

**GOVERNMENT OF INDIA
CENTRAL PUBLIC WORKS ACCOUNTS CODE**

CHAPTER 1 – EXTENT OF APPLICATION

- 1.1.1 The rules in this Code describe primarily the financial methods and procedures to be observed by Public Works Officers in dealing with transactions relating to Central Public Works and in keeping and rendering accounts of such transactions to the competent authority for final consolidation of Accounts of the Ministry as a whole. They are supplementary to the financial rules contained in the Central Public Works Department Code, the Delegation of Financial Powers Rules, 1978, , the Central Government Account (Receipts and Payments) Rules, 1983, Govt. Accounting Rules,1990, the General Financial Rules, 2005, List of Major and Minor Heads of Account **of Union and States** and in respect of Union Territories having the treasury system of payments, the Treasury Rules of Union Government. In so far as they deal with the initial and compiled accounts of Public Works Department Officers, they reproduce or are based on the directions given by the Central Government on the advice of Comptroller and Auditor General of India, as embodied in Accounts Code, Volume III. Likewise, any provisions in this Code relating to the requirements of statutory audit are to be regarded as directions issued under the authority of Comptroller and Auditor General of India.
- 1.1.2 In the administrations under the direct control of the Union Government, the rules are wholly applicable. Unless otherwise specified, they are not applicable to Central Public Works carried out by the Military Engineer Services or to any other Ministry of the Union Government, which will be regulated by departmental regulations or by special orders issued by the Government, subject always to such directions as may be given by the Central Government in the Ministry of Urban Development on the advice of the Comptroller and Auditor General as regards the form of initial and compiled accounts and methods and principles in accordance with which such accounts are kept.
- 1.1.3 With regard to matters dealt with in this Code, the execution of Central Public Works (CPWD) entrusted to the agency of State Governments will be regulated, subject to the directions contained in the Account Code, Volume III, by rules made by the State Government concerned, except where distinct provisions have been made in these rules to the contrary.

CHAPTER 2 – DEFINITIONS

2.1.1 Unless there be something repugnant in the subject or context, the terms defined in this Chapter are used in this Code in the sense herein explained.

(1) Accounts Officer – means the Head of an office of Accounts or the Head of a Pay and Accounts Office set up under the scheme of departmentalization of accounts.

(1A) Audit Officer – means the Head of an office of Audit.

(2) Administrative Approval – This term denotes the formal acceptance, by the administrative department concerned of the proposals for incurring expenditure in the Public Works Department on a work initiated by, or connected with, the requirements of such administrative department. It is, in effect, an order to the Public Works Department to execute certain specified works at a stated sum to meet the administrative needs of the department requiring the work. See also clause (62).

(2A) Administrator – means an Administrator of Union Territory, by whatever name designated.

(3) Advance Payment – means a payment made on a running account to a contractor for work done by him but not measured. See paragraph 10.2.23

(4) Appropriation – means the assignment of funds to meet specified expenditure included in a primary unit of appropriation.

(5) Assets – In the accounts of works, this term indicates all outstanding or anticipated credits, which have to be taken in reduction of final charges.

Examples: Recoveries of advances or recoverable payment, and sale proceeds or transfer value of surplus materials.

(6) Bank – means accredited bank acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (2 of 1934).

(7) Book Transfer – This term is applied to the process whereby financial transactions which do not involve the giving or receiving of Cash, or of stock materials, are brought to account. They usually represent liabilities and assets of Government brought to account either by way of settlement or otherwise, but they may also represent corrections and amendments made in Cash, Stock, or Book Transfer transactions previously taken to account.

- (8) Charged – means expenditure which under the provisions of the Constitution Of India is not subject to vote by Parliament as enshrined in Article 112 (3) of the Constitution of India.
- (9) Chief Accounting Authority – means Secretary of the Ministry.
- (10) Chief Controller of Accounts – means the Head of the Accounting Organisation of the Ministry.
- (11) Commercial Department – means the Department which functions on commercial pattern.
- (12) Competent Authority – The term “Competent Authority” means the Government or any other authority to whom the relevant power may be delegated by Government.
- (13) Completion and Completed – The expression “completion of work” should be understood to include “abandonment of a work”, and “completed work” to include “abandoned work”.
- (14) Contingencies (Works) – When used in respect of the account of works, the term “Contingencies” indicates the incidental expenses of a miscellaneous character which cannot appropriately be classified under any distinct sub head or subwork, yet pertain to work as a whole.
- (15) Contract and Contractor – The term “Contract” means any kind of undertaking, written or verbal, express or implied, by a person, not being a Government servant, or by a syndicate or firm for the construction, maintenance or repairs of one or more works, for the supply of materials, or for the performance of any service in connection with the execution of works or the supply of materials. The term “Contractor” means a person, syndicate or firm that has made such an undertaking, but often its use is restricted to contractors for the execution of works or for service in connection therewith.
- (16) Department – This term, when qualified by the prefix “The”, is used to indicate the Public Works Department, which for the purpose of the rules in this Code, includes also the works organisation, if any, under an Administrator.
- (17) Deposit Works – This term is applied to works of construction or repair, the cost of which is met, not out of Government Funds, but out of funds from non-Government sources, which may either be deposited in cash or otherwise placed at the disposal of the Divisional Officer. Works executed for municipalities and other public bodies fall under this category when the cost is chargeable to cash deposits made for the purpose.
- (18) Detailed Head – means Sub-Scheme.

(19) Direct and Indirect Charges – “Direct Charges” are those charges pertaining to a work, project, or job, which are incurred directly for its execution and are included in the regular accounts of it. “Indirect Charges” are those charges which pertain, or are incidental to a work, project, workshop job or manufacture job, but which are not incurred directly or solely in connection therewith and thus cannot be taken directly into such detailed accounts of its as are incorporated in the regular accounts of the expenditure of the Department.

(20) Direction Office – This term indicates the office of an administrative officer who has one or more Divisional Officers working under his orders and is not himself entrusted with the execution of works or with the receipt and disbursement of public money, e.g. Director General of Works/Chief Engineer or a Superintending Engineer, or a Superintendent of Works; but if such an officer is also entrusted at any time with the receipt and disbursement of public money, he is treated as a Divisional Officer for the purposes of this code, even though some part of his emoluments may be treated as Direction charges.

(21) Direction Officer – The head of a Direction Officer is known by this designation.

Explanations:- A Government servant holding the rank of a Superintending or even a Chief Engineer is not a Direction Officer, unless the direction of the business of one or more divisions is entrusted to him. Thus, a Superintending Engineer employed on special duty is not a Direction Officer.

(22) Direct and Indirect Receipts – “Direct Receipts” are those items of revenue receipts which are realized in connection with a work or project, either by officers of the Public Works Department or other departments and are brought to account directly as appertaining to the work or project. “Indirect Receipts” are those receipts which pertain or are incidental to scheme or work, but cannot be taken directly into such detailed accounts of it as are incorporated in the regular accounts of the receipts of the Department.

(23) Division and Divisional Office – These terms are used to denote respectively the executive charge held by a Divisional Officer [Clause(24) below] and the head office of such a charge. Thus, the office of an independent executive Sub-division is a Divisional Office for the purposes of this Code, as also that of the Superintendent of a Workshop working independently of a Divisional Officer.

(24) Divisional Officer – This term is applied to an executive officer of the Public Works Department who is not subordinate to another executive or disbursing officer of the Department, even though the executive charge held by him may not be recognized as a “Division” by the Government concerned. Thus, the officer in charge of an independent sub-division is also treated as a Divisional Officer for the purpose of this Code. See also clause (20).

Disbursing Officer of other departments, if they spend Public Works funds and are required to render their accounts direct to the Pay & Accounts Officer, are also included in the term 'Divisional Officer'.

(25) Final Payment means the last payment on a running account made to a contractor on the completion or determination of his contract and in full settlement of the account.

(26) Financial Adviser – means adviser on Budget and Accounts matters including internal Finance of the Ministry.

(27) Government means the Central (Union) Government or a Union Territory Administration or both as the context may imply. A State Government means the Government of the State specified in the First Schedule of the Constitution.

(28) Grant – means provision of Funds approved by Parliament.

(29) Inclusive Rate of Cost – means the rate of cost of the entire work relating to a sub-head, including the cost of material, **if** recorded separately in Accounts.

(30) Intermediate Payment is a term applied to a disbursement of any kind on a running account, not being the final payment. It includes an "Advance Payment", a "Secured advance" and "on account payment" (other than the final payment on a running account), or a combination of these.

(31) Issue Rate – This term denotes the cost per unit fixed, in respect of an article borne on the Stocks of the Department at a valuation, for the purpose of calculating the amount creditable to the sub-head concerned (i.e. the sub-head under which the article is classified) of the stock account by charge to the account or service concerned, when any quantity of that article is issued from Stock; "Handling charges" and other incidental "storage charges" will be included in the "Issue Rate" by adding a suitable percentage based on the carriage and other incidental charges of the previous year, and storage charges as reviewed and fixed at the beginning of a year.

(32) Labour – when a separate materials account is kept for one or more sub-heads of an estimate and the term "labour" is used in connection with such an account, it denotes all charges pertaining to each of those sub-heads, other than (1) the cost of materials issued direct, and (2) carriage and incidental charges in connection with the materials.

(33) Liabilities – when used in respect of accounts of works, this term includes all anticipated charges which are adjustable as final charges, but have not been paid, regardless of whether or not they have fallen due for payment, or having fallen due, have or have not been placed to the credit of the persons concerned in a suspense head subordinate to the account of the work concerned.

(34) Local Loan Works – This expression indicates works executed by the Public Works Department on behalf of a Municipality, Port Trust or other corporation, when the cost of the works is to form part of a loan given to it by Government for the purpose.

(35) Major Estimate is a term applied to the estimate for a work when the sanctioned amount of the works expenditure exceeds Rs. 50,00,000/-. This term is also applied for the sake of convenience, to the work itself.

(36) Major Head – means the main unit of classification in accounts denoting function e.g. 2059-Public Works, 2216-Housing etc.

(37) Market Rate – Used in respect of an article borne on the Stock accounts of a division, this term indicates the cost per unit at which the article, or an article of similar description, can be procured, at a given time from the public markets suitable to the division for obtaining supply thereof. This cost should be inclusive of carriage and incidental charges, and may even include a reasonable provision for wastage and depreciation when these are inevitable.

(38) Minor Estimate is a term applied to the estimate for a work, when the sanctioned amount of the works expenditure does not exceed Rs. 50,00,000/-. This term is also applied, for the sake of convenience, to the work itself.

(39) Minor Head – means the programme.

(40) On Account Payment or Payment on Account – means a payment made, on a running account, to a contractor in respect of work done or supplies made by him and duly measured. Such payments may or may not be for the full value of work or supplies; if it is an intermediate payment, it is subject to final settlement of the running account on the completion of the contract for the work or supplies.

(41) Operation – Used in respect of the accounts of manufacture and workshop transactions, this term indicates the charges incurred on the manufacture operations connected with specific jobs.

(42) Outturn – Used in respect of the accounts of manufacture and workshop transactions, this term denotes the value of the finished products (or of the work done, in cases in which the articles brought are not supplied departmentally) of manufacture operations connected with specific jobs.

(43) Progress - means the up-to-date quantities of work done or supplies made.

(44) Public Works – means civil works and Irrigation, Navigation, Embankment and Drainage Works etc.

(45) Quantity – In the accounts of works, this expression is used to describe the extent of work done, supplies made or services performed, when these can be measured, weighed or counted.

(46) Rate – In estimates or cost, contracts, contractor's bills and vouchers generally, rate means the consideration allowed for each unit of work, supply or other service.

(47) Rate of Cost – “Rate of Cost” means generally the total cost of a work or supply divided by its quantity. In the accounts, it represents the recorded cost per unit, as arrived at by dividing the up-to-date final charge on a sub-head, by the up-to-date progress thereof.

(48) Re-appropriation means the transfer of funds from one primary unit of appropriation to another such unit.

(49) Recoverable Payment means a payment to or on behalf of a contractor which does not represent value creditable or payable to him for work done or supplies made by him and has, therefore, to be made good to Government by an equivalent cash recovery or short payment of dues.

(50) Running Account is a term applied to the account with a contractor when payment for work or supplies is made to him at convenient intervals subject to final settlement of the account on the completion or determination of his contract.

(51) Sectional Officer – Sectional Officer is a non-gazetted official namely Junior Engineer for Civil or Electrical Works, Sectional Officer of Horticulture department who is placed in responsible executive charge of works or stores under the orders of the Officer-in-charge of a recognized sub-division and the accounts of whose transactions are, therefore, ultimately incorporated in those of the Sub-division.

(52) Secured Advance is a term applied specifically to an advance made on the security of materials brought to site of work, to a contractor whose contract is for the completed item of work. See paragraph 10.2.20.

(53) Special Office – The Office of a Special Officer, vide clause (54).

(54) Special Officer (or Specialist Officer) – This term is applied in this Code, to such officials of the Department as are neither Divisional Officers nor officials subordinate to a Divisional Officer, and have no Divisional Officers working under their control.

(55) Storage charges mean expenditure incurred, after the acquisition of the stores, on work-charged establishment, employed on handling and keeping initial accounts, the custody of stock and the maintenance of the store godown or yards, etc. and are added on a percentage basis to the issue rate, so as to form part of the issue rate. [See clause (31)].

(56) Sub-divisional Officer – This designation is applied primarily to an official, whether a gazetted officer or not, who holds the charge of a recognized sub-division subordinate to a Divisional Officer, but when the immediate executive charge of any works or stores has not been constituted into a regular sub-divisional charge, but is held by the Divisional Officer himself, the latter is also treated as the sub-divisional officer in respect of such charge. When a Divisional Officer holds the immediate charge of a recognized sub-division in addition to his own duties as the executive head of the division, he is treated as the Sub-divisional Officer in respect of the charge of the sub-division.

(57) Sub-head – In the account of works and in working estimates this term is used to describe the sub-divisions into which the total cost of a work (or of its sub-works, if it is a large work) is divided for purposes of financial control and statistical convenience. The several descriptions of work that have to be executed in the course of construction or maintenance or a work or sub-work, e.g. excavation, brick-work, concrete, wood work, etc. are usually treated as the sub-heads of it.

(58) Sub-work – In the case of a large work consisting of several buildings or smaller work, or groups thereof, the term sub-work is often applied to a distinct unit of the same, if that unit is sufficiently large or important to kept distinct for the purpose of accounts. For example, the outer wall, the solitary cells, the cook-houses, the jailor's quarters, etc., in the case of a large central jail. In the case of irrigation etc., projects the Head Works, Main Line, each branch of a canal, each group of distributaries relating to each branch separately, the drainage and protective works, the Water Course Schemes, and Special Tools and Plant, all form separate sub-works.

(59) Supervision charges – This term is ordinarily applied to the charges which are levied, in addition to book value in respect of stock materials sold or transferred and are intended to cover such items of the expenditure incurred on the store as do not enter their book value. [See clause (55).

(60) Suspense Accounts – This term is applied primarily to certain heads of account, falling under the minor head “Suspense” of a major head of expenditure, which are reserved for the temporary passage of such transactions as must at once be taken to the account of the sanction or grant concerned, but cannot be cleared finally either because the relevant payment, recovery, or adjustment is awaited, or because it is necessary to keep an effective watch over the values of any stock materials, until their final disposal. The charges under a suspense account are taken in enhancement of the charges under the major head of expenditure concerned, and the receipts, in reduction thereof. (For Suspense Accounts within the accounts of Works. See paragraph 10.5.12).

(61) Takavi Works – This term denotes works of construction or maintenance relating to water courses or any other works, expenditure on which is treated by Government as a takavi advance (i.e. an advance to cultivators) recoverable from the party or parties concerned.

(62) Technical Sanction – This name is given to the order of competent authority sanctioning a properly detailed estimate of the cost of a work of construction or repair proposed to be carried out in the Public Works Department. Ordinarily, such sanction can only be accorded by Government in the Public Works Department or by such authorities of the Department to whom the power has been delegated by Government. Sanction accorded to a work by any other department of Government is regarded merely as an administrative approval of the work, vide clause (2).

(63) Voted – means expenditure flowing from Consolidated Fund of India duly voted by Parliament.

(64) Water Course – This name is given to a channel for the supply of water from an irrigation work, which falls under the definition of the term as given in the Canal Act applicable to the area concerned. The definition given in the Northern India Canal and Drainage Act of 1873 is as follows:-

“Water course” means any channel which is supplied with water from a canal, but which is not maintained at the cost of Government, and all subsidiary works belonging to any such channel.

(65) Work – The term “work” when by itself, is used in a comprehensive sense and applies not only to works of construction or repair, but also to other individual objects of expenditure connected with the supply, repair and carriage of tools and plant, the supply or manufacture of other stores, or the operation of a workshop.

(66) Works Expenditure and Works Outlay – These terms are used to indicate respectively the expenditure, and the capital charges, on the special services connected with the construction, repair and maintenance of work. The charges falling under these categories may be net when, under rule, any receipts are taken in reduction of the charges, but they do not include the cost of the general Services, Tools and Plant and Establishment, or any charges not taken to final heads of account but kept under one of the suspense accounts.

CHAPTER 3 – GENERAL OUTLINES OF SYSTEM OF ACCOUNTS

3.1 CLASSIFICATION OF TRANSACTIONS

3.1.1 Central Public Works Department executes primarily works of all classes i.e **Public Works Buildings** required for all Civil departments of Government, except such works as are vested in, **or delegated in terms of the provisions of Chapter 5 of General Financial Rules,2005** or transferred to the administration of the departments concerned, or entrusted for execution to a State Government or the Military Engineer Services, Defence, Postal, Telecommunication or Railway works may also be entrusted to the Department, either occasionally or as a standing arrangement, and at times works of other departments or Government and Non-Government works may also have to be undertaken.

Note 1:- Besides the foregoing, petty services such as the manufacture or supply of stores are also undertaken by Divisional Officers.

Note 2:- Procedure for execution of works by a Ministry/ Department as laid down in Rule 132 read with Rule 126(1)(2)(3)(4) and Rule 133 of General Financial Rules,2005 shall be followed.

3.1.2 The general principles to be followed in the classification of Public Works expenditure are laid down in rule 29 of Government Accounting Rules, 1990 and notes under major head 2059 and 4059. Rule 29 is reproduced below:-

*“As a general rule, the classification of transaction in Government accounts, shall have closer reference to the **function**, programme and activity of the Government and the object of the revenue or expenditure, rather than the Department in which the revenue or expenditure occurs. This principle is, however subject to such exceptions as may be authorized specially in any individual case or class of cases e.g receipts representing ‘Interest’ are shown under “0049-Interest Receipt” and expenditure on the maintenance and repairs of the non-residential buildings under the administrative control of the P.W.D are shown under the Major Head “2059-Public Works” irrespective of the functions to which they relate.*

Important general orders governing classification of Pay and Allowances (including traveling allowances) of Government servants, expenditure on Civil Works, Contribution made by or to the Government, refund of revenue, shall be issued by Government from time to time”.

3.1.3 Transactions relating to the charges and receipts connected with the services pertaining to Public Works of Government other than works referred to **below**, are adjusted finally in the accounts of Divisional Officers against the provision of funds therefor, placed at their disposal. Transactions connected with the services for other Government Works are not so adjusted finally, but pass eventually out of the accounts of Divisional Officers for incorporation in the accounts of the departments and Government

concerned. Outlay on non-Government works is charged against the deposits received therefore.

(i) Works of the Posts & Deptt. Of Telecommunication or Broadcasting and other quasi-commercial departments and undertakings. Works pertaining to Forest, Salt, Lighthouse and Mints debitible to grants controlled by these departments.

(ii) Works connected with the conservation of ancient monuments which are debitible to the Archeological Department.

(iii) Works connected with the construction and maintenance of civil aerodromes.

Note 1 – If an Administration executes, on behalf of another Administration, a Public, the necessary funds are usually placed at its own disposal.

Note 2 – When a Division undertakes a service on behalf of another Division or supplies material to another Division, inter-Divisional settlement is resorted through Advance Payment by the Indenting Division as contemplated in Appendix-7A of this Code read with CGA's OM No. 18(4)/92/TA/237 dated 16-03-1993 as amended by OM No. 18(4)/92/TA/169 dated 25-03-1994.

Note 3 – Operations undertaken in the manufactories and workshops of a division on behalf of other divisions, departments, Governments, local bodies or individuals are treated as operations of the division in the first instance, but the entire cost is ultimately recovered from the party concerned.

3.1.4 In all cases the primary accounts of these transactions should be kept in accordance with the rules of this code, even though the ultimate cost of the transactions may not have to be brought to account finally in the books of the Divisional Officer.

3.1.5 The performance of these services and the subsidiary proceedings give rise to a number of other transactions with other departments, Governments, etc., which have also to be brought to account e.g., funds, have to be obtained from Banks to meet liabilities incurred, receipts realized have to be lodged in Banks and stores have to be obtained from other divisions or departments etc., or from abroad.

3.1.6 The transactions of Public works officers may thus be grouped under the heads indicated below:-

I Expenditure heads: For charges adjustable finally in the accounts of Divisional Officers **i.e 2059-Public Works, 2216-Housing,4059-Capital Outlay on Public Works, 4216-Capital Outlay on Housing etc.**

II. Revenue Heads: For revenue receipts creditable finally to Government in the accounts of Divisional Officers **i.e 0059-Public Works,0216-Housing etc.**

III Remittance Heads: Receipts as well as payments for cash, stores or other values received from or paid to or on behalf of other departments or Governments i.e.

8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer.

IV Suspense and Deposit Heads: For certain receipts and payments held in suspense or Deposit pending clearance, by payment or recovery (as the case may be) in cash or otherwise. The suspense accounts for transactions of this group are treated either as heads subordinate to the expenditure heads or as Independent heads of account or as sub-heads in the accounts of works, as will be explained in, later chapters.

3.1.7 The transactions under each of these groups are further sub-divided for purposes of accounts. In the case of Expenditure and Revenue Heads, the main unit of classification is known as the Major Head, and the further divisions of it as Minor Heads each of which has a number of subordinate heads known as Sub-Heads. The Sub-Heads are further divided into Detailed Heads **and Detailed Heads are further divided into Object Heads**. Sometimes Major Heads may be divided into Sub-Major heads before their further division, into minor heads.

Note 1 – The Administration of the Union Territories of Daman & Diu and Pondicherry subject to control of the Central Government, may exercise the powers of opening of sub heads, detailed heads and **object heads** of account under the various Major and Minor heads of accounts within their respective territories – **Subject to observance of conditions laid down in** Note 2 below Rule 26 of Government Accounting Rules, 1990.

Note 2 - The detailed classification of any Public Works Major Heads that may be introduced for the booking of special expenditure, shall be prescribed by the Central Government on the advice of the Comptroller and Auditor General of India.

Note 3 - In the case of works undertaken by the Public Works Department as a standing arrangement for other departments, when the cost is debit to those departments, the prescribed classification applicable to the connected transactions is intimated by the Pay and Accounts Officer.

3.1.8 The classification and the Heads of Accounts under which Government transactions are adjustable have been indicated in the List of Major and Minor Heads of Account of Union and states as mentioned in Chapter 3 of Government Accounting Rules, 1990.

Note: The detailed classification of Account Heads in Government Account and the order in which the Major and Minor Heads shall appear in all account records shall be such as are prescribed by the Central Government from time to time on the advice of Comptroller and Auditor General of India.

3.1.9 Revenue is realized and placed to credit of Government as it falls due under the statutory or other rules governing it, but expenditure can be incurred only against a grant voted by the Parliament or against the appropriations provided for to meet charged

expenditure. The incidence of expenditure between voted and charged is determined by the relevant provisions of the Constitution of India.

It is obligatory for the Court to issue a decree in all cases where an award is made a Rule of the Court. Expenditure incurred on account of payments made after an award has been made a Rule of the Court but prior to the issue of decree is debitable to the 'Charged' Section of the relevant grant.

Note 1 - Under Article 112(3)(f) of the Constitution of India any sum required to satisfy the award of an arbitral tribunal is to be charged on the Consolidated Fund of India. In order that a body or authority may be a 'tribunal' within the scope of the term 'arbitral tribunal' used in the said article, it must be constituted by the State and not merely by an agreement of the parties and must be invested with the States inherent judicial (as distinguished from purely administrative or executive) powers and 'the trappings of a court'. However, in cases where the award made by a private arbitrator is filed in a court and a decree is obtained in terms of the award, the expenditure required to satisfy the decree of the court will be expenditure charged on the "Consolidated Fund of India".

3.1.10 Classification of Lump Sum Advance to provide for immediate Financial Relief

(i) In terms of the provisions of Rule 79 to 81 and Government of India's Decision thereunder contemplated in "Compendium of Rules on Advances", a Head of Department or a Head of office may sanction an advance to the family of a Government Servant in permanent or temporary employ (excluding casual and daily-rated staff) who dies while in service (whether on duty or on leave with or without pay) in order to enable the family to meet its immediate requirements, if in the opinion of the Head of Department or the Head of Office, as the case may be, the family concerned has been left in indigent circumstances upon the death of the Government servant on whom it was dependent and is in immediate need of financial assistance.

(ii) The amount of an advance which may be granted under Rule 79 shall be equal to two months' basic pay and Dearness pay taken together of the deceased Govt. servant, subject to a maximum of Rs. 8,000/- (Rupees Eight thousand only).

(iii) The Head of Department/Office shall see that the advance (granted under Rule 79) is adjusted as early as possible, and in any case, within a period of six months from the date of its sanction, by deduction from the amount that may be payable on account of arrears of salary due, the Death-cum-Retirement Gratuity or the Contributory Provident Fund or the General Provident Fund or any other payments due to the deceased.

(iv) The advance granted under this Para should be debited to the Major/Minor/Sub-Head "8550-Civil Advances-104-Other Advances-Lump Sum Advances to provide immediate relief to the deceased Government servant's family". If the amount of Death-Cum-Retirement Gratuity or similar other payment is less than the advances initially sanctioned, and if the balance is eventually treated as irrecoverable, the same should be debited to the Major/Minor/Sub-Head "2075-Miscellaneous General Services-800-Other Expenditure-Write off of Irrecoverable Loans" advanced to provide immediate financial relief to the deceased Government servant's family", under special sanction of Government.

3.2 SYSTEM OF ACCOUNTS

3.2.1 The main features of the system of Public Works Accounts are:-

(a) The Divisional Officer, is the primary disbursing officer of the Division who is permitted **by the Chief Controller of Accounts through Letter of Credit** to obtain, by cheque on the banks, the funds required for all disbursements in connection with the execution of works, pay and allowances etc., of the Gazetted and Non-gazetted staff working in Division of the C.P.W.D., as well as in the Divisions of such other departments as may be specially authorized in this behalf and contingent charges, the bills for all long term advances and for GPF withdrawals of staff other than Group 'D' will be submitted to Pay & Accounts Offices. He also collects some of the departmental receipts of the division and pays/ **remits** them into the banks.

Note –(i) However, in the case of a Public Works Division, if an Officer other than the Executive Engineer is declared as a drawing and disbursing officer for the purpose of not only drawing the bills for pay and allowances etc. of the establishment of the Public Works Division but also for drawing bill for works and ancillary payments, such Drawing and Disbursing Officers working on the Public Works System may be delegated powers to draw cheques for work and ancillary payments in addition to the categories of payments mentioned above with the prior approval of the Controller General of Accounts in respect of the said Division or Divisional Office.

Note-(ii) In the Departmentalised Accounts set up, Divisional offices are **assigned a Cash Assignment Account in the accredited bank by the Chief Controller of Accounts, against which they draw cheques for payment of bills passed by them on the basis of letter of credit . The guidelines for opening and closing of Cash Assignment Account are given in Annexure 'A' to this Chapter.**

Note-(iii) **All payments relating to a specified circle office(s)/Zonal office(s) may be made by the respective Pay and Accounts Officer.**

Note-(iv) **All DDOs/Divisional Officers will send the Pay and Allowances bills of employees recruited in Government Service on or after 1-1-2004 and covered by New Pension Scheme,2004 at the counter of Pay and Accounts Office for Pre-Check and payment. Divisional Officer will prepare separate Pay Bill Register for this purpose.**

(b) The accounts of these receipts and disbursements (including the transactions of subordinate officials acting on his behalf) are compiled under his supervision by an Accountant and are submitted monthly to the **Pay and Accounts Officer. The Pay and Accounts Office for a particular Division will be decided by Chief Controller of Accounts. General principle is that the Division will be attached with Zonal Pay and Accounts office corresponding to the Chief Engineer he reports for administrative directions.**

- (c) He is further required to maintain clear accounts of all stores received by him and to make these accounts available for audit by the Accounts officer.
- (d) Under each Major Head of expenditure, the charges on each project, work, or sub-work are recorded separately in the accounts of Divisional Officers. In the case of works of certain classes (see examples cited below) Proforma accounts of all transactions connected therewith are prepared annually by the Pay and Accounts Officer or by the Divisional Officer, as may be required, and for this purpose the receipts pertaining to each work of this class are also shown separately in divisional accounts:-
 - (i) Irrigation, etc. commercial undertakings.
 - (ii) Quasi-commercial undertakings, such as self supporting workshops.
- (e) Except to the extent prescribed in sub-para (a) of this para, personal payments to all Government servants of the Department are made on bills presented at the counters of Pay and Accounts Offices in accordance with general provisions of the Central Government Account (Receipt and Payment) Rules and are therefore, brought to account direct by the Pay and Accounts Officer himself from the data furnished to him.

3.2.2 It is not sufficient that an officer's account should be correct to his own satisfaction. A disbursing officer has to satisfy not only himself, but also the Internal Audit/Statutory Audit that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an account is correct in all respects. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be so as to the economy or the bona fides of the transactions. It is further essential that the records of payment, measurement and transactions in general must be so clear, explicit and self contained as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law. All transactions involving the giving or taking of cash, stores, other properties, rights, privileges, and concessions which have money values should be brought to account. The record of a transaction of receipt or expenditure should always be made at once under the final, debt, deposit or remittance head to which it pertains, if that be known, but if the exact head cannot be ascertained at once, then the transactions should be classified temporarily under "Deposits" if a receipt, or under "Miscellaneous Public Works Advances", if a charge.

In case of non-fulfillment of conditions for opening of Cash Assignment Account as given in Annexure-A, the Chief Controller of Accounts may attach such division with the other Cheque Drawing Divisional Officer or Pay and Accounts Office. In such cases the Accounting procedure to be followed is prescribed in Annexure 'B' to this Chapter.

Annexure-A

Guidlines for opening and closing of Cash Assignment Account in favour of Executive Engineer,C.P.W.D.

1. For opening of Cash Assignment Account the Office of DG(W) shall send the proposal to the Chief Controller of Accounts 45 days before the actual opening of the Division subject to fulfillment of the following conditions:-

- (i) There should be a sanctioned post of Divisional Accountant, if not a post of equivalent rank shall be diverted to accommodate the Divisional Accountant.
- (ii) The address of the Division.
- (iii) The address of the Bank, where the account is to be opened.
- (iv) Whether the Division is proposed to be opened afresh or after closing other division. If the Division is opened after closing another division then a certificate shall be furnished stipulating that all liabilities and suspense accounts have been cleared. If not cleared, the new division shall adopt them on Proforma basis in terms of Para 16.4 of Civil Accounts Manual.
- (v) If balances have been adopted by the successor Division a certificate from the Divisional Officer as well as Pay and Accounts Officer that the balances have been adopted shall be furnished to the Principal Accounts Office.

Note:- The ledger balances under Long Term Advances and General Provident Fund Balances etc. of a Government employees will be settled/transferred by exchange of Cheque. The Short term Advances will be settled in terms of Para 10.8 of Civil Accounts Manual.

If any of the above said conditions are not fulfilled then the Cash Assignment Accounts in favour of the Division will not be opened, instead the Division will be attached with Pay and Accounts Officer or other Cheque Drawing Divisional Officer. The accounting procedure to be followed in this case is enumerated in Annexure-B to this Chapter.

2. For closing of Cash Assignment Account, the office of DG(W) shall intimate the Chief Controller of Accounts 45 days in advance before actual closing of the division along-with a certificate that all the liabilities and balances under Debt., Deposit, Remittance and Suspense heads have been cleared. If not he shall direct some other division to accept the balances of the Division in terms of Para 16.4 of Civil Accounts Manual. In this case, certificate of adoption of balances in the books of the nominated Division as well as Pay and Accounts Officer shall be furnished along-with the proposal.

Annexure-B

Accounting Procedure for attachment of the Division with another Division / PAO of the Division, where the Cheque Drawing Powers are not vested or Cash Assignment Account is not opened.

- (i) The EE, will maintain cash book in GAR-3 (as is being done by other NCDDO).
- (ii) The Divisional officer shall maintain all the Forms prescribed in the “Book of Forms of CPWA Code” as usual except CPWD 51, as the cheque will either be issued by the Cheque Drawing and Disbursing Officer(CDDO) with whom the Division has been attached or by the PAO under whose jurisdiction Receipt and Payment functions have been assigned and monthly Account will be prepared accordingly.
- (iii) For making payments for works purposes, The NCDDO, Divisional officer will present the bill to CDDO/PAO for pre-check & payment . The Divisional officer will send an attested photocopy of the Measurement Book (M.B), along with necessary certificate to CDDO/ PAO, who will check the bill with reference to agreement of work, Estimate, M.B and rules and order in terms of various provisions of CPWA Code (para 10.2.19 etc.), CPWD works Manual , GFR, CGA (R&P) rules etc.Payment to the contractor will either be made by cheque or through e-payment (as and when the system is introduced), The cheque on behalf of the contractor shall be collected by the messenger of the DDO on production of the following receipt:-

Bill No..... date.....Token No.....received
as.....(Rs.....only) by cheque from PAO in favour
of.....

- (iv) PAO/CDDO may arrange payment of Permanent Advance to Divisional officer or any other other sub-ordinate officer as per the sanction of the Competent Authority in terms of provisions of para 6.6.8 of CPWA code.
- (v) No temporary advance will be drawn. In such eventuality the amount may be drawn on Abstract Contingent bill (GAR-30) and details sent in GAR – 31 or GAR – 32. PAO/CDDO will debit the Head “8671- Departmental Balances-101-Civil” while making payment on GAR – 30 and while adjusting it through GAR – 31 & 32, will Dr. the final head of Account by contra Credit to Head “8671-Departmental Balances-101-Civil”. The adjustment of the amount drawn on Abstract Contingent bill should be adjusted within one month from the date of drawal. Vouchers less than Rs. 500/- need not be sent to PAO/CDDO.(Note below para 3.4.3 of CAM).
- (vi) All receipts in the form of instrument i.e. Draft/Cheque will be endorsed in favour of CDDO/PAO intimating necessary classification.
- (vii) All cash receipt shall be remitted directly into bank through challans.
- (viii) Divisional Officer (NCDDO) will be personally responsible for clearance of balances under CSSA and MPSSA.
- (ix) Wherever the Division is attached with some other Cheque Drawing Divisional office, the Cheque drawing Divisional Office will compile the Monthly Account on behalf of such Division.

CHAPTER 4 - RELATIONS WITH CHIEF CONTROLLER OF ACCOUNTS

4.1 GENERAL

4.1.1 The Divisional Officer, as the primary disbursing Officer of the Division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of accounts of the transactions correctly and in accordance with the rules in force.

He is further required to submit his accounts to the Pay and Accounts Officer for post check and for incorporation in the general accounts. See also paragraph 44 of the Central Public Works Department Code.

Note – The accounts returns which have ordinarily to be submitted for post check and compilation are enumerated in Chapter 22, but the Pay and Accounts Officer is authorized to call for such additional accounts, registers, documents and subsidiary papers having relation thereto, as he may require for the elucidation thereof.

4.1.2 The Divisional Officer is responsible to see that the accounts of his division are not allowed to fall into arrears; but if arrears or confusion arise which in his opinion, cannot be cleared without the assistance of the Pay and Accounts officer, he should at once approach for such assistance.

4.2 DIVISIONAL ACCOUNTANT

4.2.1 To assist Divisional Officers in the discharge of their responsibilities referred to in paragraph 4.1.1, the head of the accounting organization viz., Chief Controller of Accounts will post a Divisional Accountant, who has either been recruited through initial recruitment examination conducted by INAD or Qualified in SAS/JAO(C) Examination conducted by Civil Accounts Organisation with Public Works as compulsory paper to each Divisional Office.

Note 1: **Appointment of UDC/Accountant to function as Divisional Accountant, as a stop-gap arrangement can be done by the C.C.A, wherever vacancies of Divisional Accountant exist and not filled up for any reasons by the CCA/CGA.**

Note 2: No person who is not eligible to be appointed to the cadre of Divisional Accountants may be posted to a Division. In any individual case where a qualified Divisional Accountant is not available, an exception may be permitted, as a purely temporary arrangement by the **Chief Controller of Accounts to whose P.A.O, the accounts of the Division are rendered.**

Note 3 The term Divisional Accountant will include Selection Grade Divisional Accountant/Junior Accounts Officer/Assistant Account Officer.

4.2.2(a) The functions of the Divisional Accountants are three fold:-

(i) as accountant, i.e., as the compiler of the accounts of the division in accordance with the prescribed rules and from the data furnished to him.

(ii) as internal checker entrusted with the responsibility of applying certain preliminary checks to the initial accounts, vouchers etc., (see Chapter 22) and

(iii) as financial assistant, i.e., as the general assistant and adviser to the Divisional Officer in all matters relating to the accounts and budget estimates or to the operation of financial rules generally.

(b) In the discharge of these duties, he is expected to keep himself fully conversant with all sanctions and orders, passing through the office and with other proceedings of the Divisional Officer and his subordinates which may affect the estimate or accounts of actual or anticipated receipts and charges. He should advise the Divisional Officer on the financial effect of all proposals for expenditure and keep a watch, as far as possible, over all the liabilities against the grants of the division as they are incurred.

(c) The Divisional Accountant should see that he is given the fullest opportunity of becoming conversant with these sanctions, orders and proceedings. To enable him to discharge his duties efficiently, the Divisional Accountant is treated as the senior member of the office establishment of the division though his position is analogous to that of a Sub-Divisional Officer, vide paragraph 45 of the Central Public Works Department Code.

4.2.3 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 which come within his sphere of duties. If he considers that any transaction or order affecting receipts or expenditure is such as would be challenged by the Pay and Accounts Officer if the internal check entrusted to the 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-60, 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 Pay and Accounts Officer, 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 Pay and Accounts Officer, for whose inspection the register should be available at all times.

NOTE – If no inspection (by Accounts Officer) takes place in a year and entries have been made in the Register during the period since the last inspection, the Register or, if

the entries are few, an extract therefrom should be submitted to the Accounts Officer in the month of April for review.

4.2.4 (i) The Divisional Accountant is responsible for the safe custody of documents during the period when they remain in the Accounts Branch until submission to the Executive Engineer.

(ii) He is responsible for the arrangements for checking the computed tenders, i.e., for seeing that the arrangements made for checking are efficient and satisfactory.

(iii) 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. In the case of lumpsum tenders, he should see that detailed drawings and specifications, duly authenticated by the competent authority form part of the Notice inviting tenders and that the cost of various items forming part of the sanctioned estimate of the work is correctly assessed with reference to the relevant scheduled rates or in the case of non-scheduled items on the basis of rates supported by detailed analysis therefore sanctioned by the competent authority, and

(iv) He should see that the comparative statement correctly incorporates the totals as checked on the individual tenders.

4.2.5(a) The Divisional Accountant should 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 – If the Divisional Officer is allowed a lumpsum appropriation for expenditure on a group of works and he has made out of it appropriation for individual works, expenditure should be watched against individual appropriations 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 powers of sanction, as the latter may consider necessary.

(c) The Divisional Accountant should not as a rule, be required to receive, or pay out, cash but in cases where the monetary transactions at the headquarters of the Divisional Office are not large, either in number or in amount, the Divisional Officer may, on his own responsibility and with the previous consent of the Chief Controller of Accounts entrust the receipt and disbursement of cash to the Divisional Accountant. The Divisional Accountant should not, however, be normally authorized to issue final receipts in Form 3 over his own signature.

(d) The Divisional Accountant should affix his dated initials after the last entry of the day's transaction in the divisional cash book/Stock Accounts, in token of check.

4.2.6 The Divisional Accountant is further required to inspect periodically under the orders of the Divisional Officer, the accounts records of Sub-Divisional Officers and 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 Chief Controller of Accounts, but serious financial irregularities should be reported at once for the information of that officer, even though set right under the orders of competent authority. All defalcations or losses of public money, stores or other property should be reported immediately to the Chief Controller of Accounts and other authorities concerned in accordance with such rules or procedure as may have been prescribed.

Note: The accounts of interest bearing securities maintained by Sub-divisional Officers should be examined to see that the rules relating to them are observed and that the register in Form 85 is correctly maintained, and with this object a few transactions of the register should be compared with the entries in the cash book or other account, and vice-versa. The securities certified in the last annual Account of Interest Bearing Securities, Form 86, as being on hand should be verified by inspection as far as possible, and it should be seen, in respect of such of them as are not produced for inspection, that there are in existence either the original acknowledgements of the depositors bearing dates subsequent to the dates of the last account, or the acknowledgements of the authorized custodians, as the case may be.

4.2.7 The Divisional Officer has a right to seek the advice of the Chief Controller of Accounts in all matters connected with the accounts of his division or the application of financial rules and orders concerning which there may be any doubt. It will usually be desirable, however, that he shall first obtain the advice of the Divisional Accountant who is specially trained for this duty, and this should be done in writing in all cases of importance.

4.3 INSPECTION BY THE AUDIT/ACCOUNTS OFFICERS

4.3.1 The Audit/Accounts Officer with the approval of the competent authority shall arrange for the periodical test-audit and local inspection of the accounts of divisional and sub-Divisional Offices, and the Divisional Officer is responsible that the initial accounts and other connected records are made available for inspection. Inspecting Officers are required, if possible, to discuss the drafts of their reports with the heads of the office inspected, before submitting them to the respective heads of Audit Offices/Accounts Offices and for this purpose, it is desirable that the head of the office inspected should be present at the inspection unless his presence is urgently required elsewhere.

4.4 COMMUNICATION OF SANCTIONS TO PAY & ACCOUNTS OFFICER

4.4.1 As a general rule, every sanctioning authority is responsible that all sanctions and orders against which audit of receipts or disbursements is to be conducted are communicated to the Audit Officer and/or the Pay & Accounts Officer, as the case may be, in accordance with such procedure, as may have been prescribed. See also paragraphs 18.5.1 and 18.5.2 of this Code, Paragraph 84 of the Central Public Works Department Code and also Rule 29 of General Financial Rules, 2005.

Note 1: Check of sanctions accorded by the Divisional Officer is conducted in the Pay & Accounts Office only in respect of sanctions to write off of stores or losses of public money. In respect of other sanctions of the Divisional Officer, the Divisional Accountant is responsible for the necessary check, vide paragraph 4.2.5.

Note 2: Sanctions to Contract agreements accorded by the Divisional Officer, the tenders of which are accepted by authorities higher than the Divisional Officer should be communicated to the Pay & Accounts Officer by the authority who accepted the tender in such form as to enable that officer to check the payments to Contractors on the basis of rates sanctioned for each item of work or supply on other necessary terms and conditions. Duplication of agreements should in no case be required, that is to say, an authority who has concluded an agreement should not be required to draw up and sign again an agreement already executed.

Note 3:- It is not necessary to supply Administrative Approvals to the Accounts Officer. Technical sanctions need be communicated to the Accounts Officer only in respect of works relating to projects costing more than Rs.25 Lakhs and non-projects costing more than Rs. 10 Lakhs. Financial sanctions otherwise known as expenditure sanctions and allotment of funds should be communicated to the Audit Officer and/ or the Accounts Officer, as the case may be.

4.5 RESULTS OF AUDIT

4.5.1 The results of audit/inspection are communicated to the Divisional Officer in the form of Audit Notes, Inspection Reports, letters or memoranda. These should receive prompt attention, vide Rule 62 of the Central Government Account (Receipts and Payments) Rules 1983 and the replies of the Divisional Officer should be based, as far as possible, on his own knowledge. It is not enough to pass on the explanations of a subordinate, reports prepared in this manner may lull suspicion for the time being, but lead to greater irregularity afterwards.

4.5.2 Part I of the Audit Note and the Inspection Report should be returned through the Superintending Engineer after the Divisional Officer has recorded his replies thereon. The Superintending Engineer will pass orders in respect of matters which he is competent to deal with finally and record his remarks (with a note of the action taken) on all other points, before returning the documents to the Audit officer/Accounts Officer.

Note: As an exception to the above rule, the Divisional Officer may send his first reply to an Inspection Report direct to the Audit Officer/ Accounts Officer with a copy of the reply to the Superintending Engineer.

4.5.3 Once a transaction has been entered in the Audit Note or otherwise challenged in one or the other documents referred to in paragraph 4.5.1 the responsibility for having the objection removed will devolve upon the Divisional Officer, and the Audit Officer/ Accounts Officer is required to report to the higher authorities all important items and any serious delays in the adjustment of individual objections.

Note: An audit objection is usually removed by obtaining the requisite sanction, by making the necessary recovery, by correcting or completing the relevant account or voucher by furnishing the necessary documents or information, or by otherwise securing compliance with the provisions of a specified rule. In cases in which a protest is made against an audit objection as being incorrect, the objection should be held to be in force unless a formal intimation of its withdrawal is received from the Audit Officer/ Accounts Officer.

4.5.4 The Audit Officer/ Accounts Officer will place under objection any transaction coming to his notice which is not covered by adequate sanction or involves an excess thereon or other deviation. In some cases, the Divisional Officer may have already taken action to regularize the transactions or the excess (if any) over sanction plus any further excess that may be anticipated, may be within his own powers of sanction without preparing a revised estimate and he may have accorded the necessary formal approval to it; yet, if the necessary intimation of sanction does not reach the Audit Officer/ Accounts Officer when the divisional accounts in which the irregular transaction appear, are being audited/inspected, the Audit Officer/ Accounts Officer will raise the objection, as he is not authorized to assume that the necessary sanction has been accorded. Divisional Officers will, therefore, find it advisable to send to the Audit Officer/Accounts Officer the earliest intimation of such of their sanctions and orders as are required to be communicated to him (vide paragraph 4.4.1) and to give it, without waiting for the receipt of the Audit Note/ Inspection Report. all necessary information in regard to transactions for which, within their knowledge, adequate authority does not exist. A single note or statement, prepared monthly and signed by the Divisional Officer himself, will ordinarily suffice, in respect of transactions brought to account in the Monthly Account, but, if it cannot precede or accompany the Monthly Account, it should be sent to the Audit Officer/ Accounts Officer within a week of the despatch of the account.

Note1: The object of this rule is to obviate the issue of unnecessary audit objections, but a reduction in the number of objections can be affected only by observing the requirements of the financial and other rules bearing on the transactions, and by taking timely action to accord or obtain, as the case may be, such sanction or order as may be required in cases in which a deviation from rules has occurred.

Note 2: The Divisional Accountant is responsible (i) for bringing prominently to the notice of the Divisional officer, at least once a month, all irregular transactions on which action has not already been taken by the latter at the instance of Sub-Divisional Officers or on his own and (ii) for giving effect to the provisions of this paragraph in accordance with the procedure which the Divisional officers may have desired to be observed in this connection.

Chapter -5 Appropriations and Re-Appropriation

5.1 Introductory

5.1.1 Appropriation or re-appropriation represents the allotment of a particular sum of money to meet expenditure on a specified job as enunciated in the Detailed Demands for Grants. It is operative only for the financial year for which it is made.

- (a) Expenditure can only be incurred on a work or other object:-
- (i) If sanction, either special or general, of competent authority has been obtained authorising the expenditure.
 - (ii) If funds to cover the charges during the year have been provided by competent authority.

Note- When, under paragraph 66 of the Central Public Works Department Code, an intimation is received from an officer of the Public Works Department that he is incurring an unauthorised liability on a work, the Accounts Officer will bring the facts instantly to the notice of the competent authority so that the requisite steps may be taken either to stop the work or to regularise its execution.

- (iii) If the expenditure conforms to the relevant provisions of the Constitution and to the financial rules, regulations and orders issued by the competent authority.

(b) For payments chargeable to the accounts of other divisions, departments of Government, or of non-Government works, and repayments of deposits, a Divisional Officer does not necessarily require any specific provision of funds within the appropriations for his own division. It is sufficient to see that such payments are made only in accordance with the rules in the relevant Chapters of this Code.

Note- For inevitable payments, see paragraph 10.5.23.

5.2 GRANTS AND THEIR DISTRIBUTION

5.2.1 A grant or supplementary grant may be in respect of expenditure falling under one or more major heads or sections of a major head. For purposes of financial control, the grant allotted to each major head of account is divided into primary units of appropriation.

5.2.2 Form of Accounts – Main Divisions of Accounts

Govt. account shall be kept in the following three parts, as per the provisions of the Constitution of India:-

Part I Consolidated Fund	of India (including Union Territory Administration) or of the State or Union Territory Government concerned.
Part II Contingency Fund	
Part III Public Account	of India (including Union Territory and Union Territory Administration / Government) or of the State concerned.

Note:- There being no separate Public Account in the case of Union Territory Governments, the transactions pertaining to this account shall be booked in the Public Account of Central Government.

In Part I, namely Consolidated Fund, of the accounts, there shall be two divisions, namely:-

- (i) Revenue consisting of Sections for “Receipts heads (Revenue Account)” and “Expenditure heads (Revenue Account)”.
- (ii) Capital, Public Debt, Loans consisting of section for “Receipt heads” (Capital Account), “Expenditure heads (Capital Account)” and “Public Debt”, “Loans and Advances”.

The first division shall comprise the section Receipt heads (Revenue Account) dealing with the proceeds of taxation and other receipts classed as revenue, and the Section “Expenditure heads (Revenue Account)” dealing with expenditure met therefrom.

The second division shall comprise the following sections:-

- a) The Section “Receipt heads (Capital Account)” which deals with receipts of a Capital nature which cannot be applied as a set off to Capital Expenditure.
- b) The Section “Expenditure heads (Capital Account)” which deals with expenditure met usually from borrowed funds with the object of increasing concrete assets of a material and permanent character. It also includes receipts of a Capital nature intended to be applied as a set off to Capital expenditure.
- c) The Section “Public Debt” Loans and Advances which comprise, of loans raised and their repayments by Government such as, Internal Debt, External Debt of the Central Government and Loans and Advances made by Government and their recoveries, transactions relating to “Appropriation to Contingency Fund” and “Inter-State Settlement.”

In Part II, namely Contingency Fund of the Accounts, shall be recorded the transactions connected with the Contingency Fund set up by the Government of India or of a State or Union Territory Government under Article 267 of the Constitution / Section 48 of the Union Territories Act, 1963.

In Part III, namely Public Account, of the accounts, the transactions relating to Debt (other than those including in Part I), “Deposits”, “Advances”, “Remittances” and “Suspense” shall be recorded. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to “Remittances” and “Suspense” in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash **in** Banks. The initial debits or credits, to these heads will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

5.2.3 Sectors and Sub-Sectors of Accounts

(a) Within each of the Divisions and sections of the Consolidated Fund as referred to in para 5.2.2, the transactions shall be grouped into Sectors such as, “General Services”, “Social Services”, “Economic Services” under which specific functions or services shall be grouped. The sectors in some cases shall be sub-divided into Sub-Sectors as enumerated in the list of Major & Minor Heads of Account. The Sectors/Sub-Sectors will be further sub-divided into Major Heads of Account. Each Sector in a section shall be distinguished by a letter of the Alphabet.

(b) In Part II – Contingency Fund, there shall be a single Major Head and all the transactions met out of the Contingency Fund shall be recorded under it.

(c) In the case of Part III – Public Account, the transactions shall be grouped into Sectors and Sub-Sectors, which shall be further sub-divided into Major Heads of Account. The Sectors / Sub-Sectors shall be distinguished by letters of the Alphabet.

5.2.4 Allotment of Code to each Major Head and range of Code Numbers.

A four digit Code has been allotted to the Major Head, the first digit indicating whether the Major Head is a Receipt head or Revenue Expenditure Head, or Capital Expenditure Head or Loans and Advances Head or it pertains to Public Account. If the first digit is ‘0’ or ‘1’ the Head of Account will represent Revenue Receipt, ‘2’ or ‘3’ will represent Revenue Expenditure, ‘4’ or ‘5’ Capital Expenditure; ‘6’ or ‘7’ Loans and Advances Head; (4000 for Capital Receipt) and ‘8’ will represent Contingency Fund and Public Account (8000 for Contingency Fund).

Adding 2 to the first digit of the Revenue Receipt will give the Code Number allotted to corresponding Revenue Expenditure Head, adding another 2 - the

Capital Expenditure Head and another 2 - the Loans and Advances Head of Accounts; e.g.

0401 represents the Receipt Head for Crop Husbandry.

2401 represents the Receipt Expenditure Head for Crop Husbandry.

4401 represents the Capital Outlay on Crop Husbandry.

6401 represents Loans for Crop Husbandry.

Such a pattern is however, not relevant for those departments which are not operating Capital / Loan Head of accounts e.g. Department of Supply. In a few cases, however, where receipt / expenditure is not heavy, certain Major Heads have been combined under a single number, the Major Heads themselves forming sub-major heads under that number. For example Major Head “4202 – Capital Outlay on Education, Sports, Art and Culture” where under the distinct Revenue Expenditure Major Heads 2202 – General Education, “2203 – Technical Education, “2204 – Sports and Youth Services and “2405 – Art and Culture “ have been brought down as “Sub-Major Heads” as 01, 02, 03 and 04 respectively.

The range of code numbers allotted under the scheme of codification is shown below:-

Part I – Consolidated Fund	Major Head Code Nos.
Section I – Receipt Heads – (Revenue Account)	0020—1999
Expenditure Heads - (Revenue Account)	2011—3999
Section II – Receipt Heads – (Capital Account)	4000
Expenditure Heads -(Capital Account)	4046-5999
Section III- Public Debt, Loans & Advances	6001-7999
Part II Contingency Fund	8000
Part III – Public Account	8001-8999

5.2.5 Major, Sub-Major, Minor, Sub-Head, Detailed and Object Heads

(a) The main unit of classification in accounts shall be the major head which shall be divided into minor heads, each of which shall have a number of subordinate heads, generally shown as sub-head. The sub-heads are further divided into detailed heads and

detailed heads are further divided into Object Heads. Sometimes, major heads may be divided into 'Sub-major heads' before their further division into minor heads.

The Sectors, Major heads, Minor heads, Sub-heads, Detailed head and Object head together constitute a six tier arrangement of the classification structure of Government Accounts.

b) Major heads / Sub-Major heads of account falling within the Consolidated Fund generally correspond to 'Function' / Sub-function of Government, such as different services like "Crop Husbandary", "Defence Services" and Public Works, Office Building, Other Buildings and General etc. provided by Government while minor heads subordinate to them shall identify the "Programme" undertaken to achieve the objective of the function represented by the Major Head. A programme may consist of a number of schemes or activities and these shall, generally, correspond to "sub heads" below the minor head represented by the programme. In certain cases, especially in regard to non-developmental expenditure or expenditure of an administrative nature, the sub-heads may denote the components of a programme such as 'Organisation' or the different 'Wings of Administration'. A Detailed Head is now termed as a Sub-scheme.

c) An Object head is termed as **unit of appropriation**. On the expenditure side of the accounts particularly in respect of heads of accounts within the Consolidated Fund, object heads are primarily meant for itemized control over expenditure and indicate the object or nature of expenditure on a Scheme / Sub-scheme or activity or organisation in terms of inputs such as "Salaries", "Office Expenses", "Grants-in-aid", "Loans" and "Investments" etc. and many more as enunciated in Rule 8 of the Delegation of Financial Power Rules, 1978 as amended from time to time.

(d) The detailed classification of account heads in Government Accounts and the order in which the Major / Sub-major and Minor heads shall appear in all account records shall be such as are prescribed by the President on the advice of the Comptroller and Auditor General of India. The list of Major and Minor heads of Accounts of Union and States contains the classification prescribed (including the code No. assigned up to the major / Sub-major heads and minor heads thereunder) should be strictly followed.

5.2.6 CLASSIFICATION OF EXPENDITURE AS "CHARGED" OR AS "VOTED"

Expenditure which under the provisions of the Constitution is subject to the vote of the Legislature shall be shown in the accounts separately from expenditure which is "Charged" on the Consolidated fund of India or of a State or Union Territory Government. The expression "Charged" or "Voted" shall be appended to the heads concerned to distinguish the two categories of expenditure.

5.2.7 The following procedure shall be followed for preparation of Budget Estimates under the sub head "Stock" under the Minor head "799 – Suspense" below the Major

Head 2059 Public Works. The Central Store Division will prepare their budget on the basis of their requirements. The working divisions will, however, prepare their budget for stock in two parts viz., (1) direct purchases, and (2) by indenting on Stores Divisions. Provisions for stock under category (2) by the working Divisions will then be reduced from the provisions of Stores made by the Central Stores Divisions at Zonal Levels. In respect of such provisions made by the Working Divisions, not falling under the same Zonal Chief Engineer, under which the Central Stores Division from which the stock is intended to be procured falls, such provisions will be worked out by the concerned Zonal Chief Engineer on the basis of the data received by them and intimated to the Zonal Chief Engineer concerned under whose jurisdiction the Central Stores Divisions from which the stores are to be procured falls for carrying out the necessary adjustments as stated above.

5.2.8 The procedure relating to the preparation of Demand for Grants, to the appropriation and re-appropriation of funds, to the distribution of fund and to the Budget matters generally is laid down in the General Financial Rules. The special procedures applicable to C.P.W.D. are detailed in Departmental Manual.

5.3 Grants for Expenditure Abroad

5.3.1 Estimates of transactions taking place abroad are required to be accounted for under the functional Major Head of Account, relevant minor head, Sub-head, Detailed Head and Object Head as the case may be. In the case of receipts of the department arising in the accounts of the High Commission / Embassy of India, the receipts would be passed on by the Pay & Accounts Office, Ministry of External Affairs to the PAO concerned of the Department for eventual booking under the relevant minor head of the Major Head concerned. In the case of expenditure abroad viz. expenditure on stores, the debit on this account would be passed on by the P.A.O., Ministry of External Affairs, to the P.A.O. concerned of the Department for eventual booking under the relevant Major / Minor /Sub and detailed head of account.

5.3.2 The estimates for departmental payments abroad with the abolition of the average rate of exchange w.e.f. 1.4.74, are required to be budgeted by adopting the composite rate of exchange as notified by the Ministry of Finance from time to time. The resultant loss by exchange arising from such transactions is debitable to the capital head concerned while in the case of revenue heads, such loss/gain by exchange is accounted for under the major Head "0075" (in the case of gain by exchange) and "2075" (in the case of loss by exchange).

5.4. Re-appropriation of Funds

5.4.1 (a) Re-appropriation of funds from the primary unit of appropriation to another such unit within a grant or appropriation may be sanctioned by a Competent Authority at any time before the close of the Financial year to which such grants or appropriation relates subject to the provision of Rule 10 of Delegation of Financial Power Rules, 1978 and also subject to such other general /specific instructions as may be laid down by the Finance Ministry in this respect. Re-appropriation shall be made only when it is known /

anticipated that the appropriation for the unit from which funds are being re-appropriated will not be utilized in full or that saving can be effected in the appropriation for the said unit. Funds as a whole will not be re-appropriated from any unit with the intention of restoring the diverted re-appropriation to that unit when saving becomes available under other units later in the financial year.

(b) All cases of re-appropriation involving savings of more than Rs. 10 lakhs for the plan heads relating to a Ministry / Department as a whole would have to be referred to the Ministry of Finance for a decision giving detailed justification in support of the proposal.

5.5 Watching of Actuals

5.5.1(a) It is an important function of the Divisional Officer to keep a constant watch over the progress of expenditure, as he is ultimately responsible for keeping the expenditure within the allotments for the division. He should accordingly keep himself informed of such circumstances as may affect the progress of expenditure, in order to take early steps for obtaining extra funds or surrendering probable savings, as may be necessary.

(b) The Head of the Department and the Pay and Accounts Officer shall be jointly responsible for the reconciliation of the figures given in the accounts maintained by the Head of Department with those appearing in the Accounts Officer's books. The reconciliation according to the procedure detailed in the General Financial Rules shall be made monthly, the initial responsibility resting with the Pay and Accounts Officer.

After compilation of accounts of a month are over, the PAO's should furnish to each of the DDO's including Cheque Drawing DDO's, an extract from the expenditure control register or from the compilation sheet indicating the expenditure relating to grants controlled by him classified under the various Major/Minor/Detailed heads of accounts. The statement for May to March should also contain progressive figures.

5.5.2 It will be found convenient, in practice, to adopt the plan indicated below:-

(a) The progress of expenditure on works or other items for which there are specific appropriations, should be watched individually month by month, through the Register of Works, Contingent Register and other relevant accounts.

(b) In respect of works or items, lumpsum appropriations for which are placed at the Divisional Officer's disposal, he will watch the progress of expenditure against appropriations by the maintenance of a record (i) of the expenditure in the form of a progressive abstract, showing month by month the up-to-date expenditure of the year, and (ii) of the grants, in the form of a register showing the appropriations and re-appropriations ordered from time to time.

(C) In this review of expenditure undischarged liabilities play an important part and their effect on individual and lump sum appropriations should, therefore, be watched.

NOTE: Liabilities may be divided into four clauses (i) those outstanding in the suspense account, relating to contractors and labourers, in the accounts of works (ii) those outstanding in any of the regular suspense accounts of the division (iii) outstanding debts adjustable by book transfer, and (iv) matured claims of contractors, suppliers, etc. awaiting settlement and all unmatured claims, the recurring or non-recurring likely to fall due for settlement before close of the year. Liabilities of class (ii) may affect not only the grants for minor head "suspense" of the major head under which the suspense account concerned is classed, but also the grants for works and services falling under the same and other major heads.

(d) Anticipated credits (if any) which will ultimately be taken in reduction of the expenditure chargeable against any individual or lump sum appropriation should also be taken into account. See Statement E of Appendix 2.

(e) This review is of special importance in the last three or four months of the year.

(f) If desired, this review may also be conducted collectively in respect of each primary or secondary unit of appropriation, a suitable register of appropriations being maintained for the purpose: see clause (b)(ii) above. Such a review is of special help in formulating proposals for re-appropriation.

5.5.3 All liabilities and assets of the division adjustable by transfer credit or debit to remittance heads of accounts should be registered in Form 57, Register of Transfer Awaited, as soon as they become known. As they are cleared, an entry should be made in columns 7 to 9 so that items awaiting adjustment may be known at any time.

Note- This register is intended primarily for all transfer transactions, recurring or non-recurring, which have to be responded to by the Division, but if desired, important items which will be cleared by original debits or credits may also be entered to facilitate the watching of their clearance.

CHAPTER 6 – CASH

6.1 INTRODUCTORY

6.1.1 The term “cash” as used in this chapter, includes legal tender coin, notes, cheques, Deposits-at-Call receipts of Scheduled Banks and drafts payable on demand. A small supply of one Rupee Revenue Stamps may be kept as part of the cash balance. See also Rule 19 of CGA(Receipts and Payments)Rules,1983.

Note-(1) Government securities, (2) deposit receipts of banks other than those referred to in the above para, (3) debentures and (4) bonds, accepted as security deposit under the provisions of paragraph 15.1.1 are not to be treated as cash.

6.1.2 The Divisional Officer is the primary disbursing Officer of the division, and all realisations and payments on Government account made by his subordinates are made on his behalf and on his responsibility.

6.1.3 Every Government Officer is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the prescribed accounts as well as for the correctness of the account in every respect. The private cash or accounts of members of the department should not be mixed up with the public cash or accounts.

6.1.4(a) If a cheque drawing D.D.O., receives information from the Pay and Accounts Officer that moneys have been incorrectly withdrawn and that a certain sum should be recovered in respect of any bill passed by him, he shall effect the recovery without delay and without regard to any correspondence undertaken or contemplated with reference to the retrenchment order; and he shall, without delay, repay the sum in such manner as the Accounts Officer may direct.

(b) A Government Officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Accounts Officer concerned. He shall also be responsible for seeing that payments are made to persons entitled to receive them.

Note - Any person paying money into an accredited bank to the credit of the Central Public Works Department shall present with it a Memorandum or Challan in Form G.A.R. 7.

6.2 MODES OF OBTAINING CASH

6.2.1(a) The Divisional Officers will be placed in direct account with the State Bank of India or with any other accredited bank, as may be decided in future and assigned a letter of credit against which they will draw cheques for payment of all bills passed by them after exercising the requisite checks prescribed by Government.

(b) No Expenditure can be incurred out of the consolidated fund in anticipation of passing of the appropriation (Vote on account) Act or the Appropriation Act relating to the Budget of a financial year. The first(interim) letter of credit to be opened in favour of a cheque drawing Divisional Officer at the beginning of the Financial year will cover the amount to the extent of one-sixth of the authorized Budget allocation to each Division for which vote on account has been obtained. For allotments out of “ other Ministries” works concerned Chief Engineer/Division will have to produce the advice of the Client Ministry for allocation out of their Vote on Account after the Appropriation Act is passed by Parliament and assented to by the President, the Budget allotment is communicated by the IFA. On the basis of the Budget allotment communicated by the Budget **Section/Finance Division** of the Ministry, the Head of the Department, will make distribution of the allotment among the drawing and disbursing officers under his control, under intimation to Pay and Accounts Officers and the central LOC Cell. On the basis of the allotments for the drawing and disbursing officers with cheque drawing powers and the net cash requirement for disbursement of works and ancillary payments, Pay and allowances, T.A., contingencies etc. intimated by the Divisional Officers, LOC Cell will issue the amount of assignment from April to September of the financial year upto 80 % of Budget Grants allocated to the Divisions. While determining the Assignment for second LOC, the Account Officer(LOC) will also take into account the anticipated drawals on account of Advances and withdrawals from GPF for which Divisional Officers are authorised to issue cheques. Thereafter, the Accounts Officer (LOC) will authorise the paying branch of the bank by means of a letter of credit, to make payment on the cheques drawn from time to time by the concerned drawing and disbursing officer during the said six monthly period, not exceeding the limit specified in the letter of credit. While issuing the letter of credit for the Second LOC of the financial year after the Appropriation Act is passed, the Account Officer(LOC) will take into account the amount of first letter of credit issued earlier on the basis of the Vote on Account proposal for the second LOC will be submitted by the C.P.W. Divisions not later than 10th June every year. Reason for reduction of the amount of LOC, if any, will be given. Unless pointed out by the Executive Engineer(EE) concerned, no reduction on account of Security Deposit and / or Departmental charges will be made by the LOC cell. The responsibility for correctly mentioning the situation shall be that of Executive Engineer. (It may be noted that old “Works” and “Deposit Works” attract Departmental Charges(DC)).

