

# **MANUAL OF STANDING ORDERS (ACCOUNTS & ENTITLEMENTS)**

## **Volume-I**

### **PREFACE**

The provisions of the Government of India (Audit and Accounts) order, 1936 as adapted by the India (Provisional Constitution) Order, 1947 and Article 149 of the Constitution of India, have cast responsibilities on and vested powers in the C&AG of India in relation to the accounts of the Union and the State Governments.

All essential accounting instructions of the C&AG were initially set out in the Account Codes. As governmental activities grew in volume and complexity, accounting procedures and practices responded to the new demands. The Manual of Standing Orders (Technical), Volume I issued by the C&AG in 1962, and re-printed in 1969 and 1973, incorporated a number of instructions for the guidance of the Civil Audit Offices responsible for compiling accounts. In several cases, while prescribing audit procedures, the Manual also set out the connected accounting procedures (a) for facility of reference and (b) because, in the Civil Audit Offices where both accounting and auditing functions were carried out by the same staff, the distinction between the functions was not always clearly spelt out.

The parliament passed, in 1971, the C&AG's (DPCS) Act under Articles 148 (3) and 149 of the Constitution to regulate the duties, powers and conditions of service of the C&AG. The Act empowered the President (and the Governor of the State) to relieve the C&AG of the responsibility for compiling accounts. Article 150 was also amended in 1976 and again in 1978 to empower the President to prescribe the form of the accounts, on the advice of the C&AG, even where the C&AG has been relieved of the responsibility for compiling the accounts.

Through the scheme of departmentalization of accounts of the Union Government, the C&AG was relieved, in stages from 1976, of the responsibility for maintaining the accounts of the Union. Consistent with the principle of separation of accounts from audit, the composite offices of Accountants General were bifurcated in March 1984, into distinct offices with separate cadres for dealing with (a) all audit work, and (b) all accounting and entitlement work.

The consequent divisions of auditing and accounting responsibilities has necessitated the bifurcation of the Manual of Standing Orders (Technical), Volume I into two separate Manuals viz. MSO (Audit) for the Audit offices and MSO (A&E) for the A&E offices. The MSO (A&E), therefore, contains the accounting directions, instructions and procedures to be followed by the Offices of Accountants General (A&E).

The MSO (A&E) has been prepared in 2 volumes; Volume I contains general matters relating to accounting and entitlement functions in 20 chapters while Volume II contains the instructions relating to the form and contents of the Finance and Appropriation Accounts. The forms relevant to Volume I have been incorporated in a separate volume titled "Book of Forms" to make this Manual compact and self-contained.

(ii)

Apart from updating the Manual to cover the later developments since its last revision, the Manual has been enlarged, wherever necessary, to be in tune with the increasing developmental activity. Notable addition is the Chapter on “Certification of Plan Expenditure.”

I hope this Manual will help the staff and officers working in the A&E Offices in discharging their duties efficiently. Constant review of the instructions and procedures embodied in this Manual and suggestions for improvement will contribute greatly to enhancing its utility.

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**Comptroller & Auditor General of India**

**NEW DELHI**  
**Dated 18<sup>th</sup> May 1990**

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## CHAPTER I

### FUNCTIONS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

#### *DUTIES AND POWERS*

1.1 The functions of Comptroller and Auditor General are derived in the main from the provisions of Articles 149, 150 and 151 of the Constitution of India. Article 149 of the Constitution provides that the C&AG shall perform such duties and exercise such powers as may be provided by or under any law made by Parliament. Article 149, 150 and 151 are reproduced below.

#### 149 Duties and Powers of the Comptroller and Auditor General

The Comptroller and Auditor General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States and of any other authority or body as may be prescribed by or under any law made by Parliament and, until provision in that behalf is so made, shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were conferred on or exercisable by the Auditor General of India immediately before the commencement of this Constitution in relation to the accounts of the Dominion of India and of the Provinces respectively.

#### 150 Form of Accounts of the Union and of the States

The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor General of India, prescribe.

#### *AUDIT REPORTS*

151 (1) The reports of the Comptroller and Auditor General of India relating to the accounts of the Union shall be submitted to the President, who shall cause them to be laid before each House of Parliament.

(2) The reports of the Comptroller and Auditor General of India relating to the accounts of a State shall be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State.

As envisaged in Article 149 of the Constitution of India, Parliament has enacted the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 which prescribes the duties and powers of the Comptroller and Auditor General as well as his conditions of service. This Act came into force from 15/12/1971. The Act has superseded the provisions of the Audit and Accounts Order, 1936 as adopted by the India (Provisional Constitution) Order 1947 which regulated the duties and powers of the Comptroller and Auditor General in relation to the accounts of the Union and of the States till then as envisaged in Article 149 of the Constitution.

It is a matter of historic accident that the Comptroller and Auditor General was entrusted with such functions of an Accountant like keeping the account of State Government and also the Provident Fund, Pension and Pay accounts of employees of State Governments, which

are normally the functions of the Executive authorities.

1.2 The responsibilities of the Comptroller and Auditor General in so far as it relates to compilation of accounts of the Union, the States and the Union Territories with Legislatures are given in Sections 10, 11 and 12 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 which are reproduced below:-

#### Section 10

(1) The Comptroller and Auditor General shall be responsible-

(a) for compiling the accounts of the Union and of each State from the initial and subsidiary accounts rendered to the audit and accounts offices under his control by treasuries, offices or departments responsible for the keeping of such accounts; and

(b) for keeping such accounts in relation to any of the matters specified in clause (a) as may be necessary:

Provided that the President may, after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for compiling-

(i) the said accounts of the Union (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the Union:

Provided further that the Governor of a State with the previous approval of the President and after consultation with Comptroller and Auditor General, by

order, relieve him from the responsibility for compiling-

- (i) the said accounts of the State (either at once or gradually by the issue of several orders); or
- (ii) the accounts of any particular services or departments of the State.

Provided also that the President may, after consultation with the Comptroller and Auditor General, by order relieve him from the responsibility for keeping the accounts of any particular class or character.

(2) Where under any arrangement, a person other than the Comptroller and Auditor General has, before the commencement of this Act, been responsible-

- (i) for compiling the accounts of any particular service or department of the Union or of a state, or
- (ii) for keeping the accounts of any particular class or character,

Such arrangement shall, notwithstanding anything contained in sub-section (1) continue to be in force unless, after consultation with the Comptroller and Auditor General, it is revoked in the case referred to in clause (i) by an order of the President or the Governor of the State, as the case may be, and in the case referred to

in clause (ii) by an order of the President.

Note : Based on the orders issued by the President in 1976 and thereafter, the Comptroller and Auditor General was relieved from the responsibility of compiling and keeping the accounts of various Departments/Ministries of the Union Government and Union Territories except in respect of the accounts relating to (a) Pensions (b) the Indian Audit and Accounts Department and (c) Union Territories without Legislatures of Chandigarh, Dadra and Nagar Haveli and Lakshadweep.

#### Section 11

The Comptroller and Auditor General shall, from the accounts compiled by him or by the Government or any other person responsible in that behalf prepare in each accounts (including in the case of accounts compiled by him, appropriation accounts) showing under the respective heads the annual receipts and disbursements for the purpose of the Union, of each State and of each Union Territory having a Legislative Assembly and shall submit those accounts to the President or the Governor of a State or Administrator of the Union Territory having a Legislative Assembly, as the case may be on or before such dates as he may, with the concurrence of the Government concerned, determine.

Provided that the President may after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the Union or of a Union Territory having a Legislative Assembly.

Provided further that the Governor of a State may, with the previous approval of the President and after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the State.

Note: In exercise of the power conferred by the first Proviso to Section 11 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the President issued orders relieving the Comptroller and Auditor General from the responsibility of preparing the Finance Accounts of Union Government from 1977-78 onwards and of the Union Territory of Pondicherry from 1988-89 onwards.

The Comptroller and Auditor General, will, however, continue to be responsible for the submission of the Finance Accounts of the Union to the President for being laid before the Parliament.

#### Section 12

The Comptroller and Auditor General shall, in so far as the accounts for the compilation or keeping of which he is responsible, enable him to do so, give to the Union Government, to the State Governments or to the Governments of Union Territories having Legislative Assemblies, as the case may be, such information as they may, from time to time, require and render such assistance in the preparation of annual financial statements as they may reasonably ask for.

1.3 Any power exercisable by the Comptroller and Auditor General under the provisions of the Comptroller and

Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 or any other law may be exercised by such Officer of his department as may be authorized by him in this behalf by general or special order. The delegation is subject to the condition that except during the absence of the Comptroller and Auditor General on leave or otherwise, no officer shall be authorized to submit on behalf of the Comptroller and Auditor General, any report which the Comptroller and Auditor General is required by the Constitution or the Government of Union Territories Act, 1963 to submit to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly as the case may be.

the due dates. He may seek their assistance where necessary to secure a satisfactory settlement of outstanding objections of accounting nature.

1.4 The Comptroller and Auditor General is responsible for watching the due compliance of directions issued by the President to a State which are of financial or quasi-financial character.

Duties of the Indian Audit and Accounts Department

1.5 The Accountants General and the staff of the Indian Audit & Accounts Department shall, under such special and general directions as may be given by the Comptroller and Auditor General from time to time, perform such duties and functions, as are imposed on or undertaken by him under the provisions of the Constitution, or of any law made by Parliament.

It is essential that an Accountant General should work in close co-ordination with the Government concerned. He is entitled to seek the help of the Finance Ministry/Department in cases of failure of any authority to maintain the prescribed accounts or submit them on



## CHAPTER-2

### RESTRUCTURING OF ACCOUNTANTS GENERAL OFFICES

2.1 In order to develop an organisational pattern suited to the altered needs of audit and to improve the maintenance of accounts of the State Governments transactions, restructuring of the offices of the State Accountants General was effected from the 1<sup>st</sup> March, 1984. The existing Accountants General offices were bifurcated with effect from that date except the Office of the Accountant General (A&E), West Bengal which was bifurcated with effect from 1-11-85 into two separate and distinct offices, one called office of the Accountant General (Accounts and Entitlement) and the other called office of the Accountant General (Audit). After restructuring, all the accounting functions and checks connected with the accounts and entitlement functions were entrusted to the Accountants General (A&E) Offices and the work relating to audit entrusted to Accountant General (Audit).

2.2 The Accountants General (A&E) are responsible for the following functions.

- (i) Compilation of Monthly Accounts of Expenditure and Receipts on the basis of vouchers and schedules received from various treasuries and public works and Forest Divisions of the State Government.
- (ii) Preparation of Appropriation Accounts and Finance Accounts.

- (iii) Maintenance of Provident Fund accounts of specified categories of employees, wherever required.
- (iv) Maintenance of accounts of various long term loans and advances, wherever required.
- (v) Authorisation of pension and other retirement benefits to employees, wherever required.
- (vi) Authorisation of salaries to Gazetted employees, in some States where the work is still with the Accountants General.
- (vii) Reconciliation of accounts maintained in the Accountants General offices with those of the treasuries in respect of transactions under various deposit heads.
- (viii) Reconciliation of Plan expenditure figures and preparation of statement of plan expenditure.

2.3 The Accountants General (Accounts & Entitlement) and Accountants General (Audit) are expected to the latter, keeping in view the common objective ration in conducting the central audit work entrusted to the latter, keeping in view the common objective of improving the efficiency, effectiveness and promptitude of the twin functions entrusted to each of them. A similar approach is also called for while

interpreting and adapting the systems and procedures laid down in the Manual of Standing Orders (AE) and (Audit) by each office in the performance of functions entrusted to them. In case of doubt or difference of opinion the matter should be referred to the office of the Comptroller & Auditor General of India promptly for decision.

*Advice to State Government*

2.4 In regard to matters on which State Government consults the Department locally, initiative will be taken by the Accountant General who receives the reference. While it is open for the Accountant General (A&E) to render advice on matters falling within their respective jurisdiction, consultation with the Accountants General (Audit) should taken place in regard to matters such as interpretation of rules, regulations and orders, regularity and propriety audit etc. Which may ultimately attract Comptroller & Auditor General's Duties and Powers and Rules of Procedure contained in Manual of Standing Orders (Audit).

## CHAPTER-3

### GENERAL PRINCIPLES RELATING TO CHECK AGAINST PROVISION OF FUNDS

3.1 Articles 112 to 116 and 202 to 206 of the Constitution contain the important financial provisions which describe the control which Parliament and Legislatures of the States, exercise over expenditure from the Consolidated Funds of India and the Consolidated Fund of the State respectively.

3.2 No expenditure met from the Consolidated Fund of India or a State on or after 1<sup>st</sup> April of a financial year, under the provisions of Articles, 114 to 116 and 267 (1) or 204 to 206 and 267 (2) of the Constitution, will be protected by law unless authorised by an Appropriation Act passed in accordance with the provisions of Articles 114 and 204 *ibid*. All disbursements from the Consolidated Fund during a financial year, which are not authorised by the Annual Appropriation Act passed by the appropriate Legislature before the close of the year, will, therefore, be treated as unauthorised expenditure and such cases will be brought to the notice of Government for regularisation by Appropriation Act.

3.3 In offices of Accountant General (A&E), check of provision of funds should be directed primarily to ascertaining that the money expended has been applied to the purpose or purposes for which the Grants and Appropriation specified in the Schedule to an Appropriation Act passed under Article 204 of the Constitution were intended to provide and that the amount of expenditure against each Grant or Appropriation does not exceed the amount included in that schedule.

Note :- The term ‘Appropriation’ as used in this paragraph and elsewhere in the Manual stands for sums required to meet “charged” expenditure as specified in the Schedule to an Appropriation Act passed under Article 204 of the Constitution.

3.4 Each Grant or Appropriation specified in the Schedule to an Appropriation Act is a single total sum appropriated to the purposes set out in it. The particulars of Grant in that Schedule are, however, based on the detailed estimate drawn up for the information of the Legislature. The distribution in these estimates between the various sub-heads and items thus gives broadly the purposes for which the Grant is made and the expenditure should be recorded against the Grant and the sub-head of the Grant under which provision is made for the service.

Note :- While the initial responsibility for the preparation of the Budget Estimates of ‘Voted’ and ‘Charged’ expenditure rests with the executive, the Accountant General has to see that the classification indicated in the estimates conforms to the provisions of the Constitution and is also in accordance with the forms of accounts prescribed by the President on the advice of the Comptroller & Auditor General of India. He may also make suggestions which may serve to promote clarity of accounts for the better information of the Legislature.

3.5 The Accountant General has to satisfy himself that the expenditure which is being checked falls within the

scope of a Grant or an Appropriation specified in the Schedule to an Appropriation Act and that it is within the amount of that Grant or Appropriation. Expenditure in excess of the amount of Grant or Appropriation as well as expenditure not falling within the scope or intention of any Grant or Appropriation as specified in the Schedule to an Appropriation Act, unless regularised by a supplementary Schedule to the Appropriation Act as laid down in Article 205 of the constitution, should be treated as unauthorised expenditure within the meaning of Article 204(3) *ibid*.

3.6 A Grant or Appropriation is intended to cover all the charges, including the liabilities of past years, to be paid during the financial year or to be adjusted in the accounts of that year. It is operative until the close of that year. Any unspent balance lapses and is not available for utilisation in the following year.

Note 1.-The expenditure recorded against a Grant or Appropriation should ordinarily represent sums which actually come in course of payment within the financial year. There are, however, in operation various special arrangements whereby expenditure actually incurred in the previous years is recorded against a Grant or Appropriation of the current year. In general these are at variance with strict constitutional theory of parliamentary financial control.

Note 2.-The special arrangements referred to above are of the nature indicated below:-

(a) One such arrangement where the expenditure actually incurred in the previous year is recorded against the Grant or Appropriation of the current

year relates to the expenditure met out of the advances from the Contingency Fund which are not recouped till the close of the relevant financial year. In this case, the expenditure met out of the advances from the Contingency Fund and met recouped during the financial year, is excluded from the expenditure of that year and a note kept under the concerned Grant/Major head in the relevant Appropriation Accounts/Finance Accounts.

When the recoupment of the advances drawn from the Contingency Fund is made through an excess demand in the subsequent year, the expenditure of the previous year is included in the relevant Grant/Major head and a note to this effect is given in the Finance Accounts of that year. However, the expenditure is treated as expenditure of the year in which it is actually incurred and not of the year in which it is eventually recouped.

(b) Similar procedure is also followed for making inevitable payments, for which no provision exists in a financial year, by obtaining an advance from the Contingency Fund before it is actually incurred and the recoupment of which is not made during the financial year.

(c) Consequent on the departmentalization of accounts, Exchange Account system for raising debits on account of Inter Departmental Adjustments has been discontinued. Instead, P.A.Os are required to effect cash settlement for inter-departmental adjustments. It is, therefore, essential that all outward claims arising during a particular financial year should be raised against the concerned P.A.O. during the same financial year. However, in rare cases, where such debits could not be

raised on or before the 31<sup>st</sup> March of a year by the debit raising P.A.O., the responding P.A.O. may normally adjust them in the accounts of the following year (i.e. year in which the debit is received and actual monetary settlement effected).

(d) Where a Personal Deposit Account is required to be created by a law or rule having the force of law, and certain liabilities by way of bridging any deficit or shortfall in the account devolve on the Government out of the special enactments, which are discharged by transferring funds to it from the Consolidated Fund of India, the credit balance in the Personal Deposit Account at the end of each financial year would lapse to Government except in respect of balances in personal deposit accounts which do not lapse to Government, even if outstanding for more than three complete account years.

3.7 The responsibility for watching the progress of expenditure against a Grant or Appropriation devolves on the Executive and the Executive is ultimately responsible for keeping the expenditure within the Grant or Appropriation. Accountant General, should, however, render all legitimate assistance to the Executive in this matter and suitable and adequate arrangements should exist in all departments of Government for the control of expenditure.

3.8 Accountant General is responsible for watching firstly, that the total expenditure under a Grant or Appropriation does not exceed the amount of that Grant or Appropriation as specified in the Schedule to an Appropriation Act passed in accordance with the provisions of Article 204 of the

Constitution and secondly, that the total expenditure on each of the sub heads fixed as units of appropriation under a Grant or Appropriation does not exceed the allotment thereof as modified by orders of re-appropriation passed by competent authority from time to time. The first duty involves a responsibility to the Legislature the second to the financial authority of the Executive Government, i.e., the Finance Department.

3.9 The sub-heads under a Grant or Appropriation may be sub-divided into smaller units or Appropriation corresponding to sub-heads or detailed heads of accounts.

Within the amount of the Grant or Appropriation as shown in the schedule to an Appropriation Act all allotments to and re-appropriations within sub-heads and sub-divisions of sub-heads may be sanctioned by Government or by subordinate authorities when they are duly authorised to do so. This is however, subject to the limitation that any expenditure not falling within the scope or intention of a Grant may not be authorised from funds provided under that Grant. Any allotment or re-appropriation within a Grant of Appropriation may be authorised at any time before but not after the expiry of the financial year to which such Grant or Appropriation relates (see also para 3.13).

3.10 Unless it is otherwise desired by Government as special case, or where there is a division of superintending control between departmental authorities under a sub-head, appropriation check will not be exercised beyond sub-heads of a Grant or Appropriation fixed as units of appropriation for the purposes of

Appropriation Accounts. In the case of Public Works Department expenditure, however, appropriation check may be conducted in respect of all works or items of expenditure, the allotments for which, whether individually or by groups, are provided separately for each division.

The selection of sub-heads of a Grant or appropriation which are fixed as units of appropriation rests with Government. But if selection of the sub-heads is such as to make it difficult to apply, the essential principles of appropriation check, the Accountant General should suggest to the Finance Department, the desirability of revising them in the next year's estimates. If the Finance Department does not accept the Accountant General's suggestion, the advice of the Comptroller & Auditor General should be sought. In making such suggestions to Government, the following points should be borne in mind:

- (a) A single sub-head should not cover expenditure so large or activities so various as to necessitate extensive analysis in the explanatory notes.
- (b) On the other hand, excessive subdivisions into sub-heads is undesirable as it adds to the bulk of the compilation and tends to distract the attention of the reader from essential points.
- (c) Such items as recoveries taken in reduction from expenditure and outlay as Grant-in-aid should, if of appreciable size be accommodated in separate sub-heads.

- (d) Lumpsum deductions from probable savings should preferably be shown under separate sub-heads.

3.11 The Accountant General may also be required to see on behalf of the Executive Government that :

- (a) if under the financial rules of that Government a particular object of expenditure requires a specific allotment, all expenditure on it is accounted against such allotment, and;
- (b) if lumpsum allotment is made for a group of items of expenditure of an office, the total expenditure thereon is classified against the lumpsum placed at the disposal of the disbursing officer for the purpose.

When, however, several officers are authorised to incur charges relating to a unit of appropriation, against a lumpsum allotment placed for the purpose at the disposal of a single higher authority, it devolves upon this authority to watch the progress of expenditure in all the offices and to keep the aggregate charges within the allotment.

3.12 Appropriation check is conducted in two stages:-

- (i) sanction check i.e. check of orders of allotment of funds and re-appropriation acted upon in the Accountant General's office.
- (ii) The check of expenditure against allotments.

3.13 Subject to the provisions of paragraph 3.9 the check of orders of allotment and re-appropriation consists in seeing:-

- (a) that an authority making allotments under a Grant or Appropriations does not allot amounts in excess of those available under the Grant or Appropriation.
- (b) that the amount appropriated is available under the unit from which it is allotted.
- (c) that the order is issued by competent authority, and;
- (d) that the amount re-appropriated is not in respect of an expenditure constituting a 'New Service' or 'New Instrument of Service'.

NOTE:- Re-appropriations from one Grant or Appropriation to another Grant or Appropriation are not permissible, as such re-appropriations will have the effect of reducing and increasing the amounts of the Grants of Appropriations concerned as specified in the schedule to the Appropriation Act and will thus be ultra vires of the provisions of the Constitution.

3.14 For working out month by month the progressive expenditure against each Grant or Appropriation and each unit of appropriation a register in Form 1 should be maintained. Each Grant or Appropriation should be assigned a page or set of pages. Under each Grant or Appropriation, the several sub-heads and units of appropriation should be detailed showing against each the authorised provision and progressive expenditure month by month. The accuracy of the figures posted in the Register should be tested in a separate abstract, and the

Register submitted to the Gazetted Officer for review.

3.15 The booked expenditure should be scrutinised intelligently and warnings issued to disbursing officers, and, if necessary, to controlling authorities also, when excesses appear to be likely. Such warnings should not, however, be followed up in formal or routine manner since the regularisation of an appropriation is the responsibility of the executive financial authority.

#### *APPROPRIATION ACCOUNTS SECTION*

3.16 It is necessary that, as far as possible, the work relating to Appropriation Check should be centralised in the Appropriation Accounts Section instead of being entrusted to the Departmental Compilation Sections. The work relating to preparation of Appropriation Accounts should also be entrusted to this Section. The Appropriation Accounts Section should be under the direct charge of Accountant General, though the routine work of this section may be looked after by Accounts Officer or Group Officer.

## CHAPTER-4

### CLASSIFICATION OF TRANSACTIONS IN GOVERNMENTS ACCOUNTS

4.1 A distinct feature of the system of Government Accounts is the minute elaboration with which the financial transactions of Government under both receipts and payments are differentiated and classified. The object of this elaborate system of classification is to secure the utmost possible uniformity of accounting amid the immense volume and variety of the financial transactions of the Government and thereby to render possible, not only reliable comparisons between the accounts of different Governments and periods, but especially the preparation of budget estimates on forecasts of receipts and payments. Such a system of classification would also compel each disbursing officer to a minute periodical review of the public receipts and payments in his charge and so makes for effective financial control and economy. A proper system of classification of accounts would also provide the management with more purposeful accounting information to monitor programmes and serve the legislature in a meaningful appreciation of allocation of resources and purposes of Government expenditure.

The structure of classification was revised with effect from 1-4-1987 in the context of the change in emphasis and growth of developmental activities of Government with the twin objectives of reflecting Government transactions in terms of functions, programmes and schemes and securing a direct correlation between accounting classification and plan head of development.

4.2 Under the provisions of Section 10(1)(a) of Comptroller & Auditor General of India's (D.P.C.S.) Act, 1971, the Comptroller & Auditor General of India is responsible for compiling the accounts of each State from the initial and subsidiary accounts rendered by the treasuries, offices or departments responsible for keeping of such accounts to the Accountants General under his control. The accuracy of the accounts prepared by the Accountants General depends on the correct classification of transactions. Therefore, it is of utmost importance that the financial transactions are properly recorded in the accounts and that they are allocated to the proper heads of account.

4.3 Under Article 150 of the Constitution, the forms of the accounts of the Union and State Governments have been prescribed by the President on the advice of the Comptroller & Auditor General. The word 'from' used in Article 150 has a comprehensive meaning so as to include the prescription not merely of the broad form in which the accounts are to be kept, but also the basis for selecting the appropriate heads under which the transactions are to be classified.

Rules and directions under this Article regulate the classification of all financial transactions. The incidence of charges is regulated by directions issued under Article 150. The Comptroller & Auditor General by virtue of the duties vested in him by the Comptroller & Auditor General's (D.P.C.S.) Act, 1971 is responsible for securing that entry of financial transactions in the accounts



conforms to such forms, rules and directions.

4.4 It is an important function of the Accountant General to verify that no expenditure is classified as “charged on the Consolidated Fund of the State” except in accordance with the terms of the Constitution and conversely that no expenditure is classified as “voted” which should be “charged”.

4.5 Where the accounts are maintained by the Indian Audit & Accounts Department in determining the classification of doubtful items an Accountant General should normally take into account the views of the Central/State Government and in case of difference of opinion should refer the matter to the Comptroller & Auditor General of India for decision.

#### ALLOCATION OF EXPENDITURE BETWEEN CAPITAL AND REVENUE

4.6 It should be borne in mind that regarding the question as to whether expenditure shall be met from current revenues or from borrowed moneys the decision of the Executive should normally be acceptable to the Accountant General so long as the decision is generally in conformity with the budget proposals passed by the Legislature or has otherwise received its specific approval. It is, however, the duty of the Accountant General to bring to notice of the Government cases in which the classification of expenditure between revenue and capital or its distribution between current revenues and loan funds appears to be contrary to the dictates of sound and prudent financial administration. The principles upon which classification of expenditure

between capital and revenue should be based are described in the following paragraphs.

4.7 Capital expenditure may be broadly defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. The following considerations are relevant in arriving at a decision whether or not expenditure is of a capital nature.

- (a) It is not essential that the concrete assets should be productive in character or that they should be revenue producing. A productive asset may be considered as one which produces sufficient revenue to afford a surplus over all charges relevant to its functioning. It may on rare occasions be necessary and justifiable to treat as capital a scheme not commercially remunerative but involving large expenditure say for the construction of a new city.
- (b) It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring the expenditure. Expenditure by Government on grants-in-aid to local bodies or institutions for the purpose of constructing assets which will belong to these local bodies or institutions cannot legitimately be considered as capital expenditure.
- (c) Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

4.8 When it has been decided that expenditure on a scheme for the creation of a new or additional asset shall be classed as capital, the following are the

main principles applicable to the treatment of the expenditure in the accounts.

- (a) Capital bears all charges for the first construction of a project as well as charges for intermediate maintenance of the work while not yet opened for service and bears also charges for such further additions and improvements as may be sanctioned under rules made by competent authority.
- (b) Subject to (c) below, revenue bears all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as under rules made by competent authority are debitable to the Revenue Account.
- (c) In the case of works of renewal and improvement which partake both of capital and revenue nature, it is impracticable to draw a hard and fast line between what is properly debitable to capital or to revenue. Allocation in such cases is made by detailed rules and formulae devised by the Executive authorities, which are applied in estimates and accounts to determine the allocation of expenditure between capital and revenue. These rules and formulae must necessarily be based upon some general principle of sound finance which should aim at an equitable distribution of burdens between present and future generations.

- (d) In theory it is legitimate to make capital bear the charges for interest on money borrowed to finance the construction of a new project before the project becomes revenue earning. In fact, however, a Government project is only part of the operations of Government and it may be sound financial administration to meet interest charges from other revenue during the process of construction. The charge of interest to capital in Government accounts is justified only when there would be undue disturbance in the Government's budgetary position by taking interest to revenue. The writing back of capitalised interest should be the first charge on any capital receipts or surplus revenues derived from a project when opened for working.
- (e) Capital receipts insofar as they relate to expenditure previously debited to capital should be accounted as reduction of expenditure. They should not be credited to the ordinary revenue account of the undertaking.

4.9 The financial and accounting conception of capital expenditure is imported from commercial theory and practice, and an essential feature is that expenditure of a capital nature is not met from the revenue or profits of a concern. In the sphere of Government accounts the classification of expenditure as capital expenditure affords prima facie justification for recording it outside the Revenue account of Government. The essential purpose of the opening of capital heads of account is to facilitate the exhibition of the financial results of any special undertaking on the basis of generally accepted commercial

principles or in some more simple conventional manner, either that the cost of a service may be ascertained or that the full financial implications of any policy may be made clear.

4.10 Expenditure debitable to capital may be financed from the following sources:-

- (a) Revenue
- (b) Borrowings, either
  - (i) specific for a particular purpose;
  - (ii) non-specific for all Government purposes;
  - (iii) unfounded; and
- (c) Sources other than revenue and borrowings e.g. accumulated balances.

For the purpose of accounts (b) and (c) are grouped together the capital expenditure met from these sources being described as outlay financed outside the Revenue Account and being quite apart from treatment from expenditure met from Revenue. On the other hand expenditure of a capital nature met from revenue is accounted for under the appropriate major head within the Revenue Account as any other expenditure of a revenue nature.

4.11 Although it is the function of Government to determine the source from which capital expenditure shall be financed it is one of the duties of the Accountant General (A&E) to bring to the notice of the proper financial authority cases in which their decision seems contrary to the principles of sound financial administration. The principle of

prudent finance was once enunciated by the Government of India in the following terms:-

Two conditions must be fulfilled before it would be justifiable for Government of India to spend loan funds on unproductive purposes. These are firstly that the objects for which the money is wanted are so urgent and vital that the expenditure can neither be avoided, postponed nor distributed over a series of years and secondly that the amount is too great to be met from the current revenues.

And it may be said generally that the cost of all comparatively small schemes whether productive or unproductive ought to be met from Revenues.

4.12 It must be remembered of course that although it may seem to be sound and prudent finance to meet any expenditure whether of a capital nature or otherwise from Revenue it must be a corollary of this action that the revenue derived from taxation and other revenue sources is sufficient to cover the expenditure debitable to it otherwise the debit to borrowed funds is merely disguised since in normal circumstances, revenue deficits must be financed from borrowings.

4.13 The duties of the Accountant General in connection with the allocation of expenditure between capital and revenue and in connection with the record of expenditure inside or outside the Revenue Account may be summarised as follows:-

- (a) it should see that commonly accepted accounting or commercial principles are not infringed.

- (b) It should verify that the accounts exhibit the true financial facts.
- (c) It should bring to notice transgression of generally accepted principles of public finance.

4.14 In cases where it is decided to write down capital, it is the duty of the Accountant General to satisfy himself that such writing down is approved by the competent authority for valid reasons and is in accordance with commonly accepted principles, both of commercial accounting and Government financial control.

#### ACCOUNTING OF TRANSACTIONS PERTAINING TO RESERVE AND RESERVE FUNDS

4.15.1 Any device of rendering grants non-lapsing by withdrawing amounts to a fund is contrary to the strict theory of Parliamentary financial control. But if such a course is adopted with the cognizance and approval of the Legislature, Accountant General cannot make any demur. Subject to this fundamental condition Reserves or Reserve Funds may be constituted by the State Government under any statutory provision or otherwise, either by allotment of sums from the Consolidated Fund of a State or from grants or contributions made by other Governments or outside agencies, with the object of expending the moneys accumulated in the funds on the specific and particular purposes for which they have been constituted. The procedure of accounting for transactions pertaining to such funds will ordinarily be determined by the procedure followed in budgeting for these transactions. It shall, however, be the duty of the Accountant General to see that the procedure adopted in

budgeting and accounting for such transactions generally conform to the principles mentioned in paragraph 3.4 of the General Directions contained in the List of Major and Minor Heads, and, where departures are made from these principles to suggest to the Executive Government the desirability of following them. The Reserve or Funds referred to may be classified under the following three categories according to the sources from which they are fed:-

- (i) funds accumulated from grants made by another Government and at times aided by Public subscriptions, eg., Fund formed from subventions from the Central Road Fund; Fund for Economic Development and Improvement of Rural Areas;
- (ii) funds accumulated from sums set aside by the State Governments from the Consolidated Fund of the State to provide reserves for expenditure to be incurred by themselves on particular purposes, eg., the various Depreciation or Renewals Reserve Funds created in respect of commercial departments and undertakings;
- (iii) funds accumulated from contributions made by outside agencies to State Governments, eg., deposit account of grants made by the Indian Council of Agricultural Research;

4.15.2 The main principles which should govern the procedure of expenditure from these funds and its exhibition in estimates and accounts are set out below:-

- (i) A grant to the Union or State Government by another Government should be treated as ordinary revenue of the recipient Government irrespective of whether the grantor Government retains control over the expenditure from the grant or not.
- (ii) A grant from an outside agency to the Union or State Government made without reserving control over the expenditure therefrom should also be treated as ordinary revenue of Government.
- (iii) Where reserves are created out of the grants mentioned in sub paras (i) and (ii) above and also out of moneys set aside by the State Government from the Consolidated Fund of the Union or State [vide Item (ii) of the categories of reserves referred to in sub-para (1) above], the transfers to and the expenditure from the reserves are required to be voted by the Legislature (or shown as "charged").

4.15.3 The method of accounting which, having regard to the aforesaid principles, should be applied to the reserves mentioned in sub-para (2) above will be as follows:-

The grants from outside agencies who do not retain control over the expenditure met therefrom and the grants from other Governments will, in the first instance, be taken to the relevant receipt head of account of the Government. Simultaneously, an amount equivalent to the grant received and credited to the receipt head will be transferred to the

relevant head in the Deposit Section of accounts by debit to the minor head "Transfers to/from Reserve Funds/Deposit Accounts" to be opened under the functional Major Head or Sub Major Head concerned. In the case of fund of the second category referred to in sub para (1) above, the amounts set aside by the Union or State Governments from the Consolidated Fund of the Union or States to provide reserves for expenditure to be incurred by themselves on particular purposes should likewise be taken to the Deposit Head opened for the purpose. In both cases, in order to bring the actual expenditure from the fund into the Appropriation Accounts, the expenditure should be accounted for under the relevant programme minor head under the functional Major/Sub Major Head concerned under which provision of funds has been made and an equivalent amount will be credited under the functional Major Head concerned by a Deduct entry under a distinct sub head for each Reserve Fund/Deposit Account styled "deduct Amount met from.....Reserve Fund/Deposit Account".

Note:-In cases where the outside agencies retain control over the expenditure met from the grants given by them, the budgetary and accounting procedure to be followed should be decided by the Government in consultation with the Accountant General concerned.

4.15.4 The principles and procedure prescribed in this paragraph do not apply to transactions pertaining to Famine Relief Funds and Sinking Funds for Loans which are governed by special arrangements.

## CHAPTER 5

### GENERAL INSTRUCTIONS REGARDING PROCEDURE OF ACCOUNTING

#### (A) General -*INTRODUCTORY*

5.1 Subject to the relevant provisions of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and save where otherwise provided in the instructions contained in this manual, the Accountant General (A&E) is responsible to the Comptroller and Auditor General for the accuracy of all transactions which are brought to account in the accounts kept by him.

#### Compilation of Accounts

5.2 The Accounts from the treasuries are received and distributed by a Section called Central Treasury Section. Compilation of accounts and preparation of classified and consolidated abstracts are dealt with in D.A.E. Sections which are constituted on departmental basis so that transactions relating to a particular department may as far as possible be dealt with in one section. The consolidation of accounts for the whole State is done in Book/D.H. Section. The Account current Sections deal with the work of issuing advices to Reserve Bank of India for adjustments to be made between the balances of the Central and State Governments and of maintaining the registers of inter-governmental adjustments. These Sections are also responsible for preparing and sending the outward accounts to the other Accountants General and Accounts Officers of Central/ Posts/ Telecommunications/ Railways/Defence

Departments as also for the adjustment of the accounts received from them.

5.3 The Central Treasury Section which received the accounts from the treasuries is responsible for checking the entries in the Cash Account and List of Payments with the various schedules of receipts and payments relating to the several heads of account.

5.4 On receipt, the Monthly Account and the Lists of Payments should be examined to see that the account and the supporting schedules and other documents which should invariably accompany the account, have been received in a complete state. If any documents are missing they should at once be called for. The several schedules lists, etc. received in support of the Monthly Account should be examined for verification that they are in all respects properly prepared in accordance with rules applicable to each case, and that the totals of the schedules agree with the entries in the Cash Account and List of Payment. A certificate of agreement will be recorded in the List of Payments and Cash Account by the Accountant concerned in the Central Treasury Section.

5.5 A List of vouchers which should have accompanied the List of Payment but are not received upto the time of completion of the monthly Account, should be prepared for inclusion in the Objection Memorandum.

5.6 Vauchers and other documents which were not received with the

monthly account should, on receipt subsequently, be examined in detail in the same way as they should have been examined, if received at the proper time. The AAO/Section Officer should see that necessary scrutiny has been exercised before reference to such documents is removed from the Objection Book or the Objection Memorandum as the case may be.

If it is found that the monthly accounts or a substantial percentage of the vouchers are habitually received late, a special enquiry should be made to ascertain the reasons for the delay and the co-operation of the Director of Treasuries of Divisional Officer as the case may be should be sought in applying the remedies which the Accounts office may consider desirable.

Note (i) This procedure is not adopted in certain States where the treasuries render compiled accounts to the Accountants General. Hence the process of compilation indicated in the subsequent paras is also not in vogue in these Accounts Offices.

Note (ii) A comprehensive check to find out whether all the required vouchers/documents as per the Treasury Schedules have been received, will be conducted by the Accountant (s) dealing with the work of compilation in the D.A.E. section concerned (vide para 5.2).

Amounts representing differences noticed between the figures incorporated in the treasury lists of payment/cash accounts and those in the corresponding schedules of payment/receipts as also the amounts for which schedules themselves are wanting along with supporting vouchers etc. will be classified under the

Suspense head "Treasury Suspense" under the minor head "Suspense Account" below the major head "8658 Suspense Accounts" (for classification of amounts of missing vouchers noticed by compilation sections, please refer to para 5.9).

Thereafter the schedules of payments and receipts relating to Revenue and Capital Heads along with all the vouchers and challans etc. will be transferred to the D.A.E. Section concerned and their acknowledgement obtained in the List of Payments/Cash Account.

5.7 The treasury schedules in respect of Debt, Deposit and Remittance heads would similarly be checked by Central Treasury Section with the Cash Account and List of Payments and the Schedules and Supporting vouchers/challans made over to the concerned Sections, namely Deposit, Loans, Account Current etc. In all these cases the availability of vouchers, challans etc. will be checked by the Sections concerned and they will call for the wanting documents from the treasury.

5.8.1 The Central Treasury Section in addition to checking that all the schedules etc. as per List of Payments/Cash Account have been received (vide para 5.4) will also examine the List of Payments/Cash Account as to the correctness of form, method of entry and verification of Cash Balances. The necessary notes of classification should be entered in the 'Remarks' Column of these documents. The List of Payments and Cash Account will then be put up to the AAO/Section Officer of the section who will carefully check the classification of receipts and expenditure before submitting it to the

Branch Officer in charge. After it is passed by the latter, the Cash Account and the List of Payment should be made over to the poster of Detail Book in Book Section or D. H. Section.

5.8.2 The receipts and payments shown against a particular major head in the State Cash Account and List of Payments will be taken by the Treasury D.H. section in the first instance in the Detail Book under the minor head 'DAA' under the major head '8658 Suspence Account'. A separate detailed head for receipts and another for payments will be provided for each major head or sub-major head or Department, as the case may be. The credits and debits under the Suspence Head will be cleared by deduct entries under the same head in the departmental classified abstract when the transactions are finally brought to account.

#### Scrutiny of Accounts in Compilation Sections

5.9 The Accountant in the Compilation Section should check the vouchers with the schedule of payments and independently total the schedule of payments to verify whether the total in the schedule as noted by the T.O. is correct and record on the schedule of payment a certificate over his dated initials "checked and total agreed".

It is his duty to see that each entry in the schedule of payments represents the disbursement made on the supporting vouchers and that the entries in the amount column of the schedule work upto the total struck therein. He should also check the deductions made from the bills with reference to the amounts shown in the schedules attached to them.

If vouchers are not received from the treasuries before compilation is over or, if the correct classification of a recovery or receipt cannot be ascertained, the amounts should be accounted under "OB Suspence" below the minor head "Suspence account" under the major head "8658 Suspence Account" and included in the relevant Objection Book after obtaining the orders of the Branch Officer or the Group Officer as the case may be.

5.10 The following instructions should be followed in checking the vouchers received in compilation sections in support of payments.

- (a) See that the vouchers are in the prescribed form and that they are duly receipted by the payees and are in original, that a brief abstract is given in the official language authorised for the purpose under the signature of the Drawing Officer on all vouchers prepared in any other language, and that the sub vouchers contain notes of dates of payments.
- (b) See that they are numbered with reference to the number in the schedule of payment, schedule docket or other account.
- (c) See that the details work up to the totals and that the totals are in words as well as figures.
- (d) See that they bear a pay order signed by the treasury officer in the case of vouchers paid at treasuries or by the responsible Disbursing Officer in case of other vouchers.
- (e) See that they are stamped "paid".



- (f) See that there are no erasures and that any alterations in the total are attested by the officer concerned as many times as they are made.
- (g) See that unless otherwise provided in the rules of Government stamps are affixed to all vouchers whose net amount is in excess of Rs. 20/- and that they are punched.
- (h) See that if a treasury vouchers be paid by transfer, it is stamped as having been so paid, and that the head to which the amount is credited is noted on it and that the credit is traced in the cash account when possible.
- (i) See that the classification noted is correct.

If any objection is taken to a voucher or to any item in a schedule or other account, a note of the objection should be recorded thereon in red ink in sufficient fullness to make it readily understood.

Scrutiny of the certificate of payment received in lieu of lost voucher(s)

5.11 In cases where Certificate of payments are received in lieu of lost vouchers, they should be checked in detail in the same way as original vouchers. Scrutiny of the certificates of payment in the Office of the Accountant General (A&E) will not wait for audit thereof by Accountant General (Audit). They should be examined judiciously to see that there were no unusual circumstances or malafides attached to the non-production of the original vouchers and then they should be submitted to the Branch Officer if the amount of such certificate does not

exceed Rs. 10,000 or to the Group Officer, if it exceeds Rs. 10,000. Cases of loss of vouchers under unusual or peculiar circumstances should be brought to the notice of the Accountant General for information, if found necessary. Accountant General's enquiry in such cases will be directed to find out inter alia, whether there has been repeated or large number of cases of lost vouchers in respect of any particular Drawing and Disbursing Officer/treasury and whether there has been any suspected connivance or collusion of the departmental staff in non-production of original vouchers. For this purpose the Accountant General (A&E) may seek the help of Field audit parties of Accountant General (Audit).

The particulars of Certificates of Payment so accepted should be recorded in a register maintained in Form 2 and the Control Section should review the register half yearly (20<sup>th</sup> June and September) with a view to finding out whether there were any cases of loss of original vouchers under unusual circumstances or any malafides attached to the non-production of the original vouchers.

