the Chief Welfare Fund Inspector. The maximum amount allowed to be withdrawn shall not exceed the premium amount equivalent to six months. Moreover, such amount shall not exceed the total contribution of the member till the date of withdrawal. In case, the Chief Welfare Fund Inspector is not convinced that the amount has been utilized for the purpose, the entire amount alongwith interest as decided by the Government shall be recovered from his pay and allowances and credited to his welfare fund account.

### ***57.13. Audit of Administration Account***

The expenses which are debited to this account fall under the following heads:

1. Pay and Allowances to Board staff and establishment staff
2. Travelling Allowance to Directors and staff
3. Office Expenses
4. Contingent Expenses
5. Repairs and maintenance
6. Pay to contingency staff
7. Rent

The Board has not framed its own rules to regulate all the expenses. Consequently, it has to follow the relevant Government Rules. The categories of expenses as shown above are common categories of expenditure and therefore the general audit checks detailed elsewhere in this volume of the Manual shall be applied in these cases as well.

### ***57.14. Audit of Assets***

Assets of the Board include the following

1. Fixed assets
2. Investments
3. Loans and advances
4. cash in hand and cash at bank



As the assets are common categories of assets the general audit checks on assets is equally applicable here. Further, check whether The Chief Welfare Inspector submits to Government, a classified abstract of assets in Form 5 as stipulated in sub-paragraph 5 of paragraph 69 of the scheme by the due date.

### ***57.15. Audit of Liabilities***

1. Provident Fund
2. Pension Fund
3. Gratuity Fund

The audit of the above Funds has already been detailed in the preceding paragraphs.

### ***57.16. Other audit Checks***

#### ***57.16.1. Audit checks on interest suspense account***

Sub paragraph 2 of paragraph 69 of the scheme provides for creation of 'Interest Suspense Account to credit/debit of the following items, namely;

1. All interest ,rent and other income received
2. All profits and losses ,if any, from the sale of investments not included therein the transactions of the administration of accounts

The creation of such an account is irregular on account of the following reason.

As the nomenclature of the account indicates, it is a suspense account and a suspense account is to accommodate any receipt or payment or any other transaction which cannot be brought under any specific head of receipt or expenditure. The suspense account is a transitory account which in all probabilities is required to be closed with a nil balance at the close of the year of accounting. The categories of receipt or expenditure which are required to be credited or debited to the account cannot, therefore, qualify for inclusion in this account. This aspect has to be examined in audit to make suitable audit comments. Audit should make an in depth analysis of the accumulation in this account (a very substantial sum as disclosed in the accounts) as this is necessary because it would affect the working results of the Board.

## ***58. Audit of Kerala Abkari Workers Welfare Fund***

### ***58.1. Introduction***

Kerala Abkari Workers' Welfare Fund Act, 1989 was enacted for the purpose of constitution of a fund to provide relief, promote the welfare of, and payment of pension to Abkari workers in the State. In compliance to the provisions in the Act, the Kerala Abkari Workers' Welfare Fund scheme, 1990 was framed.

The administration of the Fund is carried out by the Abkari Workers' Welfare Fund Board consisting of the following persons namely:-

- a. Five members representing Government.
- b. Five members representing the employers
- c. Five members representing the employees

One of the Directors will be nominated by Government as the Chairman of the Board.

A Standing Committee constituted by the Board is to consider the following items:-

- a. Annual Budget
- b. Annual Administration Report and
- c. Such other matters as may be referred to the Standing Committee by the Board

The Board's Chairman will be the Chairman of the Standing Committee

The Chief Welfare Fund Inspector is the Chief Executive officer of the Board. The Board's Head office is at Thiruvananthapuram. It has District Offices at Ernakulam, Thrissur and Kozhikode. The District office at Thiruvananthapuram is working along with Head Office. The Districts of Thiruvananthapuram, Kollam, Allappuzha, Pathanamthitta are under the administrative control of Welfare Fund Inspector of Thiruvananthapuram; the Districts of Kottayam, Idukki, Enakulam are under the administrative control of Welfare Fund Inspector of Ernakulam; the Districts of Thrissur, Palakkad and Malappuram are under the administrative control of the Welfare Fund Inspector of Thrissur and the Districts of Kozhikode, Kannur, Kasaragod and Wayanad are under the administrative control of the Welfare Inspector of Kozhikode.

### ***58.2. Objectives of the Scheme***

The Scheme is intended to provide relief to the Abkari Workers in the following measures:

1. for payment of pension;
2. for payment of provident fund;
3. for payment of gratuity;
4. for payment of family pension;
5. for payment of financial assistance to a member who suffers from permanent disablement;
6. for payment of loans or grants to a member to meet expenses for the marriage of children or in connection with disease or death of dependents or for the education of children or for construction or maintenance of houses;
7. to provide maternity benefits to women Abkari workers who are not eligible for such benefits under any other law for the time being in force;
8. to provide distress relief to the family of a member affected by natural calamities or epidemics;
9. to provide to the Abkari workers and members of their families,-
  - a) medical facilities
  - b) education and vocational training and facilities for part-time employment;
10. to provide for the establishment of nurseries and crèches for the children of the abkari workers;
11. for implementation of any other purpose specified in the scheme

*Note (1): Abkari Worker has been defined under Section 2 (a) of the Act as follows:*

‘Any Person Who is employed for wages in connection with the storing, bottling, transport or sale of liquor and who gets his wages directly or indirectly from the employer but does not include an employee as defined in the Kerala Toddy Workers’ Welfare Fund Act 1969’.

*Note (2): Employer has been defined under Section 2(e) of the Act as follows:*

‘Any person who employs himself or through any other person one or more Abkari workers and any person who has a license for storing, distribution or sale of liquor under the Abkari Act (1 of 1977)’.

### **58.2.1. Income of the Fund**

1. The contributions and gratuity specified in section 4 of the Act;
2. The amount borrowed by the Board under section 10;
3. Damages realized under section 20;
4. Grants or loans or advances made by the Government of India or the State Government or any institution;
5. Any donation from whatever source;
6. Any amount raised by the Board from other sources to augment the resources of the Board;
7. Fee levied under the scheme;
8. Any other amount to be credited to the Fund as per the provisions of the scheme

The Fund may be utilized for all or any of the following purposes namely:

1. for payment of pension;
2. for payment of provident fund;
3. for payment of gratuity;
4. for payment of family pension;
5. for payment of financial assistance to a member who suffers from permanent disablement;
6. for payment of loans or grants to a member to meet expenses for the marriage of children or in connection with disease or death of dependents or for the education of children or for construction or maintenance of houses;
7. to provide for maternity benefits to women abkari workers who are not eligible for such benefits under any other law for the time being in force;
8. to provide for distress relief to the family of a member affected by natural calamities or epidemics;
9. to provide for the Abkari workers and members of their families,-
  - a) medical facilities
  - b) education and vocational training and facilities for part-time employment;
10. to provide for the establishment of nurseries and crèches for the children of the abkari workers;
11. for implementation of any other purpose specified in the scheme

### **58.2.2. Contribution by employee and employer to the Fund**

1. Contribution which shall be paid by employer to the Fund shall be ten per cent of the wages for the time being payable to each of the abkari worker and the abkari worker’s contribution shall be equal to the contribution payable by the employer in respect of him in the manner specified in the scheme.
2. The employer shall in addition to the contribution payable under subsection (1), contribute to the Fund as gratuity an amount equal to five per cent of the wages for the time being payable to each of the abkari worker
3. An employer who is liable to pay contribution to the Fund under section 4 shall, pending determination of the amount under section 11, himself assess the same at such rates as mentioned in section 4 and pay the amount in such manner as specified in the scheme on or before the 5th day of every month.
4. In case of default to pay the amount as mentioned in sub-section (1), the Chief Welfare Fund Inspector or any other officer authorized by him in this behalf, shall send a notice to the person who has defaulted

showing the amount of arrears and if the amount is not remitted within 15 days from the date of receipt of notice, the same may be recovered as arrears of public revenue due on land.

5. The amount paid for one year under this section shall be set off against the amount determined under section 11.

### **58.2.3. Expenditure**

The expenditure under the Fund falls under the following divisions:

1. Payment of gratuity
2. Payment of pension
3. Provident Fund Payments
4. Other welfare scheme payments (ex-gratia, funeral expenses, medical benefits and scholarships, etc.)
5. Administrative expenses

### **58.3. Accounting procedure**

The Board is following cash based single entry system of accounting. Chapter 11 of the Scheme details the accounting procedures, the relevant portions of which are extracted below:

1. The amount received as contribution to the Fund from employer and employee shall be credited to an account called 'Kerala Abkari Workers Welfare Fund'
2. The amount received from employers as gratuity contribution shall be credited to an account called the 'Gratuity Fund Account'
3. All interest, rent and other income realized, and all profits or losses, if, any from the sale of investments not including therein, the transactions of the administration of accounts, shall be credited to an account called the 'Interest suspense account'
4. Brokerage and commission on the purchase and sale of securities and other investments shall be included in the purchase and sale price and not separately charged to the 'Interest Suspense Account'.
5. All expenses incurred in respect of, and loss, if any, arising from, any investment shall be charged to the Fund
6. All moneys belonging to the Fund shall be deposited in a Nationalized Bank or Scheduled Banks or Co-operative Banks as may be approved by Government

### **58.4. Utilization of the Fund**

The contributions made to the Fund by the employee at ten percentage of the wages and the equivalent contribution made by the employer amounting to a total of total of 20 percent of the wages are apportioned and credited to the Pension Fund and Provident Fund as 2 percent and 18 percent respectively. The five percent contribution made by the employer for payment of gratuity is to be credited to Gratuity Fund.

15 percent of the total of the contributions realized or expected to be realized each year shall be set apart as Administration Account of the Fund and the following expenses shall be met out of this fund.

1. Fees and allowances to the Directors of the Board and salaries, leave and joining time allowances, travelling and compensatory allowances, pensions, gratuities, compassionate allowance, pensions, contributions to Provident Fund and other benefit fund instituted for the officers and employees of the Board
2. Cost of audit
3. Legal expenses
4. Cost of stationery and forms
5. Expenditure on construction of office buildings, staff quarters



6. All expenses relating to administration of the fund which fall under the following categories
  - a) Pay and allowances of staff
  - b) Travelling Allowances
  - c) Contingent expenses
  - d) Repairs and maintenance
  - e) Medical expenses
  - f) Audit charges

### **58.5. Audit of the Fund**

Paragraph 54 of the scheme provides that the accounts of the Fund including the Administration Account shall be audited in accordance with the instructions of Government and accordingly Government had appointed KSAD as the Auditor.

#### **58.5.1. Budget**

The Chief Welfare fund Inspector is to place before the Board each year before the first day of February a budget showing the probable receipts from the contribution and the expenditure it proposes to incur the following financial year. The Budget as approved by the Board is to be submitted to Government within one month of its being placed before the Board.

Following are the records maintained:

1. Register of members
2. Service Register of members
3. Contribution Register
4. Cheque /Demand Draft Register
5. Cash Book
6. Other records and forms
  - a) Declaration and nomination form
  - b) Return of employees qualified to be registered in the Fund
  - c) Pension Application Register
  - d) Monthly Statements received from the employer Showing the following particulars:
    - i. The name of the employee
    - ii. Register No.
    - iii. Wages drawn(Basic Wages, D.A, Other allowances)
    - iv. deduction from employee's wages towards P.F
    - v. Employer's contribution towards P.F
    - vi. Total Contribution towards P.F
    - vii. Employer's contribution to gratuity fund

#### **58.5.2. Audit Checks on receipts**

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##### **Contributions by members / employers**

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1. Check whether the employers have sent consolidated return in form 2 in respect employees qualified to be registered under the Fund
2. Check whether the names of all the employees entitled to be a member and registered as such have been entered in the Register maintained for the purpose.
3. Check whether the contribution register is maintained and is in the prescribed form.
4. Check whether the Chief Welfare Fund Inspector is forwarding intimation slip to the employees showing the amounts standing to their credit and the withdrawals made by them.
5. Verify whether the bank drafts received from the employers are deposited in the Saving Account of the Fund

6. Verify the accumulation in any fund standing in the name of the employee before the commencement of the Act had been transferred to the Fund
7. The employee's contribution and equivalent contribution from the employer which is a total of 20 percent of the wages is to be apportioned as (1) Provident Fund-18 and (2) Pension- 2 percent. Verify whether this apportionment is correctly done
8. Verify the five percent contributions by employers towards gratuity are correctly transferred to the gratuity fund
9. Check whether all the receipts towards contributions are properly accounted and shown in the accounts.
10. Check whether printed receipts are given to the employers in token of the receipt of the contributions

### **58.5.3. Expenditure**

#### **A. Payment of Pensions**

One of the important welfare measures under the scheme is payment of pension to the eligible members. Audit shall apply the following checks in respect of the Pension payments:

1. Check the qualifying service for pension from the service register
2. Verify whether the rates of pension are correctly worked out
3. Check whether the Welfare Fund Inspector has made necessary enquiries to find out whether the applicant is eligible for pension
4. The Pension, after it is sanctioned by the Chief Welfare Fund Inspector, is arranged for payment through the District Office. The Welfare Fund Inspector is to keep a Pension Distribution Register in the prescribed form to enter all the details regarding the pension payment made by him. While auditing the pension payments in the District Office, Check the pension distribution register to see that
  - a) the Pension Distribution Register is maintained and is in the proper form
  - b) Check Whether the pension cases which are received in the District office after duly sanctioned by the Chief Welfare Fund Inspector have been entered in this register and the payment of pension as per the sanctions are correctly authorized.
  - c) Check the records to see that the pension payments are received by the pensioner.
  - d) Verify whether there is any undue delay in authorizing the pension once the sanction is received in the District office.

#### **B. Payment of gratuity**

The gratuity is paid from the Gratuity Fund created by crediting five percent of the wages contributed by the employer. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service of not less than one year:

1. On his retirement due to old age
2. On his retirement, resignation, retrenchment, discharge or dismissal from service, or on his death or total disablement due accident or disease provided that the completion of one year continuous service is not necessary in the case of death or total disablement.
3. Gratuity is to be paid to the employee at the rate of fifty percent of monthly average of wages for each completed year of service or part thereof in excess of six months subject to a maximum of twenty months wages.
4. In the case of death of an employee gratuity is payable to his nominee under sub paragraph 26(3) or in the absence of a nominee, to the members of his family as specified in sub paragraph 33(3) of the scheme.

## ***58.6. Audit Checks on gratuity payments***

While checking the gratuity payments, Audit is to see that:

1. The prescribed contribution to the Gratuity Fund (5 percent of the wages) has been correctly made
2. The payment of gratuity is made to the eligible employee who had put in the required service
3. In the case of gratuity payable to an employee on his total disablement due to accident, or disease, check that he has provided a certificate from a Medical Officer not below the rank of an Assistant Surgeon to the effect that the employee has been completely incapacitated for service.
4. The conditions for grant of gratuity as provided in paragraph 37 of the scheme regarding the minimum qualifying service for payment of gratuity, events necessitating the gratuity payment, etc., have been satisfied.
5. The amount of gratuity has been correctly worked out in accordance with paragraph 36 of the scheme.
6. proper records of nomination as filed by the employees are kept
7. In death cases check whether the payment has been made to the nominee as per the nomination filed by the employee. If no valid nomination has been filed by the employee, check whether the gratuity payments have been made to the family members as provided in the scheme
8. The recipient's acknowledgement of receipt of the gratuity has obtained.