The third LOC will be issued by October for any new Works authorised or new Deposits received. For this purpose proposals will be submitted by 15th September alongwith the reconciliation statement upto the end of August of the financial year.

The fourth LOC will be issued upto the last working day of January which also takes into account the Revised Estimates, Supplementary Demands etc.

The fifth and final LOC will be issued on 15th of March indicating final adjustment for which demand should be received by 10th March for the Division located at New Delhi and by the 5th March for outstation Divisions. No further LOC for the Financial Year will be issued by the LOC Cell after 15th March.

Note: Guidelines for smooth operation of the system to be followed by the CPWD and Principal Accounts Office(PrAO) are given in Annexure to this chapter.

The paying branch is responsible to ensure that at no time the amount assigned in the letter of credit is exceeded by the payment of any cheque. The fresh letter of credit issued after expiry of the period prescribed in the earlier letter of credit will be treated as an addition to the unspent balance of the earlier letter of credit except in respect of the first L.O.C as stated above. The Accounts Officer (LOC), while communicating the assignment for the second L.O.C and subsequent L.O.C should indicate not only the amount assigned for each L.O.C, but also the progressive total of assignments upto the end of the previous L.O.C so that the bank is enabled to ensure that the total cumulative drawals from the beginning of the year do not exceed the total progressive Headwise assignments. However, the unspent assignment for the last L.O.C of the financial year is not to be carried forward to the first L.O.C of the next year. The cheque actually issued during the last L.O.C but presented for payment during the period of Ist L.O.C (within the period of validity) will be taken by the banks against the assignment of the year in which they were drawn and not against the assignments of the year in which they are paid. The Divisional Officer should keep a close watch over the drawals and should take prompt action for the renewal of the letter of credit by assignment of additional funds by Pay and Accounts Office.

6.2.2 The Divisional Officer is permitted to make payments of the following categories of bills:-

- a. Works, work charged establishment and ancillary payments;
- b. Pay and allowances, including wages and Medical reimbursement claims – both advances and final bills; (However Pay and Allowances of Govt. Servant covered by New Pension Scheme,2004 will be paid by PAO ; see Chapter 18)
- c. Travel Expenses;
- d. Office Contingencies;
- e. Advances from Provident Fund for all categories;
- f. Withdrawal from General Provident Fund and final withdrawal of accumulations in the Fund from Group ‘D’ employees;
- g. Payments arising under the Deposit Linked Insurance Scheme to Group ‘D’ employees;
- h. All short term loans and advances to Government servants (i.e. those recoverable in less than **seventy** instalments).

Bills for all other kinds of payments like payment of long term loans and advances and withdrawals from provident fund (in respect of Government servants other than Group ‘D’) under Rule 15 and 16 of the GPF(CS) Rules, 1960 or corresponding provisions of other Provident Fund Rules will be submitted to the Zonal Pay & Accounts Officer for pre-check and payment by cheques/bank drafts. Such payments should not be made by the Divisional Officers by issue of cheque against their assignment.

6.2.3 The appropriation of departmental receipts to expenditure in the department is strictly prohibited except in the cases provided for in paragraph 6.3.5. See sub-rule 2(d) of Rule 6 of CGA(R&P) Rules, 1983.

6.2.4 The procedure prescribed for accounting of cash by drawal of cheques (vide sub-para (a) of Para 3.2.1) for pay and allowances of regular establishment (not charged directly to works) is detailed in Chapter 18. Undisbursed balances of cash thus obtained for disbursement to officers and staff may be kept in departmental cash chests, but they should not be mixed up with the regular cash balances of Department, accruing from money obtained on cheques for other payments (viz. works and contingencies) which are dealt with and accounted for in accordance with the rules in the following paragraphs.

6.2.5 No officer is authorized to draw cheques on any bank other than the accredited bank with which he is placed in funds. The transactions involving payments to be made by Divisional Officer outside the Divisional headquarters should be settled by Bank Drafts.

6.2.6 The employment of Group 'D' officials to fetch or carry money should be discouraged. When it is absolutely necessary to employ a Group 'D' employee for this purpose, a man of some length of service and proved trustworthiness should only be selected and in all cases, when the amount to be handled is large one or more guards should be sent to accompany the messenger.

6.2.7 There is no bar on cheques being drawn for less than Rs. 10. However, petty sums and the wages of labourers and establishment charged directly to works (excluding such categories of work-charged establishment, as are borne on regular establishment of the Department) should be paid in cash.. For these, as well as value payable postage, it is permissible to draw money from the accredited bank by Cheque to replenish the cash chest. The Drawing and Disbursing officers must, however, draw cheques for the minimum of cash actually required to meet current disbursements for payments as mentioned above. All cheques in Divisional office drawn for Rs. 10 Lakh and above shall bear two signatures. The second signatory shall be the Divisional Accountant or any other senior most official as may be nominated by the Chief Controller of Accounts.

6.2.8 In drawing cheques, drawing officers should be guided by the general rules laid down in Part III Section I of C.G.A. (R&P) Rules, 1983. The special rules applicable to the department are set forth in paragraphs 6.2.9 to 6.2.13.

6.2.9 Whenever a new cheque book is brought into use, the Divisional Officer should intimate the number of the cheque books and the serial numbers of the cheaue forms contained therein to the bank as well as to the Pay and Accounts Office.

6.2.10 Cheques shall be payable at any time within three months after the month of issue, thus a cheque bearing any date in January is payable at any time upto 30th April.

6.2.11 If the currency of a cheque should expire owing to its not being presented at the Bank within the period specified above, it may be received back by the Divisional Officer and cancelled under his signature. The cancelled cheque should not be destroyed but be treated as Voucher / Sub-Voucher for issuing a fresh cheque in lieu thereof and the fact for issuing fresh cheque should be mentioned on the voucher i.e. the cancelled cheque. Entries regarding cancellation of old cheque/issue of fresh cheque with Voucher No. of the fresh cheque etc. should be made on the counterfoil of old non-MICR Cheque or loose leaf/record slip of MICR cheque, as the case may be. Necessary entries in the relevant documents viz. register of cheque issued, office copy of the original Bill, list of outstanding cheques etc. should also be made for proper linking.

If a cheque remaining unpaid for more than six months after the month of its issue and not surrendered for renewal/cancellation it should be cancelled in the manner indicated in Rule 47(1)(iii) of CGA(R&P) Rules, 1983. The practice of Revalidation of cheques has been dispensed with.

6.2.12 If a request is received by the cheque drawing Divisional Officer for issue of a fresh cheque in lieu of a cheque which is alleged to have been lost, within a period of one year from the date of issue of original cheque, he should send an intimation by registered post (acknowledgement due) to the bank drawn upon regarding the alleged loss of cheque and advise it to stop payment if the cheque is presented for payment thereafter. If the currency of the cheque has not expired in terms of Rule 45 of CGA (R&P) Rules,1983 at the time of sending such an intimation, the bank shall acknowledge in writing in the form given in para 2.4.1. of Chapter 2 of Civil Accounts Manual. In case, however, the currency of the cheque alleged to have been lost has expired when the intimation regarding the loss of the cheque is sent to the bank, no acknowledgement of the “Stop payment order” may be insisted upon from the bank; the Postal acknowledgement may be treated as sufficient for the record of the cheque drawing Divisional Officer. On receipt of the acknowledgement from the bank the cheque drawing Divisional Officer will send a copy thereof to the Pay and Accounts Office for issue of a non-payment certificate. On receiving a copy of this acknowledgement from the said Divisional Officer, the Pay and Accounts Officer concerned will, after verification of his relevant records i.e. register of cheques delivered, etc. and after keeping a suitable note against the relevant entry in that register, issue a non-payment certificate to the Divisional Officer in the following form:-

“Certified that cheque No..... dated..... for Rs. reported by(the drawing officer) to have been drawn by him onbranch of bank in favour of has not been paid”.

The Divisional Officer will note particulars of the non-payment certificate received by him against the relevant entry in his records, to indicate that the original cheque has not been paid and it has been ‘stopped’ from payment. A similar note will also be made by him on the counterfoil/record slip of that cheque and office copy of the relevant paid voucher before issuing a fresh cheque in lieu thereof. Provisions of para 2.4.1(iii) of Chapter 2 of Civil Accounts Manual will be followed for the purpose of issue of a fresh cheque and the number and date of the fresh cheque will also be noted in

the relevant record viz., paid voucher and counterfoil/record slip of the old and cancelled cheque etc. While the paying banks need not thus issue non-payment certificate there will be no change in their responsibilities in regard to lost cheques. All usual precautions will continue to be exercised by them with a view to ensuring that a cheque in respect of which advice has been received is not subsequently paid. If the original cheque is found to have been paid afterwards, the Divisional Officer will report the matter with the fastest mode of communication i.e Electronic Transfers immediately to the paying branch under intimation to the Pay & Accounts Officer as per rule 48 of Central Government Account (Receipts & Payments) Ruels, 1983.

Note: In so far as other N.C.D.D.O of CPWD are concerned, they shall be governed by the provisions of Chapter 3 of Civil Accounts Manual (C.A.M).

6.2.13 When it is necessary to cancel a cheque before its issue, its cancellation must be recorded with dated signature on the counterfoil/ record slip and the cheque must be destroyed. In cases where it is issued and withdrawn, i.e., a fresh cheque is not required to be issued, the cheque should be defaced and forwarded to the Pay and Accounts Officer. Simultaneously, the entries in the accounts should be suitably reversed.

6.3 Receipt of Money

1 – Accounting Procedure

6.3.1 When money is received by a Government Officer on behalf of Government, it should at once be brought to account in the Cash Book and a receipt in CPWA Form 3 should invariably be granted to the payer unless the Government authorises the use of Cash Memo, in CPWA Form 3-A in any particular case. If however, the amount be realised by recovery from a payment made on a bill or other voucher setting forth full particulars of the deduction, a receipt should be granted only if specially desired by the payer, but the fact of the recovery having been made by deduction from the payment voucher should be clearly recorded on the receipt.

Note – 1 Final acquittance for private cheques and drafts on local banks accepted under proper authority [vide Rule 18 & 19 of CGA (R&P) Rules, 1983] should not be given to the payer until they have been cleared.

Note – 2 Before an officer signs a receipt in CPWA Form 3 or a Cash Memo, in Form 3- A for cash actually received by him, he should see that the receipt of the money has been duly recorded in his cash book, and in token of this check the entry in the cash book should be initialled and dated at the same time.

Note – 3 As an exception to this rule, earnest money in legal tender notes and Deposit-at-call receipts of Scheduled Banks attached to tenders and returned to the contractors whose tenders are rejected on the same day as the tenders are opened by the Divisional Officer, need not pass through the divisional accounts, provided that the contractors concerned give a stamped receipt for the money in the Register of Tenders maintained in the Divisional Office and that the Register is to that extent treated as a subsidiary cash book and

consequently as an accounts form. Earnest money which is received prior to the date fixed for opening the tenders, or which for any reason cannot be refunded on that date should be brought to account in the cash book and returned subsequently to the contractors under the ordinary rules.

Note – 4 The procedure laid down in Para 17.19 of Section 17 of C.P.W.D Works Manual should be followed for the accounting of Tender Documents.

6.3.2 Cheques of private individuals if accepted in payment of Government dues should be treated as cash, vide paragraph 6.1.1. and entered in the Cash Book, in the ordinary way just like other cash transactions. When they are sent to the Bank for encashment, they should be shown in the disbursement column as “Remittances into Bank”. In order, however, to relieve the Cash Book of a large number of detailed entries in cases in which the transactions of receipts of private cheques are frequent and numerous the cheques may be initially entered in a “Register of cheques received and adjusted” in Form No. C.P.W.A. 1-A and only the daily totals of receipts and remittances entered in the Cash Book. This Register will also facilitate the watching of the clearance of the cheques.

Note -1 The above procedure will also apply in respect of Deposit-in-Call receipts of Scheduled Banks which are received prior to the date fixed for opening of tenders or which for any reason cannot be returned on that date.

Note – 2 When Cheques accepted from private individuals are dishonoured on presentation to the banks, the original entries on both the sides of the Cash Book should be written back by minus entries.

6.3.3 Receipts in Form 3 or a cash memo in Form 3-A can be issued only by Divisional Officer, officer declared as Cheque Drawing and Disbursing Officer or other officer or Departmental Accounts Officer specially authorised by the Administrative Ministry / Administrator concerned and all persons regularly or frequently receiving money on behalf of Government should keep a Cash Book in Form 1.

Note: In term of the provisions of Rule 23 of CGA(R&P) Rules, 1983, no Government officer may issue duplicates or copies of receipts granted for money received on the ground that the originals have been lost. If any necessity arises for such a document, a certificate may be given that on a specified date, a certain sum on a certain account was received from a certain person. This prohibition extends only to the issue of duplicates on the ground that the originals have been lost and does not apply to cases authorised by these Rules or by special orders of the Government in which duplicates have to be prepared and tendered with originals.

6.3.4 The Government Officer who is not in-charge of a cash book receives money on behalf of Government at exceptional times, he should not mix it up with the imprest or any other cash in his charge. But pay or remit it at the earliest opportunity, to the nearest officer having a cash book or deposit into accredited Bank accompanied by a challan in duplicate [vide Rule 6(1) of CGA(R&P) Rules, 1983]. The acknowledgement of the Bank (with an intimation of the full particulars of receipt including the date of its

realisation) should be forwarded immediately to the next superior officer having a cash book, to enable him to make the necessary entries therein. The record of the transaction will be in the correspondence and not in the imprest account of receiving officer.

II. Disposal of Receipts

6.3.5 Moneys realised by officers of the department should be paid, as soon as possible, into the accredited Bank, for credit as miscellaneous receipts of the department. Should a Divisional Officer, however, require to make use of cash receipts temporarily for current expenditure, he may do so instead of obtaining fresh cash by cheques but before the end of the month, he must send to the Bank a cheque for the amount thus utilised, drawn in his own designation and endorsed by himself with the words "Received payment by transfer credit to the Public Works Department."

Note- This rule does not apply to receipts realised by short payment on bills or other vouchers.

6.4 PAYMENTS

1. Manner of Payment

6.4.1 All payments for which officers have been authorised to draw cheques should make the payment by cheques; but see paragraph 6.2.7

6.4.2 It is also permissible to make payments to suppliers of stores by obtaining Bank drafts at the latter's request.

Note- For instructions regarding making payments for stores obtained by direct order from private firms and individuals abroad - In regard to articles obtained by placing direct orders on firms or individuals in the United Kingdom, United States of America or any other foreign country, payment shall be arranged in accordance with the following as per the provisions of Rule 129 of CGA (R&P) Rules, 1983:-

(i) The Drawing and Disbursing Officer of the Ministry or Department which has placed the order after following the usual procedure (including issue of formal sanction order therefore), shall, as soon as the checks necessary in connection with the receipt, inspection and verification of articles have been applied, forward the firm's bill, in original, with necessary endorsement and certificate thereon to his Accounts Officer. Particular care must be taken to ensure that no double payment is authorized in respect of the same claim. The Accounts Officer will apply usual pre-checks and pass the bill.

(ii) Where the time schedule of payment permits, the Accounts Officer will, thereafter, purchase a bank draft in the specified foreign currency in favour of the supplier in the foreign country, through the accredited bank and forward it to the concerned departmental officer for dispatch to the supplier by mail or otherwise. The cost of the bank draft in rupees as reflected in the bank scroll will be booked by the Accounts Officer against the relevant Head of Account.

(iii) Wherever the supply order or order in regard to acceptance of tender involves heavy payments, with a specific payment schedule clause therein, usually a letter of credit is opened in favour of foreign suppliers through the accredited bank of the Ministry or Department concerned. Alternatively, payment could also be arranged by telegraphic bank transfer from India directly into the payee's pre-specified bank account abroad as soon as the completed invoice and all relevant documents as required by the terms of the contract are received in the Ministry, Department or by the bank of India, nominated by the Ministry or Department for the purpose, so as to strictly adhere to the stipulated time schedule of payment. Special care should be taken to ensure that the requisite documents are promptly passed on by the bank to the respective authorities in the Ministry or Department concerned for verification whether the time schedule is to reckon from the date of receipt of the same by the Department or bank, whichever is earlier.

(iv) In the case of stores ordered by a Ministry or Department direct from firms abroad on F.O.B. basis and subject to its own inspection or in consultation with the DGS&D or through Embassies and Mission abroad, the procedure prescribed above will be supplemented by a check that the inspection certificate on the supplier's bill has been recorded by the Inspecting party/agency concerned.

Note 1- Special care should be taken by the purchasing Department in differentiating the action required on its part in connection with the purchase of stores or articles or both through the agency of DGS&D, wherever necessary (the agency function covering invitation and acceptance of tenders and or placing contracts, inspection of stores or articles and payment aspects), from that required where inspection and shipping only is arranged through these agencies. Provisions of Rule 128 shall be applicable in regard to payment in the former type of cases and provisions of Clause (iv) will be applicable in the latter type of cases.

Note 2 – This rule covers purchases from abroad made under the normal procedures and rules. Purchases and procurement of stores under special arrangements will be governed by the procedure specified in the relevant agreement or instrument or undertaking.

Note 3 – Instructions regarding procedures for payment to foreign suppliers for imports covered under various foreign aid (credits, loans or grants) programmes and instructions regarding procedures for accounting of cash and equipments grants received by the Government from various foreign Governments and Audit (Department of Economic Affairs) for each loan, credit or grant agreement,

separately, duly approved by the Controller-General of Accounts on the advice of the Comptroller and Auditor-General.

6.4.3 As a rule, no cheque should be drawn until it is intended to be paid away and cheques drawn in favour of contractors and other should be made over to them by the disbursing officer direct; but the disbursing officer may be assisted in making disbursements by a cashier appointed for the purpose under paragraph 6.8.2. The occasional delivery of cheques through a subordinate may be permitted at the discretion and on the responsibility of the disbursing officer. In such cases the subordinate should make no entry in any accounts which he keeps, as a payment made by cheques should appear in the cash account of the disbursing officer who draws the cheques and the subordinate's record will be in his correspondence.

Note- It is a serious irregularity to draw cheques and deposit them in the cash chest at the close of the Financial year for the purpose of showing the full amount of grant as utilised.

6.4.4 Payments due to contractors may, if so desired by them be made to their banks instead of direct to contractors provided that the Department obtains (1) an authorisation form from the contractor in the form of a legally valid document such as a power of attorney conferring authority on the bank to receive payment, and (2) the contractor's own acceptance of the correctness of the account made out as being due to him by Government or his signature on the bill or other claim preferred against Government, before settlement of the account or claim by payment to the said bank. While the receipt given by such bank shall constitute a full and sufficient discharge for the payment, contractors should, whenever possible, be included to present their bills duly receipted and discharged through their bankers.

Nothing herein contained shall operate to create in favour of the bank any right or equities, vis-a-vis Government.

II BILLS

6.4.5 General instructions regarding the form of bills and their preparation, completion and stamping are laid down in Rule 33 to 37 of CGA (R&P) Rules, 1983. As far as possible, the particular form of bill applicable to the case should be used. Suppliers of stores and other should be encouraged to submit their bills and claims in proper departmental forms. But, bills not prepared on such forms should not be rejected if they set forth the necessary details of the claims. In such cases, the additional particulars required should be added by the distributing officer. Except in the case of lumpsum contracts, every bill or other demand for payment should set forth the unit rate at which payment is to be made.

III. VOUCHERS

6.4.6 As a general rule, every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting

forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. The full name of the work as given in the estimate and other particulars specified in paragraph 10.1.2 or the head of account, to which the charges admitted on a voucher are debitable or to which the deductions or other credits shown in the voucher are creditable, should be clearly indicated on it in the space provided for the purpose or in some prominent position.

When a voucher exhibits any expenditure from which revenue may prima facie be expected to accrue as, for instance, when payment appears in a bill for removing material from a building or other work, either dismantled or undergoing repairs or for clearing jungle or cutting trees in the compound of building or in canal banks, etc., a note should be recorded to indicate how the old materials removed or the trees cut, etc., have been disposed of and if sold, when the sale proceeds will be credited to Government.

Note- When it is not possible to support a payment by a voucher or by the payee's receipt, a certificate of payment, prepared in manuscript, signed by the disbursing officer and countersigned, if necessary, by his superior officer, together with a memorandum explaining the circumstances, should always be placed on record and submitted to the Pay and Accounts Officer, where necessary. Full particulars of the claims should invariably be set forth, and where this necessitates the use of a regular bill form, the certificate itself may be recorded thereon.

6.4.7 Every voucher must bear a pay order signed or initialled, and dated by the responsible disbursing officer. This order should specify the amount payable both in words and figures. All pay orders must be signed by hand and in ink.

Note- Cashiers and others authorised to make disbursements on passed bills, vide paragraph 6.4.3 should make no payment without a proper pay order of the disbursing officer recorded clearly on the bill or other voucher.

6.4.8 Except as provided in paragraph 6.4.4 every voucher should also bear, or have attached to it, an acknowledgement of the payment, signed by the person by whom or in whose behalf the claim is put forward. This acknowledgement should be taken at the time of the payment. When the payee signs in an Indian script, he should be required to note the amount acknowledged in the script in the international numerals in his own handwriting.

Note 1- If a disbursing officer anticipates any difficulty in obtaining, from the person to whom the money is due, a receipt in the proper form, it is open to him to decline to hand him the cheque or cash, or to make a remittance to him, as the case may be, until the acknowledgement of the payment, with all necessary particulars, has been given by him. In all cases of payment by remittance, a note of the date and mode of remittance must be made on the bill or voucher at the time of remittance. In cases of remittance by postal money order, the

purpose of the remittance should be briefly stated in the acknowledgement portion thereof.

Note 2 - In the case of article received by value payable post, the value payable cover together with the invoice or bill showing the details of the items paid for may be accepted as a voucher. The disbursing officer should endorse, a note on the cover to the effect that the payment was made through the post office and this will also cover charges for the money order commission.

Note 3 - A certified copy (marked Duplicate) of a receipted voucher may be retained by the disbursing officer, should this be necessary to complete the record of his office, but the payee should not be required to sign such a copy or give a duplicate acknowledgement of the payment.

6.5 REMITTANCES TO ACCREDITED BANK

6.5.1 The Officer in charge of a cash book should keep a book in Form No 4 in which he should enter all his remittances, including cheques / drafts to the accredited Bank as they are made, vide paragraphs 6.3.4. and 6.3.5.

6.6 CASH ACCOUNT

1. Cash Book

(a). Upkeep

6.6.1 An account of their cash transactions should be maintained in the Cash Book Form 1, by Divisional Officers in the capacity of cheque drawing and disbursing officers. Government officers entrusted with imprests or temporary advance should maintain and render accounts of their disbursements in Imprest Cash Account Form 2.

6.6.2. The cash book is one of the most important account records of the department. The detailed instructions given in the notes of Form – I should be observed strictly in practice by all concerned.

The amounts of cheques drawn on account of bills for pay and allowances of the staff as mentioned in Para 3.2.1.(a) and 6.2.7 of C.P.W.A. Code should, however, be accounted for in the Cash Book Form I as under:

(a) In case of bills of staff desiring payment by cash, the cheques should be drawn by the Divisional Officer or Departmental Accounts Officers declared as Cheque Drawing Divisional Officer by their designation and adding the word “only” after their designation. The amount of each bill should be entered on the payment side in the Column “Bank” and the amount of deduction should be simultaneously be entered on payment side under column “Cash” and on receipt side under column “Amount (Cash)”. The payment on payment side should be classified under the appropriate head of accounts. The recoveries on the receipts side should be classified under the respective

Major and Minor heads. The amount of these cheques should be simultaneously entered in the Subsidiary Cash Book maintained in Form G.A.R 3 as per provisions of Chapter 18.

(b) The amount of cheques drawn in favour of the payees in respect of bills of the staff desiring payment by cheques should be entered on the payment side in column "Bank" and the amount of deductions will simultaneously be entered on payment side under column "Cash" and on receipt side under column 'Amount (Cash) & (Payee A/c.) cheques for net amounts should be drawn in the name of the payees.

(b) Balancing

6.6.3 The cash book must be balanced on the date prescribed for closing the cash accounts of the month, but when the transactions are numerous, a weekly or daily balance is recommended and it is advisable that the cash be counted whenever a balance is struck, or at convenient intervals, as this affords an independent check on the accuracy of the postings. The results of such intermediate counting should be recorded in the form of a note (specifying the actual cash and also the outstanding balances of imprests and temporary advances) in the body of the cash book (Column 8), so as not to interfere with the up-to-date totals; the actual balance of cash in the chest should invariably be stated in the note both in words and figures.

(c) Rectification of Errors

6.6.4 An entry once made in the cash book should in no circumstances be erased. If a mistake is discovered before Cash Book is closed, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The disbursing officer should initial every such correction and invariably date his initials. If the accounts of the month have been closed no corrections of errors in amount, classification or name of work, should be made in that book but a transfer entry should be prepared for the necessary correction, a suitable remark in red ink (quoting reference to the correction, in accounts) being recorded against the original erroneous entry in Cash Book.

(d) Cash Verification

6.6.5 The disbursing officer should check all the entries in his cash book as soon as possible after the date of their occurrence, and he should initial the cash book, dating his initials after the last entry checked. The cash book should be signed by him at the end of the month and such signature should be understood fixing responsibility for all entries of the month inclusive of the closing balance.

Note - The following is the memorandum of some of the more important parts of the verification by the Drawing & Disbursing Officers.

(1) Compare each entry of payment with the gross amount chargeable as shown in the connected voucher, seeing, at the same time, that it bears (i) a payment order recorded by himself and (ii) certificate of disbursement signed by himself or an authorised subordinate, and ticking off each voucher as it is passed.

(2) See, while examining the postings of vouchers on the payment side, that all deductions shown in the vouchers (other than deductions creditable to the head of accounts or work to which the payment relates) are posted as receipts on the receipt side, of the cash book;

(3) Compare each entry of payment into the Bank with the Bank Challan and satisfy himself that the amounts have been actually credited into the bank;

(4) Verify the totalling of the cash book or have this done by some principal subordinate (other than the writer of the cash book) who should initial (and date) it as correct; and

(5) Verify the total of the postings in the "Bank" column on the payment side by reference to the memoranda recorded by himself on reverse of the counterfoils of Non-MICR cheques and record slip of MICR cheque.

6.6.6 The actual balance of cash in each chest should be counted on the last working day of each month (i.e. immediately after closing the cash account of the month under paragraph 6.6.3), but where this is not possible the cash balance may be counted on the first working day of the following month before any disbursement is made on that date. The details of the actual balance should be recorded in Form 5, and a certificate of the count of cash, specifying both in words and figures, the actual cash balance (exclusive of imprest and temporary advances), and of reconciliation of the balance, so counted with the book balance, should be recorded below the closing entries of the month. The certificate should be signed by the disbursing officer who should invariably date his signature.

Note - Should it not be possible for the disbursing officer, owing to his absence, to make the count on the dates prescribed in this paragraph, he should do so at the earliest opportunity recording the reason for the delay on the Cash Balance Report.

6.6.7 Whenever, on the contents of the cash chest being counted, the balance as per cash book is found to be incorrect, it must, unless the error can be detected and set right at once under paragraph 6.6.4, be made to agree with the actual count balance by making the necessary receipt or payment entry. "To cash found surplus in chest" under Major and Minor Head "8443-Civil Deposit" "103-Public Works Deposits" or "By cash found deficient in chest" below sub-head "Miscellaneous Works Advances", under the Minor Head 799-Suspense below the concerned functional Major/Sub-Major heads of Account, as the case may be. The administrative action to be taken on the occurrence of a deficiency must depend on the nature of each case.

II. PERMANENT CASH IMPREST

6.6.8 An imprest is a standing advance of a fixed sum of money given to an individual to enable him to make certain classes of disbursements which may be entrusted to his charge by the Divisional Officer in accordance with such rules, and subject to such restrictions, as may be laid down by the Administrative Ministry / Administrator concerned. The amount of an imprest should be kept as low as possible and should in no case exceed five thousand rupees without the special sanction of the Administrative Ministry / Administrator concerned.

Permanent Cash Imprest when drawn for the first time for a division is classified as Debit to Major/Minor Head “8672-Permanent Cash Imprest” “101-Civil” and credit to Sub-head “ Public Works Cheques” under the Minor head “102- Public Works Remittances” below the Major Head “8782-Cash Remittances etc” On the encashment of the said cheque, physical cash will remain in the custody of the Permanent Cash Imprest Holder. As and when the money is utilized therefrom, the same has to be recouped subsequently by Debit to Office Contingencies or Work concerned below the functional Major/Sub-Major Heads of Accounts etc. per contra credit to cheque head as mentioned above. The procedure for maintenance of permanent Advance or Imprest as laid down in para 10.12 of Civil Accounts Manual Volume-I read with Rule 291 of General Financial Rules,2005, may be followed by all concerned. The sanction of issue of Permanent Imprest/Advance shall be addressed to the PAO of the Division.

When permanent Cash Imprest Account is to be closed due to the closure of the Division or on withdrawal of Imprest facility, the Permanent Cash Imprest Holder will be required to refund the cash to the D.D.O for remitting the same into the Bank. Entries thereof shall be made in the relevant records of the Division by Debiting the Sub-Head “ Remittances into Bank” under the Minor Head “ 102-Public Works Remittances” below the Major Head “8782-Cash Remittances etc” and crediting Minor Head “101- Civil” below the Major Head “8672-Permanent Cash Imprest”. Thus original debit when the amount of Permanent Cash Imprest was sanctioned and booked under the above mentioned Major Head”8672-Permanent Cash Imprest” will be set off with the credit entry.

Acknowledgment from the Divisional Officer holding Permanent Cash Imprest shall be obtained as on 31st March in the Month of April by the PAO of the Division and the aggregate of the outstanding should be worked out from the Register of Permanent Advances in CAM Form 61 and tallied with the Ledger balance.

6.6.9 The account of imprest cash should be kept in duplicate by the imprest holder in Form 2. Imprest Cash Account, in accordance with the directions given in that form. The counterfoil should be retained by the imprest holder and the original supported by the necessary vouchers, should be forwarded to the officer from whom the imprest is held, whenever the imprest holder finds it necessary to have the account recouped, or when it is proposed to increase or decrease the amount of the imprest or to close the account altogether. The account must, in any case, be rendered to the officer from whom the imprest is held in time to enable him to incorporate the account in his cash book before it is closed for the month on the date fixed for the purpose.

6.6.10 The recouping officer should examine the imprest cash account and the supporting vouchers, initial and date the vouchers in token of approval and by a formal pay order (vide paragraph 6.4.7.) recorded on the account to authorise the recouping, enhancement, reduction or closing of the imprest, as the case may be. The account should then be abstracted and incorporated in the Cash Book in the manner prescribed in notes on Form 1 and 2.

Note - If any item in an imprest account appears to the recouping officer to be open to objection, the imprest should nevertheless be recouped in full, and the items under objection may be entered in his cash book as “Item awaiting adjustment in the Imprest Account” under “Miscellaneous Works Advances” to be watched under that head until either the objection is removed or the amount is made good by the imprest holder.

6.6.11 The imprest-holder is responsible for the safe custody of imprest money and he must at all times be ready to produce the total amount of the imprest in vouchers or in cash.

III TEMPORARY ADVANCE

6.6.12 When a disbursing officer makes remittance to subordinate officer to enable him to make a number of specific petty payments on a muster roll or other voucher which had already been passed for payment, shall now onwards be classified as Debit to Final Head concerned under the functional Major/Sub-Major/Minor/Sub-Head/Detailed Head/Object Heads etc. per contra credit to Sub-Head “02- Public Works Cheques” under the Minor head “102-Public Works Remittances” below the Major Head “8782- Cash Remittances etc”.

so that the payments on the basis of passed vouchers get accounted for under the final head in the same month to which such payments pertain.

When the disbursing officer gives such cash to the disburser, the amount remitted should be treated as a Temporary Advance and accounted for in Form 2 in the same way as an imprest. The account of Temporary Advance should be closed as soon as possible. The same is to be recorded in Red ink in the inner column on payment side of the cash book giving complete details as to whom paid and for what purpose it has been paid.

As and when the disburser, renders the account of Temporary Advance in the next month, the same should be recorded in Red ink in the inner column of the Receipt side of the Cash Book indicating “ To adjustment of Temporary Advance given to the disburser” with full particulars like “ Salaries paid to regular work charged staff at site or any other payment made to the regular or temporary work charged staff or any other employee. The salaries of temporary work charged staff are charged to the work concerned. In case of any refund of undisbursed amount the same should be shown as cash refund in the inner column. Undisbursed amount of Temporary Advance would form part of the cash balance if not paid in the same month in which refund of such advance has been recorded in the cash Book. If the outstanding amount thereunder is

paid in subsequent month the payment shall be classified as “ By payment of undisbursed amount of temporary advance” in the cash column of the payment side.

IV DRAWAL OF ADVANCE ON CONTINGENT ABSTRACT BILLS

6.6.13 Divisional officers requiring advance in connection with Republic Day Celebrations, Independence Day Celebration or for any other contingency where payment is felt inevitable, the same with the approval of the competent authority could be drawn on Contingent Abstract Bill in GAR Form-31. The adjustment of such advance under the proper Head of Account should be made within one month in GAR Form-32.

Note - This rule applies also to cash taken out of the chest by the disbursing officer himself to make payments at a distance.

6.7 CHEQUE BOOKS AND RECEIPT BOOKS

6.7.1 Cheque Drawing and Disbursing Officers (herein after called CDDOs) will send their annual requisition to their respective Pay and Accounts Offices for issue of all the three categories of Cheque Books indicating the total number of each category of Cheque Book. The concerned Pay and Accounts Officer, after examining the details / requirements furnished by the CDDOs, will consolidate Divisionwise requirement of all the CDDOs alongwith his own for onward transmission to the accredited Bank with the direction to deliver the required number of Cheque books directly to CDDOs/PAOs under intimation to him. Pay & Accounts Offices of the Divisions will endorse a copy of this requisition to their Principal Accounts Office. The cost of printing, binding, packaging and despatch etc. of Cheque Books will be borne by the accredited Bank.

After delivering the Cheque Books to the respective CDDOs, the accredited Bank will furnish a statement showing CDDO wise / category wise break-up of all the Cheque Books indicating total number of Cheque books supplied together with their serial number to the concerned Pay and Accounts Officer with an endorsement to the Principal Accounts Office.

Stock Register of Cheque Books in CAM Form 1 is to be maintained by Divisional Offices / P.A.O.'s of the Division (See Para 25.1.3 of CPWA Code).

CDDOs will intimate the first serial number of cheque of all the three ('A', 'B' & 'C') categories of Cheque Books from the first day of their use to their respective Pay and Accounts Offices with a copy to the Principal Accounts Office for record.

Pay and Accounts Office and Principal Accounts Office will maintain Divisionwise / Pay and Accounts Office wise Register respectively for issue of Cheque Books to the PAO/CDDOS and monitor and reconcile the details on yearly basis. The reconciliation statement shall be submitted to the concerned DyCA / CA on 10th of the month of the following year.

Receipt Books (Form 3) and Cash Memo Books (Form 3-A) required for use in the Divisional Offices are obtained from the Central Forms Stores, Kolkata by divisional Officers. The Divisional Officer should keep a record of the Receipt and Cash Memo Books received from the Central Forms Stores, Kolkata and those brought to use .

6.7.2 Cheque (or Receipt) Books should on receipt be carefully examined by the Divisional Officer concerned who should count the number of forms contained in each and record a certificate of count on the fly-leaf.

6.7.3 Cheque Books must be kept under lock and key in the personal custody of the Divisional Officer authorised to sign the receipt.

6.8 Custody of Cash

6.8.1 Public money in the department should be kept in strong treasure chest secured by two locks of different patterns. All the keys of the same lock must, except where the procedure prescribed in the Note below this paragraph be kept in the same person's custody, and, as a general rule, the keys of one lock should be kept apart from the keys of the other lock and in different person's custody when practicable. The chest, should never be opened unless both the custodians of the keys are present. When there is a guard, the daffadar or other petty officer of the guard should usually be the custodian of one set of keys and he must always be present when the chest is opened and until it is again locked. Whenever cashier is attached to a division the keys of one of the locks of the treasure chest will necessarily remain in his possession.

Note The duplicate keys of Divisional chest should be placed in separate sealed cover and lodged with different officers of higher rank or with the relevant branch of the accredited bank. A duplicate key register should be maintained and once a year, in the month of April the keys should be sent for, examined and returned under fresh seal, note being made in the register that they have been found correct.

6.8.2 Cashiers may be appointed whenever in the opinion of the Administrative Ministry / Administrator concerned, the cash transaction of a Division are sufficiently extensive to require it.

6.8.3 One cashier may make the cash payments of two or more Divisions wherever such an arrangement is found to be practicable.

6.8.4 The Divisional Officer should count the cash in the hands of cashier at least once a month. The result of such counting should be recorded in the form of a note in the cash book showing the date of examination and the amount (in words) found.

ANNEXURE TO CHAPTER 6

Guidelines for smooth operation of the system to be followed by the C.P.W.D. and Principal Accounts Office(PrAO) are as under:-

1. System to be followed by CPWD:
 - (i) The Divisions will not incur any excess expenditure and / or make any diversion of fund. Each CPWD officer in the hierarchy of allocation / distribution of budget grants will be responsible to ensure this and the Chief Engineer(CE) concerned will ensure that this is strictly followed.
 - (ii) Each CE will give quarterly projection of expenditure and receipts to the Office of DG(W) which in turn, will give a consolidated expenditure and receipts (Division-wise) projections to the CCA. Shortfalls with reference to targets for preceding quarters for both expenditure and receipts will be explained.
 - (iii) No unauthorized deposits (deposit works from Civil Ministries) will be accepted by the CPWD under any circumstances and no LOC will be issued for such items starting from now. As a practical measure, LOC will, however, be issued for deposits accepted last year.
 - (iv) Although in the second LOC upto 80 % of budgeted allocation will be released, the EEs will have to ensure that reconciliation of expenditure is done on monthly basis and in time bound manner with the PAOs concerned. Cases of default will be reported to DG(W) in October and each month thereafter.
 - (v) EEs will be responsible for obtaining Works Abstracts from Sub-Division and maintain Work wise Ledgers in the Division which are prescribed as an essential requirement for the CPWD. This will ensure that there are no diversion of funds from one work to another, one Ministry to another and from deposit works / Suspense Heads to budgeted works.
 - (vi) Divisions will not make payment of bills of SE's and CE's, which is a function of PAO's (where PAO exists).

2. System to be followed by Principal Accounts Office:-
 - (i) June LOC, i.e., second LOC can be submitted direct to LOC Cell by all. The subsequent LOC requests received by the PAOs will be forwarded to the Headquarters within 7 days by the PAOs.
 - (ii) The LOC Cell of PrAO will release the LOC in not more than 5 working days from the receipt of the proposal without insisting on reconciliation statement for the 1st and 2nd LOC(April and June).
 - (iii) LOC for the full amount in respect of works of the Ministry of Home Affairs and Ministry of Defence will be released, if so desired by the Divisions concerned.

- (iv) LOC for the full amount of deposit in respect of Deposit works which are permissible in the system (from autonomus bodies etc.) will be released. Departmental charges will be presumed to be leviabile / deductible from the LOC amount unless the EE specifically suggests with reasons that no such deduction be made.
- (v) LOC will be issued directly from New Delhi in respect of all Divisions under intimation to the PAO's concerned.
- (vi) Batch processing of LOC will be resorted to, whereby outstation LOCs are issued first (without compromising on the immediate requirement of the local Divisions).

CHAPTER-7 STORES

7.1 Introductory

7.1.1 The general administration of all the stores of a division is vested in the Divisional Officer, on whom primarily devolves the duty of arranging, in accordance with such rules and instructions as may have been issued by Government, for (1) the acquisition of stores, (2) their custody and distribution according to the requirements of works and (3) their disposal.

Note- For General instructions for the procurement of Goods and Services refer Chapter 6 of General Financial Rules,2005

7.1.2 Government Officers entrusted by the Divisional Officer with the care, use or consumption of stores, are responsible for maintaining correct records and preparing correct returns in respect of the stores entrusted to them.

7.1.3 All transactions of receipts and issues should be recorded, strictly in accordance with the rules or procedure prescribed in Chapter 7 of General Financial Rules,2005 in the order of occurrence and as soon as they take place. Fictitious stock adjustments are strictly prohibited, for example, (1) the debiting to a work of the cost of materials not required, or in excess of actual requirements, (2) the debiting to a particular work for which funds are available of the value of materials intended to be utilized on another work for which no allotment has been sanctioned, (3) the writing back of the value of materials used on a work to avoid excess outlay over appropriation, etc. Any breach of this rule constitutes a serious irregularity, which will be brought prominently to the notice of the appropriate authority concerned of the CPWD by the Divisional Accountant under intimation to the Chief Controller of Accounts.

7.1.4 (a) The accounts of stores are based on the fundamental principle that the cost of their acquisition should be debited to the particular work for which they are required, when the work is done departmentally by the contractors whose agreement is for labour only; otherwise, it should be kept in a suspense account pending clearance, as the materials are actually issued, by debit to specific heads of account or works.

(b) In accordance with the general rule the cost of the supply of all stores, required as tools and plant for the general use of the division is debited at once to the minor head machinery and equipment subordinate to the major head under which such charges of the division are classified; and special items of tools and plant, which are required not for general purpose but for a specific work, are debited to that work. See also rule 1 and 3 of Appendix 4.

(c) Similarly, all road metal required for the maintenance of a road or section of a road is debited at once to the sub-head "Maintenance and Repairs" subordinate to the

relevant Minor Head under the Major Head, “3054 Roads and Bridges”, (against the estimate sanctioned for the collection of it and when road metal is acquired specially for use in the construction of a road or other work, its cost is debited to the estimate for such construction).

(d) In the case of other materials when purchases are made for the requirements of works, generally, the cost is accounted for under the suspense head “Stock”, vide paragraph 143 of the Central Public Works Department Code.

7.1.5 The four classes of stores enumerated in paragraph 141 of the Central Public Works Department Code thus fall into two distinct categories as shown below:-

- (1) Stores debited to Suspense-
 - (i) Stock.
- (2) Stores debited to final heads-
 - (ii) Tools and Plant.
 - (iii) Road Metal.
 - (iv) Materials charged to works as referred to in para 7.5.1.

7.1.6 With certain exceptions (vide paragraphs 10.3.12 and 10.3.19) a numerical or quantity account of receipts, issues and balances has to be maintained for all stores, even though debited to final heads, with a view to control the balances efficiently until the stores are disposed of finally either by consumption on works or otherwise. This quantity account has further to be reconciled periodically with the value accounts except in the case of stores debited to final heads vide paragraph 7.1.5(2). The rules in this chapter are framed on the principle that, as far as possible, the initial records of all stores, as also the returns of sub-divisions should take account of quantities only, and that the value accounts should be maintained in the divisional office.

7.2 STOCK

I. General

7.2.1 The stock of a division is some times kept in a single godown or yard in the charge of a storekeeper or other officer, or each sub-divisional officer may have a separate stock in his charge, either at his headquarter or scattered over the sub-division in the direct custody of subordinates or other sectional officers. Again the stock, although scattered over the entire division, may be in the general charge of a single official and the sub-divisional officers may merely indent upon him, the account being kept by the former. The rules prescribed below will apply whatever be the arrangement in force in the division.

Note: The term Sectional Officers includes Junior Engineer(Civil/Electrical)/Section Officer(Horticulture).

7.2.2 Stock accounts may be maintained in a sub-divisional Office, even though the officer in charge is not authorized to keep a cash account in Form I. A separate account should be kept in the Divisional Office of any stock which is directly under the charge of

the Divisional Officer or of an officer under his orders and not under the orders of a sub-divisional Officer.

II. Priced Vocabulary of Stores

7.2.3 In order to ensure accuracy of posting of all transactions and facilitate the preparation and valuation of indents, a list of materials in stock, showing their correct description and identifying numbers (commonly known as Priced Vocabulary of Stores), should be evolved on the basis of an up-to-date classification of stores, which should be uniformly adopted throughout the Department. The Issue Rates should be filled in by the Divisions concerned who should circulate them for use by other Divisions obtaining supply of stores from them. These vocabularies should be kept up-to-date by issue of correction slips as and when necessary.

III. Quantity Accounts

(a). Receipts

- 7.2.4 Materials may be received on stock from the following sources:-
- (a) Suppliers in India or Abroad.
 - (b) Other sub-Divisions, Divisions or departments (including Government Workshops).
 - (c) Manufacture, and
 - (d) Works, buildings, etc.

In all cases there should be proper authority for the receipt, by the store keeper or the sectional officer concerned of materials to be brought on stock. Thus authority should be given in writing by the Divisional Officer or, if so authorized under local orders, by the Sub-divisional Officer.

7.2.5 All materials received should be examined so as to ensure that they conform with the quality and specification prescribed, and counted or measured, as the case may be, when delivery is taken. The record of the detailed count or measurement or weightment should be kept in the Goods Received Sheet, Form 8-A and the total of number or quantity received should be entered in the Bin Card, Form 8 immediately thereafter. Such acknowledgement as may have to be given to a supplier for stores received from him can be signed only by the Divisional or Sub-divisional Officer. Any certificate that the Store-Keeper or Sectional Officer concerned may be called upon to record in respect of the receipt of the stores should be in the following form:-

Received on _____ and duly recorded in the Bin Card. See Goods Received Sheet No. _____

Date (Signature)

Note- In case of tools and plant, the item should be brought in “ Tools and Plant Received Sheet” in Form CPWA – 13 with complete details.

7.2.6 The Goods Received Sheets will be printed in the form of booklets and will be duly machine-numbered, with the office copy intact and other perforated. These will be prepared in triplicate by carbon process in indelible ink or copying pencil, or computer generated sheets. One copy being retained by the store keeper and the other two sent to the Sub-divisional Office, out of which one copy will be passed on to the supplier and the other to the Divisional Office for posting the Priced Stores Ledger and making payments.

Note 1 - The instructions regarding the making of entries in the Measurement Books (vide paragraph 10.2.8) apply mutatis mutandis to the entries to be recorded in the Goods Received Sheets.

7.2.7 A separate Goods Received Sheet should be prepared in respect of goods purchased from one supplier. To facilitate the preparation of the Summary of Stock Receipts, separate Goods Received Sheets should be prepared in respect of items falling under each sub-head of Stock or the articles falling under each sub-head should be grouped together in the Sheets as far as possible. In filling up the Goods Received Sheets, the description and Code numbers of materials as given in the Priced Vocabulary of Stores, should be strictly adhered to.

Note - In order to comply with the requirements of the above paragraph, it should be seen that separate Supply Orders are placed for goods falling under each sub-head of Stock as far as possible.

7.2.8 Payments for all stock received are made on the basis of entries recorded in the Goods Received Sheets, vide paragraph 7.2.16 and according to the terms of payment as finalised in the Supply Order / Contract agreement. These Sheets should, therefore, be treated as very important account records. All the booklets containing the Goods Received Sheets should be numbered serially and a register of them should be maintained in Form 12 – A in the Divisional Office showing the date of issue, serial number of each booklet, the name of the Sub-division to which issued, and the date of return of the used booklets with office copies, so that its eventual return to the Divisional Office may be watched.

Note - A similar register should also be maintained in the Sub-divisional Office showing the names of subordinates to whom the booklets are issued. Those no longer in use should be withdrawn promptly even though not completely written up.

(b) Issues

7.2.9 Materials may be issued from stock for the following purposes:-

- (a) for use on works either by issue to contractors or direct to works (paragraph 10.3.1)
- (b) for despatch to other sub-divisions, divisions or departments; and
- (c) for sale to contractors, employees, other persons or local bodies, vide paragraph 158(e) of the Central Public Works Department Code.

The materials should be issued only on receipt of an indent (Form 7) signed by the Divisional or the Sub-divisional officer.

Note : The term “Works” includes manufacture operations, vide Note below paragraph 7.2.29.

7.2.10 Indents will be printed in the form of booklets and will be duly machine numbered, and kept in stock by the Divisional Officer, who issues the indent books stamped with stamp of his office. Indents should be prepared in quintuplicate by carbon process or by computer generated sheet, the description of stores etc. being filled in with reference to the Priced Stores Vocabulary, referred to in paragraph 7.2.3. a record of the stores indented should be simultaneously kept in the Register of Indents Form 7-A. The fifth copy of the indent should be retained as the office copy and the other four (which should be marked “original”, “duplicate” and so on) presented to the Supplying Division.

Indents should be filled up carefully as all subsequent accounting depends upon it. In the column “Head of Account” etc. besides entering the name of the account Head to which the issue of stores is debitible, full names of divisions and offices to which stock is to be issued and of contractors, employees, other persons or local bodies to whom it is authorized to be sold, should be added in all cases in which stores are ordered to be issued otherwise than for the requirements of work within the division. The column headed “Name of Work/Job”, etc., should be filled in only when the stores are required for works within the division, and in such cases the full name of the work as given in the estimate, should be entered as well as the name of the contractor from whom the value is recoverable (vide paragraph 10.3.1). The divisional officer before signing an indent shall ensure that funds are available and provisions exists in the estimates.

In order to keep a watch on the materials issued to works, a register in Form CPWA 35 is kept to avoid excessive issues of materials to contractors and to keep a watch over the issues. In this register a record of the materials drawn for use on works done departmentally may also be kept if considered necessary by the Sub-Divisional Officer. The Divisional Officer himself should exercise a general check to examine that the issues are roughly correct. For detailed check of the quantities issued, it is the responsibility of the S.D.O. to ensure that the materials are not issued in excess of the quantities actually required.

Note- In order to facilitate the preparation of the summary of Indents (paragraph 7.2.30.), separate indents should be prepared for items falling under each sub-head of Stock as far as possible or the articles falling under each sub-head of stock should be grouped together in the indent.

7.2.11 When issuing materials from a stock, the Store-Keeper or Sectional Officer should examine the indent (Form 7) and sign it in the space provided for the purpose, after entering the quantity issued in all the copies. An entry of the stores issued simultaneously be made in the Bin Card (Form 8). The signature of the officer receiving the materials should be obtained in the space provided for the purpose in the Indent. One copy of the indent should be obtained in the space provided for the purpose in the Indent. One copy of the indent should be retained by the Store-Keeper of the Supplying Division as a voucher in support of the entry in the Bin Card; the second being returned at once to the indenting office. The third and the fourth copies of the indent should be sent to the Divisional Office for further action.

Note 1 - It should be seen that the acknowledgement of materials is signed either by the person to whom they are ordered to be delivered or dispatched, or by a duly authorized agent. This precaution is specially necessary in the case of issues to contractors and private persons whose acknowledgements should set forth all the particulars mentioned in paragraph 10.3.4.

(c) Bin Cards

7.2.12 A chronological record of the Receipt, Issues and the running balance of each article of stock will be kept in the Bin Card, Form 8 which will be kept at the place where the materials are stored. These cards will be posted from the Goods Received Sheets and the Stores Indents vide-paragraph 7.2.5 and 7.2.11.

As Bin Cards constitute the basic quantity record of stock transactions, adequate care should be taken for their proper maintenance and safe custody. All the Bin Cards should be serially numbered and a register of them should be maintained in Form 12 – B.

7.2.14 The Divisional Officer should arrange to have the balances as per Bin Cards verified periodically with those shown in the Priced Stores Ledger. This verification should in any case be conducted before any item is taken up for physical verification.

7.2.15 As soon as Bin Card is completed, it should be returned to the Divisional Officer after carrying over the balance to the new card. When received in the Divisional Office, the entries of the completed cards should be checked with the Priced Stores Ledger and discrepancies, if any, pointed out to the Sub-divisional Officer concerned for further action. The Bin Cards should then be recorded in the Divisional Office.

IV. Value Accounts

(a) Payment for Stock Received

7.2.16 The provisions contained in paragraph 10.2.1 and 10.2.10 to 10.2.18 apply mutatis mutandis to the payment of bills of suppliers for stock received with the exception that the claims are verified in the Divisional / Sub-divisional Office with reference to the connected entries in the Goods Received Sheets, vide paragraph 7.2.6.

7.2.17 The procedure for the procurement of stock and settlement of claim from other Public Works Divisions, has been laid down in Appendix 7-A of this Code.

7.2.18 Cash payment should not be made for stock received from other sources except in accordance with the directions in Chapter 4 of Govt. Accounting Rules, 1990. When under those rules payment for supplies made by any department is made in cash, the claims of such department should be dealt with in the same way as those of suppliers. In exceptional cases where the Department does not have required expertise to make its own arrangements for the procurement/inspection of Stores, it may project its indent to D.G.S.&D. In such eventuality Indenting Division would make "Advance payment" from the Budgeted Heads of Account to PAO, Supply, who will make payment upto 98% on the basis of proof of Despatch i.e, R.R. etc. to the supplier. The balance payment of 2% will be made to the Supplier by PAO, Supply on receipt of Consignee's Receipt and Inspection Note etc. of the DGS&D.

(b) Recoveries for Stock Issued

(i) Issue Rates

7.2.19 An Issue Rate is assigned to each new article as it be brought on stock. This rate is fixed on the principle that the cost to be charged to works on which the materials are to be used should approximately equal the actual cost of the stores and that there may be no ultimate profit or loss in the stock accounts. It should provide, beyond the original price paid and the cost of carriage, etc., for the storage charges as defined in paragraph 2.1.1(52).

Issue rates of cement, steel or any other item in the contracts, should not be less than the market rates of these commodities irrespective of the issue rates of the Central Stores. The credit due to less issue rate of the Central Stores will automatically go to the work and may be considered for the purposes of estimating the cost of the work before accepting the tender vis-à-vis the provisions in the estimate.

In case there is substantial difference between the rates prescribed in the tenders for materials stipulated for issue by the department, and the rates for such items on which the estimated cost put to tender is based, the tender cost quoted by the contractor will be comparatively higher resulting in increased percentage under Clause 12 of the relevant agreement or contract. In order to eliminate this anomaly, estimated cost put to tender should be correspondingly increased by the amount equal to the cost of materials stipulated for issue at the difference in rates of issue and the rates adopted in the estimate, so that the tender cost does not result in higher percentage under Clause 12.

Note 1- It is not necessary that the Issue Rate for an item should be the same in all sub-divisions, but a uniform rate should ordinarily be prescribed for all localities in a sub-division.

Note 2 - The Issue Rate should be worked out to the nearest rupee, balances of below 50 paise being ignored and fractions of more than 50 paise and above taken as Rupee.

7.2.20 The Issue Rate of an article of stock should be fixed at the beginning of each year. Normally, this rate will remain constant throughout the year, but as purchases are made or contracts for supply of materials are entered into, variations in costs should be watched and if there is any material variation in the purchase rates, the Issue Rate should be revised earlier. It should, however, be seen that the issue rates are kept within the market rates.

Note:- In the case of controlled articles as and when decided by the Government like Cement, Steel etc., the Issue Rate should be revised whenever there is a change in the controlled price.

7.2.21 If the Issue Rate of an article of stock is appreciably less than the market rate, the following precautions should be taken in addition to any restrictions on sales or on issues outside the division which the Divisional Officer may prescribe:-

- (a) Issues to contractors and sales shall be made at market rates, but see paragraph 10.3.2 and 10.3.3.
- (b) Issues to other divisions and departments may be made at a rate higher than the Issue Rate.

(ii) Storage Charge

7.2.22 A storage rate if fixed annually for each Division or Sub-division on the principle that the total estimated annual expenditure (See paragraph 2.1.1.(52)) is, as far as possible, recovered from the issues likely to be made during the year. On the basis of this rate, storage charges are added on a percentage basis so as to form part of the issue rate calculated under paragraph basis 7.2.19.

The expenditure on storage charges should be debited to a distinct detailed head "Storage" under "2059 Public Works – Other expenditure / 4059 Capital Outlay on Public Works etc." as the case may be.

As the issue rate for stores fixed are inclusive of storage charges on a percentage basis, the amount of recoveries effected for the year on account of storage should be worked out from the total credits to suspense-stock and adjusted under the head "0059 - Public Works – Other Receipts"/ taken in reduction of expenditure under the sub-head "Deduct Receipt and Recoveries on Capital Account" which may be opened below the relevant minor head under "4059 Capital Outlay on Public Works etc." The amount so adjusted should be compared with the expenditure on storage as booked against the final head of account and the profit / loss on storage, if any, should be adjusted in accounts in accordance with the provisions of paragraph 7.2.33.

(iii) Handling and Other Incidental Charges

7.2.23 Carriage and other incidental charges which are incurred simultaneously in connection with several articles of stock and cannot, therefore, be allocated to the various articles, should be booked under a separate sub-head under stock titled "Handling and other incidental charges." A suitable percentage based on expenditure on account of these charges of the previous year should be fixed annually on the principle enunciated in the preceding paragraph and added to issue rate.

7.2.24 (a) The Divisional Officer is responsible that the value of materials sold to municipalities, Local Fund and the public and of issues made to contractors for private use, is recovered in cash at the earliest opportunity.

Note- A sale Account in Form 19 should be prepared by Sub-division in support of every such sale for Divisional Officer to effect recovery.

(b) All adjustments of the value of stock issued except on sale should be made by the Divisional Officer as in the case of receipts vide paragraph 7.2.17 and 7.2.18. The Sub-divisional Officer is, however, responsible for the clearance from works accounts, of all outstanding against contractors on account of the recoverable value of materials issued to them by charge to works.

(c) 10 Percent supervision charges should be realized in addition to the value of stock including storage charges in all cases in which it is recoverable under paragraph 150 of the Central Public Works Department Code, but the amount recovered on this account should not be treated as receipts on account of stock, but as revenue receipts, or receipts on capital account, as the case may be.

(c) Valuation of Quantity Accounts

7.2.25 When received in the Divisional Office, the Goods Received Sheets (Form 8A) will be valued on the basis of prices paid or payable as per bills or other claims. Extra charges, when paid or adjusted should be entered in Column 11 of these Forms. The Goods Received Sheets should then be posted in the Priced Stores Ledger.

Note- In the case of stores which are not paid for within the month of receipt and of which the actual value will not be known till the supplier's bill is received and paid, an estimated figure should be adopted for bringing the liabilities under the Minor Head – Material Purchase Settlement Suspense Account below the Major Head "8658 – Suspense Accounts (of paragraph 13.2.3.) and also for the completion and closing of the Priced Stores Ledger.

7.2.26 On receipt of the third and fourth copies of the indent in the Divisional Officer (paragraph 7.2.11) the issues should be valued at the Issue Rates fixed for the purposes, vide paragraph 7.2.19 to 7.2.21. The third copy of the indent will be used for

posting the Priced Stores Ledger and the Division-wise Register of Transactions adjusted under the head “Cash Settlement Suspense Account” relating to Cabinet Secretariat and Ministry of Defence and the fourth copy sent in due course to the Indenting Division in support of the claim for payment.

7.2.27 Carriage and other incidental charges should be debited to Stock only when they are incurred in connection with the general stock requirements. See paragraph 10.8.1.

7.2.28 To classify and collect, by objects of expenditure, the charges debited to stock from time to time, the same procedure should be observed as is adopted in respect of expenditure on works, that is, works abstracts and registers of works should be maintained. See also paragraph 22.4.8.

(d) Monthly summaries of Stock Receipts and Issues.

7.2.29 The receipt and issue transactions of the entire Division should be abstracted in the “Summary of Stock Receipts” (Form 9) and the “Summary of indents” (Form 10). These forms should be posted daily in the Divisional Office from the copies of Goods Received Sheets and the Indents, the entries being made only in respect of value. The total value of receipts and issues as brought out in these Summaries should be reconciled with the corresponding monthly total of the Priced Stores Ledger, Form 12 (Para 7.2.31).

Note- To secure agreement between the quantity and value accounts, receipts and issues, the value of which cannot be adjusted in the accounts of the month in which the actual transactions take place, should be accounted for in the Summaries under the suspense Minor head “Material Purchase Settlement Suspense Account” under the Major Head “8658 – Suspense Accounts” and sub-head “Miscellaneous Public Works Advances under the Minor head 799- Suspense below the Major Head of Account respectively. Accordingly, those receipts and issues of the month which represent transactions, the value of which is brought to account in the same month through the cash book or transfer entries should be separated from transactions not so brought to account. See also Note below paragraph 7.2.25 and paragraph 22.4.14.

7.2.30 When abstracting the transactions recorded in the Goods Received Sheets and Indents, care should be taken to observe strictly the prescribed accounts classification. It is not sufficient to enter the nomenclature of the Major Head affected, but the minor and detailed heads should also be stated.

Note - Although “Manufacture” is a sub-head of the Stock Account, issues of stock to manufacture operations and receipts of out turn from manufacture should be accounted for in the same way as issues to or from any other distinct head of Account, and each manufacture operation should be treated as a separate work. See also paragraph 2.1.1(62).

V. Priced Stores Ledger

7.2.31 An Account shall be maintained in the Accounts Branch of the Divisional Office to record day to day transactions relating to each item of stock. This account should be maintained in Form 12, Priced Stores Ledger, which will have different sections or sets of pages for different articles of stock with columns for receipts, issues and balances for both quantities and values. Separate Ledger will be maintained for articles falling under each sub-head of Stock, as far as possible.

7.2.32 All items of receipts and issues will be entered in the Ledger from the copies of Goods Received Sheets and the Indents which are received daily from the Sub-divisions, vide paragraph 7.2.6 and 7.2.11. At the end of day's postings, the balances under each article should be worked out in respect of quantities as well as values.

7.2.33 The Ledger should be closed for both quantities and values at the end of each month. A few pages should be reserved at the end of each Ledger for abstracting the transactions (value only) pertaining to each article of stock. The monthly total of receipts, issues and balances should then be worked out for each sub-head and a consolidated abstract prepared for all the sub-heads, which should agree with the Summary of Stock Receipts and the Summary of Indents, vide paragraph 7.2.29.

VI Adjustment of Profit & Loss on Stock

7.2.34 At the end of each year, the amount of annual excess or short-fall representing the differences in values due to revision of rates etc., should be worked out proforma and credited to Revenue (or as a receipt on capital account) or charged off as "Losses on Stock", as the case may be. The following detailed procedure, prescribed in this behalf will be observed:-

After the relevant entries in Priced Stores Ledger, Form CPWA 12 (Revised), are posted and attested, the market rates should be ascertained by the Divisional Office, wherever necessary, and shown in Column 11 of the form. The Divisional Accountant should then examine whether the issue rates (exclusive of the element of storage charges) are more or less in conformity with the rates of materials and incidentals shown under the columns for the stores received and also that they are within the market rates (Column 11).

If as a result of the review contemplated in para 1 above, or revision of percentage for recovery of storage charges/handling and other incidental charges, it is found that the issue rates need revision, the Divisional Accountant will put up the case to the Divisional Officer, indicating the necessity for the revision of the issue rates.

On receipt of review of the Divisional Accountant, the Divisional Officer will decide whether it is necessary to revise the issue rates keeping in view the expenditure on procurement of materials anticipated in the near future and market rate. Having decided upon the necessity of revision, the Divisional Officer will issue necessary instructions for the same.

The review, contemplated above, should be done in case of all the articles in store at the end of each year.

For the purpose of working out profits and losses, the total of column of receipts and issues, [Columns 5(e) and 6(b)] respectively of the Priced Stores Ledger (CPWA 12) should be struck. The storage charges recovered on the issues made during the year, should then be deducted from the total value of issues shown in column 6(b) of the Priced Stores Ledger as the same finds place in the issue rate in accordance with para 7.2.21 of this Code. The total value of balance stock at the end of the year should then be worked out at the future issue rates fixed under the orders of the Divisional Officer as in para 3 above and the element of the Storage charges should then be deducted from the total value so arrived at.

The totals of columns of receipts and issues [Column 5(e) and 6(b) respectively] and the value of stock held at the end of the year as worked out vide para 5 above, should be carried over to the pages reserved at the end of each ledger for abstracting the transactions. The amount of the annual excess or short-fall representing the difference in the value due to revision of rates etc. should then be worked out and adjusted by credit to Revenue (or as 'receipt' on capital account) or debit to the "Minor Works" under the revenue/capital major head as the case may be, when these are written off, under the orders of the Divisional Officer. Reference to the adjustments so carried out should also be recorded there and attested by the Divisional Accountant.

Note- While under the procedure prescribed in this paragraph, it would not be necessary to allocate the differences over the works, the profits or losses should be taken into account at the time of fixation of issue rates for the next year.

VII. Stock Taking

7.2.35 (a) A physical verification of all Stores shall be made at least once in every year under the rules prescribed by the "Head of Department" subject to such general directions as may be issued by the concerned departments of the Central Govt. or the Administrator, as the case may be and subject to the condition that the verification is not entrusted to a person:

- (i) Who is the custodian, ledger keeper or the Accountant of the Stores to be verified, or who is a nominee of, or is employed under the custodian, the ledger keeper or the Accountant; or
- (ii) Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verifications shall never be left to low paid subordinates and in the case of large and important stores, it shall be, as far as possible, be entrusted to a responsible officer who is independent of the subordinate authority in charge of the stores.

(b) The result of all verifications of stock (vide paragraph 154) of Central Public Works Department Code should be reported to the Divisional Officer for orders, but as soon as a discrepancy is noticed, the book balance must be set right by the Verifying Officer, treating a surplus as a receipt and a deficit as an Issue, with a suitable remark.

7.2.36(a) The value of stores found surplus should be credited at once as a revenue receipt or a receipt on capital account, as the case may be.

(b) The value of a deficit should however not be debited to final heads, but kept under "Miscellaneous Works Advances" pending recovery or adjustment under orders of competent authority. When the loss is declared to be irrecoverable and its write off ordered, a transfer entry should be prepared clearing the head "Miscellaneous P.W. Advances" by debit to the detailed head "Minor Work" under revenue/Capital major head concerned.