The result of the review should be submitted to the Accountant General on the 30<sup>th</sup> June and 31<sup>st</sup> December respectively.

5.12 All the vouchers of schedule of payments are then posted in the 'Compilation Sheet' and the total of each detailed head is struck and this should agree with the total of the schedule of payments after:-

- (a) deducting from the former the aggregate amount shown as

deductions from the vouchers and posted in the 'Deduction Sheet'.

- (b) adding to the result the amount of payments on account of refund of revenue.

From the Compilation Sheets the total against each detailed head is posted against the respective treasuries in the 'Departmental Classified Abstract of Payments'.

5.13 The month's total payments are also to be posted as a minus entry in the Departmental Classified Abstract (Payment) against the Suspense Head 'Departmental Adjusting Account' of the Department. This will set off the amount adjusted by D. H./Book section against this head. Similarly the total shown in the receipt schedule is posted as minus entry under the suspense Head "Departmental Adjusting Account" in the Departmental Classified Abstract (Receipts). This will respond to the adjustment made by Book/D.H. section under the head.

5.14 When an item of receipt or expenditure which is properly adjustable in the Abstract of one department appears in the treasury schedule pertaining to another department or head of account, the accountant dealing with the schedule should classify the amount under the detailed suspense head opened in the accounts for the provisional adjustment of the treasury transactions of the department which must finally receive the credit or debit. The accountant should then send an intimation of the transaction on a Suspense Slip in Form 3 supported by the vouchers or extracts from vouchers, to the departmental accountant of the adjusting department. On receipt, the

latter should deal with the slips and the vouchers in the same way as if they had come to him with the departmental schedules of a treasury.

5.15.1 The amount and other particulars of each suspense slip should be entered by the Accountant preparing the slip in a Register of suspense slips issued, called the "Outward Suspense Slip Register" (Form 4). This Register should be maintained in original and should be used as a transit register for the transfer of the suspense slips to the various sections. Separate registers or separate portions of a register bearing distinct letters must be set apart for the suspense slips relating to each detailed head under the suspense head "Departmental Adjusting Account" for each section, as may be found convenient. The entries in each register should be numbered in a separate series for the year and the number of each entry with the distinct letter of the register should be entered in the relevant suspense slip. On completion of the Departmental Classified Abstract, the accountant concerned should send the suspense slips register along with the suspense slips to the sections maintaining the abstract relating to the suspense head and their acknowledgements should be taken against the concerned entries in the register itself. When the register is received back, it should be ensured that all the suspense slips in respect of the amounts adjusted in the accounts for the particular month, under the suspense head of each section have actually been transferred to the sections concerned and their acknowledgements obtained. The certificate to this effect as prescribed in the form should be signed by the AAO/Section Officer of the Section every month and the register submitted to the Branch Officer alongwith the

monthly classified abstracts. If there are suspense slips which have not been accepted by the sections to which they are sent, they should be abstracted in the register indicating the reasons for their non-acceptance and steps taken for their adjustment. The Branch Officer should see that the Sections have not unnecessarily debited/credited some amounts to Departmental Adjusting Account operated by another section, resulting in their non-acceptance and take up the matter at appropriate level for their acceptance, if he is convinced that the suspense slips correctly pertained to the other section.

5.15.2 A register of Suspense Slips received which may be know as "Inward Suspense Slips Register" should be maintained in form 5 by the Section which receive the suspense slips. The amount and other particulars of each suspense slip received should be entered in this Register. It should be ensured that all the suspense slips received in the section during the month have been adjusted in the accounts in hand and the Register should be submitted to the Branch Officer along with the monthly classified Abstract with the certificate as prescribed on the Form, duly signed by the AAO/Section Officer of the receiving section. Items which could not be adjusted should be abstracted in the register indicating reasons for their non-adjustment and steps taken for their adjustment.

Note.-A periodical (say quarterly) review of the D.A.A. suspense broadsheets of the various sections should be conducted by a control section (Book or T.M.) to see that the items debited/credited to D.A.A. have been promptly adjusted and the review report, indicating the action which is called for

to adjust the outstanding items, should be submitted to the Accountant General.

5.16 Similarly the receipts or expenditure items appearing in the accounts of the treasury of another Government which are received through Account Current Section for adjustment in the account are also dealt with in the manner as discussed above by the concerned Accountant in the D.A.E. Section.

5.17 The Departmental Classified Abstracts thus completed will include monthly all transactions of whatever nature connected with receipts and payments of the department grouped under the head "Treasuries", 'Suspense Slip' and 'T.E.s' horizontally and under several heads of account vertically, ensuring agreement of the horizontal and vertical totals. The correctness of the postings in the 'Departmental Classified Abstract' for both receipts and expenditure relating to each department is proved through the medium of a 'Proof Sheet' in these Abstracts.

5.18.1 The Accountant is primarily responsible for the correctness of the Departmental Classified Abstracts. He should see that:-

- (j) each entry in the Compilation/Sheet Classified Abstract of payment is supported by the necessary vouchers, schedules, suspense slips and transfer entry.
- (ii) each entry in the Receipt Abstract is supported by credits in the receipts schedule and Deduction Sheets;
- (iii) every wanting document has been called for and the fact has been noted in

the relevant schedule as also the register maintained for the purpose;

(iv) schedules, vouchers etc. which ought to have been made over to other sections have been made over to them and acknowledgements obtained; and

(v) vouchers relating to Gazetted Officers together with the supporting schedules, are made over to the respective Gazetted Entitlement sections by the prescribed date.

5.18.2 The AAO/Section Officer and the Branch Officer will check the correctness of posting in the Compilation Book/Classified Abstract of individual items above Rs. 10,000/- and Rs. 50,000 respectively under any detailed head of account with reference to the classification furnished on the vouchers. Similarly, the classification recorded on the receipt schedules should also be checked to the extent indicated below:

Receipts	Percentage of check		
	Accountant	AAO/SO	B.O.
(i) Upto Rs. 10,000/-	100%	Nil	Nil
(ii) Between Rs. 10,001/- and Rs. 40,000/-	Nil	50%	12 1/2%
(iii) Exceeding Rs. 40,000/- but less than Rs. 1 lakh	Nil	100%	25%
(iv) Exceeding Rs. 1 lakh and Rs. 5 lakhs	Nil	100%	50%
(v) Above Rs. 5 lakhs	Nil	Nil	100%

5.19 The classified Abstracts are put up to the AAO/Section Officer for examination with the following:-

(i) Broadsheet of Departmental Adjusting Account Suspense;

(ii) Register of suspense slips received; and

(iii) Register of Suspense slips issued.

AAO/Section Officer will review monthly the Departmental Classified Abstract and submit the result of his review to the Branch Officer in a separate register. A review of the work done by the AAO/Section Officer is conducted by another AAO/Section Officer selected by the Group Officer half yearly i.e. 30<sup>th</sup> June and 31<sup>st</sup> December every year. The results of this test check is submitted by the Reviewing Section Officer to the Accountant General through the Deputy Accountant General/Senior Deputy Accountant General.

5.20 Monthly accounts are to be reviewed to find out any:

1. misposting
2. defects or
3. discrepancies.

and immediate step taken to set right the defects etc. and to avoid recurrence thereof Recurring defects in accounts attributable to the Drawing and Disbursing Officers should be brought to their notice and to the Heads of the Department Concerned if necessary.

5.21 Next process is the preparation of Departmental Consolidated Abstracts which are intended to show the progressive figures, month by month under the major, minor and detailed heads of receipts and service payments appearing in the Departmental Classified Abstracts. The monthly totals under the various heads of account as per Departmental Classified Abstracts are posted in the relevant columns of the

consolidated Abstract and progressive total struck.

5.22 The revenue and service head transactions appearing in the Public Works Divisional Accounts and Forest Divisional Accounts are compiled by W.A.C. and F.A.C. Sections as separate set of accounts and included in the Departmental Consolidated Abstracts as distinct entries.

5.23 Particulars relating to Debt, Deposit and Remittance transactions appearing in the Treasury Cash Accounts and List of Payments and in the Departmental and other Abstracts are collected for the whole circle of account under each head of account from month to month in a Detail Book. The next process is the preparation of Consolidated Abstract of Debt, Deposit and Remittance Transactions, showing the progressive totals, month by month, under each major head and under such minor head and detailed head as may be necessary.

5.24 From the Consolidated Abstract of Debt, Deposit and Remittance Heads and the Departmental Consolidated Abstracts, the Abstract of Major Head Totals is prepared showing:-

- (i) the receipts and disbursements by major heads during and,
- (ii) to the end of the month.

The total figures in the Abstract of Major Head Totals should agree with the Statement of Disburser's Account.

5.25 For each detailed Ledger head subordinate to the Suspense head "Departmental Adjusting Account", the departmental accountant will maintain a BROADSHEET of debits and credits in Form

6. The original entries in the BROADSHEET should be posted monthly from the schedule of receipts and the second schedule of payments of each treasury, and from the suspense slips representing items transferred from other sections. The adjusting entries, which will be minus credits or minus debits, should be posted from the Departmental Abstract and the differences worked out. The net total difference for the account circle should be agreed with the postings in the Ledger and a memorandum of reconciliation prepared as shown in Form 6, wherein the progressive difference from the beginning of the year will be resolved into the individual items of which it is composed. The AAO/Section Officer will then sign the certificate at the foot of the BROADSHEET, which should be submitted to the Branch Officer in charge with the memorandum of reconciliation not later than the 10<sup>th</sup> day of the second month following the month to which the BROADSHEET relates.

Note.-In the case of vouchers transferred by the departmental Accountant to the Gazetted Entitlement Department or other accounts groups for posting or accounting, (see paras 5.2 & 5.6) the accountant concerned in the Gazetted Entitlements Department or other accounting group should, whenever necessary prepare and send the suspense slip in form 3 supported by the vouchers or extracts from vouchers to the departmental accountant, who should deal with it in the same way as if the suspense slip was prepared by him.

#### **Accounting Checks**

5.26.1 In the case of bills countersigned after payment, the money is actually drawn in an Abstract Contingent bill and the approval of the Superior authority as

indicated by its countersignature is subsequently received by the A.G. (A&E) on the detailed countersigned bill. Both the Abstract bill and the Detailed Contingent bill require scrutiny in the Office of the Accountant General. Watching receipt of D.C. bills in respect of advances drawn in A.C. bills is an accounting function and therefore amounts drawn in such bills should be kept under objection by the A.G. (A&E) pending receipt of Detailed Contingent bills. In scrutinising the Abstract Contingent bills and Detailed Contingent bills the following points should be seen:-

#### **A.C. Bills**

- (a) That the A.C. bill has been drawn by an Officer who has been authorised to draw money on A.C. Bills.
- (b) All A.C. Bills drawn by the Drawing Officers are to be noted in Objection Books to be maintained for watching D.C. Bills.
- (c) Items noted vide (b) above are to be adjusted after the connected D.C. Bills are received and the following checks are exercised.

#### **5.26.2 Checks to be exercised in the case of D.C. Bills**

- (a) That the bill is in proper form and the classification is correctly recorded thereon.
- (b) That certificates, if any, required under the Financial Rules of the Govt. concerned have been provided/recorded.
- (c) That the bill is duly countersigned by the appropriate authority as

required under relevant rules of State Govt.

- (d) That the charges included in the D.C. Bills cover the amounts drawn on AC bills and are classified accordingly, difference or disallowance should be noted for recovery and watched through objection books and adjustments on account of misclassification should be made, if necessary.

Payees' receipts and sub-vouchers are not required to be forwarded to the Accountant General along with the detailed bills. It will suffice, if the detailed contingent bills in adjustment of the abstract contingent bills are submitted in the prescribed form, without sub-vouchers and payees' receipts.

#### **5.26.3 Other Contingent Bills**

Where sub-vouchers are required to be presented along with the bills for payment at the treasury, a scrutiny of the vouchers should be conducted to see whether all the sub-vouchers as are required to be submitted along with the contingent bills, have been received. In cases where the sub-vouchers are not received, the items will be kept under objection and the sub-vouchers called for from the Drawing Officers.

Payees' Receipts are not required to be attached to the bills presented at the treasury or sent to the Accountant General (A&E).

#### **Filling of Vouchers**

5.27 After the Classified Abstracts and Detail Books have been posted and the audit of the vouchers completed by the Office of the Accountant General

(Audit) the vouchers should be filed, a separate file being maintained for all classes of vouchers which have the same period prescribed for their retention (see paragraph 12.2) of Manual of Standing Orders (Administrative) so that there may be no difficulty in destroying them after the prescribed time. Within each file, the vouchers appertaining to each district schedule should be kept together, and the vouchers relating to a schedule should be arranged by minor heads and sub-heads and units of appropriation.

## CHAPTER 6

### ACCOUNTING OF LOANS AND ADVANCES

6.1 Government makes loans and advances to public and quasi-public bodies and to individuals. Some of these loans and advances are made under special laws, others for special reasons or as a matter of recognised policy. Except in the case of loans and advances made under special laws or in respect of which Government has issued any general rules or orders, the Accountant General may require that the reasons for making it as well as the conditions on which it is made are stated in full in the orders sanctioning the loan or advance. The Accountant General may also enquire the reason for any unusual condition, e.g. remission of interest in an individual case. The Accountant General should see that the conditions of repayment of a loan or advance are complied with by the debtor and should exercise a close watch over repayment of Principal and realisation of interest, if any. In reviewing the outstanding loans and advances special attention should be directed to irregularities in repayment, acknowledgement of balances and unrealisable and doubtful assets.

6.2 In respect of loans and advances, the detailed accounts of which are kept by him, the Accountant General should report without delay any default in payment either of principal or of interest to the authority which sanctioned the loan or the advance. If that authority enforces any penal interest upon the overdue instalments of interest or principal and interest or if penal interest is recoverable on overdue instalments of Principal/interest under the rules and orders issued by that authority it shall be

the duty of the Accountant General to watch its recovery.

6.3 In the present day context of the huge loans granted to State Governments, statutory Corporations etc., Government Companies, Quasi-public bodies and private institutions for development and other purposes, it has become an important function of the Accountant General not only to watch the fulfillment of the various conditions on which the loans are sanctioned, but also to ascertain that the loans are utilised for the purposes and on the objects for which they are sanctioned.

#### SUBSIDIARY LOAN REGISTER

6.4 The Accountant General will keep two Subsidiary Loan Registers (in the annexed Forms A and B) for all loans made by Government to public or quasi-public bodies and to individuals, except Revenue Advances (see paragraph 6.14). Form A will be for those loans which are repayable by direct credit of the repayments to the principal of the loan and Form B for those which are repayable by payments into a Sinking Fund. In both cases, a separate page should be set apart for each loan. Before posting recoveries, whether of principal or interest, into the classified Abstract the accountant will obtain the initials of the poster of the Loan Register against the entries in the treasury account to show that they are correct. The poster of the Loan Register, after reference to the Detail Book will make the necessary postings from the treasury accounts, and also post into a broadsheet the total amount recovered or paid for each loan. The total in the broadsheet should be



certified monthly by the Book-keeper, while the register as well as the broadsheet should be reviewed monthly by the Gazetted Officer-in-charge. The Register prescribed above should be maintained also in respect of loans given by the Union Government to the State Governments.

Subsidiary Register of Loans of Rs..... sanctioned for ..... in orders of Government of.....No. .... dated.....

FORM 'A'

CONDITION OF LOAN

“ To bear interest at ..... per cent to be paid (half) yearly on .....and to be repaid by (half) yearly instalments of Rs.....in addition to accruing interest or (within..... years) or (in .....equal instalments)”.

Date & Voucher		Account of principal of Loan		Calculation of Interest on Principal			Account of Interest	Demand	
Date	Voucher	Advance	Repayment	Balance	Period	On Advances	On Repayment	Amount due	Amount paid & credited interest To
1986		Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
April 16 <sup>th</sup>	Balance			50,000	½ yr.	1,000		1,270	
May 1 <sup>st</sup>									270
May 5 <sup>th</sup>	7	5,000		55,000	164 d	90			
June 10 <sup>th</sup>			20,000	35,000	128 d		280		
June 16 <sup>th</sup>									700
August 16 <sup>th</sup>	18	5,000		40,000	61 d	33			
September 1 <sup>st</sup>									200
Total :-						1,123	280	1,270	1,170

October 16 <sup>th</sup>	To arrear Interest Due Rs. 1,270 less Rs. 1,170								100
	Interest due on arrear interest, namely:-								
	Rs. 1,270 at 6 percent, for half year less Rs. 270, for 168 days					7		38	
	Rs. 700, for 122 days					14			
	Rs. 200, for 45 days					2			
	Net due							23	15
	To interest accrued on principal this day Rs. 1,123 Less Rs. 280								843

October 16 <sup>th</sup>	Balance	40,000	year	800					958
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1. In this example, the rate of interest is taken at 4 percent and the days for its payment are supposed to be April 16<sup>th</sup> and October 16<sup>th</sup>. The first, second and fourth sections record actual transactions and require no remark. In the third section "Calculation of Interest on Principal", the figures show the amount that accrues and falls due upon the next periodical day. On the balance of Rs. 50,000/- half a year's interest or Rs. 1,000/- will fall due on October 16<sup>th</sup>; on the rest the amounts are calculated upon the number of days from the date of the transaction till the end of the half year: the actual amount due on October 16<sup>th</sup> is the difference between the two columns.

2. On the periodical fixed day, the amount is made up in the manner shown, and the balance of principal, Rs. 40,000/- and of interest Rs. 958/- due from the debtor is calculated and set forth in the manner indicated.

3. It is not thought worthwhile to set apart separate special columns for calculation of interest due on arrear interest. The calculation, however, is made as shown in the above specimen, in exactly the same way as on the principal though the rate percent is usually higher.

4. The sum of Rs. 20,000/- in the foregoing example would not, in

practice, be entirely credited to principal, but it is so entered here in order to illustrate how the account may be made up under various possible contingencies.





6.5 The columns under "Date and Voucher", "Account of Principal of Loan" and "Account of Interest Demand" in the register referred to in the preceding paragraph should be filled in as soon as the transactions are reported from the bank sheet or the Cash Account or the transfer entry for the adjustment of the periodical interest on the Deposits of the Sinking Fund is made. The calculation of interest will be made at the same time. It will be observed that these columns show the interest that will be chargeable on the next periodical day and that the amount of interest deduced from them is not actually debitable against the borrower until the next periodical day.

A loan bears interest for the day of advance, but not for the day of repayment.

6.6 The Subsidiary Loan Register will give the Accountant General the means of seeing that both interest and instalments are repaid on the due date, and in case of delay, he should at once address the officer who is in direct communication with the debtor or charged with the administration of the property or of the Corporation to which the loan is made. The debtor should be warned either by this officer, or, if the loan is not on any district account, by the Accountant General, when any payment, either of interest or of principal, is about to fall due from him, but omission to give this warning gives the debtor no claim to exemption from the consequences of default.

#### *LOAN EXPENDITURE BY PUBLIC WORKS DEPARTMENT*

6.7 In cases where the loan expenditure is, under special orders, to be conducted and controlled by the public works department, the amounts debitable to the several loan accounts will appear in the Monthly Accounts through the Accounts of Divisional Officers.

6.8 The amount will be recorded in the Subsidiary Loan Register prescribed above and will bear interest as though they had been advanced on the last day of the month in which the expenditure actually appeared on the Monthly Accounts.

The Accountant General should keep Government informed of the progress of outlay to enable it to watch and take notice of any tendency to exceed the amount of the loan and check it in due time as far as possible.

#### *PAYMENTS IN DISCHARGE OF LOAN*

6.9 Nothing may be credited as repayment of principal or into the sinking fund so long as any sum is due on account of interest unpaid.

Interest for any half-year (or year) is not "due" until the end of the half-year (or year) during which it accrues.

#### *PERIODICAL MAKING UP OF THE ACCOUNT*

6.10 After all entries upto but not including the date on which interest becomes due have been made, a line will be drawn across the page. First the interest account of the past half-year must be made up by deduction of the amount paid on account of interest from the demand on that account entered in

the "Amount due" column and by bringing down "Balance of Interest Due". Then a calculation must be done of the interest to be demanded or any overdue interest of the previous half-year. Lastly, in the case of Register in Form A, the second and third columns of the "Calculation of Interest on Principal" must be totalled and the excess of the total of the second over the total of the third carried into the "Amount due" column. The total interest due and the total principal due will then be made up and the account will be opened for a new period. The account of Sinking Fund in form B will be similarly completed, at the same time, the amount of interest due being credited at the end of the period.

If the interest is payable yearly, instead of half-yearly, the account will be made up only once a year.

6.11 A copy of the account as thus made up and of the new statement of demand should be sent to the debtor.

#### **SINKING FUND**

6.12 Moneys paid to a Sinking Fund for repayment of loan should be credited to the head "Sinking Fund for Loans granted to Local Bodies" and entered in the Register Form B prescribed in Para 6.4. Interest will be allowed on these deposits at the same rate as the loan itself bears. The interest payable on these deposits should be credited to the Sinking Fund by deduction from the receipt on account of interest on the loan. When the total balance of the Sinking Fund becomes equal to the amount of the loan, the credit under the head "Sinking Funds for loans granted to Local Bodies" and the debit under "Loans to Municipalities, etc" should be written off against each other.

#### **RETURNS**

6.13 Each Accountant General will submit to Government periodical returns showing the details of the loans and advances borne on his books, under the head "loans and advances by the Central Government/State Government" in such form and on such dates as may be mutually agreed upon.

#### *REVENUE ADVANCES AND FUNCTIONAL LOANS*

6.14 Revenue Advances include takavi advances, under the Land Improvement Acts, and any other advance, which Revenue Officers are allowed or directed to make in connection with Land Revenue, Agriculture or Famine, under any Act of the Legislature, or under any orders of government. In the case of Revenue Advances and Functional Loans and advances granted by State Government to bodies, authorities and private persons for plan schemes etc. administered by the various functional departments, the detailed accounts of individual loanees will be kept by the departmental officers. In the case of Revenue Advances, the Accountant General (A&E) should see that the expenditure on this account does not exceed the allotment placed at the disposal of Heads of Department.

6.15 The Government will designate the controlling officers for the purpose of getting monthly returns of transactions from the subordinate offices and maintaining records for reconciling the figures as per his records with those booked in the accounts by the Accountant General and the treasury under the relevant sub/detailed head of account every month. The Accountant

General is not required to maintain any broadsheet in such cases.

*ADVANCES TO GOVERNMENT SERVANTS AND OTHER ADVANCES*

6.16 A record of interest bearing advances to Government Servants viz; House Building (other than House Building advances paid from Provident Funds), Motor Car etc. advances, sanctioned and paid under proper authority should be kept in form 8, which should be regulated with reference to the rules governing such advance. Other advances recoverable in not less than 60 instalments and their recoveries will be recorded in Form 9. The payments and recoveries shown in these Broadsheets should be reconciled monthly with the figures shown in the Detail Book, any discrepancies between the two sets of figures being noted on separate pages, which should be set apart at the end of the broadsheets in order that their eventual adjustment may be watched. The fact that this monthly verification has been made, should be recorded on the broadsheet itself month by month at the time it is submitted to the Gazetted Officer. In cases where State Governments have taken over the function of maintenance of accounts of loans and advances recoverable in less than 60 instalments, the procedure outlined in para 6.15 above may be followed.

6.17 Advances against Gratuity or General Provident Fund/Contributory Provident Fund balances to families of deceased Government servants will be debited to the head of account "8550-Civil Advances". Broadsheets in Form 7 will be maintained in these cases by the Accountant General.

6.18 In the case of short-term loans (loans recoverable in not more than 60 instalments) granted to non-gazetted Government servants, the detailed accounts are to be maintained by the departmental officers, to watch the recoveries from each individual. The treasury officers should be instructed to shown the Departmentwise break up of figures of payment/recoveries in the list of payments/cash account. Subsidiary registers showing the departmentwise/controlling office-wise accounts of monthly debits and credits should be maintained by the compilation sections to facilitate monthly reconciliation by the departmental officers. The receipt of reconciliation certificates should be watched by the Accountant General as in the case of reconciliation in respect of service and receipt heads.

In respect of short-term loans granted to gazetted officers, broad sheets in Form 9 are to be maintained by the Accountant General.

6.19 Advances for Law suits should be debited to the functional expenditure head concerned under Rule 69(4) of Government Accounting Rules, 1990 Refunds of amounts remaining unspent out of these advances should be dealt with as cash recoveries.

6.20 Recoveries on account of passage advances made under the rules to Government servants in foreign service will be watched by the Accountant General responsible for watching the recovery of contributions for leave and pension.

6.21 Payment of recoverable advances made to persons proceeding to a Pasteur Institute and their recoveries will be



adjusted by the Accountant General in accordance with the rules made by the Government concerned in this behalf.

6.22 In the case of All India Service Officers belonging to a State Cadre on deputation to the Central Government, the balance of advances for purchase of motor car or other conveyances paid by the Central Government and remaining outstanding at the time of the officers reversion to the State Government shall be transferred to the Accountant General of the new accounting circle by the Pay and Accounts Officer of the Ministry/Department concerned.

In the case of Central Government servants, temporarily lent by the Central Government to the State Government or vice versa as well as those lent by one state to another, the credits for the recoveries of House Building Advance, Motor Conveyance Advance or advances for purchase of any other conveyance, sanctioned by the lending Government will be passed on to the Accountant General of that Government or Pay and Accounts Officer of the concerned Department/Ministry in case the lending Government is the Central Government.

#### *PERMANENT ADVANCES*

6.23 Permanent Advances should be recorded in a Register in Form 10, intended to last for 4 years. The Register should be a standing list of all sanctioned permanent advances by names of Officers, a separate page or pages being set apart for the officers in each district. As personal responsibility can be enforced by the receipt of the actual incumbents, which are on the file, the names of the holders of advances need not be entered in the Register. The advances should be consecutively

numbered and the acknowledgements should be marked with corresponding numbers and filed in proper order. On receipt of the new acknowledgement, it should be numbered with Register number of the advance and filed in the place of the old acknowledgement which should be torn out of the file. A charge report containing an acknowledgement of permanent advances, should not, however, be destroyed. It should be preserved for the period prescribed by the Accountant General.

6.24 If the amount of any advance be increased or reduced in the course of the year, the amount in the column for the current year should be altered in red ink on the appearance of the debit or credit for the difference in the treasury account. The total for the column will be corrected at the end of the year. If new advances are sanctioned, they should be entered at the bottom of the district list in the order of the charges appearing. The monthly credits and debits in forms 11 and 12 respectively should be compared with the credits and debits in the Detail Book figures through the Broadsheet which will after completion, be submitted every month to the Gazetted officer in charge. At the end of the year, a single total for the old corrected and new advances will be made, the aggregate of which for all the districts worked out in the Broadsheet at the end of the Register will agree with the closing Ledger Balance of the year.

6.25 The amounts of the advances as standing on 31<sup>st</sup> March should be entered afresh in the money column for the next year and a total made for 1<sup>st</sup> April.

6.26 Sanctions to permanent advances have to be scrutinised to see:-

- (i) that the officer sanctioning the permanent advance is competent to do so under the rules of the Government;
- (ii) that the amount sanctioned does not exceed the limit recommended by the Accountant General or fixed by the Government either for an office or for the sanctioning authority; and
- (iii) that these advances are not multiplied unnecessarily.

*ADJUSTMENT OF RECOVERIES ON COLLATERAL EVIDENCE*

6.27 Recoveries of long-term advances the accounts of which are kept by the Accountant General may be adjusted on the basis of collateral evidence such as certificate from the treasury officer or drawing and disbursing officer about the recovery having been made from the salary bill of the officer (the voucher No. ....date of encashment and name of treasury should be indicated in such certificates) or verification particulars furnished by the officer which should be checked with the Vouchers or the notings in the Gazetted entitlement Register or any other record under the orders of the Accountant General. The cases adjusted on the basis of the collateral evidence should be entered in a separate register in the form given below:-

1. Serial Number
2. Name and Designation of the Government Servant.
3. Head of Account by debit to which the advance was drawn.
4. Category of Advances
5. Details of missing credits

- (i) Amount
  - (ii) Deduction from pay bill for .....
  - (iii) Date of encashment
  - (iv) Voucher Number
  - (v) Gross and Net Amounts of Bill
  - (vi) Name of Treasury
6. Action Taken
  7. Remarks with particulars of T.E. No. and month of account in which the item was written off.
  8. Broadsheet Number.

Efforts should be made to trace the credits and adjust them and remove the items from the register before the close of the accounts for the year. If the details are not forthcoming despite concerted efforts and a dead end is found to have been reached in the case, the outstanding item may be written off to "Misc. Government Account" as a book keeping error under Rule 38 of the Government Accounting Rules, 1990.

## **CHAPTER-7**

### **DEPOSITS**

#### **INTRODUCTORY**

7.1 In the case of moneys received to be held as deposits with Government, the Accountant General should satisfy himself that these moneys can properly be credited to the Public Account of the State by virtue of a statutory provision or of general or special orders of Government. It should also be seen that no item is credited as a deposit in the accounts of a Government which could be credited as a revenue receipt or in reduction of ordinary expenditure of that Government. In respect of repayment of deposits, the Accountant General should examine that there are proper vouchers in support of the amount repaid and should check each repayment against the original receipt either individually or against the total credit in a particular account in order to see that repayments do not exceed the amount originally received and credited to Government. It is also the function of the Accountant General to see that balances in deposit accounts are correctly carried over from year to year, that the balance at the close of the year in each account is acknowledged as correct by the person or body concerned, where necessary and practicable and that any deposits remaining unclaimed for such period as may be prescribed by Government in this behalf are duly credited as revenue receipts of Government.

7.2 On receipt of a Statement of lapses (Form T.A. 49 of the Account Code Volume II), it should be checked with the plus and minus memorandum for the month of March and necessary transfer entry proposed crediting the amount to

Government. The particulars of the entry should be noted in the Statement.

#### **REFUND OF LAPSES**

7.3 When application is made for refund of a lapsed deposit, a note of it should be made against the entry of the deposit in the Statement of Lapses. The Officer who signs the order for refund should also initial the entry of refund order in the Statement of Lapses. The fact of payment should be noted in the number book of the orders, Form 13 and the Section Officer should initial the entry in the prescribed column.

NOTE 1.-In the case of repayments of deposits which are made after the original District Registers of Receipts have been destroyed, the check of the refund will be confined to seeing that a lapses deposit of the particular amount in question, is actually outstanding in the Statement of Lapses, the verification of the claimants' title to the refund being left to the authority who signs the application for refund.

NOTE 2.-In the case of lapsed deposits paid without pre-check by the Accountant General under orders of Government, a note of the refund should be made against the entry of the deposit in the Statement of Lapses. It should be also seen that the item was really received, was carried to credit as lapsed and drawn by a person who might have drawn it any time before the lapse.

#### **PLUS AND MINUS MEMORANDUM**

7.4 The deposit checker must be careful to see that the receipts, repayments and balances are correctly brought forward

in the plus and minus memorandum which are received from the Treasury in respect of each class of deposits vide Article 120 of the Account Code Volume II and specially that any lapsed items are correctly written off. He should also see that the closing balance for March agrees with that of the Proof-Sheet.

#### **EARNEST MONEY DEPOSITS**

7.5 Credit for the earnest money deposits made in a treasury of State X in favour of a Departmental office of State Y, should be passed on to the latter through the outward settlement Account. On receipt of the credit the particulars should be entered by the Accountant General of State Y in a separate Register of Receipts of Deposits (to be maintained by him for such credits). The Accountant General of State Y should adjust it finally in his books and intimate the fact of receipt of the credit to the Departmental Officers concerned. Whenever a repayment is to be made, the departmental officer concerned of State Y should endorse the refund order on the original receipt granted by the Treasury Officer and send it to his Accountant General who after verifying the signature of the drawing officer and the credit in the Register of Receipts of Deposit or Statement of Lapsed Deposits, will arrange for payment to the party concerned by obtaining a Reserve Bank of India Government Draft. This procedure will do away with the repayment in State X and thus eliminate the passing of the debit to the Accountant General of State Y.

#### **PERSONAL DEPOSITS**

7.6 Ordinarily the opening of a banking deposit account or of a Personal Ledger Account is sanctioned by Government after consultation with the Accountant General. It is generally recognised that Government should not agree to the opening of such an account unless it is satisfied that the initial accounts of moneys in the Personal Ledger Account are properly maintained and are subject to audit.

7.7 Except where by law or rules having the force of law Personal Deposit Accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments, Personal Deposit Accounts, created by debit to the Consolidated Funds should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund, the Personal Deposit Accounts being opened next year again, if necessary in the usual manner.

7.8 The scrutiny of withdrawals in the case of Personal Deposits is confined to seeing that there are proper paid cheques in support of the withdrawals.

7.9 In cases where Civil or other Courts open Personal Deposit Account with Treasury, they themselves keep the detailed account of Deposits and submit the Statement of Lapses to the Accountant General instead of the Treasury doing so. This statement has to be checked in the manner indicated in para 7.2.

## DEPOSITS OF LOCAL FUNDS

7.10 The receipts and payments at treasuries on account of Local Fund having banking accounts with Government are reported by Treasury Officers in plus and minus memoranda (see Article 120 of the Account Code, Volume II). The entries in these memoranda should be checked by the Accountant, special attention being paid to balances as a precaution against any fund overdrawing its account; see paragraph 7.1. Overdrawals should always be brought to the notice of Government.

7.11 The memoranda should then be posted in Broadsheets, one for each min or head under 'Deposits of Local Funds' in Form 14.

The total figures for receipts and payments for the whole State as shown in the respective Broadsheets should then be agreed monthly with the Detail Book.

7.12.1 If the Government has ruled that expenditure incurred in the Public Works Department on the execution of works on behalf of a Local Fund should be debited to the "Deposits of Local Funds" or if receipts in connection with Local Fund works are realised by Public Works Officers, such charges and receipts should also be taken into account in working out the balances of the Deposits of Local Funds, suitable alterations being made in the forms of Plus and Minus Memoranda and of Broadsheets. The net additions to or deductions from the balances of each fund on account of expenditure and receipts referred to above should be intimated to the Treasury Officer so that

he may correct his memoranda and also to the Administrators of the Fund.

7.12.2 Arrangements should in addition be made for communicating to the Administrators of Local Funds the details of the transactions in the Public Works Department when such transactions increase or decrease the balances under "Deposits of Local Funds".

### *OTHER DEPOSITS ACCOUNTS*

7.13 The checks in respect of 'Other Deposit Account' (e.g. Deposits for Work done for Public bodies or individual's, 'Deposits of fees received by Government servants', 'Deposits of Government companies, Corporations' etc.) should be conducted with reference to the rules and directions issued by Government for the receipt and repayment of each type of deposit.

## CHAPTER 8

### ACCOUNTS OF PUBLIC WORKS

#### SCOPE OF ACCOUNTS

##### INTRODUCTORY

8.1 The check of works accounts is conducted in three stages:

- (1) Preliminary internal check by the Divisional Accountant in the Divisional Office;
- (2) Checking of monthly accounts in Accountant General's Office; and
- (3) Checking of Divisional Reconciliation statement of expenditure and receipts with reference to Debt Head and Classified Abstracts/Summary Registers maintained in Works Accounts Wing of Accountant General (A&E) office.

8.2 Charged with the responsibility of applying certain preliminary checks to the initial accounts, vouchers, etc, the Divisional Accountant is responsible for examining the Accounts Returns of Sub Divisional Officers to see-

- (i) that they have been received in a complete state;
- (ii) that the sums receivable are duly realised and on realisation credited to the proper head of account, and also to the proper personal account (if any) of the contractor, employee or other individual;
- (iii) that the charges are covered by sanctions and allotments, and are supported by complete vouchers

setting forth the claims and the acknowledgements of the payees legally entitled to receive the sum paid;

- (iv) that all vouchers and accounts are arithmetically correct;
- (v) that they are in all respects properly prepared in accordance with rules;
- (vi) that all charges are correctly classified, those which are debitable to the personal account of a contractor, employee or other individual being recorded as such in a prescribed account; and
- (vii) that on the basis of rates sanctioned by competent authority and of facts (e.g., quantities of work done, supplies made, etc, or service rendered) certified by authorised Government servants, the claims admitted for payment are valid and in order.

Note.-It is not necessary that the Divisional Accountant should check personally the arithmetical accuracy of all vouchers and accounts, but he is responsible to ensure that a cent per cent check is exercised efficiently under his supervision.

8.3 The Divisional Accountant should exercise a similar check from day to day, upon-

- (i) the transactions recorded direct in the accounts of the Divisional Office; and
- (ii) bills and vouchers of Sub Divisions, which are submitted to the Divisional Officer for approval before payment is made by the Sub Divisional Officer; in respect of charges this examination should be conducted before the payment is made.

The cash and stock accounts of the entire division as also all transfer transactions should be scrutinised by the Divisional Accountant before they are included in the Monthly Account and connected registers and schedules.

8.4 The Divisional Accountant should see that every payment is so recorded and a receipt for it so obtained that a second claim against Government on the same account is impossible, and if it represents a refund of a sum previously received by Government, that the amount paid is correctly refundable to the payee.

8.5 It is one of the functions of the Divisional Accountant to see that expenditure, which is within the competence of the Divisional Officer to sanction or regularise, is not incurred, as a matter of course, under the orders of subordinate disbursing officers without his knowledge. All such items of expenditure should at once be brought to the notice of the Divisional Officer and his orders obtained and placed on record.

8.6 The Divisional Accountant should also bring to the Divisional Officer's notice all instances in which subordinate officers exceed the financial limitations

on their powers placed by the Divisional Officer or higher authority.

Note (a)-If the Divisional Officer is allowed a lump sum provision for expenditure on a group of works, and he has made out of it allotments for individual works, expenditure should be watched against individual allotment and excesses brought to the Divisional Officer's notice.

(b) He may further be required by the Divisional Officer to undertake on his behalf, such other scrutiny of the accounts of the receipts and disbursements of Subordinate Officers falling within the Divisional Officer's own power of sanction, as the latter may consider necessary.

8.7 If against a single sanction, two or more disbursing officers have to operate simultaneously, the Divisional Accountant should see that orders of the Divisional Officer are obtained imposing a definite limitation on the money transactions of each officer. Similarly, if disbursing officers of two or more divisions are concerned the orders of the Head of the circle or higher authority should be obtained. In such cases, it may be advisable to have separate working estimate, or other sanction, to cover the transactions of each officer and for the purpose of bringing the expenditure to account these should be treated as far as possible, as independent transactions pertaining to the same group of works or the same project. If this is not possible, special arrangement must be made for the check of the total expenditure against the sanction.

8.8 The Divisional Accountant should check works expenditure with the estimates to ensure that the charges

incurred are in pursuance of the object for which the estimate was intended to provide. In the case of works the expenditure on which is recorded by Sub-Heads (that is, items of work such as brick-works, etc.) the Divisional Accountant is responsible for checking the expenditure on each Sub-Head with the estimated quantity of work to be done, the sanctioned rate, and the total sanctioned cost so that he may bring to notice all deviations from the sanctioned estimate.

8.9 The Divisional Accountant should see that without the orders of Competent Authority the authorised gross expenditure on a work is not exceeded and that any surplus recoveries of expenditure are not utilised towards additional expenditure. He should also see that savings due to abandonment of parts of a work, as evidenced by the quantities of the work executed or otherwise, are not utilised towards an unauthorised object.

The Divisional Accountant should, at the same time watch recoveries of expenditure in order to bring to the Divisional Officer's notice, and obtain that officer's orders on all marked deviations from the provision for such credits in the estimates of works.

8.10 The Divisional Accountant's responsibility extends also to the examination of all claims included in bills, presented direct at Treasuries by the Divisional Officer. He should see that the service books and leave accounts of subordinates are maintained in accordance with rule and that the admissibility of leave applied for by subordinates is verified before the competent authority decides upon their leave applications. In all cases of doubt,

however, he should advise the Divisional Officer to consult the A.G.

Note.-(The State Government of Maharashtra have absolved the Divisional Accountant of the above responsibility.)

The Divisional Accountant must also conduct detailed check of muster rolls and petty vouchers which are not submitted to the Accountant General's office.

8.11.1 The Divisional Accountant is responsible for the arrangements for checking the computed tenders, i.e. for seeing that satisfactory and efficient arrangements are made for checking;

8.11.2 he should conduct personally a test check of the computed and checked tenders sufficient to satisfy himself reasonably that the checking work has been properly done; and

8.11.3 he should see that the comparative statement correctly incorporates the totals as checked on the individual tenders.

8.12 The Divisional Accountant is expected to see that the rules and orders in force are observed in respect of all the transactions of the division. If he considers that any transaction or order affecting receipts or expenditure is such as would be challenged by the Accountant General if the preliminary internal check entrusted to the Divisional Accountant were applied by the former, it is his duty to bring this fact to the notice of the Divisional Officer with a statement of his reasons, and to obtain the orders of that officer. It will then be his duty to comply with the orders of the Divisional Officer, but if he has been



overruled and is not satisfied with the decision, he should at the same time make a brief note of the case in the Register of Divisional Accountant's Objections (Form 23) and lay the register before the Divisional Officer, so that the latter may have an opportunity either of accepting the Divisional Accountant's advice on reconsideration and ordering action accordingly, or of recording, for the information of the Accountant General, his reasons for disregarding that advice. An objection entered in this register should not be considered as finally disposed of until it has been reviewed by the Accountant General, for whose inspection the register should be available at all times.

8.13 The results of the examination of accounts and vouchers received from Sub-Divisional Officers should be intimated to them in all cases in which it is necessary to obtain further information accounts, vouchers, certificates, etc., and they may be directed to correct the relevant records of their offices to avoid the recurrence of any irregularity. The procedure to be observed may be prescribed by the Divisional Officer. The records connected with the results of the examination should be retained so as to be available for the Accountant General's inspection.

8.14 The Divisional Accountant is further required to inspect periodically under the orders of the Divisional Officer, the accounts records of the Sub Divisional Offices to check a percentage of the initial accounts. The defects noticed should be reported to the Divisional Officer for orders, but the Divisional Accountant will be responsible, as far as possible, for explaining personally the defects of

procedure and for imparting necessary instructions thereon to the Sub Divisional Officers and their staff.

The results of these inspections should be placed on record for the inspection of the Accountant General, but serious financial irregularities should be reported at once for the information of that officer, even though set right under orders of competent authority. All defalcations or losses of public money, stores or other property, which required report to the Accountant General, under the financial rules of the Government concerned should be immediately reported to him.

8.15 The quarterly reconciliation of works expenditure/receipts will be carried with reference to the Works Accounts Summary Register maintained for each Division which in turn will be got certified from the monthly classified abstracts of expenditure/receipts maintained in Works Miscellaneous Sections.

8.16. These instructions are intended primarily for the Works Accounts Department which is responsible for the accounting of the transaction of the Public Works Department which are brought to account by Divisional Officers of the Department in accordance with the directions in the Accounts Code Volume-III and the Financial Rules of the Government concerned. Subject to such exceptions as may be authorised by the Accountant General with the prior concurrence of the Comptroller and Auditor General, the instructions in this section should be followed by other departments or sections of the Accounts Office entrusted with the accounting of Works

mentioned in Article 4 of Accounts Code Volume III.

8.17 The Works Accounts Department should be divided into sections, each headed by a Section Officer. The primary responsibility of checking and compiling the accounts of Public Works/Irrigation Divisions and other work connected therewith rests with the Clerk/Accountant/Sr. Accountant. The actual distribution of work which should be set out clearly in the office Manual, will be settled by the Accountant General (A&E) according to local requirements.