### ***58.6.1. Provident Fund payments***

A total of 18 percent of the contributions made by employee and employer are credited to the PF account of the employee. The employee may withdraw the full amount standing to his credit in the provident fund account under the following circumstances:

1. at the time of reaching old age
2. when a registered medical practitioner nominated by the Board gives appropriate medical certificate to the effect that the employer cannot work completely or permanently due physical or mental disabilities.
3. immediately before migration from State for permanent settlement outside
4. on the termination of service in the case of mass or individual retrenchment

### ***58.6.2. Withdrawals from the Fund***

Non- refundable advances and other withdrawals are permissible in the following cases:

1. Loans can be sanctioned by Chief Welfare Fund Inspector for direct purchase of houses or for hire purchase through Government or cooperative societies, Housing Finance Corporation, or Local Self Governments or for purchase of land for construction of houses
2. Medical treatment
3. Education of children
4. Marriage of daughter
5. Scholarships to children of the member

Withdrawal from the fund can be allowed for financing LIC Policies also.

## ***58.7. Audit Checks on Provident Fund Payments***

1. Check whether out of the total contribution of 20 percent of the wages, 18 percent has been credited to Provident Fund
2. Whether proper records such as individual ledger, Broad Sheet, nomination register, etc., are maintained
3. Check whether the loans for housing are sanctioned in accordance with the conditions stipulated in Chapter IX of the Scheme
4. Verify whether other non-refundable advances are sanctioned in accordance with the provisions contained in Chapter IX of the Scheme

5. Check whether the PF payments in death cases are made to the nominees if there is a valid nomination and in cases where there is no valid nomination the amount is paid in equal shares to the members of the family
6. Whether interest allowed on P.F accumulation in individual accounts has been correctly worked out and posted in the respective accounts
7. Check the accuracy of the statement of contribution containing the details such as opening balance at the beginning of the period, the amount contributed during the period, the total amount of interest accrued, the loans and advances debited during the period and closing balance at the end of the period.

### ***58.8. Audit of Administration Account***

The expenses which are debited to this account fall under the following heads:

1. Pay and Allowances to Board staff and establishment staff
2. Travelling Allowance to Directors and staff
3. Office Expenses
4. Contingent Expenses
5. Repairs and maintenance
6. Pay of contingency staff
7. Rent

The Board has not framed its own rules to regulate all the above expenses. Consequently, it has to follow the relevant Government Rules. The categories of expenses as shown above are common categories of expenditure and therefore the general audit checks detailed elsewhere in this volume of the Manual shall be applied in these cases as well.

### ***58.9. Audit of Assets***

Assets of the Board include the following

1. Fixed assets
2. Investments
3. Loans and advances
4. cash in hand and cash at bank

The assets are common categories of assets and therefore, the general audit checks on assets are equally applicable in the above cases.

### ***58.10. Audit of Liabilities***

1. Provident Fund
2. Pension Fund
3. Gratuity Fund
4. Interest Suspense Account

The audit checks in respect of the above except Interest Suspense Account has already been detailed in the preceding paragraphs.



### ***58.11. Audit checks on the Interest Suspense Account***

All interest, rent and other income realized and all profit and loss if any from the sale of investments not including therein the transaction of the administration of accounts, shall be debited or credited as the case may be to an account called 'Interest Suspense Account'.

The audit checks shall include the following:

- a) As the nomenclature of the account indicate, it is a suspense account and a suspense account is to accommodate only any receipt or payment or any other transaction which for the time being cannot be brought under any specific head of receipt or expenditure. The suspense account is a transitory account which in all probabilities is required to be closed with a nil balance at the close of the year of accounting. The categories of receipt or expenditure which are listed to be required to be credited or debited to the account may not, therefore, qualify for inclusion in this account. This aspect has to be examined in audit to make suitable audit comments on this irregular accounting practices. Audit should make an in depth analysis of the accumulation in this account (a very substantial sum as disclosed in the accounts) as this is necessary because it would affect the working results of the Board apart from wrong accounting.

## ***59. Kerala Tailoring Workers Welfare Fund***

### ***59.1. Introduction***

Kerala Tailoring Workers Welfare Fund Act, 1994 was enacted by Government to provide for the constitution of a Fund to grant relief, to promote the welfare of, and to pay pension to tailoring workers and self-employed persons in tailoring work in the State. In GO (P) No.100/95/Labour dated 6<sup>th</sup> October, 1995 Government have framed the scheme. The detailed objectives of the scheme under the Fund are the following:

1. Payment of pension,
  - a) to a member who is a member for at least for three years and unable to work due to infirmity or has completed the age of sixty years;
  - b) to a person who before the commencement of the Act was a tailoring worker or a self-employed person for a period of not less than three years and has completed sixty years and who suffers permanent disablement;
2. Payment of family pension
3. Payment of retirement benefits as may be specified in the scheme
4. Payment of financial assistance to a member who suffers from permanent disablement;
5. Payment of loans or grants to a member for the marriage of daughter;
6. Payment of expenses in connection with the death of a dependent
7. Payment of advances for purchase or for construction of house;
8. to provide maternity benefits to women workers;
9. to provide for tailoring workers, self-employed persons and members of their families medical facilities and educational facilities including higher education
10. Payment of loan for the purchase of tailoring machines or accessories

### ***59.2. Administration of the Fund***

The Fund is administered by Kerala Tailoring Workers' Welfare Fund Board constituted by Government for the purpose. The Board consists of the following members

1. Six persons representing the tailoring workers and self-employed persons one of whom shall be from scheduled caste-scheduled tribe and one shall be a woman;
2. Four persons representing the employers;
3. Four persons representing the Government. Government will appoint one of the Directors as Chairman of the Board A standing Committee is constituted by the Board to consider the following matters
  - a. Annual Budget
  - b. Annual Administration Report

There are District Offices in all the 14 Districts in the State

### ***59.3. Income of the Fund***

Contributions as stated below

1. Every tailoring worker and every self-employed person is to contribute to the Fund twenty rupees each per month and every employer, in respect of each tailoring worker engaged by him is to contribute five rupees per month.
2. Every employer, along with the amount of monthly contribution in respect each tailoring worker engaged by him, is to pay to the Fund twenty five rupees including the workers contribution.
3. Government is to contribute to the Fund every year by way of grant an amount equal to ten percent of the contribution by tailoring workers and self-employed persons in a year
4. Every employer liable to pay the contribution shall, pending determination of the amount due from him, pay on or before 10<sup>th</sup> day of each month an amount equivalent to one-twelfth of the amount payable annually payable. This amount shall be adjusted from the amount of contributions payable under item (1) above.

### ***59.4. Expenses from the fund***

Expenditure under the following items are incurred from the Fund:

1. Pension
2. Death benefit
3. Maternity Allowance
4. Funeral assistance
5. Medical assistance
6. Scholarships and cash awards

### ***59.5. Audit of accounts of the Board***

As per section 30(1) of the Act, the accounts of the Board shall be audited by auditors appointed by the Board. Kerala State Audit Department has been appointed as auditors by Government.

#### ***59.5.1. Administration of fund accounts***

1. All moneys belonging to the Fund shall be deposited in any Nationalized Bank or Scheduled Bank or the treasury or in the Co-operative Bank
2. The amount received as contribution is to be credited to the account called Kerala Tailoring Workers Welfare Fund
3. All interest, rent and other income realized and all profits or losses on investments after deducting administrative expenses shall be credited to the account called 'Interest Suspense account'
4. All expenses necessary for the administration of the Fund, Travelling Allowance and fees to the Directors of the Board, leave salary, joining time pay, travelling allowance pension contribution other allowances and benefits to the officers and staff legal expenses of the Board, and audit fees shall be met from the Administration Account of the Fund. The Board prepares a Receipt and Payment Account, and a Balance Sheet annually.

#### ***59.5.2. Receipts***

1. Contribution from employees
2. Contribution from the employers
3. Registration fee from employees
4. Grants from Government

#### ***59.5.3. Payments***

1. Pension
2. Death benefits
3. Maternity Allowance
4. Medical Benefits
5. Scholarships and cash awards
6. Advance for treatment of illness

The expenditure from the Administration Account falls under the following categories:

1. Salaries and Allowances
2. Travelling Allowances
3. Office Expenses
4. Contingent Expenditure
5. Pension Contribution
6. Repairs and Maintenance

## **59.6. Records maintained**

Following records are maintained in District offices.

1. Register of registered employees
2. Contribution Register
3. Cash book
4. Bank Pass Book
5. Register of cheques/Demand Drafts
6. Demand, Collection and Balance Register
7. Pension Applications
8. Pension Sanction orders
9. Pension sanction Register (To be maintained in Head Office also)
10. Register of Pension Application forwarded to Head Office
11. Register to record undisbursed Pensions

### **59.6.1. Audit checks - General**

- a) Verify whether the registrations of employees are made after obtaining the application in the prescribed form along with the certificates as listed in paragraph 18(1) of the scheme
- b) Check whether the registration fees as prescribed in paragraph 18(2) of the scheme have been obtained along with the application
- c) Verify whether nomination as prescribed in paragraph 18(3) of the scheme has been obtained in respect of every worker enrolled under the scheme
- d) Check whether each employer furnishes a monthly return in Form 8 showing full particulars of the contribution paid
- e) Verify whether the accumulations standing to the credit of the employee in any other fund to which he was a member before joining the fund are transferred to the Fund
- f) Check whether all the contributions are received at the prescribed rates and credited to the Kerala Tailoring Workers Welfare Fund
- g) Check whether all the moneys belonging to the Fund are deposited in any Nationalized Bank or scheduled Bank or the State Treasury Account or in a Co-operative Bank
- h) Check whether the amount set apart for expenses relating to administration is the amount not exceeding nine percent of the total contribution realized or expected to be realized each year
- i) Check whether the arrears of contribution from employer or member are reported to the Collector for taking action under Revenue Recovery Act as provided in paragraph 46 of the Scheme
- j) Check whether a demand, collection and balance statement is maintained in the District Offices and updated
- k) Check whether reconciliation with the bank accounts is made periodically and differences if any are settled promptly.
- l) Verify whether Government contribution is deposited in Savings Bank of the Board in the District Treasury, Thiruvananthapuram
- m) Check whether any diversion of fund is made without prior permission of Government as stipulated in sub paragraph 4 of paragraph 41 of the Scheme

### **59.6.2. Audit Checks - Pension**

1. Check whether pensions have been sanctioned to persons who satisfied the criteria stated in sub-paragraph 5 of paragraph 27A of the Scheme
2. Check whether the amount of pension sanctioned is as provided in sub-paragraph 5(6) of paragraph 27A of the Scheme as amended from time to time
3. Verify whether the authorization of pension is recorded in the register maintained for the purpose
4. In the case Invalid Pension, check whether the prescribed medical certificate is furnished along with Pension Application
5. In the case of Family Pension, check whether the payment has been made in accordance with order of priority as mentioned in sub-paragraph 2 of paragraph 28 of the Scheme.

## ***59.7. Retirement Benefit***

Paragraph 28A of the Scheme provides for payment of Retirement Benefit to those members who retire while being a member of the Welfare Fund and it is the total of the amount remitted by the member and contribution by the Board which is a specified amount.

### ***59.7.1. Audit Checks***

1. Verify the correctness of the amount of remittance of the employee which is included in the total payment.
2. Check whether the Board's contribution has been included correctly
3. Check whether proper records of payments are kept in the Division Office
4. Check whether the acknowledgement of the payee having received the payment has been obtained

Non –refundable advances are admissible in respect of the following cases; namely (Paragraph 30 to 32 of the Scheme):

1. Treatment of illness
2. Education of children
3. Marriage of daughter

### ***59.7.2. Audit Check - payment of advance /loan***

Check whether all the conditions regulating the payment of advances as specified under the relevant paragraphs are complied with while sanctioning the advances. The following aspects need special attention:

1. The quantum of loan
2. The eligibility for the loan
3. In the case of advances for treatment of illness, medical certificate to show that the applicant is undergoing treatment for the illness is required to be furnished
4. It must also be seen in audit that proper records of sanction and payment of the advances are kept in the Head office/District Offices. Loans which are refundable can be sanctioned for purchase or construction of houses or for purchase of plots for the construction of houses from the Government, or through co-operative societies or Housing Finance Corporation
5. Check whether the loans are sanctioned to eligible persons
6. Check whether the amount sanctioned is in accordance with the scheme
7. The loan is to be repaid in instalments. Check whether proper register is maintained to watch the repayment of the loan
8. Check whether utilization certificate is given by the loanee

## ***59.8. Maternity benefit to female workers***

Maternity benefit is available to female members for a maximum of two times:

1. Check whether proper records are maintained in the District Office to record the sanction and payment of the maternity benefit.
2. Check that the quantum of maternity benefit is that provided in the scheme



### **59.9. Audit of Administration Account**

The expenses which are debitable to the Administration Account fall under the following heads:

1. Salary and allowances
2. Travelling allowance
3. Office expenses
4. Contingent expenditure
5. Audit fees
6. Pension Contribution in respect of employees on deputation to the Board
7. Legal expenses
8. Repairs and maintenance
9. Rent

The Board has not framed its own rules to regulate all the expenses. Consequently, it has to follow the relevant Government Rules. The Officers and staff of the Board are on deputation from State Government departments and their entitlements are as per the rules followed in the respective departments and payments to them are made accordingly. In addition pension contribution in respect of each employee is being remitted by the Board. The categories of expenses as shown above are common categories of expenditure and therefore the general audit checks detailed elsewhere in this volume of the Manual shall be applied in these cases as well.

### **59.10. Assets**

Assets of the Board include the following:

1. Fixed assets
2. Investments
3. Loans and advances
4. Cash in hand and cash at bank

As the assets are common categories of assets and the general audit checks on assets detailed elsewhere in the volume are equally applicable in this case as well.

### **59.11. Liabilities**

1. General Fund
2. Grant received

The audit checks in respect of the liabilities already detailed elsewhere in this volume are equally applicable in this case as well.

### **59.12. Interest Suspense Account**

The Interest Suspense Account of all interest, rent and other income realized and all profit and loss if any from the sale of investments after deducting administrative expenses shall be debited or credited as the case may be to an account called 'Interest Suspense Account'.

### ***59.13. Audit of Interest Suspense Account***

All interest, rent and other income realized and all profit and loss, if any, from the sale of investments not including therein the transaction of the administration of accounts, shall be debited or credited as the case may be to an account called 'Interest Suspense Account'. The audit checks shall include the following:

The constitution and maintenance of this suspense account is violative of general principles of accounting. This is a 'suspense' account and is intended to accommodate any receipt or payment or any other transaction which cannot at the first instance be brought under any specific head of receipt or expenditure. The suspense account is a transitory account which in all probabilities is required to be closed with a nil balance at the close of the year of accounting. The categories of receipt or expenditure which are required to be credited or debited to the account as stipulated in the scheme may not, therefore, qualify for inclusion in this account. This aspect has to be examined in audit to make suitable audit comments. Audit should make an in depth analysis of the accumulation in this account (a very substantial sum as disclosed in the accounts). This is necessary because it affects the working results of the Board apart from wrong accounting.