7.2.37 In the case of special depots or divisions or of construction divisions where there may be large concentration of stores, their physical verification should be the duty of the executive authorities, and should be performed by such agency and in such detail as may be decided by the Administrative Ministry/Administration concerned in consultation with the Chief Controller of Accounts.

VII. Rectification of Accounts

7.2.38 Clerical errors in value accounts of stock should be dealt with generally under paragraph 6.6.4. Corrections of errors discovered after the accounts of the month are closed, should, when permissible, be made (i) by making entries of values (without quantities) in the Stock accounts of the current month when no change is to be made in the head of account affected, and (ii) by preparing transfer entries in other cases.

7.2.39 Other corrections in Stock account may be necessary in the following cases:-

(i) When quantities are found surplus or short, either as the result of stock-taking or otherwise, vide paragraph 153 and 154 of the Central Public Works Department Code.

(ii) When issue Rates have to be raised or lowered, vide paragraph 7.2.20.

(iii) When stores of any description become unserviceable (vide paragraph 152 of the Central Public Works Department Code) and have, therefore, to be removed from stock.

7.2.40 These corrections should be effected in the following manner:-

Both in quantity and value accounts, all additions to quantities should be treated as receipt and reductions therein as Issues, a suitable remark being made in the

entries in Form 8 and 12. See also paragraphs 7.2.35 and 7.2.36. These entries must be made as soon as differences in quantities come to notice, but in the case of materials to be declared unserviceable, no adjustment should be made until receipt of orders of competent authority, which should be obtained on a Survey Report in Form 18.

7.2.41 No correction will be made in the accounts in respect of stores declared to be in excess of requirements, vide paragraph 149 of the Central Public Works Department Code. Such stores will continue to be borne on the Stock account until transferred elsewhere or otherwise disposed of in the ordinary course.

7.3 TOOLS AND PLANT

1. General

7.3.1 The tools and plant of a division are of two kinds:-

- (a) General or ordinary tools and plant, i.e., those required for the general use of the division.
- (b) Special Machinery and Equipment i.e., those required not for general purposes but for a specific work.

The cost of the supply, repairs, and carriage or articles of class (a) is charged to the minor head "Tools and Plant" whereas similar charges of class (b) are borne by the work concerned. In both cases, the cost is charged in the accounts against sanctioned estimates, in the same way as expenditure on works, though for purposes of sanction it is treated as expenditure on tools and plant.

7.3.2 Numerical accounts of articles of both classes should be kept in each sub-division in accordance with the following rules.

Note – The rules relating to numerical account of Tools and Plant apply also to imperishable articles, e.g., typewriters, furniture of rest houses etc, whether acquired by charge to heads of account other than "Tools and Plant", or received free of cost

7.3.3 The accounts of Tools and plant issued for use by subordinates of the sub-division, or temporarily lent to contractors, as well as those of articles lent to local bodies and others under competent authority, should be specially reviewed periodically, and it should be seen that the articles are returned without unnecessary delay and in good condition.

Note – This paragraph also applied to tools and plant sent out for repairs.

II. Numerical Accounts

(a) Receipts

7.3.4 All articles received should be examined and counted when delivery is taken. The record of detailed count should be kept in the Tools and Plant Received Sheet, Form 13 which should be prepared in triplicate by carbon process in indelible ink or copying

pencil or computer generated Sheets, one copy being retained by the Store keeper or Junior Engineer or Sectional officer and the other two sent to the Sub-divisional Officer, who will retain one copy for posting the Tools and Plant Ledger (Paragraph 7.3.7) and pass on the other to the Divisional Officer for making necessary payment or adjustment of values, if required. (See also paragraph 7.2.6). Such acknowledgement, as may have to be given to the person from whom the articles are received, can be signed only by the Divisional or Sub-divisional Officer. An acknowledgement should invariably be given when articles lent are received back.

Note 1 The entries in Form 13 in respect of the receipt back of articles lent or sent out (vide paragraph 7.3.3) should be distinguished from others by a suitable remark with a reference to the original entries in the Tools and Plant Received Sheets.

Note 2 A register showing the receipt, issue and return of the booklets containing Tools and Plant Received Sheets should be maintained in the Divisional and the Sub-divisional Offices on the lines prescribed in paragraph 7.2.8

(b) Issues

7.3.5 The articles of Tools and Plant should be issued only on receipt of requisition known as Tools and Plant Indent, Form 14 signed by the Divisional or the Sub-divisional Officer. Except in the case of cash sales, unstamped but dated acknowledgements must be obtained in support of all issues and in the case of tools etc., lent to contractors, such acknowledgements should further set forth the valuation of all articles lent as determined by the Sub-divisional Officer (See also Note 1 below paragraph 7.2.11)

Note: Entries of articles referred to in paragraph 7.3.3 should be distinguished from others by a suitable remark in Form 14.

7.3.6 The Indent should be prepared in triplicate, two copies being presented to the Division/Sub-division indented upon and the other retained as office copy by the indenting Division/Sub-division. The supplying Sub-division shall complete this indent in respect of actual issues and pass on one copy thereof to the Divisional Office, retaining the other for posting the Tools and Plant Ledger.

(c) Tools and Plant Ledger

7.3.7 A consolidated account of the receipts, issues and balances of tools and plant should be maintained in the sub-divisional office in Form 15, Tools and Plant Ledger. It should be kept in three parts:-

Part I - For articles in hand

Part II - For articles temporarily lent or sent out, vide paragraph 7.3.3

Part III - For shortage awaiting adjustment

In part I articles should be grouped under the prescribed sub-heads, which are (1) Scientific instruments and drawing materials, (2) Plant and Machinery, (3) Tools, (4)

Navigation Plant, (5) Camp Equipage and (6) Live Stock. In Part II the entries should be made in a separate section for each contractor or other person to whom the articles are lent or sent out for repairs, etc. Part III is brought into use only if any shortage comes to notice, and the instructions relating to it are given in paragraph 7.3.17

7.3.8 Part I and Part II of the Ledger should be posted from the office copies of the Tools and Plant Received Sheets and the Tools and Plant Indents as and when a transaction takes place. Each separate transaction connected with articles lent or sent out (vide paragraph 7.3.3) should further be posted in Part II in the section reserved for the contractor or person concerned, articles lent etc., being shown in the column for issues and those received back in the column for receipts.

III. Payment for Supplies

7.3.9 Payment for tools and plant received from suppliers and other sources should be made generally in the manner prescribed for stock receipts in paragraph 7.2.16 to 7.2.18.

IV. Recoveries

(a) For use of Tools and Plant

7.3.10 The procedure to be observed in charging the cost of tools and plant in the accounts of a division and in making adjustments on account of cost of tools and plant used on works executed on behalf of other divisions, departments, etc., and on certain works of the division itself, is described in Appendix 4.

7.3.11 When tools and plant are lent to local bodies, contractors or others, vide paragraph 7.3.3, the hire and other charges should be determined by local rules and should be recovered regularly.

7.3.12 The whole cost of carriage of all Government tents belonging to Executive and Revenue Officers should be debited to "Machinery and Equipment". If they are used wholly or partly for private purposes, recoveries will be made in accordance with rules framed by the Administrative Ministry/Administrator concerned in this behalf, and should be accounted for in accordance with the rules in Statement E of Appendix 2.

(b) For Sales and Transfers

7.3.13 The Divisional Officer is responsible that when tools and plant are disposed of by sale or otherwise, with the sanction of competent authority, the amount recoverable from the parties concerned is realized at the earliest opportunity. If the amount is not recovered within the month in which the articles are delivered, it should be charged to "Miscellaneous P.W. Advances" as a sale transaction by the issue of a transfer entry.

Note – A sale Account in Form 19 should be prepared by Sub Divisional office in support of every transaction.

7.3.14 When tools and plant are transferred to other divisions, departments or Governments, the Sub-divisional Officer should note in Form 14 in red ink, just below the entries of quantities, the value thereof if recoverable under the rules in chapter 17. The necessary monetary settlement or adjustment will be effected by the Divisional Office.

7.3.15 The foregoing rules regarding the adjustment or transfer of the cost of tools and plant apply equally to special tools and plant (paragraph 7.3.1) the cost of which was charged to a work or project provided:-

(1) That the articles are actually disposed of by sale, or transferred on a valuation, to another department or Government.

(2) That when the articles are transferred to another work or project in the same division or to another division, they are actually required for immediate use on a work or project which has already been sanctioned by competent authority and the transfer value has been determined by competent authority in accordance with such rules as may be prescribed.

It is not permissible to write-back the cost of special tools and plant in anticipation of the possibility of the articles being utilized on another work or project at some distant date.

Note: No articles can be removed from the numerical accounts on the plea that the accounts of the work to which the cost of the articles was debited have been closed until they are actually sold or transferred, or they having become unserviceable, their write off is sanctioned.

V. Verification

7.3.16 The rule in paragraph 7.2.35 regarding verification of stock applies also to verification of tools and plant, with the exception that when any articles are found deficient, the note of the deficiency should be made in red ink in the Tools and Plant Ledger, Form 15, without making any entries in the quantity columns, so that the articles may continue to be borne on the accounts of tools and plant, until the loss is adjusted by a recovery or a sanctioned write off; see also paragraph 7.3.17.

7.3.17 The Discrepancies in quantities and losses should be dealt with as under:-

(a) When they are noticed, action should be taken as indicated in paragraph 7.3.16, losses being treated as deficiencies.

- (b) When writing up the Ledger, Form 15, the deficiencies should be registered in Part III and their clearance should be watched. Articles found surplus will be treated as receipts in Part I, and will therefore require no further action.
- (c) If the deficiencies are made good in kind, the receipt or recovery should be shown in the Tools and Plant Received Sheet, Form 13, without making any entry in the quantity columns, and, when posting the transaction in the Ledger Form 15, the articles received should not be entered in Part I, but taken (with a suitable remark) direct to Part III, in clearance of the items outstanding therein.
- (d) If the deficiencies are made good by recovery of cost or their write-off is sanctioned the articles should be shown, as issued in the Tools and Plant Indent Form 14, with a suitable remark, and when this entry is transcribed into the Ledger Form 15, it should not only be entered in Part I in the ordinary way, but also entered with a suitable remark in Part III, as in the case (c), thus clearing the items outstanding therein.

Note 1:- When articles temporarily lent or sent out for repairs are lost and the cost thereof is adjusted by recovery or write off, the items should be shown as received back in the appropriate columns of Part I & II of the Tools and Plant Ledger and should also be shown as issued permanently in Part I of the Ledger.

Note 2:- The authority to write-off should be obtained on a Survey Report in Form 18.

7.4 ROAD METAL

1. Quantity Accounts

7.4.1 Supplies of road metal should be measured and paid for in the same way as supplies of other material for works, vide Chapter 10. But as metal is often kept in store at the road side before being laid down, a quantity account of it should be maintained in the Sub-divisional Office in Form 16, "Statement of Receipts, Issues and Balances of Road Metal", copies on loose sheets being submitted monthly to the Divisional Office within a fortnight of the submission of the monthly accounts.

Note 1:- The authority to write-off should be obtained on a Survey Report in Form 18.

Note 2:- This statement in CPWA Form 16 should show kilometer by kilometer the receipt, disposal and balance of road metal of each kind (stone, kunkar etc) The balance of metal in each kilometer should be shown, whether there are any transactions on it during the month or not.

Note 3:- Separate Statements should ordinarily be kept for metal collected for annual repairs, for renewals and for petty repairs.

7.4.2 In respect of metal required for new roads or for renewal purposes, the maintenance of this detailed account showing the receipts, issues and balances, kilometer by kilometer, may be dispensed with by the Divisional Officer, provided:-

- (1) that he should maintain in his own office, a register showing separately by each road or section of a road, the quantities of metal of each description paid for month by month in connection with all estimates for collection and
- (2) that, whenever any executive officer or subordinate responsible for any part of the balance of the metal is transferred, the accounts pertaining thereto should be verified.

This verification should be generally on the lines prescribed in paragraph 10.3.14, et seq., the consumption since last verification being computed on a consideration of the work of construction or renewal actually done in connection with all estimates relating to the road or section.

II. Rectification of Accounts

7.4.3 Metal found surplus, as a result of check of measurement by Superintending Engineer (as contemplated in paragraph 39 of the Central Public Works Department Code) or otherwise, should at once be brought in the quantity account. Deficits should, however not be removed from the quantity account until recovery of their value or receipt of sanction to write off; but a red ink remark should be recorded at once and carried forward, from month to month, until the discrepancy is set right.

III. Schedule of Rates

7.4.4 A rate-book or Schedule of Rates showing the lowest rate at which metal can be supplied to the road-side throughout the division, should be kept in the divisional office in Form 17, with such modifications as may be considered necessary to suit local conditions. The rates should be revised from time to time, as old quarries are exhausted or new ones opened, or as other circumstances affect the rates. See also paragraph 10.6.13.

IV. Charges for Quarries

7.4.5 When land is acquired for extracting road metal primarily intended for:-

- (i) the maintenance of an existing road, or
 - (ii) the construction of a new road or the raising in class of an existing road,
- the following principles of accounting should be followed in adjusting the charges connected with the land and quarries:-
- (a) When the charges do not exceed Rs.1000, the amount should be debited direct to "Maintenance and repairs" or to "Construction" accordingly as the quarry is intended to serve the purposes specified in clause (i) or (ii) above.

(b) When the charges exceed Rs.1000 and the road metal is required to maintain an existing road or roads for a series of years the total initial outlay should be debited to the sub-head "Land, Kilns, etc" of the Stock Account and this sub-head should be gradually relieved, by debit to the collection estimates of each year, in the manner prescribed in paragraph 12.2.2 for similar charges connected with manufacture operations.

(c) When the charges exceed Rs.1000 and the road metal is required for the purpose specified in clause (ii) above, the Divisional Officer should charge direct to the original work concerned such portion of the cost as is proper. The balance, if any, should be debited to the sub-head should eventually be cleared by debit to "Maintenance & Repairs" in the manner prescribed in paragraph 12.2.2 (b)

7.5 MATERIALS CHARGED TO WORKS

7.5.1 The accounting procedure relating to materials obtained specially for a work is described in Chapter 10 Special tools and plant charged to works do not fall under the category "materials charged to works", vide paragraph 7.3.1 and 7.3.2.

CHAPTER – 8 TRANSFER ENTRIES

8.1.1 Transfer entries, which are entries intended to transfer an item of receipt or charge from the account of a work in progress or a regular head of account to the account of another work or head, are necessary.

(a) In order to correct an error of classification in the original accounts;

Note - Sometimes it is more convenient to classify items pertaining to several heads(or works), under a single head in the first instance than to classify them under each from the beginning. For example when a joint work in which several parties are interested is undertaken, the individual transactions relating to it are taken to the account of a single party in the first instance, and before closing the accounts of a month, the necessary distribution over all the accounts is effected by transfer entry.

(b) In order to adjust, by debit or credit to the proper head of account (or work), an item outstanding under a suspense account or under a debt, deposit or remittance head;

(c) In order to bring to account certain classes of transactions which do not pass through the cash or stock account e.g.

- (i) for adjusting PAO Memos received from PAO of the Division in case of purchase made through DGS&D i.e. in the Accounts of Division (-) credit to Sub-head “Purchases pending payment / adjustment” under the minor head “129 - Material Purchase Settlement Suspense Account” below the Major Head “8658 - Suspense Accounts” per contra credit to Sub-head “Payment for purchases through DGS&D” under the minor head “129 - Material Purchase Settlement Suspense Account” below the Major Head “8658 - Suspense Accounts”.
- (ii) for credit to “P.W. Deposit” on account of balances due to contractors on closed accounts, vide paragraph 10.5.19.
- (iii) for credit to Revenue heads on account of revenue not recovered in cash including lapsed Deposits;
- (iv) for original debits or credits to Remittance heads based on transactions not appearing in cash or stock accounts, e.g. transfer of tools and plant to

another department or Government when the value is recoverable from them;

- (v) for credit to the heads concerned of the several percentages leviable under the rules, e.g., those on account of supervision (when not recovered in cash), establishment, tools and plant and workshop charges, vide paragraph 150 of the Central Public works Department Code and Appendix 4 and paragraph 14.2.5 of this Code.
- (d) In order to respond to a remittance transaction advised by the Accounts Officer, if the corresponding debit or credit to the Remittance head has not already appeared in the accounts;
- (e) In order to relieve the account of a work in progress of –
- (i) Items which have ceased to be debitable to the estimate for work, and
 - (ii) Suspense charges which can no longer be kept within the accounts of the work. Such transfer entries are necessary either when the accounts of any contractor or of the work itself are to be closed, or when any recoveries (otherwise than in cash) have become due, e.g., by the transfer of stores to any other work or account.
- (f) to effect periodical adjustments such as (a) annual adjustment to credit to the head “8009” GPF an amount equal to total of interest accruing and afforded to various Group ‘D’ and Work Charged establishment accounts by contra debit to the head ‘2049 – Interest Payments’ etc .

Note - A list of adjustments which have to be made periodically should be maintained in order to ensure that they are regularly made.

8.1.2 If an item which properly belongs to a revenue or expenditure head is wrongly classified under another revenue or expenditure head in the accounts, the error may be corrected at any time before the accounts of the year are closed by proposing a transfer entry; but after the accounts are closed, no correction is admissible, it being sufficient to make a suitable note of error against the original entry. If, however, the error affects the receipts and disbursements of another Government or the transactions of a commercial

department, it should be corrected by transfer in all cases as soon as the error is discovered.

8.1.3 An error which affects a debt, deposit, suspense or remittance head must be corrected by transfer, however, old and small it may be. If the accounts of the year in which the error takes place are not closed, the correction should be made by the removal (through minus entry) of the item from the head under which it was wrongly taken to that to which it properly belongs.

8.1.4 If the accounts of the year in which the error takes place are closed, then the following procedure may be adopted.

- (i) an item taken to one debt, deposit, suspense or remittance head instead of another – the correction should be made by transfer from the one to the other.
- (ii) an item credited to a debt, deposit, suspense or remittance head instead of to a revenue head; or debited to a debt, deposit, suspense or remittance head instead of to an expenditure head – the correction should be made by transfer to the head under which it should originally have appeared.
- (iii) an item credited to a revenue head instead of to a debt, deposit, suspense or remittance head – correction should be made by debiting refunds and crediting the proper head; and
- (iv) an item debited to an expenditure head instead of a debt, deposit, suspense or remittance head – correction should be made by debiting the proper head and crediting the relevant departmental receipt head (or in the case of a department not having corresponding receipt head, to the major head 0075 – Miscellaneous General Services).

However, when the correction affects a head for which budget provision is obtained, the correction / transfer may be effected by affording plus credit or minus credit under the head concerned without affecting the actual expenditure (i.e. debit side of the head) for the year.

8.1.5. When a correction is permissible it should be made by a formal transfer entry, but when it is not permissible, a suitable note of it should be made in the account concerned. All corrections in accounts, which may be advised by the Accounts Officer on his auditing the documents should after verification, be carried out in all relevant records in

red ink and attested by the dated initials of the Divisional Accountant. A reference to the audit note or other advice should also be noted against the correction.

8.1.6 For every transfer entry there must either be an authority in Form C.A.M. 34. Transfer Entry Order or an order recorded on another document (e.g., Survey Report, Form 18, and final bill of contractor's closed account placed under Public Works Deposits) which sets forth all the necessary particulars; see also note below paragraph 22.4.3.

Note 1 In cases in which the Transfer Entry Order is not required to be submitted to the Accounts Officer with the Monthly Account, vide paragraph 22.4.17, the necessary order, if not initialed by a Sub-divisional Officer may be signified by the Divisional Officer's initials against the entry in the Transfer Entry Book (paragraph 8.1.10.).

Note 2 A single transfer entry may cover a number of adjustments and corrections, provided that all the necessary particulars are set forth in respect of each. However, on one side of every transfer entry, there should be only one major head but there may be a debit or credit to various other heads or vice versa. In a transfer entry all particulars explaining both the nature of the adjustment and the grounds for the correction must be clearly stated.

8.1.7 A Transfer Entry Order may be initiated by the Sub-divisional Officer, and should be so initiated by him in all cases falling within clauses (a), (b), (c) and (e) of paragraph 8.1.1 which comes under his cognizance.

8.1.8 The Divisional Officer should see that no transfer entry is made in the accounts unless admissible under the rules, that a transfer entry is made as soon as it becomes necessary, and that Transfer Entry Order in respect of transactions falling under clause (a), (b) and (c) of paragraph 8.1.1., proposed by Sub-divisional Officers, are countersigned by himself in token of acceptance.

Note- Transfer entries should receive the special attention of Divisional Officer so that habitual errors / misclassifications in the accounts of subordinate officers may not remain unnoticed.

8.1.9 All Transfer Entry Orders should set forth such explanation of the correction or adjustment proposed to be made as would establish clearly the correctness and necessity of the entry.

Note - In cases of corrections involving a reduction in the charges against the estimate of work it is essential not only that full particulars of the vouchers and accounts in which the erroneous charges originally appeared are specified, but also that the circumstances in which the charges were allocated wrongly under the estimate for the work are set forth clearly. It is not sufficient to state that the charges were erroneously classified previously.

8.1.10 All transfer entries prepared during a month should be entered in the Transfer Entry Number Book (Form CAM 35). The effect thereof should be reflected in the monthly accounts of that month after preparing a 'Summary of Transfer Entries' (Form CAM 36) as described in the next para.

8.1.11. As and when approved, transfer entries should be posted individually into columns 1 and 2 of Form CAM 35 against the respective heads of account affected. After all the TEs, for the month are, thus entered, the total effect against each head of account separately under debit and credit columns should be worked out and posted into money columns 5 and 6 respectively of that Form. Thereafter the grand total under columns 5 and 6 should be worked out and agreed with the grand total under columns 1 and 2 respectively to serve as a cross check. The figures appearing in columns 5 and 6 against each head of account should be posted against the corresponding head of account in the departmental classified abstract in the appropriate column. In case a bound book is not used for entering each year's monthly Summary of T.E.s then at the end of the year the monthly sheets of the document should be arranged in the order of the months and bound into a convenient volume.

8.1.12 No transfer should be made from one sub-head to another in the accounts of a work except on the authority of a formal Transfer Entry Order prepared in accordance with the procedure prescribed in this chapter and approved by the Divisional Officer. The order should be filed with the Works Abstract for the month in which the transfer is effected and it should not be entered in the Transfer Entry Book.

Note- The transfer entry orders prepared for the clearance of the suspense head “Land Acquisition” by debit to the final head “land” within the accounts of work vide paragraph 10.5.21 should be entered in the Transfer Entry Book and submitted to the Accounts Officer along with the monthly account supported by land acquisition vouchers.

CHAPTER – 9 REVENUE RECEIPTS

9.1 General

9.1.1 Public Works revenue is assessed and realised in accordance with the rules and orders made by or under the authority of Government. When collected, it should be brought to account in accordance with the classification prescribed in List of Major and Minor Heads of Accounts.

9.1.2 Consistently with the provisions of the rules in this Chapter, the detailed rules of accounting procedure relating to Revenue receipts are prescribed locally by authorities of the Public Works Department. See also paragraphs 32, 40 and 51 of the Central Public Works Department Code.

9.1.3 Distinction must be made between receipts which are finally creditable to Government as revenue of the Department and transactions which represent merely such cash or other value received as has either to be eventually repaid or to be utilised to meet the cost of some service to be rendered or already rendered, or to be taken in reduction of expenditure previously incurred. Receipts of the latter class are creditable to the debt, deposit, remittance or expenditure head concerned and are not subject to the rules of this Chapter. See also Statement E of Appendix 2.

Note: For appropriation of unclaimed balances lying in the Deposit Accounts, see paragraph 15.4.1.

9.1.4 (a) It is not permissible to take credit for revenue to the head concerned until it is realised, but Divisional officers are responsible that demands are made as revenue falls due, that steps are taken with a view to effect prompt realisation and that proper records are kept to show, in respect of all items of revenue recurring or non-recurring, the assessments made, the progress of recovery and the outstanding debts due to Governments.

Note 1: The object of this rule is that all classes of revenue, whether accruing from property of any kind, from leases of rights and concessions (e.g. rights for fishing, grazing etc. and use of water power), or from any other source are properly watched.

Note 2: As an exception to the general rule, the following may be credited as revenue before realisation:-

- (i) Supervision charges on sales of stock on credit.
- (ii) Sale proceeds of such articles of tools and plant as are creditable to the minor head:- 800 "Other Receipts" below the concerned functional Major Sub-Major Heads of Account by debit to Sub-head "Miscellaneous Public Work Advances" under the Minor Head "799- Suspense" below the functional Major/Sub-Major Heads of Account vide paragraph 7.3.13.
- (b) The recovery of all debts due to Government should receive the special attention of the Divisional Officer and no debt should be remitted or written off except under the orders of competent authority.

9.2 Irrigation Revenue

9.2.1 Revenue from irrigation etc. works under the administration of the Public Works Department will be realised in the same manner as applicable to other revenue receipts of the Divisional Office.

9.3 Licence Fee of Buildings & Lands

Demands and Recoveries

- (a) From Private Persons

9.3.1 When a Public building, land or other property is licensed to a person not in the service of Government, the full assessed Licence fee must be recovered in advance.

- (b) From Government Servants

9.3.2 The recovery of Licence fee from Government servants, occupying residential buildings (which can be provided on payment of licence fee) will be made either in cash or by deduction from their pay bills through their disbursing officer concerned.

Note 1: Where Government residences are meant for allotment to the staff of a single Office/Department, the administrative Ministry concerned will make necessary arrangements for the allotment and the recovery of Licence Fees of such residences. Where, however, the residences under the control of the Central Public Works Department are to be allotted commonly to the staff of several Offices/Departments and there is no regional office of the Directorate of Estates, the Divisional Officer of the

CPWD Division in charge of the residences will continue to make the allotment and recovery of Licence fee of such residences.

Note 2: Amounts due on account of the hire of Government Furniture and on account of the value of article of furniture and other Government Property lost or damaged by a Government servant as well as any other dues for which a Government servant may be liable to Government in respect of the residence allotted to him may also be recovered either in cash or by deduction from pay bills in accordance with the rule in this paragraph.

Note 3: The system of direct recovery in cash from employees of other divisions and departments is ordinarily not suitable when the licence fees recoverable is dependent upon the rate of pay of the occupant.

Note 4: The assessment and recovery of licence fees pertaining to buildings under the Directorate of Estates at New Delhi and its regional offices are governed by special procedure prescribed by Government.

9.3.3 Where licence fee is recoverable in cash, a bill in suitable form should be sent to the licensee on or before the last day of each month. The Licensee should be required to pay the licence fees before the expiry of the following month.

9.3.4 When recoveries of Licence fees are to be effected through a disbursing officer, a demand in Form 48, Statement of Licence Fees recoverable in cash or by deduction from Pay Bills, should be sent, in duplicate, before the close of each month to that officer who will make the necessary recoveries and return one copy of the statement, duly completed.

Note 1: In cases where the PW Officer-in-charge of the Government building and disbursing officers who are responsible for recovery of licence fee are not rendering accounts to the same Accounts Office, the P.W. Officer will issue the licence fee Demand Statement (Form 48) in triplicate and the disbursing officer will attach one copy with the pay bill and return the second to the Divisional Officer duly certified to the effect that the recovery has been made and the emoluments are correct. The third copy will be retained as office copy.

Note 2: In cases of cash recovery from Government Servants, the Divisional Office should obtain from the disbursing officers, a certified statement in Form 48.

Note 3: Form 48 will also include any amount due on account of hire of Government furniture, the value of articles of furniture and other Government property lost or damaged by a Government servant as well as any other dues for which a Government servant may be liable to Government in respect of residence allotted to him, vide Note 1 below paragraph 9.3.2.

Note 4: Disbursing Officers are required to recover the amounts specified by the Divisional Officer, without prior reference to the licensee and to note on the statement of licence fees the particulars of emoluments, and of change therein in respect of Government servants whose licence fee is limited to a percentage of such emoluments.

Note 5: If the licence fee recoverable from a Government servant is limited to a certain percentage of his emoluments, and such emoluments are changed retrospectively, the rate at which licence fee is recovered should also be changed retrospectively.

Note 6: If the Divisional Accountant becomes aware that the emoluments of a Government servant had been changed in respect of a period during which he occupied a Government residence at some other station or stations, he should see that the intimation of the change of emoluments is given to the divisional Officers of the stations concerned to enable them to recover the arrears of licence fee, where necessary.

9.3.5 Amounts recovered by deduction from Pay Bills of Government servants under the Payment control of Civil Pay and Accounts Officer will not be passed on to the Divisional Officer for adjustment in the Divisional Accounts. The Pay and Accounts Officer in whose circle, the recoveries are made will credit the revenue heads (and canals, etc.) concerned direct. The Divisional Officer should, however, credit the accounts of the Licensees in the Register of Licence Fees of buildings and lands, Form 49 (paragraph 9.5.5) with the recoveries as certified by the Drawing and Disbursing Officer concerned.

9.3.6 Although individual-wise account is maintained in the cases of licence fee (Rent) for Government quarters forming part of General Pool accommodation (managed by the Director of Estates) no monetary settlement is to be effected. Such recoveries are required to be booked directly against the final head 0216 - Housing in the books of Posts/Telecommunications/Railways.

The receipts relating to Civil Estimates under the Major Head “0216 – Housing” shall be adjusted to the final head in the books of the Defence Department without carrying out any monetary settlement thereof with the Divisional Officers.

The accounts consolidating authority of the above mentioned Ministries/Departments shall render monthly statement of receipts including progressive figures for that financial year to the Chief Controller of Accounts of the Ministry of Urban Development and Poverty Alleviation and also furnish figures under this head to the computer cell of C.G.A’s organization while submitting the monthly accounts.

Budget forecast for the receipt under the Major Head “0216 – Housing” based on actuals etc has to be furnished by Postal Board, Telecom Board and F.A. Defence etc to the Ministry of Urban Development in connection with the preparation of Budget Estimates/Revised Estimates etc.

9.3.7 The amounts representing recoveries of licence fees relating to a State Government which are realised by the Divisional Officer should be remitted in accordance with Chapter 17.

9.3.8 A Licensee who is in receipt of a pension from Government should be treated as a private individual for the purpose of these rules and the payment will be made in cash only.

9.3.9 In the case of vacation of quarter by a Government servant before the last day of the month, owing to his departure on transfer, leave or retirement, the demand for the licence fees for the broken period should be made at once, so that the amount due may be recovered before his departure.

9.3.10 Pending orders on a representation against the Divisional Officer’s assessment, the amount assessed must be paid by licensee on demand. Should the representation prove successful, the excess amount charged should be adjusted as soon as orders are issued, by a reduction in the assessment of a subsequent month, or if this is not practicable or convenient, by an actual repayment.

9.4 Refunds and Remissions

9.4.1 Remission of irrigation revenue allowed before collection should be treated as reductions of demands, Cash repayments of revenue actually collected and brought to account under the Major Heads 0059 Public Works, 0216 Housing, 1054 Roads and

Bridges or Irrigation Major heads concerned should be accounted for under the minor head “900 Deduct-Refunds” of the Revenue head concerned. All other refunds of revenue, such as refunds of licence fees adjusted by short assessment or short realization in a subsequent month and repayments of “Receipts and Recoveries on Capital Account” (Appendix 2) should be taken in reduction of the receipts under the heads concerned.

9.4.2 Before a remission or refund of any kind, otherwise in order, is allowed, the original demand or realisation, as the case may be, should be traced and a reference to the remission or repayment should be so recorded against the original entry in the cash book and other accounts as to make the entertainment of a double or erroneous claim impossible. A certificate of such a note having been made should be given in all vouchers for refunds. Any acknowledgement previously granted should be taken back if possible and destroyed, a note of the repayment being, in any case, recorded on the counterfoil of the receipt.

Note: See paragraph 15.5.2 for refund of deposits.

9.5 ACCOUNTING PROCEDURE

I. Registers of Revenue

9.5.1 Save as provided in paragraph 9.5.4, all revenue receipts of the division should be classified and abstracted in a Register of Revenue, Form 46, maintained in the Divisional Office. The receipts relating to each project, for which a separate capital account is kept should be registered separately and all the other receipts pertaining to a major head should be booked collectively.

9.5.2 In this register a column is opened for each minor head of revenue (and detailed heads subordinate to it) other than “Deduct Refunds”, for which a single deduction is made from the total revenue of the month, the details of the amounts making up the figure to be deducted being recorded in a separate Register of Refunds of Revenue, which should also be in Form 46.

Note: For accounting procedure in respect of refunds of licence fee realized, see note below paragraph 9.5.7.

9.5.3 All receipts and recoveries on capital account should also be abstracted in Form 46 wherein separate record should be kept in respect of programme minor head

concerned or the minor head “800 - Other Expenditure” under each major head of expenditure. A separate account may be kept for each Project, the expenditure relating to which is classified in accounts separately. Receipts adjustable under the minor head “103 - Recovery of percentage charges” or “800 - other receipts” (according as the recoveries are made by a P.W. Division or an Irrigation Division) will appear in the Register of Revenue for the major head concerned under three distinct detailed heads, namely (1) Establishment recoveries, (2) Tools and Plant recoveries and (3) Other recoveries.

9.5.4 In respect of Licence Fees receipts of the buildings and special services for which a subsidiary account is kept in Form 49 (see paragraphs 9.5.5 and 9.5.7) it is not necessary to make entries in detail in any of the registers in Form 46. The monthly totals only (excluding the amounts realized under the Account Circles referred to in paragraph 9.3.5) should be transferred from Form 49 to Form 46.

II. Registers of Licence Fees

9.5.5 A register in Form 49 (Register of Licence fees of Buildings and Lands) should be maintained in the Divisional Office to show the monthly assessments, realizations and balances of rents, of all residential buildings (including office buildings used as residences) and of such other buildings, lands, etc as may be available for being licensed. No building other than those falling within the categories specified in clauses (1) and (2) of Rule 2 of Appendix 2 to the Account Code for Accountants General extracted below or site should be excluded from this register on the plea that it is Intended to be occupied licence fee free or is not likely to be licensed, but all such buildings may be grouped separately.

“(1)residences for use of the President or the Head of a local Administration;
 (2) buildings which are situated within the precincts of jails, hospitals, police lines, tehsils, educational institutions provided that they are allotted free under the orders of Government to Government Servants who are required to occupy particular houses in order to ensure the proper performance of their duties”

Note1: Private buildings which have been hired for use as residences or are used as such, wholly or in part should be included in this register.

Note 2: Licence fee free quarters for Group'D' employees need not be entered in this register except when allotted to persons from whom licence fees is recoverable. Nor

need rest-houses and other travellers' bungalows be entered, although licence fees receipts from them are also treated as licence fees of buildings which are required to be booked under the heads "Rent/licence fees"

Note 3: On closing the account of a work involving expenditure on the construction, acquisition or equipment of a building intended to be used as a residence, or expenditure on additions or alterations to an existing residential building, the Divisional Accountant should see:-

- (i) That if it is a new building, it is entered in the Register of Licence Fees of Buildings and Land
- (ii) That steps are taken to obtain the orders of competent authority to assess or revise the licence fee, as the case may be and
- (iii) That the correct capital cost of the building is noted in the register of buildings referred to in paragraph 138 of the Central Public Works Department Code.

Note 4: Note 3 applies also to expenditure on the provision of special services in connection with residential buildings such as furniture etc for which rent is charged separately.

Note 5: If a building is actually occupied prior to closing the accounts of expenditure on its construction, acquisition or equipment, licence fee is nevertheless chargeable from the date of occupancy and should, therefore, be fixed provisionally with the sanction of competent authority.

Note 6: If under the Supplementary Rules issued under the relevant Fundamental Rules, or under other financial rules, the standard licence fees as well as the allowance fixed for maintenance and repairs are subject to a periodical review, the Divisional Accountant should see that they are punctually reviewed and necessary revisions carried out in accordance with the prescribed rules and procedure. The Licence fee for Government residential buildings shall be revised once in three years by the Directorate of Estates. (See S.R. 324 and F.R. 45-A)

9.5.6 The entries relating to the assessment of licence fee should be made month by month and for this purpose arrangements should be made to obtain timely intimation (with full particulars) of all changes during the duration of licensee from the subordinates in charge of the properties.

Note: If any property is occupied free of licence fees or if the rate for any month's assessment is neither the standard rate nor the 10 per cent or 7 ½ per cent, as the case may be of the occupant's emoluments, a suitable remark (quoting authority) should be made against the entry relating to it. If a Government servant is not entitled to but is actually allowed the benefit of the 10 per cent or 7 ½ per cent concession [recognized by Fundamental Rule 45-A-IV(b) or 45-B-IV(b)] a reference to the specific orders of Government allowing it should be recorded in the remarks column of the Register of Licence fee.

9.5.7 The total realizations of each month should be abstracted at the foot of the register, so as to show separately (1) cash realized in the division (2) recoveries by Disbursing and Accounts Officers of the Defence, Post and Telecommunications and Railway Accounts Circles adjusted in the divisional accounts (paragraph 9.3.6) and (3) recoveries under the Account Circles referred to in paragraph 9.3.5 for both licence fee of buildings and rents of land, etc. If any buildings are provided with special services, such as furniture, etc. for which licence fee is charged separately, the account of licence fees charged for each building in respect of these services should be kept separate from that of the licence fees of building itself, and in the abstract also the realisation on account of each of these services should be shown separately.

Note: Cash refunds of licence fees realized should be shown separately as minus realizations in the Register of Licence Fee of Buildings and Lands, and thus distinguished from the gross realization of licence fees.

CHAPTER 10 – WORKS ACCOUNTS

10.1 General

10.1.1 Expenditure on the construction or maintenance of a work may be divided broadly into two classes viz (i) Cash (ii) Stock Charges. In addition to the main Charge, there are other charges affecting the cost of work. For example, there may be charges incurred in other Divisions, Departments or Government, materials received from them or services rendered by them, or there may be cash receipts such as are taken in reduction of expenditure in accordance with the rules. To account for all these charges affecting cost of works, separate accounts are maintained in Sub-Divisional /Divisional Offices for recording (i) the cost of individual works and (ii) the transactions of individual contractors/suppliers. These are known as works accounts.

10.1.2 The initial records upon which the accounts of works are based are enumerated below:-

- (i) Muster Roll including casual labour Roll
- (ii) The measurement Books
- (iii) Work-charged Establishment Bills **(other than those borne on regular Establishment)**

10.1.3 The measurements of work done by daily rated labourers on a Muster Roll are recorded in the Measurement Books. The payments to contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the Measurement Book.

10.1.4 General instructions in regard to preparation of Muster Roll and recording of the quantum of work done in Measurement Book and also of writing the measurements in respect of work done by contract and supplies made in Measurement Books including Standard Measurement Books are detailed in this Chapter in paras 10.2.3 & 10.2.7 to 10.2.9. The Administrative Ministry, may in consultation with the Accounting Organisation, prescribe detailed procedure in this behalf.

10.1.5 In recording the cost of an individual work, in the accounts, no attempt is made to include therein any charge on account of general services, like Establishment and Tools and Plant, the entire cost whereof is adjusted in the general accounts under the prescribed heads of classification. But if any service connected with the working estimate for a work is rendered by another division or department or Government and the claim made by it includes an authorized charge on account of such general services, such charges may be accepted and adjusted in the accounts of the work as part of the cost of the work in the same way as if the services had been rendered by a contractor.

Note 1: When the cost of special tools and plant is included in the cost of a work under paragraph 7.3.1, the rules in Chapter 7 regarding numerical lists or returns will apply

mutatis mutandis and adjustments on account of the cost of tools and plant transferred to other works, divisions, departments, or Governments will be governed by the rules in paragraph 7.3.15.

Note 2: The cost of special establishment employed in the acquisition of land when chargeable to the accounts of the works concerned under paragraph 17.1.3 should be treated as a part of the works expenditure.

Note 3: Lump sum charges of Establishment and Tools and Plant recoverable from other Governments and Departments for works executed for them as a standing arrangement, should not be included in the accounts of the works, but dealt with under the rules in Appendix 4.

10.2 Cash Payments

I. Introductory

10.2.1 Cash charges on works consist of payments (1) to labourers and members of the work charged establishment, of their wages and (2) to contractors and others for work done or other services rendered. The cost of material procured **in exceptional cases (since Ministries/ Departments in terms of the provisions of Rule 140 of General Financial rules, 2005 have been delegated full powers to make their own arrangement for procurement of goods)** through DGS&D or direct from supplier specially for works are to be accounted for as minus credit to Sub-head "Payment for purchases through DGS&D". In case of direct purchases from Supplier, if payment not made in the same month in which Stores have been received the account will be by credit to Sub-head "Purchases pending adjustment/payment to Supplier". Both the Sub-heads are to be opened under the minor head "129 – Material Purchase Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts". Payments to Suppliers are governed by the same rules as payments to contractors for work done.

The general rules relating to cash payments and vouchers in paragraphs 6.4.1 to 6.4.8 apply to all these classes of payments. Only special rules are, therefore, set forth in this Chapter.

10.2.2 Initial accounts and vouchers connected with charges relating to works must invariably specify:-

- (a) The full name of the work as given in the estimate
- (b) The name of the component part of it, if separate accounts are kept up for the several component parts and
- (c) The charges (if any) which are of the nature of recoverable payments and the names of the contractors or others from whom recoverable.

Note: Normally no charge is to be incurred on behalf of a contractor, but where such expenditure is incurred under the orders of the competent authority, it should be seen particularly that the contractors or others on whose behalf the charges are incurred do not

get the benefit of any concession to which they would not be entitled if they had themselves incurred the charges.

II. Payments to Labourers

(a) Departmental Labour

10.2.3 With the following exceptions, all persons engaged departmentally for the execution of works are considered as day labourers and their wages should be drawn on Muster Rolls. Form **CPWA 21** and charged to the estimates of the works on which they are employed:-

- (a) Permanent and temporary employees of the division whose pay is charged to the head Direction and Administration.
- (b) Members of the work-charged establishment as defined in paragraphs 10 and 11 of the Central Public Works Department Code (**i.e Work-Charged Establishment borne on regular establishment**).

For all the labourers and workmen employed on Muster Rolls, **Form CPWA 21** a daily labour report in the Form CPWA 30 indicating the number of labourers and workmen employed is required to be sent on each day to the Sub Divisional Officer/Divisional Officer and any discrepancies between labour reports and muster rolls should be investigated as soon as the latter are received for payment.

Note: Labour reports for Muster rolls containing 15 persons or less are not required to be sent.

10.2.4 Subject to such departmental instructions as are issued from time to time, Muster Rolls should be prepared in Form **CPWA 21** and dealt with in accordance with the following rules:-

- (a) One or more muster rolls should be kept for each work, but muster rolls should never be prepared in duplicate. It is permissible, however, to keep one muster roll for labourers employed upon several small works, in cases in which the total **unpaid** wages may conveniently be recorded as relating only to the larger work in the group.
- (b) Labourers may be paid more than once a month and the period covered by each payment may be determined locally, but separate rolls must be prepared for each period of payment.
- (c) The daily attendances and absences of labourers and the fines inflicted on them should be recorded daily in Part I of the muster roll in such a way as:-

- (i) to facilitate the correct calculation of the net wages of each person for the period of payment.
- (ii) to render it difficult to tamper with or to make unauthorized additions to, or alterations in, entries once made; and
- (iii) to facilitate the correct classification of the cost of labour by works and subheads of works where necessary.

(d) After a muster roll has been closed, payment thereon should be made as expeditiously as possible. Acknowledgement, duly stamped where necessary should be obtained from each payee on the Muster Roll and each payment should be made or witnessed by the Official of highest standing available who should certify to the payments individually or by groups, at the same time specifying, both in words and in figures at the foot of the muster roll, the total amount paid on each date. If any item remains unpaid, the details thereof should be recorded in a Register of Unpaid Wages, Form **CPWA 21-A** (which should be maintained in the Sub-Division), before the memorandum at the foot of the muster roll is completed by the person who made the payment.

(e) The subsequent payment of unpaid wages should be made on Hand Receipt, Form **CPWA 28**; a note of the payment being kept in the Register of Unpaid Wages as well as the relevant Muster Roll.

(f) Wages remaining unpaid for three months should be reported to the Divisional Officer who will decide in each case, whether the liability as an amount available for payment should continue to be borne in the accounts of the work concerned as exhibited in the sub-divisional record prescribed in clause (e) or should be credited to capital or revenue.

Note- For action to be taken on the completion of work, see para 10.5.18.

(g) In Part II of the muster roll form should be recorded the progress of work done by the labour shown thereon in all cases where such work is susceptible of measurement. If the work is not susceptible of measurement, a certificate to this effect should be recorded.

Note 1: It is not necessary to reproduce the details of measurement in Part II, nor need Part II be written up if progress is reported once a month or often in any other suitable Form and such separate reports are considered sufficient.

Note 2: The check of Muster Rolls **with** reference to the entries in the Measurement Books will be done to the extent of 100% by the Sub-division before payments are made by the Divisional Officer.

(h) In exceptional and urgent cases, such as urgent silt – clearance of canals or closing breaches, where labourers are employed casually for short periods, payments may be made on a Casual Labour Roll, Form **CPWA 22**, in which the names of the labourers need not be given but such payments may not be made except by a gazetted

officer. Nor need muster rolls in Form 21 be used in the case of work done on Requisition, Form CPWA 32, when entries of daily labour are few, in such cases the particulars can be entered on the Form of Requisition.

The Administrative Ministry may prescribe the procedure in prescribed form for the custody and accounting of Muster Roll Forms, in consultation with the accounting organization as a safe-guard against their possible misuse.

(b) Labour engaged through a Contractor

10.2.5 The payment of daily labour through a contractor, instead of by muster roll in the usual way, is objectionable in principle. In a case of great emergency it may some times be found impossible to employ labour otherwise than through a contractor. Should it be possible, in such a case, to determine the quantities of work done after its completion or at intervals during its progress, it is expedient to pay the contractor, at suitable rates, on the basis of work actually executed. But, if as in the case of urgent repair of canal breaches, this method of payment is not practicable, it is permissible to pay the contractor on the basis of the numbers of labourers employed, day by day, his own profit or commission being either included in the rates allowed, or paid separately in lump sum or at a percentage rate. When this course is adopted a report of the numbers of labourers of each class employed day by day should be made daily by the official incharge of the work to the Sub-divisional Officer to enable the latter to keep a check on the expenditure and to deal with the contractor's claim when received. To avoid disputes with the contractors, they should be encouraged to sign the daily reports in token of their acceptance as correct.

Note: The use of the muster roll or the measurement book (paragraph 10.2.7) is not permissible in such cases.

(c) Travelling Expenses

10.2.6 When it is necessary to bring labourers and artificers from a distance they may be allowed wages for the number of days occupied in the journey to and from the site of the work, if they join the work with proper despatch. At the discretion of the Divisional Officer, bona fide traveling expenses may also be allowed to them. The above charge must be borne by the estimate of the work.

II PAYMENTS TO SUPPLIERS AND CONTRACTORS

(a) Record of Measurement

(i) Measurement Books

10.2.7 Unless in any case, the Administrative Ministry/Administration concerned, after consultation with the **Chief Controller of Accounts**, direct otherwise, payments for all work done otherwise than by daily labour and for all supplies required for specific works are made on the basis of measurements recorded in measurement books, Form CPWA

23 in accordance with the rules in paragraph 10.2.8. The measurement books should, therefore be considered as very important account records, and should be so written that the transactions are readily traceable in the Accounts of the Department. All the measurement books belonging to a division should be numbered serially and a register of them should be maintained in Form CPWA 92 in the divisional office showing the serial number of each book, the names of the sub-divisions to which issued, the date of issue and the date of its return, so that its eventual return to the divisional office may be watched.

Note. A similar register should also be maintained in the Sub-divisional office showing the names of the Sub-divisional Officer and Sectional Officers to whom measurement books are issued. Books no in longer use should be withdrawn promptly even though not completely written up.

(ii) Detailed Measurements

10.2.8 In recording detailed measurements, the following general instructions should be carefully observed:-

(a) Subject to such subsidiary orders as may be laid down by the Administrative Ministry/Administration concerned, detailed measurements should be recorded only by Executive Engineer, Assistant Executive Engineer or Assistant Engineers, or by the executive subordinates in charge of works to whom measurement books have been supplied for the purpose.

(b) All items of work in a project, irrespective of their cost, shall be measured and recorded by the Officer-in-charge of the work, not lower than the rank of J.E. It is, however, open to the rank of Sub-Divisional Officer to record measurements for any particular item of work himself.

(c) The Officer accepting the tender for any work may stipulate and require the Assistant Executive Engineer/Assistant Engineer to record measurements himself or exercise 100% check on the measurements recorded by his subordinate for any item including those, which owing to their situation, cannot subsequently be check-measured or which have very high unit rates or which in the opinion of the officer, are important.

(d) All measurements should be recorded neatly and directly in a measurement book, at the site of work, and no-where else.

(e) Each set of measurements should commence with entries stating:-

(i) In the case of bills for work done:-

- (a) full name of work as given in estimate/agreement,
- (b) situation of work, (c) name of contractor,
- (d) number and date of his agreement,
- (e) date of written order to commence work,

- (f) date of actual completion of work,
- (g) date of measurement and,
- (h) reference to the previous measurement.

Note: As an exception, the recording of entries (e) and (f) is not required in the case of work done under a piece-work agreement.

- (ii) In the case of bills for supply of materials required for specific works:-
 - (a) name of supplier, (b) number and date of his agreement or order (c) purpose of supply in either of the following forms applicable to the cases:-
 - (i) "Purchases" for direct issue to (here enter full name of work as given in estimate) or
 - (ii) "Purchases" for (here enter full name of work as given in estimate)....(d) date of written order to commence supplies (e) date of actual completion of supplies and (f) date of measurement, and should end with the dated initials of the person making the measurements and with the acceptance of the measurements, by the contractor in terms of relevant clauses of his contract agreement, see also paragraph 10.1.2. A suitable abstract should then be prepared which should collect, in the case of measurements for work done, the total quantities of each distinct item of work relating to each sanctioned estimate.

Note – As an exception, the recording of entries (d) and (e) is not required in the case of supplies made against a piece-work agreement.

(f) In the M.B.'s and bill forms for running accounts bills, the full nomenclature of agreement items need not be reproduced but only the abbreviated nomenclature need be used. The agreement item No. shall, however, be mentioned against the abbreviated nomenclature. In the case of extra and substituted items of work for which no abbreviation/nomenclature is provided in the agreement, the full nomenclature of item shall be reproduced in the M.B.s and bill forms for running account bills by the S.D.O or executive subordinate incharge of the work. A certificate in the M.B. as under will also be recorded.

"Certified that for items where abbreviated nomenclature has been adopted, the work has been executed according to full nomenclature of the corresponding item of agreement."

(g) As all payments for work or supplies required for specific works are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately, and also to work out and enter in the measurement book the figures for the "contents or area" column. If the measurements are taken in connection with a running contract account on which, work has been previously measured, he is further responsible (1) that reference to the last set of measurements is recorded and (2) that if the entire job or contract has been completed, date of completion is duly noted in the prescribed place, vide clause (c) above. If the measurements taken are the first set of measurements, on a running account or the first and final measurements this fact should be suitably noted against

the entries in the measurement book and in the latter case, the actual date of completion noted in the prescribed place.

(h) The pages of the book should be machine numbered. Entries should be recorded continuously, and no blank pages left or page torn out. Any pages left blank inadvertently should be cancelled by diagonal lines, the cancellation being attested and dated.

(i) The entries should be made in ink only. No entry may be erased. If a mistake is made, it should be corrected by crossing out the incorrect words or figures and inserting the corrections, the correction thus made being initialled and dated by the responsible officer. When any measurements are cancelled, the cancellation must be supported by the dated initials of the officer ordering the cancellation or by a reference to his orders initialed by the officer who made the measurements, the reasons for cancellation being also recorded. A reliable record is the object to be aimed at, as it may have to be produced as evidence in a Court of Law.

(j) On completion of the abstract, the Measurement book should be submitted to the Sub-divisional Officer who after carrying out the required test check should enter the word "Check and Bill" with his dated initials. The Sub-divisional Clerk should then check the calculation of quantities in the abstract and the bill, in case of work carried out by contract, and should then place the Measurement Book and the bill before the Sub-divisional Officer who after comparing the two, should sign the bill and the Measurement Book at the end of the abstract.

(k) Any corrections to calculations or rates made in the Sub-divisional, as well as, in Divisional Office should be made in red ink and brought to notice of the Sub-Divisional Officer or the Divisional Officer, as the case may be, and of the person recording the original measurements. In the case of final bill, payment should be deferred until the corrections have been accepted by the person making the measurements. All corrections made by the clerical staff should be in red ink.

(l) Each measurement book should be provided with an index which should be kept up-to-date.

Test Checking of Detailed Measurements

10.2.9 The Sub-divisional Officer must satisfy himself [before passing a bill for payment] before submitting it to the Divisional Officer for payment that the work or supply billed for has actually been carried out/completed in accordance with the claim preferred. He should personally inspect all works of any magnitude before submitting claims of final payments in connection therewith.

In addition to the above, the Sub-divisional Officer is to check measurement of the works in his charge as laid down in departmental manual.

(iii) Standard Measurements

10.2.10 If standard measurement books of buildings are maintained in order to facilitate the preparation of estimates for periodical repairs they may be utilized for the purpose of preparing contractors' bills for such repairs, subject to such subsidiary instructions as may have been laid down by the Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts** for the efficient maintenance of the books, so that it may not be necessary to take detailed measurements on each occasion. Interalia the following precautions are necessary:-

- (i) The measurement books used as standard books should be numbered in an alphabetical series, so that the numbers may be readily distinguished from those assigned to the ordinary books wherein detailed measurements are recorded whenever work is actually done.
- (ii) The entries of measurements (and abstracts thereof) in the standard measurement books should be recorded legibly in ink, and certified as correct by a responsible officer.

The Standard Measurement Books should either be written by the S.D.O. himself or the executive subordinate incharge under his orders. Each set of measurements taken by the executive subordinate incharge should, however, be fully checked by the S.D.O. after which it should be examined by the Divisional Officer and declared in writing in the book itself as finally approved by him for the purposes of preparing annual repair estimates and contractors' bills for the work done. Until this is done, the book will not be assigned a number and will not be entered in the Register of Standard Measurement Books.

The Standard Measurement Books will be brought up-to-date under the supervision of Sub-Divisional Officer with reference to the building or work concerned within one month of closing of the accounts of the estimate therefor. All such corrections will be attested by the S.D.O. These should be maintained very carefully and accurately as they may have to be produced as evidence in a Court of Law.

(iii)The Divisional Officer should periodically certify that all the standard books of the division have been inspected by him, that entries therein have not been tampered with and that all corrections due to additions and alterations in the buildings have been made in the books and the latter are reliable and upto date records.

(iv) When a payment is based on standard measurements, the gazetted officer or subordinate preparing the bill for payment should be required to certify that the whole of the work, (or work since previous running bill, as the case may be) as per standard measurements has been done and that it has not previously been billed for in any shape.

(iv) Review of Measurements

10.2.11 The entries recorded in each completed measurement books may be subjected to a percentage check by the Divisional Accountant under the supervision of the Divisional Officer. Detailed rules on this subject may be laid down by the Administrative Ministry/Administration concerned who will also prescribe the procedure for a system of test check of recorded measurements by the superior officers of the department.

- (b) Bills and Vouchers
- (i) Forms of Bills and Vouchers

10.2.12 **The following are** authorized forms of bills and vouchers :-

- (a) First and final Bill, Form **CPWA 24**
- (b) Running Account Bill Form **CPWA 26**
- (c) Hand Receipt, Form **CPWA 28**

The use of the forms is explained in the following paragraphs and a few explanatory foot-notes are printed on the Forms.

10.2.13 First and Final Bill, Form **CPWA 24**:- This Form should be used for making payments both to contractors for work and to suppliers, when a single payment is made for a job or contract, i.e., on its completion.

10.2.14 Running Account Bill, Form **CPWA 26**:- This Form is used for all running payments to contractors and suppliers (other than those relating to lump sum contracts for which Forms **CPWA 27-A** and **27-B** are prescribed), including cases where advance payments are proposed to be made or are already outstanding in respect of the same work against the contractor. The final payment of running work shall also be made in Form **CPWA 26** printed on yellow pages. In cases, where secured advances are to be made or are already outstanding in respect of the same work against the contractor, Account of Secured Advances, Form **CPWA 26-A** should be attached to the bill.

10.2.15 Hand Receipt, Form **CPWA 28**:-This is a simple form of voucher intended to be used for all miscellaneous payments and advances, for which the special Forms **CPWA 24** and **26** are not suitable. The claim for refund of lapsed deposit should, however, be preferred in Form **G.A.R.46**

(ii) Preparation, Examination & Payment of Bills.

10.2.16 Before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work of supplies should be scrutinized and check measured by the Sub-divisional Officer as contained in Para 10.2.9 and the calculations of "Contents or area" should be checked arithmetically under his supervision. The bill should then be prepared from the entries in the Measurement Book, in one of the

Forms prescribed in Paragraph 10.2.12, **as may be applicable** . The rates allowed should be entered in the Abstract of measurements and in the bill. Full rates as per agreement catalogue, indent or other order should be allowed only if the quality of work done or supplies made is up to the stipulated specification. When the work or supplies fall short of that, **specification**, standard, and under the agreement it is permissible to make a final payment if the contract is to run on, only, such a fraction of the full rate to be determined with regard to the work remaining to be done and the general terms of the agreement.

Note 1:-If the contract agreement does not specify the rates to be paid for the several classes of work or supply, but merely states that the estimated rates or a certain percentage below or above them, will be allowed, it should be seen that the standard rates adopted are those of the sanctioned estimate which was in force at the time the agreement was executed, or if the agreement was preceded by a tender, on the date the tender was signed by the contractor. Subsequent sanctions to original or revised estimate have no effect on the terms of such an agreement. If no sanctioned estimate is in existence at the time of signing the agreement or the tender, as the case may be, the rates payable for each item of work should be, specified, as any reference to an estimate not yet sanctioned is meaningless and cannot be acted upon.

Note 2:- As a general rule, payment for supplies is not permissible until the stores have been received and surveyed. If in any case, the Administrative Ministry/Administration concerned has permitted payment on production of a Railway Receipt, the payment will be treated as an advance against final settlement on receipt of the stores. The advance payments against production of Railway Receipts or to make advance payment to firms for supply of stores, should be debited to the Suspense Account "Contractors-other Transactions/Advance Payments" in the Schedule Docket of stock or Work concerned, which should be cleared by minus debit when the material is actually received.

10.2.17 Before signing and submission of the bill to Divisional Officer for check and payment, the Sub-divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that calculations have been checked arithmetically. When the bill is on a running account, it should be compared with the previous bill. Memorandum of Payments should then be made up, any recoveries which should be made on account of the work or supply on other accounts being shown therein.

Note 1:Subject to such special orders as may be issued by Government in this behalf, whenever fractions of a rupee occur in the totals of contractor's bills, or in the case of supplies or works chargeable to each estimate, fractions less than half a rupee may be disregarded, and half a rupee and over taken as a rupee.

Note 2: If the contract is for the completed items of work and, under the provisions of paragraph 10.3.2, the contractor is required to obtain materials of any description from Government, it should be seen that this condition is being complied with and that necessary recoveries of the cost of the materials, supplied to him, are being made in

accordance with the paragraph 10.3.7. In such a case it is not permissible for the contractor to obtain the materials otherwise. Also refer note under 10.3.3(a)

Note 3: Before signing a first and final bill or the first bill on a running account the sub-divisional officer should see that the relevant measurement entries were marked as pertaining to such bills by the person taking the measurements, vide paragraph 10.2.8.

Note 4: Bills which include charges on account of purchase of goods on which Sales Tax has also been charged should be supported by the following certificate signed by the Divisional Officer.

“Certified that in the case of items relating to the purchases of goods on which Sales Tax/Value Added Tax has been charged, the goods have not been exempted under the Central/Sales Tax and value added tax Act or the rules made thereunder and that the amounts paid on account of Sales Tax/Value Added Tax on these goods are correct under the provisions of that Act or the rules made thereunder and that in the case of supplies against regular contracts the relevant contract includes a specific provision to the effect that Sales Tax/ Value Added tax payable by Government”.

With the introduction of Value Added Tax (VAT), the same should be taken care of in the said certificate.

Note 5: Under section 194-C of the Income Tax Act, 1961 introduced by Finance Act, 1972, deduction of Income Tax is required to be made at source by disbursing officers from payments made to contractors in certain cases.

Note 6 : All Payments to contractors should henceforth be made through “e-payment” for which contractor will furnish particulars of his Bank Account, name of the Branch and Bank with complete address in the Tender documents which should provide a column to this effect.

Before signing the first and final bill/the Running Account bill/or the final bill in the case of Running Account Bill, the Sub-divisional Officer/Divisional Officer should see that:-

- (i) the statutory deductions on account of Income Tax, wherever due, has been made from the bills of the Contractors; and,
- (ii) the same is specifically shown in the Memorandum of payments thereof under the item. “By recovery of amounts creditable to other works or heads of account”.

10.2.18 From the measurement book all quantities should be clearly traceable into the documents on which payments are made. When a bill is prepared for the work or supplies measured, every page containing the detailed measurements must be invariably scored out by a diagonal red ink line, and when the payment is made an endorsement must be made in red ink, on the abstract of measurements, giving a reference to the number and date of the voucher of payment.

Note 1: The document on which payment is made should invariably show, in the space provided for the purpose, the number and page of the measurement book in which the detailed measurements are recorded and the date on which the measurement was made

Note 2: The debits or claims on account of stores acquired for specific works are verified as follows:-

In the indenting sub-division, the receipt of the materials should be recorded in the Measurement Book after comparing the quantity with the indent received back from the supplying Division and a certificate to that effect recorded on the indent. Simultaneously the entry regarding the actual quantity of materials received will be made in the Register of Indents against the quantity indented. This indent will then be valued with reference to the priced Vocabulary of Stores and sent to the Divisional Office with the Omnibus Transfer Entry Order. When the Omnibus Transfer Entry Order is prepared and sent to Division, the corresponding entries in the Measurement Book should be scored out, giving a reference to the Omnibus Transfer Entry Order. **When the claim is received in the indenting Division, the indent attached thereto should be verified with reference to the indent received from the sub-division along with the Omnibus Transfer Entry Order.**

10.2.19(a) Payments for work done or supplies made on a running account should ordinarily be made monthly, in terms of the relevant clauses of the Contract Agreement. Both the “quantities” and “amount” of each distinct item of work or supply should be shown separately in the bill except in the case of advance payments when quantities need not be specified.

(b) Such payments should be treated as payments on account, subject to adjustment in the final bill which should be drawn, in the appropriate Form (**FORM CPWA 27-B**) but printed on yellow paper, when work or supply is completed or the running account is to be closed for other reasons. When a final payment is made on a running account, the payee, if he is able to write, should add in his own hand writing that the payment is “in full and final settlement of all demands”. If the payee is illiterate, or is unable to write beyond signing his name, these words should be filled in by the officer making the payment.

Note 1: The addition of the words “in full and final settlement of all demands” does not preclude the disbursing officer from entertaining a further, bonafide claim which may have been omitted from the final bill **Form CPWA 27-B** by mistake or through inadvertence. If, despite this explanation, the contractor objects to the addition of the words in question, the payment should be rendered unconditionally, (vide Section 38 of the Indian Contract Act, 1972).

Note 2: A Form printed on yellow paper is never to be used except for final payments.

(c) A separate running account is maintained in respect of each contract. Transactions relating to two or more separate working estimates should not be brought on to the same running account, they should, therefore, not be covered by a single contract. Transaction relating to two or more separate parts of the working

estimate for which separate Works Abstracts are prepared under paragraph 10.5.5 should appear in separate running account.

Note – In exceptional cases where more than one working estimate is covered by a single contract, the contract agreement need not be split up but the estimates should be consolidated to facilitate the maintenance of proper accounts in respect of that contract. If this procedure cannot be observed, some special accounts procedure will be devised on the merits of each case by the **Chief Controller of Accounts**. No consolidation of estimates or special accounts procedure is necessary where separate estimates covered by the single contract relate to different accounts head or where separate estimates, whether relating to different account heads or not are covered by a single running rate contract as in the case of the painting of roads etc and where separate agreements are drawn on the basis of such rate contracts with other details varied to suit the requirement of each job.

10.2.20 When secured advances are allowed by the Divisional Officer under paragraph 10.2.22(a) to a contractor whose contract is for finished work, it should be seen that an Indenture in Form **CPWA 31** has been signed by the contractor, and a detailed account of the advances must be kept in Form **CPWA 26-A**, the Account of Secured Advances, which should be attached to the Running Account Bill. There should be separate entries, in respect of each class of materials, of the quantities brought to site by the contractor and the amounts advanced under the orders of the Divisional Officer. These advances must be recovered by deduction from the contractor's bills for work done as the materials are used in construction and the items of work in which they are used are billed for on the basis of actual measurements. Part I of the bill and Form **CPWA 26-A** should be compared to see that this order is being complied with. As recoveries are made, the outstanding amounts of the items concerned in Form **CPWA 26-A** should be reduced by making deduction entries in the column, "Deduct-Quantity utilized in work measured since previous bill".equivalent to the quantities of the materials used by the contractor on items of work shown as executed in Part I of the bill.

Note: No record should be kept in Measurement Books of the quantities of the materials, but certificate printed on Form **CPWA 26-A** should be signed by the sub-divisional or Divisional Officer in terms of paragraph 10.2.22(a).

(c) Aid to Contractors

10.2.21 It is necessary sometimes, in the interest of work, to engage labourers or contractors or to incur other liabilities on behalf of the contractor concerned, with a view to complete the work which he has neglected or failed to complete. In such a case it is permissible to spend Government funds on behalf of the contractor in accordance with the terms of his agreement. Otherwise, no advance or recoverable payment should be made to or on behalf of a contractor nor should financial aid be given to him in any form, except in accordance with paragraphs 10.2.22 and 10.2.23.

Note 1:For rules relating to the issue of materials to contractors, see paragraph 10.3.2 and 10.3.3.