8.18 The work of accounting shall commence immediately on receipt of the Monthly Accounts and preliminary checks applied as prescribed below:

*CHECK OF MONTHLY ACCOUNTS IN ACCOUNTANT GENERAL'S OFFICE*

The work of checking of monthly account should be taken as soon as the account is received in Accountant General's office to see that-

- (i) It is complete in all respects with supporting schedules and vouchers as described in the list of accounts from C.P.W.A. 83;
- (ii) all the schedules attached with the monthly account are in proper form;
- (iii) figures of receipts and disbursement as shown in form C.P.W.A. 80 tally with the totals of the items concerned as appearing in various schedules, i.e. form C.P.W.A. 74, 76, 79, 77 etc. and also to see that these

are correctly classified in the monthly account;

- (iv) the items of receipts and disbursements are arithmetically tallied and if they do not agree the difference be taken to "Miscellaneous Public Works Advance" or "Deposit" under intimation to the Divisional Office.
- (v) the opening cash balance agrees with the closing balance of previous months and that the figure "cash balance diminished/increased" is equal to the difference between opening and closing cash balance.
- (vi) the monthly account form C.P.W.A. 80/83 is signed by the Divisional Offices.

In addition to the general checks mentioned above the following further checks should be applied to the various schedules accompanying the monthly account to see that-

Schedule of Revenue Realised C.P.W.A. 46

- (i) the amount brought forward from last month with reference to Form C.P.W.A. 46 of previous month;
- (ii) is arithmetically accurate;
- (iii) the amounts appearing under "Deduct refund" is supported by a separate schedule of refund of revenue and the amount of refund agrees in the amount mentioned in the schedules; and

- (iv) the totalling of schedules of refunds of revenue is done correctly and that the refunds are correctly classified.

#### Classified Abstract of Expenditure

- (i) the totals under each head of account are correct; and
- (ii) the figures are tallied with those appearing in respective schedule, i.e. Form C.P.W.A. 64,62,73, etc. as also that the expenditure has been correctly classified.

#### Schedule of Works Expenditure

- (i) the schedule is arithmetically accurate;
- (ii) the nomenclature of the works and the expenditure shown against each work during the month tallies with that shown in the schedule docket Form Central Public Works Account Code 61;
- (iii) the figures of departmental charges are shown correctly as per Form C.P.W.A.62; and
- (iv) all works relating to Central Road Fund are shown in the schedule for June, September, December and March even if no expenditure appears during the month.

Further the schedule for September, March (S) shall include all works, including those relating to which no transactions have appeared in the accounts of these months.

#### Schedule of Deposit Works Form C.P.W.A. 65

- (i) the opening balances as shown in Part I & II are correctly entered as per closing balance of previous month's account;
- (ii) the expenditure figures and departmental charges are correct as per schedule Docket Form Central Public Works Account 61 and the Schedule docket for percentage recoveries C.P.W.A. Form 62;
- (iii) the totals of "deposits" and Expenditure charged to Miscellaneous Works Advances agree with corresponding totals in the Schedule of Deposits (Form C.P.W.A. 79) and Works Advances (Form C.P.W.A. 70);
- (iv) the report of progress of expenditure after verification by audit, is transmitted to the responsible administrator of the Work without delay.

#### Schedule of Takavi Works Form C.P.W.A. 66

The opening balance agree with the closing balances of the previous month's schedules, that the posting of works in the works register is done as per rules and that closing balance is correctly arrived at.

#### Schedule of Debits/Credits to Misc. Heads of Account. Form Public Works Account Code 40

- (i) the totals are correctly stuck;

(ii) the figures and classification agrees with that in schedule of works expenditure; and

(iii) the suspense slips are prepared.

#### Schedule of Debits/Credits to Remittances Form C.P.W.A. 77 & 77 A

(i) the totals and classifications are correctly made;

(ii) items have been correctly classified as originating/responding;

(iii) all debit entries are supported by proper vouchers, transactions on account of cost of works done by Divisional Officer for other parties are supported by detailed schedule of works expenditure in Form C.P.W.A. 64.

(iv) reference to authority of acceptance of transfer exists; and

(v) the Suspense Slips are prepared.

#### Schedule of Settlement with Treasuries Form C.P.W.A. 51

(i) the differences as per line 1 have been correctly brought forward from previous month;

(ii) the figure of 'differences' (Line 5) have been correctly worked out; and

(iii) the figures in line 4 are supported by consolidated Treasury Receipts and certificates of cheques by Treasury Office.

#### Schedule of Cash Settlement Suspense Account

(i) the opening balance agrees with closing balance of previous month;

(ii) the totals and balances are struck correctly; and

(iii) the entry of debits is agreed with the entry in the corresponding schedules (Form C.P.W.A. 73 and 64).

#### Stock Accounts Form C.P.W.A. 73

Check of current month's Receipts with reference to Form C.P.W.A. 72 and Schedule Docket.

8.19.1 All corrections made in the Monthly Account or in any of the schedule should be advised to the Divisional Office through special letters for correction, after verification, of the relevant records of the division.

8.19.2 The supplementary Account of the year should be dealt with in accounts, as far as possible, in the same way as the Monthly Account of one of the month of the year.

#### Schedule of Misc. Works Advances

Check of opening balance with closing balance of previous month.

#### *MISCELLANEOUS*

8.20 Whenever a Divisional Accountant is relieved of his duties in a divisional office, it should be seen that the memorandum referred to in paragraph 7.21 of the Manual of Standing Orders (Administrative) is received from the Divisional Officer.

8.21 When a minimum period for the preservation of an initial or compiled account record in a Divisional or Sub Divisional Office has not been prescribed in the rules framed by the Government concerned for the destruction of records, Divisional Officers are required to obtain the approval of the Accountant General before destroying that record. If any of the records proposed to be destroyed are connected with works or other accounts in progress or are likely to be required at a future date for audit purposes, the Divisional Officer should be advised to postpone their destructions. Such advice should be offered only with the approval of the Accountant General, and as far as possible, the periods of preservation prescribed for corresponding record of the Accountant General's office vide paragraph 12.2 of the Manual of Standing Orders (Administrative).

Note 1 : This criterion should also be applied in the scrutiny of any rules as regards destruction of records which the Government may propose to introduce.

Note 2 : Copies of Sub Divisional cash books or of other accounts records which Sub Divisional Officers submit to the divisional office should be treated as original account records, and not as copies, as the Divisional Officer's accounts rendered to the Accountant General's office are based on such copies and not on the original thereof.

#### *WORKS REGISTER*

8.22 A register in Form 15-Works Register should be maintained for each divisional office in two part to serve as collective record of important sanctions.

Part I-of the register will contain sanctions to works and Part II will contain sanctions to contracts.

8.23 In Part-I-sanctions to works-only those sanctions would be registered where the cost of work is Rupees one crore and above and where more than one public works/Irrigation Divisions are engaged in the construction/execution.

8.24 In case of Irrigation etc., projects where centralised Accounting organisations has been set up and if that organisation is maintaining identical records, no register need be maintained by the R.A.O's/or by the Accountant General (A&E).

8.25 Part I, thus written up, will show month by month the progress of expenditure on each work. For watching the progress of works expenditure against the divisional allotment under each unit of appropriation for such expenditure, the total works expenditure incurred during each month as shown in the Schedule of Works Expenditure should be posted each month against the Divisional allotment under each unit of appropriation in a separate folio of the Register. If there are any other heads of accounts for which there is separate allotment in any division, one or more folios of Part I of the Register for that division should be set aside for the record of the monthly progress of expenditure on such heads. Entries on these folios should be made, in respect of both allotment and expenditure, in the same way as those relating to works, the figures of expenditure being taken from the Classified Abstract of Expenditure, Form P.W.A. 41 or other schedules pertaining to the accounts of the division. In respect of suspense heads, if the allotment is only for the net charge

under the whole minor head "Suspense" the month's expenditure to be posted in Part I will be the figure described as "Net Debit" to "Suspense" in Form P.W.A. 41. But if there is a separate allotment for each suspense head, the form of Part I will not be suitable; in this case the form may be modified suitably. The form of the Broadsheet (Form 17) may be used with advantage (a line of the form being reserved for each suspense head), provided that two columns are inserted in it. One for the net allotment, and the other for the permissible limit of the balance (i.e., the opening balance of the year plus the allotment).

In part II-sanctions to contracts-all sanctions relating to construction for works, supplies, carriages etc., as communicated by the authorities higher than the Divisional Officer in respect of sanction works registered in Part I of the Register.

8.26 The register shall be closed monthly and will continue till the work for which it is meant is reported to be completed.

8.27 The following points should receive special attention in connection with Part-I.

(1) Column 1-"Serial Number"-Entries under each detailed head of account should be numbered in a separate series. A number should be assigned to a work, and an entry should be made in respect of it, as soon as any sanction or order of allotment relating to it is received, or expenditure on it appears in the divisional accounts.

(2) Columns 3 and 4-"Sanctioned detailed estimate"-(a) Technical

sanctions to working detailed estimates should be entered in these columns. The entry of the amount of a supplementary estimate should be preceded by the letter "S" in red ink, and underneath the amount should be drawn a line and below it should be noted the total amount of the sanctioned estimates. The amount of a revised estimate should be preceded by the letter "R" which should also be in red ink. Orders of competent authorities passing excesses over technical sanctions should also be noted in these columns and the entry of the amount, preceded by the letter "E" should be put within brackets, so that it may be distinguished from entries relating to sanctioned detailed estimates.

(b) In cases in which, in accordance with any rule, the preparation of detailed estimates for annual repairs to buildings has been dispensed with by competent authority, the entries in these columns will be in respect of the standard lump sum limits of cost prescribed from time to time. Similarly if the preparation of a detailed estimate for a petty purchase or manufacture of Tools and Plant, or for the manufacture or collection of stores, is unnecessary under any rules, the amount of the expenditure authorised by competent authority should be treated as the amount of the technical sanction to a detailed estimate.

(c) If a substantial portion of a work has been abandoned the estimated cost of the abandoned portion should be deducted from the estimated cost of the whole work, and the net operative amount of the estimate worked out.

(3) Columns 5 and 6-"Allotment"-These columns are intended for a record of orders of appropriation and reappropriation. In cases in which funds

are allotted for each work, individually, the order will be noted against the work concerned; in other cases, (where all the works relating to the groups are included in the Works Audit Register) it will be noted in a suitable place assigned to the total of the group of works included in the unit for which a lump sum allotment is made. In the case of non-government works and isolated works executed on behalf of other divisions, departments and Governments, the entries in these columns will be in respect of the gross amount of deposit received, or, if there is no deposit, of any limit prescribed for expenditure to be incurred during the year; see also clause 5(a) below and paragraph 4.3.13 of M.S.O. (Audit).

(4) Column 8-"Permissible limit of expenditure to end of the year"-This column, like columns 4 and 5, should not be used in respect of works for which no individual allotment is required by rule. Nor should it be used in the case of works started during the year, as any allotment shown in column 5 will be the limit for the progressive expenditure to the end of the year.

(5) Column 10-"Full name of work"-(a) In the case of works which are assessable to percentage recoveries on account of establishment tools and plant, etc., the work should be broken up into two parts-one relating to the charges on the work proper and the other to the percentage thereon-and all entries of sanction, allotment and expenditure should also appear in two parts (vide Note 2 on Form P.W.A. 27), though only one serial number will be assigned to the work.

(b) In the case of works of manufacture, the Outturn" should also be recorded, the

entries being made in a separate line below those relating to the "Operation".

(6) Columns 11 to 24-"Expenditure"-Entries should be made in these columns only when there is any transaction during a month, and whenever an entry is made the expenditure of the month should be entered in black ink, and underneath it should be noted, in blue or green ink, the expenditure to date. The figures should be prefixed by a red ink minus sign when they represent minus expenditure. When the expenditure on a work is incurred for the first time, the progressive expenditure need not be entered. When it is entered for last time, i.e. when the work is reported as "completed" a line should be drawn through the space for the remaining month of the year and the word "completed", noted against it in the column for "Remarks".

(7) Column 26-"Remarks"-In this column should be noted any remarks or orders for which no column is specifically provided, e.g. note of the account of work having been closed (see clause 6 above), financial sanctions and administrative approval when they are communicated to Audit, notes of verification and transmission of completion reports, notes of orders relating to the clearance of expenditure on "Land, Kilns, etc." [vide Article 158 (b) of the Account Code Volume III], etc., etc.

8.28 The Accountant General will make suitable arrangements for ensuring the accuracy of the postings in the Works Register.

### *REGISTER OF LAND CHARGES*

8.29 A register in Form 16-Register of Land charges should be kept so that the Land Award Statements which are submitted to the Accountant General under the rules of Government by officers making the award under the Land Acquisition Act, may be checked. The Gazetted Officer-in-charge should review this Register once a month and enquire into the causes of delays in the disposal of the statement.

### *BROADSHEETS OF BALANCED HEADS*

8.30 As it is necessary to prove the accuracy of the monthly transactions under each Suspense and balanced head and of the balances under the head "Deposit" by a comparison of the results brought out in the Divisional schedules with the Department Consolidated Abstract or Detailed book and the Ledger, as the case be, a Broadsheet should be maintained in Form 17 which should be submitted monthly to the Gazetted Officer-in-charge after the reconciliation has been effected.

8.31 Broadsheets of transactions passed through the Remittance heads should be maintained, as described in Paragraph 4.3.17 to 4.3.21 of Chapter 3 of Section IV of M.S.O. (Audit).

### *SETTLEMENT OF REMITTANCE*

8.32 All transactions relating to services rendered or supplies made by one Division to another (whether the Divisions fall within the same Account circle or in different Account circles) including those pertaining to works done by a division on behalf of another division are settled by the divisions

amongst themselves without the intervention of the Accountant General. The Application of this procedure for adjustment of the cost of work done in a division for another division is in relaxation to the provisions of Article 182 of Account Code, Volume III. The detailed procedure is laid down in Appendix 7 of the C.P.W.A. Code (Second Edition) and the corresponding rules in the State P.W.A. Codes.

### *PUBLIC WORKS REMITTANCES*

8.33 The head "Public Work Remittances" is intended for transactions of Public Works Officers with Treasury and other officers of the Civil Department (including the Forest Department) within the same circle of account and with officers (including Treasury Officers) in other circles of account in cases where the transactions originate in those circles. This head comprises the following three divisions:-

- (i) Remittances into Treasuries, i.e. cash remitted by officers of the Public Works Department to Treasuries in account with the same Accountant General.
- (ii) Public Works Cheques, i.e. cheques drawn by officers of the Public Works Department on Treasuries in account with the same Accountant General and cashed at those treasuries.
- (iii) Other Remittances, i.e. transfer transactions between officers of the Public Works Department on the one hand, and officers of Civil Departments (including the Forest Department) in account with the same Accountant General or officers (including



Treasury Officers) in other circles of account in cases where the transactions originate in those circles, on the other.

1. Remittances into, and cheques drawn on treasuries in account with another Accountant General, are treated as transactions originating in the account circle of that Accountant General.
2. Amount due from one Public Works Division to another, including the divisions of other Govts. should be settled in accordance with the procedure prescribed in Para 17.1.8 of CPWA Code. Detailed Procedure is laid down in Appx. 7 to CPWA Code.

8.34 In respect of the Divisions "I-Remittances into treasuries" (i.e. cash remitted by Divisions to Treasuries) and II-Public Works Cheques (i.e. Cheques drawn and cashed by the Divisions) of the head "Public Works Remittances" it is sufficient to see that the totals shown in the schedules are supported by the necessary details in the schedule of Monthly Settlement with Treasuries Form P.W.A. 26 relating to the treasuries within the Account circle.

8.35 On receipt of Form CP..W.A. 51 (P.W.A.26) it should be seen that the figures in line 4 of part I and part II are supported by original Consolidated Receipt/Certificate of issue of cheques signed by Treasury Officers.

8.36 The procedure for dealing with heads I-Remittances into Treasuries and II-Public Works Cheques is as follows. As the Divisional Schedule of monthly settlement with treasuries form C.P.W.A. 51 (P.W.A. 26) are checked,

Broadsheets in Form 19 and 20 should be posted from them in respect of transactions (cheques and cash remittances respectively) with treasuries in account with the Accountant General. Each Broadsheet, when completely posted, should be totalled, and its total agreed with the corresponding figures in the Ledger. At the close of the year, the outstanding differences should represent merely the amounts of cheques drawn upto 31<sup>st</sup> March remaining uncashed by that date and cash remittances in transit on that date. All other differences should form the subject of enquiry and be adjusted before the accounts of the year are closed.

1 This monthly reconciliation, so far as the Civil figures for each treasury are concerned, is made on the basis of Treasury Officer' monthly certificates received with the accounts of Public Works Officers. If the month's total thus arrived at, for "Cheques cashed at treasuries" or "Remittances, acknowledged by Treasury Officers", as the case may be, agrees with the corresponding figures in the Details Book, no reference to treasury schedules will ordinarily be necessary, but in cases of difference, a detailed comparison of the Treasury Officer' certificates with the schedules should be made and the discrepancy traced.

2 If the Schedule of Settlement with the treasuries Form P.W.A. 26 is not received with the monthly accounts, pairing of debits and credits may be done with reference to the cheque-wise and challan-wise details received alongwith the monthly accounts from P.W. Divisions and Treasury Officers, as is the case in respect of C.P.W.D. and some other States. For this purpose, a register in a suitable form may be

maintained to analyse the differences, if any and ensure the expeditious settlement of the differences.

8.37 The head "III-Other Remittances" is sub divided into-

- (a) Items adjustable by Civil Officers; and
- (b) Items adjustable by Public Works Officers.

Transactions pertaining to non-Public Works heads of account, which originate in the accounts of Divisional Officers of the Public Works Department but which cannot be adjusted by the Division through schedules of adjusting account, settlement account or miscellaneous head of account are classified under head (a) of "Other remittances", and is adjusted in the civil section of the accounts. When a transaction relating to the Public Works Department originates in the civil sections of the accounts whether on the authority of Treasury, or Other Departmental account rendered to the Accountant General or on the authority of the Settlement received by him, and it is not classifiable under one of the Public Works revenue or expenditure heads, transactions under which are permitted to be adjusted direct on the Accountant General's books, it is debited or credited as the case may be, to "Other Remittances" under Head (b). A responding debit or credit of either class if allocated under (a) or (b) according as the original transaction (credit or debit) is classified under (a) or (b).

8.38 Accountants are responsible for watching the expeditious adjustment of all items intimated to Divisional Officers for response. To enable them to discharge this responsibility the auditors

concerned should be required to keep a note of all intimations sent out to Divisional Officers. Delays in adjustment should be investigated.

8.39 All debits and credits under head "III-Other Remittances-(a) Items adjustable by Civil Officers" which appear in the accounts of Public Works Officers, should be adjusted in the Civil Section of the accounts in accordance with the procedure prescribed in Chapter V of Accounts Code for Accountants General in respect of the adjustment of non-Public Works transactions should be observed, with such local modifications as the Accountants General may deem advisable, the object being not only to keep a watch over the clearance of each item out also to test the total uncleared balances under this head month by month, and to ensure the absolute adjustment of all items within the account of each year.

8.40 All debits and credits under "III-Other Remittances-(b) Items adjustable by Public Works Officers" should for purpose of settlement be sub divided into the following three classes:-

- (i) remittances into, or cheque drawn on, treasuries in other accounting circles;
- (ii) transactions in respect of which Advices and Acceptances of transfer are exchanged direct with officers of other accounting circle; and
- (iii) miscellaneous Public Works items.

8.41 All debits and credits of class (iii), which appear in the Civil Section of the Accounts whether on the authority of

Treasury or other Departmental Accounts rendered to the Accountant General or on the authority of the Settlement Account received by him, should be collected in a register (separately for debits and credits) in Form-21, and full particulars of each transaction should be intimated, in suitable form, to the Divisional Officer concerned to enable him to respond to the transaction.

8.42 The clearance of debits and credits entered in this Register should be watched on the basis of responding credits and debits as shown under the head in the Divisional Schedule of Remittances (Form C.P.W.A. 77) attached to the Divisional Monthly Account. It is not only essential to watch the adjustment of individual items but also the total uncleared balances should be tested month by month and all transactions of a year should be settled before the accounts of the year are closed.

8.43 The financial results of Irrigation, Navigation, Embankment and Drainage Works for which capital and Revenue Accounts are kept are compiled by the Central Government yearly in Form 18. Each Accountant General should prepare a statement in this form and submit it, in the case of State through the State Government so as to reach the Central Government not later than the 1<sup>st</sup> November. The figures for this return should be obtained from the Administrative Accounts, (Form AC, 33 of Accounts Code for Accountants General), so far as accounts figures are concerned, other figures should be based on information supplied by the Public Works Department authorities.

8.44 In column 2, "Names of Works", of the form should be detailed the names of all works, separate totals being brought out for Productive and Unproductive works thus:

Productive Works-

I. Irrigation Works

.....  
 .....  
 .....

TOTAL

II. Navigation, Embankment and Drainage Works

.....  
 .....  
 .....

TOTAL

TOTAL PRODUCTIVE WORKS

Unproductive works-

A-Irrigation works

.....  
 .....  
 .....

TOTAL

B-Navigation, Embankment and Drainage Works

.....  
 .....  
 .....

TOTAL

TOTAL UNPRODUCTIVE WORKS

8.45 The estimate cost of construction (column 5) should be determined in the manner indicated in Appendix 2 to Account Code of Accountants General and should, therefore agree with the figures shown in Part VI of AC. 33 of Accountant Code for Accountants General.

8.46 As soon as possible after the close of the year, the following annual statements should be prepared and forwarded to the authorities concerned, on such dates as may be settled locally-

Sl. No.	Information to be furnished	To whom Submitted
1.	Detailed schedules of revenue and expenditure of the public works Department (in such detail as the Government may require). These schedules are ordinarily the same as those referred to in Serial No. 5 of Annexure to Chapter 9 of the account Code for Accountant General.	Government
2.	Financial details to be embodied in the Administration Report on the public Work Department (in such from as the Government may prescribe in consultation with the Accountant General).	Public Works Department of the Government

The schedules for Establishment and Tools and plant pertaining to Statement No. 1 should be supported by the necessary details showing the distribution of such charges over major heads, in accordance with the relevant rules.

### *OBJECTION BOOK*

8.47 Objection Book should be maintained in Form 22 in each Works Accounts Section for each division in respect of objections relating to Non-receipt of vouchers and stamped Receipts. As set of pages of the

Objection Book should be reserved for each distinct class of objections of which a separate record may be required for any purpose e.g. for want of vouchers, for want of Stamped Receipts etc.

8.48 Under each head the objection relating to each distinct transaction should be treated as a separate item and a serial number should be assigned to it.

8.49 The amount placed under objection during the month in respect of only item should be noted against it in black ink in the appropriate column of the month concerned, and below this entry should be noted in green ink (as the denominator of a fraction the numerator of which is the entry of the amount placed under objection during the month) the Progressive total of the amount placed under objection to end of the month. In the case of objection classed as miscellaneous, full particulars to the objections should be placed on record. The posting of all items placed under objection should be verified by the Section Officer at the end of each month and in token of this, after the entries of the month have been abstracted he should initial the entries in the abstract.

Note: Objections regarding “vouchers awaited” should be recorded in the objection book as two item viz. (1) number of awaited vouchers, and (2) amount of awaited vouchers.

### *CLEARANCE OF OBJECTIONS*

8.50 An objection should be removed as soon as the necessary vouchers or document is received. The removal of an objection should be indicated in the Objection Book by an entry of the amount adjusted in the column “Amount cleared”, for the month following the

month the accounts of which were closed; the progressive total of the adjustments being also noted at the same time in the manner prescribed for the posting of the amounts placed under objection. In the case of items for which the money column of the objections was not filled in the adjustment should be indicated merely by the initials of the accountant in the column for the month concerned. As a precaution against error, a red ink line should be drawn across the page in all the remaining columns. The reference to the order, account, voucher or other document on the authority of which the objection has been removed, should also be noted in the column provided for the purpose.

Note: Brief notes of, or references to all correspondence or other action taken towards clearance of any objection should be kept in the column "Remarks" of the Objection Book.

8.51 All entries regarding the adjustment of objections should be attested by the Section Officer in respect of objections removed as per provision of para 8.50 above.

#### *MONTHLY CLOSING*

8.52 After the Section Officer has completed the attestation of entries of adjustment, all entries in the column "Amount placed under objection" and "Amount cleared" for the month should be totalled, separately for each class of objections and a general abstract should be prepared in a separate section of the Objection Book. The Section Officer should examine and initial this abstract.

The progressive totals of each class of objections should be carried forward

from month to month and the unadjusted balance from year to year.

#### *ANNUAL CLOSING*

8.53 The Objection Book should be closed annually and the balances of outstanding objections should be carried forward to the following year's Book, the entries being attested by a member of the Superintending staff. In the Objection Book of the new year, all such items should be noted (in relevant groups) in a separate section thereof. If the outstanding balances thus brought forward relate to two or more years, the balances of each year should similarly be registered in a separate section. This action, however, cannot be taken completely until the Supplementary Account of the year is received and checked and is accounted for, but it is permissible in anticipation of this event to transfer to the new year's objection book such items of the old Book as may be affected by the account of the new year accounted for before the Supplementary Account. The Section Officer is however responsible to see that any correction due to the Supplementary Account are carried out neatly in the new Objection Book in due course by plus or minus entries as the case may be made with suitable remarks.

#### *ANNUAL REVIEW ON THE WORKING OF PUBLIC WORKS DIVISION*

8.54 An annual review on the working of all Public Works Divisions is required to be conducted each year and is required to be sent to State Government by 15<sup>th</sup> December after collecting information from Works Accounts sections and the Audit Wing.

The statements which are to be included in the Annual Review and the proforma in which the information is to be collected are shown below separately for Accounts Wing and Audit Wing.

**ACCOUNTS WING**

**STATEMENT I : Statement showing the delay in the receipt of accounts, vouchers.**

A-MONTHLY ACCOUNTS						
Sr. No.	Name of the Division	Due date of receipt	Months(Actual date of receipt)			
			April	May	June	etc.
B-VOUCHER						
Sr. No.	Name of the Division	Due date of receipt	No. of Vr. amount	Months		
				April	May	June

**STATEMENT II : Statement showing the name of Divisions from which the following schedules have not been received and the months for which they are not received.**

- (i) Schedule of public Works Deposits.
  - (ii) Schedule of Purchases.
  - (iii) Schedule of Misc. Public Works Advances.
  - (iv) Schedule of Cash Settlement Suspense Accounts.
  - (v) Schedule of Reconciliation with Treasury.
- | Schedules wanting |                      |         |       |
|-------------------|----------------------|---------|-------|
| Sr. No.           | Name of the Division | Sr. No. | Month |
|                   |                      |         |       |

**STATEMENT III : Statement showing amounts held under objection to end of March '89 (Position as on 30 September).**

STATEMENT IV : Amount outstanding under III OR items adjustable by Public Works Department. (For Works Miscellaneous Remittances issued during 1988-89).

Sr. No.	Name of the Division	Amount outstanding at the end of March Accounts.

(Position as on 30 September)

**STATEMENT V : Statement showing the Arrears in reconciliation.**

STATEMENT VI : Statement showing the defects in the preparation of Monthly Accounts.

Sr. No.	Particulars of Defect	Remarks	list of division to be enclosed.

**AUDIT WING**

**STATEMENT I : Common types of irregularities noticed in Central Audit.**

**STATEMENT II: Details of Audit Notes and Inspection Report not replied.**

**STATEMENT III: Important irregularities noticed in the local Inspection of Public Works/ Irrigation Division.**

So far accounts wing is concerned, the information should be collected from the Works Accounts Sections and Works Miscellaneous Section for Audit Wing, the information should be collected from the Accountant General (Audit).

## CHAPTER 9

### ACCOUNTS OF FORESTS

#### CASH ACCOUNT

9.1 The accounts of Receipts and Disbursements which are rendered by Divisional Forest Officers in the forms prescribed in Chapter VII of the Account Code Volume III, should be checked to see that the Disbursing Officers have rendered correct accounts of the transactions in their charge and that all the subsidiary accounts correctly work up to the Cash Account in Form F.A.I.

#### CHARGES

9.2 With reference to the particulars furnished in the vouchers, in the Classified Abstract of Revenue and expenditures (Form F.A. 5) and in monthly lists of sanctions received from the Conservator, it should be seen that the charges are correctly classified and in particular that the allocation under 'Capital' and 'Revenue' is in accordance with the prescribed rules. In cases of doubt, the required information should be obtained from the Departmental Officers, so that the charges may be classified correctly. The provisions made in the annual Budget Estimates of the State Govt. under various Forest Major, Minor and Detailed Heads of Account should also be kept in view while looking into the classification of the charges.

#### REMITTANCES

9.3 The Divisional Forest Officer is expected to maintain a Register of cheques drawn by him in which he will enter, in a chronological order, the details of cheques drawn by him.

Ordinarily there is a provision in the Register to note the actual date of encashment of cheque which information the Divisional Officer should obtain from the Treasury. The Divisional Forest Officer should be directed to furnish information given below in the form of a statement which should invariably accompany the monthly compiled account rendered to the Accountant General.

#### AMOUNT IN RUPEES

1. Total amount of cheques that remained un-encashed at the end of the previous month.
2. Total amount of cheques issued during the current month (as per Form F.A. 2).
3. Total (1) + (2)
4. Total amount of cheques encashed during the current month (Certificate from the Treasury Officer to be enclosed)
5. Total amount of cheques remaining un-encashed at the end of current month (3) - (4)
6. Details of un-encashed cheques at the end of the current month

Cheque No.	Date	Amount
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During the scrutiny of monthly compiled account, particular attention should be paid to cheques which have been shown as un-encashed for more than 3 months in the details furnished in column 6 of the statement referred to above. Such cases should be taken up with Divisional

Forest Officer for speedy settlement. It should also be seen that the amount shown against column 5 of the statement is correctly shown against column 1 of the statement in the following months.

9.4 The "Chalans" are filled in the Divisional staff or classification given therein checked and handed over to the parties who then make their own arrangements to remit the amount into Treasury/Reserve Bank of India. The duly receipted challan is brought by the party and surrendered to the Divisional Forest Officer who on being satisfied that the receipted challan is genuine, takes an entry of this revenue on the Receipt side of the Cash Book. If parties send Demand Drafts to the Division, they are first encashed and then the cash is remitted into Treasury at which time an entry is taken in the cash book.

Each Divisional Forest Officer should be directed to send a statement in the form given below along with the monthly account submitted to the Accountant General.

Amount in Rupees

1. Total amount of Forest Revenue remaining un-adjusted in the books of Treasury Officer at the end Of the previous month.
2. Total amount of Revenue for the current month as incorporated in the monthly Account of the Division.
3. Total (1) + (2).
4. Total amount of Revenue duly adjusted by the Treasury Officers (Consolidated Try. Receipts to be enclosed).
5. Balances amount of Revenue

remaining unadjusted in the books of Treasury Officers at the end of the current month (3) - (4).

#### 6. Details of unadjusted Revenue.

Sr. No.	Name of the party	Amount	Name of Treasury	Item No. & month of the Register of Revenue
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During the scrutiny of the monthly compiled account it should be seen that (a) the closing balance shown against column 5 of the statement is correctly shown against column 1 of the statement in the following month (b) items remaining unadjusted at the treasury for more than 3 months should be referred to Divisional Forest Officer for speedy settlement.

9.5 Debits and credits arising out of inter-divisional adjustments, where permissible under Article 245 of the Account Code Volume III should be set against corresponding credits and debits respectively. Ordinarily when such transactions are paired a note of agreement should be recorded in red ink by the Accountants dealing with both the Divisions against the relevant entries in the Cash Accounts. But if the number of transactions is large, a suitable register may be prescribed, in addition to facilitate proper watch over unadjusted transfers.

9.6 Transactions with other departments, Government etc., should be classified as pertaining to the Remittance or settlement Account concerned according to the rules laid down in the Account Code. Items passed through inward Remittance Accounts which are adjustable in the Forest Divisional Books should be dealt with in the



manner prescribed in Article 5.13 of Account Code for Accountants General. The clearance of the head "Forest Remittances" should be watched in a Broadsheet as prescribed for Public Works Remittances.

Note.-Transaction between Forest and Public Works Officer of the same Audit Circle whether originating in the Forest or P.W. Account should be classified under the head 'Public Works Remittances'.

### LEDGER ACCOUNTS

9.7 The Abstract of Contractors' and Disbursers' Ledger (Form F.A. 8) should be checked so that It may be verified that all the transactions pertaining thereto have been correctly posted and that the opening and closing balances are correct. The closing balances should be reviewed to ensure that relevant rules and orders governing their clearance are observed. Outstanding balances which are not cleared within a reasonable period should form the subject of special enquiry.

Note.-The instructions in paragraph 4.4.6 of M.S. (Audit) apply mutatis mutandis to forest advances.

### ABSTRACT AND SUMMARIES

9.8 The rules for the preparation of Forest Abstract and summaries are prescribed in Chapter 2 of the Account Code for Accountants General.

### PROGRESS REPORTS

9.9 Monthly reports of progress of revenue and expenditure if required by the Conservators, should be furnished to them in such form as may be prescribed by the State Government to suit local

requirements. An annual summary may similarly be sent if required.

### Annual Review in the working of Forest Divisions

9.10 An annual review of the working of Forest Divisions should be prepared for each financial year and sent to the State Government by 31<sup>st</sup> December of the following financial year. This review should cover the following points:

(I) Extent of delay in the receipt of accounts/vouchers:

Sr. No.	Name of Division	Due date of receipt	Actual date of receipt for April May .....
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(II) Extent of wanting documents which should normally accompany the monthly account. This must fall under the following categories (i.e. documents):

Schedule of cheques drawn  
 Schedule of Remittances  
 + Memo for Forest Deposits  
 Statement of Forest Advances

Form F.A.5 Schedule of classified expenditure.

For each category the manes of the Divisions and the months in which the deficiencies were noticed should be listed out.

(III) Amount outstanding under 'III. Other Remittances-items adjustable by Forest':

Sr. No.	Name of Dn.	Amount	Outstanding to end of March (Position as on 30 <sup>th</sup> Sept. next)
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(IV) Statement showing the amounts held under objection to end of March

(Position as on 30<sup>th</sup> Sept. next)

Sr. No.	Name of Dn. For wanting Vrs.	For want of Stamped Receipt
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which are generally presented to the Governor and later discussed in the P.A.C.

(V) A Statement showing the arrears of reconciliation:

Sr.	Name of Dn.	Quarters for which Reconciliation is in arrears
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In addition to the above material which should be available in A&E office the following material must be obtained from the A.G. (Audit) and incorporated in the annual review :

Statement-A: Common types of irregularities noticed in Central Audit.

Statement-B: Details of audit objections and Inspection Reports not replied.

Statement-C: Very important irregularities noticed during local audit of Forest Divisions.

Note:

- (i) The names of Divisions should be given.
- (ii) Any other material which is available in Audit Wing and which is important enough to find a mention in the annual review should also be sent to A.G. (A&E).
- (iii) The due dates for sending all these material should be locally fixed in such a way that A.G. (A&E) is in a position to send the annual review to Government by 31<sup>st</sup> December latest.
- (iv) This should not be construed as a substitute for Audit Reports

## CHAPTER 10

### SCRUTINY OF DEBT, DEPOSIT AND REMITTANCE TRANSACTIONS

#### GENERAL

10.1 Transactions relating to Debt, Deposits and Advances comprise receipts and payments in respect of which Government becomes liable to repay the moneys received or has a claim to recover amounts paid together with repayment of the former and recoveries of the latter. Remittances embrace all transactions which are taken to merely adjusting heads of accounts, the debits or credits under which are eventually cleared by a corresponding credit or debit either within the same or in another circle of accounting.

10.2 In the case of Payments subject to recovery, the A.G. (A&E) should watch that the moneys are regularly repaid by the debtor.

10.3 It is an important part of the duties of the Accountant General (Accounts & Entitlement) to review and verify the balances under Debt and Deposit heads and the outstanding under Remittance heads as disclosed in the books of Accounts at the close of the year. The first step in the process of this verification is to see how far the final results of any detailed accounts kept of the transactions work up to and agree with the balances in the Ledger. The next step is to ascertain, where necessary, whether the person or persons by whom the balance is owed or to whom it is due admit its correctness, and in case of balances due to Government, how far they are really recoverable.

#### REMITTANCE TRANSACTIONS

10.4 In case of Remittance transactions, it should be seen that debits and credits are cleared either by receipt or payment in cash or by book adjustment under the relevant Service or Revenue heads of accounts or have been paired off by corresponding credits or debits within the same or in another accounts circle. An important part of this work is the scrutiny of balances from month to month in order to effect their early clearance and to determine the accuracy of the outstandings at the end of the year.

10.5 For the check of Cash remittances between Treasuries as well as such remittances between Treasuries and Currency Chests a Register will be maintained in Form 26.

#### POSTING THE REGISTER

10.6 On receipt of the List of Payments and Cash Account from the Treasury, as soon as the schedules and vouchers relating to the heads 'Cash Remittances between Treasuries' and those of remittances into/withdrawals from Currency chests are checked with the entries under major and minor head '8782-Cash Remittances etc.-Cash Remittances between Treasuries and currency chests', all the debits on account of remittances should be posted in Column 1 to 4 of the Remittance Check Register by the District Accountant concerned. Similarly the acknowledgements of the remittances or withdrawals from Currency Chests shown in the relevant schedules forming

part of the Cash Account should be posted as credits in the Columns 7 to 10 of the Register, care being taken to ensure that entries for credits are being posted against the corresponding original debits in Columns 1 to 4 or vice versa as the case may be.

In certain cases, the opposite transfers for original entries for 'Remittances into' or 'withdrawals from' Currency Chests as appearing in Treasury Schedules are made by the Central Accounts Section of the Reserve Bank at the instance of the Currency Officers having jurisdiction over the States, but stationed outside the State vide Article 18 of the Account Code Vol.II. The entries for response in respect of such cases of Extra State Currency transfers should be made against the original items posted from Treasury Schedules, with reference to the monthly statement of opposite transfers (in Form A. 13 of the Issue Department Manual, Reserve Bank of India) sent by the Currency Officers, duly checked and corroborated with the corresponding clearance Memos sent by the Central Accounts Section of the Bank. To this extent, the Columns 2 and 7 of the Register viz., 'Remitting Treasury' and 'Receiving Treasury' should be construed to cover the 'Central Accounts Section of the Reserve Bank of India' and these should be indicated suitably in these columns against the entries concerned.

The procedure outlined in the preceding sub-para is also applicable to cases of currency transfers in the Non-Banking treasuries/sub-treasuries in the 'Union Territory of Lakshadweep', where these are treated as transaction of the Union Government under the head 'Cash Remittances between Treasuries and Currency Chests'. Accordingly the

Accountant General (A&E), Kerala, will deal with these transactions in the same manner by posting them in their 'Central Remittance Check Registers for watching the clearance of the outstanding items in the manner indicated in para 10.7 below.

#### SQUARING OF THE REGISTER AND ANALYSIS OF DIFFERENCES

10.7 As soon as the posting of Detail Book, Part I is commenced, the Accountant concerned should total the debits and credits (Columns 3, 4 and 9, 10) of the Remittance Check Register and these totals should be agreed with the corresponding total in the 'Detail Book Part I' WHERE the postings are made with reference to the total figures as shown in the List of Payments and Cash Accounts. Any difference between the two sets of totals in 'Remittance Check Register' and Detail Book Part I should be promptly located and rectified as far as possible by transfer entry in the same month as this may generally be due to misclassification or miscarriage of schedule totals into the List of Payments/Cash Account. The unadjusted debits and credits as worked out in Columns 6 and 7 of the Remittance Check Register should then be carried forward with full details in the Remittance Check Register for the next month. A list of such unadjusted debits and credits should be made out every month and entered in the details of cash balance report which is forwarded to the Currency Office of the Reserve Bank of India for verification. Any discrepancy in the list of such items which normally constitute remittances in transit, brought to light by the Currency Officer, should be promptly reconciled by correspondence with the Treasury Officers concerned and the Currency

Officer. Proper enquiries should also be instituted in the case of remittances remaining outstanding for an unduly long period.

10.8 The Remittance Check Register thus posted and squared up for a month (as illustrated with example in the Form 26) serves not only as a Broadsheet for watching the outstanding remittances (both debits and credits) but also serves as an account abstract for the heads "Cash Remittances between Treasuries and Currency Chests" and "Local Remittances in Transit" (the latter forming part of '8999-Cash Balance'), in view of the fact that totals in this register are abstracted (vide illustration given in the Form 26) incorporated in the 'Detail Book Part II' also besides the Statement of Disbursers' Account as indicated in Article 4.4 Account Code for Accountant General to arrive at the account figure of opening/closing Cash balance under the minor head "Remittances in Transit-Local".

Note.-It may be noticed that after the squaring up of the Remittance Check Register for a month in this manner, and posting of the figures abstracted in the "Detail Book Part II", the totals of debits/credits for the month (and consequently for the financial year) under the minor head "Cash Remittances between Treasuries and Currency Chests" as worked out in the "Consolidated Abstract of D.D. & R. Heads", and the "Abstract of Major Head Total", will be equal. Only the net unadjusted balance will figure as part of '8999-Cash Balance' under the minor head 'Remittances in Transit-Local'.

10.9 For watching the clearance of remittances into the Treasuries by Departmental officers rendering

compiled accounts to the Accountants General (other than the Public Works Department and Forest), such as those of departmental Commercial Undertakings, State Excise Officers etc. the Broadsheet may be maintained in form 20 used for "P.W. Remittances", with suitable changes in the headings of the monthly columns reading "Cash remitted by P.W. Officers", Separate sets of pages may be used for the appropriate minor heads like "Remittances of Departmental commercial Undertakings", "Miscellaneous Remittances" etc. In the Columns for "Remittances acknowledged by Treasury Officers", the actual credits appearing though the Treasury schedule of receipts under the concerned remittance heads of account may be posted against the original items of debits posted from the monthly compiled accounts received from these Departmental Officers.

#### RESERVE BANK OF INDIA REMITTANCES

10.10 The check of Reserve Bank of India Remittances will be confined to seeing:-

- (1) that the total of the issues as reported by treasuries in the daily schedules is credited to the Reserve Bank and the total of the payments as reported in the daily schedules of treasuries is debited to the Bank;
- (2) that there is a voucher for each entry in the schedules of payments and the amounts agree; and
- (3) that the net receipts or payments for the month under the head "Reserve Bank of India Remittances" for the whole account circle as worked out in the Detail

Book agree with the corresponding adjustment for the month made by the Reserve Bank against the balance of the Government concerned.

The responsibility for the checking of encashments of individual telegraphic transfers and drafts against the corresponding drawings will rest with the Reserve Bank.

#### OTHER DEBT DEPOSIT TRANSACTIONS

10.11 Borrowings.-Under Article 292 of the Constitution, the Union can raise money by borrowing upon the security of the Consolidated Fund of India within such limits, if any, as may from time to time be fixed by Act of Parliament. Under Article 293 of the Constitution, a State may borrow within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by the Act of the Legislature of the State subject to the condition that a State may not, without the consent of the Government of India, raise any loan if there is still outstanding any part of a loan made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government. A State Government may also obtain loans from the Government of India Subject to such conditions as may be laid down by or under any law made by Parliament. It is an important duty of the Accountant General (Accounts & Entitlement) to see that borrowings of a State Government are so regulated as not to exceed the limits fixed by the Legislature and that the conditions laid down by or under an

Act of Parliament are duly observed in respect of a loan granted by the Government of India to a State or guaranteed by it. In the case of loans raised by a State which can be done only within the territory of India or obtained by it from the Government of India, it should be watched that any conditions imposed by the latter Government in giving consent to raise a loan or in giving a guarantee in respect of a loan are duly complied with by the State Government.