## ***60. Audit of Cashew Workers' Relief & Welfare Fund***

### ***60.1. Background***

Kerala Cashew Workers Relief and Welfare Fund Act, 1979 was enacted in Notification No 13919/Leg C3/84/LAW dated 22<sup>nd</sup> August 1984 to provide for the constitution of a fund to give relief to, and to promote the welfare of, employees in cashew factories in the State. As provided in the Act, in G.O (P) No.96/88/ LBR dated 4<sup>th</sup> November 1988 Government had notified “**The Cashew Workers Relief and Welfare Scheme 1988**”.

The detailed objectives of the Fund are:

1. Payment of relief wages to employees in cashew factories when there is no work in the factories
2. Payment of pension:-
  - a) to an employee who is unable to work due to old age or infirmity or who has completed the age of sixty years; and
  - b) to an employee of a cashew factory retired before or after the commencement of this Act on attaining the age of superannuation as per the rules of the concerned cashew factory and is out of employment; and
  - c) to a person who before the commencement of this Act, was an employee and completed the age of sixty years or who suffers from permanent disablement and is out of employment; and
  - d) Family pension to the spouse of a deceased employee
3. To provide financial assistance to an employee who suffers from permanent or temporary disablement;
4. To give loans or grants to an employee to meet expenses for the marriage of children or for expenses in connection with the death of dependent or for expenses for construction and maintenance of house;
5. For providing:
  - a) maternity benefits to women employees and members of their families who are not eligible for such benefits under any other law for the time being in force
  - b) medical facilities to those employees and members of their families who are not eligible for such benefits under any other law for the time being in force
  - c) facilities for education to the employees and members of their families

### ***60.2. Income of the Fund***

1. Contribution from the employees, employers and Government
2. Any voluntary donations
3. Grants or advances made the Central Government or State Government
4. Any other amount which under the provisions of the Scheme requires to be credited

### ***60.3. Management of the Fund***

The Fund shall vest in and be administered by a Board, the composition of which is as stated below:

1. Five official members nominated by Government of whom one shall be the Chief Executive of the Board, one representative of the Labour Department and one representative of the Finance Department of the Government.
2. Five Directors representing the employees nominated by Government.
3. Five Directors representing employers nominated by Government

One of the Directors will be appointed by Government as the Chairman of the Board

The Board may constitute a Standing Committee for considering the following items, namely:

1. Annual Budget
2. Annual Administration Report
3. Recruitment of staff
4. Such other matters as may be referred to the Standing Committee by the Board

The Chairman of the Board will be the Chairman of the Standing Committee

The Board's Head Office is at Kollam and there are three 'District Offices' at Kottiyam, Kottarakara and Kayamkulam under the control of Zonal Welfare Fund Inspector.

## ***60.4. Fund Accounts and Audit***

The Board is following a cash based system of accounting and prepares a Balance Sheet and Receipt and payment Account. The Statutory Auditor of the Board is Director, KSAD who audits the accounts as per orders issued by Government in fulfillment of the provisions contained in section 55 of the Act.

### ***60.4.1. Accounting Procedures***

1. All sums received as contribution to the Fund from the employers, employees and Government are credited to an account called 'Cashew Workers Relief and Welfare Fund Account'
2. All interest, rent, and other income realized and all profit or loss, if any, from the sale of investments not including therein, the transaction of the administration of the account is to be credited or debited as the case may be, to Interest Suspense Account
3. Brokerage and commission on purchase and sale of securities and other investments are to be included in the purchase and sale price as the case may be and not separately charged to the Interest Suspense Account
4. All expenses incurred in respect of any loss arising out of any investment is to be charged to the fund
5. All moneys belonging to the Fund is required to be deposited in District Co-operative Banks or State Bank of India or any Nationalised or Scheduled Banks as approved by Government.

## ***60.5. Expenses to be incurred from the Fund***

1. All expenses of administration of the Fund including fees as well as allowances of the Directors, Salaries, Leave and Joining time allowances and travelling allowance
2. Pension
3. Gratuity
4. Compassionate allowances
5. Other benefits, if any, instituted for the benefit of the employees of the Board
6. Cost of audit
7. Legal expenses
8. Office expenses
9. Contingent expenditure

## ***60.6. Budget***

The Chief Executive of the Board is required to place before the Board every year before the 1<sup>st</sup> day of February a budget showing the probable receipts from the contributions, etc., and the expenditure proposed to be incurred during the coming financial year. The Budget is to be submitted for approval by Government within a month of its being placed before the Board and Government may make such modifications or alterations in the Budget as they consider desirable before approving the same.

## **60.7. Receipts**

1. Contributions
  - a) Employer's contribution-at the rate one rupee for each employee for each day of work done by him in the cashew factory. If the employer fails to submit the return containing details of contributions, the Chief Executive Officer or the Inspector authorized by him in this behalf may provisionally determine the amount due from the employer to the fund. Any such provisional assessment shall be made final only after giving an opportunity to the party of being heard.
  - b) Employees' contribution- at the rate of one rupee for every day of work done by him in the cashew factory
  - c) Government contribution- An amount equal to the amount of contribution paid by the employee by way of annual grant
2. Interest from Savings Bank and fixed Deposits
3. Penal interest
4. Income from assets

## **60.8. Expenditure**

From the amount available in the Fund and after transferring 10 percent to Administration Account, the following expenditures shall be incurred:

1. Pension to workers
2. Maternity benefit
3. Ex-gratia benefit
4. Scholarships and cash awards
5. Funeral expenses
6. Marriage assistance

## **60.9. Expenditure from Administration Account**

1. Salary and allowances
2. Travelling allowances
3. Office expenses
4. Contingent expenditure
5. Other miscellaneous expenses

## **60.10. Audit procedure - Receipts**

### **60.10.1. Records maintained (in District offices)**

1. Register of registered employees
2. Contribution Register
3. Cash book
4. Bank Pass Book
5. Cheque issue Register
6. Demand, Collection and Balance Register
7. General Ledger



### **60.10.2. Audit checks**

1. Verify whether the registrations of employees are made after obtaining the application in the prescribed form (Form No II)
2. Verify whether nomination as prescribed in paragraph 31(3) of the scheme has been obtained in respect of every worker enrolled under the scheme
3. Check whether each employer furnishes a monthly Statement in Form 1 showing full particulars of the contribution paid
4. Verify whether all the contributions are received at the prescribed rates and credited to the Kerala Cashew Workers Relief and Welfare Fund Account
5. Verify whether all the moneys belonging to the Fund are deposited in State Bank of India or any Nationalised Bank or Scheduled Bank or in District Co-operative Banks
6. Check whether the amount set apart for expenses relating to administration is the amount not exceeding 10 percent of the total contribution
7. Check whether a demand, collection and balance statement is maintained in the District Offices and updated
8. Check whether reconciliation with the bank accounts are made periodically and differences if any, are settled promptly.
9. Check whether any diversion of fund is made without prior permission of Government as stipulated in paragraph 52 of the Scheme
10. Check whether the administrative expenses are within the apportionment of ten percent of the total contribution. If not, check as to how the excess is met. If the excess is met from the contribution check whether sanction of Government is obtained

### **60.11. Pension**

Amounts required to meet pension payments are drawn from the Fund. The gap between the amount available under contribution and the actual sum needed for pension payment is covered by a special grant from Government.

### **60.12. Records maintained (in District offices)**

1. Pension applications
2. Pension sanction orders
3. Pension sanction register (to be maintained in Head Office also)
4. Register of Pension Application forwarded to Head Office
5. Register to record undisbursed Pensions

#### **60.12.1. Audit Checks**

1. Check whether pensions have been sanctioned to persons who satisfied the criteria stated in paragraph 41 of the Scheme
2. Check the amount of pension paid to each pensioner to see that it is at the rate fixed by Government from time to time
3. Verify whether the authorization of pension is recorded in the register maintained for the purpose
4. Members who have not got the prescribed service to qualify him for pension is also eligible for pension if he produces a certificate for proof of age. (a certificate issued by a Government Medical practitioner not below the rank of an assistant surgeon shall be sufficient proof of age). Check whether the prescribed medical certificate is furnished along with Pension Application
5. Verify whether the periodical life certificates have been furnished by the pensioners.

### **60.13. Ex- gratia financial assistance**

As per paragraph 39 of the Scheme a member of the Fund or his dependent as the case may be shall be eligible for a lump-sum payment as prescribed under special circumstances like accidental death of the member, prolonged illness or permanent disablement of the member incapacitating him to continue as a cashew worker. In the event of an employee meeting with a fatal accident, the ex-gratia financial assistance shall be distributed to his dependents.

#### **60.13.1. Audit Check**

1. Check whether proper records of ex- gratia payments are kept in the Division Office
2. Check whether the applicant has filed the application for the financial assistance in the prescribed form(Form-IX) accompanied by medical certificate wherever prescribed
3. Check whether the acknowledgement of the payee having received the payment has been obtained
4. Check whether the prescribed register for recording the sanction of ex-gratia is maintained in the Head Office as well as in District Offices
5. Check whether life certificate is produced by the beneficiary periodically before the competent authority

### **60.14. Other financial assistance**

Non-refundable advances from the Fund are admissible in respect of the following cases; (Paragraphs 44 to 46) of the scheme namely:

1. Treatment of illness
2. Education of children
3. Marriage of daughter
4. Scholarships

A refundable advance can also be sanctioned for the purchase of house (Paragraph 43 of the Scheme).

#### **60.14.1. Audit Checks**

1. Check whether the advance for treatment of illness is sanctioned at the prescribed rates against the deceases like TB, Leprosy, Paralysis, Cancer or Asthma
2. Check whether the advance is granted on production of medical certificate
3. Check whether the non-refundable advance for education of children is given at the prescribed rates and to the students studying in the prescribed standards and the number of occasions during which the advances shall be paid is limited to the prescribed occasions
4. Check whether the non-refundable advance is given at the prescribed quantum and the number of occasions is limited to what is prescribed
5. Check that the award of the scholarship to the children is as per the prescribed procedures

### **60.15. Maternity benefit to women employees**

1. Sub- section 4(iv) of the Act provides for payment of maternity benefits to women employees and
2. members of their families who are not eligible for such benefits under any other law for the time being in force

#### **60.15.1. Further Audit Checks**

1. Check whether the amount sanctioned is in accordance with the scheme
2. Check whether proper records are maintained in the Head Office and District Offices to record the sanction and payment of the advance/financial benefit.
3. In the case of advances for treatment of illness, medical certificate to show that the applicant is undergoing treatment for the illness is required to be furnished. Check the compliance of the conditions.

## **60.16. Audit of Administration Account**

The expenses which are debitable to the Administration Account fall under the following heads

1. Salary and allowances
2. Travelling allowance
3. Office expenses
4. Contingent expenditure
5. Audit fees
6. Pension Contribution in respect of employees on deputation to the Board
7. Legal expenses
8. Repairs and maintenance
9. Rent

The Board has not framed its own rules to regulate all the above expenses. Consequently, it has to follow the relevant Government Rules. The Officers and staff of the Board are deputed from State Government departments and their entitlements are as per the rules followed in the respective departments and payments to them are made accordingly. Audit Checks in this regard are already included in the general audit checks detailed elsewhere in this Volume.

## **60.17. Assets and liabilities**

### **60.17.1. Assets**

1. Fixed assets
2. Investments
3. Loans and advances
4. cash in hand and cash at bank

As the assets are common categories of assets, the general audit checks on assets will apply.

### **60.17.2. Liabilities**

1. General Fund
2. Grant received

The audit checks in respect of the liabilities have already been detailed in the general check detailed elsewhere in this Volume.

### **60.17.3. Audit of Interest Suspense Account**

All interest, rent and other income realized and all profit and loss, if any, from the sale of investments not including therein the transaction of the administration of accounts, shall be debited or credited as the case may be to an account called 'Interest Suspense Account'

The audit checks shall include the following:

The constitution and maintenance of this suspense account violates the general principles of accounting. This is a 'suspense' account and is intended to accommodate any receipt or payment or any other transaction which cannot be brought under any specific head of receipt or expenditure. The suspense account is a transitory account which in all probabilities is required to be closed with a nil balance at the close of the year of accounting. The categories of receipt or expenditure which are required to be credited or debited to the account as stipulated in the scheme may not, therefore, qualify for inclusion in this account. This aspect has to be examined in audit to make suitable audit comments. Audit should make an in depth analysis of the accumulation in this account (a very substantial sum as disclosed in the accounts). This is necessary because it affects the working results of the Board apart from wrong accounting.

**60.17.4. Other Audit checks**

1. Scrutinise the minutes of the meeting of the Board to see that all the decision taken by the Board are in consistent with the powers vested on the Board and the decisions which are under the powers of Government are not taken by the Board
2. Check whether the decisions taken by the Board are properly implemented
3. Check whether the meetings of the Board are held as stipulated in the Act including the time schedule

## ***61. Audit of the Kerala Motor Transport Workers' Welfare Fund***

### ***61.1. Introduction***

The Kerala Motor Transport Workers' Welfare Fund was established in terms of The Kerala Motor Transport Workers' Welfare Fund Act, 1985 to promote the welfare of motor transport workers in the State of Kerala.

The Kerala Motor Transport Workers' Welfare Fund shall vest in, and be administered by, a Board. The Board shall consist of the following persons: viz.

1. Five officials nominated by the Government of whom one shall be from the finance department and the Chief Executive Officer
2. Five persons representing the employers nominated by the Government
3. Five persons representing the employees nominated by the Government

A Standing Committee will consider the following items:-

1. Annual Budget
2. Annual Administration Report, and
3. Such other matters as may be referred to the Standing Committee by the Board

The standing committee shall consist of the following persons:

1. The Chairman of the Board
2. Three Directors representing the employers
3. Three Directors representing the employees
4. One Director representing the Finance Department of the Government
5. The Chief Executive Officer

The Chairman of the Board will be the Chairman of the standing committee and the Chief Executive Officer will be the Secretary of the standing committee.

### ***61.2. Budget***

The Chief Welfare fund Inspector is to place before the Board each year before the first day of February a budget showing the probable receipts from the contribution and the expenditure it proposes to incur during the following financial year. The Budget as approved by the Board is to be submitted to Government within one month of its being placed before the Board

### ***61.3. Audit of the Fund***

As per Rule 77 of the Scheme, the audit of the fund shall be conducted as per the instruction given by Government time to time.

### ***61.4. Records to be maintained***

1. Register of members
2. Service Register of members
3. Contribution Register
4. Cheque /Demand Draft Register
5. Cash Book
6. Fixed Deposit Register



## **61.5. Membership**

Every employee shall be entitled and required to be a member of the fund from the date on which he / she completes three months of continuous service. Every employer shall send to the Chief Executive Officer consolidated returns in the prescribed form showing particulars of the employees entitled to be registered with the basic wages and dearness allowance as well as the cash value of any food concession paid to such employee.