Note 2: With a view to avoid subsequent disputes with the contractor, suitable intimation should be sent to him (1) as soon as action is taken under this paragraph and (2) subsequently, as charges are incurred on his account.

(d) Advance to Contractors

10.2.22 Advances to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Exceptions are, however, permitted in the following cases:-

(a) Cases in which a contractor, whose contract is for finished work, requires an advance on the security of materials brought to site. Divisional Officers may, in such cases, sanction advances upto an amount not exceeding 75 per cent of the value (as assessed by the Engineer-in-charge or an amount not exceeding 75% of the material element cost in the tendered rate of the finished item of work whichever is lower) provided that they are of an imperishable nature and that a formal agreement is drawn up with the contractor under which Government secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the materials, and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on the certificate of an officer not below the rank of Sub-Divisional Officer, that the quantities of materials upon which the advances are made have actually been brought to site, that the contractor has not previously received any advance on that security and that all the materials are required by the contractor for use on items of work for which rate for finished work have been agreed upon. The officer granting such a certificate will be held personally responsible for any over-payment which may occur in consequence. Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be made from his bills for work done as the materials are used, the necessary deductions being made whenever the item of work in which they are used are billed for.

(b) In all other cases, only with the sanction of Government which may, in exceptional circumstances and in respect of certain specialized and capital intensive works costing not less than Rupees **two crore** authorize such advances **not more than 10% of the tendered value** as may be deemed indispensable, taking the necessary precautions for securing Government **interest** against loss and for preventing the system from becoming general or continuing longer than is absolutely essential. **Such advances termed as Mobilisation advance shall bear simple interest at the rate of 10% per annum to be calculated from the date of payment to the date of recovery (both days inclusive) on the outstanding amount of advance. See clause 10B (ii) & (iv) of General Conditions of Contract for CPWD. Mobilisation advance should be classified to the respective work. Recovery of interest shall be classified under the Major/Sub-Major/Minor Heads of Accounts “0049-Interest Receipt-03-Other Interest Receipt of Central Govt.-800-Other Receipts”**

Note : The Divisional Officer has full powers to make advance payments to electric supply undertakings under the Indian Electricity Act, 1910 for execution of works.

10.2.23 An advance payment [referred to in para 2.1.1(3)] for work actually executed may be made with the previous sanction of the S.E. concerned such sanction should invariably be obtained and on the certificate of a responsible officer (not below the rank of Sub-divisional Officer) to the effect that not less than quantity of work paid for has actually been done, and the officer granting such certificate will be held personally responsible for any over payment which may occur on the work in consequence. Final payments may, however, in no case be made without detailed measurements.

Note: In the case of Civil Works pertaining to buildings, advance payments should be made at predetermined levels, which may be indicated in the sanctioned estimates. Normally, measurements of such items of works for which advance payments have been allowed, may be taken in alternate months, but if it is administratively necessary, payments may be made both for measured work as well as advance payments in the same month. Detailed instructions on the subject may be laid down by Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts**.

When an advance payment has been authorized by the competent authority, it should be followed by detailed measurement within two months at the most with a view to the advance being adjusted within three months from the date on which it was made, subject to the extension of this period by Director General (Works)/Chief Engineer, in exceptional case, for reasons to be recorded in writing:-

- (i) to four months in respect of advances upto Rs.50,000
- (ii) to six months in respect of advances exceeding Rs.50,000 but not exceeding Rs. One lakh.

Any extension of the period of adjustment beyond the above limits and beyond three months in the case of an advance exceeding Rs.One lakh will require the previous sanction of the Government of India.

The grant of a second advance before the first one has been recovered should not be permitted except in very exceptional circumstances. Where such circumstances exist and it becomes necessary to grant more than one advance in succession, the limits imposed above should be held to refer to the aggregate of the advances outstanding against a particular work at any time and sanctioned to the extension of the period of their adjustment should be regulated accordingly.

Divisional Officers should submit a monthly statement, in the prescribed form for the information of the Superintending Engineer concerned giving details of advances made to contractors for work done but not measured so that clearance may be watched.

IV. Payment to Work-Charged Establishment

(a) Conditions of Employment`

10.2.24 Rules for the entertainment of work-charged establishment are laid down in paragraphs 10 to 11 of the Central Public Works Department Code. Subject to such general or special orders as may be issued by Government, previous sanction of the Divisional Officer or the Superintending Engineer, as the case may be, is necessary which should specify in respect of each appointment (1) the scale of pay (2) the period of sanction and (3) the full name (as given in the estimate) of the work and the nature of the duties on which the man engaged would be employed.

10.2.25 Rules for the grant of leave, gratuity, pension, travelling and other allowances etc., to members of work-charged establishment are contained in the manuals of the department concerned. The leave salaries, travelling and other allowances of members of the temporary establishment whose pay is charged to works under paragraph 10 of Central Public Works Department Code are regulated by the rules applicable to temporary establishments. **The Pay and Allowances of work charged Establishment borne on regular establishment will be charged under the functional Budgeted Salary Head of Account.**

(b) Pay Bills

10.2.26 Wages of members of the work-charged establishment should be drawn and paid on Form CPWA 29, "Pay Bill of Work-Charged Establishment" which is combined pay bill and acquittance roll form. A consolidated bill in this Form should be prepared monthly either for the whole sub-division or for one or more sections of it, as may be convenient, but the names and claims of the entire establishment concerned including absentees, should be shown in each bill. Names should be grouped in the bill by works on which they are employed, sanction to the entertainment of the establishment should be quoted in each case, and the Sub-Divisional Officer should certify in the space provided for the purpose, that the men were on duty during the periods shown against their names, each man being employed on the work and on the duties for which his appointment was sanctioned.

Note: If the acknowledgement of an individual cannot conveniently be obtained on the bill itself, it may be obtained separately on a Hand Receipt, Form CPWA 28, which should then be attached to the bill as a sub voucher.

10.2.27 Pay bills may be signed at any time not earlier than five (5) days before the last working day of the calendar month for which such pay and allowances are earned and shall be due for payment on the last working day of that month. When, however, the services of an individual are dispensed with, it is permissible to settle his account at once.

In the case of work-charged staff attached to Sub-Divisions located away from the Head quarters of the Divisional Office, monthly pay bills may be signed not earlier than the 15th of the month to which the pay and allowances relate. The same will be prechecked by the Divisional Accountant and passed by the Divisional Officer of the Division concerned well in time so as to arrange payment on the last working day of that month.

Adjustments, if any, between the pay and allowances actually admissible for each month and those already drawn should be positively made at the time of actual disbursement or in the next month.

(c) Unpaid Wages

10.2.28 Wages remaining unpaid on a passed bill, on the date fixed for the closing of the accounts of the month, may be paid subsequently when claimed, the procedure described below being observed:-

- (a) Items remaining unpaid on the monthly bill should be entered in a simple register, full particulars of the charge, including reference to the bill, being noted in the Register. Form **CPWA 21-A** suitably modified, if necessary, may be used for this purpose.
- (b) Subsequent payments should be made on Hand Receipts, Form **CPWA 28**, reference to the bill in which the charge was originally included, and to the particular item thereof, being quoted in each case.
- (c) When making payments of arrears suitable notes of payment should be so recorded against the original entries in the Register, as to guard against second payment.

(d) Travelling Expenses

10.2.29 No bills need be prepared in support of claims for traveling expenses. Payments should be made on Hand Receipts, Form **CPWA 28** which should set forth all the necessary particulars of the journey performed and of the expenses claimed and should be countersigned by the Divisional Officer prior to payment.

Note: In respect of those members of the work-charged establishment whose traveling allowance is determined with reference to the provisions in Supplementary Rules, TA Bills in Form GAR 14A should be prepared.

(e) Classification of Charges

10.2.30 Every payment made to a member of the work-charged establishment **whether on account of his wages or in recoupment of actual traveling expenses should be debited to the work on which he is employed. However in respect of**

Work Charged Establishment borne on regular establishment, such charges shall be debited to the functional Budgeted salary Head of Account.

10.3 ISSUE OF MATERIALS

I. General

10.3.1 Issues of materials to works, whether from stock or by purchase transfer or manufacture are divided into two classes:-

(1) Issue to Contractors:- Issues of materials to contractors with whom agreements in respect of completed items of works i.e., for both labour and materials have been entered into.

(2) Issue Direct to Works:- Issue of materials when work is done departmentally or by contractors whose agreements are for labour only.

II. TO CONTRACTORS

(a) General Conditions

10.3.2(a) The issue of material to contractors who have contracted for completed items of work, is generally permissible only in the following circumstances:-

(i) When, under the operation of paragraph 95(d)6 of the Central Public Works Department Code it is necessary to retain in the hands of Government the supply of imported materials.

(ii) When, in the interest of work, or with the object of utilizing existing stocks of materials, it is desirable to retain in the hands of Government the supply of certain other materials as well, and a condition to this effect has been inserted in the contract.

(iii) When, in the interest of work, or with the object of utilizing existing stocks of materials, it is desirable to retain in the hands of Government the supply of certain other materials as well, and a condition to this effect has been inserted in the contract.

(b) In both cases the contract should specify

(1) the materials to be supplied by Government for use of the work (2) the place or places of delivery and (3) the rates to be charged to the contractor for each description of material; and the contractor should be held responsible for obtaining from Government all such materials required for the work and for making payment therefore, by deduction from his bills at the rates specified regardless of fluctuation in the market rates or in the stock rates of the division.

Note 1: The rates to be charged to the contractor for materials to be supplied should be definitely specified (vague quotations, e.g., "at stock rates" being avoided);

and if intending contractors had been told that the materials would be supplied at a certain rate and asked to tender on that assumption, then that rate should be adhered to in the contract.

Note 2 – Similarly, the rates to be allowed to the contractor for item of work should be definitely stated. But, if for any specific reasons, the contract provides for the payments for work done to be made at a specified percentage below or above the rates entered in the sanctioned estimate of work (or the Schedule of Rates), it should be stated in clear terms in the contract that the deductions or additions, as the case may be, of the percentage, will be calculated on the gross (and not the net), amounts of the bills for work done, and in fixing the percentage it should be borne in mind that the calculations will be so made.

(c) No carriage or incidental charges are borne by Government for moving the materials beyond the place where the contractor has agreed to take delivery thereof.

10.3.3(a) If at any time subsequent to the execution of a contract on a through rate basis, the contractor desires the issue to him, for use on a work of materials which exist in Government stock, but the supply whereof by Government was not provided for in the contract, the material should not be issued except with the express authority of the Superintending Engineer who should specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. When submitting such a case to the Superintending Engineer the Divisional Officer should elucidate the circumstances which gave rise to this contingency and should also add his recommendations in respect of the recovery rates for such materials. The rate charged for the materials should be as provided in the analysis of rate for the item of work on which it would be used plus or minus the percentage above or below the Schedule rate allowed to the Contractor or market rate or stock issue rate plus storage charges whichever is higher. No carriage or incidental charges should be borne by Government in connection with the supply.

In case of non-scheduled rate item, while working out the Analysis of Rate, it shall be ensured that where any of the constituents of the Analysis of Rate are borne on the DGS&D. Rate contract, that the rate should be adopted for working out the Analysis of Rate or alternatively the current market rate at that specific period should be ascertained and adopted.

Where the finished item in which the materials to be used is available in the agreement, while adopting the three rate formula, the rate as per analysis should be taken as basic rate adopted in the analysis of rate plus 10% contractor's profit multiplied by the percentage, the rate quoted for that particular item bears to the estimated rate of the item. In case the same material is to be used in more than one finished item this percentage should be worked out on an average basis taking into account the tender rates and estimated rates for these items.

Where the finished item in which the material is to be used is not available in the agreement or where it's rate is delivered according to clause 12-A of the agreement, the element of rate for the material taken in the analysis of rate of the item should be considered while applying the three rate formula.

The recovery rate to be fixed under Analysed Rate of the three rate formula for non-stipulated items should be the rate taken in the analysis of items plus 7.1/2% (Profits only) plus percentage enhancement of the particular item. This is subject to the provision that if the same material is used for more than one contract item, rate of recovery for the given material would be based on weighted average.

Note (a)_ The intention of this rule is to prohibit the supply of materials to contractors with the object of giving them financial aid, the grant of which is governed by the rules in paragraphs 10.2.21 et.seq.

(b) If in any case the materials, the supply of which is stipulated in the contract do not become available in time for supply to the contractor, then the supply must be arranged by the Divisional Officers by purchasing the materials from other sources and then supplied to the contractor at the stipulated rates as required under Note 1 below para 10.3.2(b) read with Note 2 under 10.2.17 of the Code *ibid*.

(c) Issue of Stock materials to contractors for bonafide use on works are exempt from the usual charge of 10 per cent on account of supervision and contingencies, which is made when stock materials are sold to the Public (Paragraph 150 of the Central Public Works Department Code)

(d) Scarce materials like Cement and Steel are mostly stipulated, in all the contracts, for issue for the exclusive use and consumption on the work for which they are issued. In order to avoid pilferage and misuse of such stores if issued in bulk, the issue should be regulated and restricted to the actual requirement. See Para 10.3.4 also.

It is also incumbent on the part of the Divisional officer to check the comparison of the consumption of scarce materials like steel and cement with the theoretical calculations at various intermediate stages to avoid pilferage and misuse, in accordance with the relevant clauses of the agreement. Each diameter of steel bar issued should be treated as an individual item while comparing the actual consumption with theoretical calculation.

(b) Accounting Procedure

10.3.4 All materials required for issue to a contractor, under any of the provisions of paragraphs 10.3.2 and 10.3.3 should be made over to him on a **regulated scale and restricted to actual, immediate requirement whether from stock or by purchase, manufacture or transfer**, and an unstamped but dated acknowledgement, detailing full particulars of the materials including the rates and values chargeable to him, should at once be taken from the contractor. The issue of materials should

simultaneously be entered in the Account of Materials issued to contractors, Form CPWA 35-A. See paragraph 10.3.8 and also 10.3.3.(c)

10.3.5 When the materials are obtained by purchases, full details of the articles received should at once be entered in a Measurement Book, Form CPWA 23, in the manner prescribed in Paragraph 10.2.8(e). See also paragraph 7.2.4 and 7.2.5.

10.3.6 On the authority of the contractor's acknowledgement, the cost recoverable from him under paragraph 10.3.2 or 10.3.3 as the case may be, should be debited at once to his personal account by charge to the suspense head "Contractors – Other Transactions" in the account of the work concerned.

This adjustment should be affected by affording credit to the head concerned, as indicated below

Source or receipt of material	Head of Account to be credited	Value to be credited
1	2	3
1. Stock (including manufacture)	Stock	At Issue rates
2. Transfer from another work (i) When issued direct to work. (ii) When issued to contractor	Work concerned Contractors other Transactions of the work concerned	At a valuation made under para 10.3.13 (c) Issue rates as per Agreement of the work concerned
3. (a) Transfer from one Division to another Division	Transfer would be on the basis of Sub-head "Stores Advance" under the Budgeted Minor Head "799 – Suspense" below the functional Major/Sub-Major Heads of Account or under Sub-head "Work Advance" under Work concerned	At rates charged by the concerned Supplying Division
4. Supplier	Major Head "8658 – Suspense Accounts Minor Head" 129 – Material Purchase Settlement Account Suspense" if the Payment has not been made in the same month in which the stores have been	At rates payable to Suppliers under their contracts
5. Obtained from abroad	-do-	The cost determined vide Rule in Appendix 6

6. Indian Charges(5)	Head concerned	Actual charges incurred vide Rule 4 and 5 in Appendix 6
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If the amount thus credited differs from the charge made to the contractor's account, the excess of the former over the latter should be treated as additional final outlay (plus or minus, as the case may be) on the work.

10.3.7 The recovery from a contractor on account of the cost of material issued to him for use on a work should ordinarily be made by deduction from the first bill authorizing an advance payment or an on account payment to him for the work. Should, however, a lumpsum recovery be undesirable in any case, the Divisional Officer may permit, the recovery to be effected gradually as the materials issued to the contractor are actually used in construction and the items of work in which they are used are paid for whether by an advance payment or by an on account payment.

10.3.8 As the issue of materials to contractors under the foregoing rules is permissible solely for the bonafide requirements of Government works, Sub-divisional Officers should maintain a numerical account in Form **CPWA 35-A Account of Material issued to contractor**, so as to ensure that the aggregate of the quantities of any or all materials issued to a contractor, from time to time, for use on a work remains within the estimated requirements of his contract, vide paragraph 10.3.4. The precaution is particularly necessary when the rates at which any materials are issued under paragraph 10.3.2 are lower than the prevailing market rates or the latter are expected to rise appreciably.

(c) Return of Surplus Materials

10.3.9 Stores supplied by Government – If the specification or schedule of items provides for the use of any special description of materials to be supplied from Engineer-in-charge's stores, or if it is required that the contractor shall use certain stores to be provided by the Engineer-in-charge as shown in the schedule of materials annexed to the Contract Agreement, the contractor shall be bound to procure and shall be supplied such materials and stores as are from time to time required to be used by him for the purpose of the contract only, and the value of the full quantity of the materials and stores so supplied at the rates specified in the said schedule of materials may be set off or deducted from any sums then due, or thereafter to become due to the contractor under the contract, or otherwise or against or from the security deposit or the proceeds of sale thereof if the same is held in Government securities, the same or sufficient portion thereof being in this case sold for the purpose. Notwithstanding anything to the contrary contained in any of the clause of the contract and or in this Code all stores/materials so supplied to the contractor or procured with the assistance of the Government shall remain the absolute property of Government and the contractor shall be trustee of the stores/materials so supplied procured and the said stores/materials shall not be removed/disposed of from the site of the work on any account and shall be, at all times, open to inspection by the Engineer-in-charge. Any

such Stores/materials remaining unused shall be returned to Engineer-in-charge at a place directed by him if by a notice decided not to take back the stores/materials the contractor shall have no claim for compensation on any account of such stores/material so supplied to him as aforesaid and not used by him or for any wastage in or damage to in such store/materials.

On being required to return the stores/materials, the contractor shall hand over the stores/materials on being paid or credited such price as the Engineer-in-charge shall determine, having due regard to the condition of the stores/materials. The price allowed to the contractors, however, shall not exceed the amount charged to him, excluding the storage charges, if any, less deduction on account of any deterioration or damage of material while in custody of the contractor to be decided by the Engineer-in-charge whose decision will be final and conclusive. In the event of breach of the aforesaid condition, the contractor shall, in addition to throwing himself open to account for contravention of the terms of licences or permit and/or for criminal breach of trust, be liable to Government for all advantages or profits resulting or which in the usual course would have resulted to him by reasons of such breach. Provided that the contractor shall in no case be entitled to any compensation or damages on account of any delay in supply or non-supply thereof at all or any such materials and stores. Provided further that the contractor shall be bound to execute the entire work if the materials are supplied by the Government within the schedule time for completion of the work plus 50 per cent thereof (Scheduled time plus 6 months if the time of completion of the work exceeds 12 months) but if a part only of the materials has been supplied within the aforesaid period then the contractor shall be bound to do so much of the work as may be possible with the material and stores supplied in the aforesaid period.

“For the completion of the rest of the work, the contractor shall be entitled to such extension of time as may be determined by the Engineer-in-charge whose decision in this regard shall be final.”

Surplus materials which were originally procured by the contractors for themselves can also be taken over by the Government, if required for use on other work in progress, only on special arrangements and at the prevailing market rates (i.e., rates at which the article or articles of similar description can be procured at a given time at the stores godown, from the public market suitable to Division for obtaining a supply thereof.)

(d) Tools and Plant lent for use

10.3.10 The rules in paragraph 10.3.2 to 10.3.9 do not apply to tools and plant. Articles borne on the Tools and Plant account of the division may, in accordance with any local rules on the subject, be lent temporarily to contractor for use on Government works being executed or maintained by them. The hire charges of such Tools and Plants count from the date these are taken out from Departmental

workshop or specific place till the date of their return. See also paragraphs 7.3.3 and 7.3.7.

“III DIRECT TO WORKS”

A. Original Works

(a) Detailed accounts of materials issued

10.3.11 (a) In all cases, materials issued direct to a work should, as soon as received, be brought to account as indicated below:-

Source of receipt of materials	Head of Account to be credited	Value to be credited	Mode of effecting adjustment of cost.
1	2	3	4
1. Stock (including manufacture)	Stock	At issue rate	Through stock accounts at the end of the month
2. Transfer from another work i) When issued direct to work ii) When issued to contractor	Work concerned Contractors-other transactions of the work concerned	At a valuation made under para 10.3.13(c) Issued rate as per Agreement of the concerned work.	By a special transfer entry in Form 53 prepared as soon as the materials are received
3(a) Transfer from one Division to another Division	Transfer would be on the basis of Sub-head “Stores Advance” under the Budgeted Minor Head “799 – Suspense” below the functional Major/Sub-Major Heads of Account “under Sub-head Work Advance under Work concerned”	At rates charged by the concerned Supplying Division	-do-
4. Supplier	Major Head “8658 – Suspense Accounts” Minor Head”129 – Material Purchase Settlement Suspense	At rates payable to the supplier under their contracts	As against No.2 above

	Accounts” in case the Payment has not been made in the month of the receipt of Stores		
5. Obtained from Abroad	-do-	The cost determined vide Rule 1 in Appendix 6	-do-
6. Indian charges	Head concerned	Actual charges incurred vide Rules 4 and 5 in Appendix 6	Through Cash Account or Transfer Entry as the case may be

The full value credited to head concerned should be debited to the work (paragraph 10.3.12) and the quantities entered in the Register of Materials-at-site Account Form **CPWA 35**.

(b) In the case of materials received direct from suppliers, full details of the articles received should at the same time be entered in a measurement book, Form **CPWA 23**, with the full name of the work as entered in the estimate, vide paragraph 10.2.8(e).

10.3.12 (a) when materials are issued direct to a work either for work to be done departmentally or through contractor on labour rates, their cost is “debited to the Suspense head “Materials” in the account of work.

(b) A detailed account of item of materials showing the receipts, issues and balances, should be kept in Form **CPWA 35**, so that the total issues of each items may be watched with reference to the estimated requirements.

(b) Disposal of Surplus Material

10.3.13(a) Materials issued to works in excess of requirements may be transferred to stock, provided that they are serviceable and certain to be required.

(b) All surplus materials at site of works, which have been completed or stopped or on which outlay has been prohibited for any considerable length of time, should be transferred to other works in progress or brought on to the stock Account, **Form CPWA 73** their value being credited to the work to which they were originally issued and debited to the work to which they are transferred or to the stock Account, **Form CPWA 73**, as the case may be.

(c) Materials returned to stores or transferred to other works should be priced within current market rates, any resultant loss being borne by the work to which they were

originally issued, and the disposal of materials being shown in the materials-at-site account also.

(d) The loss by the disposal of surplus materials at less than the book value should be debited to the work for which the stores were originally purchased.

Note – These rules do not apply to surplus materials which were originally procured by contractors for themselves or were issued to them and charged off to their accounts under paragraph 10.3.4. See also Paragraph 10.3.9.

(c) Verification of unused Balances

10.3.14 Unused balances of materials charged direct to works should be verified at least once a year in the manner prescribed in paragraph 154 of the central Public Works Department Code. Whenever this verification is made, a report of verification of the materials should be prepared by the Sub-divisional officer in such form as may be prescribed by the Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts** and submitted to the Divisional Office.

Note – The rules in paragraphs 7.2.34 and 7.2.35 regarding verification of stock apply mutatis mutandis to verification of materials at site of works with the exception that the value of materials found in excess and recoveries of shortages/losses, if any, should be credited to the appropriate sub-head(s) of the work.

10.3.15 A similar verification of the unused balances of materials must invariably be made on the completion of a work, but on or before the completion of a work, when no more materials are required for use in construction, steps should first be taken to dispose of all surplus materials by transfer or sale, so that (1) the accounts of the work may promptly receive such credits as may be admissible under paragraph 10.3.13. (2) the balance at debit of the suspense head “Materials” may, as far as possible, represent the net cost of the materials actually used in construction and (3) the surplus balances awaiting clearance may be reduced to a minimum (vide note below paragraph 10.3.14).

10.3.16 If the gazetted officer or subordinate in direct charge of a work, the accounts of which are kept by sub-heads, is transferred before the accounts of it are closed the unused materials at site of the work should be verified by the relieving officer, in company with the relieved officer, and the report prescribed in paragraph 10.3.14 should be prepared by the Sub-divisional officer and submitted to the Divisional Office.

10.3.17 The physical verification of unused materials under each item with the balance shown in Form **CPWA** 35 should be made annually in respect of all works, the accounts of which were opened on the last day of the **financial year**, but it is not necessary that the balance should be verified at the close of the year, if:-

- (i) the work has been under construction for not more than three months
- (ii) the accounts of the works are expected to be closed within three months or
- (iii) the balances were verified at any time during the year.

10.3.18 After the completion of a work, materials issued by the Department, theoretical calculations of all the items of materials used on the work should be made in the Register showing the clearance of Suspense head "Materials", Form **CPWA 38**, and compared with the quantities issued as per Form **CPWA 35**. On the basis of theoretical calculations, the sub-head "Materials" should be cleared by debiting the cost of materials to the work at the standard issue rates or the market rates (in the case of items not borne on the stock of the Department) prevailing at the time of completion of the work; any plus or minus balance will be borne by the work.

B. Repair Works

10.3.19 For minor repair works done departmentally, a materials-at-site account, **Form CPWA 35** should not ordinarily be kept, as control on the issue of materials can conveniently be exercised in such cases. But, if there is an accumulation of materials for a number of works, an account may be maintained as laid down in 10.3.12(b).

10.4 ADJUSTMENTS

10.4.1 In addition to cash payments and issues of materials, there are other transactions relating to the accounts of works, which are of the nature of adjustments usually recorded in the Transfer Entry Book **in the Form C.A.M-34** of the Divisional Office. The detailed rules governing such transactions are given in Chapter 8.

10.5 WORKS ABSTRACT

I. Introductory

10.5.1 An account of all the transactions relating to a work during a month whether in respect of cash, stock or other charges, should be prepared by the Divisional Officer in respect of estimates in Work Abstract Form **CPWA 33** exhibiting the accounts broadly under categories 1) Final Charges, 2) Suspense Charges and 3) Contingencies. The head "Final Charges" will also include and exhibit separately charges for materials issued to Contractors/Direct to work. The category "Suspense Accounts" will contain the following "Suspense Transactions".

1. Contractors
 - (i) Advance Payments
 - (ii) Secured Advance
 - (iii) Other Transactions
2. Labourers

3. Materials

4. Land Acquisition

The estimate, account and completion certificate of petty works i.e., works costing not more than Rs.5000/- each, should be prepared on a single form, Petty Works Requisition and Account, Form CPWA 32, and separate Works are not necessary.

Note: percentage charges on account of establishment, Tool and Plant, Accounts and Audit and Pensionary Charges levied on works Expenditure, under Rule 4, should not be shown in Works Abstract and Register of Works, Form CPWA 40, though they are eventually included in the cost of works vide Note 2 below Paragraph 22.4.6.

10.5.2 Ordinarily there should be one Works Abstract monthly for each working estimate, but if the estimate is for a large work which is divided into several sub-works, it will usually be found convenient to prepare a Works Abstract separately for each sub-work.

II. CLASSIFICATION AND RECORD OF FINAL CHARGES

(a) Estimates

10.5.3 The Division of an Estimate into sub-heads for the purpose of accounts is guided usually by the classification sanctioned in the abstract of the estimate. If it is intended to purchase or supply materials and to employ labour for construction separately (whether by contract or by departmental agency), the abstract of the estimate should be so framed as to show separately for each distinct item of artificer's work (1) the cost and quantity of "labour" and (2) the cost of materials. But if this is not the case, e.g., when any item of work is to be executed by contract and it is proposed to contract for the completed items of work, the abstract of the estimate may show merely the quantity and cost of each item of work. In all cases miscellaneous charges of a general nature which do not pertain to any sub-head in particular, may be treated as separate sub-heads, being grouped under one or more heads, e.g., "Work-charged Establishment", "Contingencies", etc. See paragraphs 11 and 88 of the Central Public Works Departmental Code.

Note – When a number of sub-heads of an estimate is large, it will be found convenient to assign a number to each sub-head and to prefix this number to the name of the sub-head wherever it is used on vouchers, works abstracts, registers of works or other accounts.

10.5.4 After an Estimate has been sanctioned, it may be decided to make a change in the method originally contemplated for the execution of the work. In such a case the original abstract should be recast in accordance with the instructions laid down in paragraph 10.5.3. The details of cost and quantities already approved by competent authority should be rearranged and the revised abstract should be approved

by the Divisional Officer and thereafter treated as the sanctioned abstract of the estimate for all accounts purposes.

10.5.5 If the number of sub-heads in the working estimate for a work or sub-work is large, it is permissible to break up the estimate into two or more parts, and to treat each part as sub-work for the purposes of accounts; but no part of an estimate can be separated from the rest, if any contract for the execution of work connected with it covers also work connected with the other parts. It is advisable to adopt this course if one or more parts of a work in advance of the others and no useful purpose will be served by keeping open the accounts of the completed parts.

10.5.6 (a) The account of the work in the Works Abstract should ordinarily exhibit:-

- i) "amount" i.e., total charges finally classified under the relevant categories, and
- ii) percentage of the progress of work compared with the amount technically sanctioned and time allowed.
- iii) "rate of cost", i.e., cost per unit on the basis of the recorded "amount" and "progress".

10.5.7 When provision is made in the abstract of estimate separately for "labour" and "materials" and it is decided to execute the work either departmentally or through a contract for labour only, the account of the cost of all materials issued to the work from stock, or by purchase, manufacture or transfer, should be kept under a single head entitled "Materials", the sanctioned amount of which should be taken to be equivalent to the aggregate provision for "Materials" in the estimate. This should be treated as a suspense head and the details of it recorded in Form **CPWA35** (vide paragraph 10.3.12) which should accompany the Works Abstract. The "labour" divisions only will thus appear in the Works Abstract as separate sub-heads of final outlay. During the progress of the work, the expenditure recorded will be exclusive of the cost of materials but on the completion of the work, the gross cost of sanctioned work, inclusive of the cost of materials, should be placed on record by making entries in the Register of Works, in the manner indicated in paragraph 10.3.18.

Note – In order to ensure proper maintenance of Form **CPWA 35**, two alternate registers may be maintained, one being submitted in Original to the Divisional Officer alongwith the Works Abstract for payment and the other used in the next month.

10.5.8 When the sub-heads of a work are divided into "labour" and "materials", the "rate of cost" of the labour charges relating to each sub-head can be watched separately and the necessary control over the expenditure on materials can be exercised through the suspense head "Materials" and the detailed statement in Form **CPWA 35** supporting the entries under that head. It is unnecessary, therefore, for purposes of financial control over the outlay, either to record in the Works Abstract, month by month during the progress of construction, the outlay on the materials

relating to sanctioned estimate or, to strike the inclusive “rate of cost” of the whole sub-head monthly.

10.5.9 The charges classified under a final sub-head should include all ordinary expenses incidental to construction. If any part of a work is pulled down and rebuilt to any serious extent, the extra charge for construction should ordinarily be debited to the sub-head concerned under the terms of his agreement. But if the amount involved be so large as to affect sensibly the cost or rate of the sub-head, it may be debited to the sub-head “Contingencies” instead or, with the sanction of the competent authority, to a new sub-head additional to the original sanctioned sub-heads of the estimate.

10.5.10 In the accounts of Major Estimates, under final charges entitled “Additional charges for Materials issued to Contractors/Direct to Works” should be opened for the record of under-mentioned debits/credits.

i) Difference between the rates charged to the contractors under paragraph 10.3.2 or 10.3.3 as the case may be, and the actual cost to Government, vide paragraph 10.3.6.

ii) Carriage and incidental charges in connection with the materials issued to contractors, if under paragraph 10.8.1 are chargeable to the work.

iii) Balances outstanding under the suspense head “Materials” after transferring the cost of material to the final heads vide paragraph 10.3.18.

10.5.11 If any receipts or recoveries are credited under the rules to the account of a Major Estimate, a special sub-head should be opened in the Works Abstract for the reception of all such credit.

III. SUSPENSE ACCOUNTS

(a) General

10.5.12 In addition to the head “Final Charges”, a few suspense accounts are opened in works Abstracts to record transactions of a temporary character which are either not adjustable as final outlay in the accounts of the works concerned or the correct classification of which cannot be determined immediately. These accounts are:-

(1) “Materials – for the record of the cost of materials issued direct to work, either executed departmentally or through a Contract for labour only.

(2) “Contractors – Advance Payments” – for the record of advance payments and of their recoveries

(3) “Contractors – Secured Advances” – for the record of secured advances and of their recoveries

(4) “Contractors – Other Transactions” – for the record of all other debits or credits to contractors awaiting settlement.

- (5) “Labourers” – for the record of unpaid wages of labourers and of their subsequent payment, not that of “Work-Charged Estimated”, and
 (6) “Land Acquisition” – for the record of Advance payments to the Land Acquisition Officers and of their subsequent adjustments.

(b) Materials Accounts

10.5.13 The Suspense account “Materials” has already been referred to in paragraph 10.5.7. This account should be opened in the Works Abstract of Estimates if materials are issued direct to works.

So far as Works Abstract is concerned, this account is never cleared and should be regarded as a temporary sub-head for the reception of all charges on account of direct issues of materials. The responsibility for clearing the head by transferring the charges to the final charges of work when closing the account of the work in the Register of Works, **Form CPWA 40** rests with the Divisional Office vide paragraph 10.6.6.

(c) Contractors and Labourers Account

10.5.14 Advance payments made to a contractor under the provisions of paragraph 10.2.25 should not be charged of as final outlay on the work. A suspense head, “Contractors – Advance Payments” should be opened in the Works Abstract for the record of advance payments and their subsequent adjustments.

10.5.15 Advances made to contractors and suppliers under paragraph 10.2.24 whether on the security of materials or otherwise as well as all recoverable payments made under proper authority to labourers and others on behalf of contractors, should be treated as advances made on account of the work concerned. They should not be charged to the general suspense head “Miscellaneous Works Advances”, but incorporated in the Works Abstract as suspense transactions. The head “Contractors – Secured Advances” is intended solely for advances made to contractors under paragraph 10.2.24(a) and the head “Contractors – Other Transactions” should be used for all other transaction including the advances made under paragraph 10.2.18.

10.5.16 The head “Contractors – Other Transactions” is intended also for watching the ultimate payment of the unpaid balances of contractors accounts. Similarly, the head “Labourers” is meant for the clearance of the unpaid wages of labourers. If a Running Account Bill or Muster Roll is only partly paid, the total amount due thereon as value of work done or supplies made should be brought to account in the Works Abstract as final charges and the amount remaining unpaid should be shown as a minus entry in the appropriate suspense column – “Contractors – Other Transactions” or “Labourers”.

10.5.17 The Forms of Works Abstract provide a column for each of the suspense accounts enumerated in paragraph 10.5.12. The use of the head “Materials” is explained in paragraph 10.5.7 and the foot-notes printed on the Forms of the Works

Abstract explain the mode of making both original and adjusting entries under the other suspense heads.

10.5.18 If any wages of labourers remain unpaid after the completion of a work, the accounts of the work may be kept open for a period of one month, which may be extended to three months at the discretion of the Divisional Officer. Thereafter, the accounts of the work should be closed, the balance under the suspense head “Labourers” being left unadjusted. This amount should be shown in any completion Report or Statement, **Form CPWA 45** that may be prepared under the Rules in paragraph 106 of the Central Public Works Department Code, by a special remark, as a liability against the work and it should be excluded from the total expenditure on the work, so as to arrive at the amount actually brought to account.

Note – If unpaid wages of labourers are claimed and paid subsequently to the closing of the account of a work, the payment should ordinarily be charged against a fresh estimate under the same head of service as the original work, a suitable Note being recorded by the Divisional Office against the closing entry relating to the original work, in the Register of Works, **Form CPWA 40**. Where, however, it may prove more convenient, the accounts of the work may be reopened at the discretion of the Divisional Officer.

10.5.19 The accounts of a contractor should be closed as soon as his contract is completed. If he does not take final payment for more than one month after the final bill has been passed, a note to this effect should be recorded on the bill, the amount of the work as passed on the bill should be incorporated in the Works Abstract on the authority of the bill and the balance due to him should be removed from the accounts of the work by credit to the **Minor** head “**108-Public Works Deposits**” **below the Major Head “8443-Civil Deposits”** to be dealt with thereafter under the Rules relating thereto. If the final account of a contractor shows that he has already been overpaid or that the account closes with a balance due by him, the account should be settled by a recovery in cash or otherwise, but if an immediate recovery is not practicable, the balance should be removed by debit to the **sub-head “Miscellaneous Works Advances” under the Major Head “799-Suspense” below the functional Major/sub-Major Heads of Account.**

Note – Where the amount of a bill is credited to the head “P.W.Deposits” under the provisions of this para, but the contractor subsequently obtains a decree from a court, the entire expenditure in satisfaction of the decree should be charged on the Consolidated Fund of India in terms of Article 112(3)(f) of the Constitution irrespective of the fact that a part of the amount might already have been voted out of the Consolidated Fund and kept as a Deposit in Public Account. Before making payment in satisfaction of the court decree, the amount standing to the credit of the contractor under P.W.Deposits, should however, be cleared by reversing the initial adjustment. These provisions will not, however, be attracted where a refund of security deposit of revenue is made in satisfaction of a court decree, as such an item

cannot be treated as an item of expenditure within the meaning of Article 112(3)(f) of the Constitution **of India**.

10.5.20 Disbursing Officers are responsible for keeping a strict watch over the balances under the suspense account, “Contractors” and “Labourers”, with a view to prompt adjustment by recovery, settlement of account or detailed measurement, as the case may be. For this purpose the statement headed “Detail of Contractors closing balance” in the Works Abstract and the record of unpaid wages maintained under paragraph 10.2.3(e) should be examined monthly. Subject to the provisions of paragraph 10.5.18 these accounts should be cleared before the accounts of a work can be closed on completion.

(d) Land Acquisition Accounts

10.5.21 Advance payments made by the Divisional Officers to the Land Acquisition Officer under the revised procedure for the adjustment of the land acquisition charges will be debited directly to the suspense account, “Land Acquisition” within the Works Accounts till the possession of land is received or intimation of actual payment to the owners of land is received. This suspense head will be cleared by the Divisional Officers on receipt of the accounts along with the Land Award Statements, vouchers etc. from the Land Acquisition Officers, by debit to the final head “Acquisition of Land” in the accounts of work vide note below para 8.1.12. Any balance of the advance should be refunded by the Land Acquisition Officers along with the accounts. Award statements etc and credited to the suspense head “Land Acquisition”.

If there is any delay in the land acquisition proceedings and final payment of compensation etc., the accounts of work can be closed leaving the amount under suspense account “Land Acquisition” unadjusted as in the case of suspense account “Labourers” in the account of work, and may be reopened in case refund has to be made or some further amount has to be paid.

Adjustments of outstanding amounts, if any, after the closure of the accounts of work should be watched through a separate register.

IV Liabilities Awaiting Incorporation

10.5.22 Liabilities are not incorporated in the accounts of works, except in the following cases:-

- (a) Unpaid balances of partly paid running account bill or must rolls are invariably incorporated.
- (b) The value of materials received from sources other than stock (including manufacture), whether for issue to contractors or for issue direct to works is at once brought into the accounts of works even though payments to the suppliers and adjustments crediting the transfer accounts concerned, may not be made at once, vide paragraph 10.3.6 and 10.3.11 and

(c) Wholly unpaid muster rolls and bills of contractors and suppliers are sometimes taken to account.

Disbursing Officers, are however, responsible for keeping a strict watch over all liabilities with a view to settling them promptly. Money indisputably payable should never be left unpaid. It is no economy to postpone inevitable payments, and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date.

10.5.23 If any liabilities of works are incurred on behalf of contractors under the provisions of paragraph 10.2.22, arrangements should be made for withholding sufficient balances from their bills or for making necessary recoveries from them in due course. On the analogy of the rule in paragraph 10.2.2, all records on the authority of which liabilities may be liquidated or incorporated in the accounts, should invariably specify (1) the full name of the work as entered in the estimate. Agreement number or Supply order Number etc and (2) the recoverable charges if any, with the name of the contractor or other person from whom recoverable.

V. PREPARATION, COMPLETION AND DISPOSAL OF WORKS ABSTRACTS

10.5.24 The Works Abstract should be prepared in the divisional office. It should be posted day by day from the Cash Book and the connected bills of contractors and suppliers, cash refunds and readjustments of final charges being posted as minus entries. At the end of Month, Stock and adjustment transactions should be added, write back final charges being posted as minus entries. The closing balances of contractors accounts should be detailed so as to prove the correctness of the up-to-date totals under the suspense heads (1) “Contractors – Advance Payments”. (2) “Contractors – Secured Advances”, and (3) “Contractors – Other Transactions” which should agree with the balance as per the ledger accounts of the contractors in respect of that particular estimate/work. The closing balances arrived at under the suspense head labourers in each case should be agreed with the connected record of unpaid wages and its correctness should be got ensured from the Sub-divisional Officer. The Works Abstract should then be posted where all necessary completing entries will be made in respect of the direct charges and adjustments made checked and closed under the supervision of the Divisional Accountant, who should ensure the correctness of the posting of entries of the Works Abstract and also of the closing balances of the contractors account and it’s agreement with the ledger.

Note: The posting of stock and adjustment transactions may also be done as above.

10.5.25 When finally completed in all respects, all the Works Abstract of a month should be examined by the Divisional Officer and any explanations necessary called for from the Sub-divisional Officer. The monthly examination of the Works Abstracts is an important part of the duty of the Divisional Officer and must not be omitted. He must initial (and date) them in token of the performance of this duty.

10.6 Registers of Works

1. Forms of Registers of Works and their preparation

10.6.1 (a) The permanent and collective record of the expenditure incurred in the division, during a year, on each work is the Register of Works. This record is maintained in the Divisional Office, in Form CPWA 40.

(b) In respect of petty works, no record is necessary beyond the petty works Requisition and Account, Form CPWA 32, which is self-explanatory.

10.6.2 The Registers of Works are posted monthly from Works Abstract. Only the figure of expenditure against entry 'A' will be posted in the register of works. The Contractor Ledger Form CPWA 43 will take care of all the suspense heads including additional charges for material and labourers. A separate folio or set of folios of Form CPWA 40 should be assigned to each Estimate. The transaction relating to each Schedule Docket should be posted separately and an abstract for the entire work should be prepared on a separate folio or set of folios for comparing the cost of the work and with the provision in the estimate. The following instructions should receive special attention:-

(a) The Register of Works is not a classified account of works; for facility of reference it should be supplied with an index which should be sub-divided under the prescribed heads of account classification.

(b) The sanctioned amount of estimate should be entered in respect of each work. When supplementary estimates are sanctioned, the additional amounts sanctioned should be entered below the corresponding amounts of the original estimates and both totalled. But when a revised estimate is sanctioned, the account of the original estimate should be closed and the revised estimate should be entered on a fresh folio, prominently marked "Revised Estimate" in red ink, and a reference to the folio on which the original estimate is to be found should be entered thereon.

(c) In the case of works for which specific appropriation are sanctioned individually, the amount of appropriation for the year should be noted in the Register at the top of the page, any additions or deductions made during the year being noted in the same place.

II. Examination by Divisional Officer

10.6.3 Before the date of submission of the monthly accounts to the **Pay and Accounts Officer**, the posting of the Registers of Works, **Form CPWA 40** should be completed and the Registers should then be laid before the Divisional Officer for review. The monthly account of each work on which there has been expenditure during the month should be initialled (and dated) by the Divisional Officer in the column set apart for the purpose, in token of his having examined the entries and found them correct. Actual, as well as, probable excesses, whether in the total cost of

a work or in the rate of cost should receive special attention, and works slips in Form CPWA 39 should be prepared and submitted to the Superintending Engineer, when necessary vide paragraph 36 and 46 of the Central Public Works Department Code.

Note 1: If the transactions of a division are very large, the Divisional Officer may allow an extra period of a few days for the completion of the Register of Works, **Form CPWA 40** but the submission of the monthly accounts to the **Pay and Accounts Officer** should not be delayed on this account.

Note 2: It should be seen, with special reference to works on which there have been only petty or no transactions during the previous two or three months, if there are circumstances justifying the retarded progress of expenditure. If any such works have been stopped or are known to be nearing completion, the delay in closing their accounts should be enquired into; see also paragraph 10.6.4. If the slow progress of expenditure is due to delay in measuring work done or in settling up bills, the cause of work should receive attention.

III. Closing The Accounts on Completion of Work

(a) Settlement of Liabilities and Assets and clearance of Suspense Accounts.

10.6.4 It is an object of great importance to close the accounts of works as soon as possible after the actual work of construction is completed vide paragraph 48 of the Central Public Works Department Code. If there is necessarily and delay in closing the accounts, it should be seen in particular that further charges are not incurred without the permission of the Divisional Officer.

10.6.5 Before the account of work can be closed on its completion, it should be seen that any adjustments of cost necessary under the rules e.g., paragraph 60 of the central Public Works Department Code and Paragraph 60(c) of Statement A in Appendix 2 to this Code, have been duly made in the "Land Acquisition" accounts that all liabilities not originally brought to account have either been liquidated or since brought to account and that the balances under the suspense accounts "Contractors", "Labourers" and "Land Acquisition" have been cleared. If the whole or any part of the expenditure on the work is recoverable from another department, Government Local body or individual, action should be taken to effect or complete the necessary recovery before the accounts of the work are closed.

10.6.6 The steps to be taken to clear the suspense head "Materials" have been detailed in paragraph 10.3.18.

10.6.7 The sub-head "Additional charges for Materials issued to Contractors/Direct to works" should receive the special attention of the Divisional Officer who should, if necessary investigate large closing balances under this head before permitting the accounts of the work to be closed. It is not necessary to clear this head by transferring the charges booked under it to other final sub-heads, but profits or losses

which are not clearly traceable to contractors and the actual cost to Government should not be accepted as correct without closer examination.

10.6.8 The accounts of annual maintenance estimates must be closed in the month fixed by the Administrative Ministry/Administration concerned, under paragraph 110 of the Central Public Works Department Code, as the last month of the working year for the purpose. Ordinarily, it should be possible to complete all the repair works and to settle the accounts of contractors and other suspense accounts, before the expiry of the working year. If, in any exceptional case, any work remains to be done and, in accordance with paragraph 111 of the Central Public works department Code, it is proposed to carry it on to completion, action should be taken as under:-

(1) The expenditure incurred in the next working year should be treated as expenditure against the annual maintenance estimate for that year.

(2) The suspense accounts of the work should be closed in the last month of the working year, by transferring the balances of all those accounts to the general suspense accounts "Public Works Deposits" or "Miscellaneous Works Advances", as the case may be, which should be relieved in the following month by transferring the balances to the suspense account concerned in the accounts of the maintenance estimate for the next working year. All unsettled liabilities and assets should then be treated as those pertaining to the next working year's estimate.

(b) Losing entries and review of expenditure

10.6.9 (a) When the work is completed and the accounts of it have been settled and written up as indicated in paragraph 10.6.5 and 10.6.6 a double red ink line should be ruled below the final entries and a note made in red ink "Work completed in20". This note should be signed by the Divisional Officer in token of his satisfying himself that all action has been taken under those paragraphs. It will be the authority for treating the accounts of the work as closed, and a work should not be reported as completed in the divisional accounts unless this authority has been placed on record.

(b) If it is a Deposit Work, steps should be taken promptly to surrender the unexpended balance, if any, of the deposit with the approval of the Divisional Officer.

(c) Excesses over estimates.

(i) Excesses passed by Divisional Officer

10.6.10 If the total expenditure on the work is in excess of the sanctioned estimate and the excess is passed by the Divisional Officer under his power, the words "Excess passed by me" should be added to the completion note recorded under paragraph 10.6.9.

(ii) Completion Reports and Statements

10.6.11 If, however, the excess is not within the Divisional Officer's powers to deal with, a Detailed Completion Report in Form **CPWA 44** should be prepared or the items should be included in a consolidated Completion Statement of Works and Repairs in Form **CPWA 45** as may be required under the rule in paragraph 106 of the Central Public Works Department Code. The completion note in the Register of Works should then be amplified thus: "Work completed in20 Completion Report statement submitted with this office letter No. dated 20".

The orders passed subsequently by higher authority on the excess reported in the Completion Report or Statement should also be noted in the Register of Works, **Form CPWA 40** to complete the record.

IV. Correction of Errors After Closing of Accounts

10.6.12 Should an error or omission in the recorded expenditure of a work come to light after its accounts have been closed (See paragraph 48 of the Central Public Works Department Code), the accounts may be reopened in order to rectify the error or omission unless the amount involved is not more than ten rupees in which case it will be sufficient to make a note of the error or omission in the relevant documents concerned.

V. Schedule of Rates

10.6.13 To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rate for each kind of work commonly executed be maintained in the division and kept up to date. It should be prepared on the basis of the rates prevailing in each locality and necessary analysis of the rates for each description of work and for the varying conditions, thereof should, as far as may be practicable be recorded.

The rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

10.7 CONTRACTORS' LEDGER

(The rules in this section apply to all transactions with contractors in connection with contracts or jobs undertaken by them, whether relating to the execution of works or to the supply of materials for work or stock).

1. Form and Use of the Ledger

10.7.1 The Accounts relating to contractors should be kept in the Contractors' Ledger, Form **CPWA 43**, a separate folio or set of folios being reserved for all the

transactions with each contractor for whom a personal account is maintained, vide paragraph 10.7.2.

10.7.2 A personal account should be opened in the ledger for every contractor, whether or not a formal contract has been entered into with him, unless the work or supply entrusted to him is not important and no payment is made to him except on a First and Final bill, Form **CPWA 24**, on completion. If only materials are issued to the contractor or any payments are made on his behalf, a ledger account must be opened.

II. Posting the Ledger

10.7.3 The Contractor's Ledger, **Form CPWA 43** should be written up in the divisional office. It is not necessary for the sub-divisional Officer to maintain a similar ledger in his office, but if he maintains one, the divisional office may not require him to furnish extracts therefrom.

10.7.4 Except when a contractor's account is to be closed and the procedure prescribed in paragraph 10.5.20 is observed in respect of unpaid bills, the value of work done or supplies made by a contractor should not be credited to his account until his bill has been passed and payment made thereon. Debit entries in the Ledger should be made only on the basis of transactions recorded in the accounts, the posting being made from the supporting cash, stock or adjustment vouchers, liabilities not yet liquidated should be excluded altogether the value of materials, if any, issued to a contractor under paragraph 10.3.2 or 10.3.3 should be debited to his account on the authority of his acknowledgement See paragraph. 10.3.6

Note – Security deposits of contractors should not be included in their personal accounts in the Ledger, vide paragraph 15.1.1.

10.7.5 (a) The form of the ledger provides for the following columns “- Particulars of Bills or Voucher.

1. Date
2. Voucher Number
3. Serial Number, if a running account bill.

Net Transactions detailed by suspense heads:

4. Advance Payments
5. Secured Advances
6. Other Transactions
7. Name of work or Account and Particulars of transactions.

Gross Transactions:-

8. Debits
9. Credits

10. Total value of work or supplies

11. Remarks.

(b) Columns 8 and 9 constitute the ledger account proper and columns 4, 5 and 6 set forth the net effect of each posting on the three suspense heads making up the account. Column 10 is also not a part of the personal account, but will be found useful for the purpose of exercising a check over the continuity of bills in the case of running accounts.

(c) columns 1 to 3 and 11 require no explanation. Instructions for filling in columns 4 to 10 in the case of personal accounts are given below:-

(i) Column 7:- “Name of Work etc.” Here should be entered the full name of the work to which the bill or voucher relates except in the case of supplier’s bills, when the name of the account concerned. Stock or Purchases, should be stated. Brief particulars describing the nature of the transactions should then be added, and against the line should then be posted, in the money columns 4, 5, 6, 8, 9 and 10, the figures relating to that transaction only. When a deduction made from a contractor’s bill for one work is creditable to the account of another work, and such credit is in connection with his contract for the latter work, two distinct sets of entries should be made in the ledger, one for the payment made on account of the former work and the other for the recovery creditable to the latter, as if the recovery had been made in cash. The second set of entries should be posted in a separate line, in columns 6 and 9 against the name of the work concerned.

Note – If there are several contracts in connection with a work or account, the transactions relating to each should be distinguished, preferably by quoting the number and date of agreement.

- (i i) Column 4 – “Advance Payments – If the bill is Running Account Bill (Form **CPWA 26**), figure D of the Memorandum of Payments should be posted in this column.
- (iii) Column 5 – “Secured Advances” – figure ‘E’ of the Account of Secured Advances, Form **CPWA 26-A** should be posted in this column.
- (iv) Column 6 – “Other transactions” – In the case of running Account Bill, figure G of the Memorandum of Payments should be posted in this column. If a payment is made on a first and final bill, Form **CPWA 24**, no entry should be made in this column unless a recovery is made from the contractor on any account. In the case of transactions other than these, the amount paid or recovered should be entered. The amount of the advance made under paragraph 10.2.18 should be posted in this column.

- (v) In columns 4, 5 and 6 debits to contractors should be posted as plus entries and credits as minus entries.
- (vi) Column 8 – “Gross Transactions – Debits” – If it is a Running Account Bill, figure H of the Memorandum of Payments should be posted in this column; otherwise, the total amount paid or chargeable.
- (vii) Column 9 – “Gross Transactions – Credits” – Here should be entered the value of work or supplies creditable to the contractor, which will be figure F or Account I in the case of running Account Bill.
- (viii) Column 10 – “Total value of Work or Suppliers” – In the case of Running Account Bill, here should be entered the total value of work done or supplies made upto date, as per figure A of Account I of Bill, but before posting the bill it should be seen that the figure shown in Account I of it as “Deduct value of work shown on previous bill” agrees with the last entry in column 10 of the ledger against the work concerned. In token of this check, this last entry in column 10 should be initialled (and dated) by the Divisional Accountant.

III. Balancing and Reconciliation

10.7.6 The ledger accounts should be closed and balanced monthly. The closing balance of each personal account should be detailed so as to show, in respect of each separate work or account (Stock or Purchases), the amount outstanding, if any, under each of the three suspense accounts, (1) Advance Payments, (2) Secured Advances and (3) Other Transactions with a quotation, in each case, of the last Running Account Bill and of all the vouchers supporting unadjusted outstanding under “Other Transactions” not incorporated in the last Running Account Bill. In the case of Running Account Bills these balances can easily be ascertained from the Memorandum of Payments as indicated in the table below and it will be found convenient in practice to make a note of the outstanding balances of each bill, in the ledger when posting the bill, so that at the end of the month the closing balance of the ledger account may be verified with the net result of the details already recorded:-

Class of Balance	Serial Number of entry in Memorandum of Payments on class of Balance in the Running Account Bill (Form CPWA 26)
1. Advance Payments.....	2
2. Secured Advances.....	3
3. Other Transactions.....	5

Note – See note below paragraph 10.7.5 (c) (i)

10.7.7 The Divisional Accountant should ensure the correctness of the Contractor’s Ledger, **Form CPWA-43** and also further see that there is no indication of a transaction

pertaining to a running account having been settled on a Form of bill not permitted to be used for the purpose.

10.7.8 (a) Periodically, all the personal accounts in the ledger should be examined to see (1) that balances do not remain outstanding for a long time without justification and (2) that in the case of running accounts, bills are prepared at reasonable intervals.

(b) Entries in column 10, "Total value of work or Supplies" not bearing the initials of the Divisional Accountant recorded under paragraph 10.7.5(c) should be reviewed in particular to ascertain the cause of delay, if any, in the preparation of final bills. This examination must invariably be made before a volume of the ledger is laid aside on completion, so as to ensure that all outstanding accounts in it are carried forward to a new volume.

IV. Scrutiny of Accounts by Contractors

10.7.9 A contractor requiring a copy of his running account bill or an extract from his account in the Contractors' Ledger, **Form CPWA-43** should be furnished with the same. He should be encouraged to look at his account in the ledger and sign it in token of his acceptance of it. See also Note 2 below paragraph 10.2.21.

10.7.10 The Account relating to issue of material direct to work when contract is of labour or the work is to be done departmentally and also for land acquisition (10.5.21), the ledger will be maintained in Form **CPWA 43-A**. This form provides for the following columns:-

1. Date
2. No. of Voucher/Indent No.
3. Sr. No. if a Running Account Bill
4. Net Transactions detailed by Suspense head
5. Material
6. Labour
7. Land Acquisition
8. Name of the Work Account and Particulars of the Transactions
9. Gross Transactions
10. Debits
11. Credits
12. Total value of Work done
13. Remarks

10.8 SUNDRY RULINGS

I. Carriage & Incidental Charges

10.8.1 (a) The cost of carriage of stock materials to site of works, and of all carriage charges, in connection with the movement, from place to place, of other materials issued

to or provided specially for a work, should be debited to the account of the work, the exact classification of charges being as indicated below:-

Nature of issue of Material	Head chargeable in the account of the work
I. Issue to Contractors under para 10.3.2	
a. To the promised place of delivery	“Final charges” in the case of work executed departmentally or through Contract for labour only and “Additional Charges” for materials issued to contractors/Direct Work, in the contracts where the supply of departmental materials are stipulated
b. Beyond the place of delivery, if incurred	The personal account of the contractors under the suspense head “Contractors-Other Transactions”
2. Issue of contractors to under para 10.3.3	-do-
3. Issue Direct to works	Final Charges/Materials, as the case may be

(b) When surplus materials are returned from a work to stock, the cost of carriage should be borne by the work, but if they are transferred to another work, the charge may be debited to either work as may be equitable.

(c) Incidental charges connected with the movement of materials issued to or provided specially for a work or returned therefrom should be adjusted in the same way as the cost of carriage.

(d) In all cases, the places from and to which materials are conveyed, the distance, the quantity and the approximate weight must be stated clearly in the payment vouchers.

II. Charges for Examination of Soil

10.8.2 The expense attendant, upon the necessary examination of the soil for the foundations of works ordered by competent authority should be treated as outlay on works and not as a contingent charge, provision for it being made under the service head concerned in a requisition or estimate according to the sum involved.

III. Expenditure on Inauguration Ceremonies

10.8.3 The expenditure incurred with the sanction of competent authority on ceremonies connected with the inauguration of important public works should be debited:- (a) In the case of irrigation projects (Commercial), to the revenue account of the project, and (b) in the case of other works, to the contingencies of the sanctioned estimate.

IV. Rates and Taxes on Buildings

10.8.4 Municipal or other rates and taxes on Government buildings shall be adjusted in the manner laid down in Government Accounting Rules, 1990.

V. Execution of Works by Other Departments

10.8.5 Whenever the maintenance of any works under the administrative control of the Public Works Department is entrusted to the agency of another Civil Department with the sanction of Government, the rules of procedure applicable to expenditure connected with the work will be such as may be laid down by the Administrative Ministry/Administrator concerned in consultation with the **Chief Controller of Accounts**, subject to the following reservations:-

- (1) The Civil Department should be responsible to the Public Works Department to account for appropriation placed at its disposal.
- (2) The Public Works Department should retain budgetary and financial control
- (3) The Public Works Department should retain technical control through inspection.

Note:- See Chapter 5-Works of General Financial Rules,2005

VI. Execution of Government Works by Local Bodies

10.8.6 When the Public Works Department entrusts to the agency of a District Board, or other local body, the maintenance of Government buildings or roads, without transferring the property to the local body, the payment made to it on this account should be treated as a payment for work done by a contractor. If lump sum payments have been agreed upon, the procedure for settling the account periodically, and for recording the cost of the works, may be simplified, with the concurrence of the **Chief Controller of Accounts** provided:-

- (a) that a certificate that the work has been done in accordance with the conditions agreed upon is placed on record by a responsible official;
- (b) that if the payment is made for a number of works expenditure on all of which cannot be classified in the accounts under a single head of account, the necessary detailed classification of the charge is set forth and
- (c) that, as far as possible, the liability of a year is settled within that year.

See also paragraph 10.1.5.

Note 1 – These payments should not be charged to the detail heads “grants-in-aid” that head being intended for cash contributions made to local bodies in connection with (1) roads which are either not the property of Government or being such property, have been transferred to the control of a local body and (2) miscellaneous civil works, the cost of which, if constructed by the Public Works Department would be debitable to the minor head “Construction” and for the financial assistance given to these bodies, in the form of

expenditure incurred in the Public Works Department on a work constructed by the department on their behalf.

Note 2 – The Administrative Ministry/Administration concerned will issue orders stating who shall be treated as a “responsible” official in each case for the purposes of proviso (a)

VII. Scope of Sanction

10.8.7 The authority granted by a Sanction to an estimate is strictly limited by the precise objects for which the estimate was intended to provide. Accordingly it is not permissible to apply, **without the sanction of the competent authority**, any anticipated or actual savings, whether due to the abandonment of a part of work or to any other cause, on a sanctioned estimate of a definite project, to carry out additional work not contemplated in the original project or **fairly contingent on its actual execution**. However, subject to the availability of funds under sub-head “Contingencies” in the sanctioned project estimate, and subject to the acceptance of the Engineer-in-Chief, such additional works not contemplated in the sanctioned project, may be executed by the Divisional Offices.

CHAPTER 11 ACCOUNTING PROCEDURE FOR LUMP-SUM

CONTRACTS

11.1 GENERAL

11.1.1 In a lump sum contract the contractor agrees to execute a complete work with all its contingencies in accordance with the drawings and specification for a fixed sum, the following being the essential characteristic:-

- (i) A schedule of rates is specified in order to regulate the amount to be added to or deducted from the fixed sum on account of additions and alterations not covered by the contract.
- (ii) Except as provided in clause (i), no allusion is made in the contract to the departmental estimate of work, schedule of rates or quantities of work to be done.
- (iii) Detailed measurements of the work done are not required to be recorded except in respect of additions and alterations.

11.1.2 The form of contract is prescribed by Government in consultation with its Law Officers. As the account rules herein contained are based on the assumption that the essential conditions mentioned above will be observed in drawing up contracts, it is necessary that, before the form is finally determined, the advice of the office of the Chief Controller of Accounts should be sought on the question whether the form proposed meets the requirements of audit / inspection.

11.2 PAYMENTS FOR WORK DONE

11.2.1 Subject to the terms of the contract and such subsidiary instructions as may be laid down by the Administrative Ministry / Administrator concerned to ensure that the works are executed in accordance with the prescribed specification, plans and drawings, payments for work done are not made to the contractor otherwise than on the certificates of the officers in charge of the work, as detailed in paragraphs 11.2.2 and 11.2.3 below:-

11.2.2 Whenever the Contract agreement provides for intermediate payment, a certificate should be given by a responsible officer of Government (not below the rank of Sub-divisional Officer) to the effect that, by superficial or general measurement or by some other suitable method laid down by the Administrative Ministry / Administrator concerned (which should be specified), he has satisfied himself that the value of the work done is not less than a specified amount and is in conformity with the contract agreement and that with the exception of authorised additions and alterations, it has been done according to the prescribed drawings and specification. In case where the certificate is given by the Sub-divisional Officer, the responsible officer not lower than the rank of Divisional Officer as primary disbursing officer will continue to be responsible for the correctness of payments.

Note - The Divisional Officer is exempted from specifying in the bill the method employed by him in estimating the value of work done.

11.2.3 In the case of final payments, in addition to a record of detailed measurements in respect of additions and alterations, there should be a certificate of completion of the work according to the prescribed drawings and specification signed by the Divisional Officer under para 106 of the CPWD Code.

Note - In exceptional cases, such as that of the execution of a work in a border State under the supervision of a responsible Civil Officer without the intervention of the Public Works Department, a completion certificate signed by the Civil Officer concerned may be accepted, if he is empowered by the Administrative Ministry / Administrator concerned to sign it.

11.2.4 In order that a proper financial control may be exercised over the payments made, it is necessary that the accounts of additions and alterations should be kept quite distinct from those of the rest of the work. There is no objection to payment for additions and alterations being made before the completion of the work, if the detailed measurements of them have been made and the contract provides for that.

11.3 FORMS OF BILLS

11.3.1 The forms of bills used for payments in connection with the lump sum contracts are Forms 27-A and 27-B.

11.3.2 Form 27-A is intended for intermediate payments which may be made to the contractor in accordance with para 11.2.2 and his contract. No details of work done need be reproduced in the Bill (but a reference should be given to the number and page of the Measurement Book in which the measurements of additions and alteration are recorded).

The form provides for the 'Secured Advances', if any, which under paragraph 10.2.22(a) may be allowed to the contractor. When such advances are allowed, an indenture in Form 31, should invariably be obtained from the contractor and a detailed account of the materials should be kept in Part II of the bill in the manner prescribed in Paragraph 10.2.23. No record of the materials need be kept in the Measurement Book. However, the certificate at Sl.No. 3 of Part III printed on the bill (Form CPWA 27-A) must be signed by the Officer not below the rank of Sub divisional Officer in terms of paragraph 10.2.22.

11.3.3 Form 27-B is intended for final payments made to a contractor. The details of additions and alterations alone should be given in the bill for the rest, the certificates prescribed in paragraph 11.2.3 will be sufficient. As a further precaution, the contractor should be required to add to his acknowledgement in his own handwriting a statement that he has received the payment in full settlement of all demands; see, however, Note 1 below paragraph 10.2.19.(b).

Note - The form of final bill may be printed on yellow paper to distinguish it from that of the running bill [see Note 2 below paragraph 10.2.19 (b)].

11.4 SUBSIDIARY WORKS ACCOUNTS

11.4.1 The instructions in Section 10.5 of Chapter 10, regarding the maintenance of Works Abstract and Register of Works apply mutatis mutandis to the accounts of lump-sum contracts.

11.4.2 All 'intermediate payments' made to the contractor and so acknowledged by him are regarded as advances made to him on account of the work concerned, and are brought to account in accordance with paragraph 11.4.3 & 11.4.4 below.

11.4.3 Payments for measured up additions and alterations, as well as, for the work covered by the lump sum for which no detailed measurements are necessary, are treated like advance payments and should be brought to account in the works accounts under the

suspense head 'Contractors – Advance Payments'. This will not only simplify accounting but will facilitate a watch over the prompt adjustment of the payments made.