10.12 In relation to borrowings it should be seen that the proceeds of loans are properly brought to account.

10.13 It should also be seen whether adequate arrangements are made by Government for amortisation of debt particularly in cases where borrowed moneys are utilised on objects or Works which cannot be regarded as productive and should bring to notice instances in which amortisation is ignored or appears to be prima facie inadequate.

10.14 The prima facie adequacy of the amortisation arrangements should be examined in accordance with the general principles set out below:-

- 1) Amortisation arrangements for loans for unproductive purposes may be related to some extent to the period of maturity of the loan also to the chances of growth of the particular type of unproductive debt. It is, however, sounder and more prudent to relate the arrangements rather to the object of the borrowing than to the currency of the actual loan. The period ought to be comparatively short where the expenditure on the unproductive purpose should more properly be met from revenue, where the assets constructed

from the loan are comparatively shortlived, or where the total of the borrowings for the unproductive purpose is likely to increase rapidly. Where a material asset is produced the amortisation period should never exceed the life of the asset.

10.15 Regarding debt redemption Scheme, it should be seen that the conditions of the scheme are scrupulously observed, that is, the annual debits against revenue under the scheme are calculated strictly in accordance with the approved programme, the appropriations for reduction or avoidance of debt are applied to the objects for which the money has been set aside and that liquidation of debt proceeds at the rate and on the lines prescribed.

#### INVESTMENTS

10.16 Accountant General should keep a watch over investment of funds forming part of the Public Account of the State. It should be seen that the investments made on account of any regularly constituted Sinking or other Fund administered by the Government are of the category authorised by the statutory provisions by which the fund is governed. When there is no governing statutory provision or instrument, proper authority for the investment should be called for.

This principle also applies to investment of Cash Balances of a State Government. The Accountant General should promptly take up with the Government any of the investments which he considers to be unauthorised, irregular or unsound. Any ascertained losses connected with investments on unusual depreciation in the market price of any

investment should also be reported to Government in a suitable manner with such comments as the Accountant General may think fit.

#### CONTINGENT LIABILITIES ON ACCOUNT OF GUARANTEES GIVEN BY GOVERNMENT

10.17 Under Article 292 and 293 of the Constitution, the Union and the States are empowered to give guarantees in respect of loans raised by others within such limits as may be fixed from time to time by Act of Parliament or, as the case may be of the Legislature of the State. Such guarantees constitute contingent liabilities of Government and it is an essential duty of the Accountant General (Accounts and Entitlement) to keep a close watch over the guarantees given by the State to see that limits prescribed by the Legislature are not exceeded. It is necessary that the total amount of such guarantees as also the amount of guarantees invoked during the year should be mentioned in the report on the accounts of the State. It should also be ascertained that any general or special orders issued by the Government for levying a commission for giving a guarantee are duly observed.

#### SINKING FUNDS

10.18 In scrutinising the transactions connected with sinking Funds regularly constituted for the redemption of loans raised by the State Government, 'the Accountant General' should satisfy himself that credits to these Funds are in accordance with the undertakings given by Government and set forth in the prospectus of the loans and that payments are eventually utilised for the purpose for which the Funds themselves were created.

## **RESERVES AND RESERVE FUNDS**

10.19 As mentioned in paragraph 4.15.1 there exist a number of Reserves and Reserve Funds in the Deposit Section of the accounts of the Union and State Governments which have been created for specific and well-defined purposes and are fed by contributions or grants from the Consolidated Fund of India or the Consolidated Fund of a State or from outside agencies. The functions of the Accountant General in relation to the transactions pertaining to such funds are described below:-

- (1) It should be seen that the transactions are classified and accounted for according to the principles laid down in paragraph 4.15.1
- (2) It should be seen that these transactions conform to the rules or orders governing the administration of each Fund made by competent authority.
- (3) The balance at the close of the year standing in the account of each Fund should be verified. Where the whole or any part of the balance of a fund is invested, the instructions contained in paragraph 10.16 should be observed.

## *SUSPENSE ACCOUNTS*

10.20 Under suspense heads are recorded all such transactions as are ultimately removed either by payment or recovery in cash or by book adjustments. Unless otherwise provided for by rules made by the Comptroller and Auditor General or with his consent the use of suspense heads for provisional

adjustment of transactions ultimately adjusted under ordinary revenue and service head should be avoided as far as possible.

10.21 Transactions under suspense heads should be scrutinised to see that-

- (1) the unadjusted balances under these heads continue to respect bonafide assets or liabilities of Government capable of being realised or settled, as the case may be; and
- (2) satisfactory action towards such realisation or settlement is being taken by officers responsible therefor.

10.22 All balances under suspense heads must be reviewed at short intervals to ensure that no item remains unadjusted longer than is reasonably necessary to bring about its clearance in the ordinary course with due regard to the rules applicable to each case.



## CHAPTER 11

### REVIEW OF BALANCES

#### GENERAL

11.1 Accountant General should take steps to clear the outstanding balances and to settle any discrepancies noticed in them as promptly as possible and to obtain acceptance of correctness of balances from the person or persons by whom they are required to be accepted under the rules of the Government concerned. No such acceptances are necessary in regard to ordinary advances, but it should be ascertained how far they are believed to be really recoverable.

Note :- The Personal responsibility of the Accountant General for the Appropriation and Finance Accounts extends also to the work connected with verification of balances which should be completed in time for inclusion in the Finance Accounts.

11.2 All the Accountants General should furnish to the Comptroller and Auditor General by the 15th December each year detailed statements relating to the State indicating against the head concerned the outstanding balances under the various Suspense and Remittance heads, the amount of un-reconciled differences between Broad-sheet and ledger balances and the number of the cases where acceptances of balances are awaited.

The statement should indicate the position as on 31<sup>st</sup> March of the previous financial year as it stood at the closing of the accounts for the month of August of the ensuing year. A follow report of any subsequent clearance/ reconciliation

which may be effected and acknowledgement of balances which may be received should be made to the Comptroller and Auditor General by the 15<sup>th</sup> of July of the second following year. The main report due on 15<sup>th</sup> December as well as the follow up report due on 15<sup>th</sup> July should show the outstanding balances of the last three years separately and those of the earlier years as a consolidated figure.

NOTE:- As a rule, outstanding balances/discrepancies relating to the "Review of Balances" of one year should be settled before the review of the next year is submitted. If any discrepancies still remain unsettled they should be distinctly shown, and any delay in the adjustment of old items should be explained in full details in the half yearly reports.

11.3 The following paragraphs give directions to the verification required in several cases, and indicate what is required in other similar cases not specifically mentioned.

#### *DEPOSITS PF SERVICE FUNDS*

11.4 The balances should be compared and reconciled with those in the accounts sent in by the Trustees or Manager.

There are sometimes large differences owing to Trustees crediting in their accounts of the year interest which is not really payable to them till April 1<sup>st</sup>.

#### BALANCES OF PROVIDENT FUNDS

11.5 The balances of Provident Funds according to the Ledger should be

verified with Broadsheets and communicated to the subscribers.

### *DEPOSITS*

11.6 In respect of unclaimed Provident Fund Deposits for which detailed accounts are kept in the office of the Accountant General, it should be verified whether the details of deposits work up to the Ledger balances. In the case of other Deposits for which detailed accounts are maintained by the treasuries/departmental offices, it should be examined whether the balances in the Ledger agree with those in the Broadsheet.

1. For public Works Deposits, see paragraph 11.21.
2. In the case of deposits of Trust Interest Fund, balances on account of interest payable should also be agreed with the total of unpaid payment orders.

11.7 The balance of personal deposits must be verified by addition of the separate balances shown in the returns for March and it must be seen that they are in, each case, supported by a certificate from the Administrator of the personal ledger account stating that the balance claimed by him is of a named amount. He will also furnish details of his outstanding cheques in order to explain the differences between his balance and that admitted by the Treasury Officer in his plus and minus memorandum.

It should be verified (1) that no personal ledger account was opened except with the sanction of competent authority, (2) that the accounts were properly operated upon and there was no debit balance in

any of them, (3) that the correctness of the balances has been certified by the parties concerned, and (4) that the details of the personal ledger accounts work up to and agree with the balances in the ledger.

### *DEPOSITS OF LOCAL FUNDS*

11.8 The Balances worked out in the Broadsheets prescribed for Deposits of Local Funds in para 7.11 each year should be communicated to (and if necessary, accepted by) the officers charged with the administration of the Funds.

### *SUSPENSE ACCOUNT*

11.9 The accuracy of the balances brought forward in the Objection Books relating to Suspense and those shown in the Broadsheets of balances relating thereto is to be tested in the manner laid down in paragraphs 20.49 and 20.52. The ledger balance should be certified to agree with the totals of the balances shown in those Broadsheets.

### *PERMANENT ADVANCES*

11.10 The amount remaining unadjusted under each district (and other) account in the register (Form 10) must be verified by means of annual acknowledgements from the officers concerned. The aggregate of the outstandings should be worked out from the register and tallied with the ledger balance (paragraph 6.24).

### *ACCOUNTS WITH GOVERNMENTS OF OTHER COUNTRIES*

11.11 The progress made in the adjustment of balances in the accounts with Governments of other countries should be watched carefully.

## *LOANS AND ADVANCES*

11.12 The ledger balance should be verified against the outstanding principal of the loan shown in the Subsidiary Loan Registers. It should also be seen whether the balances due at the end of the year (or if, in the case of any loan, another periodical date is fixed for making up the account, then at the last previous date of making up the account) have been communicated to, and not been challenged by the debtors. This verification may be separately reported to the Government vide paragraph 6.13.

11.13 In the case of advances to cultivators and similar advances for which detailed accounts are not maintained in the office of the Accountant General, the balances should be proved by obtaining from the departmental officers who are authorised to maintain the accounts of such advance, an acknowledgement that the amount outstanding in the books of the Accountant General is the same as that shown as recoverable in the registers and accounts kept by him.

1. Acknowledgements of advances to meet payments for compensation for lands taken up for public purposes should be obtained from the District Officer.
2. For Takavi Works Advances, see paragraph 11.21.

11.14 In the case of house-building advances, advances for purchase of motor and other conveyances similar interest bearing advances to Government Servants, for which detailed accounts are kept by the Accountant General (A&E), the correctness of the balances in the

recovery schedules for March should be checked and confirmation regarding correctness communicated to the loanee by the Accountant General (A&E). It should also be seen that instalments in repayment of these advances have been regularly recovered.

## *CASH REMITTANCES*

11.15 The balances under the cash remittance heads are composed of credits unadjusted by debits, and debits unadjusted by credits. The details of these unadjusted items should be extracted from the Remittance Register (Form 26) and the extract should show the month to which each item belongs. The net balance of each class of remittances should agree with the balance of the corresponding Ledger head.

## *PUBLIC WORKS REMITTANCES*

11.16 The balances under Public Works Remittances are reconciled with the ledger in the manner prescribed in paragraph 8.36.

## *RESERVE BANK OF INDIA REMITTANCES*

11.17 As the receipts and payments on account of Reserve Bank of India Remittances are required to be cleared with the Bank daily and in the accounts of the month in which the transactions originate, there should be ordinarily no balance under the head "Reserve Bank of India Remittances" at the close of the year. If any outstanding balance should occur, prompt action should be taken for its adjustment. The circumstances which lead to the balance and the action taken for its clearance should also be explained

in the 'Review' in the Finance Accounts of the year.

#### *OTHER REMITTANCE HEADS*

11.18 The outstandings under the settlement Accounts should be verified in accordance with the rules prescribed in Chapter 5 of the Account Code for Accountants General.

#### *CASH BALANCES*

11.19 The duty of watching the balances of the State in the Bank and Treasuries and Sub-treasuries devolves on the Finance Department of the State Government or on the Accountant General if the State Government so desires. For the purpose of Accounts, the cash balance of each State in the Books of the Accountant General will be reconciled each month with the Cash Accounts rendered by Treasury Officers and with the statements of closing balances received from the Central Accounts Section of the Reserve Bank. As regards balances in the Bank, process of reconciliation will be as follows:-

- (a) the head 'Reserve Bank Deposits' on the books of the Accountant General will contain 3 sub-heads namely:-
  - (i) Reserve Bank Deposits-Treasury.
  - (ii) Reserve Bank Deposits-Headquarters.
  - (iii) Reserve Bank Deposits-Central Accounts Office-Reserve Bank.

At some State Headquarters where there is an Accountant General as well as a Treasury Officer, and the daily sheets of

the Bank are rendered to the Treasury Officer, the net remittances to and from the Bank including those on account of transactions of the local Accountant General will be taken to the Sub-head "Reserve Bank Deposits Treasury".

- (b) For facility of reconciliation the Statement of balances rendered monthly by the Central Accounts Section of the Reserve Bank will show separately.
  - (i) net transactions of the State during the month at each Branch of the State Bank of India operating at District and Sub-Divisional Headquarters of the State;
  - (ii) net transactions of the State at the Branch of the State Bank or at the offices of the Reserve Bank operating at the State Headquarters and;
  - (iii) particulars of adjustments booked against the balances of the State in the Central Accounts Section of the Reserve Bank in the accounts of the month.
- (c) The net debits and credits under (i) will be reconciled by the Accountant General with figures accounted for in the State Section of his books under the head "Reserve Bank Deposits-Treasury". The Cash Account of each treasury will contain a certificate of the Treasury Officer that the net amount debited or credited under the Head "Reserve

Bank Deposits-State" in his accounts of the month agrees with the net disbursements or net receipts as the case may be, shown in the daily statements of state receipts and disbursements received from the Branches of the Bank. In effecting this reconciliation, allowance has to be made for transactions in bank sub-treasuries towards the close of a month which, except for the accounts for March, are not brought on the treasury accounts till the accounts of the next month.

The figures under (ii) will be verified in the same way with the adjustments in the State Section of the accounts under the head "Reserve Bank Deposits-Headquarters" or, where necessary, with the adjustment under the sub-head "Reserve Bank Deposits-Treasury".

The net adjustment under (iii) will be reconciled with the net figure accounted for by the Accountant General under the head "Reserve bank Deposits-Central Accounts Office, Reserve Bank". The latter figure will also be agreed with the monthly total of adjustments entered in the Register of Adjustments with the Reserve Bank (Form AC 3, Account Code for Accountants General).

The net debit or credit under the head "Reserve Bank Deposits (State)" verified in the manner indicated above will be transferred before the accounts of the month are closed to the head "8999-Cash Balance-Deposits with Reserve Bank". The balance under this head at the end of the month will then be checked with the balance of the State on the books of the Bank as shown in the statement of balances rendered by the Central

Accounts Section of the Reserve Bank. The fact of the reconciliation will be noted in the monthly accounts rendered by the Accountant General to the State Government.

The Procedure indicated in this para should apply mutatis mutandis for the reconciliation of balances on 31<sup>st</sup> March.

NOTE:- The provisions of this paragraph will apply to the reconciliation of balances of the Central Government with such modifications as may be considered necessary.

11.20 The opening cash balance of each departmental account is agreed, month by month by Accounts Sections concerned with the closing balance of the previous month, and it is seen that the closing balance is certified to have been verified by some responsible officer in accordance with the prescribed rules. A Monthly statement should be prepared from departmental accounts in order to work out the closing balance for the State. It should be compared each month, by the Book Section with the debit balance of the Ledger head "Civil Departmental Balances" and the agreement should be certified by it.

#### *PUBLIC WORKS BALANCES*

11.21 The following balances in the accounts of the Public Works Department should be verified in the manner described below:-

- (i) Transactions under the heads Public Works Deposits and Takavi Works Advances are reconciled with the ledger month by month, through the Broadsheet in Form 17, vide paragraph 8.30. Their balances

are similarly reconciled at the end of the year.

- (ii) The closing cash balances of Divisional officers as given in their Monthly Accounts for March are verified individually in the Works Accounts Department with the original Cash Balance Reports Form P.W.A. 2 for that month, received from the Divisional Officers, and the aggregate of those balances should be reconciled with the balance in the ledger.

The general review of the balances should be on the lines of certificate 3 of Form P.W.A. 46.

## CHAPTER 12

### MAINTENANCE OF SERVICES, PROVIDENT AND OTHER FUNDS

#### A-GENERAL

12.1 In the maintenance of accounts pertaining to Service and Provident funds controlled by Government, the duties of the Accountant General consists mainly in seeing that these transactions conform to the rules or regulations governing the administration of each fund and any subsidiary instructions issued thereunder, subscription to a Service Provident Fund can be received only from such Government servants as are either required or permitted by the rules of the fund to subscribe to it. Having satisfied himself on this score the Accountant General must watch that the subscriptions and any other dues recoverable under the rules of a fund are duly and regularly recovered from the Government servant concerned. In the case of contributory Provident Fund, the Accountant General has also to examine that Government's share is properly calculated and brought to account. Finally the Accountant General should verify that the accounts of the funds are correct both in total and the detailed accounts of the subscribers.

#### B-SERVICE AND OTHER FUNDS

12.2 Transactions pertaining to the following funds are adjusted under the appropriate head of account in the books of the Accounts Officer mentioned against each. Transactions arising in the accounts of one state and which are adjustable in the accounts of another are passed on to the Accountant General concerned monthly through settlement accounts. In other cases including in

cases where transactions arise in the accounts of a State and are adjustable in the accounts of the Central Government or Vice-Versa, settlement will be effected by means of Demand Drafts supported by accounts and schedules under the relevant rules in the Account Code for Accountants General.

In the case of Postal Insurance and Life Annuity Fund, recoveries of Premia from pay and pension bills are passed on to the Director, Postal Life Insurance, Calcutta. The Accountant General who is responsible for maintaining the accounts of the Fund should deal with the transactions in accordance with the general principles enunciated in the above paragraphs and the detailed instructions laid down in the subsequent paragraphs. In the case of Funds not controlled by Government, the amounts tendered by subscribers should be accepted without check or examination, the subscriber alone being responsible for making proper deductions. In all cases, the Accountant General should apply the minimum check prescribed in these instructions and furnish the details of recoveries from each subscriber in a monthly certified list to the authorities of the Fund and to the Accounts Officer in whose books the recoveries are adjustable. The list should be sent not later than the date prescribed for the date of despatch of Settlement Account pertaining to the month to which the recoveries included in the list relates.

Name of the Fund	Accounts Officer in Whose books the transaction are adjusted.	Authorities to whom the certified lists are sent
1. Hindu Family Annuity Fund	P.A.O.,D.E.A. New Delhi.	Secretary of the Fund.
2. Bombay Family Pension Government Servants Fund	Do.	Do. of
3. Postal Insurance and Life Annuity Fund	Director, Postal Life Insurance, Calcutta.	Director, Postal Life Insurance, Calcutta.

12.3 The certified lists should furnish the following particulars when necessary, the remarks column of the list being utilised for the purpose:-

- (i) the reasons for non-recovery of subscriptions in any particular case, or for recoveries for broken periods;
- (ii) in the event of a subscriber being transferred to another Account circle, the designation of the Account Officer to whose jurisdiction the subscriber has been transferred and the date up to which recovery has been made from him prior to his transfer;
- (iii) the period of leave granted to a Government Servant and the date up to which subscription has been or will be recovered in India.

12.4 The credit, in a Settlement Account of a fund subscription should always quote that certified list in which the subscription is shown thus:-

vide certified list of (Accounts Officer) for (Month).

### *BOMBAY FAMILY PENSION OF GOVERNMENT SERVANTS*

12.5 The certified lists of the sums received from each subscriber should be prepared in Form 27.

12.6 In the case of the Bombay Family Pension Fund the subscriptions should be shown in two columns in the list namely, for "Widows Branch" and "Life Insurance Branch" and the totals of the two columns should be passed on to Pay and Accounts Officer, Department of Economic Affairs, New Delhi.

### *HINDU FAMILY ANNUITY FUND*

12.7 On receiving from the authorities of Hindu Family Annuity Fund a certified copy of the letter of application of an intending subscriber, the Accountant General, after seeing that it contains a declaration in the following terms will authorise the Treasury Officer named to receive such contribution as the subscriber may tender in cash or by deduction from pay or pension bills. If he be a Government Servant or a Government pensioner and prefer to pay his subscriptions by the letter method:-

"In accordance with the condition upon which the Central Government allows certain facilities to the Fund, I have to record that I am fully aware that the Government exercises no supervision over the management of the Fund, and is in no way responsible for its solvency".

The amounts tendered by subscribers may be accepted without check or examination.



Note.-Subscriptions from those admitted to the fund after 31-8-56 are being recovered in cash in all cases.

12.8 The certified lists should be prepared in form 28.

As no interest is allowed for the month of payment on cash subscriptions received after the 4<sup>th</sup> of the month and as subscriptions deducted from a bill bear interest as though they had been received on the 1<sup>st</sup> of the month, care should be taken to show the two classes separately in the relevant money columns of the certified list.

#### *POSTAL INSURANCE AND LIFE ANNUTY FUND*

12.9 Premium and subscription are paid either in cash or by deduction from pay or pension bills, but all cash receipts take place at the Post Offices only, and not at the treasuries. The Accountant General have accordingly only to deal with the deductions from pay or pension bills. The monetary settlement on account of these deductions is to be carried out by the Accountant General with the P&T Accounts Officer concerned.

The certified lists should be prepared in Form-29.

### **C-PROVIDENT FUNDS**

#### **INTRODUCTORY**

12.10 The Provident Funds referred to here are Government Provident Funds within the meaning of the Provident Funds Act, 1925 and are detailed below. The procedure prescribed in the ensuing paragraph is applicable to these Provident Funds so far as it is not inconsistent with the provisions of the Provident Fund rules themselves.

- (i) General Provident Fund.
- (ii) I.C.S. Provident Fund.
- (iii) I.C.S. (Non-European Members) Provident Fund.
- (iv) All India Services Provident Fund.
- (v) Contributory Provident Fund.
- (vi) Other Miscellaneous Provident Funds.

Note.-In so far as the General and Contributory Provident Funds are concerned, the Provident Fund Rules, mentioned above include any rules framed by the President, State Governments and Chief Commissioners applicable to subscribers under their rulemaking control.

The legal position in regard to the provisions in the Provident Fund Rules has been dealt with in the "Memorandum explanatory of Government Provident Fund rules vis-à-vis the law on the subject" which has been prepared by the Government of India in consultation with their legal advisers. The Memorandum as stated in the preface thereto is not exhaustive and exceptional cases may arise, which are not covered by the instructions in the memorandum but it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

12.11 Accountant General (A&E) is responsible for maintenance of Provident Fund Accounts of the State Government Employees. However, Comptroller & Auditor General of India can be relieved of the responsibility of maintenance of such accounts by issue of Presidential

order in terms of provision contained in third proviso to sub-section 1 of Section 10 of C.A.G.'s (D.P.C.S.) Act, 1971. So far work of maintenance of Provident Fund Accounts of State Government Employees has been taken over by Government of Rajasthan, Mizoram, Arunachal Pradesh, Jammu & Kashmir, Bihar and Punjab. On the Central side Indian Audit and Accounts Department is responsible for maintenance of Provident Fund Accounts of its own employees only.

### *ADMISSION*

12.12 On receipt of an application in the prescribed form or list of subscribers from Head of office, the eligibility of a new subscriber should be tested in Fund Section with reference to relevant rules. If he is found eligible, an Account Number should be assigned to him in the General Index Register (vide paragraph 12.14) and communicated to him direct or through the head of his office. The number of any closed account should not be reallocated to any new subscriber.

12.13 As soon as it comes to the notice of an Account Officer, either through the prescribed report from the executive authorities to the Accounts Officer concerned or otherwise, that a particular Government Servant belongs to the class of compulsory subscribers to a Fund, he should see that subscriptions are received from him as required by the rules of the Fund.

12.14 The General Index Register-Form 30, should be maintained separately for each Department and each such register should have an alphabetical index prefixed to it. It is advisable to have the alphabetical index register prepared by Computer/ Unit Recorder so that names

are arranged correctly as in a dictionary. There should be a distinctive series for each Accounts Office/Department with distinctive letters prefixed to them e.g., "Police" or "Edn" indicating that the subscriber belongs to Police/Education Department. When new departmental numbers are assigned to old subscribers the new departmental number should be shown as numerator and the old number as denominator in the Index Register so that their past records may be traced easily whenever required.

### **NOMINATIONS**

12.15 In the case of officers appointed directly to gazetted posts and whose service records are maintained by the Accountant General the Accounts Officer in charge of the Fund should endeavour to ensure that the subscriber furnishes a nomination in the prescribed form as required by the rules of the Fund. In the case of non-gazetted government servants, promoted to gazetted posts, whose pay is authorised by the Accountant General, nomination has to be obtained by the Accounts Officer maintaining the Fund when the employee acquires substantive status in a gazetted post. Till then nominations of such officers will be kept by the heads of offices. In the case of non-gazetted government servants and gazetted officers, whose pay and allowances are drawn by Heads of Offices in Establishment bills, the nominations will be kept by the Heads of Offices.

Note.-A subscriber should not, if he objects, be pressed to disclose the name of his wife, when she is the nominee, payment should be made simply on the proof of identify being furnished.

12.16 The nomination should be kept under lock and key in the personal custody of the Gazetted Officer in charge of the Fund Section and verified annually by a Gazetted Officer other than the Officer in charge of the Fund Section to be selected by the Accountant General. The verification of all the nominations should be carried out in three batches so as to complete it in a cycle of three years. As nominations are filed department-wise, those belonging to departments which would cover about one third of the total number of nominations may be chosen for verification each year. A certificate indicating the results of the annual verification should be recorded by the Gazetted Officer deputed for the purpose under his dated signature in each of the Departmental Index Registers maintained under paragraph 12.14.

12.17 When a revised nomination is received, the superseded one should be cancelled and returned to the subscriber.

NOTE:-The Government of India have ruled when an Accounts Officer receives a notice in writing from a subscriber for cancellation of the nomination under Rule 8(4) of the General Provident Fund (Central Services) Rules or the corresponding rule of other Provident Funds of the Central Government, the nomination should forthwith be cancelled and returned to the subscriber. This should be done even if the subscriber fails to furnish along with the notice of cancellation or separately, in due course, a fresh nomination which is in accordance with the rules of the Fund concerned. If no fresh nomination is received after such cancellation and the Provident Fund deposits become payable as a result of the death of the subscriber, the payment should be made in

accordance with the rules of the Fund as if no valid nomination subsists. This procedure will also be applicable in respect of the State Provident Fund if the State Government decide to adopt the ruling of the Government of India.

## **SUBSCRIPTIONS**

12.18 When a subscription is paid for the first time or a revised rate is adopted it should be seen that the amount of subscription is within the minimum and maximum rates prescribed by the rules of the Fund. In the case of subscriptions paid subsequently, it should be seen that the amount paid agrees with the rate adopted in the first month of the year except when a variation of rate is allowed during the course of the year under the rules of the Fund. For all months of the year it should also be seen that all compulsory subscriptions are paid except when an exemption or a lower rate is allowed. Whenever a subscription is discontinued by a subscriber, it should be seen that the discontinuance is permissible.

NOTE:-Any overpayment or short payment of subscription to the Fund in any one month may be adjusted by deduction from, or addition to, the subscriptions, in the subsequent month, wherever possible. There is, however, no warrant for refusal of cash payment or recovery if a subscriber so desires.

## **TEMPORARY WITHDRAWALS**

12.19 The main checks to be applied on temporary withdrawals are:-

- (i) that the advance has been sanctioned by a competent authority;

- (ii) that the amount sanctioned is covered by the balance at the credit of the subscriber;
- (iii) that the conditions under which the advances can be granted under the rules of the fund are fulfilled; and
- (iv) that recoveries on account of principal and interest if due under the G.P.F. Rules are being made regularly.

12.20 For seeing that recoveries on account of principal and interest, if due under rules, are being made regularly as laid down in para 12.19(iv), the following procedures should be observed.

(i) on receipt of the sanctions for a temporary withdrawal, its particulars should be noted in the remarks column of the Ledger Card/Account indicating, inter alia, the amount of the advance sanctioned, the number of instalments in which recovery is to be made, the amount of each instalment and the month of last recovery.

(ii) the receipt of debits on account of and the regularity of the recovery of advances should be watched in the course of monthly postings of ledger cards/accounts as well as in the course of review of postings and check of ledger cards to be conducted by the Accountant/Examiner vide paragraphs 12.42(ii) and 12.58 while conducting the review/check, the Accountant/ Examiner should extend his examination of the ledger cards/accounts to see:

- (a) that there is no delay in the receipt of debits on account of temporary withdrawals;

(b) that recoveries of Principal and Interest, if due, under rules, are being made in accordance with the sanction; and

(c) that the recoveries are regular (iii) The Section Officer should also exercise the checks detailed at (a), (b) and (c) of clause (ii) above to the extent as may be prescribed.

(iv) The non-receipt of credit of account of recovery of any instalment of advance should be noted and its ultimate recovery watched through the Register of Missing Credits (vide paragraph 12.64).

12.21 Before the financing of a policy from a Provident Fund is allowed the Account Officer should see that it is acceptable under the rules of the Fund.

12.22 In the case of policies financed from Provident Funds, the Accounts Officer should satisfy himself by a reference to the company at the time the policy is delivered to him:-

- (i) that no prior assignment of the policy exists; and
- (ii) that the policy is not otherwise encumbered.

Such enquiries need not be made, however, in the case of a policy which is expressed on the face of it to be for the benefit of the wife of the subscriber or of his wife and children or any of them.

No other special steps should be taken by him subsequently to ascertain whether these policies have lapsed or have become encumbered, but when concrete evidence comes to notice of a policy having lapsed or having become encumbered enquiries should be made and the exact position ascertained; but if

such policy is merely deposited with the Accounts Officer (and is not assigned) he should, as a matter of precaution inform the company that the policy has been so deposited and ask that any dealings involving it should be communicated to him (the company may refuse to accept such a notice but this action should always be taken notwithstanding).

12.23 So far as withdrawals relate to Gazetted Government Servant, the Treasury Officer should be kept informed by the Accountant General concerned of the details of the policies which are being financed from the Provident Fund Account of the subscriber. These details (which should invariably be noted in the L.P.Cs.) will include name of the branch/office of Insurance Company. Policy Nos, Amount and Date of Payment of Premium which would be on records of the Treasury Officer for the purpose of verification of withdrawals on subsequent bills.

The first withdrawal for the payment of premia will be made on the authority of the Accountant General (the authority may be issued without quoting the number of the policy where the Insurance Company has accepted the proposal but has not yet issued a policy).

An intimation should be sent to the Treasury Officer by the Accountant General as and when an Insurance Policy is re-assigned or gets lapsed or in any other contingencies involving non-payment of premia.

12.24 In the case of non-gazetted government servants and also those government servants who draw their pay from the Department, the intimation of

the Accounts Officers, acceptance of the policy to the Head of the office is a prerequisite before starting financing of the policy from a subscriber's Provident Fund.

12.25 The receipt of Policies, in cases where first withdrawals are authorised on acceptance of a proposal by Insurance Company, and of Premium Receipts in the case of gazetted subscribers, should be watched by the Accounts Officer through a suitable Register. All premium receipts of gazetted subscribers should be endorsed by the Accounts Officer with the words "No abatement of India Income-tax is admissible" with a view to safeguard Government from double exemption from Income-tax. In respect of non-gazetted subscribers and those gazetted subscribers who draw their pay from the department, the Head of Office should at the time of withdrawal of premium by a subscriber, furnish a certificate to the effect that he is satisfied that the amount previously withdrawn on the same account by the subscriber has been utilised for the purpose for which it was intended and that the necessary premium receipt has been duly encased by him.

NOTE:- Under the G.P.F. (Central Services) Rules 1960, no further policies are to be accepted for being financed from the Provident Fund after the date of publication of these rules viz. 17-12-1960. Similar orders might have been issued by other States also.

12.26 A Stock Register in Form 31 should be maintained to keep a record of policies accepted for being financed from the Provident Fund which have either been assigned to the President/Governor or delivered to the Accounts Officer. The policies should be

verified annually, and on a change in the Gazetted Officer in charge. The annual verification should be done by a gazetted officer other than the officer in charge of the Fund Section to be selected by the Accountant General. The result of each verification should be recorded in the Register. If there has been a verification in the change of the Gazetted Officer in charge, the next annual verification may be made one year after such verification.

### **FINAL WITHDRAWALS**

12.27 Final Withdrawal of the entire accumulation in the subscriber's Provident Fund in the case of quitting of service, death etc. wherever admissible, should be authorised by the Accounts Officer in accordance with the Provident Fund Rules, a note of such authorisation, duly attested by the Gazetted Officer being kept in the respective ledger accounts. The progress of finalisation of all cases of final withdrawal of entire accumulation should be watched through a suitable Register. In the case of payments relating to non-gazetted subscribers authorised through their heads of offices, the receipt of a certificate of disbursement should be watched and when received it should be noted in the subscriber's account.

12.28 (i) The check of final withdrawals of part of the accumulations for specific purposes like house building, marriage expenditure etc. wherever admissible under the rules of the fund, consists in seeing the following points among other things:-

- (a) that the withdrawal has been sanctioned by the competent authority;

- (b) that the amount is covered by the balance at the credit of the subscriber; and
- (c) that the sanction is in conformity with the rules of the fund.

In cases where the withdrawal sanctioned is in excess of the amount to the credit of the subscriber or exceeds admissible limits or is otherwise inadmissible, the Accounts Officer shall require the sanctioning authority to recover from the subscriber the amount withdrawn in full.

(ii) In conducting the check of final withdrawals for the purposes mentioned in sub-para 1 of this paragraph, the following procedure should be observed:-

- (a) on receipt of the sanction for a final withdrawal, its particulars should be prominently noted in the remarks column of the ledger card/account under proper attestation by the Branch Officer.
- (b) the receipt of the debit on account of the withdrawal should be watched in the course of monthly posting of ledger cards/accounts as well as in the review of posting and review of ledger cards/accounts to be conducted by Accountant/Examiner vide paragraphs 12.42 (ii) and 12.58 while conducting the check/review, the examination of the ledger cards/accounts should include a check that there is no delay in the receipt of the debit on account of such final withdrawal.
- (c) the Section Officer should also exercise the checks detailed above

to the extent as may be prescribed. A record of part final withdrawals should be kept in a register of part final withdrawals in Form 34.

#### *MAINTENANCE OF PROVIDENT FUND ACCOUNTS GENERAL*

12.29 The Provident Fund Account of a Government Servant should be maintained by Accounts Officer of the Government on whose cadre the Government Servant has a permanent lien. If the Government Servant has only a provisionally permanent lien but no permanent lien, the Fund Account should be maintained by the Accounts Officer of the Government on whose cadre he has the provisionally permanent lien; if he has no lien of either kind, the account should be maintained by the Account Officer of the Government on whose cadre he is borne at the time.

*NOTE:-*All credits and debits in respect of the fund transactions of a subscriber should be brought to account in the books of the Government concerned by the Accounts Officer who maintains the subscriber's account.

12.30 Fund transactions arising in one account circle which are adjustable in another account circle should be passed on to the Account Officer of the latter circle, monthly through the Settlement Account, or PAO Account, as the case may be.

#### **TRANSFER OF ACCOUNTS**

12.31 On the permanent transfer of a subscriber from one Government to another, the Provident Fund balance at his credit is required to be transferred to the Accounts Officer of the latter Government, along with a copy of his

Ledger Account together with the declaration form in original.

The insurance policy or policies if any should be reassigned and returned to the subscriber under intimation to the Accounts Officer to enable the former to execute a fresh assignment in favour of the Governor of the State; with an advice. Any sum withdrawn under the Fund rules and which remains to be recovered should also be communicated.

On the Central side, the need for the transfer of G.P.F. balance from one PAO to another in respect of an account arises consequent on transfer of the subscriber from one Department to another. Such transfer would not be accompanied by the original ledger card/folio maintained by PAO. An extract of such Ledger Card with other detail need be sent.

*NOTE:-* When a subscriber is transferred permanently from one Government to another the interest transferred by the transferring Government should be adjusted in the accounts of the transferring Government, be debit to '2049 Interest payments on Small Saving Provident Fund etc.' in the accounts of receiving Government the credit should be kept under the Minor Head "Interest Suspense" pending clearance at the close of the year. In the event of such Fund Account being closed before the end of the year, the head "Interest Suspense" will be cleared by per contra credit to the Fund Account of the subscriber before making actual payment. Clearance of the balances under the Minor Head "Interest Suspense" should be watched through a Broad-sheet maintained in Form No.51.

*COMPILATION OF PROVIDENT FUND ACCOUNTS BY THE MACHINE METHOD-LEDGER CARDS*

12.32 The accounts of subscribers should be maintained in loose ledger cards in Form No. 32 one card being opened for each subscriber. The fact of admission to the fund and the receipt and acceptance of Nomination in favour of a nominee or nominees should be noted at the top of Form 32 and the entries attested under the dated initials of the Branch Officer. The entries relating to "Name", "Number" etc. of subscriptions which should be noted at the top of the form should be attested by the Section Officer. All the opening entries in the new ledger cards, viz. the rate of subscriptions, opening balances, advances outstanding, details of insurance policies, acceptances of nominations, stoppages of subscription etc. should be attested by the Section Officer.

In the case of transfer of account from one circle to another also, an account should not be opened unless it has been formally transferred by the accounts officer who was previously maintaining the same and has been duly accepted in the new account circle. The fact of acceptance of the fund account and other relevant entries should be attested by the Branch Officer.

In the case of cash payments either of subscription, refund of advances or on account of realisation of the proceeds of a policy, the date of receipt should be noted invariably on the account. In cases of withdrawals for insurance payments and substitution of premia for subscription to the fund, a reference to the item No. in the Stock Register of Insurance Policies and brief notes

showing the amount of subscription substituted should be given prominently on the account and such references or notes should be carried forward from year to year. The date of maturity and release/transfer of a policy should also be noted in the Ledger. This will serve as a check of withdrawals from the Provident Fund for financing the policies.

12.33 Ledger Cards, being original records, should be kept in locked cabinets, duplicate keys of which will remain in the possession of the Section Officer and the correspondence clerk concerned or of the person nominated for the purpose under the orders of the Gazetted Officer in charge. The cards of one department should be kept in a locked cabinet separate from those of another department and arranged either in serial order of account numbers or by districts, as the Accountant General may decide. The cards of subscribers who have discontinued their subscriptions should be kept separately from the live cards arranged according to serial numbers while the closed cards, i.e., the cards of subscribers whose fund accounts have been finally closed and payment made should be kept separately from the cards of subscribers who have discontinued subscription.

A card should never be taken out from the cabinet for reference without a proper mark (a thick paper slip with the No. and reasons for removal recorded thereon) being left in the place from which it is removed. A manuscript transit register with the following columns should be maintained so that the submission of a card to the Section Officer or Gazetted Officer and its return may be watched.



- (1) Date of submission of cards.
- (2) Name of district.
- (3) Account Number.
- (4) Initial of the Accountant.

*NOTE 1:*-This requirement may be relaxed at the discretion of the Head of the Accounts Office, in case where Ledger Cards are taken out of the cabinet for being submitted to the Section Officer for review of the refund of advances provided they are returned to the cabinet on the same day.

*NOTE 2:*-If locked cabinets are not available pending their procurement, ledger cards may be kept in locked almirahs or locked room.

12.34 A record of the closed account should be maintained in a Register of Closed Accounts. Form 33.

**POSTING OF ACCOUNTS**

12.35 The following are the sources from which the Funds Accounts are posted:-

- (i) Covering Schedules (one for each district) in the following form supported by the corresponding funds schedules:-

No. of Vouchers	Amount recovered
<b>Total</b>	

Total verified with the Departmental Abstract and all fund schedules are attached:-

ACCOUNTANT.

\*Add total of cash.  
 Recoveries.....  
 Grand total.....

Examiner, Fund Section

*NOTE:*-The amounts of cash recoveries are added by the Examiner Fund Section after the consolidated compilation mentioned in paragraph 12.36 has been made and before the covering schedules are made over to the machinist for posting.

- (ii) Schedules of cash recoveries by districts either supported by fund schedules or themselves containing all the necessary information in respect of the subscribers concerned.
- (iii) Schedules, supported by vouchers, of withdrawals received from treasuries.
- (iv) Separate covering statements in respect of credit and debit items in PAO Accounts or Settlement Accounts supported by fund Schedules and vouchers of withdrawals, respectively.
- (v) Statements similar to those in items (iv) in respect of fund transactions appearing in the Transfer Ledger Abstracts maintained by Accountants other than the Departmental Accountants.

The documents mentioned at item(i) should be passed on by the departmental Accountants to the Fund Section after the entries in the Fund schedule have been compared with the deductions made from the pay bills and the certificate of agreement has been recorded on each schedule. An additional certificate "Pay for 31<sup>st</sup> March also checked with the bills", should be recorded on the schedules attached to pay bills for March and attested by the Section Officer. The documents mentioned at items (ii) to (v) should be passed on by the Accountants concerned to that section with a similar certificate of agreement with the Cash Accounts, List of Payments, etc., as the case may be. The Fund Section should see that all the necessary information required for accounting purposes is furnished in the fund schedules.

12.36 On receipt of the documents mentioned in paragraph 12.35 a consolidated compilation of credits should be prepared by districts and by departments in the Fund Section. The total amount of recoveries both in cash and by deduction from bills should be shown in lump against each district and under the department concerned. Similarly all items of receipts appearing through PAO Accounts or Settlement Accounts or Transfer Ledger Abstract should also be consolidated in this compilation.

A similar compilation of debits should also be prepared in the Fund Section. This compilation should be completed on or before the date on which fund schedules are received from the departmental sections, so that work relating to posting of ledger cards is not retarded.

12.37 With all the covering schedules (supported by the fund schedules) relating to a department have been received in the Fund Section, they should be arranged in the alphabetical order of the districts in the State or in the order in which these appear in the Departmental classified Abstracts. The Record Clerk should then collect together from the cabinet all the relevant ledger cards including those in respect of which recoveries have been made in cash and arrange them in the order of subscribers in the fund schedules and pin together the vouchers of withdrawals to the ledger cards concerned. If he comes across a case where the ledger card of a subscriber exists in the bundle of another department he should simply encircle the entry in the fund schedule concerned. If the Record Clerk should have omitted to do so and the card is found to be wanting by the Machinist in the course of posting the ledger cards, vide paragraph 12.39, he should encircle the amount in the schedule and write against it "Unposted".

12.38 Two registers (Outward and Inward) in respect of each department should be maintained for record of full particulars of subscriptions recovered from Government Servants transferred from one department to another. The items encircled in the Fund schedule (vide paragraph 12.37) should be posted by the Machinist in the Outward Register of the department. He should also transcribe the entries therefrom into the Inward Registers of other departments concerned and in token of his having done so, he should record a monthly certificate in the outward Register to the effect that all the items contained therein have been properly entered in the Inward Registers concerned.

12.39 The fund schedules and the ledger cards duly arranged in the manner indicated in paragraph 12.37 should then be taken up by the Machinist for postings. He should make entries with regard to withdrawals in the fund schedules concerned from the vouchers of withdrawals which should have been pinned to the ledger cards concerned by the Record Clerk, arrange his totalisers as below the and proceed to operate with reference to the entries in the fund schedules.