## **61.6. Income of the Fund**

1. Contribution from employer
2. Contribution from employees
3. Interest earned
4. Other income

## **61.7. Contribution to the fund**

### **61.7.1. Employer's contribution**

The contribution payable by the employer has been specified in Tables I to IV of the paragraph 28 of the scheme as amended from time to time.

### **61.7.2. Employee's contribution**

The contribution payable by a member of the fund employed in the category of vehicles shown in Table I and II has been prescribed in paragraph 28(2) to 28(4) and paragraph (12) of the Scheme as amended from time to time.

### **61.7.3. Audit Checks**

1. Check whether the contribution payable by the employer is in accordance with the rates prescribed in the schedule I and II of paragraph 28 of the scheme
2. Check whether the monthly contributions are remitted to the District Executive Officers of the concerned districts by the prescribed date as stipulated in paragraph 28 of the scheme.
3. Check whether the contribution received are recorded in the concerned individual accounts and remitted to the bank
4. Check whether a demand collection and balance register in respect of the contributions are maintained and updated
5. Check whether adequate action is pursued with regard to the arrears in contribution
6. Check whether every employer sends to the Chief Executive Officer or any other officer authorized by him a return in the prescribed form showing the particulars of every vehicle in his motor transport undertaking and returns showing the details of the registered employees employed by him in his undertaking.
7. Check whether all the employees listed in the returns stand included in the Register of members and they are contributing to the fund.
8. Check the provisional assessment of the contribution pending determination under section 9 of the scheme, which is paid as advance contribution at the prescribed rate has been made and it is adjusted against the final assessment of the contribution.

## **61.8. Fixed Deposits - Audit checks**

1. Check and ensure fundwise, bankwise deposit register is maintained showing date of deposit, amount deposited, rate of interest, period of deposit, maturity date, maturity amount, FD certificate, etc.
2. Check whether the deposits are made in banks which provide the highest interest rate by contacting the banks in the area for competitive rates
3. Check whether FDs are closed ahead of maturing date and if so whether there is adequate justification for the premature closure

4. Check whether the deposits are renewed on due dates, if required and the maturity amounts are credited to accounts without delay
5. In cases where the maturity value is not mentioned, check and ensure that the prescribed rates are applied at arriving at the maturity value

### **61.9. Expenditure from the Fund**

1. Expenditure for administration of the fund including the fees as well as allowances of the Directors of Board and salaries, leave and joining time allowances, travelling and compensatory allowances, Gratuities, compassionate allowance, pensions, contributions to the provident fund and other benefit funds constituted for the officers and employees of the Board.
2. General office expenses
3. Works expenditure
4. Audit fees
5. All expenses relating to administration of the fund shall be met from the portion of the fund not exceeding 7% of the total of the contributions

### **61.10. Payment of Ex-gratia Terminal Benefit**

The Kerala Motor Transport Workers Welfare Fund (Amendment) scheme 2005 provides under paragraph 45 of the scheme for payment of Ex-gratia Terminal Benefit to the employees by setting apart prescribed amount from the employers contribution. The amount thus set apart is to be deposited against “Ex-gratia Terminal Benefit Fund”. The employees employed in the category of vehicles coming under Table I of paragraph 28, at the time of superannuation as detailed in Annexure I depending on their length of service in the motor transport undertaking are eligible for gratuity in addition to the eligible welfare fund amount set out in Form 7.

*Out of the contribution made by an employer in respect of an employee of each type of vehicle amount that the prescribed rates shall be set apart and deposited against the pension fund account, administration fund account and other welfare measures fund account.*

#### **61.10.1. Audit checks**

6. Check whether the payment of ex-gratia terminal benefit is made to the eligible workers as provided in the scheme which regulates qualifying service, quantum of amount, conditions under which the amount is to be paid, etc.
7. Check whether the fund is deposited separately in an account called “Ex-gratia Terminal Fund Account” as provided in the scheme

### **61.11. Withdrawal from the fund**

A member may withdraw the full amount standing to his credit in the Provident Fund Account in the following situations:

8. At the time of retirement
9. On account of permanent and total incapacity for work due to bodily or mental disability, duly certified by a registered medical practitioner designated by the Board
10. Immediately before migration from the State for permanent settlement outside
11. On termination of service in the case mass or individual retrenchment

In cases other than those listed above, withdrawal from the fund can be permitted from the amount standing to his credit if he has not been employed in any other establishment to which the scheme applied for a continuous period of four months or more immediately preceding the date of on which he makes the application for withdrawal.

1. 20% of the employer's contributions shall be forfeited to the fund account if the period of his service is less than five years
2. 10% of the employer's contribution shall be forfeited to the fund account if the period of his service is five years or more, but less than 10 years.

In the case of dismissal due to gross and willful misconduct, the Chief Executive Officer at his discretion forfeit an amount not exceeding 10% of the employer's contribution.

#### **61.11.1. Audit checks**

1. Check whether contribution set apart for payment of ex-gratia is correctly worked out and accounted
2. Check whether the conditions attached to the payment of accumulations in the fund are fulfilled before payments from the fund are made
3. In case where the fund accumulation is payable to nominees check whether the nominations in the prescribed form have been received and kept safely
4. In the case of invalid pensions check whether prescribed medical certificate is obtained before authorizing payment
5. Check whether the recipients acknowledgement in token of receipts are invariably received and filed

## ***62. Audit of Kerala Khadi Workers' Welfare Fund***

### ***62.1. Introduction***

The Kerala Khadi Workers' Welfare Fund Act was passed by the Legislature on 31<sup>st</sup> January 1989 and the Kerala Khadi Workers' Welfare Fund Rules was issued by Government on 5<sup>th</sup> April 1990.

As provided in the Act and Rules, the Kerala Khadi Workers' Welfare Fund Scheme was approved by Government in 1990.

The headquarters of the Kerala Khadi Workers' Welfare Fund is at Thiruvananthapuram. There are three Regional Offices situated at Thiruvananthapuram, Thrissur and Payyannur. The Kerala Khadi Workers' Welfare Fund account is maintained in double entry system of account and the accounts are subject to Audit by Kerala State Audit Department.

### ***62.2. Objectives of the Scheme***

Objective of the Scheme is to constitute a fund for giving relief and improve upon the welfare of, and for payment of pension to, the workers employed in Khadi Industry.

### ***62.3. Management of the fund***

The fund is managed by a Board consisting of the following members:

1. Vice chairman, Kerala Khadi and Village Industries Board (ex officio)
2. Secretary, Kerala Khadi and Village Industries Board (ex officio)
3. A representative of India Khadi and Village Industries Commission
4. One representative from Khadi Industries institutions
5. Four representatives from Khadi workers
6. Three Government officials representing labour, industry and finance

Government can appoint one of the Directors as Chairman. The board can appoint a sub-committee for any specific purpose.

### ***62.4. Membership***

At the commencement of the scheme, an employee who has completed 240 days of service within two calendar years shall be eligible for membership. The employee need not necessarily work in a single institution for the completing the above period. The conditions for allotting membership subsequently has not been mentioned in the Act / Rules.

### ***62.5. Contribution to the fund***

1. Each employee enrolled as a member of fund scheme shall contribute at the prescribed percentage of wages as per the monthly cost chart
2. The contribution shall be made monthly by deduction from the wages payable to the employee
3. The employer shall contribute an equal amount

## ***62.6. Income of the Fund***

1. Contribution from employer
2. Contribution from employees
3. Interest earned
4. Government grants
5. Other income

## ***62.7. Expenditure from the Fund***

1. Payment on pension to disabled employee or those who attains the age of 60 years
2. Family pension to the deceased employees' spouse
3. Financial assistance and loans to members
4. Payment of maternity benefits to those employees, who are otherwise ineligible for maternity benefits under any other scheme
5. Payment of the following benefits:
  - a. Financial assistance for education
  - b. Medical expenses
  - c. Expenses in connection with the establishment of nurseries and creches
6. Financial assistance to meet the funeral expenses of the member or a member of the family
7. Administrative expenses for managing the fund

## ***62.8. Records to be maintained***

1. Register of members
2. Service Register of members
3. Contribution Register
4. Cheque / Demand Draft Register
5. Cash Book
6. Demand collection and Balance register
7. Other records and forms
  - a) Declaration and nomination form
  - b) Return of employees qualified to be registered in the Fund
  - c) Pension Application Register
  - a) Monthly Statements received from the employers showing the following particulars
    - i. The name of the employee
    - ii. Register No.
    - iii. Wages drawn (Basic Wages, D.A, Other allowances)
    - iv. Deduction from employee's wages towards P.F
    - v. Employer's contribution towards P.F
    - vi. Total Contribution towards P.F
    - vii. Employers contribution towards gratuity

## **62.9. Audit Checks**

Contributions by members:

1. Check whether the employers have sent consolidated return in the prescribed form in respect employees qualified to be registered under the Fund
2. Check whether the names of all the employees entitled to be a member and registered as such have been entered in the Register maintained by the competent authority for the purpose.
3. Check whether the Contribution Register is maintained and is in the prescribed form which contains the names of all employees, the amount contributed in respect of each employee and the withdrawals made there from.
4. Check whether the competent authority is forwarding intimation slip to the employees
5. Check whether a pass book in the prescribed form is given to the employees
6. Verify whether bank drafts received from the employers are deposited in the Bank Account of the Fund
7. The employees' contribution as well as equivalent contribution from the employer is to be apportioned as per the provisions in the Act. Verify whether this apportionment is correctly credited to the respective accounts.
8. Check whether all the receipts towards contributions are properly accounted and shown in the accounts
9. Check whether printed receipts are given to the employers in token of the receipt of the contributions, wherever applicable
10. Check whether advance contributions (provisional) as stipulated in the scheme are promptly paid and by the prescribed due date. Check whether the final adjustments are made after fixing the individual contribution.
11. Check whether the life certificates are furnished on the prescribed dates
12. Check whether demand collection and balance (DCB) register of contributions are maintained and updated

### **62.9.1. Expenditure from the fund**

The expenses met out of the fund are those listed under sub paragraph 62.7 and these are mostly the same as executed by the welfare boards in general. The audit checks listed in the preceding paragraphs could be exercised in the case of this welfare fund as well.

## ***63. Audit of Kerala Dairy Farmer's Welfare Fund***

### ***63.1. Introduction***

The Kerala Dairy Farmer's Welfare Fund Act was passed by the legislature in 2007 (Act 7 of 2007), with retrospective effect from 24<sup>th</sup> August 2005. The Kerala Dairy Farmer's Welfare Fund maintains double entry system of account and their accounts are subject to Audit by Kerala State Audit Department.

### ***63.2. Objectives of the scheme***

Objectives of Kerala Dairy Farmer's Welfare Fund is to grant relief to, to ensure the welfare of, and to pay pension to the farmer's engaged in cattle rearing in the State of Kerala.

### ***63.3. Management of the fund***

The management of the Fund is vested with a Board consisting of 12 Directors as follows, viz:

1. One member each elected from the governing bodies of the three regional Milk Co-operatives Union representing the Dairy farmers
2. Three persons nominated by the Government from among the Presidents of primary milk co-operative societies
3. Director of Dairy Development department or representative
4. Three persons nominated by the Government representing the Government
5. Chief Executive Officer (ex-officio)
6. Milma Chairman

Government can appoint one of the Directors as its Chairman. The Board can appoint a sub-committee for any specific purpose.

### ***63.4. Membership***

Every dairy farmer who has completed 18 years of age shall be eligible for registration as member of the fund. In the case of death of any member, within the minimum period for eligibility for the benefit his successor shall be deemed to be continuing as a member if he measures milk continuously.

### ***63.5. Contribution to the fund***

The contribution to the fund shall be at the following rates:

1. Each dairy farmer twenty rupees per month
2. Each society shall contribute at:
  - a. 0.5% of the sale price for each litre of milk to be collected and sold by the society locally
  - b. 0.3% of the sale price for each litre of milk to be given by the society to Milma or to the regional unions
  - c. 0.75% of the sale price for each litre of milk to be sold by Milma or the regional union



### **63.6. Income of the Fund**

The main receipts of the Kerala Dairy Farmer's Welfare Fund as per the Act are from:

1. Contribution from the members of the fund
2. Receipts from the interest of the reserve fund
3. Grants and loans or advances made by Government of India, State Government or any institutions
4. Donations received from cattle feed manufacturing establishments, milk product manufacturers, private dairy owners, veterinary medicine manufacturers and distributors and cattle semen producers and distributors and donations or receipts received from any other sources
5. Amount under any item raised by the decision of the Board from other sources to augment the resources of the Board
6. Fees or fine levied under the Scheme
7. Any other amount, which, under the provisions of the Scheme shall be credited to the fund.

### **63.7. Expenditure from the Fund**

The fund may be utilized for all or any of the following purposes namely:

1. To give pension to dairy farmer who is a member of the scheme and who has measured a minimum of 500 litres of milk per year atleast for 5 years in a society and if such person become incapable of being engaged in the rearing of cattle due to disablement
2. To give pension to the members who have measured a minimum of 500 litres of milk per year for atleast 5 years in a society after being a member of the welfare fund and have completed the age of 60 years, provided that any person who became a member of the welfare fund before the date of publication of the Dairy Farmers Welfare Fund Act 2007 shall be entitled to pension if he being a member in a society, had measured a minimum of 500 litres of milk per year in a society for atleast 5 years and has completed 60 years of age.
3. For payment of family pension and loans
4. For payment of financial assistance to a member who suffers from permanent disablement
5. For the payment of financial assistance to members for their daughter's marriage.
6. For the payment of educational scholarships to students from the member;s family.
7. For the payment of financial assistance to farmers for cattle suffering from foot & mouth decease
8. Administrative expenses for managing the Fund
9. Any other purpose specified in the Scheme

### **63.8. Records to be maintained**

1. Register of members
2. Service Register of members
3. Contribution Register
4. Cheque / Demand Draft Register
5. Cash Book
6. Demand collection and Balance register
7. Other records and forms
  - a) Declaration and nomination form
  - b) Return of dairy farmers qualified to be registered in the Fund
  - c) Pension Application Register

Monthly Statements received from the dairy farmers / society / Milma showing the following particulars

- i. The name of the dairy farmer
- ii. Register No.
- iii. Contribution

## **63.9. Audit Checks**

Contributions by members / society / Milma:

1. Check whether the consolidated returns in the prescribed form in respect of members qualified to be registered under the Fund are submitted
2. Check whether the names of all the members entitled and registered as such have been entered in the Register maintained by the competent authority for the purpose.
3. Check whether the Contribution Register is maintained and is in the prescribed form which contains the names of all members, the amount contributed in respect of each member and the withdrawals made there from.
4. Check whether the competent authority is forwarding intimation slip to the members
5. Check whether a pass book in the prescribed form is given to the members
6. Verify whether bank drafts which are received from the societies / Milma are deposited in the Bank Account of the Fund
7. Verify schedule of remittance received from Bank are recorded in the books of Accounts of the Fund
8. The members' contribution and contribution from Society / Milma are accounted in the books of accounts and reconciled with the bank accounts (wherever applicable)
9. Check whether printed receipts are given to the societies / Milma in token of the receipt of the contributions, wherever applicable
10. Check whether the life certificates are furnished on the prescribed dates
11. Check whether demand collection and balance (DCB) register of contributions are maintained and updated

### **63.9.1. Expenditure for the fund**

As detailed under sub paragraph 62.7, the categories of expenditure are those commonly incurred in other welfare funds enumerated in the preceding paragraphs and the detailed audit checks of expenses apply to this welfare fund also, and these checks can be followed.