Note - If a percentage or any other portion of the value of works done is withheld as security for the due fulfillment of the terms of the contract, the net amount remaining after the deduction of the portion withheld should be entered as the advance payment.

11.4.4 Payments other than those specified in paragraph 11.4.3 above may be either 'Secured Advances' made on Form 27-A or other recoverable payments, including the value of materials supplied, which may have been made to the contractor or to others on his behalf. These should be entered in the accounts under the suspense heads, 'Contractors – Secured Advances' and 'Contractors – Other Transactions' respectively.

11.4.5 From the final bill paid to the contractor (Form 27-B), the total advances made to him in the running account bills (Form 27-A) or other recoverable payments will be deducted by short payments from the total value of work done, and the recoveries so made will be shown as minus figures under the suspense heads concerned, in which the plus figures will already be outstanding.

11.5 CONTRACTORS' LEDGER

11.5.1 Accounts of the transactions relating to lump sum contracts should be maintained in the Contractor's Ledger, Form CPWA 43, in the manner described in section 10.7 of Chapter 10, subject to the following subsidiary instructions.

11.5.2 As all 'intermediate payments' made on Form 27-A are regarded as advances, no figure therefrom will be posted in column 9, which is intended to show the amount creditable to contractor's account on account of the value of work done. The first and last entry which will appear in this column will be the figure 'F' given in Part I of the final bill form 27-B. Column 10 need not be posted at all.

11.5.3 Figures for posting the other columns 4,5,6 and 8 are indicated in the bills (Form 27-A and 27-B) by the same distinguishing letters D, E, G and H respectively, which have been used to denote the corresponding entries in the ordinary bill (Form 26 and 26-A).

Chapter 12 MANUFACTURE ACCOUNTS

12.1 INTRODUCTORY

12.1.1 When materials are manufactured departmentally, either for the general requirements of works or for a particular work, a separate account, called a Manufacture Account, must be kept of the transactions connected with each manufacture. See also paragraph 14.1.2.

12.1.2 The detailed account of the expenditure on a manufacture is maintained in the same way as the accounts of a work. An account of the quantities and value of the products of the manufacture is to be maintained in the job card opened for each job from which the cost of “operation” and “out-turn” can be ascertained directly.

12.1.3 The progress of the manufacture will have to be recorded in a “Register of Manufacture” (C.P.W.A. Form 42).

12.1.4 It is essential that the accounts of manufacture shall not remain open indefinitely. If the operations are seasonal, the accounts of each season should be kept separate and closed as soon as the operations are closed. In cases in which operations are continuous, the accounts must nevertheless be closed periodically, but at least once a year.

12.2 OPERATION CHARGES

12.2.1 A Manufacture Account is debited directly with (1) value of raw materials issued from stock or obtained otherwise, (2) the cost of the labour employed, and (3) other incidental charges connected with the operations.

12.2.2 The following directions apply to certain special incidental charges:-

(a) Capital charges, such as the cost of land, kilns, special plant, etc., incurred in connection with a manufacture which does not extend beyond a single season, are debited wholly to the account of the manufacture.

(b) Capital charges in connection with a manufacture extending over more than one season should be debited in the first instance, to a special account under sub-head “Land, Kilns, etc.” of the Stock Account. This account should also be debited with the cost of repairs and renewals of the kilns, etc. All these charges should be recovered in suitable instalments by debit to the ‘Operation’ Accounts of the several seasons, the number of instalments and the amount chargeable for each season being determined on the merits of each case, under the orders of competent authority.

Note 1 - The decision as to the suitable instalments whereby the “Land, Kilns, etc.” account is to be cleared periodically, as given by the authority sanctioning the initial charge, should be recorded in the Priced Stores Ledger Form 12, and not deviated from without the further orders of that authority.

Note 2 - When the land, kilns, plant, etc., acquired for departmental manufacture operations are leased to a contractor of the division or other person, the rent charged should be credited to this special account and not to Revenue.

(c) If the manufacture is undertaken on behalf of other divisions, Department of Governments or of local bodies or individuals, a charge should be made on account of establishment and tools and plant etc., if leviable under the rules, vide Appendix 4, for outlay on works undertaken on their behalf.

(d) Save as provided in clause (c) above, no charge is permissible on account of the general establishment and ordinary tools and plant charges, or on account of interest on

the capital cost of the land, kilns, plant etc., though all these charges should be included in any proforma accounts of the manufacture operations of the divisions, which may be prepared under orders of the Administrative Ministry / Administrator concerned, with a view to compare the cost of articles manufactured departmentally with rates charged by suppliers.

12.2.3 The accounts of road metal digging are not treated as manufacture accounts, but the charges connected with land and quarries acquired for such operations should be dealt with in accordance with paragraph 7.4.5.

12.2.4 A job card may be opened for each job and all the expenditure connected with the job should be noted in this card. The value of job should be finalized after adding/totaling this expenditure and adding suitable percentage to cover labour, tools and plants, overheads etc. The value of this can be compared with the market rates by the Divisional Officer to satisfy himself if the work is being done economically.

12.3 GENERAL ACCOUNT

12.3.1 A Manufacture Account is essentially a suspense account as the cost of the operations cannot be cleared finally until they are closed. Manufacture transactions are, therefore, recorded under a distinct sub-head, called "Manufacture" of the Stock Suspense Account.

12.3.2 In the Stock accounts, the manufacture transactions should be recorded thus:-

(a) "Operations" charges should be shown as receipts of Stock under the sub-head "Manufacture", charges representing value of Stock Material issued to manufacture being simultaneously treated as issue of Stock under the sub-heads concerned. (b) All out-turn should first be brought formally on the Stock account, by crediting its value to "Manufacture" and simultaneously showing the articles as receipts of Stock under the sub-heads concerned. The value of surplus material sold or otherwise disposed of should, also be credited to Manufacture".

Note 1 If the rate of which any article of out-turn, manufactured for particular work is valued, turns out to be different from the Issue Rate of a similar article already in stock, the value of the two articles may be averaged for the purpose of stock accounts, allowance being made necessarily for the different quantities at the different values.

Note 2 No supervision charge is leviable in respect of materials manufactured on behalf of other divisions, departments, Governments, local bodies and individuals, which are formally passed through the Stock account under this paragraph.

See also paragraph 12.2.2(c).

CHAPTER 13 – SUSPENSE ACCOUNTS

13.1 INTRODUCTORY

13.1.1 The account of Minor Head “799 – Suspense” under those functional Budgeted Major Heads of Accounts where expenditure on Works is involved like “2059 – Public Works” etc., with their Subordinate Sub-Major Heads in the Consolidated Fund of India, divided into as many of the three Sub-heads named below as may be required, is kept in each Division under a single Major Head of expenditure unless Government has directed otherwise:-

(1) Stock, (2) Miscellaneous Works Advances and (3) Workshop Suspense.

The above mentioned heads are of temporary character and all the transactions recorded under them, are ultimately removed either by payment or recovery in cash or by adjustment. These transactions, therefore, consist of both debits and credits, the latter being treated as reduction of expenditure when making up the account of Major Head.

In addition to the above mentioned Suspense Heads of Accounts in the Consolidated Fund of India, the Minor Head “129 – Material Purchase Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” in the Public Account of India, is also operated to account for the settlement of dues of the Suppliers of Stores, if payment is not made in the same month in which the stores have been received. In exceptional cases where the Department does not have required expertise, it may project its indent to the Central Purchase Organisation (e.g. D.G.S.&D) with the approval of Competent Authority in terms of the provisions of Rule 140 of General Financial Rules, 2005. The indent form to be utilized for this purpose will be as per the standard forms evolved by the Central Purchase Organisation. However existing procedure for the procurement of stores through D.G.S.&D shall henceforth be followed in such exceptional cases as per the detailed procedure laid down in Appendix-7C(b) of CPWA Code.

Besides the above mentioned Suspense Head another Minor Head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” is also operated for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence (See Paragraph 22.4.10)

13.2 MATERIAL PURCHASE SETTLEMENT SUSPENSE ACCOUNT

13.2.1 When materials are received from a supplier or from another department in India or abroad (see Note below) their value should be credited to the Minor Head “129 –

Material Purchase Settlement Suspense Account” under the Major Head “8658-Suspense Accounts” as under:-

- (i) Immediately on their receipt, if they have been received for a specific work, so that, per contra, the cost may be included at once on the accounts of the work and those accounts, as well as, the connected subsidiary accounts, may take cognizance of the receipt of materials at the earliest opportunity (see paragraph 10.3.6 and 10.3.11); and
- (ii) On closing the account of the month, if they have been received for stock and payment has not been made for them during the month, so as to secure agreement between the quantity and value accounts (see Note below paragraph 7.2.29).

Note 1:- The rules for the adjustment of transactions connected with stores obtained from abroad are contained in Appendix 6.

13.2.2. The following simplified procedure has been laid down to be followed in cases in which the procedure laid down in the above paragraph, entails much work:-

- (i) A single transfer entry order known as Omnibus Transfer Entry Order, Form 53A may be prepared for all purchases of stores made **for specific works** in a sub-division during a month, but it should be written up as each transaction takes place, the entry being attested at once.
- (ii) As soon as materials for a work are received from a supplier, a debit entry should be made at once in the works abstract in the column concerned, viz., “Contractors – Other Transactions”, or suspense head – “Materials” or “Final Charges”, as the case may be, should be made in the Omnibus Transfer Entry referred to at (i) above, brief particulars of the transactions being noted for purposes of identification.
- (iii) If any item of supply be paid for during the same month, the amount paid should be noted in the relevant column and at the end of the month, the total of all items paid for during the same month should be worked out and only the net amount credited under Material Purchase Settlement Suspense Account.
- (iv) The Omnibus Transfer Entry Order should be incorporated in the transfer entry book only at the end of the month so that it may not be necessary to copy out in detail the transactions paid for during the month.
- (v) For all items paid for during the month, a single entry “Purchase made and paid for in the same month” should suffice in the transfer entry book, the suspense register of Material Purchases Settlement Suspense Account and the Schedule of “Material Purchase Settlement Suspense Account”.

In order to reduce clerical work, these transfer entry orders may be prepared in triplicate or through computer so that one copy thereof may serve as an authority for the transfer entry to be sent to the Pay and Accounts Office; the second copy may be pasted in the

transfer entry book in the Divisional Office, and the third may be pasted in the Suspense Register.

13.2.3 When the actual value of the materials is not known, an estimated figure should be adopted, any difference being adjusted, as soon as known, by a plus or minus credit to Minor Head “129 – Material Purchase Settlement Suspense Account”, below the Major Head “8658 – Suspense Accounts” as the case may be. (See also note below paragraph 13.2.4)

13.2.4 When the price of the materials is paid or adjusted by transfer, the payment should be debited i.e., Minus Credit to Minor Head “129 Material Purchase Settlement Suspense Account” and the outstanding credit under “Material Purchase Settlement Suspense Account” thus cleared.

Note – If the amount admitted in payment exceeds the amount credited to “M.P.S.S.A.” the difference should be charged direct to Stock or to the work concerned, and should not be shown as minus entry.

13.2.5 Unclaimed balances in the Material Purchase Settlement Suspense Account should be dealt with in accordance with the procedure prescribed for Deposit balances in paragraph 15.4.1. Paragraph 15.4.3 regarding the repayment of lapsed deposits applies mutatis mutandis to repayment of lapsed balances of Material Purchase Settlement Suspense Account. Outstanding balances lapsed to revenue and requiring adjustment on the basis of Old PAO Memos should not be equated to repayment of lapsed Deposits. The write back of such lapsed balances of “Material Purchase Settlement Suspense Account” are in the nature of corrections of erroneous adjustments and no precheck of such transaction is contemplated. Pre check by PAO would be necessary, if the amount is required to be paid to any party.

13.2.6 The account of this head should be kept in Form 67, “Suspense Register”, the details being recorded in a separate set of folios for each of two headings (1) Purchases for Stock and (2) Purchases for specific works (see also Rule 9 of Appendix 6).

13.3 STOCK

13.3.1 The head “stock” is opened in all divisions in which stock of materials is maintained for general purposes, vide paragraph 143 of the Central Public Works Department Code. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

13.3.2 The money limit for the stock reserve of a division, prescribed by the Administrative Ministry/Administrator concerned, vide paragraph 143 of the Central Public Works Department Code, is meant to be applied to the value of materials acquired or manufactured for stock purposes only. Excesses over this limit are, therefore, permissible only when caused by unadjusted expenditure on manufacture operations connected with specific sanctioned works.

13.3.3 The account head “stock” is debited with all expenditure connected with the acquisition of stock materials, and with all manufacture operations. It is credited with the value of materials issued to works, or sold, transferred or otherwise disposed of, and the balance of account will represent the book value of the materials in stock plus the unadjusted charges, etc., connected with manufacture.

13.3.4 The sub-heads of the Stock account are:- (1) Small Stores, (2) Building Materials, (3) Timber, (4) Metals (5) Fuel, (6) Painters’ Stores, (7) House Fittings, (8) Miscellaneous Stores, (9) Land, Kilns etc., (10) Manufacture and (11) Handling and other Incidental Charges Nos. (1) to (8) may be replaced locally by other suitable Heads, if necessary.

13.3.5 The general account of the receipts, issues and balances of the suspense head, “Stock” should be maintained in the Suspense Register, Form 67. A separate account should be kept in respect of each sub-head, the transactions of the several sub-divisions being detailed therein as separate items and the totals of all sub-divisions as another. Transfers within the division should be accounted for against a single item “Deduct Transfers within Division” before the total for the entire head “Stock” is struck.

13.3.6 Expenditure booked under the sub-head “Handling and other incidental charges” should be brought to nil at the time of adjustment of profit and loss in the stock accounts as laid down in para 7.2.34 of this Code.

Note (a) The clearance of balances under “Transfer within Division” should receive special attention.

(b) The subsidiary accounts of stock are described in Chapter 7 and 12.

13.4 MISCELLANEOUS WORKS ADVANCES

13.4.1 Transactions recorded under Sub-head “Miscellaneous Works Advances” under the Minor Head “799 – Suspense” below the functional Major/Sub-Major Heads concerned are divided into four classes:-

- (1) Sales on credit
- (2) Expenditure incurred on Deposit Works in excess of deposits received
- (3) Losses, retrenchments, errors, etc.,
- (4) Other items

Note: No charges should be debited to this head on the ground of absence or insufficiency of sanction or appropriation except as provided in item (2).

13.4.2 When stores of any kind are sold on credit, their value (plus if recoverable, the Supervision charges referred to in paragraph 150 of the Central Public Works Department Code) should be debited to “Miscellaneous Works Advances” under the detailed head “Sales on Credit” so that (1) the accounts of Stock or Works from which the materials are

issued may be kept correctly, and (2) the recovery of the value from the local body or individual concerned may be watched through the regular accounts.

Note – In each case, there must be authority for the sale on credit

13.4.3 Outlay on Deposit Works is required to be limited to the amounts of deposits received. Any expenditure on Deposit Works, incurred in excess of the amount deposited, is chargeable annually to “Miscellaneous Works Advances” pending recovery to effect which action should be taken at once. See paragraph 13.4.7.

13.4.4 Under the heading “Losses, retrenchments, errors etc.” appear the following:-

- (a) Deficiencies in cash or stock
- (b) Actual losses of cash or stock
- (c) Errors in accounts awaiting adjustment
- (d) Retrenchments and losses of other kinds recoverable from Government Servants

13.4.5 The head “Other items” is meant for all debits, the allocation of which is not known or which cannot be adjusted until recovery or settlement is effected or write off ordered. The following are cited as examples:-

- (1) debits, the classification of which cannot be determined at once;
- (2) recoverable debits not pertaining to the accounts of a work; and
- (3) recoverable outstanding appertaining to works, the accounts of which are closed vide paragraphs 10.5.19 and 10.6.8

Note – The share of municipal taxes paid by Government on behalf of licensees of Government buildings should be debited to this head, pending recovery

13.4.6 Items in the “Miscellaneous Works Advances” account are cleared either by actual recovery, or by transfer, under proper sanction or authority to some other head of account. Items or balances which may become irrecoverable should not be so transferred until ordered to be written off.

13.4.7 The detailed accounts of this head should be kept in Form 67, Suspense Register. For items falling under the class “Expenditure incurred on Deposit Works in excess of deposits received”, details are not necessary, as these are recorded in the Schedule of Deposit Works, Form 65. For each of the other three classes of items, a separate set of folios should be reserved, and all the items under each class should be detailed, so that their clearance may be watched individually. An abstract should be prepared to show the totals of all the classes.

13.5 WORKSHOP SUSPENSE

13.5.1 When a workshop has been established, the accounts of which are kept in accordance with the rules in Chapter 14, all direct outlay on the jobs executed and on other operations of the workshop is passed through the suspense head "Workshop Suspense" and a separate account is kept under it of each job or operation, so that all charges relating to each may be collected and charges of a general nature may be suitably distributed over all the jobs or operations affected, before the total cost recoverable is determined.

13.5.2 The recorded expenditure on a job is removed from the suspense head only when and to the extent that, an adjustment is effected against the deposit received or against the service or other head concerned, vide paragraph 14.2.4. This removal is effected by a credit to the account of the job. But, when any charges are transferred from one job or operation to another, the transfer should be made by plus and minus debit entries

13.5.3 On the completion of a job, all outstanding charges on it must be debited, as soon as possible, to the head concerned, but in cases where this cannot be done, as in the case of expenditure incurred in excess of the deposit received, the unadjusted amount should be transferred to the head "Miscellaneous Works Advances" pending settlement.

13.5.4 The detailed account of the transactions under this head should be kept in a suitable form prescribed in accordance with the rule in paragraph 14.1.3. The object being to maintain an account showing the cost of each job or operation and its adjustment from time to time.

CHAPTER 14 WORKSHOP ACCOUNTS

14.1 Introductory

14.1.1 The accounts to be kept in a workshop depend on the extent of the operations and the size of the shop.

14.1.2 When there is a small shop in a division for the execution of repairs of tools and plant or small manufacture jobs, the accounts of works executed in such shops should be kept in the forms prescribed for repair works or manufacture operations, as the case may be.

14.1.3 Larger workshops, with special plant or machinery are treated as separate subdivisions or divisions, for account purposes. When such workshops are of the character of quasi-commercial undertakings, the system of accounts will be that prescribed locally for similar undertakings. When they are run mainly for departmental purposes, the accounts should be kept in accordance with the instructions laid down in this Chapter. In either case, the exact forms to be used and the procedure to be observed will be settled by the Administrative Ministry/Administrator concerned, in respect of each workshop in consultation with the office of the Chief Controller of Accounts.

14.1.4 For every job there must be an estimate of cost (providing for all charges, including the prescribed percentages for indirect charges, vide paragraph 14.2.5) sanctioned by competent authority and accepted by the indenting officer, local body or individual: See also paragraph 14.1.5. The amount to be realized from the indenting party will, however, be based on the actual cost including indirect charges, though the authorized limit of cost, which the officer in charge of the workshop may incur without further authority, is that shown in the accepted estimate.

Note – If the execution of a job for another division, department or Government is likely to extend beyond one financial year, the limit of the cost which may be incurred in each financial year should also be settled beforehand.

14.1.5 No work should be undertaken for municipalities or private parties before the whole estimated cost including all charges for supervision, profit, etc that may be leviable under the rules for the time being in force, has been paid to the Divisional Office. This rule may be relaxed at the discretion of the Divisional Officer, or Superintendent of the Workshop, in the case of Government Offices where full recovery is not open to doubt. In such cases a rough estimate of the probable cost must be prepared in advance and the officer concerned is required to give an undertaking that he agrees to pay the actual charges in full on completion of the work. The full expenditure incurred must be

deducted from the officer's pay for the following month. In all cases, prior to work being commenced an undertaking should be procured from the party concerned that it will not hold the Department responsible for loss by fire or theft or any other factor which could not be foreseen when the estimate was prepared. In cases where it is found that the original estimate is likely to be appreciably exceeded, a revised estimate should be prepared and the procedure outlined above adopted. The cost of the operations should be charged monthly to the head "Miscellaneous Works Advances" pending recovery.

14.2 Direct and Indirect Charges

14.2.1 Receipt and expenditure transactions in connection with the Workshops are brought to account as follows:-

(a) Where capital accounts of a Workshop are kept and intended mainly for the needs of the irrigation Branch (i.e. if the Workshop is to be regarded as being on a quasi-commercial basis), the capital expenditure should be recorded under the relevant Major head 4701 Capital Outlay on Major and Medium Irrigation. Receipts representing recoveries of capital expenditure will be taken in reduction of such expenditure while revenue receipts and working expenses will be booked under the minor heads opened under the corresponding division and sub-division of the major head 0701 Major and Medium Irrigation and 2701 Major and Medium Irrigation respectively, divided so as to meet the requirement of the proforma accounts of the shop (vide paragraph 14.3.1).

Note – The procedure described above will apply mutatis mutandis to the transactions of a Workshop established for any other system or project for which regular capital accounts are kept.

(b) Where capital accounts of a Workshop are kept and intended mainly for the needs of the Civil Works Branch, all expenditure incurred upon it, whether of the nature of capital or of working expenses, should be recorded under the major head 2059 Public Works Recoveries of capital expenditure will be taken in reduction of such expenditure; revenue receipts will be booked under the minor head "800 – Other Receipts below the major head '0059 Public Works' divided so as to meet the requirements of the proforma accounts of the shop.

(c) Where no capital accounts of a workshop are kept for whichever branch intended all expenditure should be booked under the major head '2701' Major and Medium Irrigation or '2059' Public Works as the case may be, and all receipts, whether "recoveries of expenditure" or "revenue receipts", under the minor head "800 – Other Receipts" of the corresponding revenue Major Head '0701' Major and Medium Irrigation or '0059' Public Works.

14.2.2 All capital charges on buildings, plant and machinery and stock materials and all charges incurred on their maintenance and on the upkeep of the necessary general establishment, should be accounted for as ordinary Public Works transactions under the major head concerned, in accordance with preceding paragraph and under the general

instructions of other Chapters of this Code. These are charges which neither pertain to any individual job executed in the shops nor are capable of direct apportionment amongst all the jobs, and are, therefore, met out of the grants of the Department, the distribution of such charges over individual jobs being made in accordance with the rule in paragraph 14.2.5.

14.2.3 All other expenses connected with the operations of a workshop are debitable to the jobs concerned and should, therefore, be accounted for under suspense head "Workshop Suspense" vide paragraph 13.5.1 to 13.5.4. The charges pertaining exclusively to any job should be debited to it at once, and those of general nature should be treated, in the first instance, as general charges (under one or more suitable headings) and apportioned subsequently amongst the jobs concerned in accordance with a definite procedure.

Note 1 – This paragraph does not apply to incidental charges connected with the stock of materials which should be dealt with under paragraphs 14.2.2 and 7.2.27.

Note 2 – All liabilities should be taken into account, even through undisbursed so that the general charges may be correctly allocated month by month, and the recorded expenditure on each job may represent, as far as possible, the actual cost upto date.

14.2.4 In the case of jobs of all classes, the cost of operations should be cleared or adjusted in transfer (paragraph 13.5.2), as the case may be, month by month but in the following cases the accounts of a job may be settled once a year in March, or in an earlier month if the job is completed earlier (vide paragraph 13.5.3)

- (a) When the total cost during the year is not larger than Rs.500/-
- (b) When the monthly settlement of account is inconvenient to the indenting division, department or Government.

Note – When the estimated cost of a job is recovered in advance, it should be kept in deposit in the first instance and the adjustments of actual cost made under this paragraph, should be effected against the deposit, the unexpended balance being refunded only when the job is completed and the account of it settled.

14.2.5 In addition to the direct charges referred to in paragraph 14.2.3 – the account of each job should be debited, not through the Workshop Suspense account but directly under the head of account concerned, with suitable percentages determined by the Administrative Ministry/Administrator concerned, in consultation with the Chief Controller of Accounts to cover the indirect charges enumerated below:-

- (a) Supervision charges under paragraph 150 of the Central Public Works Department Code.
- (b) Interest on the capital cost of buildings, plant and machinery
- (c) Maintenance charges of buildings, based on actual plinth area of the building, plant and machinery

- (d) Depreciation of buildings, plant and machinery
- (e) Establishment charges (including $\frac{1}{4}$ percent w.e.f. 1-6-1984, Audit and Accounts Establishment); See Rule 7 of Appendix 4 (See also paragraph 14.2.2)

The percentage for Supervision charges should be calculated on the value of materials issued to each job. The other charges are ordinarily calculated on the total cost of labour and stores pertaining to the job. It is usual to charge a further percentage on account of profit except in the case of jobs executed for other divisions of Government.

Note – The percentage realized on account of establishment charges relatable to works done for other Governments, Local Funds, Private Parties, etc, is treated as revenue receipts and credited to the minor head “103 Recovery of percentage charges” under appropriate Sub-Major Head below Major head “0059 – Public Works” in accordance with the provisions of Rule 9 of Appendix 4 and Statement ‘E’ of Appendix 2. The above procedure will be followed mutatis mutandis for distribution of “Tools and Plant” charges also.

14.2.6 The indirect charges referred to in paragraph 14.2.5 should be brought to account whenever the settlement of the account of direct charges is effected under paragraph 14.2.4.

14.3 Annual Account and Review

14.3.1 Annually, proforma accounts of each workshop should be prepared, consisting of:-

- (i) the Capital Account, showing the values (after making due allowance for depreciation) of the buildings, machinery and plant and stock and the outstanding balance of the Workshop Suspense Account.
- (ii) The Out-turn Account showing, in such details as may be necessary, the charges on labour, stores, the general and indirect charges and
- (iii) The Profit and Loss Account showing on the one side the actual working liabilities of the year e.g.(a) interest calculated on the mean capital of the year under all the heads named in (i) above, (b) the actual maintenance charges of buildings and machinery and plant, (c) depreciation of buildings, machinery and plant calculated on the Capital Value thereof and (d) general establishment charges plus a suitable addition thereto on account of leave and pensionary charges, for audit and accounts establishment, only on such jobs in respect of which this percentage is not credited to the major heads “2016 Audit” or “0070 Other Administrative Services – 60 – Other Services 110 – Fees for Government Audit” in the regular accounts (vide Rule 7 of Statement E of Appendix 2) and on the other side the percentage charges made under paragraph 14.2.5 excluding for audit and accounts establishment credited to “2016 Audit” or “0070 Other Administrative Services – 60 Other Services 110 – Fees for Government Audit”.

Note – The stock account should be treated as a part of the Workshop account, only if and to the extent the reserve stock is declared by the Administrative Ministry/Administrator concerned to be part and parcel of the shops. When the whole or part of a stock is merely and adjunct to a workshop neither the interest charges on it nor the losses or gains (including supervision charges) arising out of it, should appear in the Profit and Loss Account of the Workshop.

14.3.2 Subject to such directions as may be given by the Chief Accounting Authority of the Administrative Ministry, the Chief Controller of Accounts will review the annual accounts of a workshop, in consultation with the officer in charge of it and report to the Chief Accounting Authority concerned on its financial working specially bringing out the necessity or otherwise of revising the percentages fixed for the several charges referred to in paragraph 14.2.5 above.

Note – To facilitate the review of percentages, it will be found convenient to show in the Profit and Loss account, not only the figures of the year but also the progressive figures, to the close of the year commencing from a suitable date.

CHAPTER-15 DEPOSITS

15.1 Introductory

15.1.1 Deposit transactions of the Public Works Department are of two kinds:-

1. Public Works Deposits, which pass through the regular accounts of the Division
2. Interest bearing securities

Deposits of the first kind as referred to in '1' above comprise transactions of the following classes, which are passed through the head Public Works Deposits:-

- a. Cash deposits of subordinates as security,
- b. Cash deposits of contractors as security,
- c. Deposit for work other than Takavi Works to be done,
- d. Sums due to contractors on closed accounts and
- e. Miscellaneous deposits.

The interest-bearing securities of kind two as referred to in 2 above are deposited by subordinates and contractors. These do not pass through the regular accounts of division.

15.2 Security Deposits

15.2.1 Security Deposits of subordinates and contractors, whether made in the cash or in one of the forms of security referred to in Paragraph 15.2.2, are covered by a bond or agreement setting forth the conditions under which the security is held and may be ultimately refunded or appropriated. Reference to such bond or agreement should be recorded in the Deposit Register or the Register of Securities, as the case may be.

15.2.2 The recognized forms of interest-bearing securities and the conditions to which they are subject to are indicated below

Forms of Security	Conditions
i) Promissory notes and stock certificates of the Central Government or a State Government	(1) These securities shall be accepted at five per cent below their market price or at their face value, whichever is less and shall be in accordance with the Rules in Chapter IX of the Government Securities Manual.
	Note:- Gold Bonds may be accepted as security as they are also Government securities
	(2) The market value of Government paper should be ascertained at the time of collection of interest to the

	extent of deficiency in value of the Government paper withheld, if necessary.
ii) Post Office Cash Certificates, National Savings Certificate, Certificates and National Plan Certificates	(1) These certificates shall be formally transferred to the President of India: The departmental authorities authorized to accept security under Rule 275 of General Financial Rules, 2005 shall accept the same with the sanction of the Post Master of the Office of registration at their surrender value at the time of tender.
	(2) Certificates which are not held in the name of the person furnishing the security shall not be accepted.
iii) Post Office Saving Bank Pass Books	(1) A passbook for a deposit made under the Post Office Saving Bank Rules may be accepted as security provided that the depositor has signed and delivered to Post Master, a letter in the prescribed form as required by those rules.
	(2) Security Deposits lodged in the Post Office Saving Bank should be hypothecated to the Divisional Officer, if this has been specially authorized by the Administrative Ministry/Administrator concerned.
	(3) The passbook should remain in the custody of the Officer to whom the deposits are pledged.
	(4) The passbook shall be sent to the post office in the beginning of each financial year to get the entries on account of interest made in them.
iv) Municipal debentures or Port Trust Bonds and or debentures issued by the State Financial Corporations	These securities shall be accepted at five percent below their market price or at their face value whichever is less and shall be dealt with the accordance with the rules in Chapter IX of the Government Securities Manual.
v) Bonds or debentures issues by the Corporate Bodies and or established by or under any Central Act which are guaranteed by the Central Government as regards the payment of principal and interest or as regards the principal only.	The securities should be accepted at 5% below their market price or at their face value, whichever is less. It should be verified that the guarantees by the Central Government have not been revoked and continue to be in force. Security in these forms should not be accepted unless the transfer of title to the concerned officer accepting the security on behalf of the Government has been or can be validly effected and if necessary, registered (or it has been ascertained that the transfer will be made or registered) on the books of body corporate.
vi) Deposit receipts of all Schedules Banks including Fixed Deposits.	(1) The deposit receipt shall be made out in the name of the pledge, the bank shall certify on it that the deposit can be withdrawn only on the demand, or with the sanction of the pledgee. The bank shall agree that on receiving a signed Bank Challan and a withdrawal order from the pledgee in respect of the deposit, or any part thereof, it will at once remit the amount specified into the nearest Bank along with the challan and send the bank receipt to the pledgee.

	<p>2) Such receipts will be accepted on the understanding that Government is not held responsible for any loss that may result from the failure of the bank or any other cause and if the security is lost, the loss will fall on the depositor who will be required to furnish fresh security.</p> <p>3) The depositor shall receive the interest when due, direct from the bank on a letter from the pledge authorizing the bank to pay it to him.</p> <p>4) The responsibility of the pledgee in connection with the deposit and interest on it will cease when he issues a final withdrawal order to the depositor and sends as intimation to the bank that he has done so</p> <p>5) The deposit receipt should be held in custody by such official as the Administrative Ministry/Administrator concerned, may prescribe.</p>
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Note:- While accepting the Fixed Deposit Receipts it should be ensured that these cover the stipulated period of Contract plus the defect liability period mentioned in the Contract and also the receipts should be made out in the name of the Divisional Officers.

vii) Cheques/drafts issued by big Urban Banks whose working capital exceeds Rs.5 crores and by 'A', 'B' or 'C' Class Central Cooperative Banks	Cheques/drafts may be accepted as security from private contractors/supplier has furnished a Cheque/draft, the authorities concerned shall ensure that the Cheque/draft is encashed immediately and the contract is allotted only after the encashment of Cheque/draft.
viii) 10 years Social Security Certificates	The pledging of 10 years Social Security Certificates should be in accordance with the procedure laid down in the Rules Governing these certificates.
ix) Guarantee bonds of Scheduled Commercial and Non-commercial Banks	Guarantee bonds in the form prescribed and duly stamped by the Administrative Ministry, tendered by the contractor or a Public Sector Enterprise may be accepted as security. In accepting the guarantee bond, Divisional Officer should exercise great care in determining the date beyond which the guarantees would cease to operate, keeping in mind the period of completion prescribed and the period likely to be taken for the finalization of the account of the contract.
x) Fidelity Bond form any one of the following four subsidiaries of the General Insurance Corporation of	Fidelity Bond in Form G.F.R.34 as referred to in Rule 275(3) of General Financial Rules, 2005 may be accepted as security from a Government Servant but not from a private party. When a Government servant has furnished

India:- a) National Insurance Company Ltd. b) New India Assurance Company Ltd c) Oriental General Insurance Company Ltd d) United India General Insurance Co Ltd	security in Form GFR 34, the departmental authority authorized to accept security under Rule 275 of General Financial Rules, 2005 shall see that the Government servant pays premia necessary to keep it alive on the due dates and continues to do so until he vacates his office. If the Government servant fails to submit that premium receipts in time, he shall not be allowed to perform the duties of his post and dealt with in accordance with the terms of his appointment.
xi) KISAN VIKAS PATRA	The pledging of these Patras should be in accordance with the procedure laid down in the Rules governing these Patras.

15.2.3 Cash deposits of subordinates and contractors may be converted at the cost of the depositor, into one or more of the forms of interest-bearing securities provided:-

- (i) that the depositor has expressly desired this in writing and
- (ii) that the acceptance of the new forms of security are permissible under the rules as well as under the terms of the agreement or bond.

Note – Cash which has actually been received or recovered may be converted even though the full amount of the deposit which is being paid in instalments, has not yet been realized. This includes Earnest Money deposited in Cash/Cheque/Draft and subsequently forming part of Security Deposits.

15.2.4 Percentage deductions for security deposits, related to estimate cost of the work awarded, made from contractors' bills, should be credited to Major /Minor Head "8443-Civil Deposits"-108-Public Works Deposits" with sub-head "Cash deposits of contractors" thereunder. As an exception to this rule, the security may be exacted by withholding from payment the required percentage of the value of work actually measured and passed, if the total amount recoverable on this account during the financial year in any case is so small that its exclusion from the works outlay of the year is not likely to affect the grants appreciable. The limit fixed for the purpose is Rs.500/- for each work. Amounts thus withheld appear in the Suspense Account,"Contractors-Other Transactions" of the work concerned.

15.2.5 Without the special orders of Competent Authority, no security deposit should be repaid or retransferred to the depositor, or otherwise disposed of, except in accordance with the terms of his agreement or bond.

Note – The Depositor's acknowledgment should be obtained in all cases of security returned. When an interest-bearing security is returned or retransferred, the acknowledgment should set forth the full particulars of the security.

15.3 OTHER DEPOSITS

I For Works

15.3.1 Deposits for works other than takavi Works are passed through the head “Public Works Deposit”. Such works are known as Deposit Works and the detailed rules relating to them are given in Chapter 16.

II Contractors Closed Accounts

15.3.2 Under the rules in Paragraph 10.5.19 sums due to contractors on closed accounts may be placed in the Deposit Account. When a sum so held in deposit is ultimately paid to the contractor concerned, his acknowledgment should set forth such particulars as would establish the settlement of his account in connection with the work concerned.

III Miscellaneous

15.3.3 All other deposits are classed as Miscellaneous Deposits. This head also holds until clearance, all items of receipt, the classification of which cannot be determined at once or which represent errors in account awaiting adjustment.

15.4 LAPSED AND CONFISCATED DEPOSITS

15.4.1 At the close of March each year, the following classes of items in the Public Works Account should be credited to Government as Lapsed Deposits:-

(i) Deposits not exceeding twenty five rupees, unclaimed for one whole account year, or residuary balances not exceeding the said amount out of deposits partly repaid during the year then closing and.

(ii) All Deposits or balances in excess of the above said amount, unclaimed for more than three complete accounts years.

(See Rule 189 of Central Government Account(Receipt and Payments) Rules,1983 as amended from time to time.)

Note 1:- A list of deposits and balances thus lapsing shall be sent to the Pay and Accounts Officer in accordance with the relevant directions. For the purpose of this rule, the age of repayable item, or of a balance of it, may be reckoned as dating from the time when the item deposited by a party in connection with a contract or supply order is on request decided to be reckoned as deposit against subsequent contract or supply order awarded to the same party, the age of item will be calculated with reference to the date of the letter.

Note 2:- Such of the deposits(or balances of deposits) referred to in (ii) of paragraph 15.4.1 which pertain to contracts, supply orders that are under litigation or arbitration shall not be deemed as “unclaimed deposits” for the purpose of credit ting to Government under this rule. They should, nevertheless, be listed out distinctly along with relevant particulars so as to facilitate action for releasing the deposit or for forfeiting it, depending on the judgment or award at the conclusion of the litigation or arbitration. Relevant claim will require pre-check by the Pay and Accounts Officer before repayment.

15.4.2 Before the amount of lapsed or confiscated deposits is credited to Government as revenue, the original realization should be traced and reference to the credit should be so

recorded against the original entry in cash book and other accounts as to make the entertainment of a double or erroneous claim impossible.

15.4.3 Deposits credited to Government under Paragraph 15.4.1, or confiscated under the provisions of an agreement or bond cannot be repaid, without pre-check by the Pay and Accounts Officer who will authorize payment on ascertaining following

- (1) that the item was really received,
- (2) that it was credited to Government as lapsed or confiscated and
- (3) that the claimant's identity and title to the money are certified by the Divisional Officer.

The amount repaid should be treated as a refund of receipts under the Major Head to which it was credited and the repayment should be noted in the Deposit Register against the entry for its credit to Government vide Paragraph 9.4.2.

15.5 ACCOUNTS OF PUBLIC WORKS DEPOSITS

I Deposit Register

15.5.1 A record of the transactions relating to Public Works Deposits should be maintained in the divisional office in a register in the same form as the Suspense Register, C.P.W.A 67. This Deposit Register should show, month by month the total receipts and adjustments and the closing balance of each separate deposit item, but in respect of deposits for work to be done which are accounted for in detail in the Schedule of Deposit Works, Form CPWA65, a single entry for such deposits will suffice.

15.5.2 Before refund of deposits, otherwise in order, is allowed or the amount outstanding in deposit account is converted into interest-bearing security, the original realization should be traced and a reference to the repayment should be so recorded against the original entry in the Cash Book and other accounts as to make the entertainment of a double or erroneous claim impossible. A certificate for such a note having been made, should be made in all vouchers for refunds. Any acknowledgments previously granted should be taken back, if possible, and destroyed, a note of the repayment being in any case recorded on the counterfoil of the receipt.

II Schedule of Deposit

15.5.3 From the Deposit Register, a monthly extract known as the Schedule of Deposits, Form CPWA 79 should be prepared for submission to the Pay and Accounts officer. This form is in two parts-Part I Account giving total for each class of deposit. Part II detailed extracts from the deposit register. In Part II only such items need be extracted as are effected by the months transactions.

Note:- The entry for deposits for work to be done will be supported by the Schedule of Deposit Works.

15.6 ACCOUNTS OF INTEREST-BEARING SECURITIES

15.6.1 Transactions connected with interest-bearing securities do not pass through the Cash Book and consequently the regular accounts of the Division, unless any cash actually pass through the hands of officer of the department, which should be avoided as far as possible. A register of the receipt and disposal of these securities should, however be kept in CPWA form 85 Register of Interest-bearing Securities and at the close of the year, an account in CPWA Form 86 Account of Interest-bearing Securities should be prepared from this register for submission to the Pay and Accounts Officer. This account should be supported by (1) the acknowledgment (in original) of depositors for securities returned or re-transferred to them during the year, and (2) the certificate of the Divisional Officer that all securities shown as outstanding in this account, or their acknowledgments by the authorised custodians (vide paragraph 15.2.2) are in his possession.

Note 1- If a security recovered in installments is being deposited in the Post Office Saving Bank, no entries should be made in respect of it in the Register in CPWA Form 85 until the security has been fully paid up. But if such security deposit is to be refunded before the full amount is recovered, it should be treated as fully paid up and brought on the register before being refunded. The annual Account in CPWA Form 85, should be completed in respect of the securities in course of recovery, by taking the recoveries of the period covered by the Account from the Deposit Register, verifying them at the same time with the actual recoveries as shown in the Register of recoveries (paragraph 22.2.9)

Note 2 – If any Post Office Saving Bank Deposits have been hypothecated to a Divisional Officer under Paragraph 15.2.2.

(ii) the register for such securities should be kept by him and he should sign the annual certificate in respect of them.

Note 3- The procedure to be observed when a subordinate who has furnished an interest-bearing security, is transferred to another division or department, depends on the terms of the agreement and on the procedure followed locally in regard to the disposal of the security. It should be prescribed by the Administrative Ministry/Administrator concerned in consultation with the Pay and Accounts Officer.

CHAPTER 16 NON-GOVERNMENT WORKS

16.1 Introductory

16.1.1 Non-Government Works are divided into three classes – (1) Deposit Works (2) Local Loan Works and (3) Takavi Works

16.1.2 The General direction for the exhibition in accounts, of transactions relating to contributions from Central Revenue to Local Funds and Public bodies, and vice-versa as contained in Rule 68(1) of the Government Accounting Rules 1990 is reproduced below:-

“Contributions made by the Central or the State Government to District Boards, Municipalities, etc or vice-versa should be debited as expenditure or shown as receipts (as the case may be) under the head of account most closely connected with the object for which the contributions are made. Thus, a grant for the construction of a school should be debited to “2202 - General Education” grant for constructions of a drainage system to “2215 – Water Supply and Sanitation” and a grant for construction of a road to “3054 – Roads and Bridges” and grant given for general purposes, such as grant to make good a deficit or a compensation for revenue resumed, shall be classified under “3604 – Compensation and Assignments to Local Bodies and Panchayati Raj Institutions.”

Note 1 – If the financial assistance given by the Central Government to a Local body does not take the form of a grant of cash, but of expenditure in the Public Works Department equivalent to the whole or a part of the cost of a work constructed by that Department on behalf of the local body concerned, the contribution thus made should be debited as expenditure under the detailed head “Contributions” below the relevant major/minor head corresponding to the function/programme closely connected with the object of the assistance.

Note 2 – When buildings are constructed by CPWD and handed over to the grantees – In cases where the grantee institutions, organizations etc are willing to have the buildings constructed through the Central Public Works Department out of the grants-in-aid given by the Government, the sanctioning authority should get the buildings constructed through the Central Public Works Department instead of giving grants directly to the grantee institutions and then hand over the buildings to the grantees. The following instructions should be kept in view while doing so:-

The expenditure on such works should be met from the Budget Grants of the Administrative Ministry sanctioning the grant to the institution concerned. Necessary provision for the “Grants-in-aid” may be made in the respective Ministry’s grant under the relevant Major Head (Education, Medical, Public Health etc). The budget provision in each year should be restricted to the actual amount that is likely to be expended on the work in that financial year. The amount will not be paid in cash to the grantee institution but paid to concerned Central Public Works Division by means of ‘Government Account’

Cheque, debiting the expenditure as grants-in-aid etc, the latter shall classify it under the head “8443 – Civil Deposits 108 Public Works Deposits”.

Note 3 – A contribution paid by a local body or private party with the express object of meeting the whole or part of the cost of construction by the Public Works Department of a specific work which is eventually to be property of Government should be credited as revenue receipt of the Government relevant to the function/programme closely connected with the object for which the contribution is made.

16.1.3 In the Public Works Accounts, contributions made to Local Bodies are debited to the object head ‘Contributions’ below the relevant major/minor head corresponding to the function/programme closely connected with the object of the assistance. See also Note 1 below para 10.8.6.

16.1.4 When works already constructed or land already purchased, are transferred free of charge to local bodies, no readjustment of the amounts of cost is necessary.

Note – The rule in this paragraph does not apply to Irrigation, Navigation and Drainage Works (Commercial)

16.1.5 For every Non-Government Work there must be a duly sanctioned detailed estimate of requisition as the case may be, in the same way as for a Government Work.

16.2 DEPOSIT WORKS

I. General

16.2.1 For every Non-Government Work the local body or other party concerned should advance the gross estimated expenditure, which is payable by it to the Divisional Officer in lumpsum or in installments, and by such dates as may be specially authorized by the Administrative Ministry/Administrator concerned, vide paragraph 118 of the Central Public Works Department Code. The amount received should be credited in the accounts to the head “108 – Public Works Deposits” under the Major Head 8443 – Civil Deposits”, against which will be debited all expenditure incurred up to the amount of the deposit. As regards expenditure in excess of deposit, see paragraph 13.4.3 of this Code.

Note – In case of autonomous bodies financed entirely from Government funds where the receipt of money is assured only 33 $\frac{1}{3}$ % of the estimated cost of a particular work need be got deposited as advance and thereafter expenditure incurred may be got reimbursed through monthly bills. The deposit of 33 $\frac{1}{3}$ % obtained earlier should be retained for adjustment against the last portion of the estimated expenditure.

16.2.2 A consolidated record of the transactions of a month relating to all Deposit Works of the Division should be prepared in Form 65, Schedule of Deposit Works. The schedule shows, in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and upto date.

Note 1 – Refunds of unexpended balances of completed works should be taken in reduction of the deposits and therefore, shown in the schedule as minus realizations and not as expenditure.

Note 2 – All payments of “decretal amounts” pertaining to “Deposit Works” should be charged on the Consolidated Fund of India under the minor head 799 Suspense, Sub-head “Miscellaneous Work Advance” Detailed Head – Other items subordinate to the relevant major head. These should simultaneously be transferred to the Deposit Work concerned by debit to “108 - P.W. Deposits – Deposits for work other than Takavi Works to be done” if sufficient funds are available or to Miscellaneous P.W. Advances – Expenditure incurred on Deposit Works in excess of deposits received (voted) (In case sufficient funds are not available) in accordance with the instructions contained in paragraph 16.2.1 and 13.4.3 respectively of this Code.

16.2.3 The amount of each deposit should be rateably divided into two parts, one representing the share available for works expenditure and the other the total amount chargeable as establishment, tools and plants, audit and accounts and pensionary charges, if any, recoverable under the rules, vide Appendix 4. In the schedule, the deposit received for each work should be numbered as a single item, but the transactions relating to the two parts of it should be shown separately thus -

For Works expenditure

For Percentage charges.....

16.2.4 The percentages leviable should be adjusted month by month as the works expenditure is incurred.

II. DISTRICT FUND WORKS, MUNICIPAL, CANTONMENT & PORT TRUST WORKS

16.2.5 The accounting procedure prescribed in paragraphs 16.2.1 to 16.2.4 is also applicable to Deposit Works executed on behalf of District Boards, Municipal & Cantonment & Port Trust Works.

16.3 LOCAL LOAN WORKS

16.3.1 Expenditure on a local loan work, including the portion of expenditure on a joint work, which is incurred against a sanctioned loan under orders of competent authority should be accounted for under the head “Loans and Advances pertaining to the Functional Major Head concerned” and shown in the Schedule of Debits to Miscellaneous heads of Account, Form 76 supported by a Schedule of Works expenditure in CPWA Form 64.

16.3.2 All charges debitable to a loan should be brought to account as they occur so that the interest charges may be correctly calculated and adjusted in the Pay and Accounts Office.

Note – This rule applies also to the percentages (vide paragraph 16.2.3) leviable under the rules which should, therefore, be adjusted monthly by inclusion in the Schedule of Work Expenditure. (Form 64)

16.4 TAKAVI WORKS

I. Provision of Funds

16.4.1 It is not imperative, as in the case of a Deposit Work, that the estimated cost of a Takavi Work shall be deposited by the person or persons interested in the work, before any expenditure is incurred on it, as if the amount due is not received in cash direct from them, it is recoverable through the District and Revenue Authorities in the same way as arrears of Land Revenue. Endeavour should, however, be made to effect direct and prompt recoveries of the probable cost of Takavi Works, as recoveries through the District and Revenue Authorities cause considerable trouble and delay in adjustment.

II. Accounting of Expenditure

16.4.2 The transactions relating to Takavi Works should be recorded under Sub-head “Takavi Works Advances, under 8550 – Civil Advances, 103 - Other Departmental Advances”. They should be accounted for in the Schedule of Takavi Works, Form 66, which shows the expenditure incurred on each work, the amount realized on account of it and the outstanding balance of the account.

16.4.3 The rules in paragraphs 16.2.3, 16.2.4 and Note below paragraph 16.2.2 relating to Deposit Works apply, mutatis mutandis to Takavi Works.

16.4.4 The accounts of all works of construction or of special repairs should be closed as soon as the work is completed. Ordinary maintenance and repair works should, however, be considered as completed on the 31st October of each year (or any other date that may be prescribed by the Administrative Ministry/Administrator concerned, as the last date of the takavi year) and expenditure thereon incurred subsequently should be accounted for as pertaining to a new work of the following year, so that the transactions and balances relating to each takavi year may be kept distinct and separate.

III. Recovery through District and Revenue Authorities

16.4.5 The following procedure is prescribed for effecting recoveries through the District and Revenue authorities, on account of the cost of individual Takavi Works, not covered by cash deposits received direct from the cultivators concerned:-

(a) A certificate showing (1) the full name of the work, (2) the name and address of the responsible cultivator or cultivators, (3) the authority for undertaking the work, (4) the total expenditure incurred, (5) the amount (with full particulars if any), recovered in cash and (6) the net amount still recoverable, should be prepared in duplicate by the Divisional

Officer, on the completion of the work (see paragraph 16.4.4) and submitted to the Collector or Deputy Commissioner of the District concerned.

(b) On receipt back of the duplicate copy, duly accepted, the amounts accepted should be credited on the authority of it to the Takavi Works Advances account by debit to the detailed head 'Cultivators' subordinate to the relevant functional major head for loans and programme minor head under "F Loans and Advances"

IV Waters Courses

16.4.6 The foregoing rules apply to such water courses only as are classed as Takavi Works. The account rules relating to water course of other classes are given in Appendix 3.

CHAPTER – 17
TRANSACTIONS WITH OTHER DIVISIONS, DEPARTMENTS AND
GOVERNMENTS

17.1 General Rules

17.1.1 The conditions under which one department of the public service may raise debits against another department under the same Government or any department under another Government for services rendered or articles supplied to it, are regulated by the directions contained in Chapter 4 of the Government Accounting Rules, 1990.

Note 1: Subject to such general exceptions as may be authorized by Government in the case of petty works, all charges connected with the construction and maintenance of buildings, etc for the several Civil Departments of Government will be brought to account as expenditure of the Public Works Department (Civil Works Section) or of the Civil Department concerned, according as the administration of the Works rests with the Public Works Department or is vested in, or is transferred by a general or special order of Government from the Public Works Department to the Department using or requiring it.

Note 2: The value of Public stores issued to other departments is chargeable to them.

17.1.2 The cost of the land acquired by the Civil authorities on behalf of the Public Works Department is debitable in the accounts of the latter as part of the cost of the works for which the land is taken up; but when it is taken up for two or more non-commercial departments conjointly, the charge is not divided, but is wholly debitable to the department for which the greater part of the land was taken up, unless there are special reasons to the contrary.

17.1.3 When a special officer is employed for the acquisition of land for the Public Works Department, the expenditure on pay, allowances, etc of the special officer and his establishment and any expenditure on contingencies is debitable to the Public Works Department as part of the cost of works for which the land is acquired. When the land is taken up by a civil officer, not specially employed for the work, only special charges incurred in connection with the acquisition of the land on establishment, contingencies, etc, will be borne by the Public Works Department as part of the cost of works for which the land is acquired.

17.1.4 The licence fee of buildings hired for use as residences of Government servants of any Civil non-commercial department is chargeable in the accounts of the Public Works Department. In special cases, when the hired residences are, under the orders of Government, placed under the charge of any other department, the charges on account of rent in connection with residences will be disbursed and borne by that Department. When any land or building not belonging to the Public Works Department is hired by

another department to be occupied for any other public purpose, the rent is payable by the department concerned, and Divisional Officers do not disburse rent for such premises unless ordered by Government to do so.

17.1.5 When prison labour is employed on Public Works no charge is made by the Jail department if the convicts are employed on Jail works, but in other cases the full market value of the work performed, as certified by the Divisional Officer is charged to the Public Works Department.

17.1.6 (1) Transfer of land from one Department of the Government to another shall be on a 'no profit no loss' basis.

(2) Transfer of buildings and superstructures on such lands between Departments of the Government shall be at the present day cost minus depreciation of the structure(s) standing on the land. Valuation for this purpose shall be obtained from the Public Works Department at the time of transfer.

(3) The allotment of land to, and recovery of cost of buildings from public sector undertakings shall be at 'market value' **as defined in Paragraph -2 of Appendix-11 of General Financial Rules, 2005.**

(4) The transfer of land and buildings between the Union and State Governments shall be regulated by the provisions of Article 294, 295, 298 and 299 of the Constitution of India and subsidiary instructions issued by the Union Government which are laid down in Appendix 11 read with Rule 79(4) and Rule 279(5) of General Financial Rules, 2005.

Note 1: The term 'department' occurring in Sub-rules (1) and (2) above means a Ministry or Department of the Union Government including Defence, Railways, Posts and Telecommunications.

Note 2: Market value when applied to land may be defined as the price which the land would fetch if sold in the open market subject to the ground rent or assessment shown against it in the revenue registers, or, if no ground rent or assessment shown against it in the revenue registers, subject to a ground rent or assessment levied at the rate at which ground rent or assessment is actually being levied on similar land in the neighbourhood excluding all cases in which such similar lands in the neighbourhood are held free of ground rent or assessment at favourable or unfavourable rates of ground rent or assessment. This is the market value which has to be credited or debited, as the case may be, in the case of all transactions between the State Governments and the Union Government or between the Union Government and State Governments or the Railways.

17.1.7 Services rendered, or articles supplied, by one division to another will be **settled through Advance Payments to be classified as Stores Advance, Service Advance or Works Advance, as the case may be Procedure whereof is laid down in Appendix 7-A of C.P.W.A Code.**

17.1.8 Amounts owing by or to a department or departments of other Governments, except for the supplies arranged in exceptional cases on or after 1st July 2005 by the Department of Supply which are paid initially by the PAO(Supply), should be paid by Cheques or Bank Drafts by the Division/PAO concerned. **For inter-divisional and Inter-Departmental transactions, see Appendix 7-A and Appendix 7-C of this code.**

17.1.9 Cash recoveries made from employees, contractors, etc as also revenue realized on behalf of other Divisions, Department or Governments, should be passed on to them, the payments being made in the manner prescribed in paragraph 17.1.8. Cash obtained from banks on cheques and cash receipts including surplus cash remitted to Banks, are accounted for as remittance transactions.

17.2 ACCOUNTING PROCEDURE

17.2.1 (A) In terms of the provisions of Rule 140 of General Financial Rule,2005, Ministries/Departments have been delegated full powers to make their own arrangements for the procurement of goods. In case however a Ministry/Department does not have the required expertise, it may project its indent to the Central Purchase Organisation i.e D.G.S. & D with the approval of Competent Authority. However in exceptional cases where the material is purchased by placing indent on D.G.S.&D,the existing procedure for making payment by the PAO of Division to PAO, Supply by operating Minus Credit to Sub-head “Payment for Purchases through DGS&D” under Minor Head “129-Material Purchase Settlement Suspense Account” below the Major Head “8658-Suspense Accounts” and clearance thereunder on the adjustment of PAO Memo by the Division would continue as hithertofore. (see Appendix 7-C of C.P.W.A Code.

(B) Inter-Departmental transaction on account of supplies made or services rendered to Cabinet Secretariat and Ministry of Defence has to be settled in cash, i.e., by Cheques/Bank draft, the monetary settlement should be effected by debiting the amount due, to the Suspense Minor Head “107 Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” pending clearance on receipt of Cheque/Bank draft from the Division concerned. The detailed procedure to be followed in this regard is given in Appendix 7-C(a).

Note 1 – Such percentage charges on account of supervision and establishment and tools and plant as may be leviable under the rules, should also be included, by a transfer entry in the amount transferred. See also paragraph 14.2.5.

Note 2 – The cost of workshop jobs need not be adjusted monthly, vide paragraph 14.2.4.

Note 3 – Since all inter-divisional transactions, irrespective of the fact whether the Divisions fall within the same Circle of Account or in different Accounts Circles, are

required to be settled through “Advance Payment”, the procedure of which is laid down in appendix 7-A of this code.

17.2.2. In cases, however, in which the transactions originate in another Department of Central Government (e.g. Department of Supply) the responding transfer/adjustment should be made on receipt of intimation of the advice, from the Pay and Accounts Officer. In other cases, the Divisions should resort to direct settlement by cheques/drafts. Accordingly, the Departments rendering supplies or services to the Divisions should prepare a bill for the claims recoverable from the Divisions and send them directly to the concerned Divisional Officers for payment by cheque or bankdraft, as the case may be. This expenditure will also be accounted for by the Divisional Officers in their accounts just like any other transaction arising in their books.

17.2.3 The responding division should examine every transfer claim advised to it for adjustment/payment, but it may not reject a transfer/claim because the voucher is not in order or is wanting, nor may a transfer/claim advised be partly accepted and partly rejected: it may be rejected altogether if it does not pertain to the division: otherwise, it should be accepted provisionally in full and this dispute as to the amount or as to other particulars of the transactions, should be settled separately in consultation with the Officer who advised the transfer. See also paragraph 17.2.7.

Note – For procedure for payments against Civil Credit Notes. (Railways warrant and Railway freight credit note), see Appendix 7-B.

17.2.4 (a) When a charge is transferred to another department or Government for adjustment, the transfer is required to be supported either by the necessary vouchers, complete in all respects or by a certificate signed by the Accounts Officer of the Department originating the transfer to the effect that the payment vouchers have been duly audited and passed in accordance with the rules. Divisional Officers are, therefore, responsible for obtaining proper vouchers in support of all charges to remittance heads in their accounts.

(b) Similarly, in the case of transactions between Public Works Divisions, including the Divisions of other Governments, the system of Advance Payment should be followed. claims should be supported by all necessary vouchers, except those relating to work done for other Divisions, for which see paragraph 17.2.6(b).

Note : In the case of Stores issued from “Stock” by one Division to another Division within the same circle of account, the supplying division will issue the stores on receipt of cheque from the indenting Division as advance payment for the procurement of stores. On receipt of cheque, supplying Division will enter the cheque in the Cash book as debit to “Remittance into Bank” under the Minor Head “102-Public Works Remittances” below the Major Head “8782-Cash Remittances etc.” and credit to stock.

17.2.5 When a transaction originates in a Public Works Division, the necessary transfer or preferment of claims should ordinarily appear in the accounts of the division for the month in which the transaction occurred, but in the case of work done in workshops the cost is adjustable in accordance with the rules in paragraphs 14.2.3 and 14.2.5.

17.2.6(a) In respect of work done in a division for other departments, or Governments the procedure to be followed has been explained in Appendix 7-C or/and Appendix 7-D, as the case may be.

(b) As regards work done in a Public Works Division on behalf of another Division, including the Divisions of other Government the claims should be settled by the Divisions amongst themselves without the intervention of the **Pay and** Accounts Officer for the settlement of inter-divisional transactions, procedure for Advance Payment has already been introduced w.e.f. 1.4.1993 by doing away the operation of Suspense Head "107-Cash Settlement Suspense Account". The Requisite vouchers should, however, be sent to the **Pay and** Accounts Officer with the Monthly account, duly supported with Form CPWA 64. If, as a result of check in accounts office, it is noticed that an excess payment has been made over and above the Advance Payment the Division will claim the amount of excess from the originating Division by operating on the Suspense head "107-Cash Settlement Suspense Account", **as a special case**, treating the item as an original transaction. On the contrary, if short payments are noticed in check in accounts office, the originating Division will send a supplementary claim for the balance to the other Division.

In order to enable the Public Works Divisions to settle the excess/short payments in the manner indicated in this paragraph, the **Pay and** Accounts Officer will notify the discrepancies noticed in check in account offices both to the originating and the responding Divisions.

Note 1: For the purpose of this paragraph, work done includes jobs executed in workshops.

Note 2: In the case of works, which are assessable to percentage recoveries on account of establishment, tools and plant, etc, that amount of the estimate and appropriation for the work should be rateably broken up into two parts to represent respectively, the works expenditure and the percentage charges.

Note 3: The provision regarding audit before intimation of transfer may be relaxed in the case of any item appearing in the accounts for March and requiring adjustment with another Government (other than a Public Works Division) vide paragraph 22.4.20.

17.2.7 In cases in which transactions originate in Department of Supply, and the intimations of transfer/adjustment of debits or credits are received through the **Pay**

and Accounts Officer (paragraph 17.2.2), the Divisional Officer should examine such transfers as expeditiously as possible and report all his objections to the Pay and Accounts Officer, whether the transfer is brought to account provisionally or rejected.

17.2.8 The procedure prescribed in paragraph 17.2.7 applies *mutatis mutandis* to transfer transactions not relating to the execution of works, with (1) Ministry of Railways (2) Department of Posts and (3) Department of Telecommunications.

17.2.9 The Divisional Accountant should see that there is clear authority of the responsible disbursing officer of his division for claims/transfer advised to other divisions, departments or Governments, and that no charge advised by another division, department or Government is finally paid/adjusted until all the necessary vouchers [except those relating to work done *vide* paragraph 17.2.6 (b)] have been received and have further been completed by obtaining thereon, from the responsible disbursing officers of the division, the classification of the charge as attested by their dated initials. He should further see that when transfer/claim advised to the division for adjustment/payment is responded to provisionally, the objection raised thereon is pursued with a view to ensure speedy settlement

CHAPTER 18 PAY AND ALLOWANCES

18.1 Introductory

18.1.1 Pay and allowances of Government servants of the P.W. Division if not charged directly to works, as well as, personal advances, except those payable by the Pay and Accounts Officer referred to in para 6.2.2 sanctioned by competent authority are drawn by means of cheques [vide paragraph 3.2.1(a)] and in accordance with the procedure prescribed in the C.G.A.(R&P) Rules, 1983 which are applicable to the C.P.W.D. subject to the special rules laid down in this regard. Note 1 – The sanction of competent authority to personal advances may, if preferred be obtained in the form of counter-signature on the bill itself before it is passed by the Divisional Officer for payment.

18.2 PREPARATION OF BILLS

I. General

18.2.1 Claims of all Government servants, Gazetted or non-gazetted should be preferred by Head of Offices under whom they are employed, and the latter should make proper arrangements for disbursing the amounts so drawn.

Note – For the purpose of this rule, the Divisional Officer is treated as the “Head of Office” of the entire establishment employed in the division.

18.2.2 A separate pay bill should be prepared for:-

- (i) establishments whose charges are debitable to different heads of accounts;
- (ii) personnel to whom salary is payable individually by cheques and
- (iii) group 'D' employees.
- (iv) Government employees joining Government Service on or after 01-01-2004 and covered under the New Pension Scheme'2004.**

Each of the bills may be prepared by including both permanent and temporary establishments and divided into separate sections comprising the establishments and indicating the description of each section prominently, alongwith sanctioned number of posts included therein (in the case of large establishments, separate bills may be prepared for different sections, if administratively found convenient). While for permanent posts the sanctioned strength need only be indicated at the top of each section of posts, in the case of temporary posts, the number and date of the sanction letter shall also be indicated. In cases where sanction for continuance of posts has been applied for, the drawing and disbursing officer shall indicate this fact in the bill and draw pay and allowances of the persons concerned at earlier rates.

Except as provided in sub-rule (4) of Rule 66 of C.G.A.(R&P) Rules, 1983, the name of every incumbent shall be shown against each post and the rates of pay and allowances claimed for each shall also be shown. When pay and allowances are drawn for a portion of a month only, the actual period for which these payments are claimed shall be mentioned against the concerned Government servant in the body of the bill. The other instructions printed on the Form of the bills should also be carefully followed.

Note – In the CPWD Divisions as well as the divisions of other Departments where the Divisional Officers have been authorized to draw pay and allowances of officers and staff by cheques [vide paragraph 3.2.1(a)] the following procedure shall be followed for preparation, checking of bills and for drawal of cheques therefor:-

- (a) The Administrative Branch of the Division shall be responsible for preparation of bills. That branch shall maintain the Bills Register in G.A.R. 9 as well as other subsidiary registers connected with the drawal of bills. The bills shall be presented by the Administrative Branch to the Accounts Branch headed by the Divisional Accountant for check and payment of the bills.
- (b) The Accounts Branch on receipt of the bills from the Administrative Branch will conduct the required checks as laid down in the CGA(R&P), 1983.
- (c) After check of the bills, the Accountant will record the pay order. After getting the pay order signed by the Divisional Officer, cheques by designation of the D.D.O., will be drawn in regard to the bills of officers desiring payment in cash and crossed Account Payee cheques will be drawn in the name of the payees in case of officers desiring payment by Cheque. In either case the cheques will be for the net amount payable and an entry in Form CAM 10 will be made. Similarly, for claims to Travelling Allowance, LTC, separate bills should be prepared.
- (d) The D.D.Os / C.D.D.Os will prepare separate Pay Bill Registers in respect of Government servants joining Government service on or after 01-01-2004. The DDOs/CDDOs will have to prepare separate Pay Bills in respect of these Government servants and will send the same with all other schedules to the Pay and Accounts Officer so as to reach him on or before 20th (15th in the case of DDOs/CDDOs situated in far flung areas not easily accessible) of the month to which the Bills relate. Cheque Drawing DDOs may note that henceforth in respect of Government servants joining service on or after 01-01-2004 they will only prepare Pay Bills and not make payment. Such Bill will be sent by them to the Pay and Accounts Offices for pre-check and payment.**
- (e) **The DDO/CDDO will prepare a recovery schedule in duplicate in the prescribed Form for the contributions under Tier-I and attach them with the Pay Bills. The amount of the contributions under Tier-I should tally with the total amount of recoveries shown under the corresponding Column in the Pay Bill.**
- (f) **It may be noted that along-with the salary bill for the Government servants who join service on or after 01-01-2004, the DDO/CDDO shall also prepare a separate bill for drawal of matching contributions to be paid by Government creditable to Pension Account.**
- (g) **The bill for drawal of matching contribution should also be supported by schedules of recoveries in prescribed Forms.**
- (h) **On receipt of the Salary Bills in respect of Government Servants joining service on or after 01-01-2004, PAO will exercise usual checks and pass the bill and make the payments. After the payments is made and posting is done in the detailed Posting Register, one set of schedules relating to Pension Contributions will be detached from the Bills as is done in the case of other schedules such as Long Term Advances etc.. The Schedules will then be utilized for posting the credits of Contributions in the Detailed Ledger Account of the individual.**
- (i) **The employees contributions under Tier-I and Tier-II, and Governments Contributions should be posted in different Columns of the individual ledger account (to be maintained in the prescribed format) and BROADSHEET tallied with the accounts figures as being done in the case of GPF/Long Terms Advances.**
- (j) **The accounts should not be mixed with GPF Accounts and these records/ledger accounts should be independent of GPF accounts maintained in the case of pre-01-01-2004 entrants.**
- (k) **The PAO will consolidate the information available in the New Scheme Schedules received from the various DDOs and forward the same in floppy in the prescribed form to Principal Accounts Office by 12th of the month following the month to which the credit**

pertains. Principal Accounts Office in turn will consolidate the information and send the same in electronic form to the Pension Regulator appointed by the Govt. for the purpose by the 15th. Till The Regulator is appointed by the Govt. the same will be sent to Central Pension Account Office by the above mentioned date.