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Opening Balance Dummy	Subscription Live	Refunds of Withdrawals Live	Withdrawals Live	Closing Balance Dummy	Cross Balance Live
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Before inserting the card in the machine he should compare the number and name with the entry in the schedule and take action, with reference to any card found wanting, as indicated in paragraph 12.37 supra. The current year's balance alone should be shown in the closing balance column of the ledger cards, i.e., the current year's balance should be kept quite distinct from the last year's balance which, after the annual accounts have been completely proved, should be posted against the entry "Balance on 31<sup>st</sup> March" in the remarks column of the ledger card from. Under this procedure, the opening and closing balances in the ledger card will, where the amount of withdrawal taken by a subscriber is in excess of his current Year's balance, become minus balances. In the case of final payments, the Machinist should, however, type in the opening balance column the balance of the previous

month as also the closing balance of last year.

12.40 If the posting is done correctly, the "cross" totaliser will be cleared when the closing balance has been posted and the Machinist should see that this is invariably the case. Any mistake in posting should be settled by him before he proceeds to the next card. When the schedules of a district including those relating to cash recoveries have been posted, he should, after taking into account any unposted items, compare the total on his totalisers with the consolidated figures on the district covering schedule [vide paragraph 12.35 (1)] in respect of subscriptions and refunds of withdrawals and with the figures in the consolidated compilation of debits (vide paragraph 12.36) in respect of withdrawals. After this agreement has been effected, the figures on the totalisers should be cleared by the Machinist by carrying them on to a Master Card, Form 35 one for each department. In this way the entries relating to the schedules of all the districts (including those relating to the PAO Account and Settlement Account and Transfer Ledger Abstracts which for this purpose should be treated as transactions of separate districts) should be posted, proved and brought on the Master Card which will thus collect the figures for the State and these in their turn should be agreed with Book Department figures. In case where the number of subscribers in a department is so large that it cannot be dealt with by one Machinist, each Machinist should use a separate Master Card and the totals of one Master Card should for purposes of proving the accounts be transcribed to the other Master Card. In this way State figures relating to a department will be collected in one Master Card.

12.41 The posting in the ledger cards of items appearing in the departmental inward register should be made in the ordinary way without their being brought on to the Master Card as such figures are not necessary for purposes of agreement with the Detail Book figures of the departments concerned. The Examiner or the Accountant, as the Accountant General may decide, should examine that all the items have been posted, so that no difficulty is experienced in the quarterly agreement of balances (vide paragraph 12.43).

**POSTING AND CHECK OF LEDGER CARDS**

12.42 (i) At the time of posting accounts, the Machinist should keep before him a typed or printed list in the following form:-

District	Irregular Subscription Or refunds	Non-recovery of irregular recovery of Advances	Reasons for non-credits	Remarks
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In the course of posting, as he comes across an item open to objection for one reason or another he should simply jot down in the list the number of the ledger card concerned under the particular column affected. These lists should be made by the groups of districts according to the grouping made for the purpose of distribution of work among the Accountants and Clerk.

(ii) When the posting work is completed, all Fund schedules and the Ledger Cards should be made over to the Accountants for check of postings together with the lists mentioned in clause (i) above. Accountants/Clerks will take further action in respect of the irregularities noted.

**QUARTERLY VERIFICATIONS**

12.43 At the end of each of the first three quarters, i.e. after compilation of June, September and December Accounts, the Machinist should compile the balances of all the cards in a department (including those which were closed during the currency of the quarter the accounts of which are being verified) in Form 38. He should do this by posting in the quarterly statements the last year's balance and the current year's balance separately from each ledger card. The totals of the balances, collected automatically by the totalisers, will be cleared by posting the figures shown by them in the quarterly statements. The statement so completed should be agreed with the figures in the Proof Sheet (Form 39) which should be posted from:-

1. the Master Cards for the three months of the quarter;
2. registers of inward and outward items; and
3. the separate compilation of interests on accounts closed during the quarter.

There will be no quarterly verification after March, i.e., for the last quarter, but only annual verification together with interest calculation for the year.

**ANNUAL CLOSING**

12.44 The posting of March transactions into the individual accounts of subscribers should be taken up by about the middle of April and completed by the middle of May. The work of calculation of interest due on each account should be commenced slightly before the completion of March postings

and completed within a month, a transfer entry being prepared and incorporated in the March Final or Supplementary Accounts crediting the Provident Fund Head and debiting "0049 Interest Receipts". The interest calculation made by each Accountant with the help of interest tables should be checked independently by a separate Accountant. The amount of interest for the year as well as total deposits, refunds and withdrawals should be posted in the space provided for the purpose in the remark column of the ledger card and the closing balance for the year, worked out in respect of every ledger card. The calculations should be checked in detail by the Examiner, the Section Officer and the Gazetted Officer to the extent as may be prescribed.

NOTE:-Interest short or excess credited to a Provident Fund in the accounts of a previous year should be readjusted by addition to or deduction from the interest adjustable in the accounts the year in which the error is detected.

Side by side with the above process, the Machinist should prepare a balance compilation (in duplicate), Form 40 from the completed cards, cut the duplicate copy of the balance compilation statement into slips, and paste them on the forms of Annual Deposit account of subscribers; vide paragraph 12.67. He should satisfy himself that all the relevant ledger cards relating to a department have been collected including those which were closed during the currency of the financial year the accounts of which are under verification.

12.45 As the entries relating to ledger card are posted in the balance compilation statement, the Machinist

should see with reference to the cross totaliser that the closing balance as given by the machine agrees with the closing balance already worked out in the ledger card and that the cross totaliser is cleared as soon as the entry is made in the closing balance column.

12.46 After the despatch of the annual accounts of subscriber (vide paragraph 12.67), the balances consolidated in Form 40 should be agreed in the same way as in the case of quarterly compilation but with an additional factor, i.e. interest.

#### *COMPILATION OF PROVIDENT FUND ACCOUNTS BY THE FRONT FEED ACCOUNTING MACHINES*

12.47 The instructions in Paragraphs 12.32 to 12.37, 12.39, 12.40, 12.42 and 12.44 to 12.46 apply, mutatis mutandis, also to the accounts compiled by the front-feed accounting machines subject to the modifications detailed in the following paragraphs.

#### **LEDGER CARDS**

12.48 The ledger cards of each department should be kept in pads arranged in the following manner:-

- (i) "Settlement Account" pad for cards involving PAOs Account/Settlement Account transactions.
- (ii) "Transfer" pad for cards of subscribers who have been transferred temporarily to another department within the same Account Circle.
- (iii) "Discontinued Subscribers" pad for cards pertaining to subscribers who have

discontinued their subscription due to non-drawal of pay or leave salary. The cards in this pad should be arranged according to serial number.

- (iv) "Closed Accounts" pad for cards pertaining to subscribers whose accounts have been finally closed. The cards in this pad should be arranged in serial order.
- (v) "Suspense" pad for cards in which no transactions appear during the month under posting in the district in which the accounts were operated hitherto. This pad should be opened each month for the duration of the monthly posting and proving of accounts. The cards in this pad should be paired against the items in the green tracing slips, Form No. 41. When the cards have been so paired and the accounts for the months posted and proved, no card should ordinarily be left in this pad.
- (vi) "District" pads for all the live cards other than those detailed at items (i) and (v) above. A separate pad should be kept for each district and the various pads should be kept in the order in which the Treasuries appear in Detail Book.

The above mentioned arrangement of ledger cards should not be disturbed except at the time of annual closing of accounts, when all the cards of a department should be arranged in the consecutive serial order of account numbers irrespective of the Treasury/District of operation.

## POSTING OF ACCOUNTS

12.49 On receipt of the schedules and vouchers the cards should be arranged for posting in the order of subscribers in the fund schedules. The following items in the schedules require special treatment and should be segregated and noted in the relevant forms as indicated below:-

- (i) The amount of withdrawal appearing in a voucher should be entered in red ink in the schedule in the relevant column against the proper account number. If there is no schedule, one should be prepared and the voucher attached to it. After posting, the voucher should be clipped or pinned to the ledger card.
- (ii) Subscriptions from a subscribers transferred from another district within the same department should be noted in a Green Tracing Slip (Form No. 41).
- (iii) First subscription when a subscriber resumes membership of the Fund after a break should also be noted in a Green Tracing Slip (Form No. 41).
- (iv) When a wrong account number has been quoted in the schedule or the schedule contains insufficient information and the cards are found wanting the necessary particulars should also be noted in a Green Tracing Slip (Form No. 41).
- (v) Surplus cards in a district pad in respect of which no transactions have appeared in the schedules

of the district should be entered in a Suspense List (form No. 42) and the cards transferred to the Suspense pad.

- (vi) Subscriptions and withdrawals of a subscriber temporarily transferred from another department should be noted in a Pink Transfer List (Form No. 43). A separate list should be used for each parent department. The relevant entry in the schedule should be encircled in red ink.

NOTE:-In every case, where a tracing slip has been prepared the fact of its preparation should be noted against the entry in the schedule.

12.50 The Green Tracing Slips (Form No. 41) should be compared with the cards in the "Suspense", "Discontinued Subscribers", "Transfer" and "Closed Accounts" pads in order to pair the slips with the relevant cards.

When the Green Tracing Slips have been paired with the cards, the previous month's closing balance should be noted in the relevant Green Slip and the new district and address of the subscriber noted in the card and the Index Register. After the completion of these postings the cards should be put in their proper places in the pad of the new district and a note to that effect kept in the schedule. The slip should be filed with the schedule of the new district.

The unpaired slips should be noted in the list of Unpaired Green Slip (Form No. 44). A separate list should be prepared for each district for proving the Audit Sheets. The remaining unpaired cards in the suspense pad should be transferred to

the pads of the Discontinued subscribers or of Closed Accounts. Suspense List (Form No. 42) should be kept with the district schedules.

12.51 As soon as the Pink Transfer Lists pertaining to the transactions appearing in the accounts of a department in a district have been prepared, they should be sorted out according to the subscriber's parent department to which the transactions have to be transferred. When similar lists have been prepared in respect of that department's transactions at all the other treasuries in the State, the lists pertaining to each department of destination (to which the slips have to be transferred) should be sorted out and brought together. The totals of the lists should then be transcribed on a machine into a table in Form 45 in duplicate and one copy of the table should be handed over to the tracer. Form such tables pertaining to all the Departments, a Statement showing the Credit and Debit transferred to the parent Department (Form No. 46) should be prepared.

The Pink Transfer List should be treated as a schedule of a district of the parent department and the Cards in the Transfer pad should be arranged to correspond with the order of the entries in the Pink Transfer List.

The entries in Form No. 43 should be checked by the Section Officer with reference to those in form No. 45. Unposted items as encircled in the schedules should be checked with reference to the entries in Form 43 by the Machine Supervisor.

The Cards found surplus in the Transfer pad should be transferred to the pad of Discontinued Subscribers, a note being kept in the Suspense List. The cards that

are freshly added to this pad should be so added through the Green Tracing Slips.

12.52 Simultaneously with the posting of ledger cards an Audit Sheet Form No. 47 should be prepared on a blank paper which should be fed into the machine at such a position relative to the Audit Sheet that a space of about an inch and half is left on the paper to the left of the card. This space should not be covered by carbon and should be utilised for noting the account numbers of the subscribers.

12.53 The postings in the cards pertaining to each department should be made district by district in the following order:-

- (1) Cards common to the month under posting and the previous month; and
- (2) Cards added to the district pad through the Green Tracing Slips.

Thereafter, the "Settlement Account Pads" and "Transfer Pads" should be posted in the same way as district pads.

### **PROVING OF ACCOUNTS**

12.54 The correctness of the posting in the cards should be proved for each district and for each department every month through the Audit Sheet in forms 45 and 48. The purpose of this proving is to agree the total of the transactions posted in the subscriber's accounts with the Book Department figures. The net total of the months transactions arrived at in Part I of the Audit sheet should be tallied with the total of the district covering schedule.

The totals of opening balances, subscriptions, refunds, withdrawals and closing balances as worked out in Part I of the Audit Sheet pertaining to each district should then be brought together in Part II of the Audit Sheet Form 48. The net monthly total arrived at in Part II separately for credits and debits should be agreed with the covering schedule pertaining to the Department.

The total receipts and charges arrived at in the Audit Sheets (Part II) of various Departments should be brought on to the Board-Sheet in Form 50 which thus collect the figures for the state. These figures should be agreed with the Book Department figures.

### **ANNUAL CLOSING**

12.55 As soon as the accounts for the month of March have been posted and proved in respect of a department, and before the interest for the year is calculated and adjusted in the subscriber's accounts, all the cards of that department should be brought together irrespective of the district of operation and arranged in serial order of account numbers. The cards should then be checked with the Index Register to ensure, on the one hand, that the Index Registers are upto date and on the other, that no cards are missing. Advantage should be taken of this census to pick out cards that do not bear token of having been reviewed during the year.

Side by side with the calculation of interest the Machinist should prepare the Annual Account Statements and a Balance Compilation in Form 40 from the completed cards. The Annual Account Statement and the Balance Compilation are prepared simultaneously on the machine. The



former are fed into the machine from the back. When all the Accounts of a department have been posted, vertical totals should be entered into the Balance Compilation Sheet. The total of the credits and debits should then be agreed with the credits and debits as worked out from the monthly Audit Sheets. The opening balance should agree with the closing balance of the last year and the closing balance should be proved by adding total credits to the opening balance and subtracting total therefrom.

*COMPILATION OF PROVIDENT  
FUND ACCOUNT BY HAND  
METHOD-LEDGERS*

12.56 The accounts of subscribers should be maintained in a ledger in Form 49 one complete folio being allotted to each subscriber. Provident Fund Accounts should be maintained as far as possible in loose leaf ledger card. The instructions in paragraph 12.32 apply equally to the accounts maintained in this form, when the account of a subscriber is closed, the date of, and the reason for, the closure should be noted in the ledger, as well as in the Index Register.

12.57 There should be a separate ledger for each unit of account. The pages of each ledger should be numbered consecutively in one series. The entries relating to Admission, receipt and Acceptance of Nomination, appearing at the top of Form 49 should be attested by the Branch Officer, all other entries relating to "Name", "Number" "Discontinuance of subscriptions", etc. for which space has been provided at the top of the form should be attested by the Section Officer/Examiner.

*POSTING OF ACCOUNTS AND THEIR  
REVIEW*

12.58 The instructions in paragraphs 12.35 and 12.36 apply mutatis mutandis to the posting of Accounts under the Hand Method. On receipt of the schedules, vouchers, etc., relating to a unit of account, the poster should, after satisfying himself that the schedules pertaining to a particular account have been completely received, post the transactions in the relevant columns of the ledger. It should be ensured that postings in the ledger cards are invariably made from the schedules and not from the broadsheets. Any irregularity, omission or discrepancy noticed in the course of posting should be recorded in the schedule concerned and communicated to the Government Servant concerned through the prescribed objection statement.

The postings in the ledger should be reviewed by the Examiner each month, to the prescribed extent.

**VERIFICATION**

12.59 A Broadsheet in Form 50 should be maintained separately for each ledger. Each Broadsheet should be posted direct from the accounts in the ledger and the monthly totals calculated therein verified with those in the District or Departmental Abstract. Discrepancies between the District or Departmental Abstract and the Broadsheet should be recorded in an Explanation Sheet of Differences in form 52 and the adjustment of differences watched through that Sheet. An Abstract (page) of difference, Form 53 should also be maintained to watch the monthly progress of adjustment of differences.

12.60 After all the district and departmental Broadsheets have been verified, the total credits and debits for the month as worked out in each of them should be entered in a consolidated Broadsheet which should also be maintained in Form 50 the particulars of the several Broadsheets instead of the account numbers being entered in the first column. The total monthly credits and debits as worked out in the consolidated Broadsheet should be agreed with corresponding totals in the Detail Book. The consolidated Broadsheet should be submitted monthly to the Gazetted Officer-in charge.

### **ANNUAL CLOSING**

12.61 The instructions in sub-paragraph (i) of paragraph 12.44 apply mutatis mutandis to the annual closing of accounts under the Hand Posting Method. The interest figure in each individual account, including interest paid during the year on closed accounts, should be posted in the Broadsheet relating to that particular ledger account and the total of the unit Broadsheet carried to the consolidated Broadsheet. Immediately after the accounts for March Final are closed, the balance at credit of each subscriber on 31<sup>st</sup> March including interest for the year should be worked out in the ledger as well as in the unit Broadsheet and the totals of the latter compared and agreed with the figures in the consolidated Broadsheet where closing balance of each unit Broadsheet should be calculated similarly. Necessary modification in the figures of balances upto March Final Accounts should be made in the unit and consolidated Broadsheets after the closure of the March Supplementary Accounts. After both the unit and consolidated Broadsheets have been

squared, the closing balance as per consolidated Broadsheet should be verified with the figures in the Book Department. The individual closing balances in the district Broadsheets should also be verified with those in the ledger before they are carried over to next year's Broadsheet as opening balances. The census of ledger folios under hand posting system may also be conducted at the time carrying forward the individual closing balances in the district Broadsheet to the new year's Broadsheet as opening balances.

### *SPECIAL PROCEDURE FOR CONTRIBUTORY PROVIDENT FUND*

12.62 The Contributory Provident Fund Accounts should be maintained in a ledger, Form 54 where ledger accounts are posted in manuscript. In cases where machine methods are adopted for the purpose, the accounts should be maintained in Form 32 with suitable manuscript additions and alterations.

12.63 When contributions are adjusted at the end of the year, these should be posted in the Broadsheet, Form 50 against the respective account number, in a separate line from that of the subscriptions, a distinguishing line, if thought necessary being used. Interest on contributions should similarly be posted separately from that on subscriptions. At the time of annual closing of the Broadsheet, the closing balances of deposits and Government contributions should be brought out separately.

### *REGISTER OF MISSING CREDITS/DEBITS*

12.64 A register of missing credits/debits should be maintained in the Form 55 and closed half yearly. The following

instructions may be followed in regard to the maintenance of this register and the persuance of items of missing credit/debits.

- (a) The ledger cards should be reviewed six monthly, once after posting of September Accounts and next after annual closing of Accounts and all missing credits/debits should be posted in space provided therefor in the ledger card. The particulars of adjustments made should also be noted therein.
- (b) The missing credit register may be opened series-wise or department-wise as may be considered necessary. A separate folio may be allotted to one or more subscribers as may be found convenient.
- (c) Total number of missing credits/debits alongwith the year-wise details should be copied from Ledger cards in the register of missing credits/debits.
- (d) Letters should be issued to the Drawing and Disbursing Officers at the end of mid-year i.e. six monthly review requesting for details of missing items relating to the period from April-September each year.
- (e) An abstract may also be prepared at the end of the register to indicate the balance of missing credits/debits at the time of previous closing, additions and clearance made during 6 months and closing balance at the end of present closing.

- (f) After closing of Annual Accounts for the year and before issue of annual accounts statements, ledger card should be reviewed and missing credits and debits covering the period of accounts from October to March (including March Supplementary) each year identified and noted in the Ledger Cards. Uptodate missing credits and debits with particulars of months should be noted in the Accounts Statements of subscribers, Number of uptodate missing credits and debits should also be noted in the register of missing credits and debits. The register should be closed and an abstract prepared to indicate the closing balance of missing credits/debits.
- (g) The statement pertaining to each drawing and disbursing officer should be sent alongwith a covering list dealing with the particulars of the subscriber in respect of whom the statement are sent as well as a forwarding letter requesting the Drawing and Disbursing Officer to send details in a standard pro forma in respect of credits/probable missing debits which have been shown in the statements of the individual subscribers to facilitate tracing and adjustment of missing credits and debits. He may also be requested to forward the statement of such subscribers who have been transferred in the meanwhile to the new drawing and disbursing officer.
- (h) The register of missing credits/debits should be reviewed by the Section Officer and Branch

Officer at the end of every six months to see that action is being taken to pursue the missing items.

- (i) It should be ensured that the replies received from Drawing and Disbursing Officers/Subscribers are properly recorded, processed and the missing items traced out.
- (j) A report of incomplete Provident Fund Accounts and missing credits should be sent to Headquarters twice a year by 31<sup>st</sup> October and 30<sup>th</sup> April each year in Form 56.

### **UNPOSTED ITEMS**

12.65 Prompt and effective steps should be taken to control and minimise the accretion of unposted items. For this purpose reference should be made to each Drawing and Disbursing Officer every month in a standard form in respect of credits/debits which could not be posted. The Branch Officer should also ensure that the action prescribed above had been taken before finalising the register of unposted items/master cards. The Accountant shall pursue these references to clear the unposted items on the basis of the replies received.

A report on the unposted items should be sent to Headquarters on 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March in the Form 57.

### ***COMPILATION OF ACCOUNTS ON COLLATERAL EVIDENCE BASIS***

12.66 Most of the State Governments have adopted the procedure under which the subscriber's account should be completed in respect of missing credits as early as possible on the basis of documentary evidence such as pay bills,

acquittance rolls, certificate of deduction from Disbursing Officer. The amount of credit supplied should be adjusted in the account by debit to the suspense head "Provident Fund Suspense". The suspense head should be cleared on tracing the missing credits and adjusting the credit for the actual recovery in the account. The adjustment under the Suspense Head and their clearance should be closely watched by the Accountant General and items remaining outstanding should be reported to the Comptroller & Auditor General half yearly in Form 58 alongwith a statement showing the amounts written off by the Accountant General from the Suspense head to the head "Miscellaneous Government Account" accompanied by certificates to the effect:-

- (a) that the amounts written off were got thoroughly examined by the Internal Audit Section.
- (b) that the Accountant General had personally satisfied himself that a dead end had been reached and a write-off was unavoidable; and
- (c) that he had also satisfied himself that the error was one of book keeping only.

NOTE.-In case where missing credits can neither be traced in account nor adjusted with reference to any recognised varieties of collateral evidence the state government may be approached by the Accountant General for sanction to the adjustment of the missing credits on an adhoc basis to the account of a subscriber after obtaining an affidavit from the subscriber in regard to facts of contribution having made in regard to credits in question.

## *ANNUAL ACCOUNT STATEMENTS TO SUBSCRIBERS*

12.67 Statements of subscriber's annual accounts should be prepared in Form 59 and despatched to them not later than 31<sup>st</sup> August each year. The statements pertaining to gazetted subscribers should be sent to them direct with a request for sending acknowledgements for their receipt. Those pertaining to non-Gazetted Subscribers, should be sent collectively to their respective Heads of Offices who should be called upon to send a certificate to the effect that all the account statements received by them have been delivered to the respective subscribers. A strict watch should be kept over the receipt of the acknowledgements and certificate mentioned above.

Where accounts are compiled by the hand method the account statements should be prepared by the Accountant while in the case of accounts compiled by the machine method such statements either prepared by the machinist (vide para 12.55) or by pasting extracts from the duplicate copy of the balances compilation, vide para 12.44 (2) should be checked by the Accountant concerned to see that the figures shown in the respective accounts of the subscribers have been correctly copied out.

While preparing or checking the statement of accounts as the case may be, the Accountant should indicate therein the missing credits and probable missing debits not only for that year but of the earlier years also. Credits and Debits if any pertaining to earlier years but adjusted in the account of the current year should also be indicated in the statement. Where necessary the fact of non-receipt of the nomination should

also be indicated in the statement. The despatch of account statements to the D.D.Os. may be given wide publicity through the Press and the subscribers be requested to collect the statements from their D.D.Os. The statement of accounts so prepared or checked, as the case may be should also be checked by Section Officer before they are despatched to the subscribers.

## **PERIODICAL REVIEW**

12.68 A review of the Provident Fund Accounts should be conducted after the despatch of the annual account in three batches so as to complete it in a cycle of three years. The scope of the review should be as follows:-

- (i) to see that there are no cases of omission to open ledger accounts or cases where double accounts have been opened for the same subscriber; for this purpose, a census of the ledger cards (where Fund Accounts are maintained by machine posting) should be taken and agreed with the number of subscribers to the fund, including subscribers who have discontinued their subscriptions;
- (ii) to check in detail one month's credits in the ledger accounts of each department with reference to the schedules, the selection of the month for each department being made by the officer in charge of Internal Audit Section;
- (iii) to examine generally the credits for the remaining 11 months appearing in the ledger accounts and to see that the reasons for non-recovery or irregular

- recovery (short or excess) of advances and subscriptions are properly recorded therein;
- (iv) To check the debit postings of the whole year with reference to vouchers;

While exercising this check it should inter alia be seen whether debits on account of withdrawals for financing life insurance policies have been regularly received in the relevant ledger accounts from year to year.

- (v) to see that the balances are correctly carried forward. In conducting the review it should be seen that:-
- (a) the instruction in paragraph 12.32 are observed.
- (b) the accounts of subscribers who have ceased to be in service have been promptly closed and refunds authorised.
- (c) there has been no omission to issue supplementary refund orders in case where credits have been undisbursed.
- (d) there has been no omission to transfer the balances of the subscribers who have quitted service to "Unclaimed Deposits" in March Final Accounts under the rules of the Fund.

- (e) the subscriptions are within maximum and minimum limits, and;
- (f) all final payments in excess of Rs. 20,000 have been correctly made.

#### *G.P.F. ACCOUNTS OF CLASS IV EMPLOYEES*

12.69 In some state, work connected with the maintenance of individual subscribes GPF Accounts and payment there against has been entrusted to departmental authorities. The Accountant General conducts a periodical local check of the accounts maintained by the heads of offices. It should be seen in local audit whether subscriptions have been properly recovered and credited to the account, whether the interest has been calculated properly and whether advances and withdrawals have been properly sanctioned and accounted for. Nominations, Insurance Policies and final payment cases should be specially scrutinised. Local Audit should be conducted annually for every head of office. In the Accountant General office broadsheets will be maintained department-wise for tallying monthly the figures of credits and debits posted from the consolidated certificate of deductions attached to individual pay bills and from vouchers for temporary and final withdrawals with those shown in the accounts and also for tallying the figures with the quarterly and annual statements of credits and debits furnished by the heads of the departmentals.

12.70 Interest creditable for each year should be incorporated in the accounts on the basis of statements furnished by heads of departments.

NOTE:-The detailed accounts of Contributory Provident Fund of work-charged establishment of the C.P.W.D. are also maintained by the respective Divisions. These are checked in local audit and only a broadsheet is maintained in Accountant General office for the purposes of reconciliation.

12.71 The following checks relating to Provident Fund have to be undertaken by the offices of Accountant General (A&E) in discharge of the accounting functions assigned to them.

- (a) checking of entries in outward and inward registers in Form 46 through tracing,
- (b) checking of entries in Form 43 and 45,
- (c) checking of interest calculation,
- (d) checking of Annual Account Statements.

## CHAPTER 13

### GAZETTED GOVERNMENT SERVANT'S ENTITLEMENT

#### INTRODUCTORY

13.1 Where the system or issue of pay slips to Gazetted Officers of a State Government by the Accountant General is in vogue, the responsibility for the authorisation and check of pay and allowances is that of the A.G. (A&E) office. Hence, the duty of maintaining the connected records, registers, leave accounts, etc. and issuing of pay slips, leave salary certificates, last pay certificates, no demand certificates, etc. in respect of Gazetted Government servants will devolve on the Accountant General (A&E)'s office.

13.2 The pay, leave salary and other allowance admissible to various classes of Gazetted Government servants are regulated with reference to the rules and regulations made by competent authority governing the conditions of service. Before issuing a pay slip it should be ensured that there is a sanctioned post, that the Government servant has been duly appointed to the post and that he was actually in charge of the post during the period.

No pay should be passed for a Gazetted officer beyond the date of attaining the age of superannuation or on the expiry of a term of extension of service sanctioned by competent authority.

13.3 (a) Accountant General (A&E) is not required to watch the observance of the provisions of the following nature:-

(i) rules relating to the representation of any

particular community or any backward class of citizens;

(ii) rules relating to the proportion to be observed in recruitment to services between personnel promoted from subordinate ranks and that recruited direct; or

(iii) rules relating to educational or other qualifications.

(b) When, however, an Accounts Officer is of opinion that in accordance with any rule or order a post is reserved for members of a particular service and an outsider is appointed, he will call for the sanction of the authority which is competent to remove the reservation. The fact that the pay of a post has been fixed on the assumption that it will be held by a member of a particular service tends to show that it was intended to reserve the post for that service but this by itself is not conclusive evidence.

#### GENERAL SYSTEM OF PAYMENT

13.4 As a general rule, payment of pay, leave salary and allowances of Gazetted Officers are arranged by the Accountant General either at treasuries (the authority being issued to the Accountant General concerned for authorising the T.O. in cases where the Treasury is not within the jurisdiction of the Accounts Officer) or through other Disbursing officers like Public Works/Forest Divisional Officers.



In the case of departments having a separate Accounts Organisation the pay and allowances are authorised and payments arranged by the Accounts Officers.

ENTITLEMENT REGISTER OF  
GAZETTED GOVERNMENT  
SERVANTS PAY  
ALLOWANCES

13.5 The Chief record through which the payments of pay and allowances of Gazetted Officers is controlled, is the Entitlements Register of Pay and Allowances of Gazetted Government servants (Form 60). In this Register, separate folios are opened for every officer. The form provides for noting of all orders of Government respecting the emolument of the officer, including the orders of creation of posts, fixation of pay, special pay, allowances, confirmation etc. Separate columns are also provided for noting complete particulars of posts held, dates of taking over and making over charge as shown in the charge certificates, joining time admissible and availed, leave sanctioned and taken, transfers, reversions etc. On receipt of each issue of the Government Gazette, the notifications are to be noted in the respective folios of the officers and the entries attested by the AAO/ Section Officer. The emoluments due from a particular date are fixed by the Accountant General in accordance with the rules and regulations made by the competent authority, governing their conditions of service and separate money columns showing the emoluments due from a particular date are opened in the register and attested by the Branch Officer at the time of issuing each

pay or leave salary slip. The paid vouchers are noted in the relevant monthly payment page of the register so as to constitute a record against entertainment of a second claim on the same account. The Register also provides for particulars of amounts held under objection and their subsequent adjustment by recovery etc. and also for making notes explanatory of peculiar payments and of broken periods at different rates and for noting of adjustment of long term advance.

13.6 The form, opening and maintenance of the Entitlement Register as well as the detailed procedure of posting of pay bills is described in paragraphs 13.7 and 13.8 below.

**NOTE :** For Gazetted Government servants under the jurisdiction of one Accountant General whose pay and leave salary etc. is paid by another Accountant General on the authority of the first Accountant General (vide para 13.4) the second Accountant General may maintain a separate Entitlements Register in Form 61 which may have an alphabetical index of names for convenience.

*FORM AND SUB-DIVISIONS OF  
ENTITLEMENT REGISTER*

13.7 The Entitlements Register in Form 60 is intended to be a record for six years. Each folio of the Entitlements Register provides space for six years entries relating to one gazetted Officer and for twenty changes of emoluments.

The account of each Gazetted Government servant in the Register should be assigned a number which

should be communicated to the Government servant through S.Y. 43

- 13.8 One or more volumes of the Entitlement Register should be set apart for the Government servants of each department one set of volumes being maintained for Government servants of the Medical department, one for those of the Education department, and so on. As an exception to this rule, it will be convenient to bring together in separate volumes the names of all members of a service, such as the Indian Administrative Service, the members of which are liable to frequent transfers from one department to another.

Note: In the case of small departments containing a few gazetted Government Servants (say not more than 10 in each department) a single Register may be maintained to record the names of Government Servants of all such departments, a suitable number of blank pages being left between each initial letter and department for the record of future entries.

In some cases, as for instance when a local Fund post paid for fixed allowances is held as a collateral charge by a gazetted Government Servant, it may be convenient to have the posts, and not the names of the Government Servants as the heads of the Register. The names of successive incumbents with dates may be entered in the space for orders.

- 13.9 The names should be entered alphabetically, that is, either each Register will proceed from A to Z for all names of the class for which

it is set apart, or if classification is not adopted, each volume will take up a certain part of the alphabet. Some blank sheets should be left after each initial letter for further entries during the currency of the Register.

#### *OPENING OF THE REGISTER*

- 13.10. New Registers should be prepared shortly before the old Registers are completed; the current Registers should be examined by an intelligent person, the names to be omitted should be cancelled with a coloured pencil, and the remaining names renumbered according to the corrected alphabetical order. At the foot of the page containing the last name of one initial letter should be noted the number of leaves to be left blank after it for future entries.
- 13.11. All orders still in force, any unexpired leave, any transfer ordered but not carried out, must be brought forward in the new Register, and should, therefore, be marked for the copyist's guidance by the person correcting the Register.

NOTE: The procedure prescribed above should be adopted in respect of those orders also which sanction grants renewable at intervals of a fixed number of years, such as the periodical grants made to Police Officers for Uniform.

- 13.12. The Accountant, when he posts the last month's bill, must mark outstanding objection and see that it is brought forward in the new Register.
- 13.13. When the new Register has been prepared by the copyist, it should

be laid with the old one before a Gazetted Officer who should see that the necessary particulars have been correctly transferred and set his initials against the "Total Charges" in the first money column as authority for, and a guide to the Accountant Clerk. In the column for "Monthly emoluments and deductions" blank lines should be utilised for charges and deductions for which there is not printed entry in the form.

### *MAINTENANCE OF THE ENTITLEMENT REGISTER*

- 13.14. In entering new names, or reintroducing old ones care must be taken that the salary is supported by a last pay certificate or a leave salary certificate except in the case of a Gazetted Government Servant who is newly appointed to Government Service, when a health certificate is required (Note below paragraph 13.24).
- 13.15. On receipt of each Issue of the Government Gazette, the AAO/Section Officer will circulate it to the Accountants who will pick out the items concerning them. The Accountants will post these items in their Registers and obtain the attestation of the AAO/Section Officer to these entries. All entries in the column "Gazette page" under "Particulars of leave and transfer" posts should be separately attested by the AAO/Section Officer, and any omissions should be specially brought to notice and investigated at the time to the periodical reviews of the register. At the time of attesting the

entries, the AAO/Section Officer will tick off or initial the corresponding notifications, in the Gazette in token of his having attested the Registers. The AAO/Section Officer of the section will review the Gazette carefully to ensure that all items have been entered in the Register. This work should be regarded as urgent.

When Government orders sanctioning alterations of pay, leave, transfers, etc., are issued in advance of the notifications in the Gazette, they should be handled in the same manner as the notifications themselves. The entries in the Register should, however, be compared with the Gazette notifications when the latter are received and the Accountant should certify against the notifications concerned that he has made the necessary comparison.

After the entries have been attested by the Section Officer and any new money columns initialled by the Branch Officer a Pay Slip (Form 62) will be issued to the Government Servant whose emoluments are changed. The Pay slip form may be used, for fixed pay posts as well as for those on a time scale rate of pay, and it has been so worded that it may remain in force for considerable time.

- (a) The number and date of their slip should be entered in the space provided for the purpose in the Entitlement Register.

- (b) In cases where the change in the money column does not necessitate the issue of a Pay slip, the Accountant who prepares and the AAO/Section Officer who examine the money column should put their initials in the space for "Advice No." below the cage of the money column.
- (c) An order appoints AB to act as Judge during the absence of CD; a single mark only is wanted, as the order affects only AB. But if the same order grants leave to CD and appoints AB to act for him, it has to be noted against both, and so two marks are necessary. In the case of any but a grade promotion, it should not be necessary in the note against AB to make any mention of CD whom he succeeds.
- (d) When a Gazetted Government Servant is appointed to a post for a limited time, the limitation should be stated in the note of the order; it can never be necessary to note that a Government Servant is to act "till further orders" as a later order always cancels an earlier one.
- (e) After the close of each year, red-ink lines should be drawn across the spaces provided for note of orders, objections, transfers and remarks to distinguish them from those affecting payment of subsequent years.
- 13.16. On receipt of sanction to leave, either through a notification in the Gazette or Government order issued in advance of the notification, a comparison will be made of the leave sanctioned with that shown in the office copy of the leave report. The Accountant will certify against the notification in the Gazette or on the Government order, as the case may be, that he has made the necessary comparison and this certificate of comparison should invariably be attested by the AAO/Section Officer. The particulars of leave and transfer in the Entitlement Register will in part be filled up from the Gazette; the first two columns in every case, then the first two under "Leave" or the column under "Post". In the column "Rule under which leave is granted, and kind of leave" the nature of the leave taken should be denoted by appropriate letters, followed by the quotation of the rule under which the leave is granted; the period of absence can only be filled in after return. The date of taking or making over charge can only be entered from the report of transfer, and a blank in these columns will always give warning that some further information is required and must be called for. The column "Number and date of reference" is for the record of letters addressed to the Gazetted Government Servant regarding joining time, objections etc.
- 13.17. In the case of periods of leave succeeding each other, the day which reckons as the first day of

each will appear in the column headed "Begins" and that which will reckon as the last of each in the column headed "Ends", the column "Period of absence" then filled up will show whether or not the period granted has been overstayed.

- 13.18. In the case of transfer, the joining time "Admissible" and that "Taken" should be filled in when the certificate of taking over charge is received in order to check whether, and by how much, the proper joining time has been exceeded. In cases, however, where the transfer is from one station to another and the time taken in joining is less than the minimum admissible, the column "Joining time admissible" need not be filled in.

If the state rules contain provisions for crediting Joining time short availed as Earned Leave to the Leave account of the Government Servant, Joining time admissible and taken should be noted.

- 13.19. Certificate of giving over and taking charge, or of going on and returning from leave, should be noted in the Entitlements Register immediately on receipt, and after the entries have been checked by the AAO/Section Officer, they should be given to the poster of the History of Services and, when necessary to the poster of the Register of Permanent Advances. After this they should be pasted in a separate file.

In cases in which the transfer of charge takes one or more days a

suitable note should be made in the column for remarks, and if the time taken is treated as duty the authority for this should also be noted.

## NOMINATIONS

- 13.20. The Accountant General (A&E) is responsible for watching the receipt of nominations for Death-cum-Retirement Gratuity and Lists of family members in respect of such of the Gazetted Officers, as are required to be sent to the office of the Accountant General (A&E) under the rules and orders of the Government in force from time to time. A note of the receipt of the nominations, whenever received, should be kept in the Salary Entitlement Register at the right hand top corner and attested by the Branch Officer. The fact that such a note has been made should, among other things be verified at the time of conducting the special review of the Entitlement Register by the AAO/Section Officer and the Branch Officer and action initiated to call for the wanting nominations.

NOTE 1: The nominations and lists of family members of Gazetted Officers received in the Office of the Accountant General (A&E) should not be filed in the personal files. They should be noted in the Register of Nominations to be opened in manuscript in the following form countersigned by the Branch Officer-in-charge of Gazetted Entitlement Department in token of acceptance and kept under lock and key in his personal custody till their destruction. An acknowledgement in

respect of nomination should invariably be furnished to the Gazetted Officer concerned. When a revised nomination is received the superseded one should be cancelled and returned to the Gazetted Officer concerned. Whenever there is a change of incumbency, in the Gazetted Officer-in-charge of the G.E. Section concerned, the nomination files should be handed over to the relieving officer and a note to that effect made in the memorandum of handing over charges.

Such nominations and lists of family members as are required for reference in dealing with the claims of family pension and death gratuity should be transferred to the Officer-in-charge of pension and kept in his custody till their destruction.

When a Gazetted Officer is permanently transferred to another Entitlement Circle the nomination papers etc. will be sent in a registered cover to the new Accounts Officer and his acknowledgement obtained.

### *FORM OF THE NOMINATION REGISTER*

Sl. No.	Date of nomination	Folio No. in Entitlement Register	Officer's name	Initials of G.O. in token of acceptance and receipt	Removal of nomination by/date purpose	G.O's orders of dated initials for final disposal	Remarks
1.	2	3	4	5	6	7.	8.

Note 2.-Nomination forms and other Correspondence connected therewith including acknowledgement should be treated as confidential.

Note 3.-The nominations should be verified annually by a gazetted officer other than the officer-in-charge of the G.E. Section, to be selected by the Accountant General (A&E).

### *POSTING OF SALARY VOUCHERS*

13.21. Salary vouchers will be posted under the heading "Date of payment of Bills" in the case of the month for which the pay is due and not of the month in which it is issued. The name of the treasury from which payment is taken should be entered in red ink above the date of payment, but the entry need not be repeated unless the treasury is changed. When a payment appears in a Settlement Account

or the Account of Pay and Accounts Officer, the name of the account and the month of adjustment should similarly be noted in red ink. If the amount of the bills be the same as was passed for the last month, it is sufficient to note in the Register the date of payment; if any further payment be made afterwards under new orders, the new date would also be entered with a letter guiding the eye to an explanatory note in the space provided for it in the form and to the note of the order. If there be any change in the rate of emoluments compared with the last month, it will be better to enter the amount as well as the date. The amount noted should be the gross amount paid including the amounts deducted for funds and income-tax and overpayments recovered.

Suppose that in the first money column the rate of pay is shown as Rs. 1100 under date 1<sup>st</sup> June '86, and the second Rs. 1150 under date 15<sup>th</sup> February 1987. If then, for earlier months Rs. 1100 (gross) only be drawn for later ones Rs. 1150 and for February Rs. 1125; no note of amount is needed on the right hand page in the cases for July to January; but in February's case Rs. 1125 would be entered alongwith the date, and in March's Rs. 1150. Thus an entry without specification of amount will always be understood to be for the same amount as that last recorded.

#### Issue of Pay Slips

13.22 Pay Slips are issued to the Officers concerned (copies being endorsed to the T.OS/A.Gs etc. concerned through whom payment is authorised) in Form 62 indicating the rates of pay, special pay, allowances etc. to be paid from specified dates. The form of the pay slip provides for the scale of pay and date of increment being indicated with instructions to allow drawal of increments, in the absence of any instructions to the contrary till the stage at which the Efficiency Bar operates.

13.23 A fresh Pay Slip should be issued:-

- (i) Whenever any increment is stopped,
- (ii) Whenever an efficiency bar, or any other bar against the grant of a particular increment, is removed, and
- (iii) Whenever there is change of any kind in emoluments, otherwise than by accrual of an

increment in the ordinary course e.g.

- (a) when a gazetted Government servant passes outside or beyond the time scale, or
- (b) whenever he passes from one overlapping time-scale to another, or from one time-scale to another.or
- (c) whenever he proceeds on leave of any kind or returns therefrom, or
- (d) whenever he is appointed to a temporary post or reverts therefrom,
- (iv) whenever the stage of the time-scale at which there is a pause is reached
- (v) whenever an Officer is transferred from one post to another involving change of designation, even if there is no change in his emoluments.

Note 1- In the case of time-scale of pay with efficiency bars at a certain stage, an Accounts Officer will not authorise any Government servant to draw pay at a rate above the stage at which an efficiency bar is fixed until he has received a declaration from the authority empowered to make the promotion that it has satisfied itself that the Government servant in question is fit to pass the efficiency bar.

Note 2 – When a Government servant is appointed for a limited period to another post, but the exact dates of taking charge and of reversion are not known, the pay slip should show two rates of

pay, the one commencing from the date of taking charge and the other from the date of reversion. If however, the exact dates are known, they should be entered in the Pay Slip.

Note 3 – In the case of redesignation of a gazetted post while both gazette notification and intimation to the Accounts Officer concerned are necessary, if in endorsing a copy of the notification to the Accounts Officer it has been made clear that the redesignation does not involve any change in duties or classification or scale of pay, the Accounts Officer will instruct the Treasury and other Disbursing Officers suitably without requiring a charge report and issuing a fresh pay slip.