## 64. Kerala Head Load Worker Welfare Fund

The Kerala Headload Workers Act, 1978 was enacted for the regulation of employment and welfare of the headload workers. As provided in the Act, the Kerala Head Load Workers Rules were issued in 1981. The Board has its Head Office in Ernakulam and has district committees in all the districts and sub-committees (local committees) under them. In the matters of labour and wage, each district committee and sub-committee acts independently with its own name, rights, perpetual succession and authorities.

As per section 18(8) of the Act, it is the responsibility of every district committee / sub-committee to regulate labour, payment of their wages as well as collection of levy / deposit, etc. The constitution, and the number of members of the Board are determined under section 14 of the Act, and section 18 of the Act determines the constitution and the number of members of the committee.

In accordance with the nature of work, the workers have been divided into three categories and separate schemes are formulated for each category of workers. The details are given below:

Category of employees	Special features	Existing scheme
1. Un-attached sector	Workers not employed under permanent employer	Kerala Head Load Workers (Regulation of Employment and Welfare) Scheme, 1983
2. Attached sector	Members who work solely under an employer and receiving wages and other allowances	Kerala Head Load Workers (attached section) Welfare Scheme, 1995
3. Scattered sector	Workers not included in un-attached and attached sectors and engaged in loading and unloading as per section 2(m) of the Act	Kerala Head Load Workers (scattered) Welfare Scheme, 1999

### 64.1. Budget / Annual Accounts / Audit Report

As provided in section 23 of the Rules, Chief Executive Officer is to submit the budget, annual accounts and audit reports on the prescribed dates to Government as stipulated in section 20, 22 and 23 of the Rules respectively. As provided in section 23, 22, 20, Chief Executive Officer is to submit the budget and annual reports to Government. Also, he has responsibility to get the audit of accounts conducted as per the instructions issued by Government as provided in section 22 of the Act.

### 64.2. Unattached sector

Unattached sector is the sector having most of the workers' representation. The employer deposits to the committees in advance the worker's wages and levy at prescribed percent of wages. The committee after making necessary deductions based on the wages, distributes the wages to the workers. The amount of levy is accounted under different heads as stipulated in the scheme. As the wage and levy are received by the committees, each committee pays to the Board at the rate of 2% of the wages distributed and also in proportion to the number of employees under it at the rate of Rs.1 as contribution to the Board. In addition, a fund is to be created by the Board by contribution at the rate of Rs.10 per month by worker and at the rate of Rs.10 per employee by the committee and Rs.10 per employee by the Board itself. From the accumulation in the fund, expenses towards welfare measures are incurred. A terminal benefit fund is to be created by the amount set apart at prescribed rate of the wages of the workers and the terminal fund is to be utilized for payment of retirement benefits. In addition, financial assistance in the form of multi-purpose loans, house construction advance, marriage expenses, medical expense, medical reimbursements, etc., are distributed by the Board through the committees. Separate schemes are formulated for the welfare of the members.

### **64.2.1. Audit checks**

#### **64.2.1.1. Membership and Registration**

1. Check whether the conditions stipulated in section 6A of the scheme are complied with. Verify whether the “Form D Register” in this regards is maintained
2. Check whether the committee takes steps to fill up the vacancies caused by the removal of worker for various reasons from the approved workers list by registering new members and that the conditions stated in 6B of the schemes are followed in these committees
3. In the event of providing works to the dependents of a deceased worker, check whether the claim has been made within the stipulated time as mentioned in para 6[c][1] of the scheme, minimum age acquired other qualifications, necessary undertaking from dependent has been obtained.
4. Check whether employers who engage unattached headload workers are registered with the scheme and a register is mentioned for this purpose

#### **64.2.1.2. Deposit & Levy**

1. Check whether all employees are remitting the depository wages and levy in prescribed rate to the committees within the stipulated time as provided in paragraph 27 of the scheme
2. Check whether the Deposit Ledger Tallying Statement (DLTSA) and ensure that there are no defaulting employers
3. Check whether proper division is made in the deposit amount regarding the amount due under levy as per paragraph 24 of the scheme and the amount actually due to the employees (wages) at the prescribed rates
4. Check whether additional levy incorporated in section 29A of the scheme as per the amendment made in 2002 is being realised at the prescribed rate
5. Check whether penal interest is levied under paragraph 29A(2) of the scheme for belated payments of additional levy
6. Check whether steps as provided in para 36 of the scheme are taken against defaulting employers
7. Check whether the amounts of additional levy due to the Board are being remitted by the committees by the due dates as stipulated in para 29(A)(3) of the scheme
8. Ensure Board has formulated accident relief fund and check whether contributions are accounted for
9. In respect of accidents happened in the area of operation of employers who fail to remit the additional levy, Board is not to make payment towards Accident Relief under Workmen’s Compensation Act, 1923. Check whether the conditions stipulated in paragraph 29A(4) is followed in respect of payments made by the Board.

#### **64.2.1.3. Fixed Deposits - Audit checks**

1. Check and ensure fundwise, bankwise deposit register is maintained showing date of deposit, amount deposited, rate of interest, period of deposit, maturity date, maturity amount, FD certificate, etc.
2. Check whether the deposits are made in banks which provide the highest interest rate by contacting the banks in the area for competitive rates
3. Check whether FDs are closed ahead of maturing date and if so whether there is adequate justification for the premature closure
4. Check whether the deposits are renewed on due dates if required of the maturity amounts are credited to accounts without delay
5. In cases where the maturity value is not mentioned, check whether the prescribed rates are applied at arriving at the maturity value

#### **64.2.1.4. The contribution due from committee to the Board**

Check whether the committees are paying to the Board the prescribed percentage of wages paid and the prescribed amount at prescribed rates in proportion to the number of employees at the stipulated time.

#### 64.2.1.5. *General Welfare Fund*

1. Verify whether the share due from the committees and employees share due as per paragraph 3 of the Kerala Headload Workers (General Welfare Fund) Regulations, 1987 to the Board are remitted within the stipulated time [para 5(a)(ii)].
2. Check whether the employees existing in committee's roles but not acquired wages has remitted their GWF share directly to committee
3. When the committees temporarily remit the share of employees, who fail to remit due to non-acquirement of wages or fail to remit directly check and ensure that the accounts in respect of these are maintained and such arrears are recovered from the wages that they acquire subsequently.
4. Check whether the General Welfare Fund is maintained properly incorporating the contributions from employee, employer and the Board under paragraph 3 of the regulations
5. Verify whether the penalty levied by the committees under section 18 of the Act are transferred to the General Welfare Fund
6. Verify whether lapsed wages, salaries, other benefits, etc., are transferred to the General Welfare Fund as stipulated in paragraph 3 (iii)
7. Verify whether the welfare benefits under paragraph 4 of the schemes are being paid from General Welfare Fund

#### 64.2.1.6. *Terminal Benefit and Retirement Pension Fund (TBPF)*

1. Check whether the amount deducted from deposits at the rates mentioned in para 32 of the scheme is transferred promptly to TBPF
2. Check whether the amounts transferred to the TBPF are deposited in the fixed deposits as stipulated in paragraph 6 of the Kerala Head Load Workers (pension and revised terminal benefit) regulation, 1997
3. Check and ensure that the TBPF is utilized only for payment of retirement benefits
4. Check whether the retirement benefits given from TBPF is in accordance with the rates calculated, qualifications, period of service, etc., as provided in the Kerala Headload workers (pension and revised terminal benefit) regulation 1997

#### 64.2.1.7. *Other welfare benefits*

Various welfare benefits sanctioned by the Board and committees are regulated by different schemes. Alongwith the general audit checks on expenditure relating to welfare benefit payment, each benefit payment as per the different schemes is to be checked with the rates, eligibility and other conditions. The welfare benefits that are available to the workers as per the different schemes are listed below:

1. Kerala Headload Workers (Group Insurance) Scheme, 1987
2. Kerala Headload Workers (Family Welfare) Scheme, 1987
3. Kerala Headload Workers (Award of Scholarship) Scheme, 1989
4. Kerala Headload Workers (Superannuation Assistance) Scheme, 1989
5. Kerala Headload Workers (Disability Pension) Scheme, 1990
6. Kerala Headload Workers (Financial Assistance for Marriage) Scheme, 1990
7. Kerala Headload Workers (Distress Relief) Scheme, 1990
8. Kerala Headload Workers (House Construction Loan) Scheme, 1992
9. Kerala Headload Workers (Multipurpose Loan) Scheme, 1994
10. Kerala Headload Workers (Foreign Employment Assistance) Scheme, 1995
11. Kerala Headload Workers (Medical Assistance) Scheme, 1996
12. Kerala Headload Workers (Calamities Relief) Scheme, 1998
13. Kerala Headload Workers (Medical Reimbursement) Regulations, 1997
14. Kerala Headload Workers (Family Planning Assistance) Scheme, 1997
15. Kerala Headload Workers (Death Ex-gratia) Scheme, 1997
16. Kerala Headload Workers (Special Death Ex-gratia) Scheme, 1998

### **64.3. Kerala Head Load Workers (attached section) welfare scheme 1995**

#### **64.3.1. Contribution to the fund**

1. Each registered employee shall contribute at Rs.10 per month
2. Each employer shall, in favour of each registered employee, contribute at Rs.15 per month
3. The contribution at 2 above shall be Rs. 10 per month in respect of permanent seasonal employee who works not less than 120 days or less in an year

#### **64.3.2. Expenditure from the Fund**

1. Pension payments
2. Family Pension payments
3. Funeral expenses of members of the family
4. Financial assistance for
  - a. Education of children
  - b. Marriage of daughters
5. Medical benefits
6. Maternity benefits etc.

#### **64.3.3. Audit Checks**

1. Checks whether the prescribed register for registering the eligible workers is maintained and updated.
2. Check whether there is adequate proof of verification of the applications for membership
3. Check whether intimations of membership are sent to the employees at the prescribed forms
4. Verify whether passbook in the prescribed form is given to the employees.
5. Check whether the contribution received from the employee, employer, Board/government are properly accounted in the respective individual accounts, grants register
6. Check whether intimation slips wherever required are sent to the employees
7. Verify whether the contributions are received at the prescribe rates
8. Check whether all the contributions received are remitted promptly to the prescribed banks.
9. Check whether timely reconciliation with bank is done
10. Check whether the fund is utilised only for the purpose for which it is intended to be utilized as provided in the Scheme.
11. Check whether proper receipts are given in token of receipt of the contributions.
12. Check whether the financial assistance under various welfare schemes are paid to the eligible persons
13. Check whether the sanction for the financial assistance is accorded before payment is made
14. Check whether the financial assistances are under various schemes are paid in accordance with the conditions stipulated in the schemes
15. Check whether the recipient's acknowledgement of receipt are kept properly
16. Check whether relevant registers for recording the financial assistance in individual cases are maintained
17. Check whether the contributions are properly accounted for
18. Check whether the financial assistances are given to eligible persons at the prescribed rate or quantum

### **64.4. Kerala Head Load Workers (scattered section) welfare scheme 1999**

#### **64.4.1. Contribution to the fund**

1. Employees' contribution – at the rate of Rs. 20, Rs. 30, Rs. 40, Rs. 50 as chosen by the employee
2. Employers, contribution –
  - a. D and O trade licensees @ Rs.60 per annum
  - b. The shop owner or person running the shop not included in a above @ Rs. 60 per annum
  - c. Contractors, agencies, brokers who work for any trade, business matters @Rs. 120 per month
  - d. Owner or a person running the shop or paid or business men not included in any of the categories mentioned above at Rs. 120 per annum
3. Board's contribution – Grants at the rate Rs. 5 lakhs per annum

### **64.4.2. Expenditure from the Fund**

1. Pension payments
2. Family Pension payments
3. Funeral expenses of members of the family
4. Financial assistance for
  - a. Education of children
  - b. Marriage of daughters
5. Medical benefits
6. Maternity benefits, etc.

### **64.4.3. Audit Checks**

1. Checks whether the prescribed registers for registering the eligible workers is maintained and updated.
2. Check whether there is adequate proof of verification of the applications for membership
3. Check whether intimations of membership are sent to the employees at the prescribed form
4. Verify whether passbook in the prescribed form is given to the employees.
5. Check whether the contribution received from the employee, employer, Board/government are properly accounted in the respective individual accounts, grants register
6. Check whether intimation slips wherever required are sent to the employees
7. Verify whether the contributions are received at the prescribe rates
8. Check whether all the contributions received are remitted promptly to the prescribed banks.
9. Check whether timely reconciliation with bank is done
10. Check whether the fund is utilised only for the purpose for which it is intended to be utilize as provided in the scheme.
11. Check whether proper receipts are given in token of receipt of the contributions.
12. Check whether the financial assistance under various welfare schemes are paid to the eligible persons
13. Check whether the sanction for the financial assistance is accorded before payment is made
14. Check whether the financial assistances are under various schemes are paid in accordance with the conditions stipulated in the schemes
15. Check whether the recipient's acknowledgement of receipt are kept properly
16. Check whether relevant registers for recording the financial assistance in individual cases are maintained
17. Check whether bank reconciliation is done in respect of the bank accounts
18. Check whether the contributions are properly accounted for
19. Check whether the financial assistances are given to eligible persons at the prescribed rate or quantum
20. Check whether a DCB register is maintained and updated periodically and prompt action is taken to recover the arrears of the contribution



## ***65. Audit of Kerala Coir Workers' Welfare Fund***

### ***65.1. Introduction***

Kerala Coir Workers' Welfare Fund Act was enacted in the year 1987 for the purpose of mobilizing the employment among the coir workers in the State and to make provision for their welfare, for settlement of dispute in respect of their employment or non-employment and related matters. The Kerala Coir Workers' Welfare Fund (Amendment) Act, 1998 enacted to achieve the above purpose.

### ***65.2. Constitution of the Board***

The fund is managed by a Government constituted Board named Kerala Coir Workers' Welfare Fund Board, which supervises or carries out the activities with proper fund management. This Board consists of the following members namely:

1. Government appoints fifteen members as its Directors, provided:
  - a. 50% of the Directors shall be from among coir workers and self-employed persons; and
  - b. the remaining 50% shall be representatives from Government, employers, producers and dealers

Government shall appoint one of the members of the Board as its Chairman. The Directors of the Board constituted under sub-section (3) of section 6 of the Act shall hold office for a period of three years.

Chief Executive Officer is appointed by the Government under sub-section (1) of section 9 of the Act. The headquarters of the Board is located at Alappuzha.