II. Classification

18.2.3 Bills paid at the counter of Pay and Accounts Office incorporated in the accounts are kept by the Pay and Accounts Officer. Drawing Officers are, however, responsible for giving sufficient particulars on the bill necessary for determining the accounts classification (vide Rules 1 and 2 of Appendix 4).

Bills paid by drawal of cheques by the Divisional Officer of C.P.W. Division of the Departments should, however, be incorporated in the monthly accounts of the Division in accordance with the procedure prescribed in Chapter 22.

Note – The cost of any special establishment for acquisition of land entertained under orders of Government by a Civil Officer acting as a Public Works Disburser, is chargeable as the cost of the works concerned and not as general establishment charges, vide paragraph 17.1.3

18.2.4 If as permitted by Rule 65 of CGA(R&P) Rules, 1983 emoluments upto the date of transfer are not drawn before a Government servant proceeds on transfer, emoluments for the whole month may be drawn in the new appointment, the allocation of the charge to the old and new appointments being clearly specified on the bill.

Note 1 – The last pay certificate should give all the necessary information so that the allocation may be correctly noted by the drawing officer in the bill of the new office.

Note 2 – Arrears of pay and allowances of such members of the staff as have been transferred and in respect of whom last pay certificates have already been issued, should in no case be drawn by the Division from which they have been transferred.

18.3 DISTRIBUTION OF PAY AND ALLOWANCES

I. General

18.3.1 Special attention is invited to Rule 92 of C.G.A.(R&P) Rules, 1983 prescribing the procedure for distribution of pay and allowances to establishments. Acknowledgements should, as far as possible, be taken on office copies of bills, but where this may not be convenient or advisable as in the case of scattered establishments, consolidated receipts on Acquittance Roll, Form G.A.R. 24, may be obtained separately for each set of payments made at one place or at one time.

Note Acquittance rolls and receipted office copies of bills are not required to be submitted to the Accounts Officer, but as they are important records, they should be stamped “paid” and preserved carefully for such periods as may be prescribed by Government.

18.3.2 Cash drawn on pay and travelling allowance bills of establishments should not be mixed with regular cash balance of the Department, if any, vide paragraph 6.2.4. A cash book in Form GAR 3 should be maintained for pay and travelling allowance bills in accordance with Rule 13 of CGA(R&P) Rules, 1983. An account of undisbursed pay and allowances should be kept in a Register in Form G.A.R.25. Entries of the total and particular amounts of undisbursed pay and allowances may be made against each bill serially and subsequent payments thereof entered in

the appropriate column of the Register and the Cash Book, each entry being attested by Drawing and Disbursing Officer. From this Register, an abstract of amounts remaining undisbursed for three months should be prepared to ensure their refund, either in cash or by short drawal from the next bill.

18.3.3 A bill register in the form GAR 9 should be maintained by all Heads of Offices who are authorized to draw money on account of pay and allowances etc by Cheque on bills signed by them. The register should be reviewed monthly by a Gazetted Officer and the result of review recorded thereon.

II. Miscellaneous Recoveries from Establishment

18.3.4 Normally the Security is to be obtained in the form of fidelity bonds as per the procedure laid down in Rule 275 of General Financial Rules, 2005. However, recoveries on account of security deposits of employees made in cash when their pay is disbursed, should be credited in the Cash Book of the disbursing officer.

Note 1 – The Administrative Ministry/Administrator concerned in consultation with the Accounts Officer may, however, prescribe that security deposits should be deducted from pay bills.

Note 2 – The rule in this paragraph applies mutatis mutandis to all recoveries from employees which are creditable under the rules of same head in the compiled accounts of the division.

18.4 SPECIAL ARRANGEMENTS TO PREVENT DELAYS IN PAYMENTS

18.4.1 To prevent abnormal delays in payments to establishments in exceptional cases, pay and allowances of subordinates employed in out of the way places may be remitted to them by postal money order at Government cost/Bank Draft at the nearest branch of Public Sector Bank under the orders of the Administrative Ministry/Administrator concerned.

18.4.2 If the encashment of a bill for an advance on transfer is likely to delay a transfer which is urgently necessary in the public interest, the advance may be made from the permanent cash imprest (if any), works imprest or other available cash in the hands of the disbursing officer concerned, pending recoupment when the bill is subsequently passed and encashed. In the accounts of such cash, the amount advanced should not be charged off as a final transaction, but recorded as a temporary advance, so that the amount may continue to form part of the cash balance for which the disbursing officer is responsible.

18.5 COMMUNICATION OF SANCTION TO PAY AND ACCOUNTS OFFICER

18.5.1 All orders revising sanctioned scales or sanctioning the creation or abolition of permanent or temporary appointments should at once be communicated to the Pay and Accounts Officer. Changes in the personnel of the establishments and in their emoluments should be indicated in pay bills and absentee statements by the authorities preparing those documents, who are responsible that orders of competent authority are obtained in each case as required by the rules.

18.5.2 In the case of all transfers of divisional, sub-divisional or other executive charges, a report of transfer of charge should be prepared in the manner prescribed by Government and sent to the Pay and Accounts Officer through the Superintending Engineer. Whenever the

transfer of charge is prolonged so that two Government servants may be entitled 'to draw pay and allowances simultaneously for the same appointment (see Audit Instruction under Fundamental Rule 107), the Superintending Engineer should intimate to the Pay and Accounts Officer if the time taken is reasonable and the relieving officer may be considered as on duty for the period. If, however, the Superintending Engineer considers the time taken in making over and receiving charge to be excessive, the relieving officer must be treated as if he were on leave or on joining time, etc., as the case may be, for as much of the time as may be regarded as excessive.

CHAPTER 19- CONTINGENT CHARGES

	19.1 Modes of obtaining Cash
19.1.1	Cash required to disburse contingent charges is obtained from accredited bank by cheques, in the same way as cash required for works payments and the charges are incorporated in the monthly account of the division.
	19.2 General Rules
19.2.1	The rules in Part III of CGA (R&P) Rules 1983 apply generally to the public Works Department to the extent that they may not be inconsistent either with the authorized method of obtaining cash for contingent charges (vide paragraph 19.1.1) or with any of the special rules in this Code.
19.2.2	The expression contingent charges as used in Public Works accounts does not include charges which under the accounting procedure indicated in Appendix 2 are classified under some other head of expenditure, e.g., Construction, Repairs and Machinery and Equipment.
<p>Note – Charging of expenditure of contingent nature which falls within the purview of this Chapter to the contingencies of work is strictly prohibited and any breach of this should be brought to the notice of appropriate authority concerned by the Accounts Officer.</p>	
19.2.3	If the contingent charges of a division excluding special contingencies (vide Rule 98 of CGA. (R &P) Rules, 1983), during a month, exceed monthly limit for such charges fixed by the Administrative Ministry/Administrator concerned, the bill for the month should be submitted to the Superintending Engineer, for sanction, which will be signed by that officer countersigning the bill.
19.2.4	Contingent charges and Grants-in-aid may be included in the same bill, but the abstract of the bill should show the total charges for each class separately.

	19.3 Special Rules
19.3.1	The Accounts procedure for contingent charges will be as follows:-
	(a) Payments made should be brought to account, in the first instance, in cash books or imprest cash accounts, like works payments.
	(b) At the end of the month all contingent charges (including Stock and adjustment transactions) should be consolidated in a bill in form GAR 31 (headed 'Not Payable') for submission to the Accounts Officer with the Monthly Account. Particulars of the charges need not be entered in this bill except in the case of miscellaneous items which do not fall under one of the classified sub-heads for specific charges. Vouchers which are not required to be submitted to Accounts Officer should be stamped 'Paid' and cancelled by the Drawing and disbursing Officer.
	(c) A register of contingent expenditure in Form GAR 27 shall be kept in each office and the initial of the Divisional Officer or of a Gazetted Officer to whom this duty has been delegated by him, shall be entered against the date of payment of each item, who will also ensure that the expenditure is kept within the budget allocation.
19.3.2	Petty payments should be made out of the regular cash or imprest balances of the division and not out of undisbursed balances of cash for payment of establishment charges. Other payments should be made by cheques.
<p>Note- Crossed Government Account' cheque in favour of the Post master or State Bank of India branches which are authorised to sell stamps may be drawn or obtained by drawing and disbursing officers from Pay and Accounts Office by preferring a bill indicating the value of postage stamps of various denominations required, and giving a certificate that the stamps will be used for postage on bonafide communication in public service and that the expenditure could not be avoided.</p>	

CHAPTER-20 DIRECTION AND OTHER SPECIAL OFFICES

	20.1 Introductory
20.1.1	The rules in this Chapter apply only to the offices of the Chief and Superintending Engineers, Superintendents of works and other special officers not being Divisional Officers or their subordinate officers. These offices are described as special offices in this Chapter.
20.1.2	The head of a special office is not concerned with the actual execution of works, with the disbursement of money or with the provision or custody of any materials, otherwise than possibly as an officer of control. If, however, he is required at any time to assume an executive charge, the monetary and stores transactions of such charge should be kept distinct from the transactions of his special office, and accounted for under the rules applicable to divisional Officers.
	20.2 Receipts
20.2.1	Heads of special officers do not ordinarily realise any departmental receipts, any petty amounts received occasionally should be remitted at once into the accredited bank in accordance with the procedure prescribed in Rule 21 & 26 of C.G.A.(R&P) Rules, 1983.
Note	For recoveries from the staff, see paragraph 20.3.5.
	20.3 Payments
	I. Introductory
20.3.1	The monetary transactions of heads of special offices are practically confined to payments of office expenses and pay and allowances of themselves and the members of their offices. These may be divided into two distinct groups:-
1. 2.	1. Pay and allowances. 2. Contingent charges.
20.3.2	Cash required to meet these payments is obtained by bills drawn on Accounts Offices/Divisional Officer under the rules in the following paragraphs.
	II Pay and Allowances
20.3.3	The rules in Chapter 18, which are applicable to Divisional Officer apply mutatis mutandis to special officers keeping in view the method of drawal of

	funds. The following rules are peculiar to them.
20.3.4	Establishment bills as prescribed in rule 66(2) of CGA (R&P) Rules, 1983 will be presented for encashment at the Zonal PAO at the places where the office of the Accounts Officer is located and the authorized division at the places other than the place of office of Accounts Officer.
20.3.5	Recoveries from the establishment of special offices are not subject to the rules in paragraph 18.3.4. They should, as far as possible, be made by deduction from their bills. When, however, the amounts recovered have to be paid into a court of law, or into the Post Office Savings Bank as security deposits, recoveries should be made in cash at the time of disbursement of pay and the amounts recovered, should be forthwith remitted.
	III Contingencies
20.3.6	The general rules relating to contingencies are given in section III of Part III of CGA (R&P) rules, 1983, and the method of obtaining cash will be same as in case of establishment bills.
20.3.7	Charges for new supplies of, and repairs to articles of the classes which in the case of executive officers are classified under the head 'Machinery and Equipment' are treated as contingent charges, etc., in the case of special officer.
Examples – Scientific instruments and drawing materials, camp equipage, motor cars, etc.	
20.3.8	The accounts procedure prescribed in Chapter 7 for Tools and plant of divisional offices need not be observed in special offices in respect of the articles referred to in paragraph 20.3.7 though these will otherwise be treated as Tools and Plant for the purpose of the Public Works Department Code. Suitable registers showing the receipt, disposal and balances of the articles should, however, be maintained.
Note – Transfer of any article of this class to a divisional office/other direction office will be regulated in accordance with the orders issued in this regard.	

CHAPTER-21
ACCOUNTS RETURNS OF SUB-DIVISIONAL OFFICERS.

21.1.1	Subject to such special arrangements as may be authorised by the Administrative Ministry/Administrator concerned after consultation with the Accounts Officer, to apply to cases where a Sub-divisional Officer is not authorised to make disbursements, the accounts of sub-divisional Officers should be kept in accordance with the following rules.
21.1.2	A Sub-divisional officer maintains the initial account records of stores as described in Chapter 7 as well as connected records in connection with the works in progress. All these records are as a rule written up as the transactions take place. Sub-divisional Officer is not, however, required to consolidate the transactions into a compiled account, this work being done in the divisional office for the entire division.
21.1.3	Within three days of the date on which the accounts of a month are closed in the Sub-Divisional Office, Transfer Entry orders, Form 53, relating to the accounts of the month, excluding those proposed from time to time, vide paragraph 8.1.4 will be sent to the Divisional Office with a covering list in form A3.
21.1.4	Other Accounts returns which Sub-divisional Officers should submit to the divisional office, are the following.
(a)	<p>Monthly:-</p> <p>(i) "Statement of Receipts, Issues and Balances of Road Metal", Form 16 vide paragraphs 7.4.1 and 7.4.2.</p> <p>(ii) Such statements or reports (vide paragraph 9.5.6.) in connection with recoveries of Licence Fee of buildings and lands, as the Divisional Officer may require the Sub-divisional Officer to prepare.</p>
(b)	<p>Occasional:-</p> <p>(i) Reports of verification of stores (including materials at site of works) immediately after each verification.</p> <p>(ii) Tools and Plant Ledger-on such dates as may be prescribed by the Divisional Officer.</p>

CHAPTER 22 ACCOUNTS OF DIVISIONAL OFFICERS

22.1 Introductory

22.1.1 The cash and stock accounts of the divisional office for a month are closed on the last working day of the calendar month.

22.1.2 The Transfer Entry Book for a month should be closed as soon as possible after the expiry of the month, but before this is done, all necessary transfers, e.g., those relating to the levy of the prescribed percentages for establishment, tools and plant, supervision charges, etc., should be made.

Note: The transfer entry relating to the levy of percentages for establishment, tools and plant accounts, audit charges and pensionary charges is effected on a single order of the Divisional Officer in Form **C.P.W.A 62**, the special form prescribed for the purpose, vide paragraph 22.4.3.

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

Note 1: The Divisional Officer should ensure that, as far as possible, the examination of all claims included in bills presented for payment direct at **Pay and Accounts Office**; is made by the Divisional Accountant.

Note 2: In all matters connected with the personal claims of Government servants, the Divisional Officer should obtain expert advice and help of the Divisional Accountant. In all cases of doubt, however, the advice of **the Chief Controller of Accounts through his Pay and Accounts Officer should be sought**.

22.2 Scrutiny of Accounts

22.2.1 The Divisional Accountant should examine the accounts returns of Sub-divisional Officers as referred to in Chapter 21, to see:-

- (i) that they have been received in a complete state,
- (ii) that all sums receivable are duly realized, and on realization remitted to Divisional cash Chest for proper accounting.
- (iii) That all bills which are required to be prepared/submitted by the S.D.O. are prepared in accordance with the rules applicable to each case and are covered by sanction and appropriation. It should be seen in particular that, on the basis of rates sanctioned by competent authorities, and of facts, (as to quantities of work done, supplies made, etc., or services rendered) certified by authorized officers, the claims presented for payment are valid and in order.

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

22.2.2 The Divisional Accountant should exercise a similar check from day to day, in regard to the transactions recorded direct in the cash and stock accounts of the divisional office.

The Divisional Accountant should affix his dated initials after the last entry of the day's transaction in the divisional cash book/stock accounts, in token of check.

22.2.3 Every payment should be recorded, and a receipt for the same so obtained, e.g., see paragraphs 10.2.18 and 10.2.19, 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 it should also be seen that the amount paid is correctly refundable to the payee.

22.2.4 The Divisional Accountant is responsible that every order or sanction affecting expenditure to be accounted for in the Monthly Account, is noted at once in a suitable register (or other account **record**), preferably one wherein the expenditure incurred against it can be watched readily. General sanctions to estimates and appropriations for works should be noted in the Register of Works in **Form C.P.W.A 40**, **and** sanctions to fixed charges of a recurring character, e.g., those relating to the entertainment of work-charged establishments should be entered in the Register of Sanctions to Fixed Charges, Form C.P.W.A 58. For sanctions to special payments chargeable to the accounts of works, and other miscellaneous sanctions, Form **C.P.W.A 59**, Register of Miscellaneous Sanctions will be found suitable.

Note 1: Forms **C.P.W.A 58 & 59** may also be used in respect of sanctions to contingent expenditure when this is not brought to account in the Monthly Account, but separate pages of these registers should be set aside for this purpose.

Note 2: Sanctions to estimates for works should be entered in the Register of Works and a collective register of all sanctioned estimates be maintained in such form as may have been prescribed by Government.

22.2.5 If against a single sanction, disbursing officer of two or more divisions have to operate simultaneously, the orders of the Superintending Engineer or higher authority should be taken. In such cases it may be advisable to have a separate working estimate, or other sanction, to cover the transactions of each disbursing 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 arrangements must be made for the check of the total expenditure against the sanction.

22.2.6 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 regularize, is not incurred, as a matter of course, under the orders of subordinate 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. See also Paragraph 4.2.5.

22.2.7 The works expenditure should be checked with the estimates to ensure that the charges incurred are in pursuance of the objects for which the estimate was intended. The Divisional Accountant is responsible for checking the expenditure with the estimated quantity of work to be done, the sanctioned rate, and the sanctioned cost, so that he may bring to notice all deviations from the sanctioned estimate.

22.2.8 When a recovery has been ordered to be made from a contractor or other person, which cannot be watched through a suspense or other account specially prescribed for the purpose, the order should be noted at once in a register of recoveries in Form C.P.W.A 95, opened specially for the purpose, so that the amounts recovered from time to time (with particulars of the accounts concerned) may be recorded against it, and prompt compliance with the order watched.

22.2.9 It is permissible to take in reduction of the expenditure on works in progress, certain recoveries of expenditure (vide paragraph 9.1.3), e.g., sale proceeds of surplus materials and plant acquired specially for any work, or of materials received from dismantled structures, irrespective of whether the estimates for works make allowance for such recoveries or not. The amounts of such receipts are, however, not available for expenditure in excess of that authorized in the estimate for the work and the Divisional Accountant should see that, without the orders of competent authority, the gross expenditure authorized is not exceeded, or surplus receipts realized are not utilized towards additional expenditure. He should, at the same time, watch the receipts, with a view 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.

Note – The Divisional Accountant 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 utilized towards unauthorized expenditure.

22.2.10 After check, every voucher should be en faced with the word “checked” over the dated initials of the Divisional Accountant, as well as of any clerk who may have applied a preliminary check. Vouchers not **required to be submitted with Monthly Account** (vide paragraph 22.4.17) should be “Cancelled” by means of a perforating or endorsing stamp and kept carefully, to be made available for test audit whenever demanded by **Internal/Statutory Audit**.

Note 1: Vouchers relating to contingencies, which do not amount to more than rupees one thousand should be dealt with-in the manner indicated in the certificate of the disbursing

officer printed on Form G.A.R. 32 **read with Rule 109 of CGA(R&P), Rules,1983 as amended from time to time.**

Note 2: Stamps affixed to vouchers should be so cancelled that they cannot be used again, and if with this object they are punched through, care should be taken that the acknowledgement of the payee is not destroyed thereby.

Note 3: Vouchers relating to new supplies of tools and plant should be completed by noting on them the name of the month in the accounts of which the articles acquired were brought on to Form **C.P.W.A 13**, Tools and Plant Received Sheet.

22.2.11 The result of the examination of accounts and returns such as ‘Stock and Sale Account (**Form C.P.W.A 19**)’ ‘Material at site Account (**Form C.P.W.A 35**)’ etc., received from Sub-divisional Officers, should be intimated to them in all cases in which it is necessary to obtain further information, certificates etc or to direct them to correct the relevant records of their offices or 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 called for from the Sub-division and made available to Inspecting Officers/Audit Officers at the time of audit for review.

22.3 Settlement of Accounts with Banks

22.3.1 The remittances made into the accredited Bank as well as cheques drawn on them, by Public Works Division will be accounted for under the Sub-heads “Remittances into Bank” and “Public Works Cheques” respectively below the Minor Head “102 – Public Works Remittances” subordinate to Major Head “8782 – Cash Remittances” etc between officers rendering accounts to the same Accounts Officer shall be entered in the “**Schedule of Reconciliation of Cheques & Remittances (Form C.P.W.A 51 of CPWA Code)**” .

22.3.2 The Dealing Branch of the accredited Bank will prepare daily Payment and Receipt Scrolls in quadruplicate separately for each Divisional Officer following the procedure as laid down in chapter 23 on Banking Arrangements. The Dealing Branch of the Bank will send payment scrolls and Receipt Scrolls in duplicate alongwith Paid Cheques/Challans to the designated Focal Point Branch of the Bank. Third copy of the above mentioned Bank Scrolls without Paid Cheques/Receipted Challans will be sent to the Divisional Officer by the Dealing Branch and the fourth copy of the Scrolls shall be retained by the Dealing Branch for its own records. No document is to be sent to the Pay and Accounts Officer of the Division concerned by the Dealing Branch of the accredited Bank.

In other words the role of the Dealing Branch shall confine to prepare Payment Scrolls/Receipts Scrolls on daily basis in quadruplicate and pass on such scrolls in duplicate alongwith Paid Cheques/Receipted Challans to its designated Focal Point Branch and the third copy without supporting Paid Cheques/Receipted

Challans to the Cheque Drawing and Disbursing Officer i.e., the Divisional Officer and retaining the fourth copy for its own record.

The Focal Point Branch of the accredited Bank presently the State Bank of India on receipt of Bank Scrolls together with the related instruments i.e., Paid Cheques/Receipted Challans, will prepare in triplicate the “Main Scroll” Division-wise and transmit two copies of the “Main Scroll” along with original copy of the Scrolls duly supported with Paid Cheques/Receipted Challans received from the Dealing Branch to the Pay and Accounts Officer of the Division concerned on a day-to-day basis retaining third copy for its own record. On receipt of “Main Scroll” in duplicate from the Focal Point Branch, the Pay and Accounts Officer of the Division concerned, after verification of related documents viz the Paid Cheques/Receipted Challans will return the second copy of the “Main Scroll” duly certified without documents to Focal Point Branch within 24 hours and carry out the following adjustments in his Accounts:-

22.3.3

(a) For the adjustment of Payment Scroll:

P.A.O. of the Division concerned will afford Minus Credit to Sub-head “Public Works Cheques” under the Minor Head “102-Public Works Remittances” below the Major Head “8782 – Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer” per Contra Credit to Minor Head “108-Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts.” The credit under Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” will be cleared by the Principal Accounts Officer of the Ministry of Urban Development by Minus Credit to the above mentioned Suspense Minor Head per Contra Credit to the Major/Minor/Sub-head “8675 – Deposits with Reserve Bank” “101 – Central (Civil) – Reserve Bank (PSB) on receipt of “Payment Put Through Statement” from the Reserve Bank of India.

22.3.4

(b) For the adjustment of Receipt Scroll

P.A.O. of the Division concerned will adjust the Receipt Scroll by Debit to Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” per Contra Minus Debit to Sub-head “Remittances into Bank” under the Minor Head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer”. The Debit under the Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” will be cleared by the Principal Accounts Officer of the Ministry of Urban Development by Debit to the Major/Minor Sub-head “8675 – Deposits with Reserve Bank” “101-Central (Civil) – Reserve Bank (PSB) and by minus Debit to Minor Heads 108 – Public Sector Bank Suspense” below the Major Head “8658 –

Suspense Accounts” on receipt of “Receipt Put Through Statement from Reserve Bank of India.

22.3.5

(c) Adjustment of the copy of the Bank Scrolls received by the Divisional Officer from the Dealing Branch of the accredited Bank.

On receipt of the above mentioned copy of the Bank Scrolls without related documents viz the Paid Cheques/Received Challans the Divisional Officer will effect reconciliation of the transactions indicated in the Receipt Scroll and Payment Scroll in Part I – Cash Remitted and Acknowledged” and Part II – Cheques issued and paid respectively in the Schedule of Reconciliation of Cheques and Remittances” in Form C.P.W.A 51 to be sent by the Divisional Officer along with Monthly Account to the Pay & Accounts Officer of his Division for reconciliation purposes. The Divisional Officer should also prepare and furnish list of cheques issued but not encashed and remittances made but not accounted for during the month as well as cheques issued and remittances made during the previous months accounted for in the bank scroll during the month on hand. The monthly Divisional Accounts, will have to be supported within the above “Schedule of Reconciliation of Cheques drawn and Remittances” made into accredited Bank.

22.3.6 P.A.O. of the Division on receipt of Form C.P.W.A 51 along with Monthly Account from the Divisional Officer will reconcile the figures of Bank Scrolls booked in his account with those reported by the Divisional Officer in CPWA Form 51.

Note: For detailed procedure for the settlement of Accounts with Bank, see chapter 23 of this Code.

22.4 COMPILATION OF ACCOUNTS

1. Monthly Accounts

(a) Introductory

22.4.1 Before the actual compilation of the various schedules and schedule dockets, etc is undertaken, the Abstract Book, Form C.P.W.A 81 may be written up from the original Cash Book, Summaries of Stock Receipts and Indents and the Transfer Entry Book in accordance with the instructions printed on the standard Form. The book will consolidate all the transactions of the division and will thereby facilitate the location of errors and omissions made in the compilation of the Monthly Account from the Schedules and also serve as an independent check over the accounts so compiled. **The Monthly Account**

shall be submitted to the Pay and Accounts Officer by 8th of the succeeding month to which the Account pertains.

(b) Schedule Dockets

22.4.2 As cash vouchers and transfer entry orders, relating to (i) charges on works other than percentages charged for establishment, tools and plant, etc, and (ii) other items of expenditure or disbursement for which a contingent bill is not required, come to hand and are scrutinized, they, should be posted in Schedule Dockets in Form C.P.W.A 61. A separate form being used for:-

- (a) each work to be accounted for in a Schedule of Works Expenditure, Form C.P.W.A 64 or in the Schedules of Deposit Works and Takavi Works, Forms C.P.W.A 65 and 66.
- (b) each manufacture or other item of expenditure debit to Stock and to be accounted for in the Schedule of Debits to Stock, Form C.P.W.A 72 (vide paragraph 22.4.8) and
- (c) each separate class of charges (including refunds of revenue) Form C.P.W.A 46A for which a schedule in any other form has to be prepared under the rules in this Chapter.

Cash receipts which have to be taken in reduction of expenditure (vide paragraph 9.1.3) should be posted as refunds with brief particulars of the transactions. At the end of the month, the schedule dockets should be completed in respect of Stock transactions by posting therein all the Stock debits and credits of the month as recorded in Forms C.P.W.A 10 and 9, Summary of Indents and the Summary of Stock Receipts, respectively, omitting those brought to account through the Cash Book and the Transfer Entry Books, vide Note below paragraph 7.2.29. The total of the month's stock transactions relating to each schedule docket should be entered therein as a single figure, plus or minus according as it is debit or credit, and if there are both debits and credits to be entered, the net result only should be posted. Thus in the case of schedule dockets for works, this figure represents the total issue of materials from stock to the work and the materials transferred from work to stock will appear as refunds under the heading "Transfer Entries". The schedule dockets should then be totalled and reconciled with the works abstracts in the case of works and with the schedules concerned in the case of dockets of class (c) above. All the vouchers (including acknowledgements for stock supplied to contractors), transfer entry orders in **Form C.A.M 34**, survey reports in **Form C.P.W.A 18** and sale accounts in **Form C.P.W.A 19** which are required to be submitted to the **Pay and Accounts Officer** (vide paragraph 22.4.17) should then be attached to the respective schedule dockets which should be numbered in a separate series for each month.

Note 1:- The audit of schedule dockets is conducted in the **Pay and Accounts Office** on the assumption that petty vouchers and initial stock account in support of the certified amounts of untouched and stock charges have been duly checked by the Divisional Accountant in detail and are available for test-audit. The Divisional

Accountant is therefore personally responsible for accuracy of these amounts as stated in the Schedule Dockets.

Note 2:- Some of the schedules referred to in clause (c) above include charges for work supported by a schedule of work expenditure in **Form C.P.W.A 64**. Such charges and other transactions relating the works expenditure should be posted in the schedule dockets for the works concerned.

22.4.3 For percentage recoveries made on account of establishment, tools and plant, and accounts and audit charges (vide Appendix 4) a single schedule docket should be prepared in **Form C.P.W.A 62** embracing all Government, as well as, Non-Government works on which these percentages may be leviable under rule.

Note:- This **Form C.P.W.A 62** serves as the transfer entry order relating to these recoveries (vide **Note below** paragraph 22.1.2) and should, therefore, be signed by the Divisional Officer.

(c) Register of Schedules

22.4.4 (a) All cash and transfer entry transactions of the month, other than those noted **below**, should be posted into-one of the schedules or registers named below, to which the transactions relates:-

- | | | |
|-------|---|--|
| (a) | Expenditure on works | |
| (b) | Expenditure on stock | |
| (c) | Transactions referred to in para 22.4.13 | |
| (i) | Registers of Revenue Realized | All in Form C.P.W.A 46(paragraphs 9.5.1 to9.5.2) a separate register being main- tained for each major head and in the case of works for which separate capital accounts are kept, one for each separate system or project |
| (ii) | Registers of Refunds of Revenue | -----As above----- |
| (iii) | Registers of Receipts and Recoveries on Capital Accounts | -----As above----- |
| (iv) | Register of Licence fees of Buildings and lands, (paragraph 9.5.5) a separate register being maintained for each major head etc as in respect | Form C.P.W.A 49 |

	of Nos. (i) to (iii)	
(v)	Schedule of Debits to Remittances	Form C.P.W.A 77
(vi)	Schedules of Credits to Remittances	Form C.P.W.A 77
(vii)	Schedules of Debits to Miscellaneous Head of Account	Form C.P.W.A 76
(viii)	Schedule of Credits to Miscellaneous Head of Account	Form C.P.W.A 76
(ix)	Schedule of Transactions adjusted under the Head "Cash Settlement Suspense Account" (vide para 22.4.10)	Form C.P.W.A 76-A
(x)	Suspense Register in respect of transactions falling under the heads "Material Purchase Settlement Suspense Account" and "Miscellaneous Works Advances" (vide paragraph 13.2.6 & 13.4.7)	Form C.P.W.A 67
(xi)	Deposit Register, (vide paragraphs 15.5.1)	Form C.P.W.A 67
(xii)	Schedule of Deposit Works, (vide Para 16.2.2)	Form C.P.W.A 65
(xiii)	Schedule of Takavi Works (vide Para 16.4.2)	Form C.P.W.A 66
(xiv)	Schedule of Establishment Expenditure , vide para 22.4.4 (e) And 22.4.4(f)	Form C.P.W.A 64-A
(xv)	Schedule of Works Expenditure	Form C.P.W.A 64

(b) Of these registers and schedules, Nos. (i) to (iv) and (ix) to (xiv) have already been described in the paragraph quoted against each.

Note 1:- Licence fee and other revenue receipts pertaining to (a) Military Engineer Services, (b) Indian Air force, (c) Department of Posts and (d) Department of Telecommunications and (e) Archeological Works of the Central Government referred to in paragraph 22.4.6 should be posted in separate registers, Form C.P.W.A 49 .

Note 2:- A separate schedule should be prepared for each class of receipts for which a separate register is maintained.

Note 3:- When under a major head of revenue, there is more than one system of works, for which separate capital accounts are kept, a summary of the receipts of all systems working up to the totals of the major head, should also be prepared.

(c) Schedules Nos. (v) and (vi) are the schedules in which all remittance account transactions, are collected, the entries being grouped under the headings given in the sample entries of Form C.P.W.A 77.

(d) Subject to such instructions as may be issued in this behalf by the Chief Controller of Accounts, schedule Nos.(vii) and (viii) are intended to collect all disbursements and receipts which do not pertain to any of other schedules mentioned in this paragraph or to any of the works or stock expenditure schedules referred to in paragraphs 22.4.6 to 22.4.8. These transactions are adjusted finally in the books of the Pay and Accounts Officer, and ordinarily affect one of the non Public Works major heads of revenue or expenditure (e.g. '0021 – Taxes on Income other than Corporations Tax', '0056 – Jails', '0071 – Contributions and Recoveries towards Pension and other Retirement Benefits', '2016 – Audit', '2070' – Other Administrative Services,' '2075 – Miscellaneous General Services', '2235 – Social Security and Welfare' or Funds and Deposit Heads (e.g. '8009 – State Provident Fund – Other Provident Funds – Workmen's Contributory Provident fund; '8449 – **Other Deposits** – Subventions from Central Road Fund')

Note:- Income-tax deductions from work-charged establishments (excluding such categories of work charged establishments, as are borne on the regular establishment of Department), percentage chargeable on Imported Stores and recoveries of pensionary charges comprised in the percentage charges levied for work done invariably appear in the Schedule of Credits to Miscellaneous Heads of Account in Form C.P.W.A-76. Similarly, percentage recoveries for accounts and audit appear as credits or minus debits in the Schedules of Credits or Debits to Miscellaneous Heads of Account in Form C.P.W.A-76 respectively, according as the amounts are creditable to '0070 – Other Administrative Services – Fees for Government Audit' or "2016 – Audit". Expenditure on works met from Subventions from Central Road Fund will appear in the Schedule of Debits to Miscellaneous Heads of Account in Form C.P.W.A-76. See also paragraph 16.2.5 and 16.3.1 for expenditure on works relating to certain Local Funds. As regards other transactions, which can not be classified under final head concerned or the heads in the Public Account shall be shown in the Schedule of Credits or Debits to Miscellaneous Heads of Account, in Form C.P.W.A-76, unless the **Chief Controller of Accounts has authorized this.**

(e) Primary unit of appropriation-wise details of individual vouchers of payments of pay and allowances of the officers and staff of Divisions will be shown in Form C.P.W.A 64-A separately for Regular establishment and Work-charged establishment borne on regular establishment to be sent alongwith the Monthly account in triplicate. The primary units under Direction and Administration will be as under:-

(A) Executive

- (i) Salaries
- (ii) Wages
- (iii) O.T.A.
- (iv) Travelling Expenses
- (v) Office Expenses
- (vi) Payments for Professional and Social Services.
- (vii) Other Charges
- (viii) Total

(B) Work –charged establishment borne on regular Establishments same as under (A) Executive

(f) Primary unit of appropriation wise debit figures will simultaneously be shown in Form C.P.W.A. 74 under respective Sub-heads to be opened under minor head “Direction & Administration” and credit figures in the relevant Form C.P.W.A 46 or 76. The total of Form C.P.W.A 74 will appear in Form C.P.W.A 80.

Note:- (a) The amount of recoveries of Rent/licence fee etc. recoverable under “0059 – Public Works” or “0216 – Housing” will be shown in Form C.P.W.A. 46.

Note:- (b) The amount of recoveries on account of income tax, G.P.F. conveyance and other advances etc will be shown in Form C.P.W.A. 76 (credits), and payment of advances etc. will similarly be shown in Form C.P.W.A 76 (debits) duly supported by vouchers. A covering list of supporting vouchers/schedules shall be prepared in duplicate and attached to Form C.P.W.A. 76 (Dr/Cr) as the case may be. **In other words Form C.P.W.A 76 will be prepared separately for Debits and Credits.**

Note (c):- The amounts of pay and allowances or any other advances or recoveries which are adjustable in the books of other Accounts Officer will be shown in Form CPWA 77, debits or credits as the case may be, in the manner indicated under (b) above.

22.4.5 At the end of month, the stock transactions of the month, as recorded in the summary of Stock Receipts and the Summary of Indents, Form C.P.W.A 9 and 10, excluding transactions brought to account (vide Note below paragraph 7.2.29) through the Cash Book and the Transfer Entry Book, should be incorporated in the schedules referred to in paragraph 22.4.4. and the schedules should be completed in all other respects, e.g. (1) in the Debit Schedules 77, 77A, 76 and 76-A and in the Deposit Register should be posted from the detailed schedules concerned (vide paragraphs 22.4.6 and 22.4.7) the total amount of works expenditure debitible to each head of account, Government, department, division or office (See also paragraph 15.5.1) and (2) the total amount of the cheques drawn during the month should be entered in the Credit Schedule, Form C.P.W.A 77, as a single entry under the sub-heads “II – Public Works Cheques” under the minor head “102-Public Works Remittances” **below the Major Head “8782-Cash Remittances etc.”** (see also Note 3 below paragraph 22.3.1)

Note:- Expenditure on famine relief works should be entered in Debit Schedule 76.

All expenditure incurred directly for the relief of distresses shall be debited to Major Head 2245 – Relief on account of natural calamities. Expenditure incurred indirectly due to any natural calamity shall be debited to appropriate functional major head.

Instances of functional major/minor heads corresponding to the Minor heads under **Major Head “2245”** are given below:-

Minor Heads under the Major Head “2245”	Functional Head	Major/Sub-major Head	Minor head under functional Major Head/Sub-major Head
107 – Repairs and restoration of damaged Government office Buildings	2059 Public Works	01 – Office Buildings	053 – Maintenance and Repairs
108 – Repairs and restoration of damaged Government Residential Buildings	2216 – Housing	01 – Government Residential Buildings	106 – General Pool accommodation Sub-Head: Maintenance & Repairs
106 – Repairs and restoration of damaged Roads and Bridges	3054 – Roads and Bridges	03 – State Highways 04 – District and Other Roads	337 - Road works 337 – Road works
282 – Public Health	2210 – Medical & Public Health	06 – Public Health	101 Prevention and control of diseases
109 Repairs and Restoration of damaged water supply drainage and sewerage works	2215 – Water Supply & Sanitation	01- Water Supply 02 – Sewerage and Sanitation	101 Urban water supply Programmes. 102- Rural water supply Programmes. (Sub Head maintenance & Repairs) 105 – Sanitation Services (Sub-Head Maintenance & Repairs)
121 Afforestation	2406 Forestry and wild life	01-Forestry	101 – Forest Conservation, Development and Regeneration
105 Veterinary Care	2403 – Animal	--	101 – Veterinary

	Husbandry		Services and Animal Health.
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22.4.6 (a):- After a reconciliation has been effected between the totals of “Works Abstract (**Form C.P.W.A 33**)” and relevant schedules docket, a Schedule of Works Expenditure should be prepared in Form C.P.W.A 64, separately for expenditure relating to each of the following classes:-

- (i) Each Major & Sub-Major Head under which expenditure is recorded

Note: - This form is not used for Manufacture transactions vide paragraph 22.4.8

- (ii) Military Engineer Service

- (iii) Indian Air Force

- (iv) Postal Department Works

- (v) Telecommunication Department Works, entrusted to the division as a standing arrangement.

- (vi) Archeological Works connected with the conservation of ancient monuments which are debitable to the Archeological Department.

- (vii) All other Government works including occasional works of classes (ii) to (vi).

- (viii) All Non-Governmental Works other than Deposit Works and Takavi Works, for which separate schedules are prepared in Form C.P.W.A 65 and 66 respectively vide paragraph 16.2.2 and 16.4.2.

(b) Except as provided in sub-para (c) below, only those works on which expenditure has been incurred during the month should be included in the schedule, the entries being detailed in the order of the prescribed heads of the accounts classifications in the case of works of classes (i) to (vi), and grouped separately for each Government, department division, local body or other party concerned, in the case of works of classes (vii) and (viii). All Works forming part of a single project or system should, in all cases, be grouped together.

(c) This schedule pertaining to the accounts for September and March (Supplementary) should include all works, including those relating to which no transactions have appeared in the accounts of those months and a copy of it should be sent by the Divisional Officer to the Superintending Engineer to apprise the latter of the excess over the Estimates, Allotments etc. The schedules pertaining to the accounts for June, September, December and March (Supplementary) should include all works relating to National Highways and the Central Road Fund to enable the concerned Pay

and Accounts Officer to furnish quarterly statements of the expenditure on such works to the Government of India.

Note 1:- In the schedules for works of classes (i) to (vi) money column 5 for “Total charges of the Month” should be totalled so as to bring out separately the totals for (1) each minor head,(2) each primary unit of appropriation(if any) subordinate to a minor head, and (3) each group of works for which a separate lump sum appropriation has been placed at the disposal of the Divisional Officer or a controlling authority. The total progressive expenditure should be entered in column 6 and against **each total should be given (a) in Column 7, the total charges of the year which** will be arrived at by adding the total of the month to the total of the year as given in column 7 of the previous month’s schedule, and (b) in column 8, the amount of allotment placed at the Divisional Officer’s disposal. The excess of expenditure incurred during the year over the allotment should be shown below the allotment. Similarly the amount of technically sanctioned estimate and excess thereon should be entered in column 9.

Note 2: In the schedules pertaining to works of classes (vii) and (viii), the entries relating to each work should be made separately for “works expenditure” and “percentage charges” (for establishment, tools and plant, accounts and audit charges etc) one line being used for each of these two charges and a third for the total charges on the work.

22.4.7 Similarly, the Schedule of Deposit Works and the schedule of Takavi Works should be completed in respect of expenditure transactions, which should be taken from the relevant schedule dockets.

(d) Schedule of Debits to Stock

22.4.8 All debits to Stock should be collected in Form C.P.W.A 72, Schedule of Debits to Stock. The entries in this schedule should be arranged in three groups (1) “Manufacture” (2) “Land, Kilns etc” and (3) “Other Sub-Heads”. Under (1), should be debited all manufacture operations in progress and under (2) all works in progress in connection with the acquisition of land, construction and repairs of kilns, etc. Under (3), should be shown (a) individually, all items of expenditure on the carriage, handling etc. of stock materials when the cost of such processes is debitable to the sub-head of stock under which the materials are classified (vide paragraphs 7.2.27 and 10.8.1) (b) individually, all items of acquisition of stock materials for which an estimate is required under rule and (c) collectively, all other items of acquisition of stock materials. In respect of each manufacture operation, the outturn of the month (vide paragraph 12.1.2) should also be shown in the schedule, the operation and outturn being entered in two separate lines.

Note – If the Divisional Officer is specially authorized by Government to sanction the carriage, handling etc. charges up to a specified monetary limit, it will devolve upon the Divisional Accountant to conduct the scrutiny of individual items of expenditure against the Divisional Officer’s sanctions, but all items of this class should be detailed in the schedule.

22.4.9 An account of the suspense head “Stock” should next be prepared in Form C.P.W.A 73, Stock Account. Part I of this form is the main account showing the receipts, issues and balances classified by sub-head, separate figures being given in respect of the sub-heads ‘manufacture’, ‘Land Kiln’ ‘Handling and other incidental charges’ etc, and all the other sub heads (vide para 13.3.4) being lumped up Part II of the Detailed Account of issues, is written up first, and from this part and the Schedule of debits to Stock, Form C.P.W.A 72, is prepared Part I.

(f) Schedule of Transactions Adjusted under the Head “Cash Settlement Suspense Account” in the case of inter-departmental settlement with Cabinet Secretariat and the Ministry of Defence.

22.4.10 **Operation of Minor Head “107-Cash Settlement Suspense Account” below the Major Head “8658-Suspense Accounts” for the settlement of inter-divisional transactions has been dispensed with from 1.4.1993. Instead, a new procedure for advance payment as enumerated in the revised Appendix 7-A of CPWA code has been introduced. Operation of this Minor Head would continue for the clearance of old outstanding Debit balances under this head till all such outstanding balances there under are liquidated.**

With a view to minimizing the operation of Suspense heads and also to arrest future accumulations thereunder, Minor Head “107-Cash Settlement Suspense Account” below the Major Head “8658-Suspense Accounts” would henceforth be operated for the settlement of inter-departmental transactions with the Cabinet Secretariat and the Ministry of Defence. All the transactions relating to services rendered or supplies made by the Divisions of CPWD to the Cabinet Secretariat or/and the Ministry of Defence should be classified as Debit under Sector L – Suspense and Miscellaneous – Sub-Sector(b) Suspense and Major and Minor Heads thereunder :”8658 – Suspense Accounts” “107-Cash Settlement Suspense Account”. These transactions as and when take place should be posted in Client-wise (viz. Cabinet Secretariat or/and the Ministry of Defence) Register of transactions adjusted under the head “107 – Cash Settlement Suspense Account” in Form 1 of Appendix 7-C (b) of C.P.W.A. Code on closing the Monthly Account” of the Division. A copy of Part I of Form 1 should be sent to the Client Department/Ministry concerned duly supported by all the relevant vouchers and receipt of the cheque/draft should be watched through the Register referred to above. The Cheque/Bank Draft when received, should be entered on the Receipt side of the Cash Book, the entry being classified as credit to the minor head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” thus clearing the original debit under this head and the cheque should be sent to the Bank for encashment or for making necessary adjustment of the cheque by Debiting Sub-head “Remittances into Bank” under the Minor head “102-PublicWorks Remittances” below the Major Head “8782- Cash Remittances etc.”.

On realization of the proceeds of cheque through Receipt Scroll received from Focal Point Bank, PAO of the Division will clear Debit head “Remittances into Bank” under the Minor Head “102-Public Works Remittances” below the Major Head “8782 - Cash Remittances etc.” by minus debit per contra debit to minor head “108-Public Sector Bank Suspense” below the Major Head “8658-Suspense Accounts. However, Divisional Officer on receipt of the Copy of Receipt Scroll from the Dealing Branch, will enter the same in Part-I of Form C.P.W.A 51 to be sent along-with Monthly Account to the PAO of the Division.

Remittance of cheque/Bank Draft in settlement of inter-departmental transactions with Cabinet Sectt./Ministry of Defence should be intimated by the client Department in Form 2 of Appendix 7-C(b)

Note: All items of claims relating to cash transactions should be detailed individually in Form C.P.W.A 76-A.

(g) Classified Abstract of Expenditure

22.4.11 A consolidated account of all expenditure debited against the grants of the division should be prepared in Form C.P.W.A 74, Classified Abstract of Expenditure. The figures relating to the several major and sub-major heads should be entered in separate sections, arranged in the order indicated in the List of Major and Minor Heads of Accounts.

Note 1 – When Works for any of the Departments named below are undertaken as a standing Military Engineer Service arrangement, vide paragraph 22.4.6(a), and funds for the purpose are allotted to the division, the expenditure connected therewith should also be abstracted in Form C.P.W.A 74 the classification of expenditure being that prescribed in respect of the works concerned vide Note 3 below paragraph 3.1.7.

- (i) Indian Air Force**
- (ii) Posts**
- (iii) Telecommunications**
- (iv) Archaeological Department**

Note 2 – Refunds of Revenue are excluded for this Abstract, as they are treated as minus Revenue, vide paragraphs 9.4.1. “Receipts and Recoveries on Capital Account” are included in the Abstract as minus expenditure, as they are taken in reduction of the charges under the major head concerned vide Statement E of Appendix 2.

(h) Monthly Account

22.4.12 The Monthly Account should be prepared in the Form C.P.W.A 80 (with all supporting registers, schedules, vouchers, etc.) for presentation to the Divisional officer and submission to the Pay and Accounts Officer. This account is an abstract of

the entire receipts and disbursements of the month as worked out in the Abstract Book (Form **C.P.W.A 81**) and as detailed in the various schedules and registers, and shows also in the opening and closing cash balances. On the back of the form are printed (1) a memorandum of miscellaneous cash receipts paid into Banks, and (2) a certificate in respect of the closing cash balances of subordinate disbursing officers. The entries in the Accounts are divided into three groups – (1) Revenue Entries, which are totals of receipts of Government under the several major heads, as taken from the Registers of Revenue Realised, Form C.P.W.A 46. (2) Expenditure Entries which are the totals of expenditure of Government for the several divisions of major heads and are posted from the Classified Abstract of Expenditure, Form C.P.W.A 74 and (3) Other Heads, entries in which representing both receipts and disbursements are posted from the Schedules of Deposits, Takavi Works, Miscellaneous Heads of Account, and transactions adjusted under the head “107-Cash Settlement Suspense Account,” Forms **C.P.W.A 79, 66 and 76-A** respectively.

Note 1 – The entries posted under the several heads in the Monthly Account should be checked with corresponding entries in the Abstract Book (Form C.P.W.A 81).

Note 2 – The totals of the columns for receipts and disbursements must agree, and if there is any difference due to cash being in transit between two disbursing officers, its amount etc., should be included in the closing balance and the certificate of cash balance should be amplified so as to state the amount and the steps taken to adjust the difference.

22.4.13 (a) There are certain transactions recorded in the initial cash and stock accounts, which involve no operation on a revenue, expenditure, or any other prescribed heads of the accounts classification, as every such entry is counterbalanced either at once or after an interval, by a similar entry of the reverse character. It is not necessary to include transactions, for audit purpose, in any of the schedules and registers subsidiary to the Monthly Account, but the Divisional Accountant should see that all transactions are cancelled by each other in due course.

(b) The transactions fall under the following two classes.

- (i) Cash from Bank – A cheque drawn to replenish the cash chest is debited to this head in the Cash Book, and per contra the amount of the cheque is entered at once, as cash received, under the same head, a cheque drawn by designation being cash (vide paragraph 6.1.1), even though not cashed at once.
- (ii) Transfers within division – adjusted on the basis of Advance Payment by operating Stock/Works Advance etc.. The procedure of which is laid down in Appendix 7-A of this Code.

22.4.14 Save as provided in paragraph 22.4.13, all transactions of the division, as recorded in the initial accounts of cash and stock and in the transfer entry book, enter one or other of the prescribed schedules, the details being in some cases recorded in

supporting schedule dockets. Transactions recorded in the cash book and the transfer entry book are posted direct from those sources, no items being omitted, but those recorded in the initial accounts of stock, Forms C.P.W.A 8, 9 and 10 are dealt with as under:-

- (a) those brought to account through the Cash Book or the Transfer Entry Book (vide paragraph 7.2.29) e.g., stock purchase in cash, stock sold for cash, and stock received from works, are left out, and
- (b) the rest are posted direct from the Summary of Stock Receipts and the Summary of Indents, Forms C.P.W.A 9 and 10.

To ensure the accurate compilation of accounts, it is essential that the transactions referred to in (a) above are not brought to account twice, and the Divisional Accountant should see that all items of this class are correctly separated off in the Summary of Stock, Receipts and the Summary of Indents, Form C.P.W.A 9 and 10 as prescribed in Note below paragraph 7.2.29.

(i) Submission to Pay and Accounts Officer

22.4.15 The Monthly Account in Form C.P.W.A 80 is due to reach the Accounts Office by such date of the month following that to which it relates, as may be fixed by the Chief Controller of Accouns. It should be supported by the following documents:-

Revenue Realised (see also Para 22.4.4(f) and the note thereunder

1. Schedule of Refunds of Revenue
Receipts and Recoveries on Capital Accounts, in Form C.P.W.A 46-A.
2. Classified Abstracts of Expenditure, Form C.P.W.A 74 [see also para 22.4.4(f)]
3. Schedules of Works Expenditure, Form C.P.W.A 64 [see also paragraph 22.4.6 (c)]
4. Schedule of Establishment Expenditure, Form C.P.W.A 64-A [see also paragraph 22.4.4 (f)]
5. Consolidated Contingent Bill (With necessary vouchers) Form G.A.R. 31
6. Schedule Dockets, Form C.P.W.A 61 with necessary vouchers, transfer entry order, survey reports and sale accounts attached to each (See also Note 1 below paragraph 22.4.2) .
7. Schedule Docket of percentage recoveries Form C.P.W.A 62.

8. Stock Account, Form C.P.W.A 73 (With Sale Accounts, Form C.P.W.A 19, in support of the Cash Credit to Stock).
9. Schedule of Debits to Stock Form C.P.W.A 72 | Extracted
rom the
10. Abstract Account of Credits, Debit and | relevant sections of
Balances of the Purchases, Accounts, Form C.P.W.A 69 | the Suspense Register
see also paragraph 22.4.4(f) and note | Form C.P.W.A 67
thereunder |
11. Schedule of Miscellaneous Works
Advances, Form C.P.W.A 70
12. Schedule of Workshop Suspense (Local Form)
13. Schedules of Credits and Debits to Miscellaneous Heads of Account. Form
C.P.W.A 76 (See also paragraph 22.4.4 (f) and note thereunder.
14. Schedule of Transactions adjusted under the head “Cash Settlement Suspense
Account”, Form C.P.W.A 76-A.
15. **Schedule of Transaction Adjusted under the head “MPSSA” in Form
C.P.W.A 69.**
16. Schedules of Credits and Debits to Remittances, Form C.P.W.A 77 (See also
paragraph 22.4.4(f) and Note thereunder)
17. Schedule of Monthly Reconciliation of Cheques and Remittances, Form
C.P.W.A 51.
18. Schedules of Deposits, Form C.P.W.A 79 (Abstract of Form C.P.W.A 67 of
Deposit Register)
19. Schedule of Deposit Works, Form C.P.W.A 65 (with Report of Progress of
Expenditure)
20. Schedule of Takavi Works, Form C.P.W.A 66, with accepted certificates of
Collector referred to in paragraph 16.4.5.
21. Copies of Tools and Plant Received Sheets and Tools and Plant Indents,
Form C.P.W.A 13 and 14 (only in respect of Special Tools and Plant) Form
C.P.W.A 14 should be accompanied by the supporting survey report of stores,
Form C.P.W.A 18, Sale Accounts, Form C.P.W.A 19 and acknowledgements
of Officers concerned in the case of articles transferred to other P.W.D.
Divisions, including the Divisions of other Governments.
22. **Abstract Book Form CPWA-81**

23. **Statement showing the expenditure on Deposit Work, Form CPWA-65-A**

24. List of Accounts submitted to Pay & Accounts Officer, Form C.P.W.A 83.

Note 1 – If the Divisional Officer is required by any rule to make a formal report periodically, of the progress of expenditure on a Deposit Work to the administrator or depositor concerned, the report in Form C.P.W.A 65-A setting forth the amount of the estimate, the total deposits received and the progressive expenditure, should accompany the Schedule of Deposit Works, so that **Pay and** Accounts Officer may, after auditing the schedule, verify the report and forward it to the local body or person concerned.

Note 2 – If the Divisional Officer is authorized to refund, without reference to higher authority, fines which have been remitted by a court of law, the original orders of the court should accompany the Schedule of Refunds of Revenue.

22.4.16 The Schedules relating to the suspense and deposit accounts, Form C.P.W.A 70, 73 and 79 and the Workshop Suspense Schedule, must be submitted to the Pay and Accounts Officer, month after month, so long as there are balances outstanding under the accounts concerned, whether there have been transactions during the month or not. The Schedule of Miscellaneous Public Works Advances Form C.P.W.A 70 and the Schedule of Deposits, Form C.P.W.A 79 should however be restricted to the items affected during the month. In respect of the Schedule of Deposit Works, Form C.P.W.A 65 the Divisional Officer may, if so authorized by the Accounts Officer, dispense with the submission every month, of Part II of the Schedule, provided (1) that this Part is invariably submitted with the accounts for March, and (2) that, if Part II for any month contains works, any expenditure thereon has been charged to Miscellaneous P.W. Advances, and extract from Part II relating to such works only is submitted to the Pay and Accounts Officer. Similarly, in the Schedule of Miscellaneous Works Advances, Form C.P.W.A 70, for the month other than March, items which do not exceed Rs.5 each may be shown in a lump sum, if so authorized by the Chief Controller of Accounts. Subject to these exceptions, the remaining schedules are necessary only if there have been any transactions during the month.

Note 1 The Abstract Account of Credits, Debits and Balances of the Material Purchase Settlement Suspense Account, Form C.P.W.A 69 and the Schedule of Miscellaneous Works Advances, Form C.P.W.A 70 for September and March should be accompanied by a list of items outstanding under the Suspense Heads for more than six months.

Note 2 - The Schedule of transactions adjusted under the Head “107-Cash Settlement Suspense Account”, Form C.P.W.A 76-A for September and March should be accompanied by a statement in Form C.P.W.A 76-B showing the outstandings which are unsettled for more than six months.

22.4.17(a) With the exceptions noted below (as to which, however, see clause (b) below), all vouchers and transfer entry orders in support of cash payment and other charges in the accounts must accompany the Monthly Account:-

- (i) Muster rolls or other vouchers in support of payments to laborers irrespective of the amount
- (ii) Vouchers in support of payments of wages to members of the work-charged establishment (**other than those borne on regular Estt.**) corresponding to class IV staff, in regular establishment.
- (iii) Other cash vouchers, relating to works (other than running/final account bills of Contractors/Suppliers) and contingencies, the amount of which do not exceeds Rs.1000/-.
- (iv) Invoices or other vouchers in acknowledgement of issues of stock materials, including issues of outturn from Manufacture to Stock.
- (v) Vouchers in support of payments made for the conversion of cash deposits into interest-bearing securities in cases in which no vouchers other than the security itself or a safe custody certificate of the security exists.

Note – When a voucher of this class is not submitted to the Pay and Accounts Officer, the reasons should be noted against the entry of its amount in the Schedule docket or in the Schedule of works expenditure, see Note 1 below paragraph 22.4.2.

- (vi) Transfer entry orders of the classes enumerated below:-

Those involving debits to remittance heads other than in respect of expenditure on works. Those relating to charges which are supported by vouchers received in transfer.

Those involving credit to Revenue Head (Gross Receipts) or to any Miscellaneous Head of Account otherwise than in respect of expenditure on works.

(b) All vouchers (other than Muster Rolls) in support of debits to contractors should be submitted to the Accounts Officer even though falling under any of the exceptions to clause (a).

(c) The Land Award Statements, the vouchers and the accounts etc., received from the Land Acquisition Officers in respect of land acquired together with the Transfer Entry order approved by the Divisional Officer should after relevant entries thereof in the Register of Land charges be submitted to the Accounts Officer.

(d) All Survey Reports of Stores (Form C.P.W.A 18) and Sale Accounts (Form C.P.W.A 19) must also accompany the Monthly Account. Sale Accounts in support of cash credits to Stock should be attached to the Stock Account, Form C.P.W.A 73, Survey Reports and Sale Accounts in support of other credits to Stock should be attached to the schedule dockets pertaining to the works or accounts debited, those in

support of the Tools and Plant indents Form C.P.W.A 14, vide paragraph 22.4.15(20), should accompany that document, and the remaining Survey Reports and sale accounts should be attached to the schedule dockets relating to the works or accounts credited.

22.4.18 The Divisional Accountant is required to sign not only the Monthly Account but also all the schedules etc., accompanying it. It is not necessary that the Divisional Officer should sign all these documents; he must, however, sign the Monthly Account and the List of Accounts Form C.P.W.A 83, unless he is absent from headquarters, in which case he should send to the Pay and Accounts Officer, as soon as he can examine his books and papers on return, a report in Form C.P.W.A 84 (with a duplicate copy of the Monthly Account signed by himself), without which the Pay and Accounts Officer will not pass the Monthly Account finally. The Contingent Bill must invariably be signed by the Divisional Officer.

Note – It is desirable that the Divisional Officer should make arrangements for the review by himself of all vouchers before they are submitted to the Pay and Accounts Officer and that unless the circumstances are exceptional, he should sign the accounts himself.

22.4.19 In connection with the accounts for March, the following points should receive special attention:-

(a) The entry of the closing cash balance should be supported by (1) the original cash Balance Reports (Form C.P.W.A 5) of all Disbursing Officers including the Divisional Officer and (2) a certificate of the Divisional Officer to the effect that he has obtained on or after 31st March and retained in his office an acknowledgement from the officer or subordinate concerned, in respect of each item of imprest or temporary advance shown in the Cash Balance Reports of the Division for 31st March.

Note The Original Cash Balance Reports of sub-ordinate disbursing officers should be initialed by the Divisional Officer before transmission to the Accounts Officer.

(b) To Part II of the Schedule of Reconciliation of Cheques and Remittances, Form C.P.W.A 51, should be subjoined, a statement, in the form given below, in respect of the cheques drawn to meet payments of works.

Particulars	No. of Cheques issued	Amount
For the whole month		
During the last five working days of the month		

(c) The Schedule of Deposits, Form C.P.W.A 79 should be accompanied by the Account of Interest-bearing Securities, Form C.P.W.A 86, referred to in Paragraph 15.6.1

II. Review of Unsettled Accounts

22.4.20 The several registers and schedules relating to the suspense and deposit heads of account and the accounts referred to below should be reviewed monthly so that the steps necessary to effect the expeditious clearance of outstanding balances, whether by actual recovery or by adjustment in the accounts, may be taken regularly throughout the year. In February or early March, special steps should be taken with a view to bring about all possible reductions in the number and amounts of outstanding items at the close of the year; and within six weeks of the submission of the Monthly Account for March, a consolidated certificate in respect of the balances, other than cash, should be forwarded to the Accounts Officer in Form C.P.W.A 91, Annual Certificates of Balances.

(i) Contractors ledger (ii) Works Abstract (iii) Schedule docket (iv) Register of Works, (v) Licence fees Registers and other records of assessment and realization of revenue referred to in Paragraph 9.1.4.

Note – If the closing balance under any head is nil, it does not necessarily follow that a certificate is not required in respect of it. In all cases in which there was a balance at the commencement of the year, or there were any transactions during the year, a certificate should be recorded, the wording of it being suitably amended (if necessary) in case the closing balance is nil.

22.4.21 Similarly, the prompt settlement of all remittance transactions, original or responding, should receive the personal attention of the Divisional Accountant (vide paragraph 5.5.3), who should take special steps early in March to bring to account all liabilities and assets awaiting settlement, and to effect clearance, in the accounts of March of as many outstanding items as possible. Liabilities, as well as, outstanding debits and credits remaining unadjusted at the end of March should be watched individually with a view to their clearance before the accounts of the year are closed finally. It is not sufficient that the Divisional Office has brought to account all the transactions the responsibility for which devolved on itself. It is equally important that necessary action be taken to move the other parties concerned to bring to account or settle the outstanding items, the intervention of the Accounts Officer being sought, where necessary.

III. Closing the Accounts of the year

22.4.22 The financial year terminates on 31st March, and actual transactions taking place after that date can on no account be treated as pertaining to the year. It is, necessary, however, that as many of the unadjusted outstandings of the year as possible, should be cleared within the accounts of the year, and the errors in accounts coming to notice after 31st March should be set right, if possible, without affecting the accounts and estimates of the following year. Whilst, therefore, it is necessary that the cash accounts should be positively closed on the 31st March and also the Stock Accounts in respect of actual transactions, the Transfer Entry Book and the stock accounts should be kept open

for transfer entries relating to rectification of errors and settlement of outstandings. These accounts should be closed on the 20th May or on such other date, as may be prescribed by the Chief Controller of Accounts.

Note – If any adjustments in accounts have been purposely deferred till the close of the accounts of the year, it is permissible to effect them after 31st March in the same way as adjustments in rectification of errors notified after that date.

22.4.23 The transfer entry transactions referred to in paragraph 22.4.22 should be consolidated into a special Monthly Account, which, with all the necessary accompaniments, should be submitted to the Accounts Officer on or before 1st June or any other date that may be prescribed by him. This account is known as the Supplementary Account of the year.

Note – This account should be of the simplest character and should set forth only the transactions to be brought to account. It is not necessary, for instance, to repeat in any of the Suspense or Deposit Schedules, the items not affected, so long as, in addition to the necessary details of the items affected, the totals for the accounts concerned are also given.

IV. Miscellaneous Returns

22.4.24 Other account returns which the Divisional Officer should submit to the Accounts Officer are the following:-

(a) Monthly:-

Certificate regarding the completion of the Register of Licence Fee Register and revision of Licence Fees in Form C.P.W.A 75-B.

(b) Half yearly:-

(i) Lists of items outstanding for more than six months under the suspense heads 'Material Purchase Settlement Suspense Account' and 'Miscellaneous Works Advances' alongwith the Monthly Accounts for September and March (to be attached to Form C.P.W.As 69 and 70)

(ii) Statement in Form C.P.W.A 76-B showing the outstanding which are unsettled for more than 4 months under "Cash Settlement Suspense Accounts" alongwith the monthly accounts for September and March (to be attached to Form C.P.W.A 76-A)

V. Corrections in Accounts

22.4.25 (a) If an item in the accounts which properly belongs to a revenue or expenditure head is classified wrongly under another revenue or expenditure head, the error may be corrected at any time before the accounts of the year are closed, but after the accounts are closed, no correction is admissible except as permitted in Para 8.1.2 to 8.1.4 of this Code and in cases affecting the account, of works including those falling under paragraph 10.6.12 of this Code.

Note 1 – Errors in suspense accounts are governed by the rule in clause(b).

Note 2 - If an error be detected after submission to the Pay and Accounts Officer of the Divisional Officer's Supplementary Account of the year, it should nevertheless be reported to the Chief Controller of Accounts for instructions unless the amount be not more than ten rupees.

(b) All errors affecting debt (including suspense) and remittance heads must be corrected, however old they may be.

(c) When a correction is permissible, it should be made by a formal transfer entry, but when it is not permitted, it is sufficient to make a suitable note of it in the account concerned or to make the necessary alterations in the Progressive figures, as may be necessary.

22.4.26 All corrections in accounts which may be advised by the Pay and Accounts Officer on auditing the documents, should, after verification, be carried out in all relevant records, the entries being made in red ink (quoting the audit note or other advice) and attested by the dated initials of the Divisional Accountant.