13.24 The following documents are necessary for the issue of pay slips of Gazetted Officers on first appointment in Government service:-

- (i) Formal orders of appointment;
- (ii) Orders regarding creation of continuance of a temporary post or an intimation giving full particulars of the post, if already sanctioned to which appointed;
- (iii) Certificate of assumption of charge (indicating forenoon/afternoon of the day); and
- (iv) Medical certificate of physical fitness when required under the rules of the State Government.

Note :- No person may be appointed in India to a post in Government service without the

production of a medical certificate of health in such form and signed by such medical or other officers as may be prescribed by Government. When the service rules require the production of a medical certificate on appointment of a person to a post in Government service, Office of the Accountant General (A& E) must verify that a certificate in the prescribed form is attached to the first pay bill of the person concerned drawn after such appointment. The State Government may, however, dispense with the production of the certificate in individual cases and may also by general order exempt any specified class of Government servants from the operation of this rule.

13.25 In the following types of cases apart from orders of appointment, sanction to the post and charge certificates, the following additional documents are required for issue of pay-slip

- 
- (a) On promotion from a non-gazetted post
    - (i) L.P.C. from the last disbursing officer; and
    - (ii) Service book duly completed upto the date of promotion to the gazetted post.
  - (b) On transfer from another Entitlement Circle
    - (i) Transfer documents from the previous Accounts Officer viz., the L.P.C (duly countersigned by him), Statement of Service (see paragraph below); and



- (ii) Orders containing the terms of appointment on deputation from a State or from a service.
- 13.26 In the case of transfers within the same Entitlement Circle, the fresh pay slip is issued on the basis of orders of appointments, sanction relating to the post to which transferred and the charge certificates of making over and taking over. The L.P.C. is issued by the former Treasury Officer to the next Treasury Officer and not to the AG, A&E Office.
- 13.27 It has to be seen at the time of issuing the Pay Slip to an individual in a case of fresh appointment or promotion or transfer that there is sanctioned post or vacancy against which the appointment, promotion or transfer has been made.
- 13.28 In case in which standing pay slips (indicating the time scale and date of increment) have been issued and increments fall due in a month, money columns should be opened and got attested by the Branch Officer before the 15<sup>th</sup> of the month. In case other than those where standing pay slips have been issued fresh pay slips for periodical increments due in a month should be issued before the 15<sup>th</sup> of the month.
- 13.29 The pay slip should include a nil money column-
- (a) from the date following the date upto which the post has been sanctioned (in the case of an officer holding a temporary post), or
- (b) the date following the date upto which he has been appointed to the post or after which he is to retire due to superannuation etc., or
- (c) date following the date of death, resignation transfer etc.
- A nil money column corresponding to that shown in the pay slip should be opened in the Entitlements Register (in pencil and without attestation by Branch Officer if it is tentative e.g. in the case of an officer holding a temporary post likely to be extended further). As an additional precaution, the word "Stop" should be written in pencil in the payment cage of the month in which the payment is to stop.
- 13.30 The last payment of pay or allowances should not be made in respect of a gazetted officer finally quitting service of the Government by retirement, resignation, dismissal, death or otherwise or placed under suspension until the disbursing officer has satisfied himself by reference to the Accountant General (A&E) the departmental authorities and his own records, that no demands are outstanding against the officer.

Note 1.-In the case of a Contract Officer or an officer purely in temporary employment, proceeding on foreign service in or out of India, final dues should also be similarly paid only after ascertaining that no demands are outstanding against them.

Note 2.-Besides the ordinary last pay certificate, Military Officers in Civil employ, when about to retire from active service, are required by the Defence Department to produce a no demand certificate from the Civil Accountant

General (A&E) under whose, jurisdiction they are.

### Compensatory Allowances and Honoraria

13.31 House rent and other compensatory allowances authorised through the Pay Slips etc. should be determined with reference to rules and orders relating to such allowances and the requisite certificates regarding the fulfilment of the conditions attaching to the allowances should be indicated in the authority so that payment may be made only on the officer furnishing the requisite certificates.

13.32 For the grant of any compensatory allowances, fees or honoraria to Government Servants the following general conditions should be satisfied-

- (i) Unless in any case it be otherwise distinctly provided, the whole time of a Government Servant is at the disposal of the Government which pays him, and he may be employed in any manner required by proper authority, without claim for additional remuneration, whether the services required of him are such as would ordinarily be remunerated from the Consolidated Fund of a State or from a Local Fund.
- (ii) The authority granting or permitting a Government Servant to receive any honorarium or fee is required to pay due

regard to the principle enunciated in (i) above and also to record reasons justifying the grant of the extra remuneration to the Government Servant concerned.

- (iii) The amount of a compensatory allowance is to be so regulated that the allowance is not on the whole a source of profit to the recipient.

### Cost of Medical Treatment

13.33 The expenditure incurred by and to be reimbursed to gazetted Government Servants on account of medical attendance and treatment is drawn by them in Salary Bills under the Sub-Head 'Allowances, receipts and vouchers in all cases without prior authority of the Accountant General. All such bills should be posted in a register in Form-68 as a safeguard against double claims.

### Leave Salary

13.34 As the leave accounts of gazetted officers are maintained by the Accounts Officer, a certificate of admissibility of leave has to be obtained from the latter before the competent administrative authority accords sanction to the leave.

13.35 On receipt of the orders sanctioning leave (which should be checked with the certificate of admissibility of leave and also in due course with the formal notification in the gazette), and the charge report of making over charge, the leave salary

certificate should be issued in the same way as the pay slip.

- 13.36 In the case of L.P.R. or Terminal Leave or such other leave on the expiry of which the gazetted officer is not expected to return to duty, the last payment of leave salary should not be made until the Disbursing Officer has satisfied himself by reference to the Accounts Officer, the departmental authorities and his own records that no demands are outstanding against the Officer. The leave salary certificate in such cases should also contain instructions to the effect that the certificate from the gazetted Officer concerned that he has not been re-employed during the period of the leave under Government Local Fund or a private employer, should be obtained before making payments.

Note.- An officiating Gazetted Government Servant who holds an active or suspended lien on a non-gazetted post, retains his Gazetted status for all purposes (eg. Drawal of leave salary and allowances, issue of notifications, grant of extension of leave etc.) before resuming duty as a non-gazetted officer. The leave salary certificate in such cases is accordingly issued as for a Gazetted Officer in the usual manner.

- 13.37 If an order of attachment is received in respect of the pay or allowance of a Defence Service Officer who is for the time being in Civil Employ borne on the effective strength a representation should promptly be made to the Court that the Defence Service Officer continues to be eligible for

exemption from attachment. The attached portion of the pay and allowances should, however, be withheld from the officer until the court's order on the representation is received. If the Civil Court still holds that its previous order of attachment is correct, a report should be made to the Government of India Ministry of Defence. Where the order of attachment relates to the pay and allowances of a Defence Service Officer not borne on the effective strength, the procedure laid down in this paragraph should be followed.

- 13.38 The detailed instructions issued by the Comptroller and Auditor General in order to secure efficiency and uniformity in relation to leave procedure in respect of gazetted (and also non-gazetted) Government Servants are contained in Appendix A. Some of these instructions have already been indicated in Paras 13.34 and 13.36.

#### Provisional payments

- 13.39 Provisional payments of pay, allowances and leave salary can be made in accordance with the orders of the Governments concerned on the subject and also at the discretion of the A.G. to avoid unnecessary hardship to officers without involving undue risk. In allowing provisional payments, the A.G. should observe the following principles:-
- (i) No provisional payment should normally be made without a request received from the authority that is competent finally to sanction the payment,

- and the request should indicate the period (which should be short) for which payment should be passed provisionally.
- (ii) The Officer should be clearly informed that the payment is provisional. A proper register should be kept to watch the receipt of the final orders and that provisional payments do not extend beyond the period for which they were authorised.
  - (iii) In a case where sanction of the Legislature is necessary, provisional payment should in no case be made even if the Government make a request with an assurance that a legislation will be passed shortly.
  - (iv) Permanent Government Servants may be authorised their pay and allowances on the basis of the substantive pay when sanctions to the continuance of temporary posts held by them have not been received in the Accountant General's Office.

#### Deductions

- 13.40 In respect of deductions the details should be noted in the column "Notes explanatory of peculiar payments etc." linking the same with a guide letter with the note of payments etc. in the monthly cages.
- 13.41 A gazetted Government Servant desirous of discontinuing his subscription to the General Provident Fund during leave where such discontinuance is permissible should intimate his wish in the matter to his Accountant General before proceeding on leave.
- 13.42 In the case of gazetted Government Servants who are occupying or who generally

occupy Government residences, the pay slip should be made out in triplicate, preferably by carbon, and one copy should be sent to the officer responsible for making the recovery of rent to enable him to revise the assessment of rent where necessary.

Note.-If a Government Servant occupies, as a residence, a public building, whether residential or not, or a building hired by Government, or a portion of any such building, the rent as specified by the Public Works Divisional Officer concerned in the "Statement of Rents recoverable from Pay Bills" is recoverable from the tenant without prior reference to him. The amount recovered should be credited to the head of account indicated in the statements. This applies also to additional rent recoverable for furniture or for electric, water supply, heating and sanitary installations in building occupied as residences. It also applies to amounts recoverable from a Government Servant on account of the value of furniture or other Government property for the loss of which or damage to which he may be found responsible and to any other dues for which a Government Servant may be liable to Government in respect of the residence allotted to him.

#### Leave account

13.43 Subject to any exceptions specially authorised, a leave account is maintained by the Accountant General (A&E) for every gazetted Officer whose entitlements are determined by him. The leave account should be maintained in Form-63 or such other form as prescribed by the competent authority. If the forms of the leave account prescribed

are not suitable for the maintenance of leave account of any class of Government Servants, the forms in such a case may be prescribed by Government after consultation with the A.G.(A&E) concerned. Government may require a leave account to be maintained in the case of non-gazetted government servants whose entitlements are determined like that of Gazetted Government Servants.

The leave account is posted both when the government servant applies for and returns from leave.

Note.-From-1-4-87, allocation of leave salary and pension contribution has been dispensed with.

13.44 In respect of Government Servants temporarily lent to another Government a register in Form-SY-52-A should be maintained to watch the recovery of leave salary contribution from the borrowing Government.

#### Last Pay Certificate

13.45 Detailed rules regulating the preparation of last pay certificates in cases of transfers on duty or return from leave are given in Appendix B.

Note 1.-A register of Last Pay Certificate drawn up in an office should be kept in a Form similar to Form-65.

Note 2.-Unless there is authorisation otherwise by the Rules or Orders of Government, all pay, allowances, leave salary and pensions according to a Government Servant while in India are payable in India.

#### Transfer

13.46 When a gazetted Government Servant is transferred from one Accounts circle to another, the Accounts Officer of the first circle should send the following documents to the Accounts Officer of the new circle-

- (i) L.P.C. duly countersigned.
- (ii) Leave Account.
- (iii) Statement of service.

13.47 The statement of service should be in Form-66 and should show the pay and allowances earned by the Officer during the last 10 or 12 complete months as may be required under the leave rules applicable in each case to supplement the information contained in the last printed History of Services. In the case of an Armed Forces Officer transferred from the Defence to the Civil Department a Statement of his whole service in such detail as is required by paragraph 13.62 Rule 1, should be furnished for inclusion in the History of Services.

Note 1.-While recording the particulars of leave and/or joining time in the Statement (Form-66) a note to the effect that the appropriate Certificate for counting the period of Leave and Joining Time for increments has been received should also be recorded simultaneously in the remarks column, wherever relevant for calculating future increment.

Note 2.-The statement of service should also contain an entry regarding the last payment of grants renewable at intervals of a fixed number of years, such as the

periodical grants made to Police Officers for uniform.

13.48 When a Gazetted Government Servant is transferred to foreign service, all necessary particulars relating to the time spent in foreign service, including the recovery of the leave and pension contributions, should be recorded in the History of Services/Service Cards maintained under paragraph 13.58.

#### Advances

13.49 The undermentioned advances may be drawn by a Gazetted Government Servant from the Treasury on the authority of the sanction or a duly certified copy thereof appended to the bill without any previous authority from the Accountant General:-

- (i) Advances on transfer,
- (ii) Advances on tour,
- (iii) Advances on account of travel concession during regular leave, wherever admissible;
- (iv) Advances in lieu of leave salary, wherever admissible;
- (v) Advances for medical attendance and treatment;
- (vi) Advances of travelling allowances in respect of journeys to place of settlement on retirement, performed during leave preparatory to retirement or during refused leave. No other personal advance can be paid to a Gazetted Government Servant unless payment has first been authorised by the Accountant General or the claim has been pre-checked by him.

Note:- The sanction to personal advances may, if preferred, be obtained

in the form of counter-signature on the bill itself before it is presented for encashment.

13.50 Advances of pay and allowances to Gazetted Government servants under proper sanction must, like pay and allowances, be formally recorded in the Gazetted Entitlement register.

13.51 An advance of Pay/Travelling Allowance granted on transfer to a Government servant to enable him to join his post should be debited to "Salaries" or "Travel Expenses" as the case may be, under the service head concerned. In the event of a Government Servant being transferred to another circle of Accounts, the advance should be reported by the Treasury Officer/Disbursing Officer through the L.P.C. for effecting recovery.

13.52 Advances for house-building and advances for purchase of conveyances should be recorded in the Entitlement Register, and in the event of a Government servant being transferred to another State or department the unrecovered balance should be noted in the last pay certificate.

13.53 When a Government servant is transferred to foreign service, an extract of the Leave Account shall be supplied to the foreign employer by the Accountant General. The foreign employer will maintain a proforma leave account to determine the leave admissible to the Government servant and sanction it under intimation to the Accountant General and the Departmental authority concerned. He will also arrange for the payment of leave salary to the official.

Reimbursement of leave salary so paid shall be claimed by the foreign employer from the Accountant General at half yearly intervals. For this purpose he will send necessary claims to the Accountant General indicating details of the officials in foreign service, nature and the period of leave sanctioned, rate of leave salary and amount of leave salary paid. The statement will be sent for the period ending 30<sup>th</sup> September and 31<sup>st</sup> March of each year. The Accountant General will verify the claims preferred by the foreign employer and arrange to reimburse the amount by means of bank draft within a month of receipt of the claim.

- 13.54 The payment of an advance from the Provident Fund to an Officer on foreign service is to be arranged by the Accountant General (A&E) who maintains his Provident Fund Account.
- 13.55 The grant of advance of Pay/T.A. at the time of transfer to and reversion from foreign service as well as the grant of motor car advance while on foreign service is governed by special rules and orders of Government.
- 13.56 The first payment on reversion from foreign service should also be authorised on receipt inter alia of the L.P.C. from the foreign employer.
- 13.57 The Accounts Officer of the State Government is responsible for watching the recovery of leave and pension contribution in respect of State Government Officers lent on foreign service.

#### *HISTORY OF SERVICES/SERVICE CARDS*

13.58 Subject to such exceptions as may be authorised by the Comptroller and Auditor General, a record of services in Form 67 should be maintained for each Gazetted Government servant or a specified non Gazetted Government servant by the Accountant General who authorises his pay. This record may be styled as History of Services. It is primarily intended for the record of all facts in the official career of the Government servants which have a bearing on pay, promotion, leave, pension etc. Officiating promotions involving no change of duties should generally be omitted; but in the case of members of services which consist mainly for grades, the duties of which are not separate and distinct, all officiating promotions should be shown.

13.59 The History of Services of gazetted Government servants is maintained by the Accountant General who authorises their pay. The History of Services is issued in print at such intervals as may be prescribed in consultation with the Government. Copies of this publication will be furnished according to the local orders in force.

Note : Particulars of war services affecting pay, promotion, leave or pension should be recorded in this publication.

13.60.1 The illustrative entries in the sample Form (vide Form 67) explain the method of record. Leave of all kinds, absence without leave or in excess of leave or of joining time should be noted across the pages as in the specimen; and

if any period be allowed to count as service which would not ordinarily be allowed by the rules, or if any special privilege or disability affecting pay, pension or leave attaches to a Government servant, the fact should be noted similarly with quotation of the Government order. Service in a vacation department and vacation not enjoyed during such service may also be noted similarly. Officiating appointments, when shown, should be distinguished from substantive appointments.

13.60.2 In the case of Armed Forces Officers and State Government servants the date of birth should be recorded at the heading. In the case of Armed Forces Officers in Civil employ details of service in Armed Forces previous to transfer to Civil employ need not be shown but only the period of service should be stated together with full details of all leave taken in the Armed Forces employment. Their record of service in I.A.F (C.D.A) 313 should be maintained in addition in accordance with the rules laid down in Appendix I to the Defence Audit Code.

13.60.3 Entries relating to punitive action taken in regard to a gazetted Government servant should not be made without special orders of Government. If an Accounts Officer considers that such an entry is indispensably necessary for the purpose of regulating his emoluments/pension he should refer the question for the orders of Government who will decide what form the entry should take.

Note: Periods of joining time ordinarily need not be recorded except in the following cases:-

- (i) joining time on transfer between different Governments from or to commercial department under the same Government including such joining time following leave; and
- (ii) joining time taken by a Government servant on transfer from an officiating post qualifying for additional pension to another such post.

13.61.1 With the exception of hereditary titles and awards for acts of gallantry conferred on the members of the Armed and Police Forces, no mention should be made on titles against the names of any officer. There is, however, no objection to the mention, of the receipt of a medal or clasp for war services. Mention in this publication should be made of the receipt by a Government servant of India Police Medal, the President's Police and Fire Service Medal and the Police Medal for acts of gallantry. Particulars of literary works and of medals, etc. mentioned above with the date of their award should be printed in italics at the foot of the page.

13.61.2 The following information may also be recorded if Government so direct:-

- (a) cast, tribe, State of domicile at the time of appointment and home of the family and academic degree.
- (b) Religion or community in the case of all or particular classes of Government servants; but no other addition should be made without the orders of the Government concerned.



13.62. An interleaved copy of the last edition of the History should be used to note the subsequent changes and should be sent in original to the press as “copy” for the next edition of the History. On receipt of notice of the appointment of a new gazetted Government servant his name should be entered immediately in its proper place in this interleaved copy. So long as a gazetted Government servant is attached to a State, though he has reverted from the rank of a gazetted to that of a non-gazetted Government servant by the termination of an acting promotion his name should not be struck out of the History; it should be removed only on death, retirement or permanent transfer to another State, or to a Central Department.

#### Civil List

13.63. If in any Civil List of Officers or other publication which is issued by the Government concerned without previous review in the Accountant General’s office any errors are discovered in course of working, they should be reported to the authority concerned, and the copy of the printed list preserved in the office should be corrected.

#### Compulsory Retirement

13.64 On or before the 1<sup>st</sup> September in each year, i.e. as soon as possible after the examination of the books of establishment, the Accountant General should if so required by Government submit to the Government concerned a list in Form 69 of the gazetted

Government servants other than members of Defence Services who, during the next official year, will be due to retire on attaining the age of superannuation or on the expiry of a term of extension of service. The object of this return which has to be furnished by the Accountant General only in those States where the arrangement is in vogue is to enable the Government to pass the necessary orders regarding their retention in or retirement from the service. In the case of Officers of the Defence Services, the Accountant General should annually obtain lists of the officers affected by the rule who are employed in departments and offices under his jurisdiction and should pass no more pay to those named therein, except where it can be shown that there is authority for their continued employment.

#### G. E. Accountant’s Duties

13.65 The following instructions cover the more important points requiring the special attention of Accountants.

- (1) See that the payees are legally entitled to the pay claimed.
- (2) See that, except in cases of first appointment, every first payment to an individual, whether on account of pay and allowances or as leave salary, is supported by a lastpay or leave salary certificate, as the case may be .

- (3) See that a health certificate is given (see also note below paragraph 13.24).
- (4) Record the payments in the appropriate cages in the Entitlements Register.
- (5) When the amount of bill is the same as that of the last month only enter date of payment or month of adjustment in the case of bills received with Pay and Accounts Officer Accounts or Settlement Accounts if any further payment be made, enter the amount and the new date also and place a guide letter over it, linking it with the explanatory note and the number and date of the order.
- (6) When the amount of a bill differs from that of the last month, enter the amount as well as the date, being the gross amount paid, including fund deductions, income tax recoveries of over-payments.
- (7) In the case of a gazetted Government servant on leave –
- (a) see that leave has been granted;
  - (b) see that it has not been exceeded;
  - (c) see that the leave salary claimed is covered by rules applicable to the case;
  - (d) see that the leave account is posted both when the Government servant applies for
- and when he returns from leave.
- (8) Note: all advances and excess or unauthorised payment in the Entitlement Register in the space set apart for objections, issuing retrenchment slips where necessary.
- (9) Note any recoveries in the Entitlement Register.
- 13.66 On receipt of a Gazette with the notifications regarding gazetted Government servants ticked off, the Accountant will:-
- (1) note all the necessary details in the Entitlement Registers, and History of Services and also in the Scale Register if they belong to All India Services;
  - (2) issue the Pay Slip for alterations in pay and allowances, where necessary, filling in at the same time the money columns in the register when necessary;
  - (3) when leave has been sanctioned compare the amount of leave sanctioned with that shown in the office copy of the leave report, and prepare the prescribed letters where necessary;
  - (4) In the case of transfer, see that the report is received of making over as well as of receiving charge, note in the proper place in Entitlement Register, and check joining time;
  - (5) In the case of a gazetted Government servant transferred from another State, call for a statement

of his emoluments, and submit it with the Entitlement register, the History of Services/Service Card and the Pay slip to the Gazetted officer for approval

#### Files of Correspondence

- 13.67 Separate personal files for individual gazetted Government servants be opened in order to record the correspondence relating to them. All other correspondence should be recorded in separate files for each department.

## APPENDIX 'A'

(See paragraph 13.38)

### **INSTRUCTIONS ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL IN ORDER TO SECURE EFFICIENCY AND UNIFORMITY IN RELATION TO THE PROCEDURE FOR CERTIFICATION OF LEAVE AND AUTHORISATION OF LEAVE SALARY TO GAZETTED OFFICERS OF STATE GOVERNMENTS IN CASES WHERE THE ENTITLEMENT FUNCTION IS PERFORMED BY ACCOUNTANTS GENERAL (A&E).**

#### Certificate of Admissibility

- (1) Gazetted Government Servants-Leave should be sanctioned to a Gazetted Government Servant only after its admissibility has been certified by the Accountant General who has been authorising his pay.

In respect of State Government Officers who on being transferred to the Central Government as a temporary measure but continue to be governed by the State Leave Rules, the reporting of the admissibility of leave to such officers should be done by the Accountant General of the State Government concerned if he is consulted in the matter by the Central Govt. Department concerned.

- (2) Military Officers-When a Military Officer becomes subject to the Civil Leave Rules, the Defence Accounts Officer-in-Charge of his record of pension service will, on application and on being furnished with the date of commencement of active service in Civil Employ furnish to the Accountant General

concerned a memorandum showing the different kinds of leave due, taken etc.

Applications for leave from Military Officers in Civil Employ, whether they are subject to the Military Leave Rules or the Civil Leave Rules, should be sent through the Accountant General who authorises the pay of the officer going on leave. The Accountant General will, if he considers it necessary, consult the Defence Accounts Officer from whose payment the Officer is transferred to the Civil Department before certifying the leave and specifying the leave salary. No leave should be sanctioned to such an officer before a report is received from the Accountant General.

- (3) Payment of Leave Salary-No Gazetted Government Servant can begin to draw his leave salary without producing a leave salary certificate from the Accountant General who authorises his pay before he proceeded on leave.
- (4) A Gazetted Government Servant desirous of discontinuing his subscription to the General Provident Fund during leave (in

- cases where it is permissible under the State Service or Provident Fund Rules) should intimate his wishes in the matter to the Accountant General before proceeding on leave.
- (5) For drawal of Leave Salary, a Gazetted Government Servant signing his bills himself must either appear in person at the place of payment or furnish a certificate signed by a responsible Government Officer or a well known and trustworthy person, according to the Rules and Conditions mentioned in the State Treasury Rules.
- (6) A Gazetted Government Servant who on return from leave is posted to another State or Accounts Circle should get a Last Pay Certificate from the Accountant General by whom the Leave Salary was last authorised and send it to the Accountant General or Accounts Officer of the new State or Accounts Circle. Without such a certificate he can not get the arrears of Leave Salary or Pay due to him.
- (7) Leave Salary during leave preparatory to retirement, etc.-A Gazetted Government Servant on leave preparatory to retirement or refused leave or terminal leave, or such other leave, on the expiry of which, he is not expected to return to duty should record a certificate on the leave salary bill that during the period for which leave salary is drawn, he was not re-employed under Government, local fund or a private employer.

## APPENDIX 'B'

(See paragraph 13.45)

### **RULES REGULATING THE PREPARATION OF LAST PAY CERTIFICATES IN CASES OF TRANSFERS ON DUTY OR ON RETURN FROM LEAVE.**

- (1) Transfers on duty may be of two kinds:-
  - (i) A Government Servant may proceed on duty from one State or circle to another.
  - (ii) A Government Servant may proceed on duty from one place to another in the same State or circle of Entitlement.
- (2) In the former case the certificate should be given by the officer-in-charge of the Treasury or Drawing and Disbursing Officer and a duplicate of it should be forwarded by the Treasury Officer or the Drawing and Disbursing Officer to the Accountant General for counter-signature and transmission to the Accountant General of the transferred Government Servants's new State.
- (3) In the second case of transfer the Government Servant should obtain a last pay certificate from the officer-in-charge of the treasury, Disbursing Officer from which he last drew his pay.
- (4) The last pay certificate should be prepared in all cases mentioned above in Form-64 or such other form prescribed by the State Government concerned. This form provides for the details of the fund deductions. The officer preparing the certificate is responsible not only for entering in the certificate all demands against the departing Government servant including any made under an order or attachment of his pay by a Court of Law of which he may have received notice before granting the certificate, but also for passing on any, of which he may afterwards receive notice, to the treasury or the Disbursing Officer from which the Government servant will in future draw pay.
- (5) In all cases of transfers from the District to another within the same Entitlement circle the Last Pay Certificate should specify the last regular or monthly payment; and the entire pay for the month in which transfer has been made should be paid in the new district except where the treasury or the financial rules of a Government provide to the contrary.
- (6) On promotion of a non-gazetted Government Servant to a Gazetted post, an extra copy of the Last Pay Certificate should be sent by the head of the office direct to the Accountant General (A&E). This will enable the Accountant General (A&E) to authorise the transit pay and allowances to the officer, if it is to be authorised by the Accountant General under the Treasury Rules of the Government.

If the Treasury rules of the State so provide the Last Pay Certificate of a Government Servant on reversion from a Gazetted post should be sent by the Treasury Officer to the A.G.

and the later should countersign it and send it to the Head of offices responsible for drawing the pay of the Government servant as a non-gazetted officer.

## CHAPTER 14

### PENSION

#### GENERAL

- 14.1 The term "Pension" used in the following paragraphs includes Gratuity except when the term pension is used in contradistinction to gratuity.
- 14.2 The verification of pension consists in seeing that the qualifying conditions governing the grant of a pension are fulfilled and that the amount of pension sanctioned is correct.
- 14.3 The provisions contained in this chapter apply mainly to Accounts Offices subordinate to the Comptroller and Auditor General. In case of departments, e.g. Defence and Railways, where accounts are kept by an agency not under the control of the Comptroller and Auditor General, or in case of Union and State Governments where pension entitlement work has been taken over by the respective Government, the reports on the admissibility of claims for pension are prepared in Accounts Offices of those departments/Governments. The work done in the accounts Offices other than those subordinate to the Comptroller and Auditor General is however, subject to test check by Audit Offices subordinate to the Comptroller and Auditor General.

14.4(a) On receipt of a pension case of a non-gazetted Government Servant the period of service reckoned as service qualifying for pension (including leave

of all kinds) should be checked with reference to his service book. If any vital particulars are missing they should be called for from the Head of Office.

14.4(b) For verifying the services of Gazetted Government Servants, the printed History of Services should be used. If part of the service be non-gazetted, such part should be verified in the manner prescribed in sub-para (a) above.

14.4(c) In the case of a Government Servant who has been on foreign service, the period of service claimed for such employment should be verified from the particulars already recorded in the Service Book. In the case of a Gazetted Government Servant on foreign service, the period of service will be verified from the particulars recorded in the History of Services (vide paragraph 13.58).

Note.-No re-check of Service Book in regard to the pay fixation in different scale of pay during the official career would normally be undertaken at the time of examining titles to pensions and gratuity except in cases where pay has been fixed in a different scale during the last one year preceding the date of retirement. The check of fixation of pay in such cases will be done by the office of the Accountant General (A&E).

#### PREPARATION AND ISSUE OF PENSION PAYMENT ORDERS

14.5(a) The Pension Rules of many of the State Governments provide that an authority which is competent to sanction a pension should, when forwarding the



application to the Accountant General record on the application his orders as to whether the service is satisfactory and is approved for the grant of full pension admissible under the rules or whether the service has not been thoroughly satisfactory and what reduction for that reason should be made from the full pension or gratuity admissible under the rules. In such cases, the Accountant General after due verification of service should issue the pension payment order forthwith on the basis of the amount found admissible by him.

14.5(b) In the case of some of the State Governments, however, the rules provide that the authority competent to sanction the pension should, wherever possible, record on the pension application its provisional recommendation stating whether the pension should be admitted or not. In such cases if the Accountant General certifies that the claim is in order, he should issue a provisional Pension Payment Order, informing the officer that the Pension Payment Order is provisional and is subject to the formal sanction of the pension by the competent authority. He should also send a formal report to the competent sanctioning authority alongwith intimation of the issue of the Pension Payment Order and the report should also call special attention to the relevant regulations of the State Government. He should ensure that the final sanction of the competent authority is accorded as early as possible.

14.5(c) In other cases where no recommendation regarding grant of pension is made by the competent authority on the pension application, the Accountant General after verifying the service and the fulfilment of the qualifying conditions, certifies the amount of pension admissible under the

relevant rules and returns the pension to the authority competent to sanction claim to pension. On receipt of the order granting pension, it should be checked by the Accountant General with the final report submitted by him and he should then issue the necessary Pension Payment Order.

NOTE:-Pension Payment Orders in the type of cases mentioned in (a), (b) and (c) above should not be issued more than a fortnight (or such other period as may be prescribed by the Government concerned) in advance of the date on which the Officer is due to retire. The Accountant General should also watch the receipt of the report from the head of the office or department about any event occurring prior to the actual retirement which may necessitate the recalculation of the amount of pension involving the issue of a revised Pension Payment Order, if necessary.

14.5(d) In certain cases a competent authority can sanction claims to pension without previous reference to the office of the Accountant General. In such cases, the Accountant General should satisfy himself that the amount sanctioned is correct and that the rules governing the grant of pension in question have been properly applied, before arranging for the payment of pension sanctioned.

14.6 Pension payments must be authorised strictly in the terms stated and to the persons named in the sanction order. Accountant General have no authority to discuss or enter upon any question relating to succession to or division of, or claims to pension, but must direct all such matters to be referred to for the orders either of the Government or of the authorities who may

have been appointed to decide them in the rules framed under Act XXIII of 1871.

Note:- In the case of Death-cum-Retirement Gratuity or Family Pension under the liberalised pension rules made by the Government of India and certain State Governments, however, the claims are to be settled in accordance with the Nominations obtained from Government Servants read with provisions contained in those rules. In the case of non-gazetted officers, these nominations are to be kept in the custody of the Head of the office or other responsible officer nominated by him. In the case of gazetted officers, the nominations are to be kept by the respective Accountants General, if the pay and allowance are authorised by them.

14.7 With a view to avoiding delay in the issue of Last Pay Certificate owing to Government dues remaining unassessed and unrealised on the date of retirement of a Government Servant, thereby holding up issue of his Pension Payment Order, most of the State Governments have adopted a procedure under which the last payment of pay etc. is released in such cases and Last Pay Certificate issued either (a) on the retiring Government Servant furnishing a suitable surety or a cash deposit or (b) after withholding a portion of gratuity. In such cases the Last Pay Certificate will contain the necessary mention of the surety etc. and the Pension Payment Order can be issued on the basis of such Last Pay Certificate. In cases where intimation in regard to furnishing of suitable surety or a cash deposit have been received by the Accountant

General or the pension sanctioning authority has recorded orders for withholding a portion of gratuity in page 3 of the application for pension, the production of Last Pay Certificate need not be insisted before releasing the pension and gratuity amounts.

In cases other than those mentioned above, where last pay certificate is not received and pension is payable within his circle of amount, the Accountant General should note across the Pension Payment Order that no payment is to be made until the intimation to the effect that the Last Pay Certificate has been produced to the Accountant General, is received from the Accountant General. The Last Pay Certificate received with a pension case should always be filed with that case. Where the pension is, however, payable in another State, the Last Pay Certificate should be sent to the Accountant General concerned and reference must be made to it before the Pension Payment Order is issued. The amount of deductions to be made monthly towards premia on subscription to the P.L.I. should be noted in the Last Pay Certificate, where necessary, before its transmission to the Accountant General concerned.

14.8 The production of Last Pay Certificate need not be insisted upon for the purpose of making or authorising payment of anticipatory pension, anticipatory gratuity (including death/retirement gratuity) and commuted value based on

- anticipatory pension. When a Government servant has retired from service a gazetted notification (if he was a Gazetted Officer) or a formal order (if he was non-gazetted officer) notifying/intimating the fact of his retirement from the specified date may, however, be awaited.
- 14.9 The production of the Last Pay Certificate is not necessary in the case of family pension granted under the Extra Ordinary Pension Rules and the liberalised Pension Rules also.
- 14.10 Except in cases for which other special arrangements may be sanctioned, periodical personal payments which do not come under the category of Pay and Allowances should be made only upon Pension Payment Orders issued from the Office of Accountant General in forms 71 and 72.
- 14.11 In the case of pensions sanctioned for a limited period, the cases for dates of monthly payment in both portions of the pension payments order from the date the pension is to be discontinued should be cancelled in red ink at the time the pension payment order is issued or re-issued by the office of the Accountant General.
- 14.12 Accountants General should arrange for the speedy disposal of the applications for pension and for gratuities, which are invariably to be treated as urgent.

A register of applications for pension should be kept in each (A&E) Office showing date of receipt and of final disposal of each.

Note:- In order to prevent the possibility of double claims, in the case of a non-

gazetted Government Servant a note should be made in the Service Book by the Accountant General's office (Pension verification Section) to the effect that a pension of a certain amount was admitted on a certain date. In case of a Gazetted Government Servant, the pension verification section should transmit this information to the Gazetted Entitlement Section or in case where the officer was serving in another Accounts circle immediately before retirement, to such Accounts Officer. The particulars should be noted in the Gazetted Entitlement Register.

14.13 To ensure that correct settlement of the accounts between Governments on account of each pension the following procedure should be observed:-

- (a) Pension Payment Orders issued for payment of pensions at treasuries should specify whether the charge is debit to the State or to the Central Government, and this classification should also be noted in the Treasurywise pension payment Register, if maintained.
- (b) The pension reports by the Accountant General should indicate invariably the apportionment of the charge according to the rules laid down in Section B(iii) of Appendix 5 to the Government Accounting Rules, 1990, so that the authority sanctioning the pension may notify it in the orders of sanction.
- (c) When the Accountant General has to issue a Last Pay Certificate to enable the pensioner to draw his pension in another circle in India, the Last Pay Certificate should similarly indicate the

- apportionment of the pensionary charge, if so required.
- (d) If any part of the pension is payable by a Government other than the Government which sanctions it the Accountant General of the sanctioning Government should effect recovery of the amount due from the other Government in such manner as may be mutually agreed upon between the two Governments concerned.
- 14.14 Questions affecting the pension or pensionable service of a Government Servant which for their decision depend on circumstances known at the time shall be considered as soon as they arise. Except in cases covered by the preceding sentence or in individual cases under specific orders of Government, the Accountant General may not give advice upon any questions connected with the claim of a Government Servant to pension until the permissible period prescribed for the submission of formal application for pension begins.

#### REGISTERS OF PENSION PAYMENT ORDERS

- 14.15 The Pension Payment Orders issued to pensioners should be recorded in a Register in Form-73, each entry being attested by an Accounts Officer as and when a Pension Payment Order is issued. Separate register should be kept, where necessary, for "Special Pensions" (vide para 14.16) and for "Assignments and compensations".

NOTE (1) In States where the work relating to reporting an authorisation of pension in respect of all or some employees has been taken over from the A.G. and is being done by the departmental authorities of the State Government, no pension payment order will be issued by the A.G. In such cases, the A.G. will arrange to get the copies of pension payment orders from the departmental authorities and the details of the pension payment orders will be noted in the treasury-wise pension payment register, if maintained and kept in a separate file in chronological orders for future reference.

NOTE (2) Save as provided in Rule 2 below when a pension is transferred to another treasury, it should be brought a new one on the Register of Pension Payment Order and a fresh number assigned to the payment order. When both parts of order are returned for cancellation, the fact and the cause must be recorded in this Register, with the date of death or transfer. Old cancelled orders may be destroyed after issue of the new ones; so also those of deceased pensioners after the heirs have been paid.

- (1) In the case of pensions transferred from one treasury to another it will be well, in case of re-entry on transfer, to make the entry in red ink and to omit all the particulars in all the columns but those of number and date of Pension Payment Order, name of pensioner, monthly amount and place of payment, noting across the blank spaces, "See No. above". In the case of a pension transferred from another State, the entry should be made in red ink, but all the columns should be filled up. New pensions payable in another State need not be entered in the Registers.

- (2) When sufficient space is left on the reverse of the Pension Payment Order for note of payment and the payment order is in good condition and the transfer is made within the same State, it should be enfaced, rather than renewed, the entry in the Register of Pension Payment Orders being corrected accordingly. (The number of the Pension Payment Order need not be altered.)
- (3) To obviate delay in the communication to a pensioner of the transfer of payment of his pension from the jurisdiction of one Accounts Officer to that of another, the Accounts Officer in whose jurisdiction payment is to be made should, when a new Pension Payment Order is issued, send the necessary intimation to the pensioner and not request the other Accounts Officer to issue intimation. To enable him to do so, the Accounts Officer who requests him to arrange for payment of the pension should, when making the request, furnish him with the address of the pensioner.

NOTE (3) In cases where transfers of pensions from one treasury to another within the State are with the concurrence of the State Government) arranged directly by the Treasury Officers without the intervention of the Accountant General, the reports of the transfer should be noted promptly in the register of pension payment orders as soon as they are received from the Treasury Officer transferring the pension.

#### REGISTER OF SPECIAL PENSIONS

14.16(a) Pensions which are not granted for life, but are subject to some special

condition (e.g. that they are to cases on marriage, or at a given age, or under any given circumstances) are not to be entered in the same register with other pensions but should be recorded in special registers of their own; and all Pension Payment Orders of such pensions will bear the letter 'S' in addition to the number.

14.16(b) In the Register of special Pension Payment Orders, and also in the Treasury-wise Pension Payment Register of Special Pensions, if maintained, an additional column should show "Limitation of Pension" which must be stated as precisely as possible; for instance, such entries as "to determine in twenty years", or "to last till twenty one years of age", must not be allowed, as in such cases the precise date of termination can be ascertained and should be entered.

14.16(c) In all cases where the determination of the pension can not be fixed for a precise date, the payment can be admitted only upon a certificate in each case that the event (whatever it is) which terminates the pension has not happened.

#### TREASURY-WISE PENSION PAYMENT REGISTER

14.17 On abolition of central audit of pension vouchers, it has been left to the discretion of the Accountant General (A&E) to maintain Treasury-wise Pension Payment Register if he so desires, for preparing the list of P.P.O.s etc. to be sent to the Accountant General (Audit). This register, if maintained, is to be kept in Annexure-'A' annexed to this chapter. The register should be filled up at the time of issue of the Pension Payment Order. The register will be bound in volumes of convenient size

embracing one or more districts and page numbered continuously. A sufficient number of blank spaces should be left under each district to accommodate the additional entries, on account of grant of new pensions, or transfer to old ones from other districts and each new name should be brought on the district Register on the first vacant line at the time the Pension Payment Order is issued. The number entered against each pensioner will be that of his Pension Payment Order, and every entry of a pension must be initialled by the Section Officer after comparison with Pension Payment Order Register. When a pension ceases to be payable, or is transferred to another treasury, the fact should be recorded in the register under proper attestation. These registers are to be kept permanently by the Accountant General.

#### **ENTRY OF REMARKS**

When there is sufficient blank space in the right hand page, the fact of cancellation should be noted across it instead of in the Remarks column but if the necessary note cannot be made on the right hand page for want of space, the blank column should always be scored through in red ink.

If the pension, or a part of it is debitable to a Government other than the paying Government, the amount debitable to it should be specified in the column for "Remarks".

14.19 When dealing with applications for payment of arrears, the A&E office should require a certificate from the treasury officer stating the date of the last payment and

14.18 The registers mentioned in paras 14.15, 14.16 and 14.17 should be so printed as to allow ample space in the column "Remarks" for all entries which can be necessary. In the case of pensions paid at a treasury these would be ordinarily only the fact of cancellation of the order with its cause, the date of death, the receipt of death-roll and the payment of any arrears to heirs. If a Government Servant re-appointed after obtaining compensation pension does not surrender his pension, note of the post of which he is appointed and its monthly pay should be made in this place; if the pay of the new post does not allow the pensioner to draw his whole pension, the full amount granted should be struck out in red ink and the reduced amount entered.

the name of the month to which it related.

#### **PENSIONS PAID BY PRE-CHECK PAY DEPARTMENT IN OFFICE OF ACCOUNTANT GENERAL (A&E)**

14.20 The provisions relating to payment of pensions after pre-check in office of the Accountant General (A&E) are given in chapter 15.

#### **GRATUITIES**

14.21 Form 75 will serve at once for a Register of the grant of gratuities and for noting the payments thereof, their posting and check by the Accountant General (A&E), on receipt of the order granting the gratuity and after check with the report of the verification the first six columns

should be filled up immediately and the order to pay it issued in Form 76:

- (a) The voucher must be the receipt of the person legally entitled to the gratuity or of his/or her legal guardian obtained on the reverse of the authority in Form 76. Where the gratuitant is permitted under the rules to receive payment of gratuity through the Head of Office for which purpose authority in Form 77 will be issued, the amount will be drawn in a separate bill by the latter and this will form the voucher for the purpose. The actual quittance of the payee will be obtained and recorded by the Head of Office. It is the responsibility of the Heads of Offices to ensure that the payment has been made to the actual payee. It is not for the Accountant General's office to watch the receipt of disbursement certificates about payment of gratuity to the actual gratuitant by the Heads of offices. The amount of gratuity to be refunded by a person re-employed should be noted in the gratuity register and the fact of repayment of gratuity should be noted in the "Remarks" column when repayment is completed.
- (b) The gratuity register (Form 75) will be maintained by the office of the Accountant General (A&E). On receipt of the paid vouchers, the voucher number and date of payment will be noted in the relevant column of the register as token of correct payment.
- (c) Every quarter the gratuity register should be examined and those gratuities which have

remained unpaid for more than 3 months noted, the Departmental Officers concerned being addressed concerning them and note of the reference made entered in the last column of the register.

**Note.-** When Death-cum-Retirement Gratuity is payable to more than one person, a separate authority in Form 76 should be issued in respect of each of the major surviving members of the family. In cases however, where, the shares of minors are payable to their legal or natural guardian, a single authority may be issued for the shares payable to the minors and the guardian.