### ***65.3. Objectives of the Scheme***

The objectives of the scheme include the following:

1. Granting pension
2. Providing financial assistance to members who is unable to work due to old age or disability
3. Providing financial assistance to members who suffer from permanent disability / out of employment
4. Sanctioning family pension
5. Granting loans or grants to members
6. Extending other financial assistance (like maternity benefits, distress relief, medical facilities, education, vocational training and facilities for part-time employment); and for
7. Providing financial assistance for the implementation of any other purpose specified in the scheme

### ***65.4. Contribution to the fund***

1. Every member and every self-employed person shall contribute to the fund Rs.5/- each per month
2. Every employer and dealer shall contribute to the fund at the rate prescribed in the annexure to the amendment to the Act made in 1998
3. Every coir co-operative society which employs a coir worker shall in respect of each such coir worker contribute to the fund as per sub-section 3 of section 4 of Act
4. The Government shall contribute to the fund every year an amount equal to twice the amount contributed by the coir workers and self-employed persons by way of grant
5. Every exporter of coir products shall contribute to the fund an amount equal to 0.75% of F.O.B. value of his annual export.

**65.4.1. Audit check**

1. Verify whether the self-employed person and the employer other than co-operative society have remitted contribution as per section 4 of the Act
2. Verify whether the co-operative society has remitted the contribution as per sub-section 3 of the section 4 of the Act
3. Verify whether these amounts have been accounted in the cash book
4. Verify whether the reconciliation of the closing balance for each month has been done
5. Verify whether demand has been placed before the Government for allocation of the amount due at the rate of twice the employee's contribution
6. Verify whether the grant has been received and accounted for

**65.5. Income of the Fund**

1. The contribution specified in section 4 of the Act
2. The amount borrowed by the Board under section 10 of the Act
3. Damages realized under section 19 of the Act
4. Grants, loans and advances received from Central Government, State Government, Coir Board or any other institutions
5. Any donations from whatever source
6. Any amount raised by the Board from other sources to augment the resources of the Board
7. Fee levied under the Scheme
8. Any other amount which, under the provisions of the scheme shall be credited to the fund

**65.6. Expenses from the fund**

1. Payment of pension
2. Financial assistance to a member who is unable to work due to old age or disability or who has completed the age of 60 years
3. Financial assistance to a person, who before the commencement of this Act was a coir worker or a self-employed, completed the age of sixty years or who suffers from permanent disability and is out of employment
4. Payment of family pension to the spouse of a deceased member
5. Financial assistance to a member who suffers from permanent disablement
6. Payment of loans or grants to a member to meet the day-to-day expenses during off-season
7. Payment of maternity benefits to women workers
8. Payment of distress relief to the family of any affected member by natural calamities / epidemics
9. Financial assistance to a coir worker, self-employed persons and members of their families as detailed below:
  - a. Medical facilities
  - b. Expenses related to nurseries and creches
  - c. Education, vocational training and facilities for part-time employment
10. Financial assistance for the implementation of any other purpose specified in the scheme

## **65.7. Welfare Schemes**

1. Financial assistance to members who suffer from permanent disability / out of employment
2. Loans to members
3. Other financial assistances; and
4. Financial assistance for the implementation of any other purpose specified in the scheme

### **65.7.1. Audit Checks**

1. Verify whether the certificate of the medical officer has been obtained regarding the physical disability before according sanction for the financial assistance in this regard
2. Verify whether only the eligible amount has been sanctioned by the competent authority for each member
3. Check whether any payment on account of financial assistance to a member is approved before making the payment
4. Verify whether the employee was a valid member at the time of occurrence of accident
5. Verify whether the loan application has been obtained along with all the supporting document to prove the necessity and admissibility
6. Verify whether the recovery details have been properly accounted
7. Verify ex-gratia payable to the spouse / dependent of the member consequent on his death by or as a result of an accident
8. Verify whether in the absence of nomination, this financial assistance has been released only after obtaining heirship certificate
9. Verify whether the medical bills have been sanctioned by a qualified medical practioner in Government service not below the rank of an Assistant Surgeon
10. Verify whether while sanctioning medical reimbursement of the member of the family, whether such benefit has been given to married daughters or sons
11. Verify whether financial assistance in connection with the funeral of father / mother / spouse / children has been given only in the case of a valid member
12. Verify whether while sanctioning scholarships, the criteria for selection of scholars namely the marks obtained in the qualifying examination has been followed
13. Verify whether scholarship was discontinued on the student failing in any year
14. Verify whether in the matter of sanctioning financial assistance for marriage of daughter, the same has been sanctioned only once
15. Verify whether the monetary limits for a financial assistance have been fixed by the Board and benefits are extended following the limits prescribed
16. Verify whether women employees who are sanctioned financial assistance for maternity purpose are having valid membership at the time of delivery of the child
17. Verify whether acknowledgement has been obtained from all concerned and retained in tact
18. Verify whether the eligibility criteria fixed for each scheme have been satisfied before sanctioning the financial assistance

## **65.8. Pension / Family Pension**

1. Pension is sanctioned to a member who attains 60 years of age and unable to work due to old age or infirmity
2. Family pension is paid to spouse of the pensioner who had a valid membership in the fund at the time of his death

### **65.9. Audit check**

1. Verify whether the pension has been sanctioned from the next month of the member attaining 60 years, when the member suffers from permanent disability and the member is out of employment
2. Verify whether the pension is being sent by money order and the money order charge is met by the Board
3. Verify whether life certificate has been submitted by the pensioner for each financial year

4. Verify whether family pension has been sanctioned to the spouse / dependent of the pensioner from the next month of the death of the member
5. Verify whether the arrears of the family pension have been released alongwith the family pension for the first month (in case approval is delayed)
6. Verify whether the family pension has been stopped after the death / remarriage of the dependent pensioner
7. Verify whether such pension has been sanctioned to those who are in receipt of pension / family pension, etc., under any other scheme

## ***66. Audit of Kerala Handloom Workers' Welfare Fund***

### ***66.1. Introduction***

Kerala Handloom Workers Welfare Fund Act was enacted in the year 1989 to form a fund to provide relief and for promoting welfare of the employees, self-employed persons in the handloom industry and payment of pension.

The administration of the Fund is carried out by the Handloom Workers' Welfare Fund Board consisting of the following persons namely:

- a. Five members representing handloom workers and self-employed persons
- b. Five members representing traders, employers, handloom manufacturers
- c. Five members representing the Government

Government may nominate one of the members as the Chairman of the Board. The headquarters of the Board is located at Kannur.

### ***66.2. Objectives of the Scheme***

The objectives of the scheme include the following:

- a) providing relief to and promoting welfare of, the employees, self-employed persons in the handloom industry
- b) payment of pension

### ***66.3. Income from the fund***

1. Contribution by employees at the prescribed rate within the stipulated time
2. Contribution by self-employed person at the stipulated rate
3. Cess
4. Every employer and handloom manufacturer excluding co-operative societies shall contribute per year an amount equivalent to the contribution made by employees annually
5. Government shall contribute an amount at twice the contribution made by handloom workers and self-employed persons in the handloom industry annually

### ***66.4. Expenditure from the fund***

The funds shall be utilized for the following purposes:

1. To pay pension for the following workers:
  - i. Pension is payable to members of the fund who are unable to work due to disability or completed 60 years of age
  - ii. Person who before the commencement of the Act had attained the age of 60 and is permanently disabled and unemployed
2. To provide financial assistance to permanently disabled members
3. To provide financial assistance to marriage of daughters of the members
4. To provide funeral expenses of dependents
5. To provide loans and grants for house construction / maintenance / renovation
6. To provide maternity benefits
7. To provide medical benefits
8. To provide financial assistance for education of children including higher education

## **66.5. Contribution to the fund**

1. Every handloom worker and every self-employed person shall contribute to the fund Rs.3/- and Rs.5/- respectively each per month
2. Every employer other than handloom co-operative society shall in respect of each handloom worker contribute to the fund Rs.6/- per month
3. Every handloom co-operative society which employs a handloom worker shall in respect of each such coir worker contribute to the fund Rs.3/-per month
4. The Government shall contribute to the fund every year an amount equal to twice the amount contributed by the handloom workers and self-employed persons by way of grant
5. Every manufacturer of handloom products and every dealer shall contribute to the fund an amount equal to one per cent of their sale proceeds in a year.

### **66.5.1. Audit check**

1. Verify whether the self-employed person and the employer other than co-operative society have remitted Rs.5 and Rs.3 respectively for each months.
2. Verify whether the co-operative society has remitted at the rate of Rs.6 in respect of each employee.
3. Verify whether each manufacturer / dealer has remitted 1% of the sale proceeds in a year to the fund.
4. Verify whether these amounts have been accounted in the cash book.
5. Verify whether separate D.C.B. have been prepared for self-employed person's contribution and Handloom Cess.
6. Check whether institution list of Handloom institutions has been maintained and updated.
7. Check whether bank reconciliation is done every month
8. Check whether follow up actions has been initiated against the defaulters of contribution vide Section 12 (3).
9. Verify whether demand has been placed before the Government for allocation of the amount due at the rate of twice the employee contribution.
10. Check the details of contribution received and details of amount accounted in the books.

### **66.5.2. Assessment of Cess**

The amount of sale proceeds of a dealer relating to each financial year and the cess payable by him shall be assessed by the assessing officer. The assessment order shall contain the total amount of sale proceeds, the amount of cess due, cess already remitted, if any, and the balance of cess payable indicating the last date before which it has to be paid. In case the dealer fails to submit a return under Rule 3 or does not produce the registers and records, the assessing officer can assess the cess based on the available information after giving an opportunity to the dealer to submit objections, if any. In case, on assessment, it is found that there is excess remittance of advance cess, the same can be adjusted against the dues for the current year and also for the subsequent years.

In order to recover the amount due on account of the unpaid cess or interest on the amount remaining unpaid or penalty, the assessing officer shall issue a certificate specifying the amount due to the district collector who shall take steps to recover the amount treating it at par with arrear of land revenue.

### **66.5.3. Audit check for cess**

1. Verify whether every assessing officer has maintained a cess register in Form No.IV regarding the cess collected through demand draft and a separate register in Form No.IV(A) in respect of collections through chalans
2. Verify whether the assessing officer maintains the register of registration of dealers in Form No.V

3. Verify whether the assessing officer has maintained a register of dealers in Form No.VI
4. Verify whether the Chief Executive Officer of the Board maintains a register of consolidated collection of the cess in Form No.VII
5. Verify whether cess has been properly assessed by the assessing officer.
6. Verify whether steps have been taken for realization of balance of cess after adjusting the advances
7. Verify whether the assessing officer has assessed the cess due even when the dealer did not produce the requisite records and registers
8. Verify whether timely steps have been taken for the realization of cess for the year as also the arrears (if any)
9. Verify whether collections have been properly accounted; the credit particulars verified with the bank account
10. Check whether the cess amount collected by District Labour Officers is transferred to Board Fund in time.

## **66.6. Welfare Schemes**

1. Ex-gratia
2. Financial assistance to members who suffer from permanent disability / out of employment
3. Loans for house construction
4. Advance for treatment of illness
5. Advance for education of children
6. Financial assistance for daughter's marriage
7. Other financial assistances; and
8. Financial assistance for the implementation of any other purpose specified in the scheme

### **66.6.1. Audit Checks**

1. Verify whether the ex-gratia relief wage is sanctioned only in cases where establishment remained closed for a period of one year due to accumulation of stock or non-availability of yarn, dyes, chemicals, etc.
2. Verify whether the quantum of ex-gratia relief wages has been fixed by the board and the same is distributed.
3. Verify whether ex-gratia has been sanctioned under special circumstances like accidental death of the member, prolonged illness or permanent disability preventing him from continuing as a handloom worker
4. In case of ex-gratia verify whether the certificate of the medical officer has been obtained regarding the physical disability before according sanction for the financial assistance in this regard
5. Verify whether acknowledgement has been obtained from all concerned and retained in tact
6. In case loans/advances verify whether the loan application has been obtained along with all the supporting document to prove the necessity and admissibility
7. Verify whether only the eligible amount has been sanctioned by the competent authority for each member
8. Verify whether the recovery details have been properly accounted
9. Verify whether the eligibility criteria fixed for each scheme have been satisfied before sanctioning the financial assistance.
10. Check whether financial assistance is provided as per eligibility criteria only under various schemes
11. Verify the ex-gratia payment to the spouse / dependent of the member consequent on his death by or as a result of an accident.
12. Check whether the member has filed nomination forms in the prescribed format and also check whether payment is made to the nominee as per the latest valid nomination form only.
13. Verify whether in the absence of nomination, this financial assistance has been released only after obtaining heirship certificate.
14. Verify whether the amount of advance for house construction has not exceeded his 12 months wages or his own total contribution whichever is less.



15. Verify whether such advances has been sanctioned for a member who has completed minimum required years and ensure the member has the minimum outstanding balance of contribution as per scheme.
16. Verify whether completion certificate has been submitted to the sanctioning authority within one month from the drawal of advance.
17. Verify whether the non-refundable advance for treatment has been sanctioned for hospitalization only as per the condition specified in the scheme.
18. Verify whether the advance for higher education of children has been sanctioned not for more than admissible number of occasions
19. Verify whether in the matter of sanctioning financial assistance for marriage of daughter, the same has been sanctioned not more than admissible number of occasions.
20. Verify whether the monetary limits for a financial assistance has been fixed by the Board and benefits are extended following the limits prescribed

## **66.7. Pension**

Pension is sanctioned to a member who attains 58 years of age and unable to work due to old age or infirmity

### **66.7.1. Audit check**

1. Verify whether the pensioner has produced a certificate to prove his age.
2. Verify whether the application for pension have been submitted in Form No. XI (in duplicate) to The Chief Executive officer
3. Verify whether the Chief Executive Officer has verified the application, conducted enquiry and heard the applicant before sanctioning pension
4. Verify whether a register as prescribed by the Board has been maintained by the pension sanctioning authority for the purpose
5. Verify whether the pension has been sanctioned from the month the member attaining pensionable age, when the member suffers from permanent disability and the member is out of employment
6. Verify whether life certificate has been submitted by the pensioner for each financial year
7. Check whether the applicant has completed minimum eligible service.
8. Ensure that the amount sanctioned by the Government for Pension is utilized for pension only.

## ***67. Audit of Kerala Agricultural Workers' Welfare Fund***

### ***67.1. Introduction***

Kerala Agricultural Workers' Act was enacted in the year 1974 to form a fund for welfare of workers by providing relief and promoting welfare of the employees, self-employed persons in the agricultural sector and for payment of pension. Kerala Agricultural Workers Welfare Fund Scheme was framed as per sub-section (1) of section 8 of Kerala Agricultural Workers Act, 1974.

### ***67.2. Administration of the Fund***

The administration of the Fund is carried out by the Agricultural Workers' Welfare Fund Board.

The headquarters of the Board is located at Thrissur.

The Board shall consist of twenty one Directors as detailed below:

1. Seven members representing Government of whom one shall be a representative from the Finance Department
2. Seven persons representing the agricultural workers nominated by the Government
3. Seven persons representing the land owners nominated by the Government

One of the Directors of the Board shall be nominated by the Government as Chairman. The term of the Board shall be three years. The Chief Executive of the Board shall be the Secretary.