Note – The Divisional Accountant is responsible that all corrections advised by the Pay and Accounts Officer are specially brought to the notice of the Divisional Officer.

VI. Proforma Accounts

22.4.27 When the details of any class of transactions, as recorded in the prescribed accounts, are not sufficiently indicative of the financial results of the operations of a given period and it is necessary to ascertain the results, it is usual to prepare periodically suitable proforma accounts in addition.

Note 1 – If the maintenance of such supplementary accounts is necessary for audit purposes, and no form has been prescribed by the Comptroller & Auditor General of India, the Chief Controller of Accounts will determine the required forms in consultation with Controller General of Accounts, but if the accounts are required for administrative purposes, the accounts will be maintained in such form as may be agreed upon between the Chief Controller of Accounts and Government.

Note 2 – If the proforma account relates to transactions of two or more divisions the compilation of it is undertaken by the Pay and Accounts Officer, and Divisional Officers may be required to furnish the necessary data. A pro-forma account relating to a single division will be prepared by the Divisional Officer and if it is an account prescribed by an administrative authority, the Pay and Accounts Officer may not be required to check it except in pursuance of an arrangement agreed upon between him and Government.

22.4.28 If for the purposes of any pro-forms account which the Pay and Accounts Officer is required to prepare or check, it is necessary to determine the charges incurred on a particular work or service, or a group of works or services, the expenditure thereon should be booked separately in the general accounts, even though, under rule, it may not be customary to estimate or account for such expenditure separately. Detailed instructions in this connection will be issued by the Chief Controller of Accounts in consultation with Government, where necessary. See also paragraph 3.2.1 (d)

22.4.29 The proforma accounts showing the results of the working of irrigation, etc, projects, productive as well as unproductive for which capital accounts are kept, are prepared annually by the Pay and Accounts Officer in accordance with the rules prescribed in the Government Accounting Rules,1990. These accounts are known as the Administrative Accounts of Irrigation, Navigation, Embankment and Drainage Works.

Note – For rules relating to pro forma accounts of irrigation water courses, see paragraph 5 of Appendix 3

22.4.30 For workshops, manufactures and similar quasi-commercial undertakings, it is usual to prepare pro forma accounts periodically, vide paragraphs 12.2.2(d) and 14.3.1.

VII. Review by Divisional Officer

22.4.31 The Divisional Officer should review from time to time the several registers, books and accounts, as are maintained in the divisional and sub-divisional offices even though under the rules in this Code he may have scrutinized and intialled the individual entries or sets of entries therein. To this end he may require these records to be laid before him through the Divisional Accountant, monthly or at such other intervals as may be fixed by him. The Fact of such review should be placed on recording all cases preferably in Form C.P.W.A 96 (Memo of Review) posted in a suitable position on the account etc. concerned.

CHAPTER 23

BANKING ARRANGEMENTS

23.1 INTRODUCTION

23.1.1 Under the provisions of Section 21 of the Reserve Bank of India Act, 1934 and the agreement entered into by the Central Government with Reserve Bank of India, general banking business consisting of receipts, collections, payments and remittances on behalf of Central Government is carried on by Reserve Bank of India as their Banker.

In the earlier stages when the scheme of separation of Accounts from Audit was introduced on experimental basis in the year 1955 in respect of the Ministries of Agriculture, Food, Supply, Rehabilitation and the then Works and Housing (now the Ministry of Urban Development) under the charge of the then Chief Pay and Accounts Officer, the Receipts and Payments of the above mentioned Ministries were handled by the Reserve Bank of India. At places where the branches of Reserve Bank of India did not exist, the Banking business of these Ministries was handled by the State Bank of India as an Agent of Reserve Bank of India.

In other words Reserve Bank of India, Central Accounts Section, Nagpur maintains General Ledger of the Union Government's Cash balances. In addition it also maintains Proforma Accounts for Union Government Civil Ministries/Departments and also the Proforma Accounts of Non-Civil Ministries/Departments like Railways, Defence, Posts and Telecommunications on year to year basis. These Proforma Balances at the end of the Financial year are merged under Union Government Civil Balances.

23.1.2 As a sequel to the departmentalization of Accounts in the year 1976 in three phases, Reserve Bank of India in consultation with the Ministry of Finance authorized all the Nationalised Public Sector Banks to handle Government business of the Central Civil Ministries as their agents on turn over commission basis to cope up with the heavy rush of transactions of Government business. The then Ministry of Works and Housing (presently the Ministry of Urban Development and Poverty Alleviation) was allowed to continue its Government banking business with the Reserve Bank of India and the State Bank of India in places where the branches of Reserve Bank of India did not exist. This system remained in vogue till 31st March 2005.

23.2 CHANGE IN THE BANKING ARRANGEMENTS

23.2.1 Consequent upon the decision taken by the Reserve Bank of India to delink itself from the retail banking business of some of the Central Ministires/Departments including that of the Ministry of Urban Development and Poverty Alleviation and also authorizing three Private Sector Banks viz., ICICI Bank Ltd, UTI Bank Ltd and HDFC Bank Ltd to

handle Central Government business on their behalf as their agents on the same terms and conditions as applicable to the Public Sector Bank (except that these banks have been allowed permissible period of 3 days, including holidays, for remitting government money into Government Account with RBI, CAS). The following banking arrangements have been made for various Departments of the Ministry of Urban Affairs & Poverty Alleviation and Ministry of Urban Development w.e.f. 1.4.2005:-

- (i) State Bank of India throughout the country will be the accredited Bank of Central Public Works Department (CPWD) w.e.f 01-04-2005.
- (ii) UTI Bank Ltd will be the accredited Bank for handling Government transactions of the Secretariat, Directorate of Estates, Other attached and Subordinate offices including Land and Development Office (L&DO) w.e.f 01-02-2005.
- (iii) IDBI Bank Ltd will be the accredited Bank for various offices of the Departments of Printing, Stationery and Publications under the Directorate of Printing and Stationery w.e.f 01-02-2005.

23.2.2 The above mentioned Banking arrangements have been necessitated as a sequel to the decision taken by the Reserve Bank of India to gradually move away from the retail banking business of the Central Government Ministries/Departments which have been handling their Government transactions with the Reserve Bank of India as their accredited Bank.

23.3 DRAWING ACCOUNT AND ASSIGNMENT ACCOUNT (LETTER OF CREDIT)

23.3.1 Pay and Accounts Officers of the Divisions of CPWD have drawing account in their accredited Bank meaning thereby that the PAO of the Division can draw any amount subject to the annual ceiling of Budgetary allocation in the Consolidated Fund of India and the availability of Funds/Deposits etc. in the Public Account of India on the basis of Expenditure Sanction issued by the competent authority.

23.3.2 Divisional officers of the CPWD have been vested with cheque drawing powers to draw funds from the local branches of the State Bank of India accredited to their Divisions against the Letter of Credit assigned to them for arranging payment of salary and allowances of the officers and the staff including work charged staff and other expenses as enunciated in para 3.1.1 of "Civil Accounts Manual" besides execution of works and purchases connected with the activities of CPWD. They shall however not be allowed to make payments of Long Term Advances like House Building Advance/Motorcar Advances etc. to their employees. All long term advances, Pensions and other Retirement benefits and Final Payments of Provident Funds like General Provident Funds to Group "A", "B" and "C" officers will be payable by the Pay and Accounts Officers of their Divisions.

23.3.3 Since the functioning of the Cheque Drawing and Disbursing Officers of the Divisions of CPWD is quite different from that of other Cheque Drawing and Disbursing

Officers, special arrangements for the issue of Letter of Credit as stipulated in para 6.2.1(b) of CPWA Code deviating from the Quarterly assignment of Funds have been made by the competent authority, which are to be followed scrupulously by all concerned.

23.3.4 The letters of credit indicating Major Headwise allocation of funds as printed on the cheque leaf shall be issued by the Accounts Officer of L.O.C. Cell of the Principal Accounts Office at Head Quarters, authorizing the paying branch of the Bank to make payment on the cheques drawn from time to time by the concerned Cheque Drawing and Disbursing Officers with clear instructions not to exceed the limit of headwise allocation authorized by the AO, LOC(Cell) in any case. While communicating the assignment for the second and subsequent Letters of Credit (LOC), AO of the LOC(Cell) will indicate not only the assignment for the subsequent LOC but also the progressive total of the assignment upto the end of subsequent LOC. Unspent balance for the last LOC shall not be carried forward to next Financial Year but the cheques encashed in the subsequent year in settlement of claims pertaining to the last LOC shall be adjusted and accounted for against the assignment of the last LOC of previous Financial year.

23.3.5 Accounts Officer of the LOC Cell shall ensure that the letter of credit authorizing Major Head wise allocation is correctly addressed to the Divisional Officers and the accredited Bank branches are also intimated regarding the ceiling of amount assigned to them. Copy of the LOC should also be endorsed to the Pay and Accounts Officer of the Division concerned. Arrangements have been made for the communication of Letter of Credit to the accredited bank branches of the Divisions through the Centralised Branch of the State Bank of India, Nirman Bhawan, New Delhi so that mandate reaches the branches immediately. With a view to reducing the time taken in dispatch/postal process, mandate is to be communicated electronically after proper authentication by the Centralised branch of the State Bank of India, Nirman Bhawan, New Delhi.

23.3.6 Divisional Officers must ensure that no funds are diverted from one head to another head in any case. Any deviation of Funds will be the personal responsibility of the Divisional officer concerned.

23.3.7 Similarly accredited branches of the Bank must ensure that the headwise assignment of amount intimated through the Letter of Credit does not exceed in any case.

23.4 REVISED PROCEDURE

23.4.1 Consequent upon the switch over from the Reserve Bank of India to the State Bank of India with effect from 1st April 2005, all the receipts and payment transactions pertaining to the Divisions including that of the Pay and Accounts Officer of the Division will now henceforth be handled by the accredited branches of the State Bank of India throughout the country. The Dealing branches will report day-to-day Receipts and Payments transactions of the Divisions including the transactions of their Pay and Accounts Offices to their designated Focal Point Branches who in turn will transmit the same duly verified by the respective Pay and Accounts Officers to the State Bank of

India's Government Accounts Department (GAD), Mumbai for final settlement of reimbursement from the Reserve Bank of India, Central Accounts Office, Nagpur.

23.4.2 The role of Dealing branches, Focal Point branches, Government Accounts Department of State Bank of India, Mumbai, Reserve Bank of India, Central Accounts Office, Nagpur, Pay and Accounts officers of the Division, Divisional Officers of the CPWD and the action in the Principal Accounts Officer, Ministry of Urban Development and Poverty Alleviation has been explained step by step in the following paras.

23.4.3 Under the revised banking arrangements, Focal point bank State Bank of India will be responsible for reconciliation of figures with Pay and Accounts Officers/Divisional Officers.

23.5 ROLE OF DEALING BRANCHES OF THE STATE BANK OF INDIA

23.5.1 As a sequel to the decision taken by the Reserve Bank of India to move away from the retail banking business of the Ministry of Urban Development and Ministry of Urban Employment & Poverty Alleviation with effect from 1.4.2005, State Bank of India all over the country has been nominated as the accredited Bank of the Central Public Works Department.

23.5.2 According to the revised procedure of reporting, accounting and reconciliation introduced from 1st April 2005, all the receipts and payments transactions of CPWD will hence forth be handled by the Dealing Branches of the State Bank of India throughout the country. The dealing branch of each Central Public Works Division including its Pay and Accounts Office will report day-to-day transactions of CPWD to Focal Point Branch of the State Bank of India by preparing daily sub-head wise Payment and Receipt Scrolls in Quadruplicate separately for each Account holder viz the Divisional Office and the PAO. Each day's scroll will be given a running serial number for the accounting year from 1st April to 31st March, separate serial numbers being given to scrolls of each account. These serial numbers on the scrolls will bear prefix "DMA(E) for Payment and DMA(R) for Receipts". DMA means Daily Memorandum of Advice. The Serial number of the entry in the scroll will be recorded on the corresponding cheques/challans for purpose of identification. After the books of the branch have been balanced with reference to the total of day's scrolls, two copies of the scrolls alongwith the relative challans/paid cheques will be sent by them to the designated "Focal Point Branch" and not to the PAO with a Forwarding Memo (Annexure 5 as contemplated in Civil Accounts Manual i.e., GAD 5 of State Bank of India) on a day-to-day basis. One copy of the scroll will be sent directly by them to the concerned DDO. The fourth copy of the scroll will be retained by the Branch for its own record.

23.6 ROLE OF FOCAL POINT BRANCH OF THE STATE BANK OF INDIA

23.6.1 The Focal Point Branch, in addition to acting as a dealing Branch, will be responsible for prompt and accurate accounting of the transactions reported to it daily by all the dealing branches linked to it.

23.6.2 (a) Preparation and submission of Main Scroll together with related challans/paid cheques to Pay and Accounts Officer.

On receipt of two copies of the scrolls together with relative documents viz the Receipted Challans/Paid Cheques attached to original scroll from the Dealing Branch, the Focal Point Branch will separate the original and duplicate copies of the scrolls and subject them to careful scrutiny for accuracy. Focal Point Branch will consolidate the transactions of the various dealing branches including its own and prepare a “Main Scroll” in triplicate (Annexure 6) separately for each Account holder, giving the totals of all accounts separately for which scrolls have been received from each branch. Two copies of the Main Scroll along with the original copy of the scroll with the relative instruments received from various dealing branches will be forwarded to the concerned Pay and Accounts Officer on a day-to-day basis. The duplicate copy of the scrolls without any instrument received from the dealing branches will be stitched and retained by the Focal Point Branch for its record. Simultaneously the aggregate of the receipts and payments arrived at in the Main Scroll will be incorporated in a Daily Memo (Annexure 7) and the same will be reported to its Link Cell i.e., Government Account Department (GAD) at Mumbai for settlement of funds with Reserve Bank of India, Central Accounts Section, Nagpur on a day-to-day basis. The report will be sent through the fastest mode of communication if the net amount is Rupees one Lakh and above. A “Nil” advice should also be sent where there are no transactions to report. The Main Scroll submitted to PAO as well as the Memo/Nil advice to Link Cell should bear a serial number in consecutive order for the year from 1st April to 31st March.

The PAO, on receipt of copies of Main Scroll and supporting documents will certify and return the duplicate copy of the scroll within 24 hours to the “Focal Point” branch after verification. The “Focal Point” branch should keep a watch on the prompt receipt of the certified copy of the scroll from the PAO. The “Focal Point” branch should ensure that:

- (i) the mistakes/discrepancies pointed out by PAO are rectified after proper verification through “Error Scroll” in GAD 13 – Error-Adjustment Schedule where necessary, as per the procedure.
- (ii) Missing challans/Paid Cheques are submitted to PAO directly
- (iii) The copies of the Main Scrolls duly verified by the PAO are kept on its record.

Focal Point Branches are also required to furnish a certificate to the effect that necessary scrolls/paid cheques/challans etc have already been submitted to the concerned Pay and Accounts Office.

23.6.3 Since the Challans/Paid Cheques are important documents evidencing payments into/withdrawals from Government Accounts, utmost care has to be exercised by the Dealing Branch/Focal Point Branch to ensure that no challans/Paid Cheques are lost/misplaced while handling documents in transit. In case of any missing

challan/Cheques, Focal Point Branch in consultation with the Dealing Branch should furnish requisite Certificates in lieu of the lost cheque/challan. On subsequent availability of lost documents, the same should be forwarded to the Pay and Accounts Officer quoting reference and date etc to enable the PAO to link the same at his end.

Efforts should be made by the designated Focal Point Branches to send “Error-free Scrolls” to the Pay and Accounts Officer for prompt and accurate settlement of all the Government transactions with utmost promptitude.

Based on the information furnished by the designated Focal Point Bank Branches, Government Account Department, Mumbai generates through its computer centre “Settlement Report” to be sent to Reserve Bank of India, Central Accounts Section, Nagpur. The report is then faxed to State Bank of India Government Accounts Link Office at Nagpur which in turn submits the same to Reserve Bank of India, Central Accounts Section, Nagpur. The settlement of funds takes place at Nagpur through State Bank of India’s local account maintained with RBI, C.A.S., Nagpur.

23.6.4 Submission of Date-wise Monthly Statement (DMS).

The “Focal Point” branch after the close of the month will also prepare in quintuplicate, the Date-wise Monthly Statements (DMS) (Annexure 8) of the PAO of the Division and four copies thereof to the concerned PAOs for verification latest by the 3rd of the following month retaining fifth copy as office copy. Two copies of the monthly statement will be returned by the PAO duly verified to the “Focal Point” branch within 3 days of receipt thereof. Out of the two certified copies so received by the branch, one copy will be retained by the “Focal Point” branch and the other will be forwarded to its Link Cell GAD, Mumbai

23.7 ROLE OF STATE BANK OF INDIA, GOVERNMENT ACCOUNT DEPARTMENT (GAD), MUMBAI

23.7.1 (a) On receipt of daily memorandums/telegrams in respect of transactions from various Focal Point Branches, the Government Accounts Department, Mumbai will consolidate the position and report the consolidated figures (receipt/payment separately) to RBI, Central Accounts Section, Nagpur for eventual settlement. SBI, GAD, Mumbai while reporting the consolidated figure to RBI, CAS, Nagpur will also furnish a certificate to the effect that relevant documents have been submitted by its focal point branches to the respective Government officials.

23.7.2 (b) SBI, GAD, Mumbai will prepare four copies of monthly settlement statement as per Annexure 11 and forward three copies thereof to the RBI, CAS, Nagpur for verification before 2nd of the succeeding month. RBI after verification will forward one copy (along with the monthly closing balance statement) to each Principal Accounts Office of the Ministry/Department, one copy to SBI, GAD, Mumbai and retain one copy for their record.

23.7.3 (c) SBI, GAD, Mumbai will also prepare four copies of monthly settlement statement PAO-wise showing transactions date-wise (Annexure-11) and forward original copy to respective Principal Accounts Office, duplicate/triplicate copy each to the respective PAO and Focal Point Branch(s) and retain the fourth copy for their record.

23.7.4 (d) SBI, GAD, Mumbai will also prepare monthly settlement statement in duplicate as per Annexure 12 and forward one copy thereof to respective Principal Accounts Office of the concerned Ministry/Department.

23.7.5 (e) SBI, GAD Mumbai will furnish to CAS, Nagpur daily the Ministry's transaction statement. At the end of the month SBI will furnish to CAS, Nagpur (PAO wise monthly statement of transactions and Ministrywise monthly statement of transactions to enable CAS, Nagpur to submit consolidated monthly statement to the Chief Controller of Accounts.

23.8 ROLE OF RESERVE BANK OF INDIA, CENTRAL ACCOUNTS SECTION, NAGPUR

23.8.1 Central Accounts office of Reserve Bank of India, Nagpur on receipt of the Report of Statements generated by Government Accounts Department, State Bank of India, Mumbai and transmitted through State Bank of India, Link Cell at Nagpur will carry out necessary adjustments in the accounts of the Ministry of Urban Development and Poverty Alleviation and also in the Bank Account of State Bank of India.

After carrying out necessary adjustments, RBI, CAS, Nagpur will generate Divisionwise/PAO-wise Receipts Put Through and Payments Put Through for onward transmission to the Principal Accounts Officer of the Ministry and all other concerned for further necessary action. Appendix "2" to chapter 1 of Civil Accounts Manual may also be referred to on the detailed instructions on banking and accounting arrangements in connection with the receipts and Payments of Government account by Public Sector Banks.

23.9 ROLE OF PAY AND ACCOUNTS OFFICER

23.9.1 (i) PAO receives two types of Bank Scrolls viz., Receipt Scroll together with Receipted challans and Payment Scroll together with Paid cheques from the designated Focal Point Bank Branch. On receipt of these scrolls from the Bank, PAO is required to scrutinize the same with reference to the supporting challans/Paid cheques and discrepancy, if any, coming to notice is reported by him to the Focal Point Bank to rectify the same. Such discrepancies should be got rectified either by personal contact, if the Focal Point Bank Branch is near to the office of the PAO or by fastest mode of communication as may be considered necessary. The accepted/verified amount of Main Scroll should be noted in Form CAM 17 – Register of Public Sector Bank Suspense. On receipt of DMS (Date-wise Monthly Statement), PAO should ensure that the figures noted in Form CAM 17 tally with those indicated in DMS. In case of discrepancy, the

same should be brought to the notice of the Focal Point Bank Branch for taking corrective measures to settle the discrepancy.

(ii) Besides, PAO has to ensure timely submission of Main Scroll/DMS by Focal Point Bank Branch and return of verified Statements within the stipulated time schedule.

Note: For adjustment of Bank Scrolls see para 23.16 regarding Adjustment of Bank Scrolls in CPWD System.

23.10 ROLE OF DIVISIONAL OFFICER

Divisional officer will receive a copy of Receipts Scroll/Payment Scroll without supporting Receipted Challans/Paid Cheques from the Dealing Branch of the Bank. He will note these transactions in CPWA Form 51 to be sent along with Monthly Account to the PAO of the Division.

Note: For detailed procedure see para 23.16 regarding Adjustment of Bank Scrolls in CPWD System.

23.11 ROLE OF PRINCIPAL ACCOUNTS OFFICER

On receipt of Statement DMA 1 together with PAO-wise/Date-wise break-up of Receipts and Payments transactions for the month from State Bank of India, Government Account Department, Mumbai and Statement DMA-2 showing PAO-wise summary of transactions for the month from Reserve Bank of India, Central Accounts Section, Nagpur. Principal Accounts office should exercise checks prescribed in Para 13.7 of Civil Accounts Manual on receipt of DMA-2 and CAS-122 statements. Thereafter Principal Accounts Office will proceed to clear the Minor Head "108 – Public Sector Bank Suspense" below the Major Head "8658 – Suspense Accounts" by operating contra entries under the Major/Minor/Sub-Head "8675 – Deposits with Reserve Bank", "101-Central (Civil)" "Reserve Bank (PSB)". As soon as the Head "108 – Public Sector Bank Suspense" is cleared, an intimation shall also be sent to the PAO of the Division to enable him to incorporate the figures in his Broadsheet and other connected records.

23.12 SELF MONITORING

23.12.1 State Bank of India, GAD, Mumbai will also receive a copy of certified DMS from its Focal Point Branch latest by the 10th of the following month. On receipt, thereof, the GAD Cell should compare entries of receipts and payments in respect of each Division/PAO date-wise with reference to the amounts put through as shown in Annexure 8. In case it finds that the amount as shown in the DMS and as appearing in annexure 8 differs, it should adjust the difference in the daily advice for the next day showing corrections distinctly giving a reference to the date of each transaction. This will ensure settlement of accounts on self reconciliation basis. In doing so, it should keep a note of corrections in the DMS

so that, if later, the same discrepancy is pointed out by the Focal Point Branch at the instance of the PAO, double adjustment is avoided.

23.13 MARCH RESIDUAL TRANSACTIONS

23.13.1 In order to ensure that the transactions pertaining to a financial year are adjusted to the extent possible in the same financial year, dealing branches of the Banks are required to report the transactions handled by them on behalf of the Ministry/Department with which these have been accredited, to their Focal Point Branch with utmost promptitude to enable the Focal Point Branch to report the same to Reserve Bank of India, Central Accounts Section, Nagpur through their Link Cell/GAD, Bombay in case of State Bank of India. Transactions taking place from 15th March till the end of the month should be reported by the Focal Point Branch to Link Cell/GAD, Mumbai in the case of State Bank of India by Telex/Telegrams etc. In case of the residual March Transactions which could not be reported to Reserve Bank of India, Central Accounts Section, Nagpur during the concerned financial year for one reason or the other, the Focal Point Branch should segregate from 1st April all transactions pertaining to the previous Financial Year and for current Financial Year for preparing separate Main Scrolls for the residual transactions effected at the dealing branch in March or earlier period of previous Financial Year and for the correct transactions effected in respect of the current Financial Year from 1st April onwards. As the accounts of the Reserve Bank of India CAS, Nagpur remain open upto 15th April to accommodate residual transactions of previous financial year, the Focal Point Branch should report March residual transactions to the Link Cell/GAD, Mumbai as the case may be through separate Daily Memo for the adjustment with RBI, CAS, Nagpur. Monthly statement of March Residual Transactions must be sent to the PAO latest by 30th April for their accountal in the previous financial year.

23.14 AGENCY COMMISSION/TURN OVER COMMISSION

23.14.1 State Bank of India, GAD, Mumbai through its Link Cell of local SBI at Nagpur will arrange to submit claims for **agency Commission/ Turn over Commission** in regard to the Government transactions settled with the Reserve Bank of India, Central Accounts Section, Nagpur to that office on quarterly basis. While admitting the claims of Turn over Commission preferred by the Link Cell of SBI, it has to be ensured that adjustments of discrepancies have been carried out in Accounts and there is no double claim of Turn over Commission on account of such adjustments. The revised rates of Turn over Commission/Agency Commission for handling Government transactions by the Public Sector Banks/ Other Nominated (Private Sector) banks would be Rs.45/-per transaction for Receipts, 9 paise per Rs.100/- turnover per transaction for Payments other than pension and Rs.60/- per transaction for Pension w.e.f 01-07-2005.

Note: Excess amount shown in the Receipt Scrolls and Payment Scrolls should be adjusted by withdrawal i.e., by Minus in the Receipt Scroll and Payment Scroll on the date in which such corrections have been carried out to avoid double claim of Turn over Commission. In no case the excess amounts wrongly entered in the Bank Scroll should be corrected by Contra Debit or Credit, as the case may be. For wrong scrolling no

Agency Commission/Turn over Commission shall be payable by the Reserve Bank of India.

23.15 RECOVERY OF INTEREST FROM BANKS ON DELAYED REMITTANCES OF GOVERNMENT RECEIPTS INTO GOVERNMENT ACCOUNT AND EXCESS/DOUBLE REIMBURSEMENT OF CLAIMS

23.15.1 1. Permissible period for remittance of Government Revenues

a) **Local Transactions** – Wherever the collecting branch and the focal point branch are in the same city/agglomeration, the settlement of transaction with RBI will have to be completed within T+3 working days (where T is the day when money is available to the Branch). For calculating the working days, the RBI calendar will be followed. This has been implemented from 01.5.2005.

b) **Outstation Transactions** - Wherever the collecting branch and the focal point branch are in different city/agglomeration, the settlement of transaction with RBI will have to be completed within T+5 working days (where T is the day when money is available to the Branch). For calculating the working days, the RBI calendar will be followed. This has been implemented from 01.5.2005.

c) Cases for relaxation of the permissible period in respect of difficult areas/or due to matters beyond control of the banks will be forwarded on a case-to-case basis to the Office of CGA through the Ministry for approval.

23.15.2 2) Provision of charging interest on delayed remittance i.e., ‘Delayed Period Interest’.

a) Total amount, which has not been remitted in time and the penalty due alongwith the details of the individual cases will be intimated by the Ministry to the Headquarters of the Bank concerned on a quarterly basis by the 15th of the following month. The period of delay for this purpose will be counted from the date of receipt of the collection at the receiving branch (actual realization of money in the bank) till they are reported to RBI, CAS, Nagpur for credit to Government Account through the bank’s link cell at Nagpur.

The present system of charging penalty at Bank rate + 2% (Bank rate will be as notified by RBI on 1st May and 1st November every year) will continue. The charges shall be known henceforth as ‘Delayed Period Interest’.

b) Delayed period interest will be recoverable from the Bank regardless of the amount involved.

23.15.3 Interest on delayed remittances and double/excess reimbursement shall be charged @ 8% i.e, Bank Rate 6% plus 2% with effect from 1st May 2005.

Note – The above procedure will not be applicable to Private Sector Banks(Authority: CGA’s OM No.S-11012/3/P.Int/CGA/RBD/2003-04/396 dated 31.3.2005 read with CGA’s OM No.S-11012/3/2003-04/Pt.III/RBD/466 dated 16.5.2005)

23.15.4 Interest on delayed remittances and on double/excess re-imburement shall be credited to sub-head “Interest from Banks on delayed remittances and excess/double

reimbursement” under the Minor Head “800 – Other Receipts” below the Major Head “0075 – Miscellaneous General Services”.

23.16 ADJUSTMENT OF BANK SCROLLS IN CPWD SYSTEM

23.16.1 In CPWD System, all the receipts and payments arising in a Division are accounted for under the final heads concerned *ab-initio* by the Divisional Officer by passing necessary entries in the Books of accounts maintained in his office. As and when the receipts are realized or received in cash or by cheque or Bank Draft, the same are credited under the proper receipt head of account and in case of refund minus Debited to the Expenditure head of Account flowing from the Consolidated Fund of India e.g. refund of LTC advance in cash by a Divisional Accountant of Public Works Division shall be Minus Debited to Major/Sub-Major/Minor-Head “2059 – Public Works” – “80-General” “001 – Direction and Administration” – Refund of LTC Advance.

23.16.2 After adjusting the receipts received in cash or by cheque/Demand Draft under the proper receipt or refund heads of account, the cash or cheque or Demand Draft shall be sent to Bank for realization by Debiting Sub-Head “Remittances into Bank” under the Minor Head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc”.

23.16.3 Similarly the Payments made either from the Consolidated Fund of India or from Public Account of India shall be debited under the concerned functional Major/Sub-Major/Minor Heads of Account per Contra Credit to Sub-Head “Public Works Cheques” under the Minor Head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc”

23.16.4 Refund of Revenue falling under Sector B – Non-Tax Revenue shall be classified under the Minor Head “900 – Deduct-Refunds” below the concerned Major/Sub-Major Heads of Account in terms of General Direction 2.2 to the List of Major and Minor Heads of Account per contra Credit to Sub-head “Public Works Cheques” under the Minor Head “102-Public Works Remittances” below the Major Head “8782-Cash Remittances etc”

23.17 ADJUSTMENT OF RECEIPTS SCROLL/PAYMENTS SCROLL IN THE DIVISION

23.17.1 Subsequently on receipt of the copy of Receipts Scroll and Payments Scroll without Receipted Challans/Paid Cheques from the dealing branch of the accredited Bank, Divisional officer will enter the transactions of Receipts Scroll and Payments Scroll in Part I “Cash Remitted and Acknowledged” and Part II Cheques issued and Paid respectively in Form 51 to be sent along with the Monthly Account to the PAO of his Division for reconciliation purposes.

23.18 ADJUSTMENT OF RECEIPTS SCROLL AND PAYMENTS SCROLL BY THE PAO OF THE DIVISION

23.18.1 On receipt of Receipts Scroll with Receipted Challans and Payments Scroll with Paid Cheques from the Focal Point Branch of the accredited Bank, PAO of the Division will adjust the same as under:-

For the adjustment of the Receipts Scroll, PAO of the Division after proper verification thereof will Debit Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” per Contra Minus Debit to Sub-head “Remittances into Bank” under the Minor Head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc”.

23.18.2 Original Debit appearing under the Sub-head “Remittances” into Bank in the Books of Division gets cleared by Minus Debit to the same Sub-head as per the above mentioned entry made by the PAO of the Division.

23.18.3 For the adjustment of Payments Scroll, PAO of the Division after proper verification shall afford Minus Credit to Sub-head “Public Works Cheques” under the Minor Head “102-Public Works Remittances” below the Major Head “8782 – Cash Remittances” etc per contra credit to Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” Minus credit to Sub-head “Public works cheques” in the books of the PAO of the Division would clear the original credit under the same sub-head appearing in the books of the Divisional Officer at the time of issue of the cheque.

23.19 CLEARANCE OF MINOR HEAD “108-PUBLIC SECTOR BANK SUSPENSE” BELOW THE MAJOR HEAD “8658 – SUSPENSE ACCOUNTS” BY PRINCIPAL ACCOUNTS OFFICE

23.19.1 Principal Accounts Officer of the Ministry of Urban Development and Poverty Alleviation, on receipt of “Put Through Statements” from the Reserve Bank of India will clear the Receipts Put Through by preparing a Transfer Entry affording Debit to Major/Minor/Sub-head “8675 – Deposits with Reserve Bank” “101 – Central (Civil)”, “Reserve Bank (PSB)” and Minus Debit to Minor Head “108-Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts”.

23.19.2 Similarly Payment Put Through Statement shall be adjusted through Transfer Entry by Minus Credit to Minor Head “108-Public Sector Bank suspense” below the Major Head “8658 – Suspense Accounts” and Credit to Major/Minor/Sub-head “8675 – Deposits with Reserve Bank” “101-Central (Civil)” “Reserve Bank (PSB)”. The above mentioned adjustments made by the Principal Accounts Officer will be intimated to the PAO of the Division to keep a suitable note against the original entries appearing under the Minor Head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” in the Broadsheet of Public Sector Bank Suspense.

23.20 PROCEDURE FOR BANK RECONCILIATION

23.20.1 Bank reconciliation is conducted in the following four stages in the CPWD System of Accounts:-

1. Reconciliation between Bank Scrolls and Datewise Monthly Statement i.e., between Pay and Accounts Office and the Focal Point Bank Branch.
2. Reconciliation between Datewise Monthly Statement and Put Through Statement i.e., between Reserve Bank of India, Central Accounts Section, Nagpur and the Principal Accounts Office of the Ministry of Urban Development and Poverty Alleviation.
3. Reconciliation between Controller General of Accounts/Chief Controllers of Accounts and the Reserve Bank of India, Central Accounts Section, Nagpur.
4. Reconciliation between the cheques issued and remittances made by the Division on one hand and the cheques encashed and remittances accounted for by the Bank

23.20.2 FIRST STAGE OF RECONCILIATION

In the Public Works System of Accounts, the original Receipts and Payments transactions arising in a Public Works Division are initially accounted for under the proper Receipts, Refunds and Payments Heads of Accounts in the books of Accounts maintained by the Divisional Officer concerned. Bank Draft concerning the receipt of the Division are remitted into Bank for collection by debiting Sub-Head "Remittances into Bank" under the Minor Head "102 – Public Works Remittances" below the Major Head 8782 – Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer. The Payments made by the Divisional Officer are debited to the final functional Major/Sub-Major/Minor/Sub-Head/Detailed Head/Object Head concerned per contra credit to Sub-Head "Public Works Cheques" under the above mentioned Major and Minor Heads. However, the Receipts Scrolls together with Receipted Challans and Paid Cheques together with Paid Cheques are sent directly to the Pay and Accounts Officer of the Division by the designated Focal Point Bank Branch of the State Bank of India for adjustment of the Cash balance under the Minor Head "108 – Public Sector Bank Suspense" below the Major Head "8658 – Suspense Accounts".

On receipt of the above mentioned Receipts Scroll and Payment Scroll, PAO of the Division scrutinizes the figures with reference to the enclosed Receipted Challans and the amount of Paid Cheques reported by the Focal Point Bank Branch. In this connection checks to be exercised by the PAO as prescribed in Para 13.6 of Civil Accounts Manual, may be referred. Discrepancy, if any, coming to notice is reported to Focal Point Bank Branch for taking remedial measures to set right the discrepancy through "Error Scroll". Such discrepancies as far as possible should be got rectified by personal collaboration, if the Focal Point Bank Branch is near the office of the Pay and Accounts Officer of the Division or alternately by the fastest mode of communication.

The accepted/verified figures of Main Scroll should be noted in the Register of Public Sector Bank Suspense in CAM Form 17. On receipt of DMS, the entries should be checked with reference to the transactions booked in CAM Form 17. The total of DMS must tally with the total of CAM Form 17. Any discrepancy coming to notice be reported to the Focal Point Bank Branch for taking corrective measures.

23.20.3 SECOND STAGE OF RECONCILIATION

Put Through Statement received from the Reserve Bank of India, Central Accounts Section, Nagpur should be compared with DMS. The transactions settled in the same month should be ticked off in the DMS and the remaining transactions not included in the Put Through Statement should be watched/pursued for expeditious settlement of cash balance under the Major Head “8675 – Deposits with Reserve Bank”.

23.20.4 THIRD STAGE OF RECONCILIATION

Third stage of Bank reconciliation between the Controller General of Accounts, Chief Controllers of Accounts and the Reserve Bank of India, Central Accounts Section, Nagpur is conducted through Reserve Bank Deposit (R.B.D.) Section of the Controller General of Accounts in regard to the Cash balance position of the Government of India, as a whole.

23.20.5 FOURTH STAGE OF BANK RECONCILIATION

As has already been explained in the first stage of Reconciliation that the Focal Point Bank Branch sends Receipts Scroll alongwith Receipted Challans and Payments Scroll together with Paid Cheques to the PAO of the Division for clearing the cheque head whether operated for Remittances into Bank or for issue of the cheque, the Dealing Branch of the accredited Bank sends a copy of the Scrolls without supporting Receipted Challans and Paid Cheques to Divisional Officer of the Division concerned. On receipt of the copy of daily Receipt Scroll and Payment Scroll, the Divisional Officer effects a reconciliation in CPWA Form 51 indicating the difference between the cheques issued and remittances made but not accounted for during the month as well as cheques issued and remittances made during the previous months accounted for in the Bank Scrolls during the month on hand. This Schedule of Reconciliation of Cheques drawn and Remittances in CPWA Form 51 is sent alongwith Monthly Account of the Division to the PAO of the Division for reconciliation purposes.

23.21 RECONCILIATION OF GOVERNMENT TRANSACTIONS UNDER GAD SYSTEM

23.21.1 In GAD System there are two types of reconciliation i.e. Internal and External.

23.21.2 INTERNAL RECONCILIATION

23.21.2 (i)(a) Between Dealing Branch and Focal Point Branch.

(i) The dealing Branches are required to maintain a Register which is called GAD – 2 Register. The summary of the day's transactions i.e. Receipts and Payments are to be entered in this Register date-wise. At the end of the month the duplicate copy of the day's summary is required to be sent to Focal Point Branch. The Focal Point Branch on receipt of GAD-2 from Dealing Branch will scrutinize the statement to ensure that all the Government transactions handled by Dealing Branch have been accounted for by Focal Point Branch.

(ii) Similarly, the Focal Point Branches are required to maintain a Register called GAD-3 i.e. Dealing Branch-wise Ledger of RBGG (Receiving Branches Government General Accounts) to be prepared in triplicate for the purpose of accounting and reconciliation to be submitted Monthly to the Controller of the Dealing Branch and Focal Point Branch. All the transactions reported by Dealing Branches are entered in this Register date-wise. At the end of the month a copy of GAD-3 Register will be sent by Focal Point Branch to Dealing Branch which in turn is required to verify that the transactions reported by Dealing Branches have been accounted for by Focal Point Branch.

(iii) The above exercise ensures that all the transactions handled by Dealing Branch have been accounted for at Focal Point Branch.

(iv) In case of any discrepancy in GAD-2 and GAD-3 Register, both the branches i.e. Dealing Branch and Focal Point Branch are required to act promptly to rectify the discrepancy.

23.21.2(ii)(b) Between Focal Point Branch and GAD

(i) The Focal Point Branches are required to confirm the messages sent by fastest mode of communication i.e. PC Modem/Fax/Telex/e-mail etc to GAD for fund settlement purposes. This is done by the Daily Memo. If any discrepancy is found between earlier settlements and figures reported in Daily Memo, amendments is proposed treating Daily Memo as correct. The Branches are also required to send Daily Statement GAD-4 (i.e., Government General Account Daily Statement prepared only after balancing of clear Cash Book for the purpose of reporting Central Government Transactions to be submitted to GAD, Navi Mumbai through Zonal Office and Local Head Office to reach within seven days.) which lists system-wise transactions. The processing of GAD-4 is done at the computer centre and settlement entries are matched with Statement entries as reflected in GAD-4. Once these entries are matched, the transactions are treated as reconciled.

(ii) The entries which are not reconciled and where amendments are proposed by branches on account of mistakes detected subsequently, they are referred to branches for seeking clarification/supporting documents through Enquiry Memoranda on receipt of replies from concerned branches, GAD, Central Office proposes necessary amendments to Reserve Bank of India, Central Accounts Section, Nagpur and entries are reconciled.

The above procedure is a part of Internal reconciliation which ensures that all the Government transactions handled by Dealing/Focal Point Branches are correctly accounted for and settled with Reserve Bank of India, CAS Nagpur.

23.22 EXTERNAL RECONCILIATION

23.22.1 The reconciliation of Government transactions as reflected in the Books with those maintained by the office of the Chief Controller of Accounts is vital. To this end, the Focal Point sbranches prepare Datewise Monthly Statement (DMS) of transactions handled at Focal Point Branch and submit it to PAO concerned which in turn verifies the same as per their records and return two copies thereof to the Focal Point branch, one of which is sent to GAD, Central Office, Mumbai. Verified Date-wise Monthly Statement (VDMS) is termed as mutually accepted document between Bank and the accounting authority of the office of the Chief Controller of Accounts, Ministry of Urban Development and Poverty Alleviation and as such is the final document for reconciliation. The VDMS when received at GAD, Central Office, Mumbai is compared with the settlement already made and for the differences, if any, amendments are proposed to complete the exercise of reconciliation. This is turned as External Reconciliation with the Government Accounting Authority i.e., the Chief Controller of Accounts of the Ministry of Urban Development and Poverty Alleviation.

23.23 PROBLEM AREAS

23.23.1 Even though the existing Banking arrangements are fool-proof yet still there are some grey areas where the Divisional Officers and the Pay and Accounts Officers of the Divisions are required to take extra precaution to ameliorate the problems.

Problematic areas with their direct impact on the Cash Balances of the Government of India in general and the Ministry of Urban Development in particular are discussed in brief as under:-

23.23.2 Late transmission of Bank Scrolls by Dealing Branch to Focal Point Branch and by Focal Point Branch to the Pay and Accounts Officer.

Late transmission of Bank Scrolls to the Pay and Accounts Officer through proper channel of Bank branches results in non-accountal or late accountal of Receipts/Refunds. It adds the number and amounts of outstanding cheques. It presents a distorted picture of Cash Balance position of the Ministry and increases the number of time barred cheques. It also hampers Bank Reconciliation.

23.23.3 Wrong Scrolling

23.23.3(i) Deviation between the figures of supporting challans/cheques and the figures scrolled in Bank Scroll, say the receipt of Rs.540/- wrongly scrolled as Rs.5,040. It would result in a difference of Rs.4,500 which would create problem in balancing the Account.

(ii) Wrong inclusion of Challan or Cheque of other Ministry/Department will have its impact on the cash balance of the Ministry.

(iii) Deviation between Daily Memorandum of Advice i.e., DMA(R) or DMA(E) and Date-wise Monthly Statement (DMS) creates problem in reconciliation.

23.23.4 Excess or Double Put Through

- (i) Excess or Double Put Through results in depletion of cash balance of the Ministry. It also results in excess or double payment of turnover commission payable by Reserve Bank of India
- (ii) Creates problems in Bank reconciliation.

23.23.5. Wrong adjustment of March Residual Transactions

The procedure for adjustment of March residual transaction has already been explained in Para 23.13 of this Chapter. The Accounts of Reserve Bank of India remain open upto 15th April or upto the date as may be extended on year to year basis by issue of necessary orders by the competent authority in this behalf of next financial year for carrying out adjustments of March Residual transactions for which separate scrolls after due segregation of March transactions from the April transactions are required to be sent for proper adjustment. But in practice it has been observed that Banks mix up the transactions of March with April transactions which are accounted for in next financial year. This mix up gives a horrible picture of Accounts.

23.23.5 Other Factors

- (i) Missing supporting documents viz Missing Challans/Cheques and in the absence of missing documents the receipt or refund or clearance of cheque remain unadjusted.
- (ii) Wrong adjustment of differences by affording Debit or Credit to set off excess credit or debit instead of reducing the difference by affording minus debit or minus credit, results in double payment of Turnover commission payable to the accredited Banks by Reserve Bank of India.

23.23.6 All these problems could be avoided if the action is initiated by the concerned quarters right from the receipt of Bank Scrolls till their adjustment under the proper heads of account to facilitate Bank reconciliation at the end.

CHAPTER 24 MISCELLANEOUS

24.1 Cheque Books, Receipt Books and Cash Memo Books

The following procedure will be followed in regard to indenting, safe custody, issue and accountal of cheque Books:-

24.1.1 Annual Indent – All the Cheque Drawing and Disbursing Officers (hereinafter called C.D.D.Os) of the Central Public Works Divisions will assess their annual requirement of all the three categories viz., “A”, “B” and “C” cheques/cheque scrolls required for making payments. Cheque Drawing and Disbursing officers will send their requisition of all the categories of cheques indicating total number of each category of cheque required to their respective Pay and Accounts Office. Similarly Pay & Accounts Officer of the Division will assess his own requirement and include the same in the Annual Indent of Cheque Books/Cheque Scrolls. The concerned Pay and Accounts Officer, after examining the details/requirements furnished by the CDDOs will consolidate Divisionwise requisition of all the CDDOs alongwith his own demand for onward transmission to the accredited Bank i.e., State Bank of India.

24.1.2 Issue of Cheque Books to Divisional Officers and the Pay and Accounts Officer of the Division.

The Divisional Officers as well as Pay and Accounts Officer of the concerned Division will send their requisition direct to the State Bank of India well in advance to enable the Bank to deliver the requisite Cheque Books in time.(See paragraph 6.7 of this code)

24.1.3 Stock Register of Cheque Books – A Stock Register of Cheque Books/Forms should be maintained to keep an account of the receipts, issues and balances of cheque books/forms (Form CAM 1). Each morning the cheque cashier should take such cheque books from the Officer-in-Charge, as are likely to be used during the course of the day and should remain responsible for their use and return of the balance at the close of the day.

24.1.4 In cases, where the power of drawal of funds by cheque(s) is withdrawn from any cheque-drawing Divisional Officer, all the unused form from the partly used cheque books with that officer shall be defaced by writing the word “Cancelled” promptly across such cheque form and its counterfoil/record slip (but without the signature of the Drawing Officer) and returned to the Pay and Accounts Officer concerned who should destroy them after keeping a note in the relevant records. All unused cheque books with such an officer shall however be returned by him to the Pay and Accounts Officer without any cancellation.

24.1.5 Whenever a new cheque book is brought into use, the DDO should intimate the number of the cheque book and the Serial Number of the Cheque forms contained therein to the Bank as well as the Pay and Accounts Officer.

24.1.6 Daily Account of Cheque Books used – An account of the cheque books/forms used daily should be maintained by the Cashier (in Form CAM 2) and submitted to the Divisional Officer at the time of closing of accounts daily. In this register, the cheque numbers used during the day should also be noted.

24.1.7 Stock taking at the change of the Officer-in-Charge – Every six months, in April and October, stock taking of the cheque book should be done by an Officer other than the Officer-in-Charge and a certificate of physical count recorded by him in the Stock Register. This stock taking should also be done whenever there is a change of the Officer-in-Charge and the relieving Officer should initial the entry in respect of each of the cheque book noted in the Form CAM 2 and sign a certificate in the Stock Register in the following form:-

“Received the current cheque books as indicated by my initials in the register of account of cheque forms and the unused cheque books from -----to-----as entered in the Stock Register.”

24.1.8 The physical verification can also be entrusted either to the Inspecting Officer of the internal inspection party conducting the normal inspection of his office or by any gazetted officer of his department who visits that office on any other official work.

24.2 TRANSFER OF CHARGES

1. DIVISIONAL AND SUB-DIVISIONAL OFFICERS

24.2.1 The Relieving Officer will take into account the expenditure in cash and on stores, as the case may be, from and for the first day of the month during which the relief took place, and submit the next monthly account in the same manner as if he has been incharge during the whole month. But the relieved officer remains responsible for the transactions during his incumbency.

24.2.2 In the case of transfers of divisional or sub-divisional charges, the cash book in the case of Divisional Office or imprest account in respect of Divisional Office and Sub-Divisional office should be closed on the date of transfer, and a note recorded in it, over the signatures of both the relieved and relieving officers showing the cash or imprest balances, the number of unused cheques made over and received in transfer by them as the case may be. A copy of this note, together with a receipt in the form appended below for the stores under the immediate charge of the relieved officer, should be forwarded on the same day to the Superintending Engineer in the case of divisional or to the Divisional Officer in the case of sub-divisional charges.

The receipts of cash and a stores balances should be prepared by the relieved officer, but the relieving officer should note any inaccuracies therein so that the

Superintending Engineer or the Divisional Officer, as the case may be, may pass such orders in respect of any deficient articles as may be necessary. A copy of the receipts may be given to the relieved officer, if desired by him.

FORM A
(For Sub-divisional charge)

Received in transfer from A.B., formerly Divisional Officer.....Division, the stores in his personal charges as detailed in the annexed list.

The priced Stores Ledger and the Tools and Plant Ledger are on record and have been posted uptodate/to end of.....

Station: CD
Date: Divisional Officer.....Division

FORM B
(For Sub-divisional charge)

Received in transfer from A.B., formerly officer-in-charge.....sub-division the stock and tools and plant which have been in his personal custody as detailed in the Bin cards and Tools and Plant Ledger, which have been posted uptodate.

Station: CD
Date: (Relieving) Sub-Divisional Officer.

II. DIVISIONAL ACCOUNTANTS

24.2.3 When a Divisional Accountant is about to be relieved of his duties in a divisional office, either permanently or temporarily, he should prepare a memorandum reviewing the accounts of the Division. The state of stock and other suspense accounts and of outstandings in the accounts of works should be reviewed in particular. All important liabilities as also recoveries to be made from the staff or from contractors and others which should receive special attention should be mentioned.

Any arrears or defects in the working of the divisional office or subordinate offices rendering accounts to it should be specified with a statement of the remedies applied or contemplated. Other points requiring the special attention of the relieving Accountant, whether in regard to the initial or compiled accounts or to Inspection Notes received from Chief Controller of Accounts should also be sent forth in detail.

The memorandum should be in a tabular form with columns for (1) remarks by the relieving Accountant (2) remarks by the Divisional Officer and (3) Orders of the Chief Controller of Accounts/Controller of Accounts. The relieving Accountant should examine it when taking over charge and promptly forward it with his remarks, to the

Controller of Accounts/Chief Controller of Accounts through the Divisional Officer, who will record such observations, as he may consider necessary.

24.3 RECONSTITUTION OF EXECUTIVE CHARGES

24.3.1 When in consequence of the reconstruction of executive charges or of any other arrangements, the accounts of two or more Divisional Officers are to be amalgamated or those of any office are either to be broken up into parts or closed, the Divisional Officer concerned should apply in time to the Chief Controller of Accounts for instructions to be observed in regard to accounts in giving effect to the arrangements. On all occasions, the necessary transfer between offices of unsettled accounts (for example, see below) of liabilities not yet brought to account, of quantity account of tools and plant and road metal, and of relevant account and establishment records (including unused forms of cheque books, receipt books and cash memo books) should receive the special attention of all concerned.

- (i) Work in progress and suspense account of Works.
- (ii) Appropriation and sanctions not yet completely operated upon.
- (iii) Stock and other suspense accounts.
- (iv) Remittance Accounts.
- (v) Deposit and cash balances.
- (vi) Unrealised licence fee and other revenue, and
- (vii) Interest bearing securities.

Note 1: At the time of re-organisation of P.W. Divisions, the outstanding balances of Suspense and Deposit heads in the books of the Division to be abolished and/or merged with another Division(s) may be transferred by the closing division to the successor division(s) with which it is to be amalgamated by Cash Settlement.

The following procedure should be followed by the closing and successor division(s) in effecting the transfer of these balances, to ensure that there has been no omission in taking over the balances under these heads in the books of the successor division(s).

- (a) If the balances are proposed to be transferred to two or more divisions, the closing division should make out two copies of the various registers showing therein the items proposed to be transferred to each division alongwith the cheque and forward the same to division(s) concerned with a forwarding letter requesting them to incorporate those figures in the balances of the latter division(s) and endorse a copy to the Pay and Accounts Officers of the concerned Divisions intimating the total amount under each head that is proposed to be transferred to each division. The registers of the closing division, duly completed, should be transferred to the division, which is nominated as its successor and to which the entire records of the defunct division are transferred. If, however, the entire balances are proposed to be transferred to one division only, the closing

division may simply transfer the registers duly completed alongwith a cheque for the amount to the successor Division. The closing division should quote Number and date of the letter, with the details of the cheque under which balances are transferred to the successor division(s) in the relevant schedules to be submitted to the Pay and Accounts Officer and show the closing balances under various heads as 'nil' on this authority.

- (b) The division(s) to which the balances have been transferred after the receipt of the cheque should incorporate the balances in its/their books immediately. The balances so transferred by the closing division should be incorporated in their entirety by the successor division(s). Discrepancy, if any may be settled subsequently with the successor division to which the records of the closing division have been transferred.

Note 2: In the event of closure of a Division only the wholly un-used receipt books and Cash memo books should be brought into use by the successor division. The un-used forms in partly used receipt books and cash memo books should be cancelled by the Officer-in-Charge of the closed division by drawing two diagonal lines and inserting the word "Cancelled" in between.

24.4 DESTRUCTION OF RECORDS

24.4.1 The destruction of account records in Public Works offices is governed by such rules as may be prescribed by Government with the concurrence of the Chief Controller of Accounts provided that, in cases not covered by such rules, the specific concurrence of the Chief Controller of Accounts is necessary before any records are ordered to be destroyed and that in each Divisional Office full details are maintained permanently in Form 97 of all records destroyed from time to time.

Appendix-1 – Not Printed

APPENDIX-2

For revised coding pattern of Major and Minor heads of Accounts and revised classification list of Public Works Receipts & Disbursements, List of Major and Minor Heads of Account of Union and States and Government Accounting Rules 1990 may be referred to.

Statement A

Main classification of Expenditure pertaining to Irrigation, Navigation, Embankment and Drainage Projects.

All work of Irrigation, Navigation, Embankment, Drainage and Water Storage are primarily classified into the following two sections:

- A. Irrigation Works – The section includes Water Storage Works also.
- B. Navigation, Embankment and Drainage Works – This section includes receipts and charges relating to water ways, navigable canals, embankments and other agricultural and drainage works undertaken primarily not for irrigation purposes but for general improvement of the country or for general administrative purposes.

2. Works for either of the two classes mentioned above are classified further into:-

- 1. Productive and
- 2. Unproductive
- 3. To admit of a new work being classified as a productive Public Works, the following conditions must be satisfied:-

(a) There must be good reason to believe that the revenue derived from it will, within ten years after the probable date of its completion, repay the annual interest on capital invested calculated at “such rates as may be determined by the Government from time to time under para 4(1) below”, but in preparing a project for sanction no deduction is to be made from the total capital outlay on account of anticipated excess of revenue over similar interest.

Note 1 – Capital invested includes (1) direct charges (2) indirect charges and (3) all arrears of simple interest, if any, i.e., balance of total interest over total net revenue.

Note 2 – Betterment Levy is taken in reduction of indirect capital expenditure in the proforma account of the project viz.

- (a) Financial Forecasts, Administrative Accounts etc. although it is treated as indirect receipt for the purpose of general account.

- (b) It must be susceptible of having clear Capital and Revenue Accounts of it kept.
- (c) Its classification as a productive Public Works must be authorized by competent authority.

4. The rule for determining (1) whether a work which has been classified as productive, shall continue to be so classified and (2) whether an unproductive work may be reclassified as productive are as follows:-

I. Every Irrigation, Navigation, Embankment or Drainage work (Commercial) should, until ten years after the date of the closure of its construction estimate, be classified as productive if the net revenue anticipated from it appears likely to repay on the expiry of that period the annual interest charges on the capital invested (including direct and indirect charges and arrears of simple interest), calculated at such rates as may be determined by the Government from time to time. Conversely, if it is not expected to yield the relevant return, it should be classified as unproductive. If, however, at any time during the period of construction, or within ten years of the closure of its construction estimate, it becomes apparent that a work originally classified as productive will not actually be remunerative according to the criterion prescribed above, it should be transferred from the productive to the unproductive class; and similarly if it becomes obvious during the same period, that a work sanctioned as unproductive will actually prove remunerative the transfer of the work from the unproductive to the productive class may be effected.

II. Every work classified in accordance with Rule No.1 above will retain its classification unchanged during the eleventh, twelfth and thirteenth years after the closure of its construction estimate.

III. If any irrigation, navigation, embankment or drainage work (commercial) which is classified as productive fail at any time after the expiry of ten years, from the date of the closure of its construction estimate, in three successive years to yield the relevant return prescribed in Rule I above it should be transferred to unproductive class. A work classified as unproductive which succeeds in yielding, in three successive years, the relevant return prescribed for a productive work, may, on the same principle, be transferred to the productive class.

IV. If an existing irrigation, navigation, embankment or drainage work be extended or improved, the criterion of productivity prescribed in Rules I and II above shall be applied to the whole system, including such extension or improvement, **as if such extension or improvement**, had been executed simultaneously with the original work. As an exception to this rule, if any extension be, owing either to its nature or magnitude, such as may reasonably be considered to be a separate project and if it be susceptible of having clear capital and revenue accounts kept of it, as distinct from those of the project as a whole, it should be treated as a separate project and in that case the conditions relating to the original projects and not those relating to extensions and improvements shall be applicable. In all such cases separate capital

and revenue accounts should be maintained for the extension in order to enable the productivity test to be periodically applied.

V. The Local Administration may postpone the transfer of a work from one class to the other in cases in which it is satisfied that its success or failure is due to purely transitory causes.

5. The transfer of a work from the productive to the unproductive category or vice versa will affect the recording of all future transactions in connection with it. No adjustment will be made in the general account in respect of past transactions but the necessary transfer will be effected by the **Pay and** Accounts Officer in the Proforma Accounts of works in question.

6. The Principles to be observed in deciding whether an item of expenditure should be charged to Capital or to Revenue are as follows:-

(a) Capital bears all charges for the first construction and equipment 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 subsequent additions and improvements as may be sanctioned under rules by competent authority. It may also bear charges on account of restoration of damages caused by extraordinary casualties, such as flood, fire, etc and such charges should be recorded under a separate head "Extraordinary Replacements".

(b) Revenue bears all charges for maintenance and working expenses which embrace all expenditure for the working and upkeep of the project, as also for such renewals and subsequent replacements, and such additions improvements or extensions, as it may be considered desirable to charge to Revenue, instead of increasing the capital cost of the undertaking.

(c) In the case of renewals and replacements of existing works, if the cost really represents an increase in the capital value of the system and exceeds the cost of the original work by Rs.1,000/- the cost of the new work should be divided between the Capital and Revenue, the portion debited to the latter account being the cost of the original work, which should be estimated if the actual cost is not known, and the balance charged to capital. In other cases, the whole cost of the new work should be charged to Revenue. Thus a renewal which does not represent a substantial improvement of the original work, but which is in all material essentials the same as the latter, although it may exceed the cost of that work by more than Rs.1,000/- should not be charged to Capital but to the Revenue account.

d) When the construction estimate of a project (commercial) is closed, the expenditure on works of additions, extensions or improvements will be charged thus:-

(i) Estimates exceeding Rs.1,000/-, for (1) works which are in themselves directly remunerative, such as new distributaries, mills or works for increasing the canal

discharges, and (2) works which are necessary for the full development of a project but which are not in themselves directly remunerative, shall be charged to the Capital account.

(ii) Estimates amounting to Rs.1,000 or under shall be charged to the Revenue Account.

(iii) All estimates for works which neither **are** remunerative in themselves or considered necessary for the development of the project shall be charged to the Revenue account.

(e) Where outlay is of a nature which under these rules does not appertain to Capital, it is not, under any circumstances and whatever its magnitude, to be charged to Capital.

7. Works expenditure which, under the foregoing rule is chargeable to the Capital account will be classified under the project which is treated as a minor head under the major head “4701-**Capital outlay on Major and Medium Irrigation**” or “4801-**Capital outlay on Power Projects**”. That which is chargeable to the Revenue account will fall under the **object** head “Extensions and Improvements” or “Maintenance and Repairs” of the division “Working Expenses” of the Major head “2701-**Major and Medium Irrigation**”, according as the expenditure pertains to the category of “Works” or “Repairs” as per prescribed classification.

8. The expenditure on productive works is recorded in two sections, separately for capital and revenue charges. For Unproductive works also, the arrangement is similar where it is desirable and possible to maintain accounts on a quasi-commercial basis. When however, a work of this class, is too small to make it worthwhile to maintain a separate account of it on such a basis, all expenditure on it is treated as a revenue charges, the work being classified as non-commercial. In the category of unproductive works, is also included “Miscellaneous expenditure” upon the preliminary survey of new projects and also for the cost of famine surveys required for the preparation of famine programmes.

STATEMENT – B

Detailed classification of Works Expenditure pertaining to Irrigation, Navigation, Embankment and Drainage Works.

1. Works expenditure of Irrigation, etc. major head falls under one or others of the major heads “Works”, “Extensions and Improvements”, and “Maintenance and Repairs”. Each of these minor heads is divided into **sub-heads** (1) Head Works (2) Main Canal and Branches (3) Distributaries (4) Drainage and Protective Works (5) Water courses (for “Works only) (6) Special Tools and Plant (for “Works” only) and (7) Losses on Stock. Under the minor head “Maintenance and Repairs” an eighth head “Compensation”, may be opened. The detailed heads subordinate to these heads are enumerated in Statement C.

2. All works expenditure relating to Main Canal and Branches may be divided into (1) Main line of a canal, (2) each of its branches separately that relating to distributaries may be grouped for the distributaries belonging to the main line of the canal and to each of its branches separately.
3. In connection with these sub-divisions, the following points should receive special attention (a) When land is taken up for two or more of these sub-divisions at the same time, its cost must be divided in the best way practicable (b) In the case of Storage Projects all works connected with supply channels to feed the head reservoir come under Head Works (c) Water-power installations at the head works of a canal, head locks and head regulators of main and branch canals, fall under “Main Canal and Branches”, (d) When a Canal or a distribution channel therefrom and a drainage in connection with it, are planned simultaneously and the two works intersect, the cost of the crossing should be charged to “Drainage and Protective Works” and (e) Building required for the general purposes of a Canal system such as workshops, headquarters, station, etc are chargeable to “Main Canal and Branches.”
4. For rules relating to Water-course, Special Tools and Plant and Losses on Stock, see Appendix 3 and paragraph 7.1.4 and 7.2.37 respectively. The head “Water-courses” is not necessary in the case of the minor head “Extensions and Improvements” and “Maintenance and Repairs” The head ‘Losses and Stock’ is intended for all general losses on stock which cannot be attributed to any work, the accounts of which are open. The head special Tools and Plant is further sub-divided into three detailed heads namely (i) Gross Expenditure (ii) Deduct recoveries (iii) Net expenditure, the first of which is intended for collection of the aggregate cost of the special Tools and Plant at one place and the second for the record of the recoveries on account of special Tools and Plant which are taken in reduction of expenditure.

Statement C

Enumerating the detailed heads referred to in paragraph 1 of the Statement B and detailing the works and services, the charges whereon are classified thereunder.

General Remarks – The detailed heads in this list may be varied under the orders of the Local Administration to suit the circumstances of each project. Combined works falling under two or more heads e.g., combined bridges and falls or combined falls and regulators should be classified according as which aspect of the work predominates.

A. Preliminary Expenses

Surveys and preliminary investigations – This head does not appear under “Extensions and Improvements”, nor under “Maintenance and Repairs.”

B. Land

Compensation for taking permanent or temporary possession of land required for the purposes of the work.

The term “Compensation” includes the following, besides the payment for the land itself – (1) payments for buildings, trees, crops, etc and (2) cost of special land acquisition establishment when it is chargeable to the Public Works Department, vide paragraph 17.1.3. Sale proceeds of wood, building materials etc. obtained on cleaning of land should be taken in reduction of the charge, if realized before the accounts of the estimate for the acquisition of the land have been closed, vide paragraph 3 of Statement E. If any buildings acquired with the land are used as residences or otherwise let out they should be brought on the Register of Licence Fees of Buildings and Lands, Form CPWA 49, and licence fees/rents realized should be treated as ordinary licence fees/rent receipts.

C. Works

All construction works, whether of earthwork or a masonry, etc, excluding works falling under the head I – Navigation and K – Buildings in all cases and under L – Earthwork where this is maintained as a separate detailed head. Ordinarily, the group head C – Works takes the place of such of the heads, D,E,F, F(1), G,H,J and L as are not separately provided for.

D. Regulators

Works (other than escapes and escape heads) for the regulation of supply.

E. Falls

Falls and rapids other than those required to maintain the depth of water for navigation purposes.

F. River and Hill Torrent Works

Aqueducts, superpassages, culverts, siphons, inlets, outlets and cross drainage works generally, when such works are in connection with river and hill torrents.

F.(1) Other Cross Drainage Works

Cross drainage works of the classes referred to under the head “F – River and Hill Torrent Works” when such works are in connection with drainage other than that from river and hill torrents.

G. Bridges

Bridges, both road and railway, for crossing the canal, including subsidiary works, e.g., approach roads, fencing gates, ghats, steps, etc.

H. Escapes

Masonry and earthwork connected with escapes (including escape heads).

I. Navigation

Locks at head work and on the canal; separate navigation channels and weirs designed for maintaining the requisite depth of water for navigation purposes.

J. Mills

Water power plant (if a permanent fixture) and buildings in connection with such plant, also sluices and channels conducting water to and from the same.

K. Buildings

Permanent and temporary buildings (including staff quarters, offices workshops, stations, etc., but excluding buildings for water power) and station drainages, roads, gardens enclosure-walls, conservancy works, etc., pertaining to buildings individually or collectively. In the case of maintenance and repairs, this head includes also taxes payable by Government and rents and buildings hired by Government.

L. Earthwork

Excavation and embankments for the channels, and its side roads and service roads, protective work for the bed and sides, trimming turfing or revetting slopes, retaining walls for embankments.

L(1) Boundary and Service Roads

This head may be opened to record the expenditure on side roads and service roads separately if it is not proposed to classify it under “L-Earthworks”.

M. Plantations

All regular plantations, including the cost of clearing land, transplanting soil and planting trees. Gardening charges in connection with buildings do not fall under this head.

N. Tanks and Reservoirs

Earthwork, masonry, etc on tanks and reservoirs (e.g. tail tanks) in connection with canals other than tanks chargeable to “Head Works” in the case of storage projects.