#### **ANTICIPATORY PENSIONS AND GRATUITIES**

14.22(a) A Special Register should be opened in Form 102 in which should be entered on the left side the orders for Anticipatory Pensions and Gratuities passed under the relevant service rules (columns 7 to 10 being left blank), and on the right side, month by month, the dates of payments made against them. The orders should be entered for the whole State in consecutive order, and when final adjustment of the payment is made against the final order granting the pension or gratuity, full note of it should be made in the Remarks Column.

14.22(b) There is no objection to an Accountant General authorising any of his Deputy Accountants General or Branch Officers to sanction Anticipatory Pension on his behalf. The Special Register must however, be reviewed by the Accountant General personally every half-year (beginning of April and beginning of October), in order that he may see that no undue delay has occurred in the final settlement of the cases:

1. When the final pension or gratuity is sanctioned, it should be dealt with in the Pension Payment Order or Gratuity Register as covering the anticipatory order, and not as being in continuation of it, and the order issued for payment of anticipatory pension recalled.
2. It is not necessary that an Anticipatory Pension Payment Order should be recalled before the final order is issued. All final pension payment orders must, however, be forwarded to the Treasury Officers concerned under cover of a special letter in Form 78. The subsequent return of the Anticipatory Pension Payment Orders, as contemplated by the letter, should be carefully watched through the Special Register of anticipatory pensions, in the "Remarks" column of which the date of issue of the final and date of return of the anticipatory order should be noted over the initials of the Gazetted Officer in charge.
  - (ii) The authority sanctioning the payment is competent to do so.
  - (iii) The period for which pension relates is covered by the sanction.
  - (iv) In case payment exceeds 6 months, proper orders extending the period of 6 months for payment have been issued in so far as provisional pension is concerned.
  - (v) No anticipatory/provisional payment is made after issue of final Pension Payment Order (after issue of final P.P.O. the relevant entry in anticipatory/provisional registers is to be scored out).
  - (vi) The amount in the vouchers tallies with that in the register.
  - (vii) In case no sanction is noted in the register, but vouchers have been received, the necessary sanction is to be called for and noted in the register.
  - (viii) All the vouchers so noted in the registers are correspondingly enfaced.
  - (ix) Cages for noting voucher number after 6 months are to be scored out in red ink in order to check payment after 6 months.

14.22(c) All the vouchers of anticipatory/provisional pension are to be noted indicating the voucher number and date of payment in the relevant register as a token of correct payment. Simultaneously each voucher is to be subjected to a general review which will consist of seeing that the voucher is in proper form has been duly passed, drawn and paid by the authority authorised for the purpose and that the amount of pension is noted both in words and figures. Besides, this general review, the vouchers are also to be subjected to the list of checks given below:-

- (i) Sanction for making the payment exists.

14.23 The Central Government and a number of State Governments have adopted a procedure under which Heads of offices have been authorised to draw and disburse to the retired non-gazetted Government Servants anticipatory pension for a period of 6 months or till such periods as extended by the Accountant General and anticipatory Death-cum-Retirement Gratuity pending the issue of Pension Payment/Gratuity Payment Order by the Accountant General. A Register in Form 74 shall be



maintained to note the payments made by the heads of Offices and it will serve both a Pension Payment Register and Audit Register. The register should be maintained for each treasury separately. In this register, voucher number and date of payment has to be noted by the office of the Accountant General (A&E) on receipt of vouchers from the treasuries as a token of correct payment.

These payments are also to be reviewed/checked in the office of the Accountant General (A&E) in the manner specified in para 14.22.

#### *COMMUTATION REPORTS*

14.24 The procedure for commutations of pensions and the responsibilities of Accountant General in connection with reports on these are laid down in the relevant Regulations issued by the various State Governments. Modifications to suit local circumstances are described in the relevant Manual of the Accountant General concerned.

#### *TERRITORIAL AND POLITICAL PENSIONS*

14.25 Separate registers in Form 73 should be maintained for the record of Pension Payment orders issued in respect of:

(i) Pensions or allowances paid to the members of the family or servants of any former ruler or any territories in India under

Section 145 of the Government of India Act, 1935, as it stood on the 14<sup>th</sup> August, 1947.

- (ii) Pensions for other political considerations which were previously classified under the minor head "Pension for distinguished and meritorious services or for political considerations" subordinate to the major head "2071-Pensions and other Retirement Benefits" and;
- (iii) Charitable Allowances.

14.26 The Accountant General should, before he issues Pension Payment Orders for Territorial and Political pensions, require information regarding the parentage, residence, date of birth, height and any personal marks facilitating identification of the pensioner, and should enter these particulars in the Pay Order unless specifically exempted from the operation of the provision by the State/Central rules.

14.27 With the special sanction of the Accountant General in each case the following procedure may be employed in the case of groups of Territorial and Political Pensioners who are paid by, and are in charge of, a Political Officer:-

- (i) In lieu of a Pension Payment Order for each pension, an order for the payment of the whole group will be issued in Form 79; each entry having a number in this for 330/1, 330/2 and so on, where 330 is the register number of the whole document.

(ii) The officer in charge of the pensioners will prepare a monthly bill in such form as may be prescribed by the Accountant General in which all the names will be entered in their proper order even though nothing is drawn for the pensioner entered.

14.28 If the Accountant General Orders for maintaining the treasury wise pension payment registers for territorial and political pensions, such registers will be separate from those for other pensions.

#### *ACCOUNTANTS DUTIES*

14.29 The following are some of the important points for the attention of the Accountants.

- (i) See that the vouchers are in proper form and stamps have been affixed where necessary.
- (ii) Check the details and the income tax deductions.
- (iii) On the death of a pensioner see that the pension payment order is returned for cancellation unless amount of family pension payable to spouse is indicated therein and payment is to be made.
- (iv) Note deaths and transfers in the treasury wise pension payment register, if maintained, and Pension Payment Order Register and have the notes attested by the Gazetted Officer. The entries in these registers should be scored through in red ink when a pension is permanently removed.
- (v) Note anticipatory pension in a separate register which should be laid before the Accountant

General twice a year (beginning of April and beginning of October).

- (vi) In case of a pension payable from the counters of A.G.'s Office, compare the signature with that given in relevant registers.

Pension of one State paid in another State

- 14.30 In the case of Pension paid in one State on behalf of another State Government, the debit on account of such charges will be passed on through I.S.S. Account to the Accountant General of the State in whose circle the charges are finally adjustable, duly supported by a statement of debit and a certificate from the originating Accountant General (A&E) in the following form;

“ Certified that the expenditure during the month on account of Payment of pensions on behalf of the Government of \_\_\_\_\_ amounted to Rs. \_\_\_\_\_ and that it has been verified that these payments pertain to the State of ..... and further that the connected payment vouchers have been retained in this office.

Based on the statement of debit and certificate mentioned above, the charges on account of pension will be adjusted by debit to the final head of account in the books of the receiving Accountant General (A&E).

**ANNEXURE 'A'**

Major Head.....

(See Para 14.17)

Minor Head .....

TREASURY-WISE PENSION PAYMENT REGISTER

Central

State

Voted

.....Pension payable at ..... Treasury

\_\_\_\_\_

Charged

No. of P.P.O.	Name and date of birth of pensioner	Monthly amount of pension		Date of Commencement of pension	Class of pension	Remark
		Pension	Relief			
1.	2.	3.	4.	5.	6.	7.

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## CHAPTER 15

### PRE-CHECK FOR PAYMENT OF PENSION

Introductory:

15.1 Where with the consent of the Comptroller and Auditor General of India, the Accountant General (A&E) is performing the duties of a treasury at the headquarters of a

Government in respect of pensionery claims that may fall due for disbursement the procedures to be followed in making such payment is as prescribed in the subsequent paras as also in Annexure 'A' to this Chapter.

*General Procedure:*

15.2 (a) The Pre-check Pension Payment Department is responsible for receiving and for making payment of claims of the pensioners drawing pension in Calcutta (other than from Public Sector Banks).

(b) The pre-check of the bills so received and payment thereof will be conducted by two separate sections Under no circumstances the same official will conduct both the functions of passing bills and making payments.

15.3 A Register of Pension paid by Pre-check Payment Department in Form 102 will be maintained for pensions paid after pre-check in Offices of Accountant General (A&E). All payments will be prechecked; but it will not be necessary to maintain a file of pension payment orders as in treasuries, the purpose being served by the register in Form 102, payment entries wherein will be authorized by a Branch Officer. The signature of the

Pensioner will be taken for comparison in the column "Name of Pensioner".

Note : When a male pensioner is specifically exempted by Government from personal appearance, the fact should be noted in the Register and in all cases of non-appearance of a male pensioner a note should be made in the Register of the form in which proof was given, within each year, of the pensioner's continued existence; e.g. "Pensioner visited such and such Officer on ..... " and the initials of the officer verifying the fact should be put against the note.

15.4 (a) All authorization of payments from counter of Accountant General Office will be received in Pension Pre-check Section, recorded in relevant Register and intimation of payment will be issued to the concerned pensioner:

(b) No Disburser's portion of P.P.O. will be maintained. The Check Register maintained in Form 102 will serve as disburser's portion of P.P.O.

(c) Photo and Specimen signature of the concerned pensioner will be pasted in the Flyleaf of the Check Register and the Branch Officer-in-charge of Pre-check Section will attest both these documents by putting his full signature in such a way that the signature will extend on the flyleaf. The intention is that the photo and specimen signature so pasted in the flyleaf can not be replaced without knowledge of the attesting authority

15.5 Every bill claiming pension, gratuity etc. will be received in token counter/counters and a token will be issued for each bill received. In most of the cases, the arrangement is that in exchange of every bill presented a brass token bearing a number is given to the person who presents the bill by the receiving Clerk in the receiving counter/counters. This number is noted by the Clerk on the bill and the bills are transferred to the concerned check Section in suitable batches. All bills from the token counter/counters to be transferred to Check Section should be noted in Bill transit Register (Form SY-79).

15.6.1. The Bill Transit Register should be subjected regularly to a thorough check by the Section Officer/Assistant Accounts Officer of the Pre-Check Section. As soon as the register is received with bills from token counter, the Clerk of the Section should count the number of bills received, check them against the token numbers in the register and record a certificate to this effect after the last entry in the Bill Transit Register over his dated initials. The Section Officer/Asstt. Accounts Officer should then conduct a general examination of the bills to see, after the bills have been distributed that each accountant has put his dated initials against the bills pertaining to him in the Bill Transit Register. Thereafter he should note the total number of bills received by his section in words under the last entry in the Bill Transit Register and **should put down his dated** initials in token of his having exercised the necessary check. It should be seen particularly that no lines in the Register are left blank between two entries.

15.6.2 The bill Transit Register should also be examined periodically by the Branch Officer-in-charge of the Pre-check Section connected.

Note: At the close of every day, the A.A.O/S.O. of Pension Payment Section should satisfy himself that the bills entered in the Bill Transit Registers have been received by Pension Pre-check Section and no bill has been removed from the register without putting there an acknowledgement for the same

15.7(a) The bills will be passed after verifying with the specimen signature and photo of the pensioners as recorded in the relevant Register and after exercising necessary checks as may be required under Treasury Rules. After the bills have been examined and recorded in relevant Check Register and the amounts passed for payment (in words and figures) written on them by the Accountant, the bills should be laid before the Branch Officers along with the Check Register. The Officer will examine the bill, compare the signature of the drawing officer with his specimen signature in all cases and, if satisfied of the correctness of the charges, initial or tick off the entries in the registers and pass the orders for payment over his full, dated signature. The arrears bills will be routed through the Section Officer/Asstt. Accounts Officer in charge of the Pre-check Section. The officer after being satisfied of the correctness and genuineness of the claim, will sign the Pay Order and attest the Record of Payment in money cages of the Check Register. The Payment Orders will always be signed with full signature and date. The periodical appearance of the pensioner, submission of life certificate and drawal through Bank, should also

be recorded in money cage with suitable abbreviation.

- (b) At the time of first payment, pensioner's signature after proper identification will be attested by the Branch Officer-in-charge of Pension Pre-check Section superscribing the words "Signed before me".
- (c) The passed bills will be transferred to payment section through the same Bill Transit Register with which the bills were received from token counter. The transfer of passed bills from one section to another should be in locked boxes.

15.8 (a) When the passed bills are received in Payment Section from Check Section, the bills should be sorted out for "Cash Payment" and "Payment by Cheque". When Cheque is prepared against a passed bill, the number of the token is noted on the Cheque prepared for payment. The payment is made (either in Cash or in Cheque as the case may be ) to the person who presents the token on proper identification with reference to the photo available in the P.P.O. and signature on the bill itself. Where however, the pensioner does not come personally and payment is made either to the messenger or agent, the payment is made on surrendering the tokens quoting the particulars of amount and payee of the bill.

15.8 (b) Specimen signatures of officers drawing bills should be obtained and pasted in the proper pages of the Check Registers, and each accountant should, on receipt of a bill, first of all see that the Register. The specimen should be attested by the full dated signature of the

Branch Officer and a rubber stamp should not be used for the purpose.

Note: 1. On a transfer of charge between Govt. servants, the relieved Govt. servant should send to the Accountant General's Office the required number of specimen signatures of the relieving Govt. servant, The accountant will see that the signature of the relieved Govt. servant is correct and then paste the specimen signature of the relieving Govt. servant in the Check Register, cancelling the previous one.

Note: 2. In cases where a personal assistant or any other Govt. servant is entitled to sign bills "for" a superior officer, specimen signatures of the Govt. servant so entitled should be obtained and utilised as above.

15.9 (a) The receipt and issue of token is recorded in a Register of Token in Form 80. The cashier should verify daily the stock of token in hand after taking into account the unredeemed numbers. It should be ensured daily that all bills paid during the day whether in cash or by cheque and for bills returned un-paid the corresponding tokens have been received back. The Section Officer-in-charge of section should record and certify in Form 81 to this effect and a certificate should be shown daily to the Branch Officer-in-charge. The verification is intended merely as a numerical check and the object is to see that for the number of token that are not in hand, and equal number of bills exists in the office. A certificate of this verification should be recorded in the Register of Token and should be put up to the Gazetted Officer-in-charge.

15.9 (b) On 20<sup>th</sup> of each month a detailed census of all tokens in hand, should be taken by the Section Officer/Asstt. Accounts Officer in a Register in Form 82, and the result reported to the Deputy Accountant General. If the census represents any unusual feature, the matter should be brought to the notice of the Accountant General. In case of loss of any token, compensation should be recovered from the person concerned at a rate as may be fixed locally after taking into consideration of the value of the token.

Note: In case of loss of any token, the pensioner should immediately bring the matter to the notice of this office. The pensioner should deposit the value of token in the R.B.I. through Chalan.

#### **PAYMENT BY CHEQUE**

15.10 (a) If payment is to be made by cheque, the passed bill will be transferred to the cheque writer, who will prepare a cheque for the net amount in the special form for pre-check cheques (separate forms being used for Central and State payments). He will note the number of the cheque conspicuously on the bill, enter the amount in the Register of Cheques Drawn (Form 83)-(Central or State) and lay the cheque and the bill together before the Branch Officer in-charge. This Officer will satisfy himself as to the genuineness of the dates, signatures of the Officer passing the 'pay order', tick off the number of the cheque, see that its amount agrees with the amount passed and then sign the cheque and stamp the bill "Cheque Drawn" and initial the entry in "Cheque Drawn Register".

When two or more bills are payable to the same person, a single cheque should be issued for their aggregate amount, though the particulars of each bill should be entered separately in the register of Cheques Delivered (form 84). In such case a stamped acknowledgement for each bill should not be demanded, a single stamped receipt is sufficient. Each such bill may, if necessary be stamped in the A.G's Office with a rubber stamp indicating that the relevant receipt is included in the receipt attached to such and such a bill, the number being entered in manuscript.

Note:- The passed bill together with the cheque should be sent to the Pension Payer for delivery. After delivery, the payer will attach the payee's acknowledgement to the bill, stamp it is paid, write the voucher number on the upper right hand corner of the bill and enter the payment in the Central or State Register of Cheques Delivered.

(b) The cheques will be delivered to the pensioner/messenger/agent on surrendering the token and signing acknowledgement for receiving the payment. The personal cheques will be delivered by the Branch Officer-in-charge of payment section. All cheques will be delivered after recording in the Cheque Delivery Register (form 84)

(c) Duplicates of lost cheques are issued in the same form with the word "duplicate" recorded across the form in red ink.

Note.-Specimen signature of each Officer passing the pre-check bills for payment should be furnished to the payment

section. Before signing the cheque/making the payment in cash, the signature on the Pay order will be compared with the specimen signature where there is reason to doubt the genuineness of the "Pay Order".

## **PAYMENT IN CASH**

15.11 The bills to be paid in cash should, on being received from pre-check Section, be made over to the payers who, if the voucher be in order, duly passed, and receipted should stamp the bill paid, pay the net amount write the voucher number on the upper right hand corner of the bill and enter the payment in the Cash Payment Register (Form 85). The payment will be made to the pensioner/messenger on surrendering the token, signing the acknowledgement for payment and on proper identification by the Asstt. Accounts Officer/Section Officer-in-charge of the payment counter.

Note.-Payment in cash may be made if the basic pension does not exceed Rs. 300/-.

15.12 For the payment of these claims (Central and States) a fixed imprest is allowed, and if this runs short during business hours, a cheque, also in the special form for pre-check cheques may be drawn to replenish it. The Branch Officer-in-charge should check the entries in the Register of Cash Payment with the vouchers, and should also see that the amount of the cheque agrees with the totals of the Register before he signs it. The voucher for this cheque will be in Form 86.

Note.-Before issuing such a cheque, it will be well to note on the

voucher above described that it covers all cash payments upto "O'Clock", but on a day on which small payments are expected to be subscribed and soon to exhaust the imprest, a further amount may be drawn by a cheque when office opens and if the result be that the cash balance at the end of the day is not reduced to the amount sanctioned for the fixed imprest, the fact must be reported to the Accountant General and the surplus shown separately on the final agreement slip.

15.13 The fixed imprest will be borne on the accounts Governments in respect of State payments met from the fixed imprest will be made periodically as laid down in Article 35 of the Account Code, Volume IV.

15.14 The fixed imprest will be borne on the accounts as Central permanent advance and will be counted and certified by the Gazetted Officer-in-charge on the last day of each month. The certificate initialled by the Accountant General should be filed with cash balance reports though the amount is not included in the balance of the State.

## **CLOSING FOR THE DAY**

15.15 At the close of each day the amount of the fixed imprest must be made up by a cheque drawn by the Branch Officer-in-charge in his own favour so that the cashier may always close with a balance equal to the fixed imprest in cash and cheques; before signing the cheque, the Branch Officer-in-charge will apply the same checks as are laid down in paragraph 15.12 above.



15.16 The Branch Officer-in-charge should check the Register of Cheques Drawn with the cheque book, see that the number of the cheques in the Register are consecutive and ascertain that no more forms have been removed than are accounted for by entries in that Register. He should initial the counterfoil of the first unused form (the first to be used on the next day) and by turning back to the last initials (those on the first used form of the expiring day) will ascertain how many-forms have been removed.

15.17 The entries in the Register of Cheques Delivered and the Cash Payment Register (Form 84 and 85) should be summed as each column is filled up. A final total, expressed in words and figures, should be made at end of the day and the vouchers, with separate memoranda in Form 4 of the Account Code, volume-IV for Central and State payments, showing the aggregate amount of the payments, in words and figures, should be forwarded to the Section which has to prepare the Debt Head Classified Abstract of Pre-check Pay Department, the cheque and cash memoranda and vouchers being kept distinct in accordance to provisions in Chapter 3 of Account Code Vol. IV. ordinarily, a single memorandum for each class prepared at the close of the daily payments will be sufficient; but on days when the payments are numerous, it is convenient to make up the totals and forward the vouchers two or three times during the day, and when more than one memorandum is thus prepared, the aggregate amount paid from the commencement of business must be shown in each, in words and figures. (See also Article 36 of the Account Code, Volume-IV).

Note 1: The amount of the cheques issued in replenishment of the fixed

imprest must be excluded from the aggregates reported in these slips.

Note 2: The Branch Officer-in-charge need not of course, count the vouchers himself before signing the slips nor it is absolutely necessary for him to await the return of one such slip sent on previous day before forwarding the slip along with the book of voucher for the day.

#### SCHEDULE OF CHEQUES PAID

15.18 The Bank will send the paid cheques daily to the Accountant General (A&E) together with separate schedules for the Central and State payments showing the number and the amount of each cheque; and the whole amount of each schedule will be shown in the relevant daily Bank Sheet (Central or State) as a single item "Pre-check Cheques paid".

Note: No member of the Pre-check Pay Department should ordinarily be permitted to have any access to the paid cheques and the schedules received from the Bank.

#### FINAL POST CHECK

15.19 After payment of the bills and after entry in the Payment Register has been made by the payer, a separate person should enter this paid vouchers in the Register of Final Post Check of Pre-check bills (Form 87) and entries in column 1 to 5 completed. Section Officer (Pension Payment) will attest all entries in column 6. After accounting of the vouchers by the Pension Accounting Section, the vouchers will be sent to Pension Pre-check Section. The Post-check Section will conduct a final post check of these payments. This will consist of the following checks:-

- (a) That the pay order is genuine;
- (b) That the endorsement on the bills if any, are in order;
- (c) That a final receipt for the full amount passed by the Check Section has been received from the pensioner/his messenger/his agent;
- (d) That the Payment Section has properly marked the vouchers as paid;
- (e) Column 8 to 12 of the Form will be filled in by Pre-Check Section.

### OUTSTANDING CHEQUES

15.20 The paid cheques returned daily by the Bank should be compared with and ticked off in the Registers of Cheques-Delivered (Form 84) and from this a list of outstanding cheques (showing number and amount) should be made up and totalled monthly, the total being expressed in words and figures. The preparation of this list should, on no account be left to a member of the Pre-check Department. The entries in the list should be checked and the total attested by an Assistant Accounts Officer/Section Officer before it is submitted to the Accountant General for him to post his Check Registers. The balances for the last day of the month should be agreed with the Ledger balances and the agreement certificate by the Assistant Accounts Officer/Section Officer of Book Department.

Note 1: If any cheque appears to be unduly long outstanding, enquiries regarding it should be made of the holder and if it can not be traced, it may be stopped and the charge which it represents cancelled and adjusted. The

number of the cheque in the outstanding list will sufficiently indicate any such exceptional cases.

Note 2: The most convenient form of the daily schedules will probably be that of a book, as the maintenance of an outstanding list of cheques renders it unnecessary to record the details of the cheques paid.

### ACCOUNTANT GENERAL'S CHECK REGISTER

15.21 A register in Form 88 will be maintained by the Accountant General (A&E) showing the daily issues and encashment responsible for the preparation of the list of outstanding balances of unpaid cheques at the end of the month. The register will be kept in the custody of the Accountant General (A&E) but may be posted by an Assistant Accounts Officer/Section Officer or other nominee of the Accountant General other than one connected with the Pre-check Payment Department or the Department of Pre-check cheques (Central or State) and the outstanding cheques.

The monthly comparison as indicated in the form will be made by the Accountant General himself.

A comparison should also be made with the balances in the Registers of Outstanding Cheques at the end of each month. The balances in the Accountant General's register should also be verified independently with the Ledger balances in the Book Department and a note to this effect recorded in Form 88.

## ANNEXURE 'A'

(Referred to in paragraph 15.1)

The following rules govern the procedure which should be followed an A.G. office in dealing with claims against Government presented for payment from the Consolidated Fund and Public Account of India and of the States.

### PAYMENTS

- (1) Bills which should be only claims and not acknowledgements, will be presented by the claimant in person, or through a messenger, or through a bank or other authorised agent, or by post.
- (2) Bills so presented will be subjected to check before payment by the Check Section concerned which will be conducted on the same principles and with precisely the same formalities as are observed in the case of bills received with the treasury accounts for post audit after payment.
- (3) After a bill has been examined and recorded, the amount admitted will be passed for payment by a Branch Officer of the A.G. Office.
- (4) All bills as soon as passed will be made over to the Cash Department.
- (5) Unless there is a special request on a bill for cash payment, all bills will be paid by cheque if the total of all the bills received from one party at the same time exceeds Rs. 300/-.
- (6) If payment is to be made by cheque, the bill should bear an endorsement showing:-

- (a) in whose favour the cheque is to be drawn-self, Bank or other authorised agent;

Note 1: Cheques may be drawn in favour of a firm or a private person for payment of contingent bills when the Government authorities direct payment to suppliers of articles. These cheques should always be crossed in such manner as may be prescribed in the Treasury Rules or the Financial Rules of the Government concerned and will be issued by the A.G. Office either on original bills of the supplier duly counter-signed by the Head of the office or on consolidated bills in which claims of different persons are included by the Head of the office. In the later case the names of the payees should be specified in the bill, with the respective amounts, for which separate cheques should be issued.

Note 2: Where under the provisions of the Treasury Rules or the Financial Rules of the Government concerned payments due to contractors may be made to financing banks, cheques will be drawn in favour of such Banks.

- (b) Whether the cheque is to be an open cheque or a crossed one; and
- (c) In the latter cases, whether the crossed cheque is to be sent by post (open cheques are not to be sent by post).
- (7) The presenter of a bill (otherwise than by post) will receive a token.
- (8) When payment is to be made by crossed cheque sent by post, the cheque will be sent by the A.G. Office without further action on

- the part of the payee. He must, however, acknowledge its receipt by return of post. Failure or delay in doing this will render the payee liable to forfeit the privilege of having his cheque sent by post.
- (9) In cases other than mentioned in paragraph (8), intimation of the bill having been passed will be sent to the drawer, where necessary or when desired, in the following form as soon as possible after the bill is passed:-

“Your bill for Rs. .... received on the ..... has been passed for Rs. .... Please send your messenger with your acknowledgement duly stamped, in the form annexed, with instructions to make it over to the paying officer, after actual receipt of the payment. Token No. or this intimation (when the bill has been sent by post and no token received) should also be sent as evidence of identification in addition to the signed acknowledgment”.

- (10) A payee, who receives payment by cash or by an open cheque, can receive payment only in person or through a messenger but who should in no case be a member of the A.G. Office. In the later case the Cashier in the Pre-check-Pay Department will take all reasonable precautions against fraud, but the payee must understand that he receives payment through a third party at his own risk and that Government is in no way

responsible for loss and will hand over the cheque or cash to any person presenting:-

- (a) any token that has been given to the messenger, and  
 (b) what purports to be the payee’s receipt for the amount claimed.

This receipt should be in the following form-

Cash  
 “Received by ----- Rs.  
 from the in payment of my bill Rs.  
 dated

Cheque  
 the on account of

If an advice that the bill has been passed [See (9) above] has been received, this should also be sent.

NOTE:- It is not necessary that an intimation should have been received by the payee before he can be paid. The payee can send his messenger with the receipt without waiting for the intimation and the payment will be made if the bill has been passed. It will prevent possible inconvenience to the payee, however, if he waits for the intimation except for bills which are paid on the same day or on the day following, e.g. pay bills.

- (11) If the receipt is sent by a messenger, the A.G. Office will take on the receipt the signature or mark of the messenger himself.  
 (12) A payee should communicate with the A.G. Office in all cases in which payment has been delayed beyond one week from the presentation of the bill.  
 (13) It is the duty of the Cash Department to scrutinise the receipt of the payee presented by

the messenger before making payment. This scrutiny will consist of-

- (a) comparison of the signature on the acknowledgement with drawer's signature on the bill,
- (b) comparison of the amount acknowledged with the amount of the pay order on the bill, and
- (c) the receipt of any token issued; (if an intimation of the bill having been passed has been sent, this should be demanded; but payment should not be refused merely because of its absence).

Note 1: In the case of any doubt about the agreement of the signature or about the acquittance being legal, e.g. when the payee does not himself sign, the Cash Department will consult the check Section before making the payment.

Note 2: After payment the Cash Department will attach the payees acknowledgement to the bill, stamp the bill as "Paid" the name of the person by whom the payments has been made and date of the payment also being endorsed on the bill.

Note 3: Special care must be exercised by the Cash Department when receipt are presented by unknown messengers.

## CHAPTER 16

### GRANTS-IN-AIDS

#### *GENERAL PRINCIPLES*

- 16.1 Grants-in-aid can be given only to a person or body which is independent of the Government. One department of the Government cannot make a grant-in-aid to another department of the same Government. An organisation set up by a Government resolution or by an executive order does not have separate legal status of its own and functions only as a limb of the Government. Therefore, Government cannot give grant to such an organisation. A grant may be conditional or unconditional.
- 16.2 In regard to the regulation of the quantum of the grant-in-aid to State Governments for development schemes taking into account the miscellaneous receipts accruing there-from the Central Government has decided that-
- (i) Where recurring grants-in-aid are given, the quantum of such grants should be based on the net expenditure arrived at by reducing gross expenditure by the amount of estimated receipts and
  - (ii) Where the grant-in-aid is of a capital nature (e.g. non-recurring grant for the construction of a building or acquisition of a machinery) not only the elements of possible receipts which would accrue to the State Government should be duly taken into account
- in determining the quantum of such grant-in-aid, but any receipts from the disposal of property built out of such grants-in-aid in respect of schemes which are closed or abandoned should also be shared proportionately.
- 16.3 Unless in any case the Government directs otherwise, every order sanctioning a grant shall indicate whether it is recurring or non-recurring in nature and specify clearly the objects for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants for specified objects, the order shall also specify the time limit within which the grant or each installment of it is to be spent.
- 16.4 In cases in which conditions are attached to the utilisation of grant in the form of specification of particular objects of expenditure or the time within which the money must be spent, or otherwise, the sanctioning authority shall be primarily responsible for certifying to the Accounts Officer, where necessary, the fulfilment of the conditions attaching to the grant, unless there is any special rule or order to the contrary.
- 16.5 In case of Central Government, it has been decided that grants-in-aid for specific purposes in excess of Rs. 1 lakh per annum recurring and Rs. 5 lakh non-recurring should normally be sanctioned by the competent authorities with the specific

condition laid down in the sanction order that the accounts of the institution receiving the grant should be open for a test-check by the Comptroller and Auditor General of India at his discretion. These monetary limits shall not, however, be treated in any way as fettering the discretion of the Comptroller and Auditor General of India if in any very special case he considers, on the recommendation of the Accountant General (Audit), that audit of the recipient's books is called for (even when the amount is less than the limits and the stipulation for the test check by the Comptroller and Auditor General of India was not specifically included in the order sanctioning the grant). Even in respect of unconditional grants, Government reserves the right to have accounts of the recipient body audited by the Comptroller and Auditor General of India on their own initiative, if and when occasion demands, to satisfy themselves generally regarding the manner in which the affairs of the recipient body are being managed.

NOTE:- Similar instructions laying down various limits have been issued by the various State Governments for the audit of the grantee's accounts by the Comptroller and Auditor General.

It has been decided that the total amount of the grants which a particular body or institution receives during a year and not the amount of each individual grant should be the determining factor for applying the limits laid down by the Central/State Governments for undertaking the test audit of the accounts of the grantees.

- 16.6 In respect of grants to non-Government or Quasi-Government bodies or institutions, the Central Government have decided that where assets are to be acquired wholly or substantially out of Government grants it should be laid down that assets should not, without the prior sanction of the Government be disposed of, or utilised for purposes other than those for which the grants are sanctioned.
- 16.7 Government of India have decided that Utilisation Certificates need not be furnished in cases where the grants-in-aid are sanctioned subject to the fulfilment of certain pre-requisite conditions and are in the nature of reimbursement of expenditure already incurred. In such cases the sanction letters should clearly specify that the Utilisation Certificates will not be necessary.
- 16.8 Unless it is otherwise ruled by Government, every grant made for a specified object is subject to the implied conditions-
- (i) that if no time limit has been fixed by the sanctioning authority the grant will be spent upon that object within a reasonable time (normally within one year from the date of issue of the letter sanctioning the grant) and
  - (ii) that any portion of the amount which is not ultimately required for expenditure upon that object will be surrendered.
- 16.9 In the case of unconditional grants, the Accountant General is in no way concerned with the manner in which the grant is

utilised by the grantee. In the case of conditional grants a formal utilisation certificate about the proper utilisation of the grant from the administrative, technical and financial point of view should be furnished to the Accountant General (A&E) by the sanctioning authority.

In cases in which the audit of local authorities and public or quasi public bodies is conducted by an office not subordinate to the Comptroller and Auditor General of India, (for example, Examiner of Local Fund Accounts of a State Government) a certificate regarding the grants having been utilised on the objects for which it was sanctioned and in accordance with the conditions attaching to the grant, based on that Officer's audit, may be accepted from the administrative government authority concerned.

16.10 In respect of grants given by Central Government to State Governments, the following procedure is to be followed in regard to submission of utilisation certificates:-

- (a) Utilisation certificates need not be furnished by the Ministries/Departments of the Central Government.
- (b) Where the expenditure out of the Central grants is incurred by the State Government direct, utilisation certificates will not be required to be furnished by them.
- (c) Where such expenditure is incurred by the State Government through local bodies or private institutions, utilisation certificates should be furnished by the State Governments concerned.

## **REGISTER OF GRANTS-IN-AID**

16.11 A register of Grants-in-aid in Form 89 should be maintained in respect of each department by the Accountant General. Maintaining the grant-in-aid audit register and watching the receipt of the Utilisation Certificates are functions of the Accountant General (A&E). immediately on receipt of a sanction to a grant, it should be entered in the relevant portion of the Register and the entry attested by a member of the Superintending staff. An order of payment, if necessary, should then be issued in Form 90 and its number and date noted in the appropriate column of the register.

Note 1: A new Register should ordinarily be opened every year, into which should be brought forward all entries in the old Register relating to recurring grant which are still in force. These entries should be attested in the new Register by a member of the Superintending staff.

Note 2: For any department in which the number of grants-in-aid is small, the same Register may continue in use for a number of years, separate sets of pages being allotted for the transactions of each year. In this case also, entries relating to recurring grants should be brought forward at the beginning of each year to the new set of pages and attested as provided in Note 1.

Note 3: In cases where it is found difficult to summarise the conditions and limitations within the limits of column 10 of the form of the Register of Grants-in-aid as a matter of detailed procedure, the conditions and limitations may be noted separately and reference made in



column 10 of the form to such separate records.

16.12 Grants-in-aid vouchers should be posted in the Register of Grant-in-aid against the relevant sanction as recorded in the register (Form 89).

16.13 If conditions are attached to a grant, a reference to any document furnishing information as to their fulfilment should be recorded in the appropriate column of the register and attested by the dated initials of the AAO/SO.

#### **REVIEW OF REGISTER OF GRANTS-IN-AID**

16.14 The register should be reviewed and submitted to the Branch Officer once in every quarter and reminders issued where submission of utilisation certificates from the sanctioning authorities etc. or certificates from Inspecting Officers have been delayed.

In addition, an annual report should be sent to the Finance Department of the Government indicating the amounts of grant-in-aid in respect of which utilisation certificates are due for submission to the Accountant General by the end of March of the previous financial year and have not been received by the end of June, if the Government have prescribed time limits for the submission of utilisation certificates to the Accountant General. If no time limit for submission of utilisation certificates has been prescribed by Government the annual report should indicate the amounts of grant-in-aid in respect of which the period of utilisation prescribed by Government has expired by the end of

March of the previous financial year and the utilisation certificate has not been received by the end of June. This report should indicate the number and date of sanction to the grant-in-aid payment, administrative Ministry/Department which sanctioned the grant-in-aid, name of the grantee institution, amount of grant-in-aid paid, date of payment, time limit prescribed for utilisation, time limit prescribed for submitting, the utilisation certificates, if any, authority from which the utilisation certificates is to be received and the details of correspondence exchanged with the said authority. Copies of these reports may be sent to the sanctioning authorities as well, for necessary action. This report should be sent in August of each year.

## CHAPTER 17

### CERTIFICATION OF PLAN EXPENDITURE

#### INTRODUCTORY

17.1 The Government of India releases each year assistance in the form of grants and/or loans to various States/Union Territories Governments for various central and centrally sponsored schemes in accordance with the pattern specified in the sanctions relating to the Schemes. While on certain schemes the entire expenditure is borne by the Government of India, on others the expenditure is shared between the Union and State Government. For State plan schemes the assistance takes the form of block grants which is related to the total outlay approved for the State Plan as a whole by the Planning Commission without linkage with individual schemes except to the extent of certain earmarked categories like power, major irrigation schemes, rural water supply etc.

The grants are accounted for under the major head of account "1601-Grants-in-aid from Central Government" and the loans are taken to the Major Head of Accounts, "6004-Loans & Advances from Central Government" Repayment of Loans is also shown under "6004-Loans and Advances from Central Government" in the books of the Accountant General.

17.2 Every year advances are paid by the Government of India to States for implementation of

scheme. For finalisation of Central assistance in such cases, the Government of India requires audited figures of expenditure on Plan Schemes.

#### DUTIES OF THE AG(A&E) IN RELATION TO PLAN EXPENDITURE

17.3 It is the duty of the Accountant General (A&E) to furnish a statement of plan expenditure figures for each year duly reconciled with those of the State Government to Accountant General (Audit) for audit and certification. The statement of expenditure is to be furnished in the form given below:

SectorNo.	Name of sector Head of Development		
Code	Name of Scheme	Head of account	Expenditure

17.4 The work of reconciliation of Plan expenditure figures for a year should be taken up as soon as the Finance Accounts and Appropriation Accounts for the year are finalised.

17.5 Quarterly Progress Report (for the quarters ending March, June, September and December) in respect of reconciled statement of expenditure furnished by Accountant General (A&E) to Accountant General (Audit) should be sent to the Comptroller and Auditor General of India so as to reach him by the 10<sup>th</sup> of the month following the quarter to which the report relates.

The report should be prepared in the form given below:

OF EXPENDITURE IN  
RESPECT OF CENTRAL  
ASSISTANCE TO STATES  
FOR PLAN SCHEMES TO  
ACCOUNTANT GENERAL  
(AUDIT) FOR THE QUARTER  
ENDING.....

STATEMENT SHOWING THE  
PROGRESS MADE TOWARDS  
THE FORWARDING OF  
RECONCILED STATEMENTS

YEAR	OPENING BALANCE	CLEARANCE	CLOSING BALANCE
	(No. of schemes for which reconciled statement of expenditure were to be sent)	(No. of schemes for which reconciled statement of expenditure were to be sent)	(No. of schemes for which reconciled statement of expenditure were to be sent)

- Part A-Central Plan Schemes.
- Part B-Centrally Sponsored Schemes.
- Part C-State Plan Schemes.

17.6 In cases where the State Accountants General are able to relate the amounts held under objection for want of D.C. Bills or utilisation certificates to a particular scheme or category of schemes, these may be excluded from the figures of audited expenditure while furnishing the certificates. In cases where the Accountants General (A&E) are unable to identify the particulars of individual schemes or categories of schemes to which the objections relate, they should qualify the certificate to indicate that schemewise break-down of amounts held under objection was not available and was being obtained from the Departmental Officers.

## CHAPTER 18

### INTERNAL AUDIT

#### GENERAL

- 18.1 There is an arrangement for audit and inspection within the Department for ensuring its accountability both in regard to the expenditure and the quality of work turned out. Each Pay and Accounts Office of the Department is audited by a nominated Audit Officer. There are independent Internal Test Audit units in various Accountant General's Offices. A Principal Director of Inspection in the office of the Comptroller and Auditor General of India monitors the works of the Internal Test Audit Units and Nominated Audit Offices. He inspects the work of all the field formations of the Department at periodic intervals and reports to the Comptroller and Auditor General of India.
- 18.2 It is a matter of great importance to check whether the various processes of accounting are being correctly followed by the different sections of the A & E Office. Such work should ordinarily be entrusted to an independent Internal Audit Section. This section should test-check the work of other sections of the office with a view to see how far they are following the procedural rules and regulations, maintaining the various Registers that have been prescribed, submitting the returns on the due

dates and generally functioning as efficient units of the office.

- 18.3 The Internal Audit Section is not intended to do original work and should not be saddled with such work. Its functions are analogous to those of the Principal Director of Inspection. It can usefully supplement the work of the Principal Director of Inspection and also serve as a liaison between him and the Accounts and Entitlement office in pursuing the objections raised by him till their final settlement, and by issuing instructions to see that the irregularities pointed out by him do not recur.

#### ARRANGEMENTS FOR INTERNAL AUDIT

- 18.4 The Internal Audit Section should be a small section consisting of picked staff who by their knowledge and experience are competent to scrutinize intelligently the work done in the various Sections of the Office and who can not only detect defects and irregularities but also can suggest improvements in procedure. The Section should be under the direct charge of the Head of the Office or one of his Deputies. The Section should not function as a substitute to the Branch Officers and Group Officers through whom the Accountant General normally exercises control over his office.

While test-check of the work of other Sections will be the main duty of the Section, special problems such as large outstanding balances under suspense heads, clearance of accumulated objections etc., may be referred to the Section by the head of the office, if he considers this necessary. The section should get the deficiencies noticed during test-check, rectified on the spot by providing suitable guidance to staff and keep down the size of Internal Test Audit Inspection Reports, issued for subsequent action. As far as practicable, the reports of the Section should be submitted to the head of the office for his information even though their disposal may be watched by a Deputy Accountant General so that the head of office can have an expert's appreciation about the technical efficiency of the various units of his office. Important points which require the orders of the head of office should be put up to him. The common defects noticed in a group of sections should be circulated periodically by office orders so that such defects may be guarded against in future. It is the duty of the Internal Audit to see that the defects noticed are remedied by the Section and that there is no recurrence of such defects.

- 18.5 A list of the items of work entrusted to the Internal Test Audit Section is given in the Annexure to the Chapter. In addition, Accountant General should also identify some of the critical areas to be assigned to the Internal Test Audit Section.

## ANNEXURE

(Referred to in Para 18.5)

List of items of work to be done by Internal Test Audit Section

Sl. No.	Description of item of work	Periodicity
1.	2	3

### *Test-Check of Sections*

(i) Pay & Accounts Office	Annual
(ii) Loans, Deposit, WM & FM	Once in 2 years
(iii) Administration	Once in a year
(iv) Sections not mentioned above	Once in 4 years
(v) Surprise check of 4 Gazetted Entitlement, Loans and Administration Section (to be selected by Accountant General at his discretion).	Annual

N.B.:- Test-check of sections under direct charge of Accountant General may be dispensed with.

### *Other items of work*

#### **1. Accounts**

Check of draft Finance and Appropriation Accounts      Annual

#### **2. Administration**

Check of statistics in support of the staff Proposals      Annual

#### **3. Complaints**

- (i) Cent percent review of all complaint cases Which were not settled for six months From the date from which the complaint Was first lodged.      Monthly
- (ii) Test check of 5% to 10% of complaint Cases received in the office addressed by

Name to the Accountant General/Group  
Officers and those received direct by  
Sections through ordinary dak Monthly

**4. Provident Fund**

- (i) Triennial Review of Provident Fund  
Accounts Triennial
- (ii) Review of outstanding balances under  
G.P.F. suspense Half Yearly
- (iii) Surprise check of debit vouchers of  
G.P.F. Monthly
- (iv) Quarterly review of residual payment  
Cases outstanding over six months Quarterly
- (v) Check of unposted items Monthly

**5. Pension**

Review of outstanding pension cases Quarterly

**6. Gazetted Entitlement**

Check of service cards of Gazetted Officer Do  
(To be decided by A.G.)