One of the representatives of the Government shall be appointed as the Chief Executive of the Board.

### ***67.3. Functions of the Board***

1. All matters connected with the administration of the fund specified in the scheme
2. Registration of employees in the fund
3. Laying down policies for the deposit of the amount of the fund as directed by Government from time to time
4. Submission of annual budget to the Government for approval
5. Submission of annual report to Government on the working of the schemes
6. To get the annual accounts audited by the designated audit authority
7. Collection of contribution to the fund and other charges
8. Speedy settlement of claims and sanction of advances and other benefits
9. Proper maintenance of accounts; and
10. Proper and timely recovery of any amount due to the Board

### ***67.4. Objectives of the Scheme***

The objectives of the scheme include the following welfare measures for the benefit of its members:

- a) Superannuation benefits
- b) Payment of Ex-gratia
- c) Financial assistance to its members and their family members (like medical assistance, educational scholarship, maintenance and/or repair of house, advance for purchase of agricultural land, advance for marriage expenses for the dependent daughter, payment of insurance premium, payment of old age pension, maternity benefit, etc.)

## ***67.5. Income of the Fund***

1. The contribution by land owners at the following prescribed rates:
  - a. at the rate of ten rupees per annum by a land owner holding more than half a hectare but less than one hectare
  - b. at the rate of fifteen rupees per annum by a land owner holding more than one hectare
2. Contribution by registered agricultural worker at the rate of five rupees per mensem

## ***67.6. Membership and Contribution to the fund***

Every land owner holding more than half a hectare of agricultural land and registered agricultural worker are eligible for the membership.

### ***67.6.1. Audit Checks***

1. Verify whether each agricultural worker has remitted contribution at the rate of Rs.5 per mensem.
2. Verify whether the executive authority maintains a register of agricultural workers
3. Check whether a DCB for member contribution has been maintained
4. Ensure that contribution has not been obtained from the members who defaulted continuously for more than 24 months
5. Check whether a register has been maintained for registered land owners
6. Check whether every receipt book has been received back from the Village Officer who is responsible for collection of land owners' contribution (Paragraph 26.5 of the Scheme)
7. Check whether all the amounts collected in the Village Office have been credited to the Board account within the stipulated time

## ***67.7. Expenditure from the fund***

The funds shall be utilized for the following purposes:

1. Superannuation benefits
2. Medical benefits
3. Financial assistance for education of children
4. Payment of Ex-gratia
5. Payment of loans and grants for house building or repairs
6. Maternity benefits
7. Educational scholarship
8. Advance for purchase of agricultural land
9. Advance for marriage expenses of the dependent daughter
10. Payment of insurance premium
11. Payment of old age pension
12. Financial assistance for cremation expenses

### **67.7.1. Audit checks**

1. Check whether an employee paid 40 years of continuous contribution for eligibility for superannuation benefits @ Rs.25,000
2. Check whether an employee paid contribution for a minimum period of 3 years to be eligible for superannuation benefits @ Rs.5000
3. Verify whether the member has remitted contribution for atleast 12 months for payment of ex- gratia
4. Verify whether sanction of the competent authority has been obtained (Chief Executive Office) before granting the financial benefits under the welfare schemes.
5. Verify whether the stipulations regarding the grant of financial benefits under welfare schemes have been followed for the sanctioning of the monetary benefits.
6. Check and verify that for calculations of superannuation, the period taken is only upto 60 years of age of the employee or the period for which contribution has been paid whichever is less.
7. In case of ex-gratia payments, ensure that payment has been made only to the dependent of the members who died before 60 years of age
8. Verify whether certificate from the Medical Officer has been obtained in the matter of financial assistance relating to the birth of the child (maternity benefit)
9. Verify whether the above mentioned benefit has been sanctioned only twice for a member.
10. Verify whether records relating to the proposed marriage has been obtained before sanctioning advance for financial assistance for marriage.

### **67.7.2. Audit Checks - General**

1. Check whether the Grants or loans or advances received from the Government under various schemes are accounted for
2. Check whether all the receipts are accounted for in the cash and bank books
3. Check whether bank reconciliation statements are prepared and the same is tallied with the fund's bank book
4. Check whether any payment on account of financial assistance to a member is approved by competent authority before making the payment (like education loan, marriage assistance, maternity benefits, medical facilities and any other benefit to a member)
5. Check whether payment of welfare schemes (ex-gratia, medical benefits and scholarships, etc.) are approved by the competent authority
6. Check whether acknowledgement / receipt is obtained in respect of each payment

### **67.7.3. Common audit checks on assets and liabilities**

1. Audit of Assets: The assets are common categories and therefore, the general audit checks on assets are to be followed in this case.
2. Audit of Liabilities: The audit checks are common categories and therefore, the general audit checks on assets are to be followed in this case.

## ***68. Audit of Kerala State Lottery Agents and Salesmen Welfare Fund***

### ***68.1. Introduction***

The scheme intended for the welfare of agents and salesmen involved in the sales of lottery tickets in the State of Kerala is known as Kerala State Lottery Agents and Salesmen Welfare Fund Scheme, 2009.

### ***68.2. Objectives of the Scheme***

The objectives of the scheme include the following:

1. To carry out all activities required which are needed for the implementation of the schemes stipulated under the Welfare Fund
2. Registration / enrolment of members from the lottery agents
3. Utilisation of welfare funds as per conditions stipulated in the Act and administer the Fund as stipulated in the scheme
4. Preparation of the policy, as per directions from the Government, for the utilization of welfare funds
5. Formulate policies intended for the welfare of the lottery agents
6. Decide upon the appeals submitted against the orders and decisions of the Chief Executive Officer
7. Formulate new welfare schemes for the members with the approval of the Government
8. Offer advice to the Government on the matters related to lottery agents and salesmen as and when required by Government

### ***68.3. Administration of the Board***

The fund is managed by a Board consisting of four official members representing the Government and seven non-official members representing the beneficiaries of the scheme, as detailed below:

1. Chief Executive (Director of State Lotteries)
2. Other members:
  - a. Secretary to Government, Taxes Department
  - b. Representative from Finance Department not below the rank of Joint Secretary
  - c. Representative from Labour Department not below the rank of Joint Secretary
  - d. Seven Non-official members

One of the Directors as mentioned above will be nominated by Government as Chairman.

### ***68.4. Membership - Eligibility***

A new member shall be enrolled in this fund in the following situations:

1. An approved lottery agent selling lottery tickets, or, an agent who has been able to sell the minimum lottery tickets worth Rs.10,000 per month
2. A person who is willing to become a new member can submit an application at the District Lottery office by paying a fee of Rs.25 as application fees
3. A member in the fund has to mandatorily sell a minimum of Rs.10,000 worth lottery tickets in a month. If this condition is not met, the member has to mandatorily sell lottery tickets worth thrice this amount during a period of three months. These transactions are to be recorded in the ticket account book, which may be verified by District Lottery Welfare Officer

4. Any new applicant, at the time of filing the application, has to necessarily be between the age of 18 and 60 years
5. Upon attaining the age of 70 years, a member ceases to be a member automatically. However, this is not applicable for a member who is eligible for old age special pension
6. A company, organization, co-operative society are not eligible to become a member under this scheme

#### **68.4.1. Audit checks**

1. Verify whether only agents / salesmen who have sold lottery tickets of atleast Rs.10,000 per month has been enrolled as member
2. Verify whether the requisite fee has been obtained before giving membership
3. Verify whether an applicant who failed to achieve the above target has been given membership only after he has sold tickets valuing over Rs.30,000 for a quarter
4. Verify whether the applicant is a major and have not attained 60 years of age at the time of admission
5. Verify whether any persons other than differently abled ones who are members of any other welfare fund or scheme has been allowed membership
6. Verify that there records to prove the date of birth and address has been obtained before granting membership

### **68.5. Income of the Fund**

1. Contribution to the fund shall be remitted either at the approved banks or at the office of the District Lottery Welfare Officer as per sub-para (1) of section (4) of the Act
2. Government shall contribute 1% of the total sale proceeds of lottery tickets sold through the Kerala State Lotteries Departments to the Welfare Fund every year (section 4[3]).
3. Amount borrowed by the board under section 12
4. Grants or advances given by the Government or any institutions
5. Any kind of donation or amount received

#### **68.5.1. Audit checks**

1. Check whether the contribution to the fund is remitted either at the approved banks or at the office of the District Lottery Welfare Officer and proper receipts are issued against every such remittance
2. Check whether any remittance at the bank is recorded in the Contribution Pass Book after verification of the Bank Pass Book, Bank Chalan, etc.
3. Check whether any advance payment of contribution is received for a maximum of three month's only and not more than that
4. Check whether the member is complying with the norms of membership as stipulated in the scheme (such as regular remittance of the contribution, selling the mandatory number of tickets per month, etc.)
5. Check whether the contribution is regularly paid by every member and the same is updated in the respective Bank Book
6. Check whether the Grants received from the Government under various schemes are accounted for
7. Check whether the contribution from the lottery ticket agents and salesmen are remitted to the fund within the stipulated time
8. Check whether all the receipts are accounted for in the Cash and Bank Books
9. Check whether bank reconciliation statements are prepared and the same is tallied with the fund's Bank Book

## ***68.6. Expenditure from the fund***

The funds shall be utilized for the following purposes:

1. Pension to the members
2. Family pension to dependents of the members
3. Invalid pension
4. Payment towards insurance premium
5. Financial assistance for medical treatment
6. Loans and advances
7. Maternity benefits
8. Financial assistance / advance for marriage expenses
9. Ex-gratia benefits

### ***68.6.1. Audit checks***

1. Verify whether sanction of the competent authority has been obtained (Chief Executive Office) for granting the financial assistances under the welfare schemes.
2. Verify whether the conditions regarding the grant of benefits under the welfare schemes have been followed before sanctioning monetary benefits.
3. Verify whether certificate from the Medical Officer has been obtained in the matter of assistance relating to maternity benefit
4. Verify that the above mentioned benefit has been sanctioned to a member not more than twice.
5. Verify whether records relating to the proposed marriage has been obtained before sanctioning advance for financial assistance for marriage.

## ***68.7. Pension***

1. A member who has completed 55 years of age and has completed ten years of service is eligible for pension. The pension will be paid as per the approved Government rate
2. A member who has paid contribution for more than ten years will be paid increased amount as pension according to the approved Government rate
3. One of the family members is eligible for Family Pension. Contribution has to be remitted for not less than ten years. If the recipient of the family pension loses his / her eligibility, then the next eligible member in the family can be sanctioned the family pension
4. Invalid pension can be sanctioned if the member is unable to perform the duties due to any disease, accident or physical inability and cannot perform duties continuously for two years

### ***68.7.1. Audit checks***

1. Check whether pension is calculated as per the approved norms and approved by a competent authority
2. Check whether family pension (wherever applicable) paid is calculated as per approved norms
3. Check whether pension is sanctioned to a member who has remitted contribution for a continuous period of ten years and has completed 55 years of age
4. Verify in respect of family pension whether copies of income certificate, heir ship certificate from the revenue authorities and death certificate from the Local Body are available in the pension file.
5. Verify that the Family Pension is not continued after the remarriage of the spouse.
6. Verify in respect of invalid pension whether medical certificate from the competent authority has been obtained before sanction.



## ***69. Audit of Kerala Ration Dealers' Welfare Fund***

### ***69.1. Introduction***

Kerala Ration Dealers' Welfare Fund Act was enacted as Act number 16 of 1998 for according relief and promoting welfare measures in respect of ration dealers all over the State. Kerala Ration Dealers' Welfare Management Committee is constituted as per Section 9(1) of the Act for the management of the Fund. The headquarters of the Board is located at Thiruvananthapuram.

The managing committee comprises of:

1. Civil Supplies Commissioner, Chairman (ex-officio)
2. Civil Supplies Director, Secretary (ex-officio) and Chief Executive Officer
3. Rationing Controller (ex-officio)
4. Civil Supplies Chief Accounts Officer (ex-officio)
5. An officer, nominated by the Government, from the Finance Secretariat not below the rank of Joint Secretary
6. An officer, nominated by the Government, from the Law Secretariat not below the rank of Joint Secretary
7. Four representatives of Ration Dealers nominated by the Government

The Government may appoint an official not below the rank of Deputy Controller from the Civil Supplies Department as the full time Secretary and Chief Executive Officer of the Fund. In such circumstances, the Civil Supplies Director will be the ex-officio member. The administration of the Fund is carried out by the above mentioned Managing Committee.

### ***69.2. Objectives of the Scheme***

The objectives of the scheme include the following:

1. providing financial assistance to invalid members
2. providing financial assistance to a member who suffers loss of business due to any natural calamity
3. providing loan or advance to a member for improving business
4. providing financial assistance to a member / dependent for medical treatment
5. paying financial assistance for education of children
6. paying scholarship to children of any member who excel in education
7. payment of pension
8. Ex-gratia / superannuation / closure benefits
9. any other financial support as envisaged in the scheme

### ***69.3. Income of the Fund***

1. Contribution as prescribed in Section 6 of the Act
2. Loans as per Section 16 of the Act
3. Grants, loans and advances paid by Central Government, State Government or any other organization
4. Amount mobilized by the managing committee from other sources for the improvement of the fund / scheme

## ***69.4. Expenditure from the fund***

The funds shall be vested with the Board and the same could be utilized for the following purposes:

1. Amount payable to a member as per para 17 (1) of the Scheme
2. Financial assistance to a member / dependent for medical treatment for specific diseases
3. Payment of pension
4. Any financial support as approved in the scheme
5. Advance for treatment of diseases as prescribed in para 20 of the scheme
6. Scholarship for meritorious students as prescribed in para 21 of the scheme
7. Advance for running ration depots as prescribed in para 22 of the scheme

## ***69.5. Contribution to the fund***

Contribution has to be remitted by an eligible member on a monthly basis at the rates fixed by the Managing Committee in consultation with the Government. The Government will allot appropriate sum for each year to the fund as contribution.

### ***69.5.1. Audit checks***

1. Check whether all the receipt books issued to the Taluk Supply Officers for collection of contribution are produced to Audit.
2. Check whether the contribution collected from the Ration Dealers is remitted to the fund maintained by TSO/CRO by stipulated time
3. Check whether the periodical statement from the Ration Dealers/Salesmen showing the exact break-up of the contribution is filed with the fund's records on time
4. Check whether all the receipts are accounted for in the Cash and Bank Books
5. Check whether Bank reconciliation statements are prepared
6. Check whether a DCB has been prepared for every financial year.

## ***69.6. Welfare schemes***

1. Providing loans for business
2. Medical treatment of member/dependent
3. Scholarship for meritorious students

### ***69.6.1. Audit Checks***

1. Verify whether the certificate of the medical officer has been obtained regarding the physical disability before according sanction for the financial assistance in this regard.
2. Verify whether acknowledgement has been obtained from all concerned and retained in tact
3. Verify whether only the eligible amount has been sanctioned by the competent authority for each member
4. Check whether any payment on account of financial assistance to a member is approved before making the payment
5. Verify whether the eligibility criteria fixed for each scheme have been satisfied before sanctioning the financial assistance
6. Verify whether the monetary limits for a financial assistance has been fixed by the Board and benefits are extended following the limits prescribed
7. Verify whether while sanctioning cash award, the criteria for selection followed is the marks obtained in the qualifying examination.