O. Miscellaneous

Works and services not falling under any other detailed head. Includes (1) experiments; (2) Works in connection with irrigation outlets not debitable to the head "Water-courses"; (3) distant marks; (4) boundary pillars. Also Minor works constructed on the bank of canals or distributaries for the direct delivery of water. Includes also in the case of original works and of extensions and improvements, charges for compensation not debitable to any other detailed head.

P. Maintenance

All repair works prior to the opening of the revenue account for the project or the section concerned. This appears only under "Works"

STATEMENT D

Showing the detailed classification of the minor head "Establishment".

This minor head is primarily divided as follows:-

Name of Sub-Division	Remarks
I Chief Engineer II. Special Officers	For Consulting Architect and other special officers whose jurisdiction extends beyond a single circle of superintendence or other unit prescribed for the pro rata distribution of establishment charges. (Fees recovered from outside bodies and other departments of the Union Government for services rendered by this establishment are taken in reduction of the charges under the sub-division)
III Superintending Engineer	Includes also special officers, if any, not falling under sub-division II
IV Executive V Medical	Establishment charges of workshops for which capital accounts are kept should be kept distinct from other charges, and recoveries on account of work done in such workshops (for outside bodies and other departments of the Union Government should be taken in reduction of the charges).
VI Special Surveys	Establishment; employed on large surveys for new Irrigation, Navigation, Embankment or Drainage Projects.
VII Special Revenue	Establishment employed entirely on the revenue management of Irrigation, Navigation, Embankment and Drainage Projects and on assessment, etc., of revenue; includes also Plantation, Steamer and Water-Regulation Establishment, etc. and charges debited by the Civil Departments for collection, etc of revenue.
VIII Deduct Recoveries	For credits of all kinds on account of (i) proceedings or (ii) lumpsum recoveries for work done, but excluding (a) fees for services rendered by special officers and (b) recoveries for work done in workshops, when such credits are

	adjustable as reduction of expenditure in accordance with the rules regulating the treatment of recoveries of expenditure in the accounts of the Public Works Department.
IX Lumpsum charges creditable to other Governments, Departments etc	Debits of the major head on account of establishment charges in cases in which such charges are not adjustable in the accounts of any particular work.
X Pensionary Charges	This Sub-division relates only to the major heads "2701" and "4701"

2. The sub-division I to VII have, below them, the following heads, with such **object** heads as may be prescribed locally:-

- (a) Pay of Officers
- (b) Pay of Establishment
- (c) Allowances, Honoraria, etc
- (d) Other Charges
- (e) Deduct-Recoveries. For use only under Sub-division IV (Workshop Section)

An additional head, "Bonus", may be opened, where necessary, for bonus paid **to the eligible employees.**

The Heads (b) and (c) include also the charges on account of Divisional Accountants posted by the **Pay and Accounts Officer.**

Note:- The general principles regulating the classification and incidence of Pay, Allowances, Leave Salaries, etc of Government servants are contained in Government Accounting Rules 1990.

STATEMENT E

Treatment of recoveries of Expenditure in the accounts of the Public Works Department.

1. The general directions for regulating the exhibition of recoveries of expenditure in Government account are given in Chapter 5 of the Government Accounting Rules 1990. The following paragraphs indicate their application to Public Works transactions.
2. The general rule is that, subject to the provisions of Rule 54 of Government Accounting Rules 1990, all recoveries of expenditure will be taken as reduction under the concerned Service head irrespective of whether they relate to overpayments pertaining to the current year or to any previous year.
3. As an exception to the general rule in paragraph 2 above, recoveries under stock and other suspense account should be treated as reduction of gross expenditure.

The recoveries of expenditure on work in progress comprising, inter-alia, sale proceeds of surplus materials and plant acquired specially for any work or of materials received from dismantled structures, may likewise be treated as reduction of expenditure, irrespective of whether the estimates for the works made allow for such recoveries or not. See also paragraph 22.2.9.

4. Subject to the provisions of Rule 5, recoveries on account of establishment and tools and plant charges should be treated as follows:-
 - (i) Recoveries of establishment charges on percentage basis:- These recoveries, in so far as they are effected from other departments of the Union Government, should be adjusted by deduction from expenditure under the minor head "Directions and Administration". Recoveries on account of works carried out on behalf of private parties or Local funds or other Governments, however, should be treated as revenue receipts.
 - (ii) Recoveries of tools and plant charges on percentage basis:- Recoveries from other Departments of the Union Government should be adjusted as reduction of expenditure under the minor head "Tools & Plant". All other recoveries should be treated as revenue receipts under the major head concerned.
 - (iii) Pro-rata share of the charges for joint establishment and tools and plant:- The pro-rata shares calculated at the end of the year should be treated as reduction of expenditure under the minor head "Direction and Administration" and "Tools and Plant" respectively of the major head to which the total charges were debited in the first instance (see also Rule 5 of Appendix 4).
 - (iv) Recoveries on account of charges for leave and pensions:- When the recoveries on account of establishment charges include, as a distinct and separate factor, an element of the charges for leave and pensions, the portion of the recoveries representing leave should be treated as revenue receipts under the Public Works major head concerned. Recoveries on account of pensionary contributions should in the case of 'Civil Works' be credited to "0071 – Contributions and Recoveries towards Pension and Other Retirement Benefits" while such recoveries in the case of the Irrigation Department should be credited to the Irrigation Major head concerned as receipts or recoveries of expenditure, accordingly as they relate to Revenue or Capital Major Head. In cases, however, in which the rates for leave and pension contributions are combined, the recoveries in the case of Civil Works, should be taken to "0071 – Contributions and Recoveries towards Pension and Other Retirement Benefits", while such recoveries in the case of Irrigation Department should be credited to the Irrigation Major heads concerned as revenue receipts.

5. Notwithstanding anything contained in these rules, receipts and recoveries on Capital Account in so far as they represent recoveries on expenditure previously debited to a capital major head, should be taken in reduction of expenditure under the major head concerned. For convenience of accounting they should be treated as revenue receipts in the first instance and booked as "Receipts and Recoveries on Capital Account." At the end of the month they should be deducted from the account of the division or sub-division of the major head concerned in a lumpsum.

6. The recoveries of expenditure which are finally creditable as revenue receipts, should be recorded under the minor head "Recovery of Percentage charges" of the major head "0059" or "0071" as the case may be, while those which are adjustable in reduction of expenditure under the capital major head, should be posted as "Deduct – Establishment charges transferred pro rata to other capital Major Heads" under the minor head "Direction and Administration" of the capital major head concerned.

Note - Receipts on account of sale proceeds of land, buildings, special tools and plant or other assets purchased or constructed as the cost of special project may be at the discretion of the Government be taken in reduction of expenditure under the appropriate sub-heads subordinate to the capital major head concerned.

7. Recoveries on account of cost of audit and accounts:- These recoveries, when they are made in connection with work done for Railways, Defence Services, Postal or Telecommunication Department should be treated as reduction of expenditure under "2016 – Audit". In the case of work done for non-Government bodies or individuals, such recoveries should be adjusted as receipts under the minor head "Fees for Government Audit" subordinates to the major head "0075 – Miscellaneous Administrative Services."

Note – If under the Note below Rule 7 of Appendix 4, the per percentage charges for work done in workshops of a quasi commercial character for other Divisions and departments both under the Union Government and other Governments, include recoveries in respect of audit and accounts charges; such recoveries should not be credited to "2016 – Audit" or "0075 – Miscellaneous Administration Services – Fees for Government Audit", except in the case of works covered by this rule.

APPENDIX 3
(See paragraph 16.4.6)
ACCOUNTS RULES RELATING TO WATER COURSES

1. As a general rule, water-courses of irrigation, etc projects are not constructed by Government as integral parts of the projects, the liability of Government being confined to the provision of the main canal and of such branches and major and minor distributaries as may be decided upon by competent authority from time to time. Accordingly persons desiring to use the water of a canal are required either to make their own arrangements for the construction of the necessary water courses or to bear the charges that may be incurred by the Department in constructing them on their behalf. This liability of the cultivators or other persons benefiting by canal irrigation extends also to works of improvements and repairs to water courses and to construction and repair of bridges, culverts or other works that may be required for the passage of the water of such water courses across any public road, drainage channel etc. In the general interest of the cultivators, especially when a canal project, or an integral part of it, is launched in a new locality and it is desired to afford special facilities to the cultivators with a view to the more rapid development of irrigation, it may some times be decided by Government to lay out and construct, at the cost of Government in the first instance, the entire system of the main water-courses required for a project or a substantial section of it, at the outset. When this course is adopted, a scheme is simultaneously devised for effecting recovery, in a number of years, of the additional burden thus thrown on Government finances. As no separate account can be kept satisfactorily of the liabilities of each individual person benefitted, usually the recovery takes the form of a general enhancement of the water rates or the imposition of a special acreage rate. The amount which is usually sought, under such a scheme, to recover in the aggregate is the initial capital cost of the works (including such cost of maintenance during construction as may be charged to the capital account) plus the usual percentage charges finally in Appendix 4, plus the interest calculated at a rate fixed by Government. In some cases, where an entire system of water-courses is constructed by Government, it may in the particular circumstances of the tract, be decided by Government, that the whole or a portion of the cost of construction be charged finally to the account of the project concerned, or the charge on account of interest waived.

2. Works outlay on water-courses, which may be incurred by Public Works Officers, will thus fall under the following distinct categories:-

I – Recoverable from individual cultivators concerned in lump sums equivalent to the charges incurred on behalf of each

II - Recoverable by a general levy, whether for a specified or indefinite period –

- (a) When the actual recoveries are required to be set off against the outlay
- (b) When the actual recoveries are not to be set off against the outlay

III. Borne finally by Government

Works of the first class are styled "Takavi Works" and the account rules relating to them are given in Chapter 16. This appendix deals only with works of the other two classes.

3. In respect of sanctions to estimates, etc, all works in connection with water-courses are treated like other works of the irrigation, etc., project concerned, the expenditure being booked finally under the appropriate detailed head subordinate to the head "Water-courses". After a work has been constructed, the cost of maintenance and repairs is, in all cases, borne by the cultivators concerned.

4. Recoveries actually made under clause II of paragraph 2 should be shown in the account:-

- (a) as receipts on the capital account of the project, if the levy takes the form of a lumpsum recovery of cost in one or more years or
- (b) as revenue receipts of the projects, if the levy takes the form of an enhancement of revenue, the exact classification being determined by the form in which the recoveries are made.

Note - Recovery of outlay on water-courses where such recoveries have to be set off against the outlay, may at the discretion of Government, be taken in reduction of expenditure under the sub-head, "water-courses."

5. In cases falling under clause II (a) of paragraph 2, the Accounts Officer, with a view to watch the progress of the recoveries, may be required to maintain a suitable proforms account without disturbing the booked accounts of receipts and expenditure, the form of account being determined in consultation with the Administrative Ministry/Administrator concerned. It will ordinarily be found sufficient to keep an account merely in respect of the works outlay, the annual recoveries being distributed rateably, as between works, interest, etc on a fixed basis determined once for all.

APPENDIX 4

Rules for the distribution of Establishment and tools and Plant Charges

1. Charges on account of general services like Establishment and ordinary Tools and Plant of a division or office should be classified in the accounts under the appropriate sub-head under the minor heads “Direction and Administration” and “Machinery and Equipment” as the case may be, of the major head “2059 Public Works” and, save as herein after provided, no attempt should ordinarily be made to include in the cost of an individual work (or head of account) any portion of expenditure on account of those services (see also paragraph 10.1.5)

Note – For the classification of the charges for tools and plant of a special office, see paragraph 20.3.7.

2. As an exception to the foregoing rule, the under-mentioned special establishments should be charged as indicated below:-

- (i) Work-charged establishment including Work-charged staff converted into regular Establishment as defined in paragraph 10 of the Central Public Works Department Code to the account of the work or subwork concerned.
- (ii) Purely revenue establishment (zilladars, Amins, etc) employed entirely on the management of irrigation, etc., works and on the assessment etc of connected revenue to the sub-division “Working Expenses” of the major head “2701 – Major and Medium Irrigation etc.” works (Commercial) or (Non-commercial), as the case may be.
- (iii) Establishment employed for temporary period on famine relief works, to the minor head concerned under the major head “2245” Relief on account of Natural Calamities.”
- (iv) Establishment employed in workshops of a quasi-commercial character; to the account of the workshop concerned.

3. The cost of special tools and plant i.e., tools, plant, machinery, etc., obtained to meet the special requirements of a particular work or project and of a nature not usually to be found in the general stores of the Administration should be treated as a direct charge to the work or project.

Similarly tools, plant and machinery required for a workshop of a quasi-commercial character should be charged direct to its accounts.

Note 1 – In case of doubt, the Chief Engineer, or other competent executive authority, will decide whether any item of tools and plant should be classified as ordinary or special.

Note 2 – The cost of tools and plant required for use on Famine Relief should be treated as “special” and classified in accordance with rule 3 above.

4. Detailed procedure for distribution of establishment, tools and plant etc., in respect of common Public Works Establishments.

(a) Establishment

(i) The “gross expenditure” on the common establishments, of PWD Buildings and Road Branch, will be recorded under the Minor Head “Direction and Administration” below “2059 – Public Works”. The Minor Head will have suitable sub-heads such as “Direction”, “Designs”, “Supervision”, “Execution”, ‘Architecture”, “Stores Control”, etc. From this ‘gross expenditure’, the distribution of the charges will be in two stages as explained below:-

(ii) The first stage of distribution will be in respect of establishment charges relatable to Capital Major Heads. The distribution of establishment charges from the omnibus Public Works major head to these heads will be calculated on percentage basis, as per the existing principles in CPWA Code; the percentages being carefully determined by the Government in such manner as to remain current for at least 3 years so as to avoid meticulous and frequent recalculations.

In respect of establishment charges relatable to works done for other Governments, Local funds, private parties etc, recoveries will be made on percentage basis to be determined by Government and credited to the Major Head “0059 – Public Works – Other Receipts”, as revenue.

The debit for the proportionate charges on Establishment apportioned to the Capital Major Heads will be adjusted under the sub-head “Buildings” under the appropriate Programme Minor Heads, against a distinct detailed head (or object classifications) “Establishment” to be opened for the purpose. The contra credit (Minus debit) under “2059 – Public Works” will be booked under a distinct sub-head – “Deduct – Establishment charges transferred on percentage basis to Capital Major Heads” below “Direction and Administration”. Such adjustments may be done monthly in the Public Works Divisional Accounts.

(iii) The next stage of distribution of the establishment charges under “Direction and Administration” below “2059 – Public Works”, will be in respect of the works charged to the major heads “2216 – Housing” and “3054 – Roads and Bridges” only. Distribution of the charges in respect of works charged to other major heads in the Revenue Section is not necessary. For this purpose, from the residuary expenditure under “Direction and Administration” at the end of the year arrived at after the adjustment at (a) above is carried out, the amounts recovered during the year from other Governments, Local bodies

etc. on percentage basis for works done on their behalf and credited to Public Works as revenue will be notionally deducted to arrive at the net charges on Establishment relating to Public Works (Construction) in the "Revenue Section". From this net amount, a pro-rata distribution of the charges to "2216 – Housing" and "3054 – Roads and Bridges" will be made according to works outlay recorded under these major heads vis-à-vis the total revenue expenditure on Public Works (Construction) in all Major Heads in the Revenue Section. The distributable amounts so calculated will be adjusted from "2059-Public Works", through a deduct Sub-head "Establishment Charges" transferred pro-rata to "Housing"/"Roads and Bridges", by per contra debit to "2216 Housing Direction and Administration", and '3054 – Roads and Bridges Direction and Administration', respectively. The adjustment will be carried out by the Accounts Officer at the end of the year.

(b) Tools and Plant

The Procedure outlined above will be followed mutatis mutandis for distribution of "Tools and Plant" charges also.

The percentage should be levied separately for establishment and tools and plant.

Note 1 – The basis for determining the slab for levying the establishment charges shall be the estimated cost of a work, though the actual adjustment of percentage charges should be made on the expenditure incurred during the year.

Note 2 – Departmental Charges, including pensionary and audit charges should be levied on all works, the cost of which is met from the detailed head "Grants-in-aid" under the relevant programme minor head under the Major Head "2059 – Public Works".

(c) For works executed by the Central PWD the percentage rates for establishment are intended to correspond as far as possible to the average percentage borne by the Public Works Department normal works programme which fully occupy such establishment. The rates fixed with effect from 1984-85 are as per the Annexure.

(d) For other works, Administrative Ministry/Administrator concerned are authorized to fix the percentage rates in consultation with the Accounts Officer, on condition that the percentages so fixed are not less than the actual average cost per Rs.100 of outlay on works in the Administrative Ministry/Administration concerned during the previous five years.

Note 1 – When only some of the operations necessary to the completion of a non-Government project are undertaken at one time different percentages may, if desired, be adopted for each operation, provided that if subsequently the remaining operations are undertaken, the aggregate recovery is equal to the full charge leviable under this rule.

Note 2 – Similarly, different rates of charges may, if desired, be prescribed for large and small works or for scattered and approximately the same aggregate return to Government as if a uniform rate, as determined under this rule, will give.

(e) The percentage fixed as above should be examined and readjusted, if necessary, once in every three years after consultation with the Accounts Officer.

(f) In calculating departmental charges in respect of works executed on behalf of Central & Commercial concerns (including the Ministry of Defence), other Government and non-Government bodies or individuals, one percent should be added on account of pensionary contributions.

(g) An additional charge of one percent, should be recovered in respect of works done for Railways, Defence Services, Postal or Telecom Department, All India Radio (except monitoring service), from 1.4.54, Department of Overseas Communication Service from 13.11.1947 and non-Government bodies or individuals to cover the cost of audit and accounts establishment.

Note 1 – No share of general charges on account of establishment and tools and plant should be included in the actual cost of works chargeable against the Central Road Fund.

Note 2 – Consequent on the decision to treat the Defence Accounts Department as Civil Department w.e.f. 1971-72, that Department should not charge an additional charge of one percent to cover the cost of Audit and Accounts of works (executed by MES) on behalf of the Civil. Similarly, in respect of Defence Works carried out by Civil, the Accounts Officer (concerned) should not charge the Defence Accounts Department for any services rendered in keeping the Accounts of Works, (executed by civil) on behalf of Defence.

5. The prescribed percentages may be remitted by the Administrative Ministry/Administrator concerned in the case of non-Government works costing less than Rs.1,000 Remission of charges is not permissible in other cases, as such aid as it may be desired to give to local body in the construction of a work in which Government is interested, should take the form of a cash grants-in-aid.

Note – In the case of works costing Rs.1000 and over, the Administrative Ministry/Administrator concerned are authorized to sanction a cash contribution in favour of a local body upto the actual amount of establishment and tools and plant etc., charges leviable under Rule 4 (see paragraph 16.1.3). This power cannot be exercised in respect of works executed on behalf of a private individual.

6. For works done in workshops which are of a quasi-commercial character, percentage charges should be levied in all cases, i.e., even when work is done for P.W.Divisions of the same Administration. The rates may be fixed by the Administrative Ministry/Administrator concerned in consultation with the Accounts Officer. See paragraph 14.2.5 of this Code.

Note – The percentage charges referred to in this rule may be so regulated as to include prescribed percentage charges for audit and accounts even in the case of jobs executed for other divisions and departments both under Union Government and other Governments.

7. The percentage referred to in rule 4 are leviable on the actual outlay booked in the accounts i.e., on the net outlay where there are any refunds or writes back. No item of expenditure should be excluded from the levy on the plea that it involves little or no departmental supervision, etc, but the prescribed percentage charges for tools and plant should not be levied in the case of non-Government works on which tools and plant of the department are not used.

Note – Under this rule, even the cost of land acquired through the district and revenue authorities is not exempt when it is adjusted in the divisional accounts as part of the cost of a non-Government work; but if it is not included in the estimate for the work and is not passed through the Public Works accounts, no percentage charge is leviable on account of it.

8. Recoveries made in accordance with the preceding rules should be classified as indicated in Statement E of Appendix 2, the adjustment being made once a year in March, except in the cases of Deposit Works (see paragraph 16.2.4). Local Loan Works, Takavi Works and works done occasionally for other departments, Governments, etc. Where the percentage leviable are required to be adjusted whenever the cost of work done is adjusted by charge to the deposit, remittance or other account concerned. In the case of Capital Works the adjustment may be done monthly vide rule 4(a) (ii).

9. In the case of workshops of a quasi-commercial character, any other work, for which special establishment is entertained, an addition of such percentage, limited to 5 percent of the cost of this establishment, as may be fixed by the Administrative Ministry/Administrator concerned on a consideration of the special features of each case, may be made to cover supervision charges thereon.

10. For allotment of funds, it is not necessary, to include in the estimates for individual works, any provision on account of establishment and tools and plant charges, unless percentage charges levied by other Governments or departments are, under the rules, included in the cost of work. See also paragraph 10.1.5 of this Code. For administrative purposes, such provision is made in the project estimates of works of which it is desirable to forecast the ultimate financial results.

11. The cost of special tools and plant (such as cranes, etc) debited to a single head in the accounts may be distributed over the several sub-heads of works in accordance with such methods as the Administrative Ministry/Administrator concerned may determine in consultation with the Accounts Officer. Similarly, if the cost of depreciated value of any special tools and plant obtained for, or used on a project is required to be distributed over different units of the project, the forms of subsidiary accounts to be kept to facilitate that

distribution will be settled by the Administrative Ministry/Administrator concerned after consultation with the Accounts Officer.

STATEMENT SHOWING THE RATES OF DEPARTMENTAL CHARGES LEVIABLE ON CPWD WORKS EFFECTIVE FROM 1.6.84 AND THEIR BREAK-UP

Objectives of Work	All Maintenance works and minor works costing upto Rs.one lakh	Construction works costing upto Rs. two crores	Construction works costing between Rs.two and five crores	Construction works costing more than Rs.five crores
(1)	(2)	(3)	(4)	(5)
(A) Establishment Charges				
1. Preparation of preliminary sketches	½ %	¼%	¼%	¼%
2. Preparation of detailed working drawings	1%	¾%	½%	¼%
3. Preparation of preliminary estimates	¼%	¼%	¼%	¼%
4. Preparation of detailed Estimates	½%	¾%	½%	¼%
5. Preparation of structural designs	1%	1%	¾%	¾%
6. Execution	19 ¼%	7 ¾%	4 ¾%	4 ¼%
Total	22 ½ %	10 ¾%	7%	6%
(B) T&P (Machinery Equipment)	¾%	¾%	½%	½%
(C) Audit and Account	¼%	¼%	¼%	¼%
(D) Pensionery	¼%	¼%	¼%	¼%
	23 ¾%	12%	8%	7%

Notes:

1. In the case of works for CGHS where architectural services are provided by Central Design Bureau of CGHS necessary rebate @ 1% has to be given in Estt.Charges
2. The indicated rates of tools and plants are exclusive of the cost of special tools and plant, the cost of which will be charged to the estimate for the work.
3. The DDA will be allowed a rebate in the departmental charges on account of preparation of preliminary sketches, and detailed architectural drawings relating to their works as per the figures given in the break up of departmental charges.
4. No D.C. for Government works and those of autonomous bodies fully funded by Central Government are Preliminary Estimates
 - (i) This comes into force with effect from 27.9.2001
 - (ii) The levy of D.C. on current works including those to be sanctioned will be governed as per provision in the sanctioned estimate.
 - (iii) It should be ascertained whether an Autonomous Body is fully funded or not by Central Government by obtaining a letter from the head of such an undertaking or from the head of finance department of the Undertaking that it is fully funded by the Government.

Appendix-5 Not Printed

APPENDIX 6

(See Note below paragraph 13.2.1)

Rules for the adjustment of transactions connected with stores obtained through High Commission/Embassies abroad.

1. When the stores arrive, the “**Minor head-129-Material Purchase Settlement Suspense Account**” **below “Major Head-8658-Suspense Accounts”** should be credited in the manner prescribed in paragraph 13.2.1 and the accounts of the works concerned or Stock should be debited, with the cost of the quantities actually received, the amount being determined by converting the invoiced sterling value into rupees at the composite rate of exchange (as fixed by the Ministry of Finance from time to time) for the month in which the payment was made in High Commission/Embassies abroad.

Note - If the month of payment is not known, the composite rate of exchange for the month in which the stores were dispatched from High Commission/Embassies abroad should be adopted provisionally, subject to adjustment on receipt of the debit for payment.

2. When the debit for the payment for stores made in High Commission/Embassies abroad which will be calculated in rupees at the composite rate of exchange for the month of payments, is received from the Accounts Officer the Head “MPSSA” should be debited and the head “Public Works Remittances” credited (see note below paragraph 13.2.4).

3. In case the debit for the payments made in High Commission/Embassies abroad is received before the arrival of the stores the Suspense heads within the accounts of work concerned or Stock viz., “Contractors – Other Transactions/Advance Payments” should be operated upon, suitable arrangements being made to watch the receipt of stores

4. Indian charges (e.g., balance of sea freight and carriage and incidental charges) should be debited direct to Stock or works concerned, unless incurred prior to the arrival of the stores in the division, in which case they should be kept under suspense within the accounts of the work or stock (Rule 3), and on receipt of the stores, the debit should be transferred to the relevant sub-head of work or stock, when making the adjustment of cost, as laid down in Rule 1.

5. A surcharge at the rate fixed by Government from time to time, to cover departmental expenses and marine insurance, is added by the High Commissioner for India to the invoiced price (including freight) on all stores obtained from abroad through its Supply Wing by State Government, Commercial Departments, including Irrigation Works, Government Commercial Undertakings, Local Funds, private individuals, etc. in calculating the cost debitable to or recoverable from the various sources.

Note 1 - When under special arrangements, the contractor undertakes to deliver stores at an Indian Port and not at the Stores Offices abroad the surcharge leviable will be only for departmental charges.

Note 2 - The extra charge for marine insurance covers the risk and losses during the voyage to India and not losses between the ship's side and the shore.

Note 3 - The adjustment of the surcharge is made by the Indian Embassy. A similar extra charge should be made in India for Stores imported from abroad for the Union Government, but eventually transferred to State Governments etc. In such cases, the amount of the surcharge should be credited under the minor head "Other Receipts" below the relevant functional major head on imported stores.

Note 4 - In making recoveries from the agents of vessels on account of short delivery of stores, the surcharge should not be added to the involved value of the stores (including freight).

6. The balances representing the value of stores received, for which no debits for payments made abroad have come to hand, should be watched with a view to early clearance, special reference being made at once to the Accounts Officer in such cases.

7. Balances due to short deliveries, etc which cannot be cleared by recovery of cost, are not adjustable, until their write off has been sanctioned by competent authority.

8. The transactions relating to stores procured abroad should be recorded in Form CPWA 67 Suspense Register under two classes of purchases mentioned in paragraph 13.2.6.

9. Indents on the Supply Wing of the Indian Embassies abroad should indicate the detailed classification of the charge.

APPENDIX 7-A
(See paragraph 17.2.1)

Detailed procedure to be followed by Public Works Divisional Officers for the settlement of inter-divisional transactions by Cheque/Bank Draft.

1. Pursuant to the dispensation of the operation of minor head "107 – Cash Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts" for the settlement of inter-divisional transactions in Public Works Divisions w.e.f. 1.4.1993, a new procedure for "Advance Payment" as enumerated below has been introduced.
2. According to the new procedure applicable in the case of inter-divisional transactions whether on account of stores supplied, services rendered or works executed, Indenting Division after obtaining proforma invoice for supply of stores etc. will make "Advance Payment" by Debit to Sub-head "Stores/Service Advance" under the Minor Head "799 – Suspense" below the functional Revenue or Capital Major/Sub-Major Heads concerned per contra credit to Sub-Head "Public Works Cheques" under the minor head "102 – Public Works Remittances" below the Major Head "8782 – Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer." Such payments made to other Divisions should not be mixed with the advance payments to contractors/suppliers.
3. Supplying Division on receipt of the above cheque will make necessary entries in the Cash Book and remit the cheque to Bank for clearance. Entries in the Books of Supplying Division will appear as Minus Debit to sub-head "Stores supplied/Services rendered" under the minor head "799 – Suspense" below the functional Major/Sub-Major Heads of Account concerned per contra Debit to Major/Minor/Sub-head "8782 - Cash Remittances etc – 102 – Public Works Remittances – Remittances into Bank."
4. After actual delivery of stores or rendition of services, Supplying Division will debit Sub-Head "Stores supplied or Services rendered" under the minor head "799 – Suspense" below the functional Major/Sub-Major head concerned by credit (i.e., minus Debit) to Sub-head "Stock" under the minor head "799 Suspense" below the functional Major/Sub-Major head concerned. Excess Debit, if any, will be refunded to the Indenting Division before the close of financial year.
5. The invoice-cum-bill received from the Supplying Division, should be adjusted in the same month by the Indenting Division debiting the value of the Bill to "Stock" with a corresponding minus Debit to Sub-Head "Store/Service Advance" under the head of account to which the same stands debited originally.
6. The above procedure will be followed mutatis mutandis in the case of "Works Advance."
 - A. Adjustment of Payment Scroll in the Books of the PAO of the Indenting Division.

7. On receipt of Payment Scroll together with paid cheque from Focal Point Branch of the accredited Bank, PAO of the Indenting Division will verify the correctness of the scroll and enter the amount, if found correct, in Payments Column (2) of Form CAM -17 – Register of P.S.B. Suspense. Thereafter PAO will pass an entry in his Accounts by affording (-) Credit to Sub-head “Public Works Cheques” under the minor head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc.” per contra credit to minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts.” Minus Credit to Sub-head “Public Works Cheques” in the books of the PAO of the Division would clear the original credit entry under this Sub-head appearing in the books of Divisional Officer which was made at the time of the issue of the said cheque.

B. Action in the Divisional office of the Indenting Division.

On receipt of the copy of Payment Scroll without paid cheque from the dealing branch of the accredited Bank, the Divisional officer of the Indenting Division will note the amount in Part II – Cheques issued and paid of the “Schedule of monthly reconciliation of Cheques and Remittances” in “Form 51” to be sent alongwith the Monthly Account to the PAO of his Division who will verify and reconcile with the booking of this amount in his Account.

C. Clearance of minor head “108 – Public Sector Bank Suspense” by the Principal Accounts Office on receipt of “Payment Put Through Statement” from Reserve Bank of India.

On receipt of PAO wise “Payment Put Through Statement” from Reserve Bank of India, Principal Accounts Officer of the Ministry of Urban Development and Poverty Alleviation will prepare the following Transfer Entry in Form CAM 34 to clear the minor head “108 – Public Sector Bank Suspense.”

(-) Credit	Major Head “8658 – Suspense Accounts:” Minor Head “108 – Public Sector Bank Suspense”	
	To	
	Major Head: “8675 – Deposits with Reserve Bank” Minor Head: “101 – Central (Civil)” Sub-Head: “Reserve Bank (PSB)”	Credit

After preparing the above T.E., Principal Accounts Officer will intimate the PAO of the concerned (in the instant case – Indenting) Division for keeping a suitable Note against this minor head appearing in his Books.

D. Adjustment of Receipt Scroll in the Books of the PAO of the Supplying Division.

8. On receipt of Receipt Scroll together with challan from Focal Point Branch of the accredited Bank, PAO of the Supplying Division will verify the correctness of the Scroll and enter the amount, if found correct, in Receipts Column (3) of Form CAM 17 – Register of P.S.B. Suspense.

Thereafter, PAO will pass an entry in his Accounts by Debiting minor head 108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” per Contra (-) Debit to Sub-head “Remittances into Bank” under the minor head ‘102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc.” Minus Debit to Sub-head “Remittances into Bank” in the books of the PAO of the Supplying Division would clear the original Debit entry under this Sub-head appearing in the books of the Divisional Officer of the Supplying Division which was made at the time of remitting the cheque to Bank for clearance.

E. Action in the Divisional office of the Supplying Division.

On receipt of the copy of Receipt Scroll without supporting challan from the dealing branch of the accredited Bank, the Divisional Officer of the Supplying Division will note the amount in Part I – Cash remitted and acknowledged” of the Schedule of monthly reconciliation of Cheques and Remittances” in Form 51 to be sent along with the Monthly Account to the PAO of his Division who will verify and reconcile with the booking of this amount in his Accounts.

F. Clearance of minor head “108 – Public Sector Bank Suspense” by the Principal Accounts Office on receipt of PAO wise “Receipt Put Through Statement” from Reserve Bank of India.

On receipt of PAO wise “Receipt Put Through Statement” from Reserve Bank of India, Principal Accounts Officer of the Ministry of Urban Development and Poverty Alleviation will prepare the following Transfer Entry in Form CAM – 34 to clear the minor head “108 – Public Sector Bank Suspense.”

Debit	Major Head: “8675 – Deposits with Reserve Bank”
	Minor Head: “101 – Central (Civil)”
	Sub-Head Reserve Bank (PSB)

	To	
	Major Head: “8658 – Suspense Accounts”	(-)Debit
	Minor Head: “108 – Public Sector Bank Suspense”	

After preparing the above T.E., Principal Accounts Officer will intimate the PAO of the concerned (in the instant case – Supplying) Division for keeping a suitable Note against this minor head appearing in his Accounts.

8. Since “Advance Payment” contemplated in the above procedure will have no separate Budget Provision, it should be ensured by the Divisions concerned that such transactions are settled within the same financial year.

Note 1: However, for the clearance of old outstanding Debit balances, minor head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” will remain in operation in Public Works Divisions till all the balances thereunder are liquidated.

Note 2: Minor Head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” below the Major Head “8658 – Suspense Accounts” will now be operated by Public Works Divisions including PAO of the Division for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence. The accounting procedure for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence is laid down in Appendix 7-C of CPWA Code.

Indicative Example explaining accounting adjustments in the case of Inter-Divisional Settlement by exchange of Cheque/Demand Draft.

Example: Division “A” of CPWD issued a cheque amounting to Rs.15,000/- to Central Stores Division, New Delhi towards the cost of 100 bags of cement @ Rs.150/- per bag in the month of June 2005 for Stock purposes in the Revenue Major/Sub-Major Heads “2059 – Public Works – 80 General.” Central Stores Division (CSD-I) issued the requisite quantity of cement to Division “A” in the month of June 2005 itself as per the indent placed by Division “A”. Enumerate the entries step by step in the books of Division ‘A’ and the “Central Stores Division” of CPWD.

Solution:

1. When Division “A” of CPWD makes “Advance Payment” to Central Stores Division towards the procurement of 100 bags of cement @ Rs.150/- per bag. The following entries will appear in its books.

Debit Rs.15,000/-	Major-Head: 2059 – Public Works Sub-Major Head: 80 – General Minor Head: 799 – Suspense Sub-Head: Stores Advance (x)
	To
	Major-Head: 8782 – Cash Remittances etc Minor-Head: 102 – Public Works Remittances Sub-Head: Public Works Cheques (*) CreditRs.15,000/- (To be drawn in favour of the Divisional Officer of Central Stores Division)

2. Action in Supplying Division i.e., Central Stores Division on receipt of cheque Central Stores Division will make necessary entries in the Cash Book and remit the cheque to Bank for clearance.

Entries in the books of Central Stores Division(I) will appear as under:-

Debit	Major-Head: 8782 – Cash Remittances etc
Rs.15,000/-	Minor-Head: 102 – Public Works Remittances
(***)	Sub-Head: Remittances into Bank

To

Major Head: 2059 – Public Works
Sub-Major Head: 80-General
Minor Head: 799 – Suspense
Sub-Head Stores Supplied (xx) (-)Debit Rs.15,000/-

3. After actual delivery of Stores to Division “A”, the Central Stores Division (CSD-I) will carry out the following entries to credit its Stock.

Debit	Major Head: 2059 – Public Works
Rs.15,000/-	Sub-Major Head: 80-General
	Minor Head: 799 – Suspense
	Sub-Head: Stores Supplied (xx)

To

Major Head: 2059 – Public Works	
Sub-Major Head: 80 – General	
Minor Head: 799 – Suspense	
Sub-Head: Stock (xxx)	Credit, i.e.,
	(-) Debit Rs.15,000/-

4. On receipt of Stock and verification thereof Division “A” will account for the Stock in its books as follows:-

Debit	Major Head: 2059 – Public Works
Rs.15,000/-	Sub-Major Head: 80-General
	Minor Head: 799 – Suspense
	Sub-Head: Stock(xxx)

To

Major Head: 2059 – Public Works	
Sub-Major Head: 80 – General	
Minor Head: 799 – Suspense	
Sub-Head: Stores Advance (x)	(-) Debit
	Rs.15,000/-

From the above entries it could be seen that Debit to Sub-Head “Stores Advance” appearing at (x) at Sl.No.1 gets cleared by minus Debit to Sub-Head “Stores Advance” appearing at (x) at Sl.No.4.

Similarly minus Debit to Sub-Head “Stores Supplied” appearing at (xx) of Sl.No.2 gets cleared by Debit to Sub-Head “Stores Supplied” at (xx) at Sl.No.3.

Stock amounting to Rs.15,000/- reduced by Credit in the books of Central Stores Division – I appearing at (xxx) at Sl.No.3 matches with Debit to Stock appearing at (xxx) at Sl.No.4 above.

5. In so far as the clearance of Sub-Heads “Public Works Cheques” appearing in the books of Division”A” and “Remittances into Bank” appearing in the books of Central Stores Division I is concerned, the same will be cleared by their respective PAOs on receipt of Payment Scroll and Receipt Scroll respectively.

6. Adjustment of Payment Scroll together with Paid Cheque received from Focal Point Branch of the accredited Bank by the PAO of Division “A”

(-) Credit Rs.15,000/-(*)	Major Head “8782 – Cash Remittances” and adjustments between officers rendering accounts to the same Accounts Officer Minor Head: 102 – Public Works Remittances Sub-Head: Public Works Cheques
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To
Major Head: 8658 – Suspense Accounts Minor Head: 108 – Public Sector Bank Suspense

Credit (**) Rs15,000/-

7. Action by the Divisional Officer of Division “A” on receipt of the copy of the Payment Scroll (without supporting Paid Cheque) from the dealing branch of the accredited Bank. Divisional Officer of Division “A” will note the encashment of cheque in Part II - Cheques issued and paid of the Schedule of monthly reconciliation of Cheques and Remittances” in Form 51 to be sent alongwith Monthly Account to PAO of Division “A” for reconciliation purposes.

8. Clearance of minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” by the Principal Accounts Office.

On receipt of PAO wise “Payment Put Through Statement” from Reserve Bank of India, Principal Accounts Office will prepare the following Transfer Entry in Form CAM-34 to clear the credit lying under the minor head “108 – PSB Suspense.

(-) Credit Rs.15,000/- (**)	Major Head: “8658 – Suspense Accounts” Minor Head: 108 – Public Sector Bank Suspense
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To

Major Head: 8675 – Deposits with Reserve Bank
 Minor Head: 101 – Central (Civil)
 Sub-Head: Reserve Bank (PSB)

Credit
 Rs.15,000/-

This T.E. will be incorporated in the Monthly Account and PAO of Division “A” will be intimated about the clearance of minor head “108 – Public Sector Bank Suspense” to keep suitable Note against the original entry in his books.

9. Adjustment of Receipt Scroll together with Receipt challan received from Focal Point Branch of the accredited Bank by the PAO of Central Stores Division I

Debit
 Rs.15,000/-
 (****)

Major Head: “8658 – Suspense Accounts”
 Minor Head: 108 – Public Sector Bank Suspense
 To

Major Head: 8782 – Cash Remittances and adjustments
 between officers rendering accounts to the same Accounts
 Officer

Minor Head: 102 – Public Works Remittances
 Sub-Head: Remittances into Bank

(-) Debit
 Rs.15,000/- (***)

10. Action by the Divisional Officer of Central Stores Division (I) on receipt of the copy of Receipt Scroll (without challan) form the dealing branch of the accredited Bank.

Divisional Officer of the Central Stores Division(I) will note the remittance in Part I – Cash remitted and acknowledged of the “Schedule of monthly reconciliation of Cheques and Remittances” in Form 51 to be sent alongwith Monthly Account to the PAO of Central Stores Division for reconciliation purposes.

11. Clearance of minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” by the Principal Accounts Office.

On receipt of “Receipt Put Through Statement” from Reserve Bank of India, Principal Accounts Office will prepare the following Transfer Entry in Form CAM-34 to clear the Debit lying under the minor head “108 – Public Sector Bank Suspense”

Debit

Major Head: 8675 – Deposits with Reserve Bank

Rs.15,000

Minor Head: 101 – Central (Civil)
 Sub-Head: Reserve Bank (PSB)

To

Major Head: “8658 – Suspense Accounts
 Minor Head: 108 – Public Sector Bank Suspense

(-) Debit
 Rs.15,000/-
 (****)

This Transfer Entry will be incorporated in the Monthly Account and the PAO of Central Stores Division I will be intimated about the clearance of minor head – “108 – Public Sector Bank Suspense” to enable him to keep suitable Note against the original entry in his books.

From the above mentioned accounting adjustments it could be seen that credit to sub-head “Public Works Cheques” under the minor head “102 – Public works Remittances” below the Major Head “8782 – Cash Remittances Etc.” at (*) at Sl.No.1 gets cleared by minus credit to this head at (*) at Sl.No.6.

Similarly credit under the minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” appearing at (**) at Sl.No.6 gets cleared by minus credit to this head at (**) at Sl.No.8

Debit to Sub-head “Remittances into Bank” under the minor head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances Etc.” appearing at (***) at Sl.No.2 gets cleared by minus Debit to this head at Sl.No.9 (***).

Debit under the minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” appearing at (****) at Sl.No.9 gets cleared by minus Debit to this head at (****) at Sl.No.11.

Appendix-7-B
(OM No.9(3)/83/TA/35 dated 07-01-85 of CGA's Office)
PROCEDURE FOR PAYMENTS AGAINST CIVIL CREDIT NOTES (RAILWAY
WARRANTS & RAILWAY FREIGHT CREDIT NOTES)

Railways debits including commission for amounts due on warrants and credit notes are to be settled as per the procedure given below:-

(a) A new series of the printed credit notes having an office copy foil, a booking acknowledgement foil and a booking foil (which will bear machine serial number) will be introduced in place of the existing form containing one counterfoil and one main foil. The head of the office of the Ministry/Department etc. availing of the credit note facility should obtain the new credit Note Form Books from their existing source of supply and be responsible for the safe custody and issue.

(b) A Ministry/Department/Office authorized to avail of the facility of credit notes at present, shall continue to avail of the facility subject to (a) and (d) et. seq. After retaining the office copy foil, which will serve as office copy, the user will tender the booking foil in connection with the booking of freight, clearance of consignment etc. as the case may be, to the Station Master concerned. The Station Master will retain the booking foil and return the booking acknowledgment foil to the tendered after recording the booking particulars including weight, destination, date etc. and amount of charges due thereon.

(c) A Head of Office of such Ministry/Department/Office shall prefer a separate consolidated claim relating to credit notes used between 1st to 15th of the month and between 16th to end of the month against his P.A.O. or under cheque drawing powers conferred on his office; and against Treasury in the case of a State Government or Union Territory having Treasury System, duly supported by the counterfoil of the credit note received back from the Station Master of the Railway Station concerned. The 'Head of Office functioning under Central Government shall request for issue of (or will draw under the cheque drawing powers) a cheque of category III only, namely, "not negotiable and not payable in cash, but creditable to Government Account'. In the case of Head of Office functioning under a State Government where the bill is to be paid by a Treasury Officer, the cheque or demand draft should, without exception bear the endorsement "Account Payee only". The cheque/demand draft shall be drawn in favour of the F.A. & C.A.O. of the Railways rendering service, as per indication given by the Station Master in the Booking acknowledgement foil. While every effort shall be made to deliver the cheque to the Station Master at the earliest, the cheque relating to the credit notes used during the first fortnight should be submitted to the Station Master latest by the 25th of the month and that relating to the second fortnight by the 10th of the following month. A statement in duplicate indicating the number and ate of the credit notes used during the relevant fortnight, the amount thereof and the total amount involved for the fortnight should be prepared by the Head of Office at the time of preparing the bill so as to be submitted to the Station Master along with the cheque. The Station Master concerned shall return one copy of the statement duly enfacd with the words "cheque received"

(using a rubber stamp or otherwise) in acknowledgement of the cheque received in payment towards the credit notes. This enfacéd statement shall be retained by the Head of the Office as a record of acquittance of the cheque delivered to the Station Master. As separate Balance Sheets are prepared by the Railways for Coaching (i.e. passengers, parcels, luggage, traffic etc.) and for goods traffic, separate cheques/demand drafts should be obtained for tendering to the Station Master and to the Goods Supervisor for respective transactions and also for separate statements prepared relating thereto for obtaining the said acknowledgement.

(d) On demand from the Station Master, the user Departments of the central Ministries/State Governments/U.T. Governments shall also pay within one month either in cash or through Supplementary Credit Note, the amount of under charge. If any, detected during the course of internal check of the Credit Notes/Transaction in the Railway Accounts Office by the audit or otherwise.

It shall be the responsibility of the Officer authorised to sign the credit notes in each Ministry/Department/Office to ensure prompt payment as above to the Station Master of the Railway Station concerned, failing which the Railways will be at liberty to refuse to book/clear goods or to book against warrants for personnel movement thereafter under the credit note system, in favour of the Department etc. concerned.

Appendix – 7C

Detailed procedure to be followed by P.W. Divisional Officers and P.A.O. of the Division for the settlement of inter-departmental transactions by cheque/Bank Draft.

(a). Detailed procedure to be followed by P.W. Divisional Officers and P.A.O. of the Division for the settlement of inter-departmental transactions by cheque/Bank Draft. (Settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence).

1. The expenditure incurred by the Divisional Officers on behalf of Cabinet Secretariat or/and Ministry of Defence will be booked under the Suspense head “8658 – Suspense Accounts – 107 – Cash Settlement Suspense Account”
2. The Divisional Officer will send the vouchers in support of the charge on the work concerned in the normal manner as in respect of other works expenditure, to his Pay & Accounts Officer, and the vouchers will be subject to post-check in the prescribed manner in the Pay & Accounts Office concerned.
3. A claim for reimbursement of the monthly expenditure will be made simultaneously by the Division against the Accounts Officer of the Cabinet Secretariat or the Ministry of Defence, as the case may be, duly supported by an attested copy of the Schedule of Works Expenditure (without any supporting vouchers) in Form CPWA 64. The Accounts Officer concerned will settle the claim within one week of receipt of claims on the basis of this in accordance with the instructions contained in Para 8.3.3 (d)(i) of Civil Accounts Manual.
4. As the claim for March will be received by the Accounts Officer of Cabinet Secretariat or Ministry of Defence only after the expiry of the financial year, the procedure of operating the head “PAO Suspense” as detailed in para 8.4.2 CAM, shall be followed for the accountal of the expenditure in the concerned year itself.
5. In the month of March, the Divisional Officer will send an extra copy of the schedule of Works Expenditure to his Pay and Accounts Officer who will certify that the total expenditure for the year shown in Column 7 against the work concerned is correct and forward this certified schedule to the concerned Pay & Accounts Officer.
6. Any excess/short payments which come to light as a result of the post-check of the Divisional Accounts will be communicated by the Pay and Accounts officer to the Division originating the debit for rectification of the resultant charge in the subsequent month’s accounts.
7. It will be the responsibility of the Division originating the debits to watch the realization of the payments from the concerned Pay and Accounts office and clear the suspense head in its books.
8. The Division would also watch that the expenditure incurred on the work does not exceed the administrative approval, technical sanctions and appropriation of funds, originally sanctioned or subsequently revised.

Note(1) In respect of works etc executed on behalf of other Ministries/Departments for which budget provision is included in the Demands for Grants of CPWD, the question of operating the minor head “107 – Cash Settlement Suspense Account” below the major head “8658 – Suspense Accounts” would not arise. The expenditure will be debited in the Divisional Accounts to the final heads against the concerned sub-head of the Demand. Similarly this minor head will not be operated in case of settlement of inter-departmental transactions through book adjustment carried out on the basis of authorization i.e. without resorting to cash settlement.

Note (2) So far as works expenditure incurred by the CPWD in Nepal on behalf of the Ministry of External Affairs in concerned, the reimbursement of the expenditure will be claimed and received by the Pay & Accounts Office, CPWD (FOOD Zone), New Delhi instead of by the CPWD Divisions direct.

9. The procedure explained above will also be followed for settlement of transactions arising on account of execution of Civil Works by the Departments of the Government (which though function on the lines of CPWD, but the Divisional Officers have no cheque drawing powers and all their claims are subject to pre-check and payment by the PAO) on behalf of other Governments/Departments with the modification that instead of operating the minor head – 107 – Cash Settlement Suspense Account”. The minor head “PAO Suspense” will be operated in their books.

(b) Procedure for accounting of stores purchased by placing indents on DGS&D in exceptional cases(Settlement of inter-departmental transactions between Pay and Accounts Officer, Deptt.of Supply and Pay & Accounts Officer of the CPWD Division and accountal thereof in the books of Divisional officers.)

In terms of the provisions of Rule 140 of General Financial Rules,2005, the Ministries/ Departments have been delegated full powers to make their own arrangements for procurement of goods. In case however, a Ministry or Department does not have the required expertise, it may project its indent to the Central Purchase Organisation i.e DGS&D with the approval of Competent Authority. In such an eventuality Divisional officers with the approval of Competent Authority of the C.P.W.D may project their indents for the procurement of goods to D.G.S&D. Accounting procedure to be followed in this regard would be as under:-

1. On receipt of indent, DGS&D will arrange the supply of stores as per the terms and conditions agreed to in the “Acceptance of Tender”. After supplying the stores to the concerned Division, Supplier/Contractor through whom such supplies have been arranged will submit his claim together with supporting vouchers to P.A.O, Department of Supply for payment.

2. PAO, Department of Supply after necessary pre-check will make the payment on behalf of the Indenting Division to the Supplier by debiting the Major/Minor/Sub-head “8658 – Suspense Accounts” – 101 – P.A.O Suspense – Transactions adjustable by the P.A.O of the Division” per contra credit to the Major/Minor Head “8670 – Cheques and Bills – 102 – P.A.O Cheques” to be drawn in

favour of the Supplier. Thereafter P.A.O, Department of Supply will raise a claim through outward claim against the P.A.O of the Division concerned.

3. On receipt of outward claim together with supporting vouchers from P.A.O, Department of Supply, the PAO of the Division after preliminary scrutiny of vouchers will make payment to P.A.O, Department of Supply by affording minus credit to a distinct Sub-head "Payment for purchases through DGS&D" under the existing Minor Head "129-Material Purchase Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts" per contra credit to Minor Head "102-P.A.O Cheques" below the Major Head "8670 – Cheques and Bills" to be drawn in favour of PAO Deptt. Of Supply.

4. The Division on receipt of the materials procured by placing indents on DGS&D, will as usual credit the value of stores to a distinct Sub-head "Purchases pending payment/adjustment" under the Minor Head "129 – Material Purchase Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts". This Sub-Head will also accommodate the cost of direct purchases of stores by the Division in case payment to Supplier is not made in the same month in which Stores have been received. The Sub-head operated for direct purchases will be cleared by minus credit per contra credit to Sub-head "Public Works Cheques" under the minor head "102-Public Works Remittances" below the Major Head "8782 – Cash Remittances etc." to be drawn in favour of the Supplier at the time of issue of the cheque to him. The credits appearing under this sub-head will be entered in the "Register of Purchase"- C.P.W.A 67. The P.A.O Memos when received from the office of the PAO will, after verification of the correctness of the amount with reference to the materials received, be adjusted in the Divisional Accounts by credit to the sub-head "Payment for purchases through DGS&D" under the minor head "129-Material Purchase Settlement Account Suspense" below the Major Head "8658 – Suspense Accounts".

5. The credit under the Sub-head "Payment for purchases through DGS&D" appearing in Divisional Accounts on account of adjustment of P.A.O Memo, will be paired off/netted with the minus credit under this Sub-head given by the P.A.O. After reconciliation, the P.A.O will inform the Division concerned about the P.A.O Memos not adjusted or pending for further action.

6. Though the transaction in regard to discharge of liability falls under "Public Account", the Departmental authorities will closely watch the clearance of balances under the Minor Head "129 – Material Purchase Settlement Suspense Account below the Major Head '8658 – Suspense Accounts'.

7. Accounting adjustments in the books of PAO, Department of Supply, PAO of the Division and the Division concerned will be as under:-

(a) When the P.A.O, Department of Supply makes payment on behalf of the PAO of the Division to the Supplier:

Debit: Major Head "8658 – Suspense Accounts".

Minor Head "101 – Pay & Accounts Office Suspense"

Sub-Head "Transactions adjustable by the P.A.O of the Division of CPWD

To Credit

Major Head "8670 – Cheques and bills"

Minor Head "102 – Pay & Accounts offices cheques"

(Cheque to be drawn in favour of the Supplier in terms of the provisions of para 8.2.1 of Civil Accounts Manual)

Note: P.A.O, Deptt of Supply will send outward claim in C.A.M Form 54 together with the supporting vouchers to P.A.O of the Division for claiming re-imbusement of payment made on behalf of the P.A.O of the Division.

(b) On receipt of outward claim from P.A.O, Deptt of Supply, P.A.O of the Division after preliminary scrutiny of vouchers will make the payment to the P.A.O of the Deptt. of Supply by passing the following entries in his Account.

(-) Credit Major Head "8658 – Suspense Accounts"
 Minor Head 129 – Material Purchase Settlement Suspense Account
 Sub-head: Payment for purchases through DGS&D

	To	Credit
Major Head: 8670 – Cheques and Bills		
Minor Head: 102 – Pay and Accounts Office Cheques		
(Cheque to be drawn in favour of P.A.O, Department of Supply)		

The Pay and Accounts Office will send PAO Memo alongwith vouchers to the Division concerned.

(c) On receipt of materials procured by placing indent on D.G.S&D, the Division will make the following entry in the Divisional Accounts.

Debit Major Head "2059 – Public Works" or any other functional Major Head under which the material is to be accounted for

Minor Head: 799 – Suspense

Sub-Head: Stock

Or

To the functional Major/Minor Head of Works concerned

	To	credit
Major Head: 8658 – Suspense Accounts.		
Minor Head: 129 – Material Purchase Settlement Suspense Account		
Sub-Head: Purchases pending payment/ adjustment		

Note: Sub-major head under the functional Budgeted Major Head wherever required may be opened.

(d) Adjustment of PAO Memo received from PAO of the Division.

After verification of the correctness of the amount with reference to the materials received, Division will pass the following entry in its Accounts.

(-) Credit Major Head: 8658 – Suspense Accounts
 Minor Head: 129 – Material Purchase Settlement Suspense Account

Sub-Head: Purchases pending payment adjustment
 To Credit

Major Head: 8658 – Suspense Accounts
 Minor Head: 129 – Material Purchase Settlement Suspense Account
 Sub-Head: Payment for purchases through DGS&D

The credits under the Sub-head “Payment for purchases through DGS&D” appearing in Divisional Accounts on account of adjustment of P.A.O Memo stands paired off/netted with the minus credit under this Sub-head given by P.A.O of the Division.

Note (i) The credit under the minor head “102 – P.A.O Cheques” below the Major Head “8670 – Cheques and Bills” appearing in the Books of P.A.O, Deptt of Supply and P.A.O of the Division will be cleared in the usual manner on their inclusion in the Payment Scrolls of both the P.A.Os.

The accounting adjustment will be as under:-

(-) credit Major Head:”8670 – Cheques & Bills”
 Minor Head: 102 PAO Cheques

To credit

Major Head: 8658 – Suspense Accounts
 Minor Head: 108 PSB Suspense

Or

Major Head: 8675 – Deposits with Reserve Bank
 Minor Head: 101 Central (Civil) as the case may be.

Minor Head “108 – P.S.B. Suspense” below the Major Head”8658 – Suspense Accounts” will be cleared on receipt of Put Through Statement by minus credit to 108- P.S.B.Suspense per contra credit to the Major/minor/Sub- Head “8675 – Deposits with Reserve Bank – 101 – Central (Civil) (P.S.B)

(ii) Debit under the Head “8658 – Suspense Accounts” “101-PAO Suspense” appearing in the Books of P.A.O, Deptt of Supply would be cleared on encashment of the Cheque received from the P.A.O of the Division by Debit to Major/Minor/Sub -Head “8675 – Deposits with Reserve Bank – 101 – Central (Civil)(Reserve Bank) and (-) Debit Major/Minor Head “8658 – Suspense Accounts – 101 – PAO Suspense; as the accredited Bank of Deptt. of Supply is Reserve Bank of India.

(c) Inter-Departmental Settlement through “Authorisation”.

1. With a view to minimizing the operation of Suspense Heads viz. the Minor Heads “101-PAO-Suspense” and “107-Cash Settlement Suspense Account” below the Major Head “8658-Suspense Accounts” and also to arrest future accumulations thereunder, the Scheme of Authorisation was introduced from the Financial Year 1986-87 in the Government of India.

2. Under the said scheme of authorisation, the monetary settlement for inter-Departmental transactions was dispensed with and the procedure related thereto for

specified programmes /Activities based on the Controller General of Account's, Office Memorandum No. 1(8)(7)/85/TA/1099 dated 30-10-1986 was laid down in Appendix 7-D of the CPWA Code. The said scheme of authorization for the execution of Works etc. was further extended to schemes of all the Ministries/Departments with the exception of the Schemes of Non-Civil Departments vide CGA's OM No. 1(8)(3)/92/TA/90 dated 27-01-1993 and amended vide CGA's OM No. 18(9)/92/TA/210 dated 27-03-1996.

3. As per the Scheme of authorization, the functional Department with the approval of its Financial Adviser/Chief Controller of Accounts/Controller of Accounts, issues an Administrative Approval and Financial Sanction placing Annual Budget Allocation (indicating Grant Number, Complete Computer code numbers relating to the Head of Accounts,) amount approved in the Budget for the year for the programme /activity assigned to the Agent/Executing Department at the disposal of the Department for the execution of the concerned scheme/activity. This constitute authorization for the executing Ministry/Department to incur expenditure upto the limits specified in the letter of Authorisation.

The sanction is addressed to the Pay and Accounts Officer of the Division concerned and copy thereof is endorsed to the Principal Accounts Office as well as to the Divisional Officer who in turn sends the proposal for obtaining L.O.C. to the L.O.C. Cell of the Principal Accounts Office to accommodate the requisite expenditure. The P.A.O. of the executing/agent Department incurring the expenditure is not only to book the expenditure to the Budget Head of the functional/service Department but must also directly communicate the monthly and progressive figures of expenditure to the Accounts Officer of the concerned service Department under the advise to his own Principal Accounts Office to enable them to monitor the monthly flow of expenditure on the programme/activity. These figures shall be provided to the functional department to latest by the 20th of the month following the month of Account. The amount so allocated/earmarked will not be available of re-appropriation by the functional Ministry/Department except with the concurrence of agent Ministry/Department. Since the execution of work on behalf of functional Ministry/Department is undertaken by the Divisions of C.P.W.D. under the contractual obligations, no deviation in the allocated funds is permissible without the consent of Agent/Executing Department.

5. At the close of financial year, the Principal Accounts Officer of the Agent Department would record a certificate to the effect that the progressive figures of expenditure, as shown in the statement of expenditure for the month of March/March Supplementary under the respective unit of appropriation, have been duly reconciled with the Statement of Central Transactions.

6. The P.A.O. of the functional Ministry/Department while preparing Annual Appropriation Accounts of its Ministry/Department would take into account the progressive figures of expenditure as reported to him by the P.A.O. of the Agent Department for the month of March/March Supplementary. Simultaneously, he would

carry out necessary reconciliation of expenditure through the Statement of Central Transactions in consultation with the P.A.O. of Agent Department. While preparing Annual Appropriation Accounts, Principal accounts Office of the functional Ministry/Department will furnish "Statement showing Reconciliation of Appropriation Accounts figures with the Statement of Central Transactions (Finance Accounts) figures for the financial year in Annexure-III to be appeared with its Annual appropriation Accounts.

7. At no stage, the Agent Department shall exceed the Budget allocations indicated by the functional Ministry/Department. If an excess is anticipated, the Agent Department shall immediately bring the matter to the notice of the Functional Ministry/Department and request them for more allocation or further instructions. Copies of such letters shall be endorsed to the Chief Controller of accounts/Controller of accounts of the Agent Department, who shall ensure that no excess drawals are made.

Note : Procedures laid down in Appendix 7-D of C.P.W.A. code and the Controller General of Accounts O.M. Nos. 1(8)(7)/89/TA/677 dated 19th July, 1989, 18(3)/92/TA/90 dated 27-01-1993 and 18(9)/92/TA/210 dated 27-03-1996 as amended from time to time should be strictly adhered to by all the concerned Functional as well as Agent Ministries/Departments.

Appendix 7 C

FORM No. 1

Clint-wise Register of Transactions adjusted under the Minor Head "107 Cash Settlement Suspense Account" below the Major Head "8658-Suspense Account".

PART I-Details

Name of the client Deptt. Month.....

S. No.	Reference of, voucher or Transfer Entry Order	Particulars of transaction	Value of stores issued or service rendered	Date of Receipt of Payment	Remarks (including indication of the vouchers sent in support of the debits)
1.	2.	3.	4.	5.	6.
		Balance b/f	Rs.		
		Total			

@ Less credits during the month _____

Closing Balance _____

No. Date.....

Copy alongwith vouchers forwarded to the P.A.O., Cabinet Secretariat/ Controller of Defence Accounts..... A sum of Rs.(as detailed above) is due from his on account of works executed or services rendered to his Department during and to end of20..... He is requested to send **within ten days** of the receipt of this claim, cheque/Bank draft for the total amount, drawn in favour of the undersigned.

Encl.:-

..... Division

Executive Engineer

Appendix 7 –C(c)-Contd.

FORM No. 2
(Referred to in Paragraph 22.4.10)

Office of the _____
(Name of the Clint Department/Ministry)
Dated _____ 20 _____

As requested in his letter No. Dated a
Cheque/Bank Draft No. Dated for Rs.(Rupees
.....) is sent herewith –

The receipt of this letter may please be acknowledged.

Enclosure:

Accounts Officer, Cabinet Secretariat /
Controller of Defence Accounts
Ministry of Defence

To

The Executive Engineer
..... Division
.....

Appendix 7-C-Contd.

FORM No. 3**Register of Claims received**

Name of Division _____

Month _____

S. No.	Number and date of letter with which the claim received.	Amount	Number and date of Cheque/Bank Draft issued	Initials of Divisional Accountant	Remarks
1.	2.	3.		4.	5.

APPENDIX 7 – D

(OM No. 1(8)(7)/85/TA/1099 dt. 30.10.86 of CGA's office)

Procedure for settlement of Inter-departmental Transactions on specified Programmes/Activities

The system of settlement of Inter-departmental transactions in respect of the following types of cases, by monetary settlement has been replaced by the procedure detailed in para 2.

(1) (a) In respect of programmes/activities for which one Central Ministry/Department utilises the services of another Central Ministry/Department as its agent for executing the whole or a part of that activity, this would also cover execution of works by the CPWD on behalf of other Central Ministry/Department for which provision exists in Demand for Grants of the administrative Ministry concerned, and

(b) in the demand for grant of the functional Ministry/Department there is a clear earmarked provision under sub-head/detailed head for that programme/activity.

(ii) In the case of Centrally sponsored Plan Schemes and Central Plan Schemes, provision for which is made in the relevant functional major head in the demands for grants of the Central Ministry/Department but meant for actual utilization in the U.T. Administration.

For examples, provision for Special Central Assistance to Special Component Plan for Schedule Castes made for Delhi Administration under Major Head "2235-Social Security and Welfare" in the Demand for Grants of Ministry of Welfare for 1986-87.

2. Based on budget provision made and resources earmarked, the functional department concerned would issue an administrative sanction in favour of the agent department clearly indicating the budget provisions for such earmarked funds available for the financial year and the Head of Account to which the expenditure is debitible. A copy of such sanction would be endorsed to the Accounts Officer of the functional department to enable him to keep a note of this in the Expenditure Control Register maintained by him. He will then authorize the Accounts Officer of the Agent Department to incur the expenditure within the limits specified in the sanction and to book the same finally in his books by operating the Head of Account specified in the Authority. Accounts Officers of the Agent department would furnish monthly and progressive figures of expenditure to the Accounts Officer of the functional department to enable the latter to monitor the flow of expenditure on the programme/activity. The Accounts Officer of Agent Deptt. will in no case honour any claim which would result in excess over the amount authorized by the functional department. Annual reconciliation of expenditure will be conducted by the two Accounts Officers through the Statement of Central Transactions as per the normal procedure.

3. The procedure detailed in paragraph 2 above would also apply as in the case of para 1(ii).

4. The programme/activities identified wherein the above procedure will apply are given in the enclosed annexure. Specific approval of Controller General of Accounts would be necessary for extending it to any other programme/activity.

Note: See also paragraph 3 of Ministry of Finance, Controller General of Accounts, O.M. No. 18(3)/92/T.A/90 dated 27-01-1993.

ANNEXURE**ACTIVITIES WHERE SETTLEMENT OF INTER-DEPARTMENTAL
TRANSACTIONS THROUGH CHEQUES CAN BE DISPENSED WITH**

Name of Ministry/ Department having Provisions of funds	Name of Ministry/ Department performing agency functions	Name of Activities	Remarks
1.	2.	3.	4.
1. Ministry of Energy (Deptt. of Power)	Ministry of Water Resources	(1) Hydrological observations (i) Chenab Basin. (2) Bursar Project (3) Baglihar Project (4) Ikahala Bendalkot Kiryar Nallandown Steam Bursar (5) Investigations for hydro power protentialities in Sikkim (6) Sawalkot (7) Investigation to Pancheswar Project. (8) Lower Lagyap H.E. Project	
2. Home affairs	Ministry of Urban Development	(9) Indo-Bangladesh Border Fencing Work (10) Construction of Roads, Bridges, Buildings, Residential Quarters, Hospitals etc., under the administrative control of Ministry of Home Affairs.	
3. Deptt. of Food	Ministry of Urban Development	(11) Indian Grain Storage Research Institute	
4. Deptt. of Supplies	Ministry of Urban Development	(12) National Sugar Institute	
5. Various Ministries	Union Territories with out legislatures	(13) Grants-in-aid to Union Territories (where accounts are departmentalized) for centrally sponsored plan schemes an Central Plan Schemes.	