**7. All Entitlements**

Surprise check of entitlement work Do  
(To be decided by A.G.)

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**CHAPTER 19  
MISCELLANEOUS**

**LISTS FOR THE PUBLIC DEBT  
OFFICE**

**INTEREST PAYMENTS**

- 19.1 The Audit of interest payments on Government borrowings is divided between Accountant General (Audit) and the Public Debt Office, Reserve Bank of India.
- 19.2 After compilation in the Office of the Accountant General (A&E) the vouchers will be kept ready for audit by the Accountant General (Audit). On completion of audit by Accountant General (Audit) the Accountant concerned will total all the vouchers by loans for each of the two schedules of payments and number them consecutively for each loan in blue pencil in the upper right hand corner. To each bundle should be added a covering list, in Form 91, of which the total must be checked and agreed with the total of debits in the month's accounts against each loan.

Note:- Bearer bond coupons and stock interest warrants should not be included in the lists of vouchers for interest payments on promissory notes, but there should be separate covering lists for each class of voucher, viz. Vouchers for interest payments on promissory notes, stock interest warrants and bearer bond coupons.

- 19.3 The vouchers, together with the covering lists, should be sent for further audit to the Public Debt office of the Reserve Bank of India within the jurisdiction of which the treasury is situated. The jurisdiction of Public Debt Offices in respect of public loans and Annuity deposits is as in Annexure 'A' and 'B' respectively to this chapter.
- 19.4 The lists should not, however, be sent one by one, but should go together, on completion of audit by Accountant General (Audit) with a covering statement in Form 92 which is due for transmission on the last working day of the second succeeding month.

**REFUNDS OF REVENUE**

- 19.5 In the scrutiny of charges for refunds, the principal point to be examined is that it is supported by duly receipted vouchers in proper form. These vouchers should contain a certificate that the refund has been noted against the original credit in the departmental account. They should also contain the signature of the Treasury or Sub-Treasury Officer attesting the original credit into the treasury by single items or in a lump sum.

In cases where full details of the revenue under the head are given in the treasury accounts or other documents rendered to the Accountant General's office, a



note should be made against the item of receipt in the original accounts received from the Treasury so as to prevent a double claim, but in cases where the credit is shown in the treasury accounts in a lump sum, as in the case of Land Revenue, Excise etc., no note need be made against the aggregate credits.

1. For refund of fines, the note should be made in the statement of fines in those A&E offices where the statement is still received from the Court.
2. Refunds of the value of spoilt stamps are checked against entries of corresponding receipts in the Plus and Minus Memoranda. No check can, however, be exercised over the refund of stamps duty allowed by Civil Courts as well as of interest, if any, that may have accrued on that value.

## **DISCOUNT ON STAMPS**

19.6 The procedure for drawal of discount of stamps varies. In some States the discount is entered in a schedule against each item of sale, and a receipt is signed by the vendor on or apart from the schedule, the application of the proper rate of discount being usually certified by the Treasury Officer. In other states, a bill for the discount in an Abstract form is sent to the Accountant General through the competent authority whose counter signature is the Accountant General's authority for admitting the charge.

## **Plus and Minus Memoranda of Postal Stamps**

19.7 The following are the general checks to be exercised on these returns.

In scrutinising the plus and minus memoranda received from the treasuries, it should be seen that:-

- (i) The opening balance agrees with the closing balance of the previous month.
- (ii) The addition to stock agrees with the supplies shown by the Controller of Stamps in his invoice sent to the Accountant General (A&E).
- (iii) The deductions from stock agree with the credits appearing in the Treasury accounts under the head "8658-Suspense Accounts-Suspense Account (Civil)-Account with Posts" or otherwise supported by proper acknowledgment. In the case of transfer of stamps from one treasury to another the corresponding receipt entries; the plus and minus memoranda of the receiving treasury should be verified, and
- (iv) The closing balance has been correctly struck. The discrepancies, if any, noticed should be got settled by correspondence with the treasuries concerned.

Note:- The above procedure may be followed mutatis mutandis in the

check of plus and minus memoranda of other transaction also.

#### Authorisation of arrear claims

- 19.8 All arrear claims which cannot be paid without the authority of the Accountant General under the financial rules of the State Government will be dealt with in the A & E Office.

#### Pre-check of Fixation of pay

- 19.9 In the case of States where the entitlement function in respect of the Gazetted Officers of the State Government is performed by the Accountant General (A&E), the pre-check of fixation of pay where required under any rules or orders of the State Government in force will be done by the A & E Office.

#### Central Audit of Vouchers

- 19.10 Central audit of vouchers is to be conducted by the visiting Central Audit Parties of the Office of the Accountant General (Audit) in the office of the Accountant General (A&E).

## **ANNEXURE 'A'**

**(See Para 19.3)**

### **PUBLIC DEBT OFFICES AND THEIR JURISDICTION**

The present jurisdiction of each of the Public Debt Offices in respect of loans already issued and all loans which may be issued hereafter is as follows:-

1. Public Debt Office, Ahmedabad  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Gujarat.
2. Public Debt Office, Bangalore  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Karnataka.
3. Public Debt Office, Bhubaneswar  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Orissa.
4. Public Debt Office, Bombay  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General-I, Maharashtra, Bombay other than those under the audit control of the Accountant General-II, Maharashtra, Nagpur; treasuries and sub-treasuries under the jurisdiction of Directorate of Accounts, Goa, Director of Accounts, Daman & Diu Administration and treasuries and sub-treasuries in the former Sind Province of Pakistan.
5. Public Debt Office, Byculla, Bombay  
  
At present this office attends to the servicing of matured schemes viz., Ten-year Annuity Deposit Scheme, 5 ¾% Bonds 1985. In addition to this the office also attends to the current scheme viz. 7% Capital Investment Bonds, National Rules Development Bonds, 9% Relief Bonds etc. The jurisdiction of these schemes is confined to certain specified schemes of Government of India under which various bonds are issued.
6. Public Debt Office, Calcutta  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General, West Bengal, Meghalaya, Manipur, Nagaland & Tripura, Central Government Treasuries at Port Blair and treasuries and sub-treasuries in Bangladesh.
7. Public Debt Office, Guwahati  
  
Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Assam, Arunchal Pradesh, Mizoram and Sikkim.
8. Public Debt Office, Hyderabad  
  
Treasuries and sub-treasuries under the jurisdiction of the

- Accountant General, Andhra Pradesh.
9. Public Debt Office, Jaipur
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Rajasthan.
10. Public Debt Office, Kanpur
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Uttar Pradesh.
11. Public Debt Office, Madras
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Tamil Nadu and treasuries and sub-treasuries in the Union Territories of Pondicherry, Lakshadweep, Minicoy and Aminidivi Islands.
12. Public Debt Office, Nagpur
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General-II, Maharashtra, Nagpur and the treasuries and sub-treasuries under the jurisdiction of the Accountant General, Madhya Pradesh.
13. Public Debt Office, New Delhi
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General-I, Maharashtra, Bombay other than those under the audit control of the Accountant General, Maharashtra-II, Nagpur; treasuries and sub-treasuries under the jurisdiction of Directorate of Accounts, Goa,
- Director of Accounts, Daman & Diu Administration and treasuries and sub-treasuries in the for Sind Province of Pakistan.
14. Public Debt Office, Patna
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Bihar.
15. Public Debt Office, Trivandrum
- Treasuries and sub-treasuries under the jurisdiction of the Accountant General, Kerala.

## ANNEXURE 'B'

(See Para 19.3)

### The jurisdiction of Public Debt Offices in respect of Annuity

#### Deposit Scheme.

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<i>Public Debt Office</i>	<i>Jurisdiction</i>
1. Bangalore	States of Karnataka and Kerala.
2. Byculla, Bombay-8	States of Maharashtra (excluding the districts allotted to Public Debt Office, Nagpur), Goa & the Union Territory of Daman and Diu.
3. Calcutta	States of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Orissa and West Bengal and the Union Territory of Andaman Nicobar Islands.
4. Hyderabad	States of Andhra Pradesh.
5. Kanpur	States of Uttar Pradesh.
6. Madras	State of Tamil Nadu (including Pondicherry)
7. Nagpur	The States of Madhya Pradesh and Gujarat., The Districts of Akola, Amravati, Aurangabad, Bhandara, Bhir, Buldana, Chanda, Nagpur, Nanded, Prabhani, Osmanabad, Wardha and Yeotmal of Maharashtra State.
8. New Delhi	States of Punjab, Haryana, Rajasthan, Jammu & Kashmir, Himachal Pradesh, and Union Territories of Delhi and Chandigarh.
9. Patna	State of Bihar.

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## CHAPTER 20

### RAISING AND PURSUANCE OF OBJECTIONS

#### PART-I-GENERAL PRINCIPLES AND RULES

- 20.1 All objections of accounting nature e.g. want of sub-vouchers, want of detailed contractor bills, errors in treasury/divisional accounts should be raised and pursued by the A&E Office.
- Objection of accounting nature noticed by CAPs and CASS of Accountant General (Audit) will be intimated to the concerned accounting section of Accountant General (A&E) for entering in the objection Book and further action.
- 20.2 All observations and objections must be conveyed in courteous and impersonal terms, and must be clear and intelligible.
- 20.3 Objections and observations in relation to any accounts or transactions should be communicated to the disbursing and, where necessary, to the controlling authorities at the earliest opportunity. The Treasury Officer should be addressed only when recoveries have to be ordered, or in respect of objections for the removal of which he is directly responsible. It is important that before they are communicated objections should, unless otherwise provided in any case, be registered in detail in the prescribed records maintained in the Accountant General's office.
- 20.4 Reports of individual cases of serious financial irregularities should in the first instance, be addressed to the controlling authority concerned or to such other authority as may be specified by Government though copies may be sent to higher authority simultaneously for information in cases which are regarded to be so serious that they will eventually have to be brought to the notice of that authority.
- 20.5 Every query or observation made by the Accountant General in relation to any accounts or transactions should be taken promptly into consideration by the disbursing officer or any other Government Servant or authority to whom it may be addressed and returned with the necessary vouchers, documents or explanation to the Accountant General concerned within such time as may be prescribed by him in consultation with Government. As irregularities rectified to the reasonable satisfaction of the Accountant General will not ordinarily be pursued further it is to the advantage of the disbursing and departmental officers to expedite disposal of queries of the Accountant General.

## **PURSUANCE AND CLEARANCE OF OBJECTION**

- 20.6 The responsibility for the removal of objections, and the settlement of other points raised by the Accountant General devolves primarily upon disbursing officers, heads of offices, and controlling authorities. To assist the Finance Department of the Government concerned in the maintenance of financial regularity and of a proper system of accounts, the Accountant General is expected to maintain a constant and careful watch over objections and to keep controlling authorities fully acquainted not only with individual cases of serious disregard of financial rules, but also generally with the progress of the clearance of objections. The procedure to be observed should be determined by the Accountant General in consultation with the Finance Department. It is essential that objections are pursued in an intelligent, prompt and vigorous manner and that important irregularities are reported to Government early.
- 20.7 If a Government so desires, abstracts of outstanding objections should be prepared in such form and submitted to it, or to any other authority specified by it, on such dates as may be settled by the Accountant General in consultation with the Finance Department. These abstracts may be accompanied when so required by Government, by suitable extracts

detailing by Civil Districts, Public Works Divisions, etc., the more important of the outstanding objections.

- 20.8.1 While it is the duty of Audit of call attention to any disbursement which it considers improper, it is the function of the Executive authorities to order recovery of the amount, to confirm the disbursement or to forgo the recovery of the sums improperly disbursed.
- 20.8.2 Subject to the provision of paragraphs 10.1 and 10.2 the Accountant General should as soon as the facts come to his notice, direct the recovery of sums in respect of which there is no doubt that they have been improperly disbursed.
- 20.9 When an amount is outstanding for recovery against a Government Servant and money is also due to him by Government, but has remained undrawn for a considerable period owing to the death or resignation of the Government Servant or any similar cause, the Accountant General may adjust the amount due by the Government Servant against the amount due to him by Government and thus clear the objection. A bill from the Head of the office should be called for in the case of Government Servants who do not prepare their own bills and note of payment and adjustment should be made in the relevant records.

20.10.1 (a) In order to avoid unnecessary expenditure of time and labour on cases of objections of simple and unimportant character, the State Governments have agreed to the exercise on their behalf by the Accounts Officers of the powers to forego recovery of/write off amounts to the extent specified in State Finance Rules. These powers may not be delegated to subordinate officers.

Note:- If the irregularity is such that it is likely to recur the Govt. Servant responsible should be told that the expenditure was irregular, even if no recovery is made.

20.10.1 (b) Some items are placed under objection, not because the whole or any portion of the expenditure is unjustifiable in itself but because it is not exactly covered by rule; or the authority for it is insufficient; or full-proof, such as is afforded by sub-vouchers, that it has been incurred has not been produced. In such cases, the Accountant General or Sr. Deputy Accountant General/Deputy Accountant General may forego recovery up to the limits indicated in the State Financial Rules, subject to the following conditions:-

- (i) The expenditure must not be of a recurring nature.
- (ii) The Accountant General/Senior Deputy Accountant General/Deputy Accountant General must be satisfied that undue trouble would be caused by insistence on submission of full proof and must see no reason to doubt that the charge has actually been paid.

20.10.1(c) Where expenditure under objection has, for any reason, become irrecoverable, an Accounts Officer may write off amounts according to the powers delegated to him by State Government.

Note 1: The powers conferred upon the Accounts & Entitlement Office under the foregoing provisions of this para should not be exercised in respect of any amount of outstanding under a Debt or Deposit head.

Note 2: Under the powers conferred by Clause (b) above Accounts Officer may, however, write off outstandings in Provident Fund Accounts when such outstandings are not due to any mistake in accounting but represent overpayments established as irrecoverable for other reasons.

20.10.2(a) In the case of payments on account of personal claims which are placed under objection more than a year after the date on which they are disbursed the Accountant General before demanding recovery should subject to the provisions of clause (b) below, refer the matter for the orders of the Govt. concerned. If the order is given that recovery should be waived and the Accountant General is satisfied with the action of Government, he will withdraw the objection, otherwise the circumstances of the case may be reported to Accountant General (Audit) for inclusion in Audit Report.



“The powers of accepting the orders of Government in such cases have to be exercised by the Accountant General/Senior Deputy Accountant General/Deputy Accountant General in accordance with the powers delegated to him under the rules/orders of the respective State Governments. These powers should not be delegated to subordinate offices”.

All cases in which the orders of Government to forego recovery without further action have been accepted should be recorded in a register which should be reviewed by the Accountant General at such intervals as may be considered by him suitable, but at least once in a year.

The register should invariably show inter alia, how the overpayments occurred in each case, what rules were contravened, the degree of responsibility attaching to the Drawing and Disbursing Officers on the one hand and to the Accounts Officer on the other, the reasons of Government of waiving the recovery, those of Accountant General or the Group Officer for accepting the Government orders, and the remedial measures if any, taken to prevent the recurrence of such cases.

20.10.2(b) The State Governments have, however, agreed that in respect of cases of the type referred to in (a) preceding, the Accountant

General or the Senior Deputy Accountant General/Deputy Accountant General may subject to the limits laid down by the State Government forego recovery on their behalf if he is satisfied that it was drawn by the Government Servant concerned under a reasonable belief that he was entitled to it.

20.11 When an objection taken in the course of performing entitlement functions cannot be adjusted by the Accountant General in consultation with the concerned Executive authorities and the administrative Departments of Governments, the case should be reported to the Finance Department of that Government for settlement. In making such report complete facts of the case with the expressed views of the Accountant General should be laid before that department. If there is a difference of opinion between the department and the Accountant General the latter may if he thinks it necessary seek the advice of the Comptroller and Auditor General.

20.12 If in the course of scrutiny of claims an Accounts Officer notices that something more is due to a Government Servant than has actually been claimed he should bring the short payment or over deduction (unless the amount be insignificant) to the notice of the disbursing officer, or to that of the Government Servant direct if he draws his own bills. The Accounts and Entitlement office will have done

its duty when it has warned the Government Servant that he has a further claim and it cannot compel him to prefer it.

- 20.13 It is not necessary to report individual cases of serious financial irregularity to the Comptroller and Auditor General unless his intervention is deemed desirable, but in cases of doubt or difficulty, the Accountant General may seek his advice. All serious and interesting cases of fraud or forgery and cases indicating the need for change of procedure should, however, be reported at once for information of the Comptroller and Auditor General.

Note.- In all applications to the Comptroller and Auditor General for advice, a clear statement should be made of the point at issue, of the view the Accountant General thinks should be adopted, of any action he has already taken and of the action he proposes to take. Copies of relevant reports and correspondence should accompany, where these may be necessary to explain any point in details.

#### **TREATMENT OF ERRONEOUS PAYMENTS AUTHORISED BY THE ACCOUNTANT GENERAL**

- 20.14 When erroneous payments have been authorised by the Accountant General for a considerable time, owing either to a wrong interpretation of financial rules or to oversight, the

following course should be observed:-

- (a) When a wrong interpretation of a financial rule has been followed, the new interpretation should, in the absence of special instructions to the contrary, take effect from the date of issue by competent authority of the orders stating the correct interpretation.
- (b) When erroneous payments have been left unchallenged through oversight, the Accountant General should not of his own motion undertake a re-check of bills paid more than one year, or such other period prescribed by the State Government previously. He should report the facts of the case for orders to the Government and a recheck should not be made unless the Government so desires.

#### **REPORTS ON DEFALCATIONS AND OTHER LOSSES**

- 20.15 Cases relating to defalcation or loss, misappropriation embezzlement etc. will be dealt with by the Accountant General (Audit). However Accountant General (A&E) will be required to act upon the sanctions of write off of losses issued by competent authorities on finalisation of cases. This function can be

discharged by him in consultation with the Accountant General (Audit) at the appropriate time.

- 20.16 Whenever any case of loss in which there is a possibility of the Reserve Bank of India being made liable to Government either in respect of operation on Govt. account conducted by itself or by its agents or otherwise comes to the notice of the Accountant General, he should call for such further information as he may require on the subject. On receipt of this information which must be obtained without delay he should at once make a report of the case to the Finance Ministry/Department of the Government concerned for such action as it may deem fit.

#### **ANNUAL REVIEW OF THE WORKING OF TREASURIES**

- 20.17 If the Government so desires, the Accountant General should submit to it a review of the working of treasuries in such form and detail as may be settled mutually. The review will be prepared by the Accountant General (A&E) regarding the audit portion, necessary material for incorporation in the review will be supplied by the Audit Officer to the Accountant General (A&E).

#### **PART II-DETAILED PROCEDURE IN CONNECTION WITH THE COMMUNICATION OF OBJECTIONS TO EXECUTIVE AND CONTROLLING AUTHORITIES**

#### **INTRODUCTORY**

- 20.18 Subject to the general principles and rules laid down in Part I of this Chapter and detailed procedure in connection with communicating the objections of accounting nature to the proper executive and controlling authorities is described in this part. In respect of Public Works transactions, the instructions contained in this chapter will be generally applicable and will be subject to the detailed instructions contained in Chapter 8 regarding objections on Public Works Transactions.

#### **REGISTRATION OF OBJECTIONS**

- 20.19 Objections and observations of accounting nature should be communicated at the earliest opportunity, but objections should first be registered in detail in the prescribed records maintained in the Accountant General's office.

More instructions for future guidance need not be registered in the objection books maintained in the Accounts Office. If the pursuance of an objection indicates the need for prescribing a new procedure for general observance, such procedure should be communicated by a general letter and not by any form or statement intended solely for the communication of objections.

20.20 The instructions requiring the registration of all objections are subject to the qualification that objections which are trivial or have been waived by Accounts Officers should not be included in Objection Books, though a separate office record of objections waived should be maintained for production at the inspections of the Office by Director of Inspection.

20.21 Subject to any specific instructions contained in this Manual it is left to the discretion of each Accountant General to follow the method of maintaining the record of objections in such manner as may be considered suitable according to local requirements.

The objections should be recorded in the Objection Book drawing Officer wise, as far as possible. It is not necessary to keep objections separately be major heads, but, on this point, Accountant General should comply with any express requests of the Government concerned.

20.22 Again, for an efficient review of objections and of the progress of their clearance, it is desirable to keep the objections of each official-year separate, even though their clearance may be effected in a subsequent year.

In the case of progressive expenditure, an objection to excessive expenditure not covered by proper authority or sanction should be held to relate to the year in which it was first raised even though further

expenditure may be incurred in a subsequent year.

20.23 All records of objections maintained in the Accountant General's office should be written up with care and watched closely both by the Section Officer and the Branch Officer. Even though the Objection Statements have not actually been despatched, an objection once raised can be removed from the records of objections only after a Gazetted Officer or a member of the Superintending staff has examined that due authority exists for the removal of the objection and put his initials against the item concerned in token of his having done so.

20.24 As far as possible, the entry of an objection whether in the Objection book or in the Objection Statement, should be fully descriptive, so that ordinarily there should be no necessity of referring again to the voucher or account concerned.

### **CLEARANCE OF OBJECTIONS**

20.25 The adjustment of each individual objection should be watched through the prescribed records until clearance or withdrawal as the case may be.

20.26 The Accountant General should look to the Branch Officer and the Deputy Accountant General for the progress of adjustment, and unremitting personal attention to this duty on the part of the Gazetted Officer is indispensable.

20.27 When an objection once raised has been withdrawn, either on reconsideration or in the light of information which was not available previously, the disbursing officer or other authority to whom the objection was originally addressed should be informed forthwith, as otherwise, he remains responsible unnecessary for the removal of the objection, unaware of the fact of its withdrawal.

recorded in addition or values may be dispensed with altogether, as may be settled in consultation with the Finance Department.

20.29 Money values should be recorded in respect of objections of the classes enumerated below or similar objections.

- (1) Want of vouchers if not received when the relevant accounts are under check).

### **MONEY VALUES OF OBJECTIONS**

20.28 If in order to make a collective presentation, whether to controlling authorities or to the Legislature, of-

- (i) outstanding of objections
- (ii) the progress of the clearance of objections, it is found necessary to express the records of objection in money values, money columns should be opened therein for this purpose. There are, however, classes of objections which cannot be suitably expressed in money value, or which, if so expressed, do not give an adequate or fair statement of the degree and extent of deviation from rule. It is permissible, therefore, to omit values altogether in certain cases; in other cases, where values alone are misleading, other particulars may be

Note:- In order to comply with the demands of Government for statistical information a separate subsidiary register may, at the discretion of the Accountant General be maintained for the record of objections for want of sub-vouchers. Objections for want of detailed bills also should be recorded in this register in the absence of any other register prescribed for the purpose. This register should be examined every month and the total amount outstanding therein after the end of the second month (third month in the case of such remote localities as Port Blair) following that to which the objections relate should be transferred to the main objection book without any details beyond the serial number or any other indication that may be necessary for identification. This procedure may at the discretion of the Accountant General, be extended to other definite classes of objection of a similar nature provided that such objection do not involve substantial deviation from the rule.

- (2) Want of detailed bills (in the case of amounts

drawn in advance and abstract contingent bills).

- (3) Over payments and short recoveries.

20.30 Money values need not be indicated in the records of objections of the following classes:-

- (1) An objection which takes the form of a simple direction for future guidance, or of a call for a document the absence of which is not likely to affect the amount admissible.
- (2) Stamp not affixed on a voucher otherwise complete.
- (3) Delays in the settlement of debts due by Government.
- (4) Habitual delay in the submission of accounts returns, vouchers, etc.
- (5) Fictitious adjustments and manipulations in accounts unless an actual loss has resulted.
- (6) Deviation from rule which is indicative of disregard or evasion of rule, but does not represent charges incurred without proper sanction.
- (7) Excess over allotment for P.W. Suspense heads when an assurance is received from competent authority that the excess is temporary and will not affect the net allotment for the year. (If in the

absence of such an assurance, the money value of the objection has been registered, a minus entry should be made in the money column for objection on receipt of the assurance).

- (8) Errors in accounts, vouchers, etc., which do not indicate any deficit or surplus.
- (9) Instructions and other remarks, regarding the form of accounts, etc.
- (10) Demands for information not received.
- (11) Enquiries and remarks on doubtful points.
- (12) Remarks calling attention to minor errors of procedure.

## **OBJECTION STATEMENT**

### Form and preparation

20.31 In most cases objections should be intimated direct to the disbursing or other responsible authority in special printed objection memoranda and other half margin forms. The Treasury Officer should be addressed only when recoveries have to be ordered, or in respect of objections for the removal of which he is directly responsible. Such intimations, together with important treasury irregularities and directions or enquiries arising out of account should be sent to him through Objection Statements (Forms 93). The Accountant should have before him, at the time he deals with the accounts or vouchers, the requisite Objection Statement, and other half margin forms, and should write these up, as each point requiring notice becomes evident during the course of his scrutiny of the accounts. All objections, whether communicated direct to responsible authorities or to the Treasury Officers, should be entered in the Objection Book. A Register of half margins should be kept up in each section showing the issue, return and disposal of these memoranda and half margins.

Note 1: All Copies of Retrenchment Slips (Form 94) issued to Treasury Officers should be forwarded simultaneously for the information of the persons affected, direct in the case of gazetted and nongazetted Government servants who draw their own bills and through the head of the Office in the case of other nongazetted Government servants.

Note 2: Printed half margin forms should be dealt with in the same manner as the Objection statement.

20.32 There should be two Objection Statements for each month one relating to the first schedules of payments (which ought to reach the Treasury Officer before the end of the month as a guide to him in his next months payments) and other to the second schedule and Cash Accounts. The Accountant will be responsible for seeing that the objections which arise upon that part of the accounting work which he has transferred to another section are duly entered in the Statement before dispatch, unless a separate Objection Book is kept by that section.

Note: The Accountant General may at his discretion arrange in order of time etc. all the processes of the work to be done in connection with the first schedules of payments subject to the restriction that in no case shall the completion of the work be delayed beyond the 10th of the following month. Important objections should, however, continue to be sent out as soon as they are detected.

### *DESPATCH*

20.33 Each Objection Statement will issue in original over the signature of a Gazetted Officer/Section Officer. Before dispatch (which must not be delayed) the objection must be neatly posted into the Objection Book (Form 95) by the Accountant. Each Section Officer should keep a memorandum book for note of the Objection Statements which he passes, should ascertain daily that all have gone out, and should take precautions to secure the entry in the

objection book of all the items in the passed Statement, whether or not their amounts are carried into any money column.

#### *DISPOSAL AND RETURN*

20.34 The return of the Objection Statement must be watched with equal care. They are due to be returned by the Treasury Officer within the time prescribed under paragraph 20.5 and he should not be allowed to keep them back on the ground that one or two of the objections require further enquiry. These can be extracted for separate disposal while the other items are replied to.

#### *ACCOUNTANT'S RESPONSIBILITY*

20.35.1 The Accountant is responsible for the prompt disposal of the Objection Statement when returned. If a recovery is ordered from a Gazetted Officer whose pay and allowances are authorized by the A&E office, the Accountant is responsible for watching its recovery. Though the Government servant concerned be transferred to another department, the item will not be removed from the Objection Book of the old to that of the new department, but a note of the transfer will be made; it will of course, be noted on the Last Pay Certificate by the Officer-in-charge of the treasury from which he last drew pay and may also, with advantage, be intimated to the one who will pay him in future. On the occasion of a transfer of a gazetted Government servant against who an order of retrenchment has issued the Accountant concerned should ascertain what amount is still outstanding and should send a slip of warning to the new Treasury Officer.

20.35.2 If it is necessary to make a recovery from a Government servant who has passed under the jurisdiction of another Accountant General, warning should be given on the Last Pay Certificate or by a special letter if the certificate has already issued. In such cases the objection should be entered in the Objection Books, but with a note that requisition for recovery has been sent to the new Accounts Office.

#### *RETRENCHMENT SLIP*

20.36 The consideration whether the pay and allowances drawn are admissible involves disallowances of improper claims and watching the recovery of money improperly drawn. When it is considered necessary to order the recovery of any erroneous payment, the Accountant General, should send warning to the Government servant concerned by a slip in Form 94, in which the ground of the retrenchment should be stated clearly (an advice being sent invariably, to the Treasury Officer at the same time). This slip will give the Government servant retrenched an opportunity of forwarding to the Accountant General an explanation which may cause the recovery to be dispensed with. The withdrawal or modification of an order for recovery should be communicated both to the Treasury Officer and the Government servant concerned.



## OBJECTION BOOK

### *Form and Contents*

20.37 The Objection Book (for which there must be one for each Treasury or Department Account) are the permanent office record of entries which have been made in the objection statements prepared upon the examination of each schedule of payments and of the Cash Account. But besides these objections they also contain note of (1) all amounts credited or debited to suspense and (2) items adjusted but not cleared, even though not under objection. The record of transactions relating to item (1) above is kept in Form 95 and that of item (2) in Form 96. The objections are detailed under the following heads.

Form 95	Form 96
Account kept under Suspense Receipts Payments recovery	1. Items adjusted but awaiting clearance. 2. Service payments for recovery

The items kept in Form 95 have corresponding Ledger heads. It is imperative that entries pertaining to 2 months accounts should not be entered on the same page.

20.38 The amount of entries which may not require action by the Treasury Officer, though noted for his future guidance (e.g. overcharges of fund subscriptions or income-tax), should not be posted in any money columns, and the money columns under "Mode of adjustment" may be scored through.

20.39 After the Objection Books for March have been closed it may be found necessary in the March (Suppl) accounts to adjust amounts already placed under objection or to place fresh items under

objection. In opening the Objection Book for the new year, separate pages should be provided, after the pages containing the entries of the outstandings of the previous year, to record of objections raised in march (Suppl). Similarly, in the Adjustment Register there should be a separate page or pages for the record of adjustments made in March Final. The entries in these records should be totalled monthly at the time of closing the Objection Book for subsequent months, and the net debit or credit resulting therefrom should be worked out and added to or deducted from the balance of the Objection Book for the month, so as to work out in a separate entry at the foot of the Objection Book the correct balance of objections outstanding at the time. Unless they are the direct outcome of transactions incorporated by book adjustment in the general accounts for March (Suppl.) the adjustments in respect of outstandings of the previous year need not be included in the Adjustment Register of March (Suppl.) (Form 97) but may be carried out in the new year. The above procedure will be followed till the accounts for March (Suppl.) are closed. When the accounts for March (Suppl.) are closed the separate objections and adjustments under the head "Objection Book Suspense Account" should be totaled and the totals posted into the March (Suppl.) column of the Broadsheet (see paragraph 20.49) for the past year, and the correct closing balance worked out. The difference between these totals should also be added or deducted as the case may be at foot of the March Objection Book for the past year, so as to make its balance agree with the Broadsheet and the Ledger. This

agreement should be made and certified by the Section Officer.

Note1: Items under objection, the amount of which are not entered in the money columns of the Objection Books, need not be transferred to the Objection Book for the new year until the March Final accounts are closed. The settlement of any such items prior to that date should be noted in the Old Objection Book.

Note2: The transfer of other outstanding items to the new year's Objection Book may at the discretion of the Accountant General be deferred until after the close of the March (Suppl.) accounts. The adjustments made in the meantime being noted against the entries in the old Objection Book.

### *SUSPENSE ACCOUNT*

20.40 Under "Suspense Account" are provided two columns one for credits and another for debits, but no items should be taken under this head, except with the special sanction of the Gazetted Officer-in-charge. See also Rule 70 of Government Accounting Rules, 1990.

In the column for 'Receipts' will appear only sums shown for credit to a Debt head, but imperfectly described. Any item of revenue receipt, of which full particulars are not given, must be taken to the credit of the minor head 'Miscellaneous' under the revenue head to which it appears to belong. But such items must be rare nor does the fact they have been so credited and included in the aggregate receipts of the month relieve the Accountant General of the duty of ascertaining by correspondence what their real nature is and of transferring them to the credit of the

proper head by debit to the head originally credited, they may be made the subject of special correspondence with officers concerned, but must, in all cases, be notified in the Objection Statement and their amount entered in the column of the Objection Book headed " Items adjusted but awaiting final clearance".

In the 'Payments' column will appear items not only of charges for which such particulars are not given as will enable the A&E office to classify them properly but also charges disallowed from the Inward Settlement Accounts which are not susceptible of final adjustment against some other head. If, however, the only point of doubt is whether a particular item of expenditure should be treated as Central or as pertaining to State, it should not be debited to "Suspense" but to a proper service head of account and shown as appertaining to the Government which actually incurred the expenditure. If it is decided subsequently that the expenditure should be finally recorded against another Government, the correcting adjustment should be made in the accounts of the year in which the decision is taken, unless it was anticipated and provided for in the Grant or Appropriation of the previous year the accounts of which have not been finally closed.

### **ITEMS ADJUSTED BUT AWAITING FINAL CLEARANCE**

20.41.1 This head will accommodate the following items for each of which a separate column is provided in the Objection Book :-

- (1) for want of detailed bill;
- (2) for want of sub-vouchers;

(3) items which cannot be finally adjusted for other reasons (including unexplained receipts) (see para 20.40).

It will be observed that his column has no corresponding Ledger head, and consequently any item which appears in it must have been taken to some prescribed head of account, the entry here being nothing more than a reminder that it has only been adjusted provisionally.

20.41.2 Cash remittances, even though complete voucher is absent, should not be entered in the Objection Book at all, as a separate register is provided for them. Deficiencies in such remittances, will, however, come in the ordinary course into the Objection Book.

### **SERVICE PAYMENTS FOR RECOVERY**

20.42 In the last column will appear all sums taken against service heads for which orders of recovery have been issued. For, when a payment is made on account of a completed service on a proper voucher the fact of the payment is not altered because some portion of it represents an overcharge. The payment must be accepted and must be recorded against the Grant or Appropriation for which it was made but at the same time it should be recorded as under objection.

The amount of gratuity to be refunded under the rules of Government by a person re-employed should be noted in the Gratuity Register for recovery. Recoveries will be credited to the Government (or Governments) which had met the charge on account of the gratuity should also be noted in the

History of Services/Service Cards in the case of Gazetted Officers.

### *ADJUSTMENT REGISTER*

20.43 As the objectionable items are adjusted in whole or in part-

'Suspense' by credit or debit to the head,

'Uncleared items' by being cleared.

'Service payments for recovery' by recovery or by removal of the objection, the adjustment is to be posted in the Adjustment Register (Form 97 or 98). and also against the original item in the Objection Book.

20.44 The mode of adjustment adopted with reference to each item will be shown in the column "How adjusted" and the Section Officer will initial each entry in proof of his having examined and found it correct in every particular.

20.45 In the Objection Book, in the columns of amount under "Mode of adjustment", will be entered each successive fragment disposed of, each entry in the Adjustment Register must have its distinct answering entry in the these columns, and both entries will be initialled by the Section Officer at the same time.

(1) In the case of objections against which on amounts are entered in the money columns of the Objection Book, no entries should be made in the Adjustment Register.

(2) The entry in the Objection Book of each adjustment may be certified by the initials of the AAO/Section Officer provided that the entry is made in the

Adjustment Register clearly, and in all cases in which the order communicating the objection has not been complied with fully, on the authority of an order signed by the Branch Officer in charge. The Branch Officer will of course, review, not only the Objection Book but also the Adjustment Register at frequent intervals.

20.46 If, in the case of items awaiting clearance, a real objection is afterwards found to exist (e.g. recovery is ordered of part of the charge), only the part cleared will be entered, and the rest will still remain outstanding till disposed of, Care must be taken that the real objection, when found is duly communicated to the Treasury Officer or other authority or Government servant, and noted in the objection Book below the original objection or as a foot-note to it.

20.47 But if the explanation of the items shows that it belongs to the "Suspense" class (e.g. a deposit repayment is objected to for want of a voucher, which, when it is received, turns out to be for a less amount than the charge), the items will be adjusted so far as regards the column "Awaiting Clearance", but again be brought on the Objection Book, in the new month, under "Suspense". Reference, will be made both in the adjustment and in the new objection to the transfer entry by which the amount is debited to the new head.

#### *CLOSING OF OBJECTION BOOK*

20.48 After dispatch of the Objection Statements on the second Schedule of Payments and the Cash Account, the money columns in the Objection Book

should be totalled, the balance of the past month should be added, the totals of adjustment should be made in the Adjustment Register and entered in the Objection Book, and the balances struck. The Section Officer will sign the certificate at the foot of the page or last page of the Objection Book for each month, which will be closed and balances on the 29th of the following month.

(1) The totals under "Suspense" in the Objection Book may differ from the figure arrived at in the classified abstract by the items written back on disallowance from the Settlement Accounts (paragraph 20.40). There will also be differences when an item adjusted in the accounts of one district or department is entered in the Adjustment Register of another. The AAO/Section Officer will sign the certificate after personal inspection of the Adjustment Register of the other district or department.

(2) The outstanding balance in each column of the Objection Book is to be carried forward from month to month and from year to year.

(3) The due date for closing the Objection Books relating to Forest Accounts is the 6th of the second month following that to which the accounts relate.

#### *BROADSHEET OF SUSPENSE*

20.49 A Broadsheet in Form 99 is maintained of the debits, credits, and balances under the heads "Objection Book Suspense Account" and "Treasury Suspense". The debits and credits are posted monthly from the Objection Book and Adjustment Register, and their State totals agreed monthly with the posting in the Ledger and the Broadsheet submitted to the Branch Officer-in-charge for inspection. The opening balances are

brought forward from the past year's Broadsheet after the correct balances are worked out in it in the column for March (Suppl.) as stated in paragraph 20.39. The monthly balances in the new year's Broadsheet can then be struck and will agree with the Ledger balances month by month.

As the original entries under Suspense receipts are wholly unconnected with the original entries of charges under Suspense, there should be one Broadsheet for suspense receipts and one for payment.

All the balances shown on the Broadsheets of Advances and Suspense should, for purpose of verification and control, be resolved quarterly into the items of actual transaction, and the details of individual items should be entered in this quarterly analysis register which should be reviewed by the Branch Officer.

Note: The general accounts of suspense upon the Ledger should be broken up into as many detailed heads as are convenient for the purposes of account. One of these heads should be "Objection Book Suspense Account" and the balance of it should be agreed with that of the Broadsheet made up as prescribed in this paragraph.

#### *WATCHING AND TESTING*

20.50 An abstract in Form 100 must be attached to each Objection Book. The previous year's balance posted in the first column on the opening of the book will be the preliminary balance in last year's abstract as detailed in the list prescribed in paragraph 20.52. Later on, this will be corrected in red ink into the March (Suppl.) balance as worked out in the last year's Objection Book and

Abstract of Objections. The other entries in the first column will be made at the closing of each month. The adjustments of each month should be distributed over the periods of objection from the information in the Adjustment Register and posted in the proper line at the time of closing the book for the month.

#### *REVIEW OF OBJECTIONS*

20.51 It is the duty of the Branch Officer concerned to watch carefully all outstanding objections. Items left unsettled for six months should be entered in a register. A summary of all relevant correspondence should be recorded against each item in the register and all subsequent correspondence should also be recorded. This register should be submitted at least once in each month to the Branch Officer, who should review carefully all items therein.

Note: No six monthly register need be maintained in respect of the Objection Book relating to "Suspense".

#### *LIST OF OUTSTANDING*

20.52 A list must be made up annually, for each district or department or sectional Objection Book, of all the items outstanding at the close of March arranged in chronological order (that is, in the order in which they appear in the Objection Book) and in the same form as the Objection Book. The total of each district or department list should equal, and must be compared with the balance struck at the bottom of the column for preliminary balance in the abstract prescribed in paragraph 20.50 in the Objection Book, and the comparison should be made and initialed by the

Section Officer after agreement of the Suspense balance with the March preliminary balance in the Broadsheet mentioned in paragraph 20.49.

The list should be inserted in the new Objection Book as part of it.

Note: The list may at the discretion of the Accountant General be made up after the close of the March (Suppl.) accounts (see Note 2 to paragraph 20.39) and the procedure described in this paragraph modified suitably.

### **OBJECTION ON TRANSACTION APPEARING IN INWARD REMITTANCE ACCOUNT**

20.53 The procedure laid down in this Chapter will apply to the up keep of Objection Books and Adjustment Registers in respect of items appearing in the Inward Remittance Accounts which are held under objection.

### **COMBINATION OF OBJECTION STATEMENT AND OBJECTION BOOK**

20.54.1 An alternative plan by which the Objection Book is replaced by the file of original objection statements on their return from the treasury has been tried with success in some A&E offices at its option.

20.54.2 The Objection statement is drawn out in Form 101, which adds to the ordinary Objection Statement, the adjustment column of the Objection Book. It also contains on the final sheet

of the objections on the second Schedule of Payments the closing entries of the Objection Book.

20.54.3 As under this plan the Objection Statement must contain all the objections hitherto entered in the Objection book, even objections for want of detailed bills and those communicated to the Officers concerned by separate Objection memoranda should be included in it .

20.54.4 This scheme need not be applied to objection raised by Gazetted Entitlement, Pension Authorisation or by the Account Curreddnt Branch where district arrangement is not observed.

20.54.5 Every adjustment should be recorded at once, in the Adjustment Register and also in the Objection Statement. If, however, any adjustment cannot be entered simultaneously in the latter owing to its not having been returned by the treasury, a distinguishing mark should be placed against the items in the Adjustment Register, in order that the record may be copied into the Objection Statement on its return.

20.54.6 The Abstract of Objection (Form 100) will be maintained under this alternative plan also. This abstract and the Adjustment Register will be closed on the 29th of the month as laid down in paragraph 20.48. The closing entries will be made in the final sheet of the objections on the second Schedules of payments on its return from the Treasury.

**MEMORANDUM**

**Correlating the Paras of C.A.G's M.S.O.(A&E)  
Volume-I with those of the CAG's MSO (Tech.)  
Volume-I**

New Para of M.S.O. (A&E) Volume-I	Old Para of (M.S.O. Tech.) Vol.-I		
		3.10	Para -536
		3.11	Para -537
		3.12	Based on
		Para-538	
		3.13	
		Para-539	
<b>Chapter-I</b>		3.14	Based on
1.1	Based on	Para-541	
Para-1		3.15	Para -542
1.2	New Based on		
CAG's(DPCS)			
		<i>3.16</i>	<i>Based on</i>
Act,1971		<i>Para-544-A(1)</i>	
1.3	New-Based on Section-21 of		
CAG's	(DPCS) Act,	<b>Chapter-4</b>	
1971		4.1	New
1.4		4.2	New
Para-7		4.3	Based on
1.5	Based on	Para-60	
Para-8		4.4	Based on
<b>Chapter-2</b>		Para-61	
		4.5	Based on
2.1		Para-62	
to	New-Based on	4.6	
M.I.R.		Para-63	
2.4		4.7	Based on
<b>Chapter-3</b>		Para-64	
		4.8	Based on
3.1		Para-65	
		4.9	
Para-18		Para-66	
3.2		4.10	Based on
Para-19		Para-67	
3.3		4.11	Based on
Para-20		Para-68	
3.4		4.12	
Para-21		Para-69	
3.5		4.13	Based on
Para-22		Para-70	
3.6		4.14	Based on
Para-23		Para-72	
Note-1	Note below	4.15.1	
Para-23		Para-73	
Note-2		to	
3.7	New Para -24	4.15.4	
3.8	Based on	<b>Chapter-5</b>	
Para-534		5.1	Based on
3.9		Para-113	
Para-535		5.2	Based on Para-125,126 &





8.18	Based on Para-596
8.19.1	Based on Para-599
8.19.2	Based on Para-600
8.20	Based on Para-616
8.21	Para-617
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