## ***69.7. Pension***

Every member who has rendered service for at least ten years (suspension period of the ration shop excluded) and have completed 65 years of age are eligible for pension. The pension ceases to be paid upon the death of the member.

**69.7.1. Audit checks**

1. Verify whether application for pension in Form No.6 has been submitted to the Chief Executive Officer.
2. Verify whether copies of documents as proof of age have been obtained.
3. Verify whether the certified copy of the documents to prove the length of service has been obtained.
4. Verify whether the Pension Application Register in Form No.7 has been maintained by the Chief Executive Officer.
5. Verify whether the Pension has been disbursed after recording in the Pension Distribution Register in Form No 12 in the Chief Executive Office.

## ***70. Audit of Other Welfare Funds - 1***

### ***70.1. Kerala Building and Other Construction Workers' Welfare Fund***

Kerala Building and Other Construction Workers' Welfare Fund, 1994 has been included as item number 45 of the schedule to the Kerala Local Fund Audit Act, 1994. Kerala Building and Other Construction Workers Act, section 27 stipulates that the accounts of the Board shall be audited by the Comptroller and Auditor General of India. However, this Welfare Board has neither been removed from the Schedule nor Government have issued any orders to this effect.

### ***70.2. Kerala Laundry Workers Welfare Fund & Kerala Barbers and Beauticians Welfare Fund***

Kerala Laundry Workers Welfare Fund & Kerala Barbers and Beauticians Welfare Fund were established by GO(P)No/1/04/Labour dated 3.1.2004 and GO(P)No.2/04/Labour dated 3.1.2004 respectively. The audit of the welfare boards is to be conducted by KSAD as per the above orders. However, GO(P).No.24/16/Labour dated 2.2.2016, Government have issued orders on unorganized labour social security scheme and as a result these two welfare schemes mentioned above stood cancelled.

As per para 23 of the scheme, the accounts of the scheme is required to be audited annually and the new scheme's annual report, budget, audit are to be prepared / conducted as provided in paragraph 29, 30, 31 of the new scheme. Government orders regarding audit is yet to be issued.

### ***70.3. Kerala Trader's Welfare Fund Board***

As per GO(P)60/92/TD dated 27.1.1992 Government have approved a welfare scheme for the traders by constituting of trader's welfare fund with the Head Quarter at Thiruvananthapuram. Specific acts and rules regarding the functioning of board have not issued so far. KSAD is conducting the audit of the accounts of the Board vide proviso 13(D) of GO(P)60/92/TD dated 27.1.1992.

## 71. Audit of Other Welfare Funds - 2

Other Welfare Schemes (Refer Para 55.4)

S No.	Name of the fund	Authorities of the fund	Management of the Fund	Income for the fund	Expenditure of the fund
1.	Kerala Beedi and Cigar Workers Welfare Fund	Under Kerala Cigar Workers' Welfare Fund Act, 1995, a scheme was framed for the establishment of a Fund for the welfare of Beedi and Cigar Workers.	<p>The fund is managed by a Board, which has the following fifteen members:</p> <ul style="list-style-type: none"> <li>▪ Five officials nominated by the Government (of whom one shall be the Chief Welfare Fund Inspector, two from Labour Department, one from Finance Department and one from Law Department of the Government)</li> <li>▪ Five Directors representing the employers, nominated by the Government</li> <li>▪ Five Directors representing employees and self-employed persons nominated by the Government</li> </ul> <p>Board can constitute sub-committees for a specific purpose. The Chairman of the Board shall be the Chairman of the sub-committee. The Chief Welfare Fund Inspector shall be the Secretary of the Fund</p>	<p>The Income of the fund consists of:</p> <ul style="list-style-type: none"> <li>▪ Registration fee for seeking membership</li> <li>▪ Contribution by the employer for self and on behalf of every worker employed under this employer</li> <li>▪ Contribution by Government</li> </ul>	<p>The fund may be utilized for all or any of the following:</p> <ul style="list-style-type: none"> <li>▪ For payment of pension</li> <li>▪ For paying family pension</li> <li>▪ Financial assistance to a worker who suffers from permanent disablement or to the family of a member who died while in service</li> <li>▪ Financial assistance for marriage of women worker</li> <li>▪ Maternity benefit to a women worker</li> <li>▪ Relief for unemployment</li> <li>▪ Advance for education of children</li> <li>▪ Advance for treatment of illness</li> <li>▪</li> </ul>
2.	Kerala Etta, Kattuvalli and Pandanus Leaf Workers Welfare Fund	Under the Act, Kerala Etta, Kattuvalli and Pandanus Leaf Workers Welfare scheme was framed for the establishment of a Fund for the welfare of Bamboo, Kattuvalli, Pandanus Leaf workers and self-employed in the Bamboo or Kattuvalli or Pandanus Leaf Industry	<p>The responsibility for administration of the Fund and to supervise or carryout the activities framed by the fund is vested in a Board constituted for the purpose by Government and the Board consists of following Directors:</p> <ul style="list-style-type: none"> <li>▪ One member representing the Bamboo, Kattuvalli, Pandanus Leaf workers, self-employed persons</li> <li>▪ One member representing the Government</li> <li>▪ One member representing the employers, dealers or producers of Bamboo or Kattuvalli or Pandanus Leaf Products</li> </ul>	<p>The income of the fund will consist of</p> <ul style="list-style-type: none"> <li>▪ Contribution from the Bamboo, Kattuvalli and Pandanus Leaf employer at seven rupees per month</li> <li>▪ Contribution from the employer and every producer of Bamboo products, Kattuvalli products and Pandanus Leaf products at seven rupees per worker per month</li> </ul>	<p>The fund may be utilized for all or any of the following:</p> <ul style="list-style-type: none"> <li>▪ For payment of pension</li> <li>▪ For paying family pension</li> <li>▪ Financial assistance to a worker who suffers from permanent disablement or to the family of a member who died in accident</li> <li>▪ Financial assistance to the women worker for marriage</li> <li>▪ Maternity benefit to women workers</li> <li>▪ Unemployment relief</li> <li>▪ Advance for education of children</li> </ul>

S No.	Name of the fund	Authorities of the fund	Management of the Fund	Income for the fund	Expenditure of the fund
				<ul style="list-style-type: none"> <li>▪ The Contribution made by the self-employed person</li> <li>▪ Government contributes equal to the amount contributed by Bamboo workers, Kattuvalli workers and Pandanus Leaf workers and self-employed person by way of grant</li> <li>▪ Every dealer shall have to contribute an amount of one percent of their sale proceeds in a year</li> <li>▪ Every person receiving bamboo, reeds, cane, kattuvalli, Pandanus Leaf</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advance for medical treatment</li> </ul>
3.	Kerala Goldsmith Welfare Fund - The Kerala Goldsmith Welfare Act, 2009 was enacted by Government in 2009	As provided in the Act, Kerala Goldsmith Welfare Fund Board was constituted by Government for the administration of the fund	<p>The authority for the administration of the fund and to supervise or carry out the activities framed by the fund is vested with Kerala Goldsmith Welfare Fund Board constituted by Government. The Board may consist of:</p> <ul style="list-style-type: none"> <li>▪ Four members representing the workers and self-employed who are from Jewellery section</li> <li>▪ Four members representing traders</li> <li>▪ Four members representing the Government</li> </ul> <p>One of the Directors of the Board will be nominated by Government as Chairman of the Board</p>	<p>The following shall constitute the corpus of the fund:</p> <ul style="list-style-type: none"> <li>▪ Contributions from workers, self-employed persons at rupees twenty per month</li> <li>▪ Government contributes at the rate of Rs.5 per each member annually</li> <li>▪ Traders' cess @ 0.25% of the sale value of the Jewellery minus one percent of the amount collected towards administration expenses for collection of cess.</li> </ul>	<p>Expenses of the funds are towards the following:</p> <ul style="list-style-type: none"> <li>▪ Pension and family pension</li> <li>▪ Maternity benefits</li> <li>▪ Education assistance or grant</li> <li>▪ Medical benefit</li> <li>▪ Funeral expenses</li> <li>▪ Financial assistance to the family of the member who dies after putting in twenty years of qualifying services for pension</li> <li>▪ Advances for purchase of house or repairs of the house</li> <li>▪ Lumpsum for these members who become unable to continue to work</li> </ul>

## ***72. Audit of Nirmithi Kendra***

### ***72.1. Introduction***

Kerala State Nirmithi Kendra (KESNIK) was established by the Government of Kerala in the year 1989 as a Society, registered under the Travancore – Cochin Literary Scientific and Charitable Societies Registration Act, 1955. KESNIK has its Head Office at Thiruvananthapuram and has 14 Regional Centers across the State. There is one production center at Thiruvananthapuram and production centers are attached to Regional Centers for cost effective environment friendly & energy efficient (CEEFF) products and they have a Training Center too. The main objectives of KESNIK are as follows:

1. To act as a seminal agency to generate innovative ideas in the construction sector.
2. To co-ordinate, monitor and regulate the activities of the Regional Centers.
3. To interact with the Research Institutions, Government, semi Government and NGOs and to ensure field level application of Research in housing sector.
4. To provide advice and guidance to Government on emerging housing concepts and policies.
5. To select appropriate technology for dissemination.
6. To undertake extension work among the public on the up gradation of the traditional housing technologies.
7. To set up Production Centres.
8. To formulate projects and to take up consultancy services in housing and its allied fields.
9. To undertake R&D activities in housing and allied fields
10. To construct buildings especially public buildings using CEEFF technology.

### ***72.2. Management and Administration***

The control and administration of KESNIK vest in the Governing Body nominated by Government with the Minister (Housing) as the Chairman and Secretary (Ex-officio Director), nominated by the Government. An Executive Committee comprising of following six members selected from the Governing Body, will conduct the administration of KESNIK:

1. Secretary, Housing - Chairman
2. A representative of Research Institute (Science & Technology)
3. A representative of District Nirmithi Kendras
4. One outstanding person/ representative of non-Governmental organisation with proven contribution in the field of housing.
5. Chief Engineer (Building)
6. Secretary, State KESNIK

The present Activities of KESNIK are given below:

1. Construction/ Consultancy Services
2. Management of Housing Guidance Centre
3. Management of Regional Nirmithi Kendras
4. Management of the Training Wing
5. Management of Material Testing Laboratories
6. Managing Kalavara-Building Material Fair Price Shop
7. Management of the Laurie Baker International School of Habitat Studies

### **72.3. Accounting System**

The “Finance & Accounts Manual of KESNIK” contains the Rules relating to all financial transactions of KESNIK and institutions/ Centre under it. The accounts are maintained under the mercantile system of accounting and is fully computerized. The accounting period of KESNIK is 1<sup>st</sup> April to 31<sup>st</sup> March of every year. The Budget for the subsequent year is to be prepared by November and placed before the executive committee for approval in December.

The Books & Registers Maintained by KESNIK are:

1. Cash Book
2. Bank Book
3. Journal Register
4. Ledger
5. Receipt Books
6. Stock Registers
7. M Books, etc.
8. All books of records relating to purchase and works
9. Log books
10. Allotment register (regional centres)
11. Institution fee register
12. Advance register

### **72.4. Income and Expenditure**

The sources of income for KESNIK are:

1. Plan and Non-Plan Grant from State Government
2. Grant from Central Government
3. Institution fees
4. Consultation fee
5. Supervision Charges
6. Income from Testing laboratories
7. Interest from deposits
8. Profit on Sale of materials
9. Other Miscellaneous receipts

The Major expenditure of KESNIK are:

1. Purchases
2. Establishment Expenses
3. Gratuity payments
4. Office Expenses
5. Repairs & Maintenances
6. Travelling Expenses
7. Central Testing Lab expenses
8. Depreciation

### **72.5. Audit Procedure**

The general audit procedures as per chapter numbers 14 to 25 will have to be applied to this institution’s audit to the extent applicable. In addition, the institutional specific audit procedures are given below:

- 1. Preparation of Accounts:** KESNIK has to consolidate the accounts of all Regional Centers, Production centers, testing laboratories and training center and prepare the statement of accounts in accrual based double entry accounting system. The auditor should:



- a. Verify whether KESNIK has prepared the accounts on mercantile basis and all expenses and income are accounted for on accrual basis except to the extent otherwise disclosed.
- b. Verify whether the Grants are properly taken into account either as Income or as Liability, as stipulated in the Grant release order or in the Act.
- c. Verify that provisions have been made for all amounts receivable and payable
- d. If KESNIK has undertaken any special projects as per the directions of the Government or otherwise, see whether the same falls within the scope of its powers and whether proper accounts for such projects have been maintained, were placed before the Governing Council for approval and incorporated in the annual accounts of KESNIK.

## 2. Income

**Receipt from Production Centers:** KESNIK is producing low cost building materials in their production centers and the same are sold to the public at a prescribed price. The auditor should verify

- a. All records relating to production of building materials and ascertain whether the cost of production has been properly arrived at.
- b. Whether the prescribed norms are followed when the materials are sold.
- c. Whether the receipts from sales have been properly accounted (Refer general audit procedures to be followed)

**Income from testing laboratories:** KESNIK provides testing facilities to the public for the building materials in their testing laboratories at prescribed charges. The auditor should verify

- a. All records relating to purchase of equipments and other materials for testing the building materials
- b. The procedure for fixing the testing charges.
- c. Whether the receipts from testing of building materials have been accounted properly.

**Funds received for Construction of work from departments, institutions and private agencies:** KESNIK receives funds from Government departments and private agencies to construct low cost buildings as deposit works. In executing these works, KESNIK is following the procedure followed in Government organizations. The auditor should verify whether:

- a. KESNIK has maintained separate records for each deposit work with details of all expenditure
- b. The centage charges for the deposit work has been collected and accounted for.

3. **Procurement of Materials:** KESNIK is following a Technical Manual of its own for the procurement of materials. The auditor should verify whether the procedures prescribed in the Technical Manual are being complied with in the case of all procurements.
4. **Production Centers:** As per objective III (9) of the Memorandum of Association (MoA) of KESNIK, production centers have to be set up to pre-fabricate standardized housing materials. Income from sale of each product is required to be accounted separately. A stock register in the prescribed form is to be maintained. The auditor should verify whether the receipt from sale of each product is accounted separately. It should be checked whether prescribed stock registers are maintained and periodically verified physically. It should be verified whether the actual wastage in the production of construction materials has been compared with the approved wastage and reasons for variations, if any, recorded in the register. It should also be verified whether the working results of the production centers have been reviewed and remedial measures in their working are taken wherever needed.

## 5. Finished Goods:

Check whether the quantity of raw material used as per stock issue register in accordance with the rate analysis data prepared by the technical staff of Nirmithi Kendra with the quantity of the finished goods to see that the quantity of finished goods corresponds to the prescribed quantum of raw materials used